



5E RESOURCES

Pioneer In Scheduled Waste Management

(Company Registration Number: 202136285K)

(Incorporated in the Republic of Singapore on 18 October 2021)

A LEADING SCHEDULED WASTE MANAGEMENT SERVICES PROVIDER IN MALAYSIA

Invitation in respect of 38,500,000 Invitation Shares comprising:

- (a) 2,000,000 Offer Shares (as defined herein) at S\$0.26 each by way of a public offer; and
- (b) 36,500,000 Placement Shares (as defined herein) at S\$0.26 each by way of placement, payable in full on application

OFFER DOCUMENT DATED 29 APRIL 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 29 April 2022)

This offer is made in or accompanied by an Offer Document (the "Offer Document") that has been registered by the SGX-ST, acting as agent on behalf of the Authority on 29 April 2022. 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 SGX-ST's listing rules, have been complied with.

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.

RHT Capital Pte. Ltd. ("RHTC" or the "Issue Manager and Full Sponsor") has made an application to the SGX-ST for permission to deal in, and for quotation of, all the ordinary shares (the "Shares") in the capital of 5E Resources Limited (the "Company") already issued, and the new Shares (the "Invitation Shares") which are the subject of this Invitation (as defined herein), on Catalyst (as defined herein). The dealing in, and quotation of our Shares will be in Singapore dollars.

An application has been made for permission for the shares or units of shares to be listed for quotation on Catalyst.

Acceptance of applications for the Invitation Shares will be conditional upon, among others, the allotment and issuance of the Invitation Shares and permission being granted by the SGX-ST for the listing and quotation of all of our existing issued Shares and the Invitation Shares, on Catalyst. If the admission and listing do not proceed or the completion of the Invitation does not occur because such permission is not granted or for any other reason, monies paid in respect of any application accepted will be returned to you, subject to applicable laws, at your own risk, without interest or any share of revenue or other benefit arising therefrom and you will not have any claim whatsoever against us, the Issue Manager and Full Sponsor, and the Underwriter and Placement Agent.

Companies listed on Catalyst 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 Catalyst without a track record of profitability and there is no assurance that there will be a liquid market in the Shares traded on Catalyst. 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).



We have not lodged this Offer Document in any other jurisdiction though a copy of this Offer Document will be deposited with the Securities Commission of Malaysia in accordance with Section 229(4) of the Capital Markets and Services Act, 2007 of Malaysia.

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 made, or opinions expressed or reports contained in this Offer Document. The SGX-ST does not normally review the application for admission but relies on the Issue Manager and Full Sponsor confirming that our Company is suitable to be listed and complies with the Catalyst Rules (as defined herein). Neither the Authority nor the SGX-ST has in any way considered the merits of our existing Shares or the Invitation 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 listing rules of the SGX-ST, has or have been complied with.

INVESTING IN OUR SHARES INVOLVES RISKS WHICH ARE DESCRIBED IN THE SECTION ENTITLED "RISK FACTORS" OF THIS OFFER DOCUMENT. IN PARTICULAR, YOU SHOULD NOTE THE FOLLOWING RISKS FURTHER DESCRIBED IN THIS OFFER DOCUMENT: (1) IF WE FAIL TO OBTAIN OR MAINTAIN THE APPROVALS, PERMITS, LICENCES AND CERTIFICATES REQUIRED FOR OUR OPERATIONS, OUR BUSINESS, FINANCIAL CONDITIONS AND RESULTS OF OPERATIONS MAY BE MATERIALLY AND ADVERSELY AFFECTED; (2) OUR COLLECTION AND PROCESSING OF SCHEDULED WASTE IS SUBJECT TO MONTHLY QUOTA; (3) OUR CUSTOMERS FOR THE PERIOD UNDER REVIEW ARE PRIMARILY CONCENTRATED IN THE MANUFACTURING INDUSTRY. ANY VOLATILITY IN THE MANUFACTURING INDUSTRY IN MALAYSIA MAY MATERIALLY AND ADVERSELY AFFECT OUR BUSINESS, FINANCIAL CONDITIONS AND RESULTS OF OPERATIONS; (4) OUR OPERATIONS DURING THE PERIOD UNDER REVIEW ARE GEOGRAPHICALLY CONCENTRATED IN JOHOR IN SOUTHERN PENINSULAR MALAYSIA AND MAY BE AFFECTED BY LOCAL POLICIES, EVENTS AND ECONOMIC CONDITIONS; (5) CERTAIN TREATMENT PROCESSES CAN ONLY BE CONDUCTED AT OUR SPECIFIC WASTE TREATMENT PLANT; AND (6) WE MAY BE ADVERSELY AFFECTED IF THERE IS ANY SIGNIFICANT DOWNTIME AT OUR WASTE TREATMENT PLANTS FOR REPAIR AND MAINTENANCE.

After the expiration of six (6) months from the date of registration of this Offer Document, no person shall make an offer of securities, or allot, issue or sell any securities, 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.

Issue Manager and Full Sponsor



RHT Capital Pte. Ltd.

(Company Registration No.: 201109968H)
(Incorporated in the Republic of Singapore)

Underwriter and Placement Agent



UOB Kay Hian Private Limited

(Company Registration No.: 197000447W)
(Incorporated in the Republic of Singapore)



CORPORATE PROFILE

With a history dating back to 1997, our Group is the fifth largest¹ scheduled waste² management services provider in Malaysia. We aim to relieve our customers of their environmental impact liabilities by providing them with tailored solutions, striving to maximise recovery of resources and minimise waste disposal. Our established customer base covers 8 out of 13 states and 2 federal territories in Peninsular Malaysia. We have two other complementary business segments, namely the sale of recovered and recycled products, and chemical trading.

Scheduled Waste Management Services

- Possess 34 out of 77 Waste Codes under the First Schedule of the Environmental Quality (Scheduled Wastes) Regulations. Allowed to collect, transport, and treat scheduled waste based on the Waste Codes we possess
- Operate three waste treatment plants in Johor for the following processes: waste acid and alkaline recycling; electronic waste recovery and waste oil recycling
- This business accounts for over 80% of yearly revenue
- Regular services: Offer time-to-time collection of scheduled waste from customers who are waste generators mainly in the manufacturing, trading and services industries in Malaysia
- Project-based services: Provide ad-hoc scheduled waste management services to areas affected by pollution incidents or to designated areas that require ad-hoc or urgent services

Significant ad-hoc projects:

March 2019: Engaged to collect and treat marine oil and petrochemical residue and contaminated water from the Kim Kim River in Pasir Gudang, Johor, following an air and water pollution incident caused by illegal dumping of toxic chemical waste. Contributed revenue of approximately MYR5.9 million in FY2019

November 2018: Engaged to collect and treat wastewater and oil-water mixture oil reported to be caused by a marine accident in Johor, Malaysia. Contributed revenue of approximately MYR6.1 million in FY2019

Sale of Recovered and Recycled Products

- Sell products and by-products generated from our scheduled waste treatment processes including recycled chemicals, recycled drum/tank, recycled oil, recycled alkaline and recovered precious metals

Chemical Trading

- Operate a chemical trading business in Malaysia. Possess licence to import, store and sell by wholesale certain types of chemicals that can be used for waste treatment and in the manufacturing industry



COMPETITIVE STRENGTHS

- **Fifth largest scheduled waste management services provider in Malaysia¹** out of over 100 market players in 2020, accounting for approximately 3.1% of market share. One out of only four of the top 10 market players in 2020 to possess more than 30 Waste Codes. Our proven track record, good compliance record and market position increases our ability to attract and retain customers
- **Ability to meet evolving customers' needs and increasingly stringent regulatory requirements** through our ongoing improvements to processing technology and R&D endeavours, which also serves to enhance our service offerings and price competitiveness
- **Experienced in dealing with local regulatory authorities and agencies** with whom we enjoy lasting working relationships and good communication
- **Established relationships with customers.** We encourage customers to conduct quality audits on our services and performance, which enables us to better understand their needs and provide them with adequate and tailored services. This also enables customers to understand our services and how we can help them comply with their internal governance requirements
- **Experienced key executives** with more than 20 years of relevant experience each, with the insight and knowledge to execute our growth strategies

BUSINESS STRATEGIES AND FUTURE PLANS

Intend to:

- **Strengthen our geographical coverage beyond our established base in Johor in Southern Peninsular Malaysia, to take advantage of business opportunities in Central Peninsular Malaysia ("CPM")** by potentially acquiring an already identified parcel of land on which an off-site storage plant is situated
- **Broaden our customer base to include the underserved market of small quantity waste generators in CPM** and to relocate sales and marketing personnel there to have closer liaison with customers. This can improve response time, cost efficiency and capture more market opportunities
- **Expand our processing capacity for the treatment of high organic content waste by investing in a new rotary system** to cater to the growing demand for such services in Malaysia especially from continuously developing industries that require large amounts of organic raw materials
- **Invest in facilities to reduce our operating costs by processing waste residue into alternative products** that can be disposed of at a lower cost or processed into products that can be used by the cement industry
- **Expand our business through acquisitions, joint ventures or strategic alliances** with parties whose businesses are synergistic with ours and can strengthen our market position, and give us access to new markets, customers and complementary businesses



PROSPECTS³

- Malaysia's nominal gross domestic product expected to reach a compound annual growth rate ("CAGR") of approximately 8.1% by 2025. **Economic development and population growth expected to increase waste generation**, which is projected to reach approximately 5.1 million tonnes in 2025 representing a CAGR of approximately 4.1% from 2019
- Malaysia's manufacturing sector – the largest contributor of scheduled waste, expected to maintain robust growth** with sales value projected to reach approximately MYR1,900,933 million by 2025 at a CAGR of approximately 5.5% from 2019
- Volume of scheduled waste generated in Central and Southern Peninsular Malaysia expected to remain the largest proportion;** forecast to reach 2,023,508 tonnes and 1,596,350 tonnes in 2025, representing CAGRs of 5.2% and 6.4% respectively
- Continuous development of industries such as chemical, pharmaceutical, rubber, printing and textile, which require large amounts of organic raw materials, is driving **growing demand for high organic content waste treatment in Malaysia** at a CAGR of approximately 11.6% from 2019 to 2025

PROPOSED DIVIDENDS

Intend to recommend and distribute dividends of not less than 25% of our Group's net profit after tax for financial years ending 31 December 2022, 2023 and 2024.

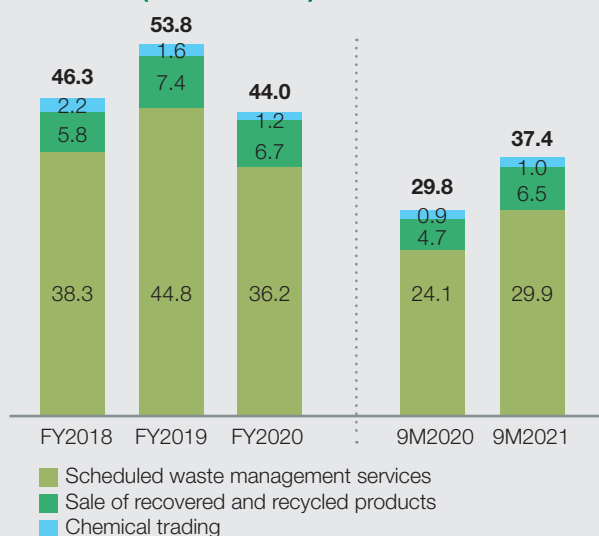


¹ In terms of revenue of scheduled waste management and related services in 2020, according to the Industry Report.

² Defined as any waste falling within the categories of waste listed in the First Schedule to the Environmental Quality (Scheduled Wastes) Regulations 2005 of Malaysia that possess hazardous characteristics and have the potential to adversely affect the public health and environment.

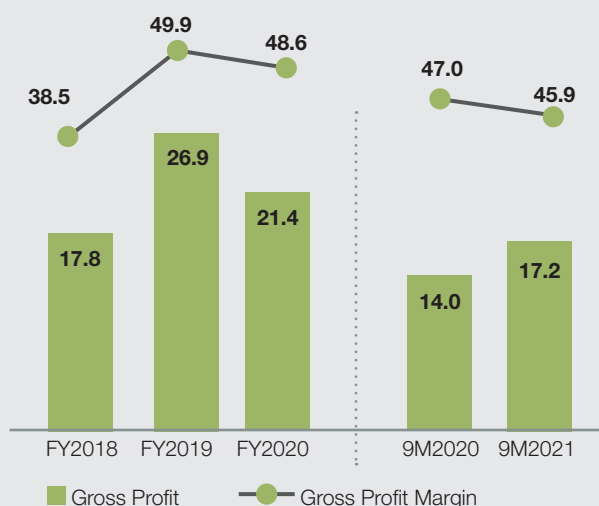
³ Source: Industry Report

Revenue (MYR' million)



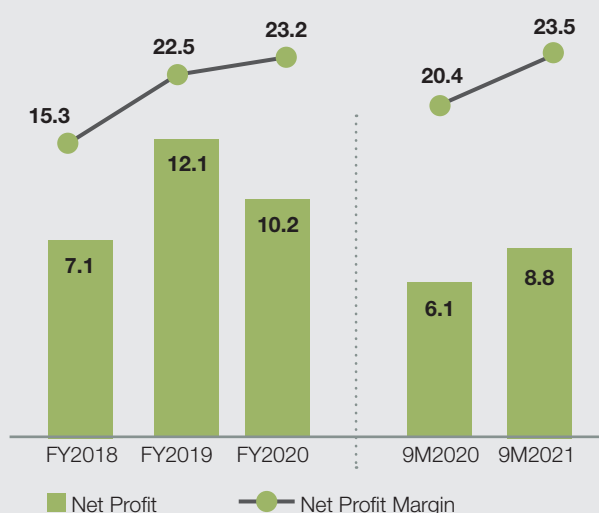
The decline in revenue from MYR53.8 million in FY2019 to MYR44.0 million in FY2020 was mainly due to the impact of the COVID-19 pandemic and the resultant measures on all three of our Group's business segments, as well as lower revenue from ad-hoc projects.

Gross Profit (MYR' million) & Gross Profit Margin (%)



Year-on-year decline in 9M2021 gross profit margin due to higher cost of sales such as direct labour, sludge disposal cost, fuel oil and petrol and others.

Net Profit (MYR' million) & Net Profit Margin (%)



FY2020 net profit was adjusted to include one-off non-recurring fees of MYR2.2 million for previous listing exercise in Hong Kong (incurred in the fourth quarter of 2020 onwards) and 9M2021 net profit was adjusted to include one-off non-recurring fees of MYR4.6 million for previous and current listing exercises.

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CORPORATE INFORMATION

BOARD OF DIRECTORS	:	Loo Sok Ching (Chairman and Executive Director) Lim Te Hua (Executive Director and Chief Executive Officer) Shankar Narasingam (Executive Director and Chief Operating Officer) Wong Chee Meng Lawrence (Lead Independent and Non-Executive Director) Kam Chai Hong (Independent and Non-Executive Director) Siow Chin How (Independent and Non-Executive Director) Wang Han Lin (Independent and Non-Executive Director)
COMPANY SECRETARY	:	Shirley Tan Sey Liy <i>MSc Mgmt (Hons) (UCD), FCS, FCG</i>
REGISTERED OFFICE	:	1 Robinson Road #17-00 AIA Tower Singapore 048542
PRINCIPAL PLACE OF BUSINESS	:	PLO 738 Jalan Platinum Utama Zon 12B Pasir Gudang Industrial Area 81700 Pasir Gudang Johor Darul Takzim Malaysia
ISSUE MANAGER AND FULL SPONSOR	:	RHT Capital Pte. Ltd. 6 Raffles Quay #24-02 Singapore 048580
UNDERWRITER AND PLACEMENT AGENT	:	UOB Kay Hian Private Limited 8 Anthony Road #01-01 Singapore 229957

CORPORATE INFORMATION

SOLICITORS TO THE INVITATION AND LEGAL ADVISER TO OUR COMPANY AS TO SINGAPORE LAW	:	Shook Lin & Bok LLP 1 Robinson Road #18-00 AIA Tower Singapore 048542
LEGAL ADVISER TO OUR COMPANY AS TO MALAYSIA LAW	:	David Lai & Tan Level 8-3 & 8-4, Wisma Miramas No 1 Jalan 2/190E, Taman Desa Jalan Klang Lama 58100 Kuala Lumpur Malaysia
LEGAL ADVISER TO THE ISSUE MANAGER AND FULL SPONSOR AND UNDERWRITER AND PLACEMENT AGENT AS TO SINGAPORE LAW	:	RHTLaw Asia LLP 1 Paya Lebar Link #06-08 PLQ 2 Paya Lebar Quarter Singapore 408533
INDEPENDENT AUDITOR AND REPORTING ACCOUNTANT	:	PricewaterhouseCoopers LLP 7 Straits View #12-00 Marina One East Tower Singapore 018936 Partner-in-charge: Rebekah Khan (a member of the Institute of Singapore Chartered Accountants)
INDEPENDENT INDUSTRY CONSULTANT	:	Frost & Sullivan International Limited 1706, One Exchange Square 8 Connaught Place, Central, Hong Kong
INTRODUCER	:	ICapital Holdings (SG) Pte Ltd 9 Temasek Boulevard #38-02 Suntec City Tower 2 Singapore 038989
SHARE REGISTRAR AND SHARE TRANSFER OFFICE	:	In.Corp Corporate Services Pte. Ltd. 30 Cecil Street #19-08 Prudential Tower Singapore 049712

CORPORATE INFORMATION

PRINCIPAL BANKERS	:	OCBC Bank Malaysia Berhad Menara OCBC, 18 Jalan Tun Perak, 50050 Kuala Lumpur Public Bank Berhad Menara Public Bank, 146 Jalan Ampang, Peti Surat 12542, 50450 Kuala Lumpur RHB Bank Berhad Tower Two & Three, RHB Centre, Jalan Tun Razak, 50400 Kuala Lumpur Peti Surat 10145, 50907 Kuala Lumpur
RECEIVING BANKER	:	The Bank of East Asia, Limited, Singapore Branch 60 Robinson Road BEA Building Singapore 068892

DEFINITIONS

In this Offer Document and the accompanying Application Forms, unless the context otherwise requires, the following definitions apply throughout where the context so admits:

Companies within our Group

“Company”	:	5E Resources Limited, a company incorporated in Singapore on 18 October 2021
“5E Holdings”	:	5E Holdings Sdn. Bhd., a company incorporated in Malaysia with limited liability on 23 November 2020 and a direct wholly-owned subsidiary of our Company
“5E Resources”	:	5E Resources Sdn. Bhd., a company incorporated in Malaysia with limited liability on 26 July 2006 and an indirect wholly-owned subsidiary of our Company
“TS Heuls”	:	TS Heuls Chemical & Engineering Sdn. Bhd., a company incorporated in Malaysia with limited liability on 10 July 1997 and an indirect wholly-owned subsidiary of our Company
“Group” or “Group Companies”	:	Our Company and our subsidiaries as at the date of this Offer Document

Other Companies, Organisations and Agencies

“ACRA”	:	Accounting and Corporate Regulatory Authority of Singapore
“Authority” or “MAS”	:	Monetary Authority of Singapore
“Bank Negara”	:	Central Bank of Malaysia
“Bursa Malaysia”	:	Bursa Malaysia Securities Berhad
“CDP” or “Depository”	:	The Central Depository (Pte) Limited
“CPF”	:	Central Provident Fund
“DLT” or “Legal Adviser to our Company as to Malaysia Law”	:	David Lai & Tan
“DOE”	:	Department of Environment of Malaysia

DEFINITIONS

“Grandhill Property”	:	Grandhill Property Sdn. Bhd. (formerly known as Smart Definition Sdn. Bhd. from 20 June 2008 to 27 March 2012), a company incorporated in Malaysia with limited liability on 20 June 2008, and owned by Loo Sok Ching, Wong Chun Wei, Wong Ying Wei and Wong Ying Tung as to 99.90%, 0.05%, 0.04% and 0.01% respectively as at the Latest Practicable Date. Wong Chun Wei, Wong Ying Wei and Wong Ying Tung are the children of our Chairman and Executive Director, Loo Sok Ching, and our Controlling Shareholder, Wong Kim Fatt
“Independent Auditor”, “PwC” or “Reporting Accountant”	:	PricewaterhouseCoopers LLP
“Industry Consultant”	:	Frost & Sullivan International Limited
“Introducer” or “ICapital”	:	ICapital Holdings (SG) Pte Ltd
“IRAS”	:	Inland Revenue Authority of Singapore
“Issue Manager and Full Sponsor”, or “RHTC”	:	RHT Capital Pte. Ltd.
“Participating Banks”	:	DBS Bank Ltd. (including POSB) (“ DBS Bank ”), Oversea-Chinese Banking Corporation Limited (“ OCBC ”) and United Overseas Bank Limited (“ UOB ”) and “Participating Bank” means any of them
“Receiving Banker”	:	The Bank of East Asia, Limited, Singapore Branch
“RHTLaw”	:	RHTLaw Asia LLP
“SC”	:	Securities Commission of Malaysia
“SGX-ST”	:	Singapore Exchange Securities Trading Limited
“Share Registrar”	:	In.Corp Corporate Services Pte. Ltd.
“SLB” or “Solicitors to the Invitation”	:	Shook Lin & Bok LLP
“Underwriter and Placement Agent”, or “UOBKH”	:	UOB Kay Hian Private Limited

DEFINITIONS

“Wentel Corporation”	:	Wentel Corporation Sdn. Bhd., a company incorporated in Malaysia with limited liability on 23 July 2002 and owned by Loo Sok Ching and Wong Kim Fatt as to 58.92% and 41.08% respectively as at the Latest Practicable Date
“Wentel Engineering”	:	Wentel Engineering Sdn. Bhd. (formerly known as Twin Shell Engineering Sdn. Bhd. from 20 November 2000 to 30 October 2019), a company incorporated in Malaysia with limited liability on 20 November 2000 and owned by Wong Kim Fatt, Ban Kim Wah, Wentel Corporation and an independent third party as to 52.50%, 18.75%, 22.50% and 6.25% respectively as at the Latest Practicable Date

General

“9M2020”	:	The nine (9)-month financial period ended 30 September 2020
“9M2021”	:	The nine (9)-month financial period ended 30 September 2021
“Application Forms”	:	The printed application forms to be used for the purpose of the Invitation and which form part of this Offer Document
“Application List”	:	The list of applications for the subscription of the Invitation Shares
“Associate”	:	<p>(a) In relation to any individual, including a director, chief executive officer, substantial shareholder or controlling shareholder (being an individual), means:</p> <p>(i) his immediate family;</p> <p>(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; and</p> <p>(iii) any company in which he and his immediate family together (directly or indirectly) have an interest of 30% or more</p> <p>(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% or more</p>

DEFINITIONS

“associated company”	:	A company in which at least 20% but not more than 50% of its shares are held by the listed company or group
“ATM”	:	Automated teller machine of a Participating Bank
“Audit and Risk Committee”	:	The audit and risk committee of our Company as at the date of this Offer Document, unless otherwise stated
“Base Lending Rate”	:	A base rate and/or interest rate that a bank will charge for commercial loans
“Board” or “Board of Directors”	:	The board of Directors of our Company as at the date of this Offer Document, unless otherwise stated
“CAGR”	:	Compound annual growth rate
“Catalist”	:	The sponsor-supervised listing platform of the SGX-ST
“Catalist Rules”	:	Any or all of the rules in the SGX-ST Listing Manual Section B: Rules of Catalist, as the case may be
“Central Peninsular Malaysia”	:	The states of Selangor and Negeri Sembilan and federal territories of Kuala Lumpur and Putrajaya in Malaysia
“CEO”	:	Chief Executive Officer
“CFO”	:	Chief Financial Officer
“CG Code”	:	Code of Corporate Governance, as amended, supplemented or modified from time to time
“Companies Act”	:	The Companies Act 1967 of Singapore (2020 Revised Edition), as amended, supplemented or modified from time to time
“Constitution”	:	The constitution of our Company, as amended, supplemented or modified from time to time
“Controlling Shareholder”	:	As defined in the Catalist Rules, a person who: <ul style="list-style-type: none"> (a) holds directly or indirectly 15% or more of the nominal amount of all voting shares in our Company (unless otherwise determined by the SGX-ST); or (b) in fact exercises control over our Company, or may, where the context so requires, have the meaning ascribed to it in the Fourth Schedule to the SFR
“COO”	:	Chief Operating Officer

DEFINITIONS

“Director”	:	A director of our Company as at the date of this Offer Document
“Dividend Factors”	:	Shall have the meaning ascribed to it in the section entitled “Dividend Policy” of this Offer Document
“Eastern Peninsular Malaysia”	:	The states of Kelantan, Terengganu and Pahang in Malaysia
“Electronic Applications”	:	Applications for the Offer Shares made through an ATM, IB website, or the mobile banking interface of the relevant Participating Banks, subject to and on the terms and conditions of this Offer Document
“Entity at Risk”	:	(a) Our Company; (b) a subsidiary of our Company that is not listed on the SGX-ST or an approved exchange; or (c) an associated company that is not listed on the SGX-ST or an approved exchange, provided that our Group, or our Group and our Interested Person(s), has control over the associated company
“EPS”	:	Earnings per Share
“EQA 1974”	:	The Environmental Quality Act 1974 of Malaysia, as amended, supplemented or modified from time to time
“EQ(SW) Regulations”	:	The Environmental Quality (Scheduled Wastes) Regulations 2005 of Malaysia, as amended, supplemented or modified from time to time
“Executive Directors”	:	The executive Directors of our Company as at the date of this Offer Document, unless otherwise stated
“Executive Officers”	:	The executive officers of our Company as at the date of this Offer Document, who are also key executives as defined under the SFR, unless otherwise stated
“FY”	:	Financial year ended or ending, as the case may be, 31 December, unless otherwise stated
“IB”	:	Internet banking
“IFSA”	:	The Islamic Financial Services Act 2013 of Malaysia, as amended, supplemented or modified from time to time
“Independent Directors”	:	The independent Directors of our Company as at the date of this Offer Document, unless otherwise stated

DEFINITIONS

“Industry Report”	:	The independent industry report prepared by the Industry Consultant, as set out in Appendix C of this Offer Document
“Interested Person”	:	<p>(a) a director, chief executive officer or Controlling Shareholder of our Company; or</p> <p>(b) an Associate of any such director, chief executive officer or Controlling Shareholder</p>
“Interested Person Transaction”	:	Means a transaction between an Entity at Risk and an Interested Person
“Invitation”	:	The invitation by our Company to investors to subscribe for the Invitation Shares at the Invitation Price through the Offer and the Placement, upon the terms and subject to the conditions of this Offer Document
“Invitation Price”	:	S\$0.26 for each Invitation Share
“Invitation Shares”	:	The 38,500,000 new Shares for which our Company invites applications to subscribe pursuant to the Invitation, comprising 2,000,000 Offer Shares and 36,500,000 Placement Shares
“Johor Port Project”	:	The engagement in which we provided project-based scheduled waste management services to collect and treat the scheduled waste which was reported to be caused by a marine accident in 2018, details of which are set out in the section entitled “General Information on our Group – Business Overview” of this Offer Document
“Kim Kim River Project”	:	The engagement in which we provided project-based scheduled waste management services in respect of an air and water pollution incident which was reported to be caused by illegal dumping of toxic chemical waste at the Kim Kim River in Pasir Gudang of Johor in 2019, details of which are set out in the section entitled “General Information on our Group – Business Overview” of this Offer Document
“Latest Practicable Date”	:	18 March 2022, being the latest practicable date for the purposes of lodgement of this Offer Document with the SGX-ST, acting as agent on behalf of the Authority
“Listing”	:	The proposed listing and quotation of all our Shares on Catalist

DEFINITIONS

“Management and Sponsorship Agreement”	:	The full sponsorship and management agreement dated 29 April 2022 entered into between our Company and RHTC pursuant to which RHTC agrees to manage and sponsor the Invitation, details as described in the sections entitled “Plan of Distribution” and “General and Statutory Information – Management, Underwriting and Placement Arrangements” of this Offer Document
“Market Day”	:	A day on which the SGX-ST is open for trading in securities
“Movement Control Order”	:	The nationwide Movement Control Order imposed by the Malaysian government under the Prevention and Control of Infectious Diseases Act 1988 of Malaysia
“NAV”	:	Net asset value
“Nominating Committee”	:	The nominating committee of our Company as at the date of this Offer Document, unless otherwise stated
“Non-Executive Directors”	:	The non-executive Directors of our Company (including the Independent Directors) as at the date of this Offer Document, unless otherwise stated
“Northern Peninsular Malaysia”	:	The states of Perlis, Kedah, Penang and Perak in Malaysia
“NPAT”	:	Net profit after tax
“NTA”	:	Net tangible assets
“Offer”	:	The offering by our Company to the public in Singapore for subscription of the Offer Shares at the Invitation Price, upon the terms and subject to the conditions of this Offer Document
“Offer Document”	:	This Offer Document dated 29 April 2022 issued by our Company in respect of the Invitation
“Offer Shares”	:	The 2,000,000 new Shares which are the subject of the Offer
“PA 1952”	:	The Poisons Act 1952 of Malaysia, as amended, supplemented or modified from time to time
“PER”	:	Price earnings ratio
“Period Under Review”	:	The period which comprises FY2018, FY2019, FY2020 and 9M2021

DEFINITIONS

“Placement”	:	The placement of the Placement Shares by the Underwriter and Placement Agent on behalf of our Company for subscription at the Invitation Price, subject to and on the terms and conditions as set out in this Offer Document
“Placement Shares”	:	The 36,500,000 new Shares which are the subject of the Placement
“PLO 83 Plant”	:	The land and building bearing the postal address of PLO 83, Jalan Perak, Pasir Gudang Industrial Area, 81700 Pasir Gudang, Johor Darul Takzim, Malaysia
“PLO 317 Plant”	:	The land and building bearing the postal address of PLO 317, Jalan Perak, Pasir Gudang Industrial Area, 81700 Pasir Gudang, Johor Darul Takzim, Malaysia
“PLO 738 Plant”	:	The land and building bearing the postal address of PLO 738, Jalan Platinum Utama, Zon 12B, Pasir Gudang Industrial Area, 81700 Pasir Gudang, Johor Darul Takzim, Malaysia
“Proposed Dividends”	:	Shall have the meaning ascribed to it in the section entitled “Dividend Policy” of this Offer Document
“Relevant Period”	:	The period comprising FY2018, FY2019, FY2020, 9M2021 and the period from 1 October 2021 to the Latest Practicable Date
“Remuneration Committee”	:	The remuneration committee of our Company as at the date of this Offer Document, unless otherwise stated
“Restructuring Exercise”	:	The corporate restructuring exercise implemented in connection with the Listing as set out in the section entitled “Restructuring Exercise” of this Offer Document
“Securities Account”	:	The securities account maintained by a Depositor with CDP but does not include a securities sub-account
“Securities and Futures Act” or “SFA”	:	The Securities and Futures Act 2001 of Singapore (2020 Revised Edition), as amended, supplemented or modified from time to time
“Service Agreements”	:	The service agreements entered into between our Company and each of Loo Sok Ching, Lim Te Hua and Shankar Narasingam respectively, as described in the section entitled “Directors, Management and Employees – Service Agreements” of this Offer Document

DEFINITIONS

“SFR”	:	The Securities and Futures (Offers of Investments) (Securities and Securities-based Derivatives Contracts) Regulations 2018 of Singapore, as amended, supplemented or modified from time to time
“Share(s)”	:	Ordinary share(s) in the capital of our Company
“Shareholder(s)”	:	Registered holders of Shares, except where the registered holder is CDP, the term “Shareholder” shall, in relation to such Shares mean the Depositors whose Securities Accounts are credited with Shares
“Share Split”	:	The sub-division of 1 Share into 6 Shares, which was effected on 25 March 2022
“Singapore”	:	The Republic of Singapore
“Southern Peninsular Malaysia”	:	The states of Malacca and Johor in Malaysia
“Substantial Shareholder(s)”	:	Persons who have an interest in one or more voting shares, and the total votes attaching to that share or those shares, represent not less than 5.0% of the total votes attaching to all the voting shares in our Company
“Take-over Code”	:	The Singapore Code on Take-overs and Mergers, as amended, supplemented or modified from time to time
“Underwriting and Placement Agreement”	:	The underwriting and placement agreement dated 29 April 2022 entered into between our Company and the Underwriter and Placement Agent pursuant to which the Underwriter and Placement Agent agrees to: (i) underwrite our offer of the Offer Shares; and (ii) subscribe and/or procure subscriptions for the Placement Shares at the Invitation Price as described in the sections entitled “Plan of Distribution” and “General and Statutory Information – Management, Underwriting and Placement Arrangements” of this Offer Document

Currencies, Units and Others

“MYR” or “Ringgit”	:	Malaysian ringgit
“S\$” and “cents”	:	Singapore dollars and cents, respectively
“US\$” and “US cents”	:	USA dollars and cents, respectively
“km”	:	Kilometres

DEFINITIONS

“m” : Metres

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

The expression “subsidiary” shall have the meaning ascribed to it in the SFR and the Companies Act.

The expression “Entity” includes a corporation, an unincorporated association, a partnership and the government of any state, but does not include a trust.

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

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

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

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, the Application Forms and the Electronic Applications 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 Catalist Rules, Companies Act, SFA, SFR or any statutory modification thereof and used in this Offer Document, the Application Forms and the Electronic Applications shall, where applicable, have the meaning ascribed to it under the Catalist Rules, Companies Act, SFA, SFR or any statutory modification thereto, as the case may be.

Any reference in this Offer Document, the Application Forms and the Electronic Applications 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, the Application Forms and the Electronic Applications is a reference to Singapore time unless otherwise stated.

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

Any information on our website or any other website directly or indirectly linked to such website does not form part of this Offer Document and should not be relied upon.

In addition, unless we indicate otherwise, all information in this Offer Document assumes that no Invitation Shares have been re-allocated between the Placement and the Offer as described in the section entitled “Plan of Distribution” of this Offer Document.

GLOSSARY OF TECHNICAL TERMS

To facilitate a better understanding of the business of our Group, the following glossary provides a description of some of the technical terms and abbreviations commonly used in our industry. The terms and abbreviations and their assigned meanings should not be treated as being definitive of their meanings, and may not correspond to standard industry or common meanings or usage of these terms:

“acid”	:	A solution that has a pH of less than 7 and has corrosive properties
“alkaline”	:	A solution that has a pH of greater than 7, also known as a base
“carboniser”	:	A system designed to process organic waste in a negative pressure, no oxygen environment with high heat
“coagulant”	:	A substance which causes particles in a liquid to curdle and clot together
“consignment notes”	:	Document(s) showing the details of goods that have been sent from a seller to a buyer; and travels with the goods
“demulsify”	:	Process used to separate emulsions such as oil and water
“effluent”	:	Liquid waste or sewage discharged into a river or sea
“E-waste”	:	Electronic waste
“ferrous metal”	:	A metal alloy that contains iron
“flue gas”	:	Gas that emanates from combustion plants and which contains the reaction products of fuel and combustion air and residual substances
“hazardous waste”	:	Waste that has substantial or potential threats to public health or the environment
“ISO 14001”	:	The international standard that specifies requirements for an effective environmental management system
“LVDH”	:	Low vacuum dehydration unit, used to remove cracked oil and restore oil to its original properties
“OHSAS 18001”	:	An international standard for occupational health and safety management systems, which has been replaced by ISO 45001
“pyrolysis”	:	Process of chemically decomposing organic materials at high temperatures in the absence of oxygen

GLOSSARY OF TECHNICAL TERMS

“recovered products”	:	Final products of the recovery process
“recovery”	:	Any waste management operation that diverts a waste material from the waste stream and which results in certain product with potential economic on ecological benefit
“recycled products”	:	Final products at the end of the recycling process
“recycling”	:	Any recovery operation by which waste materials are reprocessed into products, materials or substances whether for the original or other purposes
“residue”	:	A substance or object which results from a treatment process which is not, in itself, sought for a subsequent use
“scheduled waste”	:	Any waste falling within the categories of waste listed in the First Schedule to the EQ(SW) Regulations that possess hazardous characteristics and have the potential to adversely affect the public health and environment
“solid waste”	:	Discarded material resulting from industrial, commercial, mining, and agricultural operations, and from community activities
“solvent”	:	A solution that can dissolve other substances
“waste”	:	Unwanted or unusable materials that are discarded as worthless, defective and of no use
“Waste Code(s)”	:	77 categories of scheduled wastes listed under the First Schedule of EQ(SW) Regulations as at the Latest Practicable Date
“Waste Generators”	:	Companies which produce scheduled waste
“wastewater”	:	Water that has been affected by domestic, industrial and commercial use
“WWTP”	:	Wastewater treatment plant

CAUTIONARY NOTE ON FORWARD-LOOKING STATEMENTS

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 or employees 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”, “anticipates”, “believes”, “plans”, “intends”, “estimates”, “seeks”, “projects”, “may”, “will”, “would” and “could” or similar words. However, you should note that these words are not the exclusive means of identifying forward-looking statements. All statements regarding our expected financial position, 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) projections of capital expenditures in general and other financial items;
- (c) any expected growth;
- (d) other expected industry trends;
- (e) anticipated expansion plans; and
- (f) other matters discussed in this Offer Document regarding matters that are not historical fact,

are only predictions. These forward-looking statements reflect our current views with respect to future events and are not a guarantee of future performance. These statements are based on our beliefs and assumptions, which in turn are based on currently available information. Although we believe the assumptions upon which these forward-looking statements are based are reasonable, any of these assumptions could prove to be inaccurate, and the forward-looking statements based on these assumptions could be incorrect.

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 such forward-looking statements. These risks, uncertainties and other factors include, in no particular order of priority and among others, the following:

- (a) changes in political, social and economic conditions, stock or securities market conditions, as well as the laws and regulatory environment in Singapore and the other countries in which our Group operates and intends to operate our business or countries which our Group has a presence in;
- (b) the risk that we may be unable to realise our anticipated growth strategies and expected internal growth;
- (c) changes in customer demands and preferences;
- (d) changes in the availability and prices of utilities and supplies which we require for the operation of our business;
- (e) changes in competitive conditions and our ability to compete under such conditions;
- (f) the impact of the COVID-19 pandemic on our business and operations;

CAUTIONARY NOTE ON FORWARD-LOOKING STATEMENTS

- (g) changes in our senior management team or the loss of key personnel and the inability to replace such personnel on a timely basis or on terms acceptable to us;
- (h) changes in labour relations;
- (i) changes in the costs associated with environmental, health and safety and security measures;
- (j) changes in our future capital needs and the availability of financing and capital to fund such needs;
- (k) changes in currency exchange or interest rates;
- (l) war or acts of international or domestic terrorism;
- (m) occurrences of natural disasters, catastrophic events, outbreaks of communicable diseases and acts of God that affect our business or properties;
- (n) any other matters not yet known to us;
- (o) other factors beyond our control; and
- (p) the factors described in the section entitled “Risk Factors” of this Offer Document.

The list of important factors is not exhaustive. Additional factors that could cause actual results, performance or achievements to differ materially include, but are not limited to, those discussed in the sections entitled “Risk Factors”, “Management’s Discussion and Analysis of Results of Operations and Financial Position”, “General Information on our Group – Industry Overview and Prospects” and “General Information on our Group – Trend Information” of this Offer Document. 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.

The sections entitled “General Information on our Group – Industry Overview and Prospects” and “General Information on our Group – Trend Information” of this Offer Document, as well as other parts of this Offer Document (to the extent applicable or relevant), contain data, information, financial analyses, forecasts, 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 we are unable to assure you that such information is accurate or complete. These forward-looking statements are applicable only as of the date of this Offer Document.

None of us, the Issue Manager and Full Sponsor, the Underwriter and Placement Agent or any person(s) acting on our or their behalf has conducted an independent review or verified the accuracy or veracity of such data, information, financial analyses, forecasts, figures, statements, assumptions and projections (the “**Third Party Data**”). Where any of the Third Party 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 Issue Manager and Full Sponsor, the Underwriter and Placement Agent or any person(s) acting on our or their behalf has been to ensure that such Third Party Data or information has been

CAUTIONARY NOTE ON FORWARD-LOOKING STATEMENTS

accurately and correctly extracted from these sources and/or reproduced in this Offer Document in its proper form and context. No representation is made by us, the Issue Manager and Full Sponsor, the Underwriter and Placement Agent or any person(s) acting on our or their behalf in respect of any of the Third Party Data and neither we, the Issue Manager and Full Sponsor, the Underwriter and Placement Agent nor any person(s) acting on our or their behalf takes any responsibility for any of the Third Party Data.

Given the risks and uncertainties that may cause our actual future results, performance or achievements to be materially different from that expected, expressed or implied by the forward-looking statements in this Offer Document, investors are cautioned not to place undue reliance on these statements. None of us, the Issue Manager and Full Sponsor, the Underwriter and Placement Agent, or any other person(s) acting on our or their behalf represents or warrants that our Group's actual future results, performance or achievements will be as discussed in those statements.

Our actual future results may differ materially from those anticipated in these forward-looking statements as a result of the risks faced by us. We, the Issue Manager and Full Sponsor, and the Underwriter and 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, the SFR and the Catalist Rules regarding corporate disclosure. In particular, pursuant to Section 241 of the SFA, if after the Offer Document is registered by the SGX-ST, acting as agent on behalf of the Authority, but before the close of the Invitation, our Company becomes 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; or
- (c) a new circumstance that has arisen since the Offer Document was lodged with the SGX-ST, acting as agent on behalf of the Authority, and would have been required by Section 243 of the SFA 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 Issue Manager and Full Sponsor and the Underwriter and Placement Agent, lodge a supplementary or replacement offer document with the SGX-ST, acting as agent on behalf of the Authority. Please refer to the section entitled "Details of the Invitation" of this Offer Document for further details.

INDUSTRY AND MARKET DATA

INDUSTRY AND MARKET DATA

This Offer Document includes 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. 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 included information.

We have commissioned Frost & Sullivan International Limited to conduct an analysis of the scheduled waste management industry in Malaysia and prepare the Industry Report. A summary of the Industry Report is set out under the section entitled “General Information on our Group – Industry Overview and Prospects” of this Offer Document. Reports and industry publications and surveys and forecasts generally state that the information contained therein has been obtained from sources believed to be reliable, but there can be no assurance as to the accuracy or completeness of such included information. While we, the Issue Manager and Full Sponsor, and the Underwriter and Placement Agent believe that the third party information and data contained in this Offer Document are reliable, and we, the Issue Manager and Full Sponsor, and the Underwriter and Placement Agent have taken reasonable actions to ensure that the information is extracted accurately and in its proper context, we, the Issue Manager and Full Sponsor, and the Underwriter and Placement Agent cannot ensure the accuracy of the information or data, and we, the Issue Manager and Full Sponsor, the Underwriter and Placement Agent and any of our or their respective affiliates or advisers have not independently verified the information or data or ascertained the underlying assumptions relied upon therein. Consequently, none of us, the Issue Manager and Full Sponsor, the Underwriter and Placement Agent or their respective officers, agents, employees and advisers makes any representation as to the accuracy or completeness of such information and shall not be obliged to provide any updates on the same.

SELLING RESTRICTIONS

SELLING RESTRICTIONS

SINGAPORE

This Offer Document does not constitute an offer, solicitation or invitation to subscribe for our Invitation 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, or of the legal or regulatory requirements, of any jurisdiction, except for the lodgement and/or registration of this Offer Document in Singapore in order to permit a public offering of our Invitation Shares and the public distribution of this Offer Document in Singapore. The distribution of this Offer Document and the offering of our Invitation Shares in certain jurisdictions may be restricted by the relevant laws in such jurisdictions. Persons who may come into possession of this Offer Document are required by us, the Issue Manager and Full Sponsor, and the Underwriter and 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 Issue Manager and Full Sponsor, and the Underwriter and 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 (a) copied, photocopied or duplicated in any form by any means; or (b) distributed or passed on, directly or indirectly, to any other person in whole or in part, for any purpose.

MALAYSIA

This Offer Document has not been reviewed and approved by the Securities Commission of Malaysia (the “**SC**”) and will not be registered as a prospectus with the SC but a copy of this Offer Document will be deposited with the SC within seven (7) days after the Offer Document is first issued in accordance with Section 229(4) of 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 Invitation Shares in Malaysia except to a 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 License granted pursuant to the CMSA who carries on the business of dealing in securities to the following persons (“**Qualified Person**”):

- (i) a closed end fund approved by the SC;
- (ii) a holder of a Capital Markets Services Licence under the CMSA;
- (iii) a person who, if they acquire the Invitation Shares, does so only pursuant to a private placement, and as principal on terms that the Invitation Shares are acquired at a consideration of no less than MYR250,000 or its equivalent in foreign currencies for each transaction whether such amount is paid for in cash or otherwise;

SELLING RESTRICTIONS

- (iv) an individual whose total net personal assets, or total net joint assets with his or her spouse, exceeds MYR3,000,000 or its equivalent in foreign currencies, excluding the value of the primary residence of the individual;
- (v) an individual who has a gross annual income exceeding MYR300,000 or its equivalent in foreign currencies per annum in the preceding 12 months;
- (vi) an individual who, jointly with his or her spouse, has a gross annual income of exceeding MYR400,000 or its equivalent in foreign currencies per annum in the preceding 12 months;
- (vii) a corporation with total net assets exceeding MYR10,000,000 or its equivalent in foreign currencies based on the last audited accounts;
- (viii) a partnership with total net assets exceeding MYR10,000,000 or its equivalent in foreign currencies;
- (ix) a bank licensee or insurance licensee as defined in the Labuan Financial Services and Securities Act 2010 (Act 704);
- (x) an Islamic bank licensee or takaful licensee as defined in the Labuan Islamic Financial Services and Securities Act 2010 (Act 705); and
- (xi) any other person as may be specified by the SC.

DETAILS OF THE INVITATION

LISTING ON CATALIST

A copy of this Offer Document has been lodged with and registered by the SGX-ST, acting as agent on behalf of the Authority. The registration of this Offer Document by the SGX-ST, acting as agent on behalf of the Authority, does not imply that the SFA, SFR, the Catalist Rules or any other legal or regulatory requirements, have been complied with. The SGX-ST has not, in any way, considered the merits of our existing issued Shares or the Invitation Shares, as the case may be, being offered or in respect of which an invitation is made, for investment. We have not lodged this Offer Document in any other jurisdiction though a copy of this Offer Document will be deposited with the SC within seven (7) days after the Offer Document is first issued in accordance with Section 229(4) of the CMSA.

The Issue Manager and Full Sponsor has made an application to the SGX-ST for permission to deal in, and for the listing and quotation of, all our Shares that are already issued and the Invitation Shares, on Catalist. The dealing in, and quotation of, our existing issued Shares and the Invitation Shares will be in Singapore Dollars.

Such permission will be granted when we have been admitted to the Official List of Catalist. Our acceptance of applications for the Invitation Shares will be conditional upon, among others, permission being granted by the SGX-ST to deal in, and for the listing and quotation of, all our existing issued Shares and the Invitation Shares on Catalist. If the completion of the Invitation does not occur because the said permission is not granted or for any reason, or if the admission, listing and trading of all our Shares that are already issued and the Invitation Shares do not proceed for any reason, monies paid in respect of any application accepted will be returned, without interest or any share of revenue or other benefit arising therefrom and at the applicant's own risk, and the applicant will not have any claim against us, our Directors, the Issue Manager and Full Sponsor, or the Underwriter and Placement Agent. No Shares will be allotted and issued and/or allocated 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.

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. Applicants 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 their professional adviser(s).

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 to Catalist but relies on the Issue Manager and Full Sponsor confirming that our Company is suitable to be listed and complies with the Catalist Rules. Neither the Authority nor the SGX-ST has in any way considered the merits of the Invitation Shares being offered or in respect of which the Invitation is made, for investment.

Admission to the Official List of Catalist is not to be taken as an indication of the merits of the Invitation, our Company, our subsidiaries, our existing issued Shares or the Invitation Shares.

DETAILS OF THE INVITATION

After the expiration of six (6) months from the date of registration of this Offer Document, no person shall make an offer of securities, or allot, issue or sell any securities, 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.

We are subject to the provisions of the SFA, SFR and the Catalist Rules regarding corporate disclosure and the contents of this Offer Document. In particular, pursuant to Section 241 of the SFA, if after the registration of this Offer Document but before the close of the Invitation, 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; 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, and would have been required by Section 243 of the SFA 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 Issue Manager and Full Sponsor and the Underwriter and Placement Agent, lodge a supplementary or replacement offer document 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 Invitation shall be kept open for at least 14 days after the lodgement of such supplementary or replacement offer document.

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

- (a) where the Invitation Shares have not been issued to the applicants, we shall either:
 - (i) within two (2) days (excluding any Saturday, Sunday or public holiday) from the date of lodgement of the supplementary or replacement offer document, give the applicants notice in writing on 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 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 that they 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 lodgement 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) treat the applications as withdrawn and cancelled, in which case the applications shall be deemed to have been withdrawn and cancelled, and we shall, within seven (7) days from the date of lodgement of the supplementary or replacement offer document, pay

DETAILS OF THE INVITATION

to the applicants all monies the applicants have paid on account of their applications, without interest or any share of revenue or other benefit arising therefrom and at their own risk; or

- (b) where the Invitation Shares have been issued to the applicants 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 lodgement 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 our Company the Invitation 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 that 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 lodgement 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 our Company the Invitation Shares which they do not wish to retain title in; or
 - (iii) treat the issue of the Invitation Shares as void, in which case the issue of the Invitation Shares shall be deemed to be void, and we shall:
 - (A) if documents purporting to evidence title to the Invitation Shares ("**title documents**") have been issued to the applicants, within seven (7) days from the date of lodgement of the supplementary or replacement offer document, inform the applicants to return the title documents to our Company within 14 days from the date of lodgement of the supplementary or replacement offer document, and within seven (7) days from the date of receipt of the title documents or the date of lodgement of the supplementary or replacement offer document, whichever is the later, pay to the applicants all monies paid by them for the Invitation Shares, without interest or any share of revenue or other benefit arising therefrom and at their own risk; or
 - (B) if no title documents have been issued to the applicants, within seven (7) days from the date of lodgement of the supplementary or replacement offer document, pay to the applicants all monies paid by them for the Invitation Shares, without interest or any share of revenue or other benefit arising therefrom and at their own risk,

and the applicants shall not have any right or claim against our Company, our Directors, the Issue Manager and Full Sponsor, the Underwriter and Placement Agent or our or their advisers or agents.

Any applicant who wishes to exercise his option under paragraph (a)(i) or (a)(ii) to withdraw his application shall, within 14 days from the date of lodgement of the supplementary or replacement offer document, notify our Company of this, whereupon our Company shall, within seven (7) days of the receipt of such notification, pay to him all monies paid by him on account of his application

DETAILS OF THE INVITATION

for the Invitation Shares, without interest or any share of revenue or other benefit arising therefrom and at his own risk. The applicants shall not have any right or claim against our Company, our Directors, the Issue Manager and Full Sponsor, the Underwriter and Placement Agent or our or their advisers or agents.

An applicant who wishes to exercise his option under paragraph (b)(i) or (b)(ii) to return the Invitation Shares issued to him shall, within 14 days from the date of lodgement of the supplementary or replacement offer document, notify our Company of this and return all documents, if any, purporting to evidence title to those Invitation Shares to our Company, whereupon our Company shall, subject to compliance with applicable laws and our Constitution, within seven (7) days from the receipt of such notification and documents, if any, pay to him all monies paid by him for those Invitation Shares, without interest or any share of revenue or other benefit arising therefrom and at his own risk, and the issue of those Invitation Shares shall be deemed to be void. The applicants shall not have any right or claim against our Company, our Directors, the Issue Manager and Full Sponsor, the Underwriter and Placement Agent or our or their advisers or agents.

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, issued or sold. Such circumstances will include a situation where (i) this Offer Document contains any statement which, in the Authority’s opinion, is false or misleading, (ii) this Offer Document omits any information that is required to be included under Section 243 of the SFA, (iii) this Offer Document does not, in the Authority’s opinion, comply with the requirements of the SFA, or (iv) if the Authority is of the opinion that it is in the public interest to do so, and the applicant shall not have any claim against our Company, the Issue Manager and Full Sponsor and the Underwriter and Placement Agent.

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

- (a) where the Invitation Shares have not been issued to the applicants, the applications for the Invitation Shares shall be deemed to have been withdrawn and cancelled and our Company shall, within 14 days from the date of the Stop Order, pay to the applicants all monies the applicants have paid on account of their applications for the Invitation Shares; or
- (b) where the Invitation Shares have been issued to the applicants, the issue of the Invitation Shares shall be deemed to be void and our Company shall, within 14 days from the date of the Stop Order, pay to the applicants all monies paid by them for the Invitation Shares.

Such monies paid in respect of an application will be returned to the applicants at their own risk, without interest or any share of revenue or other benefit arising therefrom, and they shall not have any right or claim against our Company, our Directors, the Issue Manager and Full Sponsor, the Underwriter and Placement Agent or our or their advisers or agents.

None of our Company, our Directors, the Issue Manager and Full Sponsor, the Underwriter and Placement Agent or any other parties involved in the Invitation 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, financial, legal 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.

DETAILS OF THE INVITATION

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 Invitation and, if given or made, such information or representation must not be relied upon as having been authorised by us, our Directors, the Issue Manager and Full Sponsor and/or the Underwriter and Placement Agent. Neither the delivery of this Offer Document, the Application Forms, any documents relating to the Invitation, nor the Invitation shall, under any circumstances, constitute a continuing representation or create any suggestion or implication that there has been no change or development reasonably likely to create any change in the affairs, conditions or prospects of our Company or our subsidiaries or the Invitation Shares, or in any statement 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 make an announcement of the same to the SGX-ST, and if required under the SFA, we may lodge a supplementary or replacement offer document 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 announcement and/or supplementary or replacement offer document, shall be deemed to have notice of such changes.

Save as expressly stated in this Offer Document, nothing herein is, or may be relied upon as, a promise or representation as to the future performance or policies of our Company or our subsidiaries or associated companies.

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

The Invitation Shares are offered for subscription solely on the basis of the information contained and representations made in this Offer Document.

The distribution of this Offer Document and the offer, subscription and/or purchase of the Invitation Shares may be restricted by law in certain jurisdictions. We, the Issue Manager and Full Sponsor, and the Underwriter and Placement Agent require persons into whose possession this Offer Document comes to inform themselves about and to observe any such restrictions at their own expense and without liability to us, the Issue Manager and Full Sponsor, or the Underwriter and Placement Agent. **This Offer Document does not constitute an offer, solicitation or invitation to subscribe for the Invitation 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.** 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.

Notification under Section 309B of the SFA: The Shares are prescribed capital markets 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).

DETAILS OF THE INVITATION

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

RHT Capital Pte. Ltd.

6 Raffles Quay
#24-02
Singapore 048580

UOB Kay Hian Private Limited

8 Anthony Road
#01-01
Singapore 229957

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

The Invitation will be open from 29 April 2022 (immediately upon the registration (the “Registration”) of this Offer Document by the SGX-ST, acting as agent on behalf of the Authority) until 12.00 noon on 10 May 2022.

The Application List will open immediately upon the Registration and will remain open until 12.00 noon on 10 May 2022 or such further period or periods as our Directors may, in consultation with the Issue Manager and Full Sponsor and the Underwriter and Placement Agent, in their absolute discretion decide, subject to any limitation under any applicable laws and regulations. In the event a supplementary offer document 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 lodgement of the supplementary or replacement offer document.

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

INDICATIVE TIMETABLE FOR LISTING

An indicative timetable for the Invitation and the trading of our Shares is set out below:

Indicative date/time	Event
29 April 2022 (immediately upon the Registration)	Commencement of the Invitation
10 May 2022 at 12.00 noon	Close of Application List
11 May 2022	Balloting of applications, if necessary (in the event of over-subscription for the Offer Shares)
12 May 2022 at 9.00 a.m.	Commence trading on a “ready” basis
16 May 2022	Settlement date for all trades done on a “ready” basis

The above timetable is indicative only as it assumes (i) that the date of closing of the Application List will be on 10 May 2022, (ii) that the date of admission of our Company to the Official List of Catalist will be on 12 May 2022, (iii) compliance with the SGX-ST’s shareholding spread requirement, and (iv) that the Invitation Shares will be issued and fully paid up prior to 12 May 2022. All dates and times referred to above are Singapore dates and times. **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.**

The above timetable and procedures may also be subject to such modification as the SGX-ST may, in its absolute discretion, decide, including the commencement of trading on a “ready” basis. 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 and/or allocated or are otherwise beneficially entitled to.

We may, at our sole discretion, in consultation with the Issue Manager and Full Sponsor and the Underwriter and Placement Agent, and subject to all laws and regulations and the Catalist Rules, agree to extend or shorten the period during which the Invitation is open, provided that such period may not be less than two (2) Market Days.

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

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

We will publicly announce the results of the Invitation (including the level of subscription for the Invitation Shares and the basis of allocation and allotment of the Invitation Shares pursuant to the Invitation) as soon as it is practicable after the close of the Application List through the channels in (i) and (ii) above.

INDICATIVE TIMETABLE FOR LISTING

We reserve the right to reject or accept, in whole or in part, or to scale down or ballot any application for the Invitation Shares, without assigning any reason therefor, and no enquiry and/or correspondence on our decision will be entertained. In deciding the basis of allocation, due consideration will be given to the desirability of allocating the Invitation 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 Invitation will be determined by us, the Issue Manager and Full Sponsor, and the Underwriter and Placement Agent. Details of the procedures for applications to subscribe for the Invitation Shares are set out in Appendix F of this Offer Document entitled “Terms, Conditions and Procedures for Application and Acceptance”.

Investors should consult the SGX-ST’s announcement on the “ready” trading date released on the internet (at the SGX-ST’s website at <http://www.sgx.com>) or local newspaper(s) in Singapore, or check with their brokers on the date on which trading on a “ready” basis will commence.

PLAN OF DISTRIBUTION

THE INVITATION

The Invitation is for 38,500,000 Invitation Shares offered in Singapore comprising 2,000,000 Offer Shares and 36,500,000 Placement Shares for subscription under the Offer and the Placement respectively at the Invitation Price. The Invitation is managed by the Issue Manager and Full Sponsor, and the Offer is underwritten by the Underwriter and Placement Agent pursuant to the terms and conditions contained in the Underwriting and Placement Agreement as disclosed in the section entitled “General and Statutory Information – Management, Underwriting and Placement Arrangements” of this Offer Document.

Prior to the Invitation, there has been no public market for our Shares. The Invitation Price was determined after a book-building process and agreed between us, the Issue Manager and Full Sponsor and the Underwriter and Placement Agent, after taking into account, among other things, the prevailing market conditions and estimated market demand for the Invitation Shares. The Invitation Price is the same for all Invitation Shares and is payable in full on application.

The Offer Shares may be re-allocated between the Placement and the Offer at the discretion of the Underwriter and Placement Agent, in consultation with our Company, subject to any applicable laws and regulations.

Pursuant to the Management and Sponsorship Agreement entered into between us and RHTC as described in the section entitled “General and Statutory Information – Management, Underwriting and Placement Arrangements” of this Offer Document, we have appointed RHTC to manage and act as the Issue Manager and Full Sponsor of the Invitation. RHTC will receive a management fee for its services rendered in connection with the Listing.

OFFER SHARES

The Offer Shares are made available to members of the public in Singapore for subscription at the Invitation Price. Applications for Offer Shares may be made by way of printed Application Forms or by way of Electronic Applications. The terms, conditions and procedures for applications and acceptance are described in Appendix F of this Offer Document entitled “Terms, Conditions and Procedures for Application and Acceptance”.

Pursuant to the terms and conditions contained in the Underwriting and Placement Agreement as disclosed in the section entitled “General and Statutory Information – Management, Underwriting and Placement Arrangements” of this Offer Document, the Underwriter and Placement Agent has agreed to underwrite the Offer Shares for a commission of 3.0% of the Invitation Price for each Offer Share, payable by our Company. UOBKH may, at its absolute discretion, appoint one (1) or more sub-underwriters to underwrite the Offer Shares.

An Applicant who has made an application for Offer Shares by way of the Application Form may not make another separate application for Offer Shares by way of an Electronic Application and *vice versa*. Such separate applications shall be deemed to be multiple applications and may be rejected at the discretion of our Company, the Issue Manager and Full Sponsor and the Underwriter and Placement Agent.

In the event of an under-subscription for the Offer Shares as at the close of the Application List, that number of Offer Shares not subscribed for shall be made available to satisfy excess applications for the Placement Shares to the extent that there is an over-subscription for the Placement Shares as at the close of the Application List.

PLAN OF DISTRIBUTION

In the event of an over-subscription for the Offer Shares as at the close of the Application List and the Placement Shares are fully subscribed or over-subscribed as at the close of the Application List, the successful applications for the Offer Shares will be determined by ballot or otherwise as determined by our Directors, after consultation with the Issue Manager and Full Sponsor and the Underwriter and Placement Agent, and approved by the SGX-ST, if required.

No fee is payable by applicants for the Offer Shares, save for an administration fee of S\$2.00 for each application made through ATMs, the IB websites or the mobile banking interfaces of the Participating Banks.

PLACEMENT SHARES

The Placement Shares are made available to retail and institutional investors in Singapore who may apply through their brokers or financial institutions. Applications for the Placement Shares may be made by way of the Application Forms or such other forms of application as the Issue Manager and Full Sponsor and the Underwriter and Placement Agent may in its absolute discretion deem appropriate. The terms, conditions and procedures for application and acceptance are set out in Appendix F of this Offer Document entitled “Terms, Conditions and Procedures for Application and Acceptance”.

Pursuant to the Underwriting and Placement Agreement, we have appointed UOBKH as the Underwriter and Placement Agent and UOBKH has agreed to subscribe for and/or procure the subscriptions for the Placement Shares at the Invitation Price, subject to the terms and conditions of the Underwriting and Placement Agreement, for a placement commission of 3.0% of the aggregate Invitation Price (and the prevailing GST thereon, if applicable) for the total number of Placement Shares successfully subscribed subject to a minimum fee of S\$280,000, payable by our Company. UOBKH shall be at liberty at its own expense to make sub-placement arrangements in respect of its placement obligations under the Underwriting and Placement Agreement and/or to appoint such sub-placement agents upon such terms and conditions as UOBKH may deem fit.

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

In the event that not all the Placement Shares are validly applied for as at the close of the Application List, such number of Placement Shares not applied for shall be made available to satisfy excess applications under the Offer to the extent there are excess applications for the Offer Shares as at the close of the Application List.

SUBSCRIPTION FOR INVITATION SHARES

To the best of our knowledge and belief, none of our Directors or Substantial Shareholders intends to subscribe for the Invitation Shares pursuant to the Invitation.

To the best of our knowledge and belief, as of the date of this Offer Document, we are not aware of any of our Executive Officers or employees who intend to subscribe for more than 5.0% of the Invitation Shares pursuant to the Invitation.

PLAN OF DISTRIBUTION

To the best of our knowledge and belief, as at the date of this Offer Document, we are not aware of any person who intends to subscribe for more than 5.0% of the Invitation Shares pursuant to the Invitation. However, through a book-building process to assess market demand for our Shares, there may be person(s) who may indicate an interest to subscribe for more than 5.0% of the Invitation Shares. If such person(s) were to make an application for more than 5.0% of the Invitation Shares and are subsequently allotted and/or allocated such number of Invitation Shares, we will make the necessary announcements at an appropriate time. The final allotment and/or allocation of the Invitation 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 and/or allocated 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.

INTRODUCER

Our Group has engaged ICapital as Introducer to source for and introduce potential investors for the purposes of facilitating the Placement.

INTERESTS OF THE ISSUE MANAGER AND FULL SPONSOR, THE UNDERWRITER AND PLACEMENT AGENT, AND THE INTRODUCER

In the reasonable opinion of our Directors, save as disclosed below and in the section entitled “General and Statutory Information – Management, Underwriting and Placement Arrangements” of this Offer Document, our Company does not have any material relationship with RHTC, UOBKH and ICapital:

- (a) RHTC is the Issue Manager and Full Sponsor in relation to the Listing;
- (b) RHTC will be the continuing sponsor of our Company for a period of at least three (3) years from the date our Company is admitted and listed on Catalist;
- (c) UOBKH is the Underwriter and Placement Agent in relation to the Listing; and
- (d) ICapital is the Introducer in relation to the Listing.

OFFER DOCUMENT SUMMARY

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 of the information that prospective investors should consider before investing in our Shares. Prospective investors should read the entire Offer Document carefully, in particular, the matters set out in the section entitled “Risk Factors” of this Offer Document and our financial statements and related notes in this Offer Document, before deciding whether to invest in our Shares.

OUR COMPANY

Our Company was incorporated in Singapore on 18 October 2021 under the Companies Act as a private company limited by shares under the name of “5E Resources Pte. Ltd.”. Our Company’s registration number is 202136285K. In preparation for our listing, we undertook the Restructuring Exercise whereby our Company became the holding company for all of our Subsidiaries in our Group. Please refer to the section entitled “Restructuring Exercise” of this Offer Document for further details.

Our Company was converted into a public company and renamed “5E Resources Limited” on 25 March 2022.

OUR BUSINESS

Based in Johor, our Group is engaged in the business of (i) scheduled waste management services; (ii) sale of recovered and recycled products; and (iii) chemical trading. We are one of the leading scheduled waste management services providers in Malaysia focusing on the collection, transportation and treatment of scheduled waste. Scheduled waste is defined as any waste falling within the categories of waste listed in the First Schedule to the EQ(SW) Regulations that possesses hazardous characteristics and has the potential to adversely affect the public health and environment.

We have been providing scheduled waste management services in Malaysia since 2008. Our operations are concentrated principally in Johor in Southern Peninsular Malaysia. Our scheduled waste management services aim to relieve our customers of their environmental impact liabilities by providing them with tailored solutions and striving to maximise recovery of resources and minimise waste disposal. According to the Industry Report, we were the fifth largest scheduled waste management services provider in Malaysia in 2020 in terms of revenue of scheduled waste management and related services. As one of the leading services providers in the scheduled waste management industry in Malaysia, we possess 34 out of 77 Waste Codes under the First Schedule of EQ(SW) Regulations as at the Latest Practicable Date, which enable us to process various types of scheduled waste including mainly (i) waste acid and alkaline; (ii) waste solvent and paint; (iii) waste coolant; (iv) waste oil; (v) waste catalyst and solid waste; (vi) contaminated rags and containers; and (vii) electronic waste. Out of the 10 largest categories of scheduled waste generated in Malaysia in terms of volume in 2019, we were able to process nine (9) of them based on the Waste Codes we possessed as at the Latest Practicable Date.

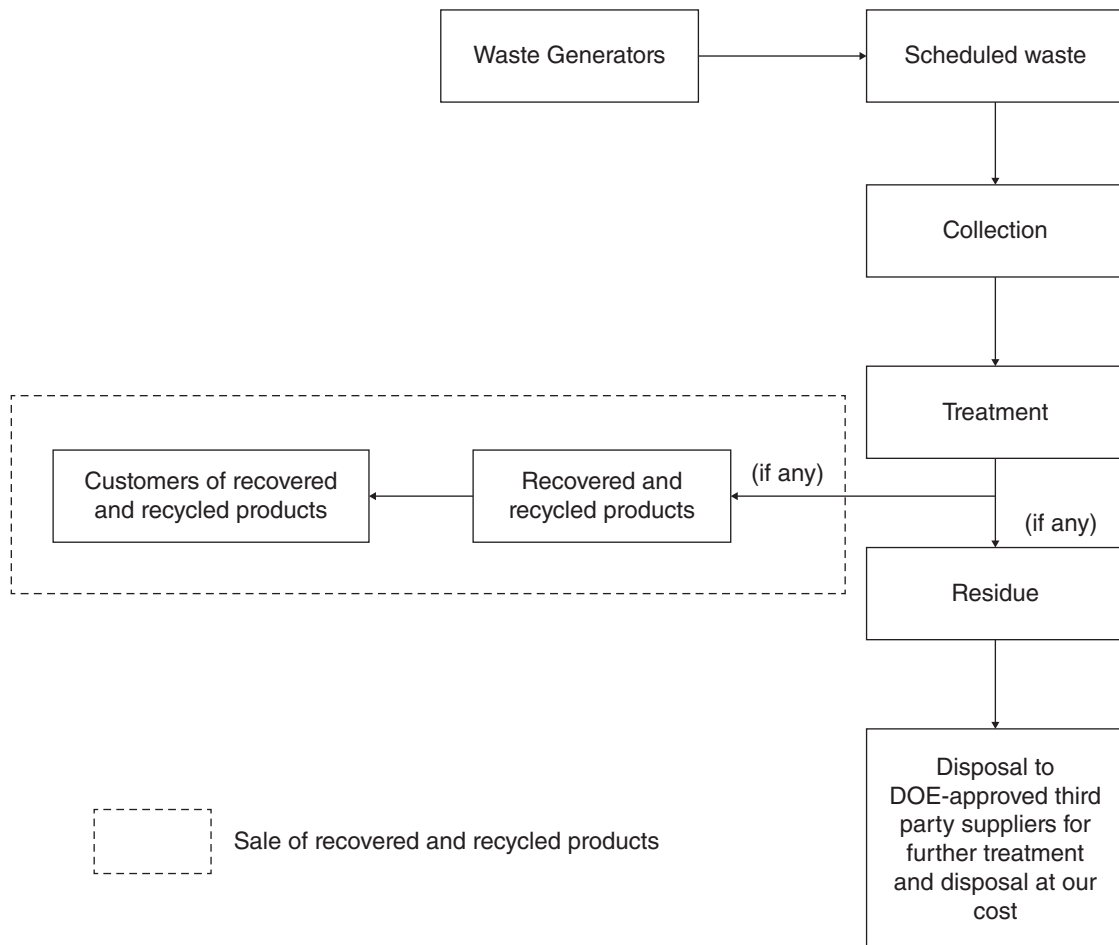
Our treatment of scheduled waste involves a number of processes at our waste treatment plants, including waste acid and alkaline recycling process, electronic waste recovery process and waste oil recycling process. As at the Latest Practicable Date, we operate three (3) waste treatment plants in Johor to provide the above-mentioned services.

During the Period Under Review, we were primarily engaged in, and generated a substantial portion of our revenue from, the provision of scheduled waste management services in Malaysia. We provided regular scheduled waste management services to our customers, and at the specific

OFFER DOCUMENT SUMMARY

request of our customers, we also provided project-based services. Leveraging on our experience and expertise along the value chain of the scheduled waste management industry, during the Period Under Review, we had also sold recovered and recycled products generated from our scheduled waste treatment processes, and engaged in trading of chemicals which can be used for waste treatment and in the manufacturing industry.

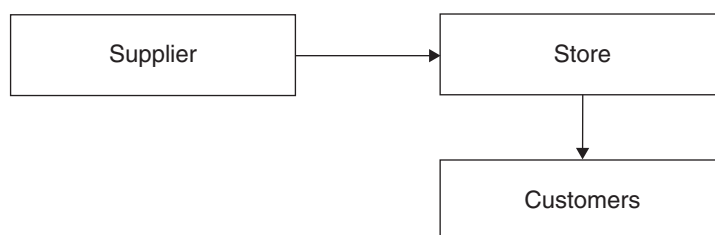
The following diagram illustrates the overview of our business model for the scheduled waste management services segment and the sale of recovered and recycled products segment:



Our Group operates our scheduled waste management services segment in Malaysia via one of our subsidiaries, namely 5E Resources. The scheduled waste management industry in Malaysia is highly regulated. Besides the necessary permits and licences, the types and quantity of scheduled waste we are permitted to collect, store and process are subject to the Waste Codes and monthly quota; the vehicles we use to transport scheduled waste are required to be approved, and records have to be kept and filed with the relevant authorities for each batch of scheduled waste that we had collected, transported and treated; and the sale of recovered and recycled products generated from our scheduled waste treatment processes to customers in the manufacturing industry is subject to permission from the relevant authorities.

OFFER DOCUMENT SUMMARY

The following diagram illustrates the overview of our business model for the chemical trading segment:



Our Group operates our chemical trading business in Malaysia via one of our subsidiaries, namely TS Heuls. Our Group possesses the licence to import, store and sell by wholesale certain types of chemicals, which can be used for waste treatment and in the manufacturing industry. During the Period Under Review, we sold a wide range of chemicals such as sulphuric acid, caustic soda and hydrochloric acid to customers in the manufacturing industry in Southern Peninsular Malaysia.

A detailed discussion of our business and the services we provide is set out in the section entitled “General Information on our Group – Business Overview” of this Offer Document.

SUMMARY OF OUR FINANCIAL INFORMATION

The following summary of financial information should be read in conjunction with the full text of this Offer Document, including the section entitled “Management’s Discussion and Analysis of Results of Operations and Financial Position” of this Offer Document and the “Independent Auditors’ Report and Audited Consolidated Financial Statements of 5E Resources Limited and its Subsidiaries for the Financial Years Ended 31 December 2018, 31 December 2019 and 31 December 2020” as set out in Appendix A of this Offer Document, and the “Independent Auditors’ Report and Audited Interim Consolidated Financial Statements of 5E Resources Limited and its Subsidiaries for the Financial Period From 1 January 2021 to 30 September 2021” as set out in Appendix B of this Offer Document.

Selected items from the consolidated statements of comprehensive income of our Group

	← Audited →				
(MYR’000)	FY2018	FY2019	FY2020	9M2020 (Unaudited)	9M2021
Revenue from contracts with customers	46,254	53,826	44,049	29,771	37,414
Gross profit	17,821	26,868	21,419	13,992	17,177
Profit income before tax	9,215	15,967	11,301	8,011	7,056
Net profit and total comprehensive income for the financial year/period	7,066	12,089	8,046	6,088	4,230

OFFER DOCUMENT SUMMARY

	← Audited →				
(MYR'000)	FY2018	FY2019	FY2020	9M2020 (Unaudited)	9M2021
Pre-Invitation EPS (S\$ cents)⁽¹⁾⁽²⁾	2.2	3.7	2.4	2.0	1.3
Post-Invitation EPS (S\$ cents)⁽²⁾⁽³⁾	1.6	2.7	1.8	1.5	0.9

Notes:

- (1) For comparative purposes, the pre-Invitation EPS for the Period Under Review have been computed based on the net profit and total comprehensive income for the financial year/period and our Company's pre-Invitation issued share capital of 108,974,784 Shares.
- (2) Based on exchange rates of S\$1: MYR2.993, S\$1: MYR3.038, S\$1: MYR3.048, S\$1: MYR2.744 and S\$1: MYR3.085, being the average exchange rates for FY2018, FY2019, FY2020, 9M2020 and 9M2021 respectively.
- (3) For comparative purposes, the post-Invitation EPS for the Period Under Review have been computed based on the net profit and total comprehensive income for the financial year/period and our Company's post-Invitation issued share capital of 147,474,784 Shares.

Selected items from the consolidated statements of financial position of our Group

	← Audited →			
(MYR'000)	As at 31 December 2018	As at 31 December 2019	As at 31 December 2020	As at 30 September 2021
Non-current assets	32,705	36,172	33,682	34,043
Current assets	18,011	20,164	28,179	27,494
Total assets	50,716	56,336	61,861	61,537
Non-current liabilities	15,025	1,997	1,898	2,294
Current liabilities	6,245	12,804	14,876	9,926
Total liabilities	21,270	14,801	16,774	12,220
Total equity	29,446	41,535	45,087	49,317
Share capital	55,886	55,886	55,886	55,886
Reserves	(54,756)	(54,756)	(59,250)	(59,250)
Retained earnings	28,316	40,405	48,451	52,681
NAV per Share (S\$ cents)⁽¹⁾⁽²⁾	8.9	12.5	13.6	14.7

Notes:

- (1) For comparative purposes, the NAV per Share is computed based on the net asset value and our Company's pre-Invitation issued share capital of 108,974,784 Shares.
- (2) Based on exchange rates of S\$1: MYR3.036, S\$1: MYR3.041, S\$1: MYR3.043 and S\$1: MYR3.077, being the closing exchange rates as at 31 December 2018, 2019, 2020 and 30 September 2021 respectively.

OFFER DOCUMENT SUMMARY

OUR COMPETITIVE STRENGTHS

According to the Industry Report, the scheduled waste management industry in Malaysia is fragmented with over 100 market players, and we were the fifth largest scheduled waste management services provider in Malaysia in 2020 in terms of revenue of scheduled waste management and related services, accounting for a market share of approximately 3.1%.

Our Directors believe that our competitive strengths are as follows:

- (a) we are one of the largest scheduled waste management services providers in Malaysia;
- (b) our ability to meet increasing or changing customers' and regulatory requirements;
- (c) we have established stable and strong customer relationships;
- (d) we have an experienced management team; and
- (e) we have a good working relationship with the local regulatory authorities.

A detailed discussion of our competitive strengths is set out in the section entitled "General Information on our Group – Competitive Strengths" of this Offer Document.

INDUSTRY OVERVIEW AND PROSPECTS

Details of the prospects and trends relevant to our business are set out in the section entitled "General Information on our Group – Industry Overview and Prospects" of this Offer Document.

OUR BUSINESS STRATEGIES AND FUTURE PLANS

Going forward, we aim to further strengthen our market position and expand our business operations by:

- (a) scaling up our operations through geographical expansion, in particular to capture the underserved market of small quantity Waste Generators in Central Peninsular Malaysia;
- (b) investing in facilities, plants, machineries and/or equipment to enhance production efficiency and capacities, and in particular, expanding our processing capacity for the in-demand high organic content waste, and reducing our operating cost by processing waste residue into alternative products which can be disposed of at a lower cost; and
- (c) expansion of our business through acquisitions, joint ventures or strategic alliances.

A detailed discussion of our business strategies and future plans is set out in the section entitled "General Information on our Group – Business Strategies and Future Plans" of this Offer Document.

OFFER DOCUMENT SUMMARY

OUR CONTACT DETAILS

Our Company's registered office is located at 1 Robinson Road, #17-00, AIA Tower, Singapore 048542. Our headquarters and principal place of business in Malaysia is located at PLO 738, Jalan Platinum Utama, Zon 12B Pasir Gudang Industrial Area, 81700 Pasir Gudang, Johor Darul Takzim, Malaysia. Our Company's telephone number is +60 7-252 1288, our facsimile number is +60 7-253 2588, and our email address is schw@5e-resources.com. Our Company's website is www.5e-resources.com.

Information contained in our website does not constitute part of this Offer Document and should not be relied upon.

THE INVITATION

Invitation Price : S\$0.26 for each Invitation Share, payable in full on application.

Invitation Size : 38,500,000 Invitation Shares comprising 2,000,000 Offer Shares and 36,500,000 Placement Shares. The completion of the Placement and the Offer are each conditional upon the completion of the other.

The Invitation Shares will, upon allotment and issuance, rank *pari passu* in all respects with the existing issued Shares.

The Invitation : The Invitation comprises a public offer of 2,000,000 Offer Shares and a placement of 36,500,000 Placement Shares by the Underwriter and Placement Agent on behalf of our Company at the Invitation Price, subject to and on the terms and conditions of this Offer Document.

The Offer : The Offer comprises an invitation by our Company to the public in Singapore to subscribe for 2,000,000 Offer Shares at the Invitation Price, upon the terms and subject to the conditions of this Offer Document.

The Placement : The Placement comprises a placement of 36,500,000 Placement Shares by the Underwriter and Placement Agent on behalf of our Company at the Invitation Price, upon the terms and subject to the conditions of this Offer Document.

Purpose of the Invitation : Our Directors believe that the listing of our Company and the listing and quotation of our Shares on Catalist will enhance our public image locally and internationally and enable our Company to raise funds from the capital markets to fund our business growth.

The Invitation will also provide the members of the public, our management, employees and business associates, and others who have contributed to the success of our Group with an opportunity to participate in the equity of our Company. In addition, the net proceeds from the issue of the Invitation Shares will provide us with additional capital to fund our business and future plans, and to be used for general working capital purposes.

THE INVITATION

- Re-allocation : The Invitation Shares may be re-allocated between the Offer and the Placement at the discretion of the Issue Manager and Full Sponsor and the Underwriter and Placement Agent (in consultation with our Company), subject to any applicable laws, regulations and rules, including the minimum distribution and shareholding spread requirements set out in the Catalist Rules.
- Our Company, in consultation with the Issue Manager and Full Sponsor and the Underwriter and Placement Agent, may at its discretion increase the Offer Shares under the Offer or the Placement Shares under the Placement in the event of over-subscription, and re-allocate and/or determine the final allocation of the aggregate principal amount of the Invitation Shares offered between the Offer and the Placement.
- Listing Status : Prior to the Listing, there had been no public market for our Shares. Our Shares will be quoted on Catalist in Singapore dollars, subject to, among others, admission of our Company to the Official List of Catalist and permission for dealing in, and for the listing and quotation of, our existing issued Shares and the Invitation Shares being granted by the SGX-ST, and a Stop Order not being issued.
- 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 further details.

EXCHANGE RATES

The following table sets out, for each of the financial years or periods indicated, the average and closing exchange rates for MYR/S\$. Where applicable, the exchange rates in the below table used for the translation of our Group's financial statements are disclosed elsewhere in this Offer Document.

	MYR/S\$1	
	Average	Closing
FY2018	2.993	3.036
FY2019	3.038	3.041
FY2020	3.048	3.043
9M2021	3.085	3.077

Source: Bloomberg L.P.

The table below sets forth the highest and lowest exchange rates between MYR and S\$ for each of the past six (6) months prior to the Latest Practicable Date, and how much MYR can be bought with one S\$.

Month	MYR/S\$1	
	High	Low
September 2021	3.101	3.077
October 2021	3.096	3.073
November 2021	3.097	3.071
December 2021	3.097	3.081
January 2021	3.118	3.090
February 2021	3.118	3.090

Source: Bloomberg L.P.

As at the Latest Practicable Date, the exchange rate between MYR and S\$ was MYR3.097 to S\$1.00.

Notes:

- (1) The above exchange rates have been calculated with reference to exchange rates quoted from Bloomberg L.P. and should not be construed as representation that the MYR amounts actually represent such amounts or could be converted into the S\$ at the rate indicated, or at any other rate, or at all.
- (2) Bloomberg L.P. has not consented to the inclusion of the above information in this Offer Document for the purpose of Section 249 of the SFA and is therefore not liable for the relevant information under Sections 253 and 254 of the SFA. While our Company, our Directors, the Issue Manager and Full Sponsor and the Underwriter and Placement Agent have taken reasonable care to ensure that the information is extracted accurately and fairly, and has been included in this Offer Document in its proper form and context, they have not independently verified the accuracy of the relevant information.

RISK FACTORS

An investment in our Shares involves risks. Prospective investors should consider carefully, together with all other information contained in this Offer Document, the risks described below before deciding whether to invest in our Shares. The following describes some of the significant risks known to us now that could directly and/or indirectly affect us and any investments in, or the value or trading price of, our Shares. The following section is not intended to be exhaustive and 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 and/or turn out to be material, they could materially and adversely affect our business, operations, financial performance, financial condition, results of operations, cash flows and/or prospects. Further, new risk factors may emerge from time to time and it is not possible for our Board to predict all risk factors, nor can our Company assess the impact of all factors or the extent to which any factor or combination of factors may affect us and the Listing.

Some of the following risk factors and considerations relate principally to the industry in which we operate and our business in general. Other risk factors and considerations relate principally to general social, economic, political and regulatory conditions, the securities market and ownership of our Shares, including possible future dilution in the value of our Shares. Headings are for ease of reference only and do not affect the interpretation or extent of considerations set forth in this Offer Document.

To the best of our Directors' belief and knowledge, the risk factors that are material to investors in making an informed judgment have been set out below. If any of the following considerations, risks and uncertainties develop into actual events, our business, operations, financial performance, financial condition, results of operations, cash flows and/or prospects, and any investment in our Shares could be, directly and/or indirectly, materially and adversely affected. In such event, the trading price of our Shares could decline due to any of these considerations, and you may lose all or part of your investment.

This Offer Document also contains forward-looking statements that involve risks and uncertainties. The actual results of our operations could differ materially from those anticipated in these forward-looking statements as a result of certain factors, including the risks we face as described below and elsewhere in this Offer Document. Please refer to the section entitled "Cautionary Note on Forward-Looking Statements" of this Offer Document for details.

Before deciding to invest in our Shares, prospective investors should seek professional advice from their advisers regarding their particular circumstances.

RISKS RELATING TO OUR INDUSTRY AND BUSINESS

If we fail to obtain or maintain the approvals, permits, licences and certificates required for our operations, our business, financial conditions and results of operations may be materially and adversely affected

The scheduled waste management industry in Malaysia is a highly regulated industry. In particular, we are required to obtain certain approvals, permits, licences and certificates from various governmental authorities and to comply with the relevant Malaysia laws and regulations in order to, among others, provide waste collection services, handle different categories of scheduled waste, operate certain types of machinery at our waste treatment plants and sell chemicals.

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During the Period Under Review, our Group had obtained all the necessary approvals, permits, licences and certificates required for our operations, as described in the section entitled “General Information on our Group – Licences, Permits, Approvals and Government Regulations” of this Offer Document. However, there is no assurance that in the future, we can maintain or renew all the required approvals, licences, permits and certificates in a timely manner or at all. If we operate our business without all the required approvals, permits, licences and certificates, or without complying with the relevant Malaysia laws and regulations, we may be subject to fines and penalties imposed by the relevant governmental authorities and may be required to suspend the use of such facilities or vacate the premises.

In addition, some of these approvals, licences, permits and certificates are subject to periodic review and renewal by governmental authorities and the standards of compliance required in relation thereto may from time to time be subject to changes without substantial advance notice to our Group. Any such failure or non-compliance could subject us to fines and other penalties, which may have a material adverse effect on our business, operations, financial performance, financial condition, results of operations and/or prospects. As at the Latest Practicable Date, save for the non-compliances disclosed in the section entitled “General Information on our Group – Applicable Government Laws and Regulations” of this Offer Document, there are no further non-compliances that have occurred resulting from such reviews and/or inspections by the relevant authorities.

Further, the approvals, permits, licences and certificates required for our operations which we have obtained are subject to conditions stipulated in such approvals, permits, licences and certificates, and/or in the relevant laws, rules and regulations under which they have been issued. These conditions must be complied with for the duration of such approvals, permits, licences and certificates and where there is a failure to comply fully, the relevant authorities have the power to revoke such approvals, permits, licences and certificates. As at the Latest Practicable Date, our Group has complied with all the conditions stipulated in such approvals, permits, licences and certificates issued to our Group. While we have not, as at the Latest Practicable Date, had any of our approvals, permits, licences or certificates revoked by the regulatory authorities for failure to comply fully with stipulated conditions, there is no assurance that there will not be any such occurrence in the future and upon the occurrence of any of the foregoing, our business, operations, financial performance, financial condition, results of operations and/or prospects may be materially and adversely affected. In addition, there could be modifications of, or additions or new restrictions to, the conditions attached to the approvals, permits, licences and/or certificates obtained by us for our operations, in the future, and we may incur additional costs or resources in complying with the new or modified conditions which may in turn have a material adverse effect on our business, operations, financial performance, financial condition, results of operations and/or prospects.

Our collection and processing of scheduled waste is subject to a monthly quota

Each of our Waste Codes is subject to a quota limit on the maximum quantity which we are permitted to collect and process on a monthly basis, as described in the section entitled “General Information on our Group – Licences, Permits, Approvals and Government Regulations” of this Offer Document. The respective monthly quota for the individual Waste Codes is determined and granted by the DOE. Before determining the monthly waste quota, varying any condition attached to the licence and/or attaching new conditions thereto, the DOE takes into consideration: (a) whether it would be practicable to adapt the existing equipment, control equipment or industrial plant to conform with the varied or new condition; (b) the economic life of the existing equipment, control equipment or industrial plant, having regard to the date of purchase; (c) the quantity or degree of cut-back of emission, discharge or deposit of waste to be achieved by the varied or new

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condition; (d) the estimated cost to be incurred by the licensee to comply with the varied or new condition; and (e) the nature and size of the trade, process or industry being carried out in the premises, as described in the section entitled “Appendix E – Summary of Relevant Laws and Regulations – Environmental Quality Act 1974 and Environmental Quality (Scheduled Waste Regulations 2005)” of this Offer Document. As at the Latest Practicable Date, we possess 34 out of the 77 Waste Codes under the First Schedule of EQ(SW) Regulations. If the actual quantity of scheduled waste which we had collected and processed exceeds the relevant monthly quota, our prescribed premise licences to which our Waste Codes relate may be revoked and we may be subject to fines and penalties.

During the Period Under Review, there was no reduction in the monthly quota for the individual Waste Codes as determined by the DOE. However, we had, upon application to the DOE on 9 February 2020, transferred a monthly quota of 500 tonnes from the Waste Code SW402 to SW401, considering the increase in demand for the processing of wastes under Waste Code SW401. Such transfer did not result in a material adverse impact to our Group’s operations.

The Waste Code which was most utilised in FY2019 was SW401 (spent alkalis containing heavy metals). In FY2018, SW401 was also the most utilised Waste Code due to high volume of SW401 wastes generated by a certain customer. In FY2019, the same customer experienced a significant reduction in volume of SW401 wastes, but our Group continued to record a 97.9% average monthly utilisation of SW401 in FY2019 due to our involvement in the Johor Port Project and contribution by our existing customers. Hence, in FY2020, in the absence of SW401 wastes from the aforementioned customer and ad-hoc project, the average monthly utilisation of SW401 experienced a significant decrease, from 97.9% in FY2019 to 61.5% in FY2020. While we have fully complied with the monthly quota requirement during the Period Under Review with average monthly utilisation rates for each individual Waste Codes ranging from approximately 0.0% to 98.0%, 0.0% to 97.9%, 0.0% to 76.4% and 0.0% to 99.9% for FY2018, FY2019, FY2020 and 9M2021 respectively, there is no guarantee that the DOE will not impose additional requirement or restriction on our Waste Codes which may affect or reduce our monthly quota. In the event that our monthly quota, and hence the quantity of scheduled waste we can process, is reduced, our business, operations, financial performance, financial condition, results of operations and/or prospects may be materially and adversely affected.

Our customers for the Period Under Review are primarily concentrated in the manufacturing industry. Any volatility in the manufacturing industry in Malaysia may materially and adversely affect our business, financial conditions and results of operations

For the Period Under Review, the manufacturing industry was the top contributor to our revenue. Our revenue from customers operating in the manufacturing industry amounted to approximately MYR36.6 million, MYR33.1 million, MYR36.9 million and MYR31.7 million respectively, representing approximately 79.1%, 61.5%, 83.8% and 84.7% of our total revenue for FY2018, FY2019, FY2020 and 9M2021 respectively. Our business could be affected, to various extents, by the economic cycle of the manufacturing industry in Malaysia. The nature, timing and extent of changes in the industry’s conditions could be highly unpredictable. In the event of a downturn of the manufacturing industry in Malaysia, unfavourable economic and market conditions or material adverse changes in the business environment of the manufacturing industry in Malaysia, this may lead to a decline in the demand for our scheduled waste management services, which may, in turn, materially and adversely affect our business, operations, financial performance, financial condition, results of operations and/or prospects.

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Our operations during the Period Under Review are geographically concentrated in Johor in Southern Peninsular Malaysia and may be affected by local policies, events and economic conditions

Our operations are concentrated principally in Johor in Southern Peninsular Malaysia, where all of our three (3) waste treatment plants are located as at the Latest Practicable Date. The utilisation rate of our three (3) waste treatment plants located in Johor is disclosed in the section entitled “General Information on our Group – Our plants and machinery” of this Offer Document. In addition, our revenue during the Period Under Review was mainly derived from customers located in Southern Peninsular Malaysia. For the Period Under Review, our revenue derived from customers located in Southern Peninsular Malaysia constituted approximately 62.4%, 70.3%, 66.9% and 69.9% of our total revenue for FY2018, FY2019, FY2020 and 9M2021 respectively. As such, our operations may be affected by local policies, events and economic conditions in Southern Peninsular Malaysia.

In addition, according to the Industry Report, customers generally prefer engaging scheduled waste management services providers within their geographical proximity. In the event that there is any material adverse change in local policies, events and economic conditions in Southern Peninsular Malaysia, and where we are unable to divert our sales to other regions in Malaysia in a timely manner, our business, operations, financial performance, financial condition, results of operations and/or prospects may be materially and adversely affected.

Certain treatment processes can only be conducted at our specific waste treatment plant

Our treatment of scheduled waste involves a number of processes at our waste treatment plants, including waste acid and alkaline recycling process, electronic waste recovery process and waste oil recycling process. Please refer to the section entitled “General Information on our Group – Business Overview” of this Offer Document for further details on our treatment processes.

Certain treatment processes can only be conducted at one of our three (3) waste treatment plants, including the waste paint recycling (distillation) process, decontamination of drum process, decontamination of rag process, waste acid and alkaline recycling process, electronic waste recovery process and decontamination of ISO tank process. These treatment processes contributed approximately 40.7%, 38.5%, 43.1% and 45.7% of our revenue from scheduled waste management services for FY2018, FY2019, FY2020 and 9M2021 respectively. While we had not experienced any material disruptions affecting our waste treatment plants during the Period Under Review, save for the temporary interruption of our operations under the Movement Control Order from 18 March 2020 to 12 April 2020 as a result of the COVID-19 pandemic and as disclosed in the section entitled “General Information on our Group – Impact of the outbreak of COVID-19 pandemic” of this Offer Document, there is no assurance that there will be no such incidents in the future. If any one of our waste treatment plants cannot operate at full capacity, or at all, due to catastrophic events, substantial damage or other unexpected events or component failure, we may not be able to conduct some of our treatment processes, which may lead to a breach of our obligations to our customers, and our business, operations, financial performance, financial condition, results of operations and/or prospects may be materially and adversely affected.

We may be adversely affected if there is any significant downtime at our waste treatment plants for repair and maintenance

As at the Latest Practicable Date, we operate three (3) waste treatment plants in Johor. Please refer to the section entitled “General Information on our Group – Business Overview” of this Offer Document for further details on our waste treatment plants.

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Our Group practises ongoing preventive maintenance on our waste treatment plants and machineries. In particular, our Group conducts daily checks and maintenance to prevent any unforeseen downtime to our waste treatment plants. We anticipate downtime for routine repairs and maintenance at our waste treatment plants. However, the time and cost required for such repairs and maintenance could exceed our expectations depending on a number of factors. These factors include whether we can perform a required repair on-site, the extent of damage, the availability of replacement components and the capacity of our third-party repair and maintenance service provider. In addition to routine repair and maintenance, extraordinary or extensive repairs to our waste treatment plants may be required due to catastrophic events, substantial damage or other unexpected events or component failure. Our waste treatment plants could experience prolonged or significant downtime or reduction in capacity, and our operations may be materially and adversely disrupted.

Although our Group did not experience any disruptions to our internal operations at our three (3) waste treatment plants and our head office in Pasir Gudang, Johor as a result of the recent floods in Malaysia, our Group had to reschedule certain collection and transportation of scheduled waste from certain customers located in other states in Malaysia due to the affected transportation routes caused by the floods. Notwithstanding, as of the Latest Practicable Date, these rescheduled collections have been fulfilled by our Group and there are no outstanding jobs arising from the rescheduled collections caused by the floods. Accordingly, our Group's business operations and financials have not been materially affected by the floods.

While we had not experienced any significant downtime at our waste treatment plants for repair and maintenance as we have not undertaken any extensive repair of our waste treatment plants during the Period Under Review and up to the Latest Practicable Date, save for upkeep and maintenance work in FY2020 in respect of our machineries which we typically carry out every 5 years, there is no assurance that there will be no such incidents in the future. Any significant downtime at our waste treatment plants may reduce our total output and utilisation, or lead to breach or termination of agreements with our customers. Any of these may materially and adversely affect our business, operations, financial performance, financial condition, results of operations and/or prospects.

Save as disclosed in the section entitled "Use of Proceeds and Listing Expenses – Use of Proceeds" of this Offer Document, our Group does not expect to undertake and/or incur any material repair and maintenance expenses and/or capital expenditure in the next 12 months after listing.

Our success is dependent on the continuous efforts of our key management and operation personnel, and we may not be able to find suitable replacement in case of loss of service of any of them

We believe that our Group's success and growth depend on our ability to retain our key management personnel, including Ms. Loo Sok Ching, our Chairman and Executive Director, Mr. Lim Te Hua, our Executive Director and CEO, Mr. Shankar Narasingam, our Executive Director and COO as well as Mr. Ang Khoo Poh, our Executive Officer and our Head of Research and Development. We rely on the expertise and experience of our key management personnel in developing business strategies, managing business operations and maintaining relationships with our customers. While there had been no key management and operation personnel who left our Group during the Period Under Review, there is no assurance that there will be no such incidents in the future. If we lose the services of any of our key management personnel, we may not be able to find a suitable replacement with comparable knowledge and experience in a timely manner, and

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our business, operations, financial performance, financial condition, results of operations and/or prospects may be materially and adversely affected.

We may experience increased labour costs

During the Period Under Review, our cost of direct labour was the most significant component of our cost of sales. For FY2018, FY2019, FY2020 and 9M2021, our direct labour costs amounted to approximately MYR5.2 million, MYR4.9 million, MYR4.0 million and MYR3.4 million respectively, representing approximately 18.3%, 18.4%, 17.6% and 17.0% of our cost of sales respectively. Our cost of direct labour specifically correlates with the number of our operations staff and is also generally in tandem with our revenue. However, there was an exception to such correlation where our revenue increased from MYR46.3 million in FY2018 to MYR53.8 million in FY2019 but our cost of direct labour decreased from MYR5.2 million in FY2018 to MYR4.9 million in FY2019, as our Group had partially outsourced the labour required in the provision of our services for the one-off projects in FY2019.

While we had not experienced any significant increase in direct labour cost during the Period Under Review, there is no assurance that there will be no such incidents in the future. Increase in our cost of direct labour could result in increase in our cost of sales. Accordingly, if we experience increase in cost of direct labour, our business, operations, financial performance, financial condition, results of operations and/or prospects may be materially and adversely affected.

We rely on foreign workers for our operations

The scheduled waste management industry that our Group presently operates in is labour-intensive and we depend on foreign labour for our predominantly manual operations such as transportation and manual sorting of collected waste.

As at the Latest Practicable Date, we had a total of 137 employees, of which 41 were foreign workers. We are subject to certain approvals for employment of foreign workers and have obtained letters of approval by the Ministry of Home Affairs of Malaysia. As advised by our legal advisers as to Malaysia law, there is no fixed quota on the number of foreign workers we can employ or any pre-determined foreign workers to local workers ratio as mandated by the Ministry of Home Affairs of Malaysia as the approval for intake of foreign workers is based on the actual requirement of the employer. Such an approval is applied by the employer on an as-needed basis. As such, we can increase the quota of foreign workers as long as an application for intake of foreign workers is first submitted to, and approval for such application is obtained from, the Ministry of Home Affairs of Malaysia.

Our Group has been in compliance with the relevant laws and regulations governing the employment of foreign workers in all material respects during the Period Under Review and up to the Latest Practicable Date. While our Directors confirmed that we had fully complied with the relevant laws and regulations relating to foreign workers in all material respects during the Period Under Review, there is no assurance that the Malaysian government will not impose additional conditions or restrictions on the intake of foreign workers allowed or change the foreign worker policy or the laws and regulations relating to foreign workers, and we may not be able to replace our foreign workers with local workers, or we may have to incur additional cost for recruiting local workers. This may in turn materially and adversely affect our business, operations, financial performance, financial condition, results of operations and/or prospects. Further, any increase in competition for foreign workers, especially skilled workers, will also increase the general labour

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wages paid by our Group to our foreign workers, which will have an adverse impact on our costs of operations and may in turn materially and adversely affect our results of operations.

Some of our licences are held by our senior management members or employees and we may have to suspend or cease our operations if the application to register these licences in the names of our alternative licence holders is not completed before they leave our Group

As at the Latest Practicable Date, certain licences including (i) the permit to purchase, store and use of sodium hydroxide for 5E Resources (the “**Sodium Hydroxide Licence**”); (ii) Wholesaler’s Poisons Licence (Type B Licence) to import, store and sell by wholesale of certain poisons for 5E Resources (the “**5E Poisons Licence**”); and (iii) Wholesaler’s Poisons Licence to import, store and sell by wholesale of certain poisons for TS Heuls (the “**TSH Poisons Licence**”) were issued to and held by Mr. Lee Wah Kian (one of our full-time employees), Mr. Ang Khoon Poh (our Executive Officer) and Mr. Lim Te Hua (our Executive Director and the CEO of our Group) as the responsible officers of 5E Resources or TS Heuls, as the case may be, respectively. Please refer to the section entitled “General Information on our Group – Licences, Permits, Approvals and Government Regulations” of this Offer Document for further details on the aforementioned licences.

Our Group does not hold the Sodium Hydroxide Licence for the purpose of sale as the Sodium Hydroxide Licence does not allow our Group to sell sodium hydroxide. Instead, the Sodium Hydroxide Licence only permits our Group to purchase, store and use sodium hydroxide, for WWTP, the process for the treatment of wastewater generated from all scheduled waste treatment processes. As such, there is no revenue attributable to the Sodium Hydroxide Licence. If the Sodium Hydroxide Licence is revoked, our Group may face the risk of suspension of operations of the scheduled waste management services segment and sale of recovered and recycled products segment.

The 5E Poisons Licence enables our Group to sell three (3) types of chemicals recovered from our scheduled waste treatment processes, namely: (i) hydrochloric acid; (ii) sulphuric acid; and (iii) sodium hydroxide (caustic soda). For the Period Under Review, our Group generated revenue of approximately MYR7,980, MYR574,330, MYR105,124 and MYR66,056 from the sale of such chemicals, representing approximately 0.1%, 7.8%, 1.6% and 1.0% of the revenue from the sale of recovered and recycled products for FY2018, FY2019, FY2020 and 9M2021 respectively. If the 5E Poisons Licence is revoked, our Group may not be able to sell these three (3) types of chemicals.

The TSH Poisons Licence is critical for our Group’s chemical trading business to import, store and sell by wholesale, chemicals. For the Period Under Review, our Group generated revenue of approximately MYR832,303, MYR793,935, MYR1,044,109 and MYR869,139, representing approximately 38.0%, 48.3%, 85.7% and 88.2% of the revenue from chemical trading for FY2018, FY2019, FY2020 and 9M2021 respectively or approximately 1.8%, 1.5%, 2.4% and 2.3% of our Group’s revenue for FY2018, FY2019, FY2020 and 9M2021 respectively. If the TSH Poisons Licence is revoked, our Group may face the risk of suspension of the operations of our chemical trading business.

Pursuant to the relevant laws and regulations in Malaysia, such licences must be registered in the names of the abovementioned individual licencees. They shall not in any case be transferable to another person. While there had been no change in licencees for such licences during the Period Under Review, there is no guarantee that these licence holders will not resign from our Group or commit misconduct which may cause the licences to be revoked. In the event that these licence holders leave our Group or commit such misconduct, we will need to register these licences in the names of other qualified employees. The procedures to register the relevant licences in the names

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of other qualified employees are procedural in nature, which include (i) filling up the relevant application for the cancellation of the current issued licences and inserting the name and NRIC details of the replacement employee together with the relevant attachments under the My.Pharma-C system; (ii) making the relevant payments as required under the My.Pharma-C system; (iii) submitting the application forms electronically; (iv) checking on the status of the application; and (v) upon approval, the licensee would receive e-mail notifications of the status of the application. If we are unable to register these licences in the names of other employees in a timely manner, we may have to suspend or cease our operations and the loss of licences may materially and adversely affect our business, operations, financial performance, financial condition, results of operations and/or prospects as discussed above.

During the Period Under Review, our Group has not encountered any delay and/or issue with the renewal of the Sodium Hydroxide Licence, 5E Poisons Licence or TSH Poisons Licence. The terms and conditions imposed on these licences include (i) the sale of poisons is only allowed to be carried out at the address as stated in the licence and poisons are only allowed to be stored (not for sale) in the store as stated: "Additional store address: None"; (ii) for Licence B holders dealing with 'Boric Acid' with 'Sodium Borate', these two poisons are not allowed to be used/sold in the food industry; (iii) the licensee is only allowed to sell/supply the poison specified in the licence after receiving a written signed order from the buyer/consumer containing details of the purpose of use/purchase; (iv) the licensee is not allowed to import or conduct business as a broker/distributor agent except for the tenderer company and the company that has been confirmed by the supplier to be an agent; and (v) other than records in the Wholesale Sales Book provided under Section 15 (3) of the Poisons Act 1952, each transaction in regards to Precursor Chemicals (if permitted in the licence) namely Lysergic Acid, 1-Phenyl-2-Propanone, Potassium Permanganate, N-Acetylanthranilic Acid, 3-2 Methylenedioxyphenyl-2-Propanone, Safrole, Isosafrole, Piperonal, Anthranilic Acid, Ethyl Ether, Phenylacetic Acid, Piperidine, Sulfuric Acid and Hydrochloric Acid shall be recorded in a book, or if using computer software, a copy of the record shall be made into a bound book according to the format. Our Company has satisfied all such terms and conditions.

We generally do not enter into long-term agreements with our customers. If we fail to retain our existing customers or attract new customers, our business, financial conditions and results of operations may be materially and adversely affected

We do not enter into long-term agreements with most of our customers, and our customers have no obligation to engage us again for future scheduled waste management services or to purchase recovered or recycled products or chemicals from us as it is the industry practice to not enter into such long-term agreements with our customers. Due to the nature of our Group's business, the cost of waste treatment and price of recovered and recycled products or chemicals may vary from time to time. In addition, the Waste Codes that our Group possesses are subject to certain quotas. It is therefore in our Group's interest to maintain the flexibility of utilising the said quotas instead of allocating it to specific customers, whose waste generation capability may fluctuate from time to time. For FY2018, FY2019, FY2020 and 9M2021, approximately 80.9%, 82.2%, 77.3% and 80.1% of our total revenue respectively was generated from customers that did not enter into long-term agreements with us. There is no assurance that we will be able to maintain long-term business relationships with our existing customers. Further, there is no assurance that our current or future agreements, with our major customers can be negotiated on terms and prices equivalent to or more favourable than current terms and prices. If we fail to retain our existing customers or attract new customers, our revenue and profitability, which is dependent on the number and scale of services we are able to secure, may be materially and adversely affected.

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In addition, there is no assurance that we will be able to secure similar number and scale of services in the future as compared to those we had secured during the Period Under Review. Our historical growth rate, revenue and gross profit margin may not be indicative of our future performance.

Any major disruption at our waste treatment plants, such as a breakdown of machinery, power or utilities shortage, could adversely affect our business, financial conditions, results of operations and prospects

Our business is dependent on the uninterrupted operation of our waste treatment plants. If the use or efficiency of our waste treatment plants is hampered or disrupted due to power or water shortages or breakdowns, or if our machinery and equipment is damaged due to accident, fire or other natural disasters, our ability to process scheduled waste and deliver our services in a timely manner, and thus our ability to generate revenue, may be materially affected. Furthermore, our waste treatment processes require a stable source of electricity, and there is no guarantee that the local electricity supply would be sufficiently reliable or stable for consumption at all times. If we are unable to manage or reduce periods of interruption of power supply, our waste treatment capacities at our waste treatment plants may be limited, delayed or halted, which could have an adverse effect on our business, operations, financial performance, financial condition, results of operations and/or prospects. Furthermore, in the case of a breakdown or failure in our machinery or equipment, suitable replacements of relevant machinery may not be readily available in the market in a timely manner or at all. While we had not experienced any material disruptions affecting our waste treatment plants during the Period Under Review, save for the temporary interruption of our operations under the Movement Control Order from 18 March 2020 to 12 April 2020 as a result of the COVID-19 pandemic and as disclosed in the section entitled “General Information on our Group – Impact of the outbreak of COVID-19 pandemic” of this Offer Document, there is no assurance that there will be no such incidents in the future. Any disruptions affecting our waste treatment plants may lead to delays in fulfilling contract obligations, and our business, operations, financial performance, financial condition, results of operations and/or prospects may be materially and adversely affected.

We are exposed to credit risk with respect to the settlement by our customers. Any significant delay in payment or defaults by our customers may materially and adversely affect our financial conditions and results of operations

We are subject to credit risks of our customers, and our cash flows are dependent on timely payments from our customers for services we provide to them. We generally grant a credit period of 30 to 90 days to our customers. As at 31 December 2018, 31 December 2019, 31 December 2020 and 30 September 2021, our trade receivables (net of loss allowance provision) amounted to approximately MYR8.9 million, MYR7.6 million, MYR9.2 million and MYR9.3 million respectively, representing approximately 49.1%, 37.8%, 32.5% and 33.8% of our total current assets respectively. For FY2018, FY2019, FY2020 and 9M2021, our trade receivables turnover days were approximately 71 days, 56 days, 69 days and 67 days respectively. As at 31 December 2018, 31 December 2019, 31 December 2020 and 30 September 2021, we recognised loss allowance provision on trade receivables of approximately MYR554,000, MYR116,000, MYR127,000 and MYR338,000 respectively. While we had not experienced any significant delay in payment or defaults by our customers that materially and adversely affected our financial conditions and results of operations during the Period Under Review, there is no assurance that we will be able to collect all or any part of our trade receivables within the credit terms granted by us. In addition, if any of our customers were to go into liquidation, bankruptcy or insolvency or otherwise, we might not be able to receive sums due to us in part or in full. Any non-payment or delay in payments by our customers could materially and adversely affect our business and

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liquidity. Furthermore, we may have to make provision for impairment which in turn may materially and adversely affect our business, operations, financial performance, financial condition, results of operations and/or prospects.

We are dependent on third parties for the supply of raw materials for our provision of services

Our continuing success depends on the availability, cost and quality of the raw materials for the treatment and recovery of scheduled waste, as well as for our chemical trading business. For the Period Under Review, cost of raw materials amounted to approximately MYR6.4 million, MYR3.6 million, MYR3.6 million and MYR3.4 million respectively, representing approximately 22.5%, 13.5%, 15.9% and 16.6% of our cost of sales for FY2018, FY2019, FY2020 and 9M2021 respectively. Cost of raw materials refers to cost incurred by our Group to purchase waste and recoverable items from our customers, which is one of the components of cost of sales attributable to the recovered and recycled products segment. The decrease in cost of raw materials from MYR6.4 million in FY2018 to MYR3.6 million in FY2019 was mainly due to the higher market prices of commodities such as crude oil and steel for most part of FY2018, which caused prices of raw materials procured by our Group to increase. The market prices of the same subsequently declined in FY2019 resulting in lower cost of raw materials purchased.

We generally do not enter into any agreements with our suppliers other than on a purchase order basis. The prices and supply of raw materials depend on factors beyond our control, including economic conditions, competition, availability of quality suppliers, production levels and transportation costs in Malaysia. During the Period Under Review, we had not experienced any significant increase in cost or shortage of supply of raw materials from our suppliers. However, there is no assurance that there will not be such incidents in the future. If we are unable to procure the required raw materials from our suppliers in a timely manner (for example, as a result of the suspension of operations or liquidation or bankruptcy of the supplier), or if the cost of raw materials exceeds our budgeted cost, or if any of our key suppliers is unable to continue providing the raw materials we need or fail to supply the necessary raw materials at prices and on terms and conditions we consider acceptable, and we are unable to find suitable replacement of the suppliers nor pass on the additional costs to our customers, there may be a material and adverse effect on our business, operations, financial performance, financial condition, results of operations and/or prospects.

We engaged third party logistics service providers during the Period Under Review for collection and transportation of scheduled waste from our customers' premises to our waste treatment plants. Our sales and reputation may be materially and adversely affected by delays in delivery or poor handling by such third party logistics service providers

As at the Latest Practicable Date, our Group has a fleet of 19 commercial vehicles (which are either fully owned or held in trust for our Group by third parties, of which 14 vehicles are issued with permits by the Land Public Transport Commission to carry third-party or own goods, and the remaining 5 commercial vehicles are each below 10 tonnes in capacity and according to the Land Public Transport Commission, it is not required for any commercial vehicle below 10 tonnes capacity to apply for such permits) and a team of 16 drivers registered with the DOE for collection and transportation of scheduled waste from our customers' premises to our waste treatment plants. During the Period Under Review, we also engaged third party logistics service providers to supplement our transportation capacity and our cost paid to them amounted to approximately MYR1.1 million, MYR1.1 million, MYR0.7 million and MYR0.4 million for FY2018, FY2019, FY2020 and 9M2021 respectively. We have limited control over these logistics service providers, and the services provided by them (as well as our own fleet) may be interrupted as a result of weather conditions, labour shortages, contract disputes, road maintenance disruptions and other

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factors. While we had not experienced any significant interruption in the services of such third party logistics service providers during the Period Under Review, there is no assurance that such incidents will not happen in the future. If there is any interruption in their services, we may not be able to collect and transport scheduled waste to our waste treatment plants in a timely manner, which in turn could delay our treatment process and in turn could also have an adverse impact on our services and thus materially and adversely affect our brand and reputation. Furthermore, there is no assurance over the quality of the services offered by such third party logistics service providers, in particular the handling of the scheduled waste in transit and the quality of their vehicles. While we had not encountered any material issues arising from poor handling by the third party logistics service providers during the Period Under Review, there is no assurance that such incidents will not happen in the future. If such third party logistics service providers cause any leakage of scheduled waste in transit, we may be held liable for such leakage, and our business, operations, financial performance, financial condition, results of operations and/or prospects may be materially and adversely affected.

We may not be able to adapt to rapidly changing technologies in a timely manner

Our continued success and competitiveness depend on our ability to adapt to rapidly changing technologies. Our solutions to our customers rely heavily on scheduled waste management technologies as different types of scheduled waste require different treatment processes. Strong technical competitiveness and R&D capabilities are key factors that allow us to stay competitive and retain our leading industry position in Malaysia. For example, we are also expanding into the processing of waste residue into alternative products which can be disposed of at a lower cost and the treatment of high organic content waste. The relevant technologies are subject to continuous evolution and changes, and there is no assurance that we will be able to keep up with changes in technological advancements in a timely manner or at a reasonable cost.

Moreover, changes in governmental regulations and industry standards may impose more stringent performance or environmental requirements with respect to operating efficiency, emissions and discharge which may require us to adopt new technologies, perform equipment or machinery upgrades, or improve our existing technologies. Such changes could require substantial investments and increase our cost of sales and expenses. If we fail to adapt to these changes in technologies, we may not be able to maintain or improve our competitive position, which will have a material adverse impact on our business, operations, financial performance, financial condition, results of operations and/or prospects.

Our customers may make claims against us or terminate our services prematurely should we fail to complete our services in accordance with the agreed terms or provide services that satisfy their requirements and expectations

We agree with our customers in advance the terms of our service including the type of scheduled waste we are responsible to collect and process. Our services may not be completed in accordance with the agreed terms due to unforeseen circumstances that are beyond our expectation or control, including (i) unexpected conditions such as significant downtime of our waste treatment plants and machinery; (ii) fire, adverse weather conditions or other natural disasters; and/or (iii) other risks such as work injuries and disputes with customers and/or suppliers. While we have not experienced material delay for us to complete our scheduled waste management services in accordance with the agreed terms and no customer has terminated our services prematurely or made any claims against our Group during the Period Under Review, there is no assurance that we will be able to complete our scheduled waste management services in accordance with the agreed terms nor that our customers would agree with variation of terms, if required, in the future. Any failure to complete our scheduled waste management services in accordance with the agreed terms may give rise to termination of our services by customers or

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customers' unwillingness to engage us for future engagements, and our business, operations, financial performance, financial condition, results of operations and/or prospects may be materially and adversely affected.

Failure to maintain an effective quality control process may have a material adverse impact on our scheduled waste management business

Our Directors are of the view that the ability to provide quality scheduled waste management services is crucial to the long-term success of our business. To maintain a highly effective quality control process, a stringent quality control system has to be adopted and investment in human resources is needed to ensure strict monitoring of its implementation. Please refer to the section entitled "General Information on our Group – Quality Control" of this Offer Document for further details on our Group's quality control system. If we are unable to maintain or implement our quality control system effectively, we may suffer a decrease in demand for our services and become less competitive in our market. Furthermore, if we fail to meet the required specifications of our customers, it could result in loss of sales which in turn may materially and adversely affect our business, operations, financial performance, financial condition, results of operations and/or prospects.

During the Period Under Review and up to the Latest Practicable Date, there were no incidents arising from a failure to maintain an effective quality control process which had a material adverse impact on our financials and/or operations.

Our Group is required to comply with applicable laws and regulations

Arising from the operations of our Group, we are required to comply with laws and regulations applicable to, among others, workplace safety, employment of foreign workers, environment and road traffic. Please refer to Appendix E of this Offer Document for a summary of the relevant laws and regulations applicable to our Group. In the event that we fail to comply with any of the applicable laws and regulations, we may be subject to penalties imposed by the authorities which include, but are not limited to, being fined and/or issued with remedial or stop-work orders which may materially and adversely affect our business, operations, financial performance, financial condition, results of operations and/or prospects.

Save as disclosed in the section entitled "General Information on our Group – Licences, Permits, Approvals and Government Regulations" of this Offer Document, our Group had not, in the past, breached or were non-compliant with the key laws and regulations that are material in the context of our operations, during the course of our operations.

During the Period Under Review and up to the Latest Practicable Date, the aggregate amounts of fines and composition payments that our Group had paid for breaches of applicable traffic, safety and other regulations were negligible.

Our Group is exposed to environmental liability

Our Group's business operations are subject to environmental laws and regulations, in particular on the emission, discharge or deposit of waste into the environment pursuant to the laws of Malaysia. Please refer to Appendix E of this Offer Document for a summary of the relevant laws and regulations, including environmental laws and regulations, applicable to our Group.

While our Group had no material non-compliance with applicable environmental laws and regulations during the Period Under Review save as disclosed in the section entitled "General Information on our Group – Licences, Permits, Approvals and Government Regulations" of this Offer Document, as these laws and regulations may continue to evolve, there is no assurance that we will continue to be in compliance with all the applicable laws and regulations, and we may incur additional costs in complying with such laws and regulations. Any violation of the relevant

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environmental laws and regulations may lead to substantial fines, clean-up costs and environmental liabilities or even suspension of operations that could materially and adversely affect our business, operations, financial performance, financial condition, results of operations and/or prospects.

Our business involves inherent industrial risks and occupational hazards

Our business involves inherent industrial risks and occupational hazards, which may not be entirely eliminated through the implementation of safety measures. In the course of our operations, we strive to provide our employees with a safe and healthy working environment. Please refer to the section entitled “General Information on our Group – Health and Safety Policy” of this Offer Document for further details.

During the Period Under Review and up to the Latest Practicable Date, there had been no accidents causing death or serious injury in our worksites. However, there is no assurance that our employees would comply with the workplace safety measures and procedures implemented at our worksites when they perform their works. In the event that such measures and procedures are not complied with and result in industrial accidents, serious personal injuries, property damage or incidents to the extent of being fatal, our operations may be interrupted and our reputation may also be adversely affected.

There is no assurance that our employees will adhere to such measures and procedures at all times and any malfunctions of machinery could lead to accidents at our worksites. In such an event, we may be held liable for the personal injuries or deaths and be subject to monetary losses, fine or penalties or other forms of legal liability as well as disruption to our business operations. Such accidents, if material, may even result in suspension of work for a period of time, and in turn may have a material and adverse impact on our business, operations, financial performance, financial condition, results of operations and/or prospects.

We may be materially and adversely affected by spread of diseases or an outbreak of any contagious or virulent diseases and pandemics/epidemics

The outbreak of communicable or virulent diseases and pandemics/epidemics such as Severe Acute Respiratory Syndrome, H5N1 avian flu, Middle East Respiratory Syndrome, Ebola and most recently, the outbreak in late 2019 of a novel strain of coronavirus being COVID-19, in countries which we operate may materially and adversely affect our operations, as well as the operations of our customers, partners and suppliers. Any occurrence of a pandemic, an epidemic or outbreak of other disease amongst our employees may have an adverse effect on our business operations including our ability to deploy personnel for job assignments. For instance, such outbreaks could result in workers having to be quarantined, or regulators may impose stop-work measures, which could lead to manpower shortage and business interruption respectively. This will result in a delay in the delivery of services to our customers, which may consequently lead to a damage to our business reputation and claims from customers, loss of future business and affect our ability to attract new customers. In addition, any outbreak of communicable or virulent diseases and pandemics/epidemics could result in sporadic or prolonged market and/or supply disruptions, an economic downturn or recession, volatilities in domestic and/or international financial markets and may materially and adversely affect the Malaysia and other economies. The occurrence or developments of any of these events may materially and adversely affect our business, operations, financial performance, financial condition, results of operations and/or prospects.

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Since the outbreak of the COVID-19 pandemic in Malaysia, the Malaysian government has implemented a number of policies and measures, including the Movement Control Order. Under the Movement Control Order, our operations were temporarily interrupted from 18 March 2020 to 12 April 2020. While we have obtained the letter of approval from the Ministry of International Trade and Industry to resume operations (subject to the compliance to certain operating procedures issued by it) since then, there is no assurance that our operations will not be interrupted in the future if the outbreak of COVID-19 pandemic prolongs, which may materially and adversely affect our business, operations, financial performance, financial condition, results of operations and/or prospects.

While we have employed various measures to mitigate the impact of the outbreak of the COVID-19 pandemic on our business operations (as described in the section entitled “General Information on our Group – Impact of the outbreak of COVID-19 pandemic” of this Offer Document), there is no assurance that our efforts will always be efficient or at all. Furthermore, we may in the future experience additional disruptions that may materially and adversely affect our business, operations, financial performance, financial condition, results of operations and/or prospects, including but not limited to:

- (i) decline in customer orders and/or loss of customers as a result of reduced business activities of our customers;
- (ii) delays or failure to collect trade receivables from our customers;
- (iii) delay or suspension of supply of raw materials and/or consumables from our suppliers as a result of business disruptions of our suppliers;
- (iv) inefficiencies, delays and additional costs in running our operations; and
- (v) constraints on our manpower resources that would otherwise be devoted to our business operations whether due to COVID-19 cases in our workforce, quarantine requirements or work-from-home arrangements.

We may also take further actions as may be required by the Malaysian government agencies or as we determine are in the best interests of our Group which could further adversely impact our business operations. To the extent the outbreak of the COVID-19 pandemic materially and adversely affects our business and operations, it may also heighten many of the other risks described in this section.

The COVID-19 pandemic is ongoing and the actual extent of the pandemic and its impact on the domestic, regional and global economy remains uncertain. Accordingly, the actual extent of the impact on our Group’s business, operations, financial performance, financial condition, results of operations and prospects will depend on, among other things, the duration of the COVID-19 pandemic, the severity and length of the economic downturn and the speed and strength of the subsequent recovery.

In addition, any future occurrence of force majeure events, natural disasters such as earthquakes, floods and droughts, or outbreaks of other epidemics and contagious diseases, including avian influenza, Severe Acute Respiratory Syndrome, swine influenza caused by the H1N1 virus or the Ebola virus, may materially and adversely affect our business, financial conditions and results of operations. Any future occurrence of severe natural disasters in Malaysia may materially and adversely affect its economy and ultimately our business. There is no assurance that any future occurrence of natural disasters or outbreaks of epidemics and contagious diseases or the

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measures taken by the Malaysian government or other countries in response to such contagious diseases will not seriously disrupt our operations or those of our customers, which may materially and adversely affect our business, operations, financial performance, financial condition, results of operations and/or prospects. Please refer to the section entitled “General Information on our Group – Impact of the outbreak of COVID-19 pandemic” of this Offer Document for further details.

Our insurance coverage may not be sufficient to cover all losses or potential claims

Our operations are covered by applicable insurance policies to cover any loss or damage in connection with our daily operations, such as environmental liability insurance, fire insurance, public liability insurance, personal accident insurance, employer liability insurance and vehicle insurance. While our Group had not experienced any insufficiency of our insurance coverage to cover any significant losses or potential claims during the Period Under Review, there is no assurance that our current insurance is sufficient to cover all potential risks and losses in the future. If we suffer from unexpected severe losses or losses that far exceed the policy limits, there could be a material and adverse effect on our business, operations, financial performance, financial condition, results of operations and/or prospects. Any losses that we may incur which we are not insured against may materially and adversely affect our business, operations, financial performance, financial condition, results of operations and/or prospects. Furthermore, our claim records may affect the premiums which insurance companies may charge us in the future and therefore, impact our financial reports and future insurance premiums. Please refer to the section entitled “General Information on our Group – Insurance” of this Offer Document for further details on our existing insurance coverage.

We may be involved in legal and other proceedings from time to time and may face significant liabilities as a result

We may be involved in disputes with various parties during the course of our operations, including suppliers, customers and the local governments. These disputes may lead to legal or other proceedings and may result in substantial costs, delays in our development and operation schedule, damage to our reputation and the diversion of resources and management’s attention, regardless of the outcome. While our Group had not been involved in any material legal and other proceedings during the Period Under Review, there is no assurance that our Group will not be involved in any legal and other proceedings in the future. In addition, we may have disagreements with regulatory bodies in the course of our operations, which may subject us to administrative proceedings and unfavourable decisions that result in penalties or delay or disrupt the development and operations of our business. In such cases, our business, operations, financial performance, financial condition, results of operations and/or prospects could be materially and adversely affected.

There is no assurance that our future plans will be successful and it takes time for the anticipated benefits to be realised

The future plans of our Group as described under the section entitled “General Information on our Group – Business Strategies and Future Plans” of this Offer Document are based on current intentions and assumptions, and the successful implementation of our business strategies may be affected by a number of factors including the availability of sufficient funds and human resources, government policies relevant to our industry, our ability in maintaining our competitive advantage, and any threat from competitors in the market. In addition, it takes time for the anticipated benefits from our capital investment to realise. As a result, there is no assurance as to when we will be able to capture all the benefits from the capital outlay or at all. Therefore, our future plans may not materialise in accordance with the timeline or with the anticipated benefits. In the event that the

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commencement of these planned expansions is delayed or aborted, our business, operations, financial performance, financial condition, results of operations and/or prospects may be materially and adversely affected.

We plan to acquire an off-site storage plant in Central Peninsular Malaysia with a view to target the underserved small quantity Waste Generators in Central Peninsular Malaysia, which may expose us to various risks associated with conducting business outside Southern Peninsular Malaysia

One of our business strategies is to scale up our operations through geographical expansion by acquiring a parcel of land on which an off-site storage plant is situated in Central Peninsular Malaysia with a view to target the underserved small quantity Waste Generators in Central Peninsular Malaysia. We intend to utilise approximately S\$3.9 million (equivalent to approximately MYR12.0 million) of the net proceeds raised from the Invitation for (i) the proposed acquisition of such off-site storage plant in Central Peninsular Malaysia, which includes the acquisition of the land on which such off-site storage plant is situated; (ii) the environmental impact assessment (“EIA”) to be conducted; and (iii) modification works to such off-site storage plant, if required, based on the EIA findings. Please refer to the sections entitled “General Information on our Group – Business Strategies and Future Plans” and “Use of Proceeds and Listing Expenses – Use of Proceeds” of this Offer Document for further details.

However, there can be no assurance that we will be able to identify, negotiate and establish business relationships with the potential customers in this region. In addition, we may be exposed to additional risks associated with conducting business outside our base in Johor, Southern Peninsular Malaysia, which include (i) unfamiliarity with the business environments and market conditions in Central Peninsular Malaysia; and (ii) material adverse change in local policies, events and economic conditions in Central Peninsular Malaysia.

We intend to expand our capacity by capital investment in an off-site storage plant and new machinery and system, which may result in an increase in depreciation expenses, plant and machinery operating costs, repair and maintenance costs and cash flow used in investing activities

In order to secure more customers in Malaysia and expand the scale of our operations and customer base, our Directors intend to apply an aggregate of approximately S\$2.2 million (equivalent to approximately MYR6.9 million) of the net proceeds from the Invitation in capital investment in facilities, plants, machineries and/or equipment to enhance production efficiency and capacities. In particular, our Group intends to, *inter alia*, enhance our capacity in treating high organic content waste, and invest in facilities to save on waste residue disposal cost. Please refer to the section entitled “Use of Proceeds and Listing Expenses” of this Offer Document for further details.

As a result of the use of such net proceeds, our cash flow used in investing activities is expected to increase, and assuming all other things remain unchanged and such net proceeds have been fully deployed, our depreciation expenses, plant and machinery operating costs and repair and maintenance costs will increase and this may in turn have a material adverse effect on our business, operations, financial performance, financial condition, results of operations and/or prospects.

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Weather conditions, natural disasters, terrorist attacks, political unrest, acts of God and other events may have an impact on our business operations

Weather conditions, natural disasters, terrorist attacks, political unrest and other acts of God which are beyond our control may materially and adversely affect the economy and our business, as a result of which our business, operations, financial performance, financial condition, results of operations and/or prospects may be adversely affected. Political unrest may also cause damage or disruption to our business, our employees and our markets, any of which could materially and adversely affect our overall results of operations and financial conditions. In addition, power failures, fire or explosions or other natural disasters could cause disruption in our operations or cause delays in our delivery schedules.

Failure to comply with anti-corruption laws and regulations could subject us to investigations, fines and/or other penalties and severely damage our reputation, and materially and adversely affect our business, financial conditions, results of operations and prospects

We are subject to risks in relation to actions taken by us, our employees or third-party business partners that constitute violations of the anti-corruption laws and regulations. While we adopt strict internal procedures to ensure compliance of our business operations with the relevant laws and regulations and to prevent and detect the occurrence of corruption, bribery and other illegal activities, there is no assurance that these measures are effective at all times and that our efforts will be sufficient to ensure that we comply with the relevant laws and regulations at all times. If we, our employees or business partners commit corruption, bribery and other illegal activities and violate the relevant laws, rules or regulations, we could be subject to investigations, fines and/or other penalties. Our reputation, corporate image, and business operations may be materially and adversely affected if we fail to comply with these measures or become the target of any negative publicity as a result of actions taken by us, our employees or third-party business partners, which may in turn have a material adverse effect on our business, operations, financial performance, financial condition, results of operations and/or prospects.

During the Period Under Review and up to the Latest Practicable Date, there were no incidents arising from a failure to comply with anti-corruption laws and regulations which had a material adverse impact on our financials and/or operations.

We may need further financing for our existing business and future growth

We may require additional funding for our existing business and growth plans. We have estimated our funding requirements in order to implement our growth plans as set out in the section entitled “General Information on our Group – Business Strategies and Future Plans” of this Offer Document.

In the event that the costs of implementing our growth plans exceed our funding estimates significantly or that we come across opportunities to grow through expansion plans which cannot be predicted at this juncture, and our funds generated from our operations prove insufficient for such purposes, we may need to raise additional funds to meet these funding requirements. We will consider obtaining such funding from new issuance of equity, debt instruments and/or external bank borrowings, as appropriate. In addition, we may need to obtain additional equity or debt financing for other business opportunities that our Group deems favourable to our future growth and prospects. Funding through the new issuance of equity may lead to a dilution in the interests of the Shareholders. An increase in debt financing may be accompanied by conditions that restrict our ability to pay dividends or require us to seek lenders’ consent for payment of dividends, or

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restrict our freedom to operate our business by requiring lenders' consent for certain corporate actions. In addition, there is no assurance that we will be able to obtain additional financing on terms that are favourable and acceptable. If we are not able to secure adequate financing, our business and growth may be negatively affected.

Covenants in our loan and financing agreements may limit our operational flexibility, and breaches of these covenants could adversely affect our financial condition

Our loans and financing agreements entered into with the banks and financial institutions contain provisions requiring us to take or refrain from taking certain actions. In addition, certain financing agreements require us to comply with financial covenants, among others, by maintaining various financial ratios or particular gearing levels. Certain of our financing agreements contain restrictive or negative covenants and other prohibitions that may affect our ability to, among others, borrow, pay dividends, dispose of a substantial part of our assets, enter into contracts outside of the ordinary course of business, effect a change in shareholders and create security over assets. These covenants may limit our flexibility in our operations and breaches of these covenants may result in immediate default under the financing agreements. Please refer to the section entitled "Capitalisation and Indebtedness – Credit Facilities" of this Offer Document for the salient details of such covenants. If we are unable to rectify the default, refinance our indebtedness or meet our repayment obligations, this will have a material adverse effect on our business, operations, financial performance, financial condition, results of operations and/or prospects.

During the Period Under Review and up to the Latest Practicable Date, there have not been any breaches of any of the terms and conditions or covenants associated with any credit arrangement or bank loan entered into by us with the relevant banks and financial institutions.

RISKS RELATING TO OUR OPERATIONS IN MALAYSIA

The development of the industry we operate in is highly dependent on the Malaysian government's environmental protection policies, which may change from time to time

The resolve of the Malaysian government on safeguarding the environment led to various regulations on waste management practice such as the EQA 1974, tax incentives to promote compliance and penalties for non-compliance. Various campaigns and programs are in place to encourage recovery of scheduled waste for sustainable development. Such environmental protection policies of the Malaysian government provided a favourable policy environment for the scheduled waste management industry and have become a major driver of the market demand in scheduled waste management services which we are offering. Should there be any changes in the environmental protection policies, the demand in our industry can fluctuate, thereby bringing uncertainty to our business and financial conditions.

We may incur increasing compliance costs to comply with applicable laws, regulations or standards relating to our operations

The nature of our business requires us to comply with applicable government policies, laws, regulations and industry standards relating to our operations. Such regulations cover a wide variety of matters, including but not limited to employment and labour protection, taxation, environment and intellectual property rights. In addition, the Malaysian government may impose stricter standards and regulations in the future, which may require replacement or upgrade of our current system or operations. As we expand into other scheduled waste management business under other Waste Codes, we will be subject to a wider spectrum of environmental regulations. There is no assurance that we will be able to comply with new legislations should the Malaysian

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government impose stricter standards and regulations in the future. For FY2018, FY2019, FY2020 and 9M2021, our costs of compliance with the applicable environmental laws and regulations amounted to approximately MYR63,480, MYR71,540, MYR85,660 and MYR45,170 respectively. Such costs of compliance comprise costs associated to: (i) ambient air monitoring; (ii) environmental noise monitoring; (iii) stack emission monitoring; (iv) WWTP (Effluent – Final discharge); (v) surface water quality monitoring; (vi) dioxin and furan monitoring; (vii) ground level air monitoring; (viii) sewage monitoring; (ix) LEV test (x) audiometric test; (xi) CHRA test; (xii) personal chemical exposure monitoring; and (xiii) environmental audit. While we had not experienced any significant increase in compliance costs during the Period Under Review, there is no assurance that such incidents will not happen in the future. Any increase in compliance or other operating costs resulting from the implementation of additional measures and/or failure to comply with new laws or regulations may have a material adverse effect on our business, operations, financial performance, financial condition, results of operations and/or prospects.

If we are unable to maintain our competitiveness, our financial performance could be adversely affected

According to the Industry Report, the scheduled waste management industry in Malaysia is fragmented and competitive, with over 100 market players throughout the country. We compete primarily with other scheduled waste management companies in Malaysia and new entrants to the market, some of which may have a lower cost structure than us due to lower capital expenditures or lower labour costs while some of which are of larger scale with greater financial resources and possess more Waste Codes than us. There is no assurance that we will be able to compete successfully in our existing markets or in the new markets where we intend to expand to. Failure to maintain our competitiveness and any increase in competition may materially and adversely affect our business, financial conditions and results of operations. Please refer to the section entitled “General Information on our Group – Competition” of this Offer Document for more information about our major competitors.

Changes in Malaysian economic, political and social conditions, as well as government policies, may affect our businesses and the industry we operate in

Our major assets and business operations are located in Malaysia. Therefore, our business, operations, financial performance, financial condition, results of operations and prospects are significantly exposed to the economic, political and social conditions in Malaysia as well as government policies, which in turn may impact our customers in Malaysia who are Waste Generators requiring services (including scheduled waste management services) from us. There is no assurance that the demand for our services (including scheduled waste management solutions) in Malaysia will not decrease in the future. For instance, an economic downturn in Malaysia may lead to a decrease in the demand for scheduled waste management services in the market, thereby materially and adversely affecting our business, financial conditions and results of operations.

Further, any changes in the policies implemented by the government of Malaysia which may result in currency and interest rate fluctuations, inflation, capital restrictions, price and wage controls, expropriation and changes in taxes and duties detrimental to our business may materially affect our operations, financial performance and future growth. Unfavourable changes in the social, economic and political conditions of Malaysia or in the Malaysian government policies in the future may have a negative impact on our operations and business in Malaysia, which will in turn adversely affect the overall financial performance of our Group. In addition, Malaysia foreign exchange control may limit our ability to utilise our cash effectively and affect our ability to receive dividends and other payments from our Malaysian subsidiaries.

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We are subject to currency conversion and exchange rate risk

Since a substantial amount of our income and profit is denominated in MYR, any fluctuations in the value of MYR may adversely affect the amount of dividends, if any, payable to the Shares in S\$ to our Shareholders. There is no assurance that the Malaysian government will not impose more restrictive or additional foreign exchange controls. Any imposition, variation or removal of exchange controls may lead to less independence in the Malaysian government's conduct of its domestic monetary policy and increased exposure of the Malaysia economy to the potential risks and vulnerability of external developments in the international markets.

Furthermore, fluctuations in the value of MYR against other currencies will create foreign currency translation gains or losses and may have an adverse effect on our Group's business, operations, financial performance, financial condition, results of operations and/or prospects. Any imposition, variation or removal of foreign exchange controls may adversely affect the value, translated or converted into S\$, of our Group's net assets, earnings or any declared dividends. Consequently, this may adversely affect our Group's ability to pay dividends or satisfy other foreign exchange requirements.

We are subject to the foreign exchange legislation and regulations in Malaysia

Local and foreign investors are subject to Foreign Exchange Administration Rules in Malaysia. The legislations in Malaysia governing exchange control are the Financial Services Act 2013 ("FSA") and Islamic Financial Services Act 2013 ("IFSA"). In exercise of the power conferred by the FSA and IFSA, Bank Negara Malaysia, which is the central bank of Malaysia ("**Bank Negara**"), has issued Foreign Exchange Administration Notices ("**FEA Notices**") which embody its general permissions and directions. The FEA Notices read together with Schedule 14 of the FSA and IFSA set out the circumstances in which the specific approval of the Bank Negara must be obtained by residents and non-residents to remit funds to and from Malaysia. The FEA Notices are reviewed regularly by Bank Negara in line with the changing environment. As at the Latest Practicable Date, foreign investors are free to repatriate capital, divestment proceeds, profits, dividends, rental, fees and interests arising from investments in Malaysia provided that the repatriation is made in foreign currency. Any future restriction by the FEA Notices on repatriation of funds may limit our ability on dividends distribution to the Shareholders from business operations in Malaysia.

However, there is no assurance that the relevant rules and regulations on foreign exchange control in Malaysia will not change. In the event that there is any adverse change in the foreign exchange rules and regulations relating to the borrowing or repatriation of foreign currency, our business and results of operation may be materially and adversely affected.

RISKS RELATING TO AN INVESTMENT IN OUR SHARES

Investment in securities quoted on Catalist involves a higher degree of risk and can be less liquid than securities quoted on the Main Board of the SGX-ST

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

RISK FACTORS

Pursuant to the Catalist Rules, we are required to, among other things, retain a sponsor at all times after our admission to the Official List of Catalist. In particular, unless approved by the SGX-ST, the Issue Manager and Full Sponsor must act as our continuing sponsor for at least three (3) years after the admission of our Company to the Official List of Catalist. Following the expiration of the three (3)-year period, there is no assurance that the Issue Manager and Full Sponsor will continue to act as our sponsor or that we will be able to find a new sponsor. In the event that we do not have a sponsor for more than three (3) continuous months, we may be removed from the Official List of Catalist.

There has been no prior market for our Shares, and the Invitation may not result in an active or liquid market for our Shares

Prior to this Invitation, there has been no public market for our Shares. Although we have made an application to the SGX-ST for the listing and quotation of our Shares on Catalist, there is no assurance that an active trading market for our Shares will develop or if developed, be sustained after the Invitation. If an active market for our Shares does not develop after the Invitation, the market price and liquidity of our Shares may be adversely affected. The Invitation Price may not necessarily be indicative of the market price of our Shares after the Invitation and investors may not be able to sell their Shares at or above the Invitation Price. The market price of our Shares could be subject to significant fluctuations as investors' sentiments may be affected by external factors such as the outbreak of war, escalation of hostilities or outbreak of infectious diseases (whether in Singapore, Malaysia or elsewhere). Other factors including the liquidity of our Shares in the market, differences between our actual financial or operating results and those expected by investors and analysts, the general market conditions and broad market fluctuations may also result in significant fluctuations in the market price of our Shares.

The Catalist Rules require that companies applying for listing of their equity securities on Catalist meet certain minimum shareholding spread and distribution requirements. While we will need to meet these requirements in order to list our Shares on Catalist, these requirements are only minimum requirements and our shareholding spread and distribution in the Invitation and our post-Invitation shareholding spread may not substantially exceed these limits or may even fall below these limits after the Invitation. In the case where the percentage of our post-Invitation share capital held by public shareholders is less than 10.0%, the SGX-ST may suspend trading of our Shares. As a result, liquidity of our Shares can be materially curtailed and there may be no or limited trading in our Shares, and you may not be able to acquire our Shares or sell your Shares in our Company, either at a favourable price, or at all. In addition, if our Shares have limited liquidity, the price of such shares can fluctuate significantly as a result of only one or a small number of trades in these shares.

There are inherent risks in the stock market

There exists both a potential for risks and benefits when an investor participates in the stock market. The market price of our Shares is determined not only by internal factors such as our Group's profit margins and development prospects, but may also be adversely affected by changes in macro political and economic conditions. The market price of our Shares is also subject to extraneous factors such as the market demand and supply conditions, prevailing interest rates, inflation, the prevailing investor sentiment and other unforeseeable factors. All these factors can give rise to a deviating share value which can, directly or indirectly, cause an investor to suffer a loss whilst investing in the stock market.

RISK FACTORS

Our Shares may not be a suitable investment for all investors

Each prospective investor in our Shares must determine the suitability of that investment in light of its/his/her own circumstances. In particular, each prospective investor should:

- (i) have sufficient knowledge and experience to make a meaningful evaluation of our Shares, our Group, the merits and risks of investing in our Shares and the information contained in this Offer Document;
- (ii) have access to, and knowledge of, appropriate analytical tools to evaluate, in the context of its/his/her particular financial situation, an investment in our Shares and the effect an investment in our Shares will have on its/his/her overall investment portfolio;
- (iii) have sufficient financial resources and liquidity to bear all of the risks of an investment in our Shares, including where the currency of our Shares is different from the prospective investor's currency;
- (iv) understand thoroughly the terms of the Invitation; and
- (v) be able to evaluate (either alone or with the help of a financial adviser) possible scenarios for economic and other factors that may affect its investment and its ability to bear the applicable risks.

Our Share price may be volatile in future which could result in substantial losses for investors subscribing for Shares pursuant to the Invitation

There is no assurance that the trading price for our Shares will not decline below the Invitation Price. The Invitation Price was determined after consultation between our Company, the Issue Manager and Full Sponsor, and the Underwriter and Placement Agent, after taking into consideration, among others, market conditions and estimated market demand for our Shares. The Invitation Price may not necessarily be indicative of the trading price for our Shares after the completion of the Invitation. The trading price of our Shares may fluctuate significantly and rapidly after the Invitation as a result of, among others, the following factors, some of which are beyond our control:

- (i) variations in our financial or operating results;
- (ii) fluctuations in stock market prices and volume;
- (iii) changes in securities analysts' recommendations, perceptions or estimates of our financial performance;
- (iv) changes in conditions affecting the industry, the general economic conditions or stock market sentiments;
- (v) announcements by our competitors or ourselves of the gain or loss of significant acquisitions, strategic partnerships, joint ventures or capital commitments;
- (vi) changes in market valuations and share prices of companies with similar businesses to our Group that may be listed in Singapore, Malaysia or elsewhere;
- (vii) the liquidity of the market for our Shares;

RISK FACTORS

- (viii) negative publicity;
- (ix) appointments or departures of key personnel;
- (x) involvement in litigation or arbitration proceedings and/or investigations by government authorities;
- (xi) material changes or uncertainty in the political, economic and regulatory environment in Singapore, Malaysia or elsewhere; and
- (xii) discrepancies between our actual operating results and those expected by investors and securities/research analysts.

For these reasons, among others, our Shares may trade at prices that are higher or lower than the NAV per Share. 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.

The stock markets have from time to time experienced significant price and volume fluctuations that have affected the market prices of securities. These fluctuations often have been unrelated or disproportionate to the operating performance of publicly-traded companies. In the past, following periods of volatility in the market price of a particular company's securities, an investor may lose all or part of his investment and litigation has sometimes been brought against that company. If similar litigation is instituted against us, it could result in substantial costs and divert management's attention and resources from our core business.

Future sale or issuance of our Shares may adversely affect the price of our Shares

Any future sale, availability or issuance of a large number of our Shares in the public market may have a downward pressure on our Share price. The sale of a significant amount of our Shares in the public market after the Invitation, or the perception that such sales may occur, may materially and adversely affect the market price of our Shares. These factors also affect our ability to sell 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 existing Shareholders to sell their Shares either on the SGX-ST or otherwise.

In addition, our Share price may come under downward pressure if certain of our Shareholders sell their Shares upon the expiry of their moratorium periods.

Investors may not be able to participate in future issues of our Shares

In the event that we issue new Shares, we may elect not to offer those Shares to our existing Shareholders at the time of issue, except where we choose to conduct a rights issue. However, in electing to conduct a rights issue or certain other equity issues, we may be subject to regulations as to the procedures to be followed in making such rights offering available to our Shareholders or in disposing of such rights for the benefit of such Shareholders and making the net proceeds available to them. In addition, we may choose not to offer rights issues or other equity issues to our Shareholders having an address outside Singapore. Accordingly, certain Shareholders may be unable to participate in future offerings of our Shares and may experience dilution of their shareholdings as a result.

RISK FACTORS

Negative publicity which includes those relating to our Group and any of our Directors, Executive Officers or Substantial Shareholders may adversely affect our Share price

Negative publicity or announcements relating to our Group and any of our Directors, Executive Officers or Substantial Shareholders may adversely affect the market perception of our Group or the performance of our Shares, whether or not it is justified. Examples of these include unsuccessful attempts in joint ventures, acquisitions or take-overs, or involvement in litigation or insolvency proceedings.

During the Period Under Review and up to the Latest Practicable Date, there were no incidents arising from negative publicity relating to our Group which had a material adverse impact on our financials and/or operations.

Protection afforded to Shareholders under Singapore law may be limited

Our main operations and assets are currently located in Malaysia, and are therefore subject to the relevant laws and regulations of Malaysia. Singapore law may provide our Shareholders with certain rights and protections for which there may be no corresponding or similar provisions under the relevant laws and regulations in Malaysia. As a result, it may be difficult for investors to enforce a judgment obtained in Singapore against our assets in Malaysia. It may also be difficult for investors to take legal action against us or our Controlling Shareholders in a foreign jurisdiction and the costs of bringing such action could be prohibitive.

Investors in our Shares will face immediate dilution in the NAV per Share and may experience future dilution

Our Invitation Price of S\$0.26 is higher than our Group's NAV per Share of S\$0.16 (equivalent to approximately MYR0.50) based on the post-Invitation issued share capital. If we were liquidated immediately following the Invitation, each investor subscribing for the Invitation Shares would receive less than the price it/he/she had paid for its/his/her Shares. Please refer to the section entitled "Dilution" of this Offer Document for details of the immediate dilution of our Shares incurred by new investors.

Control by our Controlling Shareholders may limit your ability to influence the outcome of decisions requiring the Shareholders' approval.

After the completion of the Invitation, Loo Sok Ching and Wong Kim Fatt, who are spouses will hold approximately 26.7% and 20.5% of our enlarged share capital after the Invitation, respectively. Ban Kim Wah, who is the younger brother of Wong Kim Fatt, and the brother-in-law of Loo Sok Ching, will hold approximately 11.5% of our enlarged share capital after the Invitation. Accordingly, Loo Sok Ching, Wong Kim Fatt and Ban Kim Wah will collectively hold approximately 58.7% of our enlarged share capital after the Invitation, and will be able to exercise significant influence over all matters requiring Shareholders' approval (other than the approval of transactions for which they and their Associates may be prohibited from voting), 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 majority vote. Such concentration of ownership may also have the effect of delaying, preventing or deterring a change in control of our Company, which may otherwise have benefited our Shareholders. Please refer to the section entitled "Shareholding and Ownership Structure" of this Offer Document for further details.

RISK FACTORS

Information contained in the forward-looking statements included in this Offer Document is subject to inherent uncertainties and investors should not rely on any of them

This Offer Document contains certain statements that constitute “forward-looking” statements, including, *inter alia*, those in relation to our financial condition, business strategies, prospects, future plans and objectives. These forward-looking statements involve risks, uncertainties and other facts which are known or currently unknown, which may cause our actual results, performance, profitability, achievements or industry results to differ materially from those expressed or implied by the forward-looking statements contained in this Offer Document. These forward-looking statements are based on several assumptions regarding our present and future business strategies and the business environment in which we will operate in the future. Investors should not place undue reliance on any such forward-looking statements. The inclusion of these forward-looking statements in this Offer Document shall not be regarded as a representation or warranty by our Company or any of our professional advisers that the plans and objectives of our Company can or will be achieved.

We may not be able to pay dividends in the future

Our ability to declare dividends to our Shareholders will depend on, among others, our future financial performance, distributable reserves and cash flows. This is in turn dependent on several factors, such as the successful implementation of our strategies, the general economic conditions, demand for and selling prices of our products and services. Many of these factors may be beyond our control. As such, there is no assurance that our Company will be able to pay dividends to our Shareholders after the completion of the Invitation.

The receipt of dividends from our subsidiaries may also be affected by the passage of new laws, adoption of new regulations and other events outside our control, and our subsidiaries may not continue to meet the applicable legal and regulatory requirements for the payment of dividends in the future. Source withholding tax may also apply to dividends and distributions from our subsidiaries to us. If our subsidiaries stop paying dividends or reduce the amount of the dividends they pay to our Company, or dividends become subject to increased tax because of changes in ownership of our subsidiaries or changes in tax laws or treaties, it would have an adverse effect on our ability to pay dividends on our Shares.

For a description of our dividend policy, please refer to the section entitled “Dividend Policy” of this Offer Document.

Singapore take-over laws contain provisions which could adversely affect the market price of our Shares

The Take-over Code contains certain provisions that may possibly delay, deter or prevent a future takeover or change in control. Under the Take-over Code, 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 not, either on his own or together with parties acting in concert with him, in 30.0% or more of the voting Shares, is required to extend a take-over offer for the remaining voting Shares in accordance with the Take-over Code. 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 the voting Shares, either on his own or together with parties acting in concert with him, acquires additional voting Shares representing more than 1.0% of the voting Shares in any six (6) month period. While the Take-over Code seeks to ensure an equality of treatment among Shareholders, its provisions could substantially impede the ability of the Shareholders to benefit from a change of control and, as a result, may adversely affect the market price of our Shares and the ability to realise any benefits from a potential change of control.

INVITATION STATISTICS

Invitation Price	S\$0.26
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NAV⁽¹⁾

NAV per Share based on the audited consolidated interim statement of financial position of our Group as at 30 September 2021:

- | | |
|--|-------------|
| (a) before adjusting for the estimated net proceeds from the issue of Invitation Shares and based on our Company's pre-Invitation issued share capital of 108,974,784 Shares | 14.71 cents |
| (b) after adjusting for the estimated net proceeds from the issue of Invitation Shares and based on our Company's post-Invitation issued share capital of 147,474,784 Shares | 16.30 cents |

Premium of Invitation Price over the NAV per Share based on the audited consolidated interim statement of financial position of our Group as at 30 September 2021:

- | | |
|--|-------|
| (a) before adjusting for the estimated net proceeds from the issue of Invitation Shares and based on our Company's pre-Invitation issued share capital of 108,974,784 Shares | 76.8% |
| (b) after adjusting for the estimated net proceeds from the issue of Invitation Shares and based on our Company's post-Invitation issued share capital of 147,474,784 Shares | 59.5% |

EPS⁽²⁾

Historical EPS based on the audited consolidated statements of comprehensive income of our Group for FY2020 and our Company's pre-Invitation issued share capital of 108,974,784 Shares	2.42 cents
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Historical EPS based on the audited consolidated statements of comprehensive income of our Group for FY2020 and our Company's pre-Invitation issued share capital of 108,974,784 Shares, assuming that the Service Agreements had been in place from the beginning of FY2020	2.39 cents
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PER⁽²⁾

Historical PER based on the Invitation Price and the historical EPS for FY2020	10.74 times
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Historical PER based on the Invitation Price and the historical EPS for FY2020, assuming that the Service Agreements had been in place from the beginning of FY2020	10.88 times
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Net Operating Cash Flow⁽²⁾⁽³⁾

Historical net operating cash flow per Share based on the audited consolidated statements of cash flows of our Group for FY2020 and our Company's pre-Invitation issued share capital of 108,974,784 Shares	2.15 cents
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Historical net operating cash flow per Share based on the audited consolidated statements of cash flows of our Group for FY2020 and on our Company's pre-Invitation issued share capital of 108,974,784 Shares, assuming that the Service Agreements had been in place from the beginning of FY2020	2.12 cents
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INVITATION STATISTICS

Invitation Price to Net Operating Cash Flow Ratio⁽²⁾⁽³⁾

Invitation Price to historical net operating cash flow per Share for FY2020 based on the pre-Invitation issued share capital of 108,974,784 Shares 12.09 times

Invitation Price to historical net operating cash flow per Share for FY2020 based on the pre-Invitation issued share capital of 108,974,784 Shares, assuming that the Service Agreements had been in place from the beginning of FY2020 12.26 times

Market Capitalisation

Market capitalisation based on the Invitation Price and our Company's post-Invitation issued share capital of 147,474,784 Shares S\$38.3 million

Notes:

- (1) Based on an exchange rate of S\$1: MYR3.077, being the closing exchange rate as at 30 September 2021.
- (2) Based on an exchange rate of S\$1: MYR3.048, being the average exchange rate for FY2020.
- (3) Net operating cash flow refers to the net cash flows from operating activities.

USE OF PROCEEDS AND LISTING EXPENSES

Based on the Invitation Price of S\$0.26 for each Invitation Share, the gross proceeds from the Invitation will be approximately S\$10.0 million. The estimated net proceeds to be raised from the Invitation, after deducting the aggregate estimated expenses in relation to the Invitation of approximately S\$2.0 million, will be approximately S\$8.0 million.

USE OF PROCEEDS

We intend to utilise the gross proceeds from the Invitation in the following manner:

Use of proceeds	Amount in aggregate (S\$'000) ⁽¹⁾	Estimated amount allocated for each dollar of the gross proceeds from the Invitation (cents) ⁽¹⁾
Acquisition of an off-site storage plant including the land on which it is situated, for geographical business expansion	3,863	38.6
Capital investment in facilities, plants, machineries and/or equipment to enhance production efficiency and capacities	2,244	22.4
Expansion of our business through, <i>inter alia</i> , investments, mergers and acquisitions, joint ventures and/or strategic collaboration	1,169	11.7
General working capital purposes	741	7.4
Net proceeds from the Invitation	8,017	80.1
Listing expenses to be borne by our Company⁽²⁾	1,993	19.9
Gross proceeds from the Invitation	10,010	100.0

Notes:

(1) Figures may not add up due to rounding.

(2) Approximately S\$0.7 million of the total estimated listing expenses will be capitalised against share capital and the balance of approximately S\$1.3 million will be charged to our Group's statement of comprehensive income.

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 future plans. Save as disclosed in this section and the section entitled “General Information on our Group – Business Strategies and Future Plans” of this Offer Document, we do not intend to use the net proceeds from the Invitation to acquire or refinance the acquisition of any asset, business or entity, and as at the Latest Practicable Date, we have not identified any asset, business or entity to acquire or refinance.

USE OF PROCEEDS AND LISTING EXPENSES

As at the Latest Practicable Date, we have identified a parcel of land on which an off-site storage plant in Central Peninsular Malaysia is situated for acquisition, as part of our business expansion plans. No definitive agreement has been entered into for the sale and purchase of such land. We have allocated approximately S\$3.9 million (equivalent to approximately MYR12.0 million) of the net proceeds raised from the Invitation for (i) the proposed acquisition of such off-site storage plant in Central Peninsular Malaysia, which includes the acquisition of the land on which such off-site storage plant is situated; (ii) the EIA to be conducted; and (iii) modification works to such off-site storage plant, if required, based on the EIA findings. No amount has been incurred by our Group for the aforementioned matter as at the Latest Practicable Date.

As at the Latest Practicable Date, we have identified various plants, machineries and equipment which we intend to acquire as part of our plans to enhance production efficiency and capacities. In particular, we are looking to acquire, amongst others, a rotary system and air pollution system to enhance our capacity to treat high organic content waste, as well as several machineries such as a solid mixer, magnetic separator, crusher, conveyer and X-ray fluorescence analyser machine to process waste residue into alternative products which can be disposed of at a lower cost. The estimated completion date to acquire such assets is 1.5 years from Listing. In addition, we will also need to incur time and cost to clear and prepare a space in our plants to install these plants, machineries and equipment. We have allocated approximately S\$2.2 million (equivalent to approximately MYR6.9 million) for capital investment in facilities, plants, machineries and/or equipment as part of our plans, which shall be fully funded by the proceeds raised from the Invitation, internal sources of funds, and bank borrowings. No amount has been incurred by our Group for the aforementioned matter as at the Latest Practicable Date.

None of the proceeds raised from the Invitation will be used to discharge, reduce or retire any indebtedness of our Group.

Pending the deployment of the net proceeds from the Invitation as described above, the funds may be placed in short-term deposits with financial institutions, used to invest in money market instruments and/or used for our Group's working capital requirements, as our Directors may, in their absolute discretion, deem appropriate.

The foregoing represents our reasonable estimate of our allocation of the net proceeds from the Invitation based on our current plans and reasonable estimates regarding our anticipated expenditures. Actual expenditures may vary from these estimates and we may find it necessary or advisable to re-allocate the net proceeds from the Invitation within the categories described above or to use portions of the net proceeds from the Invitation for other purposes. Any change in the use of the net proceeds from the Invitation will be subject to the Catalist Rules and appropriate announcements will be made by our Company on the SGX-ST's website at <http://www.sgx.com>.

We will make periodic announcements on the use of the net proceeds from the Invitation as and when such proceeds are materially disbursed, and provide a status report on the use of such proceeds in our financial results announcements and annual reports.

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

USE OF PROCEEDS AND LISTING EXPENSES

LISTING EXPENSES

We estimate that the costs and expenses payable by us in connection with the Invitation and the application for Listing, including placement commissions and all other incidental expenses relating to the Invitation, will be approximately S\$2.0 million.

A breakdown of these estimated expenses is as follows:

Expenses to be borne by our Company ⁽¹⁾	Estimated amount (S\$'000) ⁽²⁾	As a percentage of the gross proceeds from the Invitation ⁽²⁾
Listing and application fees	41	0.4%
Professional fees ⁽³⁾	1,407	14.1%
Placement commission ⁽⁴⁾	300	3.0%
Miscellaneous expenses	245	2.4%
Total	1,993	19.9%

Notes:

- (1) Approximately S\$0.7 million of the total estimated listing expenses will be capitalised against share capital and the balance of approximately S\$1.3 million will be charged to our Group's statement of comprehensive income.
- (2) Figures may not add up due to rounding.
- (3) The professional fees refer to the cash expenses incurred by our Company in connection with the Listing and the Invitation and includes, amongst others, the estimated audit and legal fees, fees for the Issue Manager and Full Sponsor and fees for the Introducer, which comprises a service fee of 1.0% of the aggregate Invitation Price (and the prevailing GST thereon, if applicable) and 1.0% of the aggregate Invitation Price raised from investors introduced by the Introducer, payable in cash to the Introducer as consideration for services rendered.
- (4) The amount of underwriting and placement commission per Invitation Share, agreed upon between the Underwriter and Placement Agent and our Company is 3.0% of the Invitation Price payable for each Invitation Share, subject to a minimum fee of S\$280,000. Please refer to the section entitled "General and Statutory Information – Management, Underwriting and Placement Arrangements" of this Offer Document for further details.

DIVIDEND POLICY

Our Company has not declared or paid any dividends since its incorporation on 18 October 2021, and save as disclosed below, our subsidiaries have not declared or paid any dividends in the Period Under Review and the period from 1 October 2021 up to the Latest Practicable Date.

On 19 March 2021, our subsidiary, TS Heuls, declared a single-tier dividend of MYR4.0 million, in respect of FY2021 at RM80.00 per share, which was paid on 19 March 2021.

We currently do not have a fixed dividend policy. The form, frequency and amount of future dividends on our Shares that our Directors may recommend or declare will depend on, among others:

- (i) our level of cash and retained earnings;
- (ii) our actual and projected financial performance;
- (iii) our actual and future operations and liquidity positions;
- (iv) our projected levels of capital expenditure and expansion plans;
- (v) our working capital requirements and general financial condition;
- (vi) our capital requirements, cash flow, and future cash requirements and availability;
- (vii) restrictions on payment of dividends imposed on us by our financing arrangements (if any) and other contractual restrictions binding on us;
- (viii) the general economic and business conditions in countries in which we operate; and
- (ix) such other factors as our Directors may, in their absolute discretion, deem appropriate,

(the “**Dividend Factors**”). Therefore, 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.

In addition, our Company is a holding company and depends on the receipt of dividends and other distributions from our subsidiaries to pay the dividends on our Shares.

No inference should or can be made from any of the foregoing statements as to our actual profitability or our ability to pay dividends in the future or any of the periods discussed.

Subject to the Companies Act and our Constitution, our Company may declare an annual dividend subject to the approval of our Shareholders in a general meeting, but no dividend or distribution shall be declared in excess of the amount recommended by our Directors. Subject to the Companies Act and our Constitution, our Directors may also from time to time declare an interim dividend without the approval of our Shareholders. Our Company must pay all dividends out of our profits.

All dividends are paid *pro-rata* among the Shareholders in proportion to the amount paid up on each Shareholder’s Shares, unless the rights attaching to an issue of any Share provide otherwise. Notwithstanding the foregoing, the payment by our Company 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 our Company from any liability to that Shareholder in respect of that payment.

DIVIDEND POLICY

Subject to the above, our Directors intend to recommend and distribute dividends of:

- (a) not less than 25% of our Group's NPAT for FY2022;
 - (b) not less than 25% of our Group's NPAT for FY2023; and
 - (c) not less than 25% of our Group's NPAT for FY2024,
- (the "**Proposed Dividends**").

However, investors should note that all foregoing statements, including 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 varied or totally withdrawn in our Directors' sole and absolute discretion. Investors should not treat the Proposed Dividends as an indication of our Group's future dividend policy. The amount of dividends declared and paid by us should not be taken as an indication of the dividends payable in the future. No inference should or can be made from any of the foregoing statements as to our actual profitability or our ability to pay dividends in the future or any of the periods discussed. The form, frequency and amount of future dividends will depend on the Dividend Factors. Any dividends declared will be disclosed in our Company's financial results announcement as required under Appendix 7C of the Catalist Rules.

For information relating to taxes payable on dividends, please refer to the section entitled "Taxation" of this Offer Document.

SHARE CAPITAL

Our Company (Company Registration Number: 202136285K) was incorporated in Singapore on 18 October 2021 under the Companies Act as a private company limited by shares under the name of “5E Resources Pte. Ltd.”. On 25 March 2022, our Company changed its name to “5E Resources Limited” in connection with its conversion into a public company limited by shares.

Our issued and paid-up share capital as at the date of incorporation was S\$1 comprising 1 ordinary share. Our issued and paid-up share capital immediately after the completion of the Restructuring Exercise (including Share Split) was approximately S\$18,162,464 comprising 108,974,784 Shares. Please refer to the section entitled “Restructuring Exercise” of this Offer Document for further details on the Restructuring Exercise.

On 25 March 2022, our shareholders passed resolutions to approve, among others, the following:

- (a) the conversion of our Company into a public company limited by shares and the change of our name to “5E Resources Limited”;
- (b) the adoption of our Constitution;
- (c) the Share Split;
- (d) the allotment and issuance of the Invitation Shares, which are the subject of the Invitation, which when allotted, issued and fully paid-up, will rank *pari passu* in all respects with the existing issued and fully paid-up Shares;
- (e) the listing and quotation of all of our Shares that are already issued and the Invitation Shares to be allotted and issued pursuant to the Invitation, on Catalist;
- (f) that authority be and is hereby given to our Directors, pursuant to Section 161 of the Companies Act and by way of ordinary resolution in a general meeting, to:
 - (a) (i) issue Shares whether by way of rights, bonus or otherwise; and/or
 - (ii) make or grant offers, agreements or options (each an “**Instrument**” and collectively, “**Instruments**”) that might or would require Shares to be issued during the continuance of this authority or thereafter, including but not limited to the creation and issue of (as well as adjustments to) options, warrants, debentures, convertible securities or other instruments convertible into Shares; and/or
 - (iii) notwithstanding that such authority may have ceased to be in force at the time that Instruments are to be issued, issue additional Instruments arising from adjustments made to the number of Instruments previously issued in the event of rights, bonus or other capitalisation issues,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; and
- (b) issue Shares in pursuance of any Instrument made or granted by our Directors pursuant to (a)(ii) and/or (a)(iii) above, while such authority was in force (notwithstanding that such issue of Shares pursuant to the Instruments may occur after the expiration of the authority contained in this resolution),

SHARE CAPITAL

provided that:

- (1) the aggregate number of Shares to be issued pursuant to such authority (including Shares to be issued in pursuance of Instruments made or granted pursuant to this authority but excluding Shares which may be issued pursuant to any adjustments (“**Adjustments**”) effected under any relevant Instrument, which Adjustments shall be made in compliance 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 for the time being of our Company), does not exceed 100.0% of the post-Invitation total number of issued Shares (excluding treasury shares and subsidiary holdings) immediately after the completion of the Invitation, and provided further that the aggregate number of Shares to be issued other than on a *pro rata* basis to Shareholders (including Shares to be issued in pursuance of Instruments made or granted pursuant to such authority but excluding Shares which may be issued pursuant to Adjustments effected under any relevant Instrument) shall not exceed 50.0% of the post-Invitation total number of issued Shares (excluding treasury shares and subsidiary holdings) immediately after the completion of the Invitation;
- (2) (subject to such manner of calculation as may be prescribed by the SGX-ST) for the purpose of determining the aggregate number of Shares (including Shares to be issued pursuant to the Instruments) that may be issued under sub-paragraph (1) above, the percentage of Shares that may be issued shall be based on the post-Invitation total number of issued Shares (excluding treasury shares and subsidiary holdings) immediately after the completion of the Invitation, after adjusting for:
 - (a) new Shares arising from the conversion or exercise of the Instruments or any convertible securities which were issued and outstanding or subsisting at the time of the passing of the resolution approving this authority;
 - (b) new Shares arising from exercising share options or vesting of share awards which were issued and outstanding or subsisting at the time of the passing of the resolution approving this authority, provided the options or awards were granted in compliance with Part VIII of Chapter 8 of the Catalist Rules; and
 - (c) any subsequent bonus issue, consolidation or subdivision 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 for the time being; and
- (4) unless revoked or varied by our Company in general meeting by ordinary resolution, the authority so conferred 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 the earlier.

SHARE CAPITAL

As at the Latest Practicable Date, there is only one (1) class of shares in the capital of our Company, being the Shares. The rights and privileges attached to our Shares are stated in our Constitution. Please see Appendix D of this Offer Document entitled “Selected Extracts of our Constitution” for details. There is no restriction on the transfer of fully-paid Shares in scripless form, except where required by law or the Catalist Rules.

As at the date of this Offer Document, the issued and paid-up share capital of our Company is S\$18,162,464 comprising 108,974,784 Shares. Upon the allotment and issuance of the Invitation Shares, the resultant issued and paid-up share capital of our Company will be increased to S\$28,172,464 comprising 147,474,784 Shares.

No person has, or has the right to be given, an option to subscribe for or purchase any securities or securities-based derivatives contracts of our Company and/or our subsidiaries. As at the Latest Practicable Date, no option to subscribe for Shares in our Company has been granted to, or was exercised by, any of our Directors or Executive Officers.

Details of the changes in the issued and paid-up share capital of our Company since incorporation and the resultant issued and paid-up share capital of our Company immediately after the completion of the Invitation are set out below:

	Number of Issued Shares	Resultant issued and paid-up share capital (S\$)
Issued and fully paid-up Shares as at incorporation	1	1
Issue of new Shares pursuant to the Restructuring Exercise	18,162,463	18,162,464
Issued and fully paid-up Shares immediately after the Restructuring Exercise (including Share Split) ⁽¹⁾	108,974,784	18,162,464
Pre-Invitation issued and paid-up share capital	108,974,784	18,162,464
Invitation Shares issued pursuant to the Invitation	38,500,000	10,010,000 ⁽²⁾
Post-Invitation issued and paid-up share capital	147,474,784	28,172,464

Notes:

- (1) Please refer to the section entitled “Restructuring Exercise” of this Offer Document for further details.
- (2) Approximately S\$0.7 million of the total estimated listing expenses to be borne by our Company will be capitalised against share capital and the balance of the estimated listing expenses will be accounted for under our Group’s statement of comprehensive income.

SHARE CAPITAL

The issued and paid-up share capital of our Company (i) as at incorporation; (ii) after the Restructuring Exercise (including Share Split); and (iii) immediately after the Invitation, are set out below.

	As at the date of incorporation	After the Restructuring Exercise (including Share Split)	After the Invitation
Number of issued and paid-up Shares	1	108,974,784	147,474,784
Issued and paid-up capital (S\$)	1	18,162,464	27,506,052 ⁽¹⁾

(1) Assuming a set-off of our Company's estimated listing expenses of approximately S\$0.7 million against our share capital and approximately S\$1.3 million to be charged directly to our Group's statement of comprehensive income.

Save as set out in this section and the section entitled "Restructuring Exercise" of this Offer Document, there was no change in the issued and paid-up share capital of our Company and our subsidiaries within three (3) years preceding the Latest Practicable Date and the date of lodgement of this Offer Document.

Our Company

Date of Issue	Number of shares issued	Issue price	Purpose of issue	Resultant issued and paid-up share capital
18 October 2021	1	S\$1	Incorporation	S\$1 comprising 1 Share
22 March 2022	18,162,463	S\$1	Restructuring Exercise (excluding Share Split)	S\$18,162,464 comprising 18,162,464 Shares
25 March 2022	N/A	N/A	Share Split	S\$18,162,464 comprising 108,974,784 Shares

5E Holdings

Date of Issue	Number of shares issued	Issue price	Purpose of issue	Resultant issued and paid-up share capital
23 November 2020	1,000	MYR1	Incorporation	MYR1,000 comprising 1,000 ordinary shares
30 December 2020	1,000	MYR42,871.32	Restructuring Exercise	MYR42,872,322.10 comprising 2,000 ordinary shares

SHAREHOLDING AND OWNERSHIP STRUCTURE

SHAREHOLDING AND OWNERSHIP STRUCTURE

Our Directors and Substantial Shareholders and their respective shareholdings as of the Latest Practicable Date and immediately before the Invitation, and after the Invitation are summarised below:

	Before the Invitation				After the Invitation			
	Direct Interest		Deemed Interest		Direct Interest		Deemed Interest	
	Number of Shares	%	Number of Shares	%	Number of Shares	%	Number of Shares	%
Directors								
Loo Sok Ching ⁽¹⁾	39,339,900	36.10%	47,164,284	43.28%	39,339,900	26.68%	47,164,284	31.98%
Lim Te Hua	15,888,522	14.58%	—	—	15,888,522	10.77%	—	—
Shankar Narasingam	6,582,078	6.04%	—	—	6,582,078	4.46%	—	—
Wong Chee Meng Lawrence	—	—	—	—	—	—	—	—
Kam Chai Hong	—	—	—	—	—	—	—	—
Siow Chin How	—	—	—	—	—	—	—	—
Wang Han Lin	—	—	—	—	—	—	—	—
Substantial Shareholders (other than Directors)								
Ban Kim Wah ⁽¹⁾	16,901,988	15.51%	69,602,196	63.87%	16,901,988	11.46%	69,602,196	47.20%
Wong Kim Fatt ⁽¹⁾	30,262,296	27.77%	56,241,888	51.61%	30,262,296	20.52%	56,241,888	38.14%
Public Shareholders								
Other public shareholders	—	—	—	—	38,500,000	26.11%	—	—
TOTAL	108,974,784	100.0%			147,474,784	100.0%		

Note:

- (1) The businesses of our Group are under the common control of Loo Sok Ching, Wong Kim Fatt and Ban Kim Wah given the close family relationship of these Shareholders and these Shareholders have the collective power to govern the businesses of our Group prior to and throughout the Period Under Review and going forward. Loo Sok Ching, Wong Kim Fatt and Ban Kim Wah have entered into confirmation deeds dated 6 January 2022 (the “**Confirmation Deeds**”) to provide confirmation and acknowledgement of the arrangement that was existing prior to and throughout the Period Under Review. Pursuant to the Confirmation Deeds, each of Loo Sok Ching, Wong Kim Fatt and Ban Kim Wah confirmed and acknowledged that they were parties ‘acting in concert’ (within the meaning ascribed in the Take-over Code), and held their interests in 5E Resources and TS Heuls as a group of controlling shareholders and jointly exercising control or voting in all shareholders’ resolutions of 5E Resources and TS Heuls in a consistent and unanimous manner in respect of the management, development and operations of our Company prior to and throughout the Period Under Review. Pursuant to the Confirmation Deeds, Loo Sok Ching, Wong Kim Fatt and Ban Kim Wah further jointly and severally agree and undertake, *inter alia*, that for the entire duration when all of them are contemporaneously the owners of direct and/or indirect interests in the Shares, they agree and undertake to, and shall continue to, act as a group of controlling shareholders, consult each other with sufficient time and information to reach a consensus among themselves and vote in the same manner on matters which are the subject of any shareholders’ resolution to be passed at any shareholders’ meeting of our Company (including but not limited to commercial and other major decisions concerning our Company and its subsidiaries). Loo Sok Ching is the spouse and Ban Kim Wah is the younger brother of Wong Kim Fatt, respectively. Accordingly, pursuant to Section 7 of the Companies Act and Section 4 of the SFA, Loo Sok Ching, Wong Kim Fatt and Ban Kim Wah are deemed to have an interest in the Shares held by one another.

Save as disclosed above and in the section entitled “Directors, Management and Employees” of this Offer Document, there are no other relationships between our Directors, Executive Officers and Substantial Shareholders.

SHAREHOLDING AND OWNERSHIP STRUCTURE

The Shares held by our Directors and Substantial Shareholders do not carry different voting rights from the Invitation Shares which are the subject of the Invitation.

Our Directors are not aware of any arrangement, the operation of which may, at a subsequent date, result in a change in control of our Company.

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 the shares of another corporation or units of a business trust which has occurred between the date of incorporation of our Company to the Latest Practicable Date.

To the best of the knowledge of our Directors, save as disclosed above, our Company is not directly or indirectly owned or controlled, whether severally or jointly, by any other corporation, any government or other natural or legal person.

There are no Shares in our Company that are held by or on behalf of our Company or by the subsidiaries of our Company.

SIGNIFICANT CHANGES IN PERCENTAGE OF OWNERSHIP

Save as disclosed above and under the sections entitled “Share Capital” and “Restructuring Exercise” of this Offer Document, there has been no significant changes in the percentage of ownership of our Shares from the date of incorporation of our Company on 18 October 2021 up to the Latest Practicable Date.

MORATORIUM

Promoters

Under the Catalist Rules, (i) our Controlling Shareholders, namely, Loo Sok Ching, Wong Kim Fatt and Ban Kim Wah; and (ii) their Associates; and (iii) Executive Directors with an interest in five per cent. (5%) or more of the issued share capital of our Company excluding subsidiary holdings as at our Company’s date of admission to the Official List of Catalist, namely Loo Sok Ching and Lim Te Hua, will be deemed promoters of our Company.

SHAREHOLDING AND OWNERSHIP STRUCTURE

Name of Promoter	Nature of interest in Shares
Loo Sok Ching	<p>Our Chairman and Executive Director, Loo Sok Ching:</p> <p>(a) holds 39,339,900 Shares, representing approximately 26.7% of the issued share capital of our Company immediately after the Invitation; and</p> <p>(b) is the spouse of Wong Kim Fatt and sister-in-law of Ban Kim Wah. Accordingly, pursuant to Section 7 of the Companies Act and Section 4 of the SFA, Loo Sok Ching is deemed to have an interest in the 30,262,296 Shares held by Wong Kim Fatt and 16,901,988 Shares held by Ban Kim Wah, representing approximately 32.0% of the issued share capital of our Company immediately after the Invitation.</p> <p>Accordingly, Loo Sok Ching will be a Controlling Shareholder of our Company immediately after the Invitation.</p>
Lim Te Hua	<p>Our Executive Director and CEO, Lim Te Hua, holds 15,888,522 Shares, representing approximately 10.8% of the issued share capital of our Company immediately after the Invitation.</p> <p>Accordingly, Lim Te Hua will have an interest in five per cent. (5%) or more of the issued share capital of our Company excluding subsidiary holdings immediately after the Invitation.</p>
Ban Kim Wah	<p>Ban Kim Wah holds 16,901,988 Shares, representing approximately 11.5% of the issued share capital of our Company immediately after the Invitation.</p> <p>Ban Kim Wah is a sibling of Wong Kim Fatt and brother-in-law of Loo Sok Ching. Accordingly, pursuant to Section 7 of the Companies Act and Section 4 of the SFA, Ban Kim Wah is deemed to have an interest in the 30,262,296 Shares held by Wong Kim Fatt and 39,339,900 Shares held by Loo Sok Ching, representing approximately 47.2% of the issued share capital of our Company immediately after the Invitation.</p> <p>Accordingly, Ban Kim Wah will be a Controlling Shareholder of our Company immediately after the Invitation.</p>

SHAREHOLDING AND OWNERSHIP STRUCTURE

Name of Promoter	Nature of interest in Shares
Wong Kim Fatt	<p>Wong Kim Fatt:</p> <p>(a) holds 30,262,296 Shares, representing approximately 20.5% of the issued share capital of our Company immediately after the Invitation; and</p> <p>(b) is the spouse of Loo Sok Ching and sibling of Ban Kim Wah. Accordingly, pursuant to Section 7 of the Companies Act and Section 4 of the SFA, Wong Kim Fatt is deemed to have an interest in the 39,339,900 Shares held by Loo Sok Ching and 16,901,988 Shares held by Ban Kim Wah, representing approximately 38.1% of the issued share capital of our Company immediately after the Invitation.</p> <p>Accordingly, Wong Kim Fatt will be a Controlling Shareholder of our Company immediately after the Invitation.</p>

Ban Kim Wah, Loo Sok Ching, Lim Te Hua, Shankar Narasingam and Wong Kim Fatt

Our Executive Director and COO, Shankar Narasingam, holds 6,582,078 Shares, representing approximately 4.5% of the issued share capital of our Company immediately after the Invitation.

To demonstrate their commitment to our Group, our Executive Directors, Loo Sok Ching, Lim Te Hua and Shankar Narasingam, and our Controlling Shareholders, Wong Kim Fatt and Ban Kim Wah, have each undertaken to our Company, the Issue Manager and Full Sponsor, and the Underwriter and Placement Agent, for a period of six (6) months from the date of admission of our Company to the Official List of Catalist (“**Listing Date**”) (“**Initial Lock-Up Period**”):

- (a) not to sell, contract to sell, offer, realise, transfer, assign, grant any option or right to acquire, pledge, grant any security over, directly or indirectly, or otherwise dispose of or encumber any part of its/his/her equity interest in our Company immediately after the Invitation (adjusted for any bonus issue, subdivision or consolidation of shares, if applicable) (such Shares referred to below as the “**ListCo Lock-Up Shares**”);
- (b) not to enter into any transaction or other arrangement, in whole or in part, (including any swap, hedge or derivative transaction) with a similar economic effect to the foregoing, whether such transaction is to be settled by delivery of the ListCo Lock-Up Shares, in cash or otherwise;
- (c) not to deposit all of its/his/her effective interest in any ListCo Lock-Up Shares in any depository receipt facility;
- (d) not to enter into any transaction or other arrangement which is designed or which may reasonably be expected to result in any of the above; and
- (e) not to publicly announce any intention to do any of the above.

SHAREHOLDING AND OWNERSHIP STRUCTURE

Our Executive Directors, Loo Sok Ching, Lim Te Hua and Shankar Narasingam, our Controlling Shareholders, Wong Kim Fatt and Ban Kim Wah have each also undertaken to our Company, the Issue Manager and Full Sponsor and the Underwriter and Placement Agent that the above restrictions will apply in respect of its/his/her effective interest in 50.0% of the ListCo Lock-Up Shares during the period commencing from the day immediately following the Initial Lock-Up Period until the day falling 12 months after the Listing Date (both dates inclusive).

DILUTION

Dilution is the amount by which the Invitation Price to be paid by the subscribers of our Shares in this Invitation exceeds the NAV per Share of our Group immediately after the completion of the Invitation. Our NAV per Share as at 30 September 2021, before adjusting for the estimated net proceeds from the Invitation and based on our Company's pre-Invitation issued share capital of 108,974,784 Shares, was approximately 14.7 cents per Share.

Pursuant to the Invitation in respect of 38,500,000 Invitation Shares at the Invitation Price, our NAV per Share as at 30 September 2021, after adjusting for the estimated net proceeds from the Invitation, and based on our Company's post-Invitation issued and paid-up share capital of 147,474,784 Shares, would have been approximately 16.3 cents. This represents an immediate increase in NAV per Share of approximately 1.6 cents to our existing Shareholders and an immediate dilution in NAV per Share of approximately 9.7 cents, or approximately 37.3%, to our new public Shareholders.

The following table illustrates such dilution on a per Share basis:

	Cents
Invitation Price	26.0
NAV per Share based on our Company's pre-Invitation share capital of 108,974,784 Shares	14.7
Increase in NAV per Share attributable to existing Shareholders	1.6
NAV per Share after the allotment and issuance of the Invitation Shares and based on our Company's post-Invitation share capital of 147,474,784 Shares ⁽¹⁾	16.3
Dilution in NAV per Share to new public Shareholders	9.7
Dilution in NAV per Share to new public Shareholders as a percentage of the Invitation Price	37.3%

Note:

- (1) This does not take into account our actual financial performance after 30 September 2021. Depending on our actual financial results, our NAV per Share after the Invitation may be higher or lower than the above computed NAV per Share.

DILUTION

The following table summarises the total number of Shares that have been acquired by our existing Shareholders since the date of our incorporation, the total consideration paid by them and the average effective cash cost per Share to them and the public Shareholders who subscribe for the Invitation Shares at the Invitation Price pursuant to the Invitation:

	Number of Shares acquired by such Shareholder	Total consideration (S\$)	Average effective cash cost per Share (cents)
Directors			
Loo Sok Ching	39,339,900	6,556,650	16.7
Lim Te Hua	15,888,522	2,648,087	16.7
Shankar Narasingam	6,582,078	1,097,013	16.7
Wong Chee Meng Lawrence	—	—	—
Kam Chai Hong	—	—	—
Siow Chin How	—	—	—
Wang Han Lin	—	—	—
Substantial Shareholders (other than Directors)			
Ban Kim Wah	16,901,988	2,816,998	16.7
Wong Kim Fatt	30,262,296	5,043,716	16.7
New public shareholders			
Other public shareholders	38,500,000	10,010,000	26.0

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

RESTRUCTURING EXERCISE

In preparation for the Listing, our Group undertook the Restructuring Exercise to rationalise and streamline our Group's corporate structure, pursuant to which our Company became the holding company of our Group.

The details of our Restructuring Exercise are as follows:

(1) Incorporation of 5E Holdings

5E Holdings was incorporated in Malaysia on 23 November 2020. Each of Loo Sok Ching, Wong Kim Fatt, Ban Kim Wah, Lim Te Hua and Shankar Narasingam subscribed for an aggregate of 1,000 shares, then representing the entire issued share capital in 5E Holdings. After the subscriptions, 5E Holdings was owned by Loo Sok Ching, Wong Kim Fatt, Ban Kim Wah, Lim Te Hua and Shankar Narasingam as to 36.10%, 27.77%, 15.51%, 14.58% and 6.04% respectively. Loo Sok Ching, Lim Te Hua, Shankar Narasingam, Wong Chun Wei and Wong Ying Wei were appointed as directors of 5E Holdings on 23 November 2020.

(2) Acquisition of 5E Resources by 5E Holdings

On 9 December 2020, a share sale agreement was entered into between 5E Holdings as the purchaser and Loo Sok Ching, Wong Kim Fatt, Ban Kim Wah, Lim Te Hua and Shankar Narasingam as the vendors pursuant to which 5E Holdings acquired the entire issued share capital in 5E Resources held by the vendors at an aggregate consideration of MYR42,871,322.09, which was determined after arm's length negotiations with reference to the net asset value of 5E Resources as at 31 October 2020 and was settled by the allotment and issue of an aggregate of 1,000 shares in 5E Holdings to the vendors, being 361 shares, 277 shares, 155 shares, 146 shares and 61 shares to Loo Sok Ching, Wong Kim Fatt, Ban Kim Wah, Lim Te Hua and Shankar Narasingam respectively. Upon completion of the transfers on 30 December 2020, 5E Resources was wholly-owned by 5E Holdings while 5E Holdings was owned by Loo Sok Ching, Wong Kim Fatt, Ban Kim Wah, Lim Te Hua and Shankar Narasingam as to 36.10%, 27.77%, 15.51%, 14.58% and 6.04% respectively.

(3) Acquisition of TS Heuls by 5E Resources

On 18 December 2020, a share sale agreement (as supplemented by a letter of variation dated 3 March 2021) was entered into between 5E Resources as the purchaser and Wong Kim Fatt and Ban Kim Wah as the vendors, pursuant to which 5E Resources acquired the entire equity interest in TS Heuls at a cash consideration of MYR4,495,723. The consideration was determined after arm's length negotiation with reference to the net asset value of TS Heuls as at 31 October 2020. The consideration was funded by internal resources of 5E Resources. Upon completion of the acquisition on 30 December 2020, TS Heuls became wholly-owned by 5E Resources.

(4) Acquisition of PLO 83 Plant by 5E Resources

On 24 December 2020, a sale and purchase agreement was entered into between 5E Resources as the purchaser and Grandhill Property as the vendor pursuant to which 5E Resources acquired the land and building on which the PLO 83 Plant is located at a cash consideration of MYR3,700,000. The consideration was determined after arm's length negotiation with reference to the valuation of the PLO 83 Plant. Based on the valuation report prepared by an independent valuer on the PLO 83 Plant, the market value of the PLO 83 Plant was MYR3,700,000 as at 28 October 2020. In December 2020, our Group had paid Grandhill Property a sum of MYR370,000 as deposit and part payment towards the

RESTRUCTURING EXERCISE

purchase of the land and building on which the PLO 83 Plant is located. The balance of purchase consideration amounting to MYR3,330,000 had been paid on 8 December 2021. The consideration was funded by 5E Resources through its internal resources and bank borrowing.

The acquisition of the land and building on which the PLO 83 Plant is located was subject to the consent of the Johor State Authority and the consent was obtained in 9 November 2021. Completion of the acquisition of the land and building on which the PLO 83 Plant is located had occurred on 8 December 2021. Upon completion of the acquisition, the PLO 83 Plant became wholly-owned by 5E Resources.

(5) **Incorporation of our Company**

Our Company was incorporated on 18 October 2021 in Singapore under the Companies Act as a private company limited by shares. At incorporation, our Company had an issued and paid-up share capital of S\$1 comprising 1 Share, which was held by Loo Sok Ching.

(6) **Acquisition of 5E Holdings by our Company**

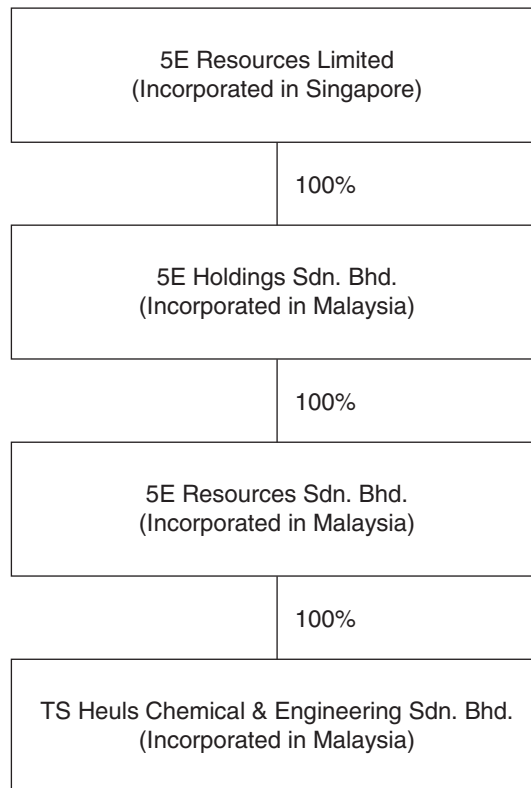
On 28 December 2021, a share sale agreement was entered into between our Company as the purchaser and 5E International Holdings Limited as the vendor, pursuant to which our Company acquired the entire issued share capital in 5E Holdings held by the vendor for a consideration of MYR55,885,900, which shall be satisfied by way of allotment and issuance of new Shares, credited as fully paid up, to 5E International Holdings Limited and/or its nominees. Such consideration was arrived at on a willing-buyer willing-seller basis, after taking into account, *inter alia*, the unaudited net tangible asset value of 5E Holdings of MYR55,885,900 as at 30 September 2021. Upon completion of the acquisition on 22 March 2022, 5E Holdings became a direct wholly-owned subsidiary of our Company.

(7) **Share Split**

On 25 March 2022, our Company effected a share split exercise which resulted in 1 Share being sub-divided into 6 Shares. Following the Share Split, our issued and paid-up share capital was S\$18,162,464 comprising 108,974,784 Shares.

GROUP STRUCTURE

Our Group structure after the Restructuring Exercise and as at the date of this Offer Document is as follows:



GROUP STRUCTURE

The details of our subsidiaries as at the date of this Offer Document are set out below:

Name of subsidiary	Date and place of incorporation	Principal place of business	Registered capital/Issued and paid-up capital	Effective equity interest held by our Group	Principal activities	Directors	Auditors
5E Holdings	23 November 2020/ Malaysia	PLO 738, Jalan Platinum Utama Zon 12B, Pasir Gudang Industrial Area, 81700 Johor Bahru, Johor	MYR42,872,322.10 comprising 2,000 ordinary shares	100%	Investment holding company	Lim Te Hua, Wong Ying Wei, Loo Sok Ching, Wong Chun Wei and Shankar Narasingam	PricewaterhouseCoopers PLT
5E Resources	26 July 2006/ Malaysia	PLO 738, Jalan Platinum Utama Zon 12B, Pasir Gudang Industrial Area, 81700 Johor Bahru, Johor	MYR1,080,370 comprising 1,080,370 ordinary shares	100%	Waste disposal management and the recycling of chemical products	Lim Te Hua, Shankar Narasingam, Wong Ying Wei and Loo Sok Ching	PricewaterhouseCoopers PLT
TS Heuls	10 July 1997/ Malaysia	26, Jalan Permas 9/13, Bandar Baru Permas Jaya, 81750, Masai Johor.	MYR 50,000 comprising 50,000 ordinary shares	100%	Trading of chemical products and maintaining water treatment plant	Lim Te Hua and Loo Sok Ching	PricewaterhouseCoopers PLT

Save as disclosed above, our Group does not have any other subsidiaries, subsidiary entities, associated companies or associated entities.

Save as disclosed in the section entitled “Shareholding and Ownership Structure” of this Offer Document, none of our Directors or Substantial Shareholders has any interest, whether direct or indirect, in our Group or any of our subsidiaries.

None of our Independent Directors sits on the boards of our subsidiaries.

Our subsidiaries are not listed on any stock exchange.

SELECTED CONSOLIDATED FINANCIAL INFORMATION

The following selected consolidated financial information should be read in conjunction with the full text of this Offer Document, including the section entitled “Management’s Discussion and Analysis of Results of Operations and Financial Position”, and the “Independent Auditors’ Report and Audited Consolidated Financial Statements of 5E Resources Limited and Its Subsidiaries for the Financial Years Ended 31 December 2018, 31 December 2019 and 31 December 2020”, and the “Independent Auditors’ Report and Audited Interim Consolidated Financial Statements of 5E Resources Limited and its Subsidiaries for the Financial Period From 1 January 2021 to 30 September 2021” as set out in Appendix A and Appendix B respectively of this Offer Document.

SELECTED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

(MYR'000)	FY2018	FY2019	Audited		
			FY2020	9M2020 (Unaudited)	9M2021
Revenue from contracts with customers	46,254	53,826	44,049	29,771	37,414
Cost of sales	(28,433)	(26,958)	(22,630)	(15,779)	(20,237)
Gross profit	17,821	26,868	21,419	13,992	17,177
Other income					
– Interest income	99	218	180	123	66
– Others	77	1	37	34	–
Other gains	10	59	57	56	23
Administrative expenses	(3,919)	(3,816)	(5,707)	(2,871)	(7,335)
Selling and distribution expenses	(3,794)	(7,374)	(4,445)	(3,193)	(2,530)
Finance Expenses	(1,040)	(427)	(229)	(130)	(134)
(Net impairment losses)/reversal of impairment losses on trade receivables	(39)	438	(11)	–	(211)
Profit before income tax	9,215	15,967	11,301	8,011	7,056
Income tax expense	(2,149)	(3,878)	(3,255)	(1,923)	(2,826)
Net profit and total comprehensive income for the financial year/period	7,066	12,089	8,046	6,088	4,230
Net profit and total comprehensive income for the financial year/period attributable to:					
– Owners of the Company	7,066	12,089	8,046	6,088	4,230
Pre-Invitation EPS (S\$ cents) ⁽¹⁾⁽²⁾	2.2	3.7	2.4	2.0	1.3
Post-Invitation EPS (S\$ cents) ⁽²⁾⁽³⁾	1.6	2.7	1.8	1.5	0.9

Notes:

- (1) For comparative purposes, the pre-Invitation EPS for the Period Under Review have been computed based on the net profit and total comprehensive income for the financial year/period and our Company’s pre-Invitation issued share capital of 108,974,784 Shares.
- (2) Based on exchange rates of S\$1: MYR2.993, S\$1: MYR3.038, S\$1: MYR3.048, S\$1: MYR2.744, S\$1: MYR3.085, being the average exchange rates for FY2018, FY2019, FY2020, 9M2020 and 9M2021 respectively.
- (3) For comparative purposes, the post-Invitation EPS for the Period Under Review have been computed based on the net profit and total comprehensive income for the financial year/period and our Company’s post-Invitation issued share capital of 147,474,784 Shares.

SELECTED CONSOLIDATED FINANCIAL INFORMATION

SELECTED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

(MYR'000)	Audited			
	As at 31 December 2018	As at 31 December 2019	As at 31 December 2020	As at 30 September 2021
Assets				
Current assets				
Cash and cash equivalents	4,568	6,757	16,845	16,348
Short term deposits	1,616	1,681	80	82
Financial assets at fair value through profit or loss	1,018	3,085	–	–
Trade and other receivables	9,502	8,016	9,536	9,695
Other current assets	667	81	1,019	772
Inventories	640	544	699	597
Total current assets	18,011	20,164	28,179	27,494
Non-current assets				
Property, plant and equipment	28,062	30,082	27,818	27,392
Right-of-use asset	4,102	6,090	5,494	5,557
Prepayment for purchase of property, plant and equipment	541	–	370	1,094
Total non-current assets	32,705	36,172	33,682	34,043
Total assets	50,716	56,336	61,861	61,537
Liabilities				
Current liabilities				
Trade and other payables	4,548	6,622	8,761	3,592
Contract liabilities	14	80	1,102	834
Current income tax liabilities	222	1,775	1,219	2,024
Borrowings	1,098	3,816	3,486	3,058
Lease liabilities	363	511	308	418
Total current liabilities	6,245	12,804	14,876	9,926
Non-current liabilities				
Borrowings	13,385	94	–	–
Lease liabilities	771	476	167	186
Deferred tax liabilities	869	1,427	1,731	2,108
Total non-current liabilities	15,025	1,997	1,898	2,294
Total liabilities	21,270	14,801	16,774	12,220
Net assets	29,446	41,535	45,087	49,317

SELECTED CONSOLIDATED FINANCIAL INFORMATION

(MYR'000)	Audited			
	As at 31 December 2018	As at 31 December 2019	As at 31 December 2020	As at 30 September 2021
Equity				
Capital and reserves attributable to owners of the Company				
Share capital	55,886	55,886	55,886	55,886
Reserves	(54,756)	(54,756)	(59,250)	(59,250)
Retained earnings	28,316	40,405	48,451	52,681
Total equity	29,446	41,535	45,087	49,317
NAV per share⁽¹⁾⁽²⁾ (S\$ cents)	8.9	12.5	13.6	14.7

Notes:

- (1) For comparative purposes, the NAV per Share is computed based on the net asset value and our Company's pre-Invitation issued share capital of 108,974,784 Shares.
- (2) Based on exchange rates of S\$1: MYR3.036, S\$1: MYR3.041, S\$1: MYR3.043 and S\$1: MYR3.077, being the closing exchange rates as at 31 December 2018, 2019, 2020 and 30 September 2021 respectively.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF RESULTS OF OPERATIONS AND FINANCIAL POSITION

The following discussion of our Group's results of operations and financial position for the Period Under Review has been prepared by our management and should be read in conjunction with the "Independent Auditors' Report and Audited Consolidated Financial Statements of 5E Resources Limited and its subsidiaries for the Financial Years Ended 31 December 2018, 31 December 2019, 31 December 2020" and "Independent Auditors' Report and Audited Interim Consolidated Financial Statements of 5E Resources Limited and its subsidiaries for the Financial Period from 1 January 2021 to 30 September 2021" as set out in Appendices A and B to this Offer Document, respectively, and the related notes elsewhere in this Offer Document.

This discussion contains forward-looking statements that involve risks and uncertainties. Our Group's actual results may differ significantly from those projected in the forward-looking statements. Factors that may 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 section entitled "Risk Factors" 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 Issue Manager and Full Sponsor, the Underwriter and Placement Agent or any other person. Investors are cautioned not to place undue reliance on these forward-looking statements which speak only as of the date hereof. Please refer to the section entitled "Cautionary Note on Forward-Looking Statements" of this Offer Document for further details.

OVERVIEW

Based in Johor, we are one of the leading scheduled waste management services providers in Malaysia focusing on the collection, transportation and treatment of scheduled waste. Leveraging on our experience and expertise along the value chain of the scheduled waste management industry, we are also engaged in the sale of recovered and recycled products generated from our scheduled waste treatment processes, and trading of chemicals which can be used for waste treatment and in manufacturing industries.

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

Revenue

We derive our revenue primarily from scheduled waste management services, sale of recovered and recycled products and chemical trading. Our operations are in Malaysia and substantially all our revenue was generated within Malaysia during the Period Under Review.

For our scheduled waste management services, we generally collect scheduled waste from our customers who are Waste Generators in Malaysia from time to time. Our customer base is mainly in the manufacturing, trading and services industries. We process the scheduled waste collected at our waste treatment plants and receive scheduled waste management fees from our customers in return. Revenue from scheduled waste management services is recognised over time when the performance obligations of services are satisfied. During the Period Under Review, revenue from scheduled waste management services was derived from regular and project-based assignments.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF RESULTS OF OPERATIONS AND FINANCIAL POSITION

Following the treatment of scheduled waste, if there are any recycled products or recovered products generated at the end of our scheduled waste treatment process, these products will be sold or retained for our use, while the waste residue generated will be transferred to DOE-approved third-party suppliers for further treatment and disposal at our cost. The recovered and recycled products we sold to our customers during the Period Under Review were mainly by-products generated from the processes involved in our provision of scheduled waste management services, where our scheduled waste treatment processes may extract valuable components and generate recycled products from the scheduled waste, and products generated from the treatment processes of the scheduled waste we purchase from Waste Generators. The majority of the scheduled waste which we process are collected from Waste Generators who engage us, by paying us a fee based on volume, to provide scheduled waste management services so as to discharge their duties under relevant laws and regulations. Revenue from sale of recovered and recycled products is recognised at a point in time when control of the products has been transferred to the customer.

Our Group possesses the licence to import, store and sell by wholesale certain types of chemicals, which can be used for waste treatment and in the manufacturing industry. During the Period Under Review, we sold a wide range of chemicals such as sulphuric acid, caustic soda and hydrochloric acid to customers in the manufacturing industry in the southern part of Malaysia. Revenue from chemical trading is recognised at a point in time when control of the goods has been transferred to the customer.

Our revenue amounted to approximately MYR46.3 million, MYR53.8 million, MYR44.0 million, MYR29.8 million and MYR37.4 million for FY2018, FY2019, FY2020, 9M2020 and 9M2021 respectively.

The breakdown of our revenue in 9M2020 and during the Period Under Review is set out below:

	FY2018		FY2019		FY2020		9M2020		9M2021	
	MYR'000	%	MYR'000	%	MYR'000	%	MYR'000	%	MYR'000	%
Scheduled waste management services	38,290	82.8	44,829	83.3	36,157	82.1	24,146	81.1	29,916	80.0
Sale of recovered and recycled products	5,773	12.5	7,352	13.7	6,673	15.1	4,735	15.9	6,513	17.4
Chemical trading	2,191	4.7	1,645	3.0	1,219	2.8	890	3.0	985	2.6
Total	46,254	100.0	53,826	100.0	44,049	100.0	29,771	100.0	37,414	100.0

No geographical information is presented herein as our Group's revenue is substantially generated within Malaysia.

We provide regular scheduled waste management services to our customers, where we generally collect scheduled waste from our customers who are Waste Generators in Malaysia from time to time and process the scheduled waste collected at our waste treatment plants. At specific requests of customers, we also provide project-based services, which are primarily on ad-hoc project basis to provide scheduled waste management services to areas affected by pollution incidents or designated areas which require scheduled waste management services (e.g., spillage handling, decontamination, and tank and sump pit cleaning) on an ad-hoc and/or urgent basis.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF RESULTS OF OPERATIONS AND FINANCIAL POSITION

The breakdown of our revenue from scheduled waste management services by regular and project-based services in 9M2020 and during the Period Under Review is set out below:

	FY2018		FY2019		FY2020		9M2020		9M2021	
	MYR'000	%	MYR'000	%	MYR'000	%	MYR'000	%	MYR'000	%
Regular	35,174	91.9	31,668	70.6	34,108	94.3	23,244	96.3	29,686	99.2
Project-based	3,116	8.1	13,161	29.4	2,049	5.7	902	3.7	230	0.8
Total	38,290	100.0	44,829	100.0	36,157	100.0	24,146	100.0	29,916	100.0

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

Our revenue is mainly dependent on, *inter alia*, the following factors:

- (a) our ability to obtain or maintain the approvals, permits, licences and certificates required for our operation;
- (b) additional requirements or restrictions on each of our Waste Codes which may limit our collection and processing of relevant scheduled wastes on a monthly basis;
- (c) our ability to retain our existing customers or attract new customers;
- (d) our ability to meet our customers' requirements and maintain good relationship with our customers;
- (e) our ability to maintain effective and quality control process;
- (f) our ability to continue to retain the services of our key management and operation personnel; and
- (g) other political, economic and social factors.

Please refer to the sections entitled “Risk Factors – Risks relating to our Industry and Business” and “Risk Factors – Risks relating to our Operations in Malaysia” of this Offer Document for other factors which may affect our revenue.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF RESULTS OF OPERATIONS AND FINANCIAL POSITION

Cost of sales

Cost of sales primarily comprises costs of direct labour, raw materials, sludge disposal, repair and maintenance, depreciation, consumables, transportation, utilities, fuel oil and petrol and others.

Our cost of sales amounted to approximately MYR28.4 million, MYR27.0 million, MYR22.6 million, MYR15.8 million and MYR20.2 million in FY2018, FY2019, FY2020, 9M2020 and 9M2021 respectively, which accounted for approximately 61.5%, 50.1%, 51.4%, 53.0% and 54.1% of our revenue in FY2018, FY2019, FY2020, 9M2020 and 9M2021 respectively.

The breakdown of our cost of sales in 9M2020 and during the Period Under Review is set out below:

	FY2018		FY2019		FY2020		9M2020		9M2021	
	MYR'000	%	MYR'000	%	MYR'000	%	MYR'000	%	MYR'000	%
Scheduled waste management services	24,564	86.4	23,748	88.1	19,483	86.1	12,294	77.9	15,756	77.9
Sale of recovered and recycled products	3,180	11.2	2,761	10.2	2,858	12.6	3,281	20.8	4,256	21.0
Chemical trading	689	2.4	449	1.7	289	1.3	204	1.3	225	1.1
Total	28,433	100.0	26,958	100.0	22,630	100.0	15,779	100.0	20,237	100.0

Our cost of sales in 9M2020 and during the Period Under Review comprise the following:

	FY2018		FY2019		FY2020		9M2020		9M2021	
	MYR'000	%	MYR'000	%	MYR'000	%	MYR'000	%	MYR'000	%
Direct labour	5,199	18.3	4,947	18.4	3,994	17.6	2,939	18.6	3,443	17.0
Raw materials	6,394	22.5	3,639	13.5	3,596	15.9	2,713	17.2	3,358	16.6
Sludge disposal ⁽¹⁾	813	2.9	3,206	11.9	2,273	10.0	1,307	8.3	3,885	19.2
Repair and maintenance	3,830	13.5	2,903	10.8	2,148	9.5	1,511	9.6	1,287	6.4
Utilities	1,755	6.2	1,814	6.7	1,643	7.3	1,208	7.7	1,134	5.6
Depreciation	2,757	9.7	2,467	9.2	2,733	12.1	2,050	13.0	1,706	8.4
Consumables	1,205	4.2	2,257	8.4	2,070	9.1	1,404	8.9	1,734	8.6
Transportation	1,587	5.6	1,905	7.1	1,531	6.8	1,032	6.5	1,226	6.1
Fuel oil and petrol	2,771	9.7	1,654	6.1	1,003	4.4	687	4.4	1,144	5.7
Others ⁽²⁾	2,122	7.5	2,166	8.0	1,639	7.2	928	5.9	1,320	6.5
Total	28,433	100.0	26,958	100.0	22,630	100.0	15,779	100.0	20,237	100.0

Notes:

(1) Sludge disposal is cost relating to the disposal of certain waste residue that we do not have the relevant machinery to further process, which we dispose to DOE-approved third-party suppliers for further treatment at our cost.

(2) Others include expenses incurred for safety equipment and security at our waste treatment plants.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF RESULTS OF OPERATIONS AND FINANCIAL POSITION

Our cost of sales is mainly dependent on, *inter alia*, the following factors:

- (a) fluctuation in direct labour costs;
- (b) our ability to obtain favourable pricing for our raw materials;
- (c) our ability to obtain favourable pricing from our sludge disposal contractor;
- (d) fluctuation in prices of fuel oil and petrol;
- (e) fluctuation in energy and utility costs;
- (f) our ability to achieve our production yield and efficiency; and
- (g) changes in government regulations and compliance costs applicable to the scheduled waste management industry.

Gross profit and gross profit margin

Gross profit is determined after deducting cost of sales incurred from our revenue. Accordingly, our gross profit amounted to approximately MYR17.8 million, MYR26.9 million, MYR21.4 million, MYR14.0 million and MYR17.2 million in FY2018, FY2019, FY2020, 9M2020 and 9M2021 respectively.

The breakdown of our gross profit in 9M2020 and during the Period Under Review is set out below:

	FY2018		FY2019		FY2020		9M2020		9M2021	
	MYR'000	%	MYR'000	%	MYR'000	%	MYR'000	%	MYR'000	%
Scheduled waste management services	13,726	77.0	21,081	78.5	16,674	77.9	11,852	84.7	14,160	82.4
Sale of recovered and recycled products	2,593	14.6	4,591	17.1	3,815	17.8	1,454	10.4	2,257	13.1
Chemical trading	1,502	8.4	1,196	4.4	930	4.3	686	4.9	760	4.4
Total	17,821	100.0	26,868	100.0	21,419	100.0	13,992	100.0	17,177	100.0

The breakdown of our gross profit margin in 9M2020 and during the Period Under Review is set out below:

	FY2018 %	FY2019 %	FY2020 %	9M2020 %	9M2021 %
Scheduled waste management services	35.8	47.0	46.1	49.1	47.3
Sale of recovered and recycled products	44.9	62.4	57.2	30.7	34.7
Chemical trading	68.6	72.7	76.3	77.1	77.2
Overall gross profit margin	38.5	49.9	48.6	47.0	45.9

MANAGEMENT'S DISCUSSION AND ANALYSIS OF RESULTS OF OPERATIONS AND FINANCIAL POSITION

Other income

Other income mainly comprise interest income.

Other income amounted to approximately MYR176,000, MYR219,000, MYR217,000, MYR157,000 and MYR66,000 in FY2018, FY2019, FY2020, 9M2020 and 9M2021 respectively.

The breakdown of our other income in 9M2020 and during the Period Under Review is set out below:

	FY2018		FY2019		FY2020		9M2020		9M2021	
	MYR'000	%	MYR'000	%	MYR'000	%	MYR'000	%	MYR'000	%
Interest income	99	56.3	218	99.5	180	82.9	123	78.3	66	100.0
Others ⁽¹⁾	77	43.8	1	0.5	37	17.1	34	21.7	–	–
Total	176	100.0	219	100.0	217	100.0	157	100.0	66	100.0

Note:

(1) Others include insurance claims and discounts on leases.

Other gains

Other gains mainly comprise gains on disposal of property, plant and equipment, gains on foreign exchange, fair value gains on financial assets at fair value through profit or loss. Fair value gains on financial assets at fair value through profit or loss represent our fair value gain on our investment in money market funds within Malaysia.

Other gains amounted to approximately MYR10,000, MYR59,000, MYR57,000, MYR56,000 and MYR23,000 in FY2018, FY2019, FY2020, 9M2020 and 9M2021 respectively.

The breakdown of our other gains in 9M2020 and during the Period Under Review is set out below:

	FY2018		FY2019		FY2020		9M2020		9M2021	
	MYR'000	%	MYR'000	%	MYR'000	%	MYR'000	%	MYR'000	%
Gains on disposal of property, plant and equipment	1	10.0	52	88.1	45	78.9	45	80.4	–	–
Currency exchange gain – net	4	40.0	1	1.7	12	21.1	11	19.6	23	100.0
Fair value gains on financial assets held at fair value through profit or loss	5	50.0	6	10.2	–	–	–	–	–	–
Total	10	100.0	59	100.0	57	100.0	56	100.0	23	100.0

MANAGEMENT'S DISCUSSION AND ANALYSIS OF RESULTS OF OPERATIONS AND FINANCIAL POSITION

Administrative expenses

Administrative expenses mainly comprise employee benefits such as directors and staff remuneration, salaries, bonuses and other benefits and welfare, depreciation expenses of our property, motor vehicles and office equipment as well as insurance expenses and office utilities used for all of our Group's business segments.

Our administrative expenses amounted to approximately MYR3.9 million, MYR3.8 million, MYR5.7 million, MYR2.9 million and MYR7.3 million in FY2018, FY2019, FY2020, 9M2020 and 9M2021 respectively.

The breakdown of our administrative expenses in 9M2020 and during the Period Under Review is set out below:

	FY2018		FY2019		FY2020		9M2020		9M2021	
	MYR'000	%	MYR'000	%	MYR'000	%	MYR'000	%	MYR'000	%
Staff cost	2,431	62.0	2,232	58.5	2,121	37.2	1,859	64.8	1,728	23.6
Listing expenses	—	—	—	—	2,242	39.3	—	—	4,570	62.3
Depreciation	164	4.2	507	13.3	582	10.2	386	13.4	377	5.1
Repairs and maintenance	62	1.6	194	5.1	94	1.6	83	2.9	30	0.4
Staff welfare expenses	133	3.4	132	3.4	52	0.9	47	1.6	16	0.2
Sales and service tax	48	1.2	113	3.0	72	1.3	52	1.8	12	0.2
Insurance expenses	91	2.3	57	1.5	79	1.4	77	2.7	59	0.8
Professional fees	154	3.9	54	1.4	49	0.8	53	1.8	30	0.4
Utilities	121	3.1	39	1.0	41	0.7	33	1.2	30	0.4
Others ⁽¹⁾	715	18.3	488	12.8	375	6.6	281	9.8	483	6.6
Total	3,919	100.0	3,816	100.0	5,707	100.0	2,871	100.0	7,335	100.0

Note:

(1) Others include audit fees, security fees, printing and stationery, postage and stamping, and other general expenses.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF RESULTS OF OPERATIONS AND FINANCIAL POSITION

Selling and distribution expenses

Selling and distribution expenses mainly comprise cost for our sales and marketing staff and marketing related expenses.

Our selling and distribution expenses amounted to approximately MYR3.8 million, MYR7.4 million, MYR4.4 million, MYR3.2 million and MYR2.5 million in FY2018, FY2019, FY2020, 9M2020 and 9M2021 respectively.

The breakdown of our selling and distribution expenses in 9M2020 and during the Period Under Review is set out below:

	FY2018		FY2019		FY2020		9M2020		9M2021	
	MYR'000	%	MYR'000	%	MYR'000	%	MYR'000	%	MYR'000	%
Staff cost and commission	3,691	97.3	7,312	99.2	4,363	98.2	3,144	98.5	2,486	98.3
Others ⁽¹⁾	103	2.7	62	0.8	82	1.8	49	1.5	44	1.7
Total	3,794	100.0	7,374	100.0	4,445	100.0	3,193	100.0	2,530	100.0

Note:

(1) Others include expenses incurred in connection with our marketing activities such as travelling, accommodation and entertainment expenses.

Finance expenses

Finance expenses comprise mainly interest expense on bank and other borrowings and lease liabilities.

Finance expenses amounted to approximately MYR1.0 million, MYR0.4 million, MYR0.2 million, MYR0.1 million and MYR0.1 million in FY2018, FY2019, FY2020, 9M2020 and 9M2021 respectively.

The breakdown of our finance expenses in 9M2020 and during the Period Under Review is set out below:

	FY2018		FY2019		FY2020		9M2020		9M2021	
	MYR'000	%	MYR'000	%	MYR'000	%	MYR'000	%	MYR'000	%
Interest expense on borrowings	948	91.2	335	78.5	148	64.6	68	52.3	74	55.2
Interest expense on lease liabilities	92	8.8	92	21.5	81	35.4	62	47.7	60	44.8
Total	1,040	100.0	427	100.0	229	100.0	130	100.0	134	100.0

MANAGEMENT'S DISCUSSION AND ANALYSIS OF RESULTS OF OPERATIONS AND FINANCIAL POSITION

Income tax expense

Income tax expense comprises current income tax and deferred income tax. We are mainly subject to the prevailing tax regulations of Malaysia. Under the Malaysia Income Tax Act 1967, corporate entities in Malaysia with a paid-up capital of MYR2,500,000 or less at the beginning of each basis period of the year of assessment ("YA") enjoy the following tax rates:

YA	Tax rate
YA 2018	18% on first MYR500,000
YA 2019	17% on first MYR500,000
YA 2020 and 2021	17% on first MYR600,000

Any subsequent chargeable income is taxed at 24%.

Our income tax expenses amounted to approximately MYR2.1 million, MYR3.9 million, MYR3.3 million, MYR1.9 million and MYR2.8 million for FY2018, FY2019, FY2020, 9M2020 and 9M2021 respectively. The effective tax rate was 23.3%, 24.3%, 28.8%, 24.0% and 40.1% in FY2018, FY2019, FY2020, 9M2020 and 9M2021 respectively.

The effective tax rate in FY2018 was slightly lower than the statutory tax rate due to the lower tax rate enjoyed for the first MYR500,000 of chargeable income.

The effective tax rate in FY2019 was slightly higher than the statutory tax rate due to higher expenses not deductible for tax purposes.

The effective tax rate in FY2020 was higher than the statutory tax rate due to one-off non-operating expenditure incurred for the previous listing exercise in Hong Kong, which was not deductible for tax purposes.

The effective tax rate in 9M2021 was higher than the statutory tax rate due to one-off non-operating expenditure incurred for the previous listing exercise in Hong Kong of approximately MYR4.1 million and for the current listing exercise of approximately MYR0.4 million, of which both were not deductible for tax purposes.

REVIEW OF PAST PERFORMANCE

FY2019 vs FY2018

Revenue

Our total revenue increased by approximately MYR7.5 million or 16.2% from approximately MYR46.3 million in FY2018 to approximately MYR53.8 million in FY2019. The increase was primarily due to an increase in revenue from our scheduled waste management services and sale of recovered and recycled products, partially offset by a decrease in chemical trading revenue.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF RESULTS OF OPERATIONS AND FINANCIAL POSITION

Our revenue generated from scheduled waste management services increased by approximately MYR6.5 million or 17.0% from approximately MYR38.3 million in FY2018 to approximately MYR44.8 million in FY2019, mainly attributable to the one-off projects which were completed in FY2019, namely Kim Kim River Project and Johor Port Project, which contributed a higher margin compared to other regular projects. These one-off projects, which contributed approximately MYR12.0 million to our revenue in FY2019, were a result of accidents or incidents which resulted in the discharge of toxic wastes into the public domain and therefore were time-sensitive and had to be remediated within a relatively short period of time. Excluding these one-off projects, revenue from scheduled waste management services had decreased from MYR38.3 million in FY2018 to MYR32.8 million in FY2019.

Our revenue generated from sale of recovered and recycled products increased by approximately MYR1.6 million or 27.6% from approximately MYR5.8 million in FY2018 to approximately MYR7.4 million in FY2019, primarily due to the overall increase in our scheduled waste management business activities, which resulted in the increase in volume of recycled chemicals sold.

Our revenue generated from chemical trading decreased by approximately MYR0.6 million or 27.3% from approximately MYR2.2 million in FY2018 to approximately MYR1.6 million in FY2019, mainly due to a decrease in demand for chemical products.

Cost of sales

Our cost of sales decreased by approximately MYR1.4 million or 4.9% from approximately MYR28.4 million in FY2018 to approximately MYR27.0 million in FY2019. The decrease was mainly due to the decrease in cost of sales attributable to our three (3) business segments.

Cost of sales attributable to scheduled waste management services decreased by approximately MYR0.9 million or 3.7% from approximately MYR24.6 million in FY2018 to approximately MYR23.7 million in FY2019, mainly due to the decrease in cost of raw materials, fuel oil and petrol consumed for the provision of our scheduled waste management services. The general decrease in cost of sales attributable to scheduled waste management services was also due to a decrease in revenue from scheduled waste management services from MYR38.3 million in FY2018 to MYR32.8 million in FY2019 (excluding the revenue attributable to the one-off projects which were completed in FY2019, namely Kim Kim River Project and Johor Port Project). Accordingly, cost of sales attributable to these one-off projects could not offset the general decrease in cost of sales attributable to scheduled waste management services, resulting in the overall decrease in cost of sales attributable to scheduled waste management services from FY2018 to FY2019.

Cost of sales attributable to sale of recovered and recycled products decreased by approximately MYR0.4 million or 12.5% from approximately MYR3.2 million in FY2018 to approximately MYR2.8 million in FY2019, mainly due to lower cost of purchase of waste.

Cost of sales attributable to chemical trading decreased by approximately MYR0.3 million or 42.9% from approximately MYR0.7 million in FY2018 to approximately MYR0.4 million in FY2019, in tandem with the decrease in revenue from chemical trading.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF RESULTS OF OPERATIONS AND FINANCIAL POSITION

Gross profit and gross profit margin

Our gross profit increased by approximately MYR9.1 million or 51.1% from approximately MYR17.8 million in FY2018 to approximately MYR26.9 million in FY2019. Our overall gross profit margin increased from approximately 38.5% in FY2018 to 49.9% in FY2019. The increase in gross profit was attributable to the increase in revenue and decrease in cost of sales.

Gross profit from scheduled waste management services increased by approximately MYR7.4 million or 54.0% from approximately MYR13.7 million in FY2018 to approximately MYR21.1 million in FY2019. The gross profit margin from scheduled waste management services increased from approximately 35.8% in FY2018 to approximately 47.0% in FY2019. The increase in gross profit and gross profit margin from scheduled waste management services was mainly attributable to contribution from the one-off projects, namely the Kim Kim River Project and Johor Port Project. These one-off projects were time-sensitive and had to be remediated within a relatively short period of time, and the overall costs incurred by our Group to complete these one-off projects were lower as our Group had utilised our existing resources for these one-off projects. Our Company had also proposed the fees for these one-off projects differently than the regular projects undertaken by our Group, taking into consideration, amongst others, time required to complete, the operational and reputational risks, as well as the specific types of wastes involved.

Gross profit from sale of recovered and recycled products increased by approximately MYR2.0 million or 76.9% from approximately MYR2.6 million in FY2018 to approximately MYR4.6 million in FY2019. The increase in gross profit was mainly attributable to the increase in revenue from sale of recovered and recycled products. The gross profit margin from sale of recovered and recycled products increased from approximately 44.9% in FY2018 to approximately 62.4% in FY2019, mainly due to lower cost of purchase of waste in FY2019.

Gross profit from chemical trading decreased by approximately MYR0.3 million or 20.0% from approximately MYR1.5 million in FY2018 to approximately MYR1.2 million in FY2019. The decrease in gross profit was mainly attributable to the decrease in revenue from chemical trading. The gross profit margin from chemical trading increased from approximately 68.6% in FY2018 to approximately 72.7% in FY2019, mainly due to lower cost of purchase of chemical products.

Other income

Other income increased by approximately MYR43,000 or 24.4% from approximately MYR176,000 in FY2018 to approximately MYR219,000 in FY2019, mainly due to higher interest income earned from short term deposits placed in FY2018.

Other gains

Other gains increased by approximately MYR49,000 or 490.0% from approximately MYR10,000 in FY2018 to approximately MYR59,000 in FY2019, mainly due to gain on disposal of property, plant and equipment in FY2019 relating to a motor vehicle.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF RESULTS OF OPERATIONS AND FINANCIAL POSITION

Administrative expenses

Our administrative expenses decreased by approximately MYR0.1 million or 2.6% from approximately MYR3.9 million in FY2018 to approximately MYR3.8 million in FY2019, mainly due to decrease in staff cost, repair and maintenance expense, professional fees, utilities and other expenses, partially offset by increase in depreciation expense.

Selling and distribution expenses

Our selling and distribution expenses increased by approximately MYR3.6 million or 94.7% from approximately MYR3.8 million in FY2018 to approximately MYR7.4 million in FY2019, mainly due to increase in staff cost and commission and in line with higher revenue achieved in FY2019.

Finance expenses

Our finance expenses decreased by approximately MYR0.6 million or 60.0% from approximately MYR1.0 million in FY2018 to approximately MYR0.4 million in FY2019, mainly due to the decrease in interest expense on borrowings as a result of early settlement for certain borrowings in FY2019.

Net impairment losses/reversal of impairment losses on trade receivables

In FY2019, we recognised a reversal of impairment losses on trade receivables of approximately MYR0.4 million, as compared to recognising approximately MYR39,000 of impairment losses in FY2018, due to improved collections from customers which resulted in a lower receivables balance as of year end, following a tighter credit control by our Company.

Income tax expense

Our income tax expense increased by approximately MYR1.8 million or 85.7% from approximately MYR2.1 million in FY2018 to approximately MYR3.9 million in FY2019, mainly due to higher profit before taxation. Our effective income tax rate increased marginally from approximately 23.3% in FY2018 to approximately 24.3% in FY2019, mainly due to higher non-deductible expenses incurred in FY2019.

Profit for the year

As a result of the foregoing, our profit after income tax increased by approximately MYR5.0 million or 70.4% from approximately MYR7.1 million in FY2018 to approximately MYR12.1 million in FY2019.

FY2020 vs FY2019

Revenue

Our total revenue decreased by approximately MYR9.8 million or 18.2% from approximately MYR53.8 million in FY2019 to approximately MYR44.0 million in FY2020. The decrease was mainly due to the decrease in revenue from our three (3) business segments.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF RESULTS OF OPERATIONS AND FINANCIAL POSITION

Our revenue generated from scheduled waste management services decreased by approximately MYR8.6 million or 19.2% from approximately MYR44.8 million in FY2019 to approximately MYR36.2 million in FY2020, mainly due to (i) the overall disruption in business activities in Malaysia caused by the outbreak of COVID-19 pandemic, which affected our Group's operations for a month due to the lock down measures implemented in the month of March 2020, and (ii) the absence of revenue from ad-hoc projects which contributed approximately MYR12.0 million to our revenue in FY2019.

Our revenue generated from sale of recovered and recycled products decreased by approximately MYR0.7 million or 9.5% from approximately MYR7.4 million in FY2019 to approximately MYR6.7 million in FY2020, mainly due the decrease in demand for recovered and recycled products as a result of the overall disruption in business activities in Malaysia as explained above.

Our revenue generated from chemical trading decreased by approximately MYR0.4 million or 25.0% from approximately MYR1.6 million in FY2019 to approximately MYR1.2 million in FY2020, mainly due to the decrease in demand for chemicals as a result of the overall disruption in business activities as explained above.

Cost of sales

Our cost of sales decreased by approximately MYR4.4 million or 16.3% from approximately MYR27.0 million in FY2019 to approximately MYR22.6 million in FY2020. The decrease was in line with the decrease in revenue across our three (3) business segments.

Cost of sales attributable to scheduled waste management services decreased by approximately MYR4.2 million or 17.7% from approximately MYR23.7 million in FY2019 to approximately MYR19.5 million in FY2020, mainly due to the decrease in direct labour cost, repair and maintenance, sludge disposal cost, fuel oil and petrol consumed for the provision of our scheduled waste management services.

Cost of sales attributable to sale of recovered and recycled products increased by approximately MYR0.1 million or 3.6% from approximately MYR2.8 million in FY2019 to approximately MYR2.9 million in FY2020, mainly due to higher cost of purchase of waste in this segment.

Cost of sales attributable to chemical trading decreased by approximately MYR0.1 million or 25.0% from approximately MYR0.4 million in FY2019 to approximately MYR0.3 million in FY2020, in tandem with the decrease in revenue from chemical trading.

Gross profit and gross profit margin

Our gross profit decreased by approximately MYR5.5 million or 20.4% from approximately MYR26.9 million in FY2019 to approximately MYR21.4 million in FY2020. Our overall gross profit margin decreased from approximately 49.9% in FY2019 to 48.6% in FY2020. The decrease in gross profit and gross profit margin was due to absence of one-off projects with higher gross profit margin in FY2020, partially offset by decrease in direct labour cost, repair and maintenance cost, sludge disposal cost, fuel oil and petrol consumed for the provision of our scheduled waste management service in FY2020 which resulted in a higher gross profit margin.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF RESULTS OF OPERATIONS AND FINANCIAL POSITION

Gross profit from scheduled waste management services decreased by approximately MYR4.4 million or 20.9% from approximately MYR21.1 million in FY2019 to approximately MYR16.7 million in FY2020. The decrease in gross profit from scheduled waste management services was in line with decrease in revenue from this segment. The gross profit margin from scheduled waste management services decreased from approximately 47.0% in FY2019 to approximately 46.1% in FY2020, mainly due to the absence of one-off projects with higher gross profit margin, partially offset by decrease in direct labour cost, repair and maintenance cost, sludge disposal cost, fuel oil and petrol consumed for the provision of our scheduled waste management service in FY2020 which resulted in a higher gross profit margin.

Gross profit from sale of recovered and recycled products decreased by approximately MYR0.8 million or 17.4% from approximately MYR4.6 million in FY2019 to approximately MYR3.8 million in FY2020. The decrease in gross profit was in line with the decrease in revenue from the sale of recovered and recycled products. The gross profit margin from sale of recovered and recycled products decreased from approximately 62.4% in FY2019 to approximately 57.2% in FY2020, mainly due to higher cost of purchase of waste.

Gross profit from chemical trading decreased by approximately MYR0.3 million or 25.0% from approximately MYR1.2 million in FY2019 to approximately MYR0.9 million in FY2020. The decrease in gross profit from chemical trading was in line with the decrease in revenue. The gross profit margin from chemical trading increased from approximately 72.7% in FY2019 to approximately 76.3% in FY2020, mainly due to lower cost of purchase of chemical products.

Other income

Other income decreased slightly by approximately MYR2,000 or 0.9% from approximately MYR219,000 in FY2019 to approximately MYR217,000 in FY2020, mainly due to a decrease in interest income from short term deposits and partially offset by rental concessions from lease of properties considering the COVID-19 pandemic.

Other gains

Other gains decreased slightly by approximately MYR2,000 or 3.4% from approximately MYR59,000 in FY2019 to approximately MYR57,000 in FY2020, mainly due to decrease in gain on disposal of property, plant and equipment in FY2020 and partially offset by increase in gain on foreign exchange.

Administrative expenses

Our administrative expenses increased by approximately MYR1.9 million or 50.0% from approximately MYR3.8 million in FY2019 to approximately MYR5.7 million in FY2020, mainly due to one-off and non-recurring professional fee expenses incurred in connection with our previous listing exercise in Hong Kong which amounted to approximately MYR2.2 million.

Selling and distribution expenses

Our selling and distribution expenses decreased by approximately MYR3.0 million or 40.5% from approximately MYR7.4 million in FY2019 to approximately MYR4.4 million in FY2020, mainly due to the decrease in staff cost and commission and in line with lower revenue achieved in FY2020.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF RESULTS OF OPERATIONS AND FINANCIAL POSITION

Finance expenses

Our finance expenses decreased by approximately MYR0.2 million or 50.0% from approximately MYR0.4 million in FY2019 to approximately MYR0.2 million in FY2020, mainly due to the decrease in interest expense on borrowings as a result of repayment of borrowings in FY2020.

Net impairment losses/reversal of impairment losses on trade receivables

In FY2020, we recognised an impairment loss on trade receivables of approximately MYR11,000 due to increase in gross carrying amount of trade receivables from approximately MYR7.7 million in FY2019 to approximately MYR9.3 million in FY2020, as compared to a reversal of impairment losses on trade receivables of approximately MYR0.4 million in FY2019 as explained above.

Income tax expense

Our income tax expense decreased by approximately MYR0.6 million or 15.4% from approximately MYR3.9 million in FY2019 to approximately MYR3.3 million in FY2020, primarily due to lower profit before taxation in FY2020. Our effective income tax rate increased from approximately 24.3% in FY2019 to approximately 28.8% in FY2020, mainly due to the one-off and non-recurring professional fee expenses incurred in connection with our previous listing exercise in Hong Kong, which are non-deductible for tax purpose.

Profit for the year

As a result of the foregoing, our profit after tax decreased by approximately MYR4.1 million or 33.9% from approximately MYR12.1 million in FY2019 to approximately MYR8.0 million in FY2020.

9M2021 vs 9M2020

Revenue

Our total revenue increased by approximately MYR7.6 million or 25.5% from approximately MYR29.8 million in 9M2020 to approximately MYR37.4 million in 9M2021. The increase was primarily due to the increase in revenue from our three (3) business segments.

Our revenue generated from scheduled waste management services increased by approximately MYR5.8 million or 24.1% from approximately MYR24.1 million in 9M2020 to approximately MYR29.9 million in 9M2021, primarily due to increase in demand for regular scheduled waste management services and easing of COVID-19 restrictions in Malaysia.

Our revenue generated from sale of recovered and recycled products increased by approximately MYR1.8 million or 38.3% from approximately MYR4.7 million in 9M2020 to approximately MYR6.5 million in 9M2021, primarily due to the overall increase in business activities as a result of the easing of COVID-19 restrictions in Malaysia, which increased the demand for recovered and recycled products.

Our revenue generated from chemical trading increased by approximately MYR0.1 million or 11.1% from approximately MYR0.9 million in 9M2020 to approximately MYR1.0 million in 9M2021, primarily due to increase in demand for chemicals from our existing customers.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF RESULTS OF OPERATIONS AND FINANCIAL POSITION

Cost of sales

Our cost of sales increased by approximately MYR4.4 million or 27.8% from approximately MYR15.8 million in 9M2020 to approximately MYR20.2 million in 9M2021. The increase was in line with the increase in revenue across our three (3) business segments.

Cost of sales attributable to scheduled waste management services increased by approximately MYR3.5 million or 28.5% from approximately MYR12.3 million in 9M2020 to approximately MYR15.8 million in 9M2021, mainly due to increase in revenue from scheduled waste management services, increase in sludge disposal cost, direct labour cost, fuel oil and petrol consumed for the provision of our scheduled waste management service in 9M2021.

Cost of sales attributable to sale of recovered and recycled products increased by approximately MYR1.0 million or 30.3% from approximately MYR3.3 million in 9M2020 to approximately MYR4.3 million in 9M2021, mainly due to increase in revenue from sale of recovered and recycled products and increase in the cost of purchase of waste. The increase in cost of sales from 9M2020 to 9M2021 was partially due to the increase in overall cost of waste purchased, in tandem with the increase in revenue from sale of recovered and recycled products. However, the increase in gross profit margin from sale of recovered and recycled products in 9M2021 was mainly due to lower average unit cost of wastes purchased (i.e. we had purchased wastes at relatively lower prices in 9M2021 compared to 9M2020).

Cost of sales attributable to chemical trading increased by approximately MYR21,000 or 10.3% from approximately MYR204,000 in 9M2020 to approximately MYR225,000 in 9M2021, mainly due to the increase in revenue from chemical trading and increase in cost of purchase of chemical products.

Gross profit and gross profit margin

Our gross profit increased by approximately MYR3.2 million or 22.9% from approximately MYR14.0 million in 9M2020 to approximately MYR17.2 million in 9M2021. Our overall gross profit margin decreased from approximately 47.0% in 9M2020 to 45.9% in 9M2021. The increase in gross profit was attributable to the increase in revenue while the decrease in gross profit margin was attributable to higher cost of sales such as direct labour, sludge disposal cost, fuel oil and petrol and others.

Gross profit from scheduled waste management services increased by approximately MYR2.3 million or 19.3% from approximately MYR11.9 million in 9M2020 to approximately MYR14.2 million in 9M2021. The increase in gross profit from scheduled waste management services was mainly attributable to increase in revenue. The gross profit margin from scheduled waste management services decreased from approximately 49.1% in 9M2020 to approximately 47.3% in 9M2021, mainly due to higher sludge disposal cost and other expenses.

Gross profit from sale of recovered and recycled products increased by approximately MYR0.8 million or 53.3% from approximately MYR1.5 million in 9M2020 to approximately MYR2.3 million in 9M2021. The increase in gross profit from sale of recovered and recycled products was mainly attributable to increase in revenue. The gross profit margin from sale of recovered and recycled products increased from approximately 30.7% in 9M2020 to approximately 34.7% in 9M2021, mainly due to lower cost of purchase of waste.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF RESULTS OF OPERATIONS AND FINANCIAL POSITION

Gross profit from chemical trading increased by approximately MYR0.1 million or 14.3% from approximately MYR0.7 million in 9M2020 to approximately MYR0.8 million in 9M2021. The gross profit margin from chemical trading remained relatively stable at approximately 77.1% and 77.2% in 9M2020 and 9M2021 respectively.

Other income

Other income decreased by approximately MYR91,000 or 58.0% from approximately MYR157,000 in 9M2020 to approximately MYR66,000 in 9M2021, mainly due to the lower short term deposit balance following the withdrawal of short term deposits in 9M2020 and absence of rental concessions from lease of properties recognised in 9M2020.

Other gains

Other gains decreased by approximately MYR33,000 or 58.9% from approximately MYR56,000 in 9M2020 to approximately MYR23,000 in 9M2021. In 9M2021, we did not recognise any gain on disposal of property, plant and equipment. However, we recognised an increase of approximately MYR12,000 in gain on foreign exchange in 9M2021 as compared to 9M2020.

Administrative expenses

Our administrative expenses increased by approximately MYR4.4 million or 151.7% from approximately MYR2.9 million in 9M2020 to approximately MYR7.3 million in 9M2021, primarily due to one-off and non-recurring professional fee expenses incurred in connection with our previous and current listing exercises.

Selling and distribution expenses

Our selling and distribution expenses decreased by approximately MYR0.7 million or 21.9% from approximately MYR3.2 million in 9M2020 to approximately MYR2.5 million in 9M2021, primarily due to the decrease in staff cost and commission in relation to our marketing activities.

Finance expenses

Our finance expenses remained relatively stable at approximately MYR130,000 and MYR134,000 in 9M2020 and 9M2021 respectively.

Net impairment losses/reversal of impairment losses on trade receivables

In 9M2021, we recognised an impairment loss on trade receivables of approximately MYR0.2 million due to the increase in gross carrying amount of trade receivables from MYR9.3 million in FY2020 to MYR9.6 million in 9M2021. No impairment losses or reversal of impairment losses on trade receivables were recognised in 9M2020.

Income tax expense

Our income tax expense increased by approximately MYR0.9 million or 47.4% from approximately MYR1.9 million in 9M2020 to approximately MYR2.8 million in 9M2021. Our effective income tax rate increased from approximately 24.0% in 9M2020 to approximately 40.1% in 9M2021, mainly due to one-off and non-recurring professional fee expenses incurred in connection with our previous and current listing exercises which are non-deductible for tax purpose.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF RESULTS OF OPERATIONS AND FINANCIAL POSITION

Profit for the year

As a result of the foregoing, our profit after income tax decreased by approximately MYR1.9 million or 31.1% from approximately MYR6.1 million in 9M2020 to approximately MYR4.2 million in 9M2021.

REVIEW OF FINANCIAL POSITION

As at 31 December 2020

Non-current assets

As at 31 December 2020, our non-current assets of approximately MYR33.7 million accounted for approximately 54.4% of our total assets. Our non-current assets comprise property, plant and equipment, right-of-use assets and prepayment for purchase of property, plant and equipment.

Property, plant and equipment as at 31 December 2020 amounted to approximately MYR27.8 million or 82.6% of our total non-current assets. Our property, plant and equipment comprise mainly buildings, plant and machinery, furniture and office equipment and motor vehicles.

Right-of-use assets as at 31 December 2020 amounted to approximately MYR5.5 million or 16.3% of our total non-current assets. Our right-of-use assets comprise mainly leasehold land, buildings and motor vehicles.

Prepayment for purchase of property, plant and equipment as at 31 December 2020 amounted to approximately MYR0.4 million or 1.1% of our total non-current assets. The prepayment refers to deposits paid to Grandhill Property for the acquisition of PLO 83 Plant, which was paid in cash using our Group's internal resources.

Current assets

As at 31 December 2020, our current assets of approximately MYR28.2 million accounted for approximately 45.6% of our total assets. Our current assets comprise cash and cash equivalents, short term deposits, trade and other receivables, other current assets and inventories.

Cash and cash equivalents as at 31 December 2020 amounted to approximately MYR16.8 million or 59.8% of our total current assets.

Short term deposits as at 31 December 2020 amounted to approximately MYR80,000 or 0.3% of our total current assets. Short term deposits comprise fixed deposits placed with licensed banks.

Trade and other receivables as at 31 December 2020 amounted to approximately MYR9.5 million or 33.8% of our total current assets. Our other receivables comprise mainly amount owing by non-related parties and related parties as well as deposits for rental, utilities and others.

Other current assets as at 31 December 2020 amounted to approximately MYR1.0 million or 3.6% of our total current assets. Our other current assets comprise mainly prepaid expenses and prepayment to suppliers.

Inventories as at 31 December 2020 amounted to approximately MYR0.7 million or 2.5% of our total current assets. Our inventories comprise mainly raw materials, finished goods, trading goods and machinery spare parts.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF RESULTS OF OPERATIONS AND FINANCIAL POSITION

Non-current liabilities

As at 31 December 2020, our non-current liabilities of approximately MYR1.9 million accounted for approximately 11.3% of our total liabilities. Our non-current liabilities comprise lease liabilities and deferred tax liabilities.

Lease liabilities as at 31 December 2020 amounted to approximately MYR0.2 million or 8.8% of our total non-current liabilities. Our lease liabilities comprise liabilities incurred by lease of property and motor vehicles.

Deferred tax liabilities as at 31 December 2020 amounted to approximately MYR1.7 million or 91.2% of our total non-current liabilities.

Current liabilities

As at 31 December 2020, our current liabilities of approximately MYR14.9 million accounted for approximately 88.7% of our total liabilities. Our current liabilities comprise trade and other payables, contract liabilities, current income tax liabilities, borrowings and lease liabilities.

Trade and other payables as at 31 December 2020 amounted to approximately MYR8.8 million or 58.9% of our total current liabilities. Our other payables comprise amount payable to shareholders of TS Heuls arising from the acquisition of TS Heuls by our subsidiary, 5E Resources, other payables to external parties, and accrual for salaries and expenses.

Contract liabilities as at 31 December 2020 amounted to approximately MYR1.1 million or 7.4% of our total current liabilities. Our contract liabilities comprise the deposits received from our customers before the performance obligation of services promised in the contract is satisfied.

Current income tax liabilities as at 31 December 2020 amounted to approximately MYR1.2 million or 8.2% of our total current liabilities.

Borrowings as at 31 December 2020 amounted to approximately MYR3.5 million or 23.4% of our total current liabilities. Our borrowings comprise loans from financial institutions to finance the purchase of machinery and property.

Lease liabilities as at 31 December 2020 amounted to approximately MYR0.3 million or 2.1% of our total current liabilities. Our lease liabilities comprise liabilities incurred by lease of property and motor vehicles.

Shareholders' equity

As at 31 December 2020, our shareholders' equity amounted to approximately MYR45.1 million comprising mainly share capital of MYR55.9 million, negative other reserves of approximately MYR59.3 million and retained earnings of approximately MYR48.5 million.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF RESULTS OF OPERATIONS AND FINANCIAL POSITION

As at 30 September 2021

Non-current assets

As at 30 September 2021, our non-current assets of approximately MYR34.0 million accounted for approximately 55.3% of our total assets. Our non-current assets comprise property, plant and equipment, right-of-use assets and prepayment for purchase of property, plant and equipment.

Property, plant and equipment as at 30 September 2021 amounted to approximately MYR27.4 million or 80.5% of our total non-current assets. Our property, plant and equipment comprise mainly buildings, plant and machinery, furniture and office equipment and motor vehicles.

Right-of-use assets as at 30 September 2021 amounted to approximately MYR5.6 million or 16.3% of our total non-current assets. Our right-of-use assets comprise mainly leasehold land, buildings and motor vehicles.

Prepayment for purchase of property, plant and equipment as at 30 September 2021 amounted to approximately MYR1.1 million or 3.2% of our total non-current assets. The prepayment refers mainly to deposits paid to Grandhill Property for the acquisition of PLO 83 Plant and for the purchase of new machineries, which was paid in cash using our Group's internal resources.

Current assets

As at 30 September 2021, our current assets of approximately MYR27.5 million accounted for approximately 44.7% of our total assets. Our current assets comprise cash and cash equivalents, short term deposits, trade and other receivables, other current assets and inventories.

Cash and cash equivalents as at 30 September 2021 amounted to approximately MYR16.3 million or 59.5% of our total current assets.

Short term deposits as at 30 September 2021 amounted to approximately MYR82,000 or 0.3% of our total current assets. Short term deposits comprise fixed deposits placed with licensed banks.

Trade and other receivables as at 30 September 2021 amounted to approximately MYR9.7 million or 35.3% of our total current assets. Our other receivables comprise mainly amount owing by non-related parties and deposits for rental, utilities and others.

Other current assets as at 31 December 2020 amounted to approximately MYR0.8 million or 2.8% of our total current assets. Our other current assets comprise mainly prepaid expenses and prepayment to suppliers.

Inventories as at 30 September 2021 amounted to approximately MYR0.6 million or 2.2% of our total current assets. Our inventories comprise mainly raw materials, finished goods, trading goods and machinery spare parts.

Non-current liabilities

As at 30 September 2021, our non-current liabilities of approximately MYR2.3 million accounted for approximately 18.8% of our total liabilities. Our non-current liabilities comprise lease liabilities and deferred tax liabilities.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF RESULTS OF OPERATIONS AND FINANCIAL POSITION

Lease liabilities as at 30 September 2021 amounted to approximately MYR0.2 million or 8.1% of our total non-current liabilities. Our lease liabilities comprise liabilities incurred by lease of property and motor vehicles.

Deferred tax liabilities as at 30 September 2021 amounted to approximately MYR2.1 million or 91.9% of our total non-current liabilities.

Current liabilities

As at 30 September 2021, our current liabilities of approximately MYR9.9 million accounted for approximately 81.2% of our total liabilities. Our current liabilities comprise trade and other payables, contract liabilities, current income tax liabilities, borrowings and lease liabilities.

Trade and other payables as at 30 September 2021 amounted to approximately MYR3.6 million or 36.2% of our total current liabilities. Our other payables comprise other payables to external and related parties and accrual for salaries and expenses.

Contract liabilities as at 30 September 2021 amounted to approximately MYR0.8 million or 8.4% of our total current liabilities. Our contract liabilities comprise the deposits received from our customers before the performance obligation of services promised in the contract is satisfied.

Current income tax liabilities as at 30 September 2021 amounted to approximately MYR2.0 million or 20.4% of our total current liabilities.

Borrowings as at 30 September 2021 amounted to approximately MYR3.1 million or 30.8% of our total current liabilities. Our borrowings comprise loans from financial institutions to finance the purchase of property.

Lease liabilities as at 30 September 2021 amounted to approximately MYR0.4 million or 4.2% of our total current liabilities. Our lease liabilities comprise liabilities incurred by lease of property and motor vehicles.

Shareholders' equity

As at 30 September 2021, our shareholders' equity amounted to approximately MYR49.3 million comprising mainly share capital of approximately MYR55.9 million, negative other reserves of approximately MYR59.3 million and retained earnings of approximately MYR52.7 million.

LIQUIDITY AND CAPITAL RESOURCES

Sources of Liquidity

As at the Latest Practicable Date, we have two (2) sources of cash categorised as internal and external sources. Internal sources refer to cash generated from our operating activities. External sources of funds comprise mainly borrowings from financial institutions, credit granted by suppliers and capital investment from shareholders. The principal uses of these cash sources are for capital expenditure, operating expenses such as rental, payroll and administrative expenses, as well as repayment of loan and bank borrowings.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF RESULTS OF OPERATIONS AND FINANCIAL POSITION

Our Group had cash and cash equivalents of approximately MYR4.6 million, MYR6.8 million, MYR16.8 million and MYR16.3 million as at 31 December 2018, 2019, 2020 and 30 September 2021 respectively. The net cash flow from operating activities of our Group were approximately MYR7.1 million and MYR6.8 million in FY2020 and 9M2021 respectively.

In assessing whether our Group has sufficient working capital for at least 12 months after the listing of our Company on the Catalist to meet our obligations as and when they fall due including our anticipated capital expenditure, our Directors have considered, *inter alia*, the following:

- (a) as at the Latest Practicable Date, our Group had cash and cash equivalents of approximately MYR25.6 million;
- (b) our Group had a positive working capital of approximately MYR13.3 million and MYR17.6 million as at 31 December 2020 and 30 September 2021 respectively;
- (c) our Group had a positive net cash flow from operating activities of approximately MYR7.1 million and MYR6.8 million for FY2020 and 9M2021 respectively;
- (d) as at the Latest Practicable Date, our Group had unutilised banking facilities of up to approximately MYR0.8 million;
- (e) the impact of COVID-19 pandemic on our Group's business and financials following our Listing; and
- (f) distribution of the Proposed Dividends.

Please refer to the sections entitled "Management's Discussion and Analysis of Results of Operations and Financial Position – Capital Expenditure, Divestments, Commitments and Contingent Liabilities", "Capitalisation and Indebtedness" and "General Information on our Group – Prospects" of this Offer Document for further details.

With regards to the proposed acquisition of the off-site storage plant in Central Peninsular Malaysia, as described in the section entitled "Use of Proceeds and Listing Expenses – Use of Proceeds" of this Offer Document, based on our experience and due diligence, we are of the view that the amount of time required to put such off-site storage plant into use is at least 21 months from the date of acquisition. Having considered that (i) as the main bulk of the cost, which relates to the acquisition of the off-site storage plant and the land which it sits on, will be incurred within 12 months from the Listing and will be fully funded by the proceeds raised from the Invitation, and (ii) the subsequent purchase of various plants, machineries and equipment, as described in the section entitled "Use of Proceeds and Listing Expenses – Use of Proceeds" of this Offer Document, will only occur at a later stage nearing the end of the 21-month period, our Directors are of the view that it is not necessary to take into account such related expenses to be funded with internal sources of funds and/or bank borrowings in arriving at the working capital sufficiency confirmation pursuant to Catalist Rules 407(2) and 407(3).

Taking into account the foregoing, our Directors are of the reasonable opinion that, after having made due and careful enquiry and after taking into account the cash flows generated from our operations, our Group's existing cash and cash equivalents, the working capital available to our Group as at the date of lodgement of this Offer Document is sufficient for present requirements and for at least 12 months after the listing of our Company on Catalist.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF RESULTS OF OPERATIONS AND FINANCIAL POSITION

Taking into account the foregoing, the Issue Manager and Full Sponsor is of the reasonable opinion that, after having made due and careful enquiry and after taking into account the cash flows generated from our Group's operations, our Group's existing cash and cash equivalents, the working capital available to our Group as at the date of lodgement of this Offer Document is sufficient for present requirements and for at least 12 months after the listing of our Company on the Catalist.

The following table sets out a summary of our Group's consolidated statements of cash flow for FY2018, FY2019, FY2020 and 9M2021.

(MYR'000)	FY2018	FY2019	FY2020	9M2021
	Audited			
Net cash generated from operating activities	11,074	22,108	7,132	6,786
Net cash (used in)/generated from investing activities	(2,682)	(8,336)	4,098	(6,359)
Net cash used in financing activities	(5,617)	(11,583)	(1,142)	(924)
Net increase/(decrease) in cash and cash equivalents at the end of the financial year/period	2,775	2,189	10,088	(497)
Cash and cash equivalents at the beginning of the financial year/period	1,793	4,568	6,757	16,845
Cash and cash equivalents at the end of the financial year/period	4,568	6,757	16,845	16,348

FY2018

In FY2018, we generated net cash flows from operating activities of approximately MYR11.1 million, which was a result of operating cash flow before working capital changes of approximately MYR13.0 million, adjusted for working capital outflows of approximately MYR0.8 million and income tax paid of approximately MYR1.1 million.

The net working capital outflow was mainly due to:

- (a) increase in inventories of approximately MYR90,000 as a result of slower processing of wastes which resulted in a higher inventory level as at the end of the financial year;
- (b) increase in trade and other receivables of approximately MYR0.3 million due to higher revenue for the financial year; and
- (c) decrease in trade and other payables of approximately MYR0.4 million due to more payments and settlements to suppliers and contractors during the financial year.

Net cash flows used in investing activities amounted to approximately MYR2.7 million, which was attributable to purchase of financial assets held at fair value through profit or loss of approximately MYR1.0 million, purchase of property, plant and equipment of approximately MYR1.3 million, conversion of cash into fixed short-term deposit of approximately MYR0.5 million, partially offset by interest received of approximately MYR32,000, proceeds from disposal of financial assets held

MANAGEMENT'S DISCUSSION AND ANALYSIS OF RESULTS OF OPERATIONS AND FINANCIAL POSITION

at fair value through profit or loss of approximately MYR10,000 and repayments from related parties of approximately MYR70,000.

Net cash flows used in financing activities amounted to approximately MYR5.6 million, which was attributable to interest payments on lease liabilities and borrowings of approximately MYR1.0 million, repayments of borrowings of approximately MYR4.1 million, repayment of lease liabilities of approximately MYR0.5 million, and repayments to related parties of approximately MYR16,000.

FY2019

In FY2019, we generated net cash flows from operating activities of approximately MYR22.1 million, which was a result of operating cash flow before working capital changes of approximately MYR19.1 million, adjusted for working capital inflows of approximately MYR4.8 million and income tax paid of approximately MYR1.8 million.

The net working capital inflow was mainly due to:

- (a) decrease in inventories of approximately MYR96,000 as a result of higher raw materials consumption and higher sale of chemical products during the financial year;
- (b) increase in trade and other payables of approximately MYR2.2 million, mainly due to higher materials purchase and sludge disposal cost during the financial year; and
- (c) decrease in trade and other receivables of approximately MYR2.5 million due to higher collection of receivables during the financial year.

Net cash flows used in investing activities amounted to approximately MYR8.3 million, which was attributable to purchase of financial assets held at fair value through profit or loss of approximately MYR2.1 million, purchase of property, plant and equipment of approximately MYR4.4 million, payment for land use right of approximately MYR2.2 million, partially offset by interest received of approximately MYR0.2 million, proceeds from disposal of property, plant and equipment of approximately MYR52,000 and repayments from related parties of approximately MYR0.1 million.

Net cash flows used in financing activities amounted to approximately MYR11.6 million, which was attributable to interest payments on lease liabilities and borrowings of approximately MYR0.4 million, repayments of borrowings of approximately MYR14.3 million, repayment of lease liabilities of approximately MYR0.5 million and repayments to related parties of approximately MYR43,000, partially offset by proceeds from drawdown of borrowings of approximately MYR3.7 million.

FY2020

In FY2020, we generated net cash flows from operating activities of approximately MYR7.1 million, which was a result of operating cash flow before working capital changes of approximately MYR14.6 million, adjusted for working capital outflows of approximately MYR3.9 million and income tax paid of approximately MYR3.5 million.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF RESULTS OF OPERATIONS AND FINANCIAL POSITION

The net working capital outflow was mainly due to:

- (a) increase in inventories of approximately MYR0.2 million as a result of lower raw materials consumption and higher recycled and chemical products as at the end of the financial year;
- (b) increase in trade and other receivables of approximately MYR2.5 million due to slower collection from customers during the financial year; and
- (c) decrease in trade and other payables of approximately MYR1.3 million due to more payments and settlements to suppliers and contractors during the financial year.

Net cash flows generated from investing activities amounted to approximately MYR4.1 million, which was attributable to proceeds from disposal of property, plant and equipment of approximately MYR45,000, proceeds from disposal of financial assets held at fair value through profit or loss of approximately MYR3.6 million, withdrawal of short-term deposits of approximately MYR1.6 million, interest received of approximately MYR0.2 million and repayments from related parties of approximately MYR11,000, partially offset by purchase of financial assets held at fair value through profit or loss of approximately MYR0.5 million and purchase of property, plant and equipment of approximately MYR0.8 million.

Net cash flows used in financing activities amounted to approximately MYR1.1 million, which was attributable to interest payments on lease liabilities and borrowings of approximately MYR0.2 million, repayments of borrowings of approximately MYR0.4 million, repayment of lease liabilities of approximately MYR0.5 million and repayment to related parties of approximately MYR14,000.

9M2021

In 9M2021, we generated net cash flows from operating activities of approximately MYR6.8 million, which was a result of operating cash flow before working capital changes of approximately MYR9.2 million, adjusted for working capital outflows of approximately MYR0.8 million and income tax paid of approximately MYR1.6 million.

The net working capital outflow was mainly due to:

- (a) decrease in inventories of approximately MYR0.1 million due to higher consumption of raw materials and higher sale of recycled products during the financial year;
- (b) decrease in trade and other receivables of approximately MYR69,000 due to due to higher collection of receivables during the financial year; and
- (c) decrease in trade and other payables of approximately MYR0.9 million due to more payments and settlements to suppliers and contractors during the financial year.

Net cash flows used in investing activities amounted to approximately MYR6.4 million, which was attributable to purchase of property, plant and equipment of approximately MYR1.9 million and payments to the shareholders of TS Heuls arising from the acquisition of TS Heuls by our subsidiary, 5E Resources, of approximately MYR4.5 million, partially offset by repayment from related parties of approximately MYR18,000 and interest received by approximately MYR63,000.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF RESULTS OF OPERATIONS AND FINANCIAL POSITION

Net cash flows used in financing activities amounted to approximately MYR0.9 million, which was attributable to interest payments on lease liabilities and borrowings of approximately MYR0.1 million, repayments of borrowings of approximately MYR0.4 million and repayment of lease liabilities of approximately MYR0.4 million, partially offset by advances from related parties of approximately MYR8,000.

SEASONALITY

We do not experience any seasonality in the demand for our services and products.

INFLATION

Our financial performance for the Period Under Review was not materially affected by inflation.

CAPITAL EXPENDITURE, DIVESTMENTS, COMMITMENTS AND CONTINGENT LIABILITIES

Capital Expenditure

The capital expenditures made by our Group during the Period Under Review and for the period from 1 October 2021 up to the Latest Practicable Date are as follows:

(MYR'000)	FY2018	FY2019	FY2020	9M2021	From 1 October 2021 to the Latest Practicable Date
Buildings	–	2,450	–	–	2,079
Plant and equipment	498	854	236	249	529
Motor vehicles	123	1,016	–	850	172
Office equipment, furniture and fittings	134	101	218	122	446
Total	755	4,421	454	1,221	3,226

The above capital expenditures were incurred in Malaysia where our Group operates and were primarily financed by internally generated resources and external bank financing. As at the Latest Practicable Date, we do not have any material expenditure on capital investment in progress.

Divestments

The divestments made by our Group during the Period Under Review and for the period from 1 October 2021 up to the Latest Practicable Date are as follows:

(MYR'000)	FY2018	FY2019	FY2020	9M2021	From 1 October 2021 to the Latest Practicable Date
Plant and equipment	– ⁽¹⁾	–	–	–	3
Motor vehicles	–	– ⁽³⁾	–	–	–
Office equipment, furniture and fittings	– ⁽²⁾	–	– ⁽⁴⁾	– ⁽⁵⁾	–
Total	–	–	–	–	3

MANAGEMENT'S DISCUSSION AND ANALYSIS OF RESULTS OF OPERATIONS AND FINANCIAL POSITION

Notes:

- (1) Our Group had disposed machinery with a net book value of approximately MYR560.
- (2) Our Group had disposed office equipment with a net book value of approximately MYR400.
- (3) Our Group had disposed motor vehicle with a net book value of approximately MYR1.
- (4) Our Group had disposed motor vehicle with a net book value of approximately MYR1.
- (5) Our Group had disposed motor vehicle with a net book value of approximately MYR1.

The above divestments were made in Malaysia where our Group operates. As at the Latest Practicable Date, we do not have any material divestment of capital investment in progress.

Capital Commitments

As at 30 September 2021 and the Latest Practicable Date, the capital commitments of our Group were as follows:

(MYR'000)	As at 30 September 2021	As at the Latest Practicable Date
Property, plant and equipment	2,960	–

The above capital commitments will be primarily financed by a combination of borrowings and internally generated resources.

Lease Commitments

With the adoption of SFRS(I) 16 Leases, the lease commitments of our Group are reflected in our financial statements and comprised leasehold land and premises and equipment.

As at 30 September 2021 and the Latest Practicable Date, the lease commitments our Group were as follows:

(MYR'000)	As at 30 September 2021	As at the Latest Practicable Date
Not later than one year	416	627
Later than one year but not later than five years	188	1,935
More than five years	–	8,798
	604	11,360

The increase in amount of lease commitments of our Group is due to a land which we lease for our Group's logistic, warehouse and operation facilities, with effect from 2 February 2022. Please refer to section entitled "General Information on our Group – Properties and Fixed Assets" for further details.

The above lease commitments were primarily financed by internally generated resources.

Please refer to the section entitled "General Information on our Group – Properties and Fixed Assets" of this Offer Document for further details.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF RESULTS OF OPERATIONS AND FINANCIAL POSITION

Contingent liabilities

As at the Latest Practicable Date, our Group has no contingent liabilities.

Subsequent events

On 9 November 2021, our Group acquired the land and building from our related party, Grandhill Property Sdn. Bhd. and the remaining consideration of approximately MYR3.0 million was paid on 8 December 2021.

On 22 March 2022, our Company acquired the entire issued share capital in 5E Holdings from 5E International Holdings Limited for a consideration of MYR55,885,900 by way of issue and allotment of new shares in our Company, credited as fully paid up, to 5E International Holdings Limited and/or its nominees.

FOREIGN EXCHANGE RISK MANAGEMENT

Accounting treatment of foreign currencies

Foreign currency transactions are translated into MYR/USD at rates of exchange approximating those prevailing at transaction dates. Foreign currency monetary assets and liabilities are translated at rates as at the balance sheet date. All profits and losses on exchange are dealt with through the income statement.

Foreign Exchange Exposure

The proportions of our revenue denominated in MYR and foreign currencies are as follows:

	FY2018	FY2019	FY2020	9M2020	9M2021
Percentage of revenue denominated in	(%)	(%)	(%)	(%)	(%)
MYR	100.0	100.0	99.8	100.0	100.0
USD	–	–	0.2 ⁽¹⁾	–	–
	100.0	100.0	100.0	100.0	100.0

Note:

- (1) One of our customers based in Japan purchased recycled and recovered products from us in FY2020 and the invoice was denominated in USD.

During the Period Under Review and as at the Latest Practicable Date, our purchases and expenses were denominated in MYR and accordingly, our Group does not have any exposure to foreign exchange risks for our purchases and expenses.

To the extent that our revenue, purchases and expenses are not naturally matched in the same currency and to the extent that there are timing differences between invoicing and collection/payment, we will be exposed to fluctuations of the various currencies against the MYR, which will adversely affect our earnings.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF RESULTS OF OPERATIONS AND FINANCIAL POSITION

Our net foreign exchange exposure for FY2018, FY2019, FY2020, 9M2020 and 9M2021 were as follows:

	FY2018	FY2019	FY2020	9M2020	9M2021
Net foreign exchange gain (MYR'000)	4	1	12	11	23
As a percentage of revenue (%)	0.01	0.00*	0.03	0.04	0.06
As a percentage of profit before tax (%)	0.04	0.01	0.11	0.14	0.33

* denotes less than 0.01%

At present, we do not have a formal policy for hedging against foreign exchange exposure. We will continue to monitor our foreign exchange exposure and may employ hedging instruments to manage our foreign exchange exposure should the need arise.

Should we enter into any hedging transaction in the future, such transaction shall be subject to the review of our Board. In addition, should we establish any formal hedging policy in the future, such policy shall be subject to the review and approval by our Board prior to implementation. Our Audit and Risk Committee will review periodically the hedging policies, all types of instruments used for hedging as well as the foreign exchange policies and practices of our Group.

SIGNIFICANT ACCOUNTING POLICY CHANGES

The consolidated financial statements of our Group have been prepared in accordance with Singapore Financial Reporting Standards (International) ("SFRS(I)s"). The consolidated financial statements have been prepared under the historical cost convention, as modified by the revaluation of financial assets and financial liabilities measured at fair value.

Our Group has adopted all applicable new and revised SFRS(I)s and interpretations of SFRS(I)s including SFRS(I) 9 Financial Instruments ("SFRS 9"), SFRS(I) 15 Revenue from Contracts with Customers ("SFRS 15") and SFRS(I) 16 Leases ("SFRS 16") using full retrospective approach with which the relevant accounting policies have been consistently applied to our Group's consolidated financial statements throughout the Period Under Review. We expect that the adoption of new or revised accounting standards issued but not yet effective for the Period Under Review will not have a material impact on our future financial statements. We do not expect to make changes to our accounting policies following our Listing, unless required in accordance with SFRS(I)s. Please refer to the section entitled "Summary of Significant Accounting Policies" in the "Independent Auditors' Report and Audited Consolidated Financial Statements of 5E Resources Limited and its subsidiaries for the Financial Years Ended 31 December 2018, 31 December 2019, 31 December 2020" and "Independent Auditors' Report and Audited Interim Consolidated Financial Statements of 5E Resources Limited and its subsidiaries for the Financial Period from 1 January 2021 to 30 September 2021" as set out in Appendix A and Appendix B of this Offer Document respectively for details on our Group's accounting policies.

CAPITALISATION AND INDEBTEDNESS

The following table, which should be read in conjunction with the full text of this Offer Document, including the sections entitled “Selected Consolidated Financial Information”, “Management’s Discussion and Analysis of Results of Operations and Financial Position”, and the “Independent Auditors’ Report And Audited Consolidated Financial Statements of 5E Resources Limited and its Subsidiaries for the Financial Years Ended 31 December 2018, 31 December 2019 and 31 December 2020” and the “Independent Auditors’ Report and Audited Interim Consolidated Financial Statements of 5E Resources Limited and its Subsidiaries for the Financial Period from 1 January 2021 to 30 September 2021” as set out in Appendix A and Appendix B respectively, of this Offer Document, shows the cash and cash equivalents as well as capitalisation and indebtedness of our Group as at 28 February 2022 on an actual basis and as adjusted to reflect the issuance of the Invitation Shares, and the application of net proceeds due to us from the Invitation in the manner described in the section entitled “Use of Proceeds and Listing Expenses” of this Offer Document.

(MYR’000)	As at 28 February 2022	As adjusted for the net proceeds from the Invitation
Cash and cash equivalents	23,580	48,409
Current indebtedness		
Secured and guaranteed	5,826	5,826
Secured and non-guaranteed	—	—
Unsecured and guaranteed	—	—
Unsecured and non-guaranteed	—	—
	5,826	5,826
Non-current indebtedness		
Secured and guaranteed	—	—
Secured and non-guaranteed	—	—
Unsecured and guaranteed	—	—
Unsecured and non-guaranteed	—	—
	—	—
Total indebtedness	5,826	5,826
Total shareholders’ equity and reserves	65,613	90,442
Total capitalisation and indebtedness	71,439	96,268

As at the Latest Practicable Date, save for (i) changes in working capital; and (ii) changes in our shareholders’ equity and reserves arising from day-to-day operations in the ordinary course of business, there were no material changes to our capitalisation and indebtedness as disclosed above.

CAPITALISATION AND INDEBTEDNESS

Credit Facilities

As at the Latest Practicable Date, our bank facilities (utilised and unutilised) were as follows:

Borrowing entity	Lending entity	Nature of facilities (Purpose)	Amount of facilities granted (MYR'000)	Amount of facilities drawn down (MYR'000)	Amount unutilised (MYR'000)	Amount outstanding as at 30 September 2021 (MYR'000)	Amount outstanding as at the Latest Practicable Date (MYR'000)	Interest rate per annum	Maturity profile	Salient terms and conditions
5E Resources	Public Bank Berhad	Overdraft facility of up to MYR0.3 million to partially finance the purchase of a vacant industrial land in Pasir Gudang, Johor and thereafter for working capital requirement ⁽¹⁾	300	-	300	-	-	1st year: Base Lending Rate+0.0% 2nd year onwards: Base Lending Rate+0.5%	Not applicable	During the tenor of the Banking Facility, the Borrower shall notify Bank of any change(s) in the constitution of the Borrower and/or Security Party. (Clause 15 of the Facility Agreement dated 10 December 2009) Save for the above, no salient terms in the Letter of Offer and Facility Agreement that will affect the proposed listing, nor any onerous terms nor restrictive terms that affect or impose restrictions on the payment of dividends, no negative pledge clauses and no clauses which make references to the specific shareholding interest of any controlling shareholder of the company.

CAPITALISATION AND INDEBTEDNESS

Borrowing entity	Lending entity	Nature of facilities (Purpose)	Amount of facilities granted (MYR'000)	Amount of facilities drawn down (MYR'000)	Amount unutilised (MYR'000)	Amount outstanding as at 30 September 2021 (MYR'000)	Amount outstanding as at the Latest Practicable Date (MYR'000)	Interest rate per annum	Maturity profile	Salient terms and conditions
5E Resources	Public Bank Berhad	Trade bills comprising letter of credit, trust receipts, bankers acceptance, shipping guarantee and bankers guarantee, of up to MYR0.5 million ⁽²⁾	500	-	500	-	-	Letter of credit: 0.1% per month (Minimum: MYR20) Trade receipt: 0.75%+Base Lending Rate at daily rests (Foreign bills) 1.00%+Base Lending Rate at daily rests (Local bills) Banker's Acceptance: (0.75% per annum commission plus discounting rate to be quoted by Treasury (Foreign bills), 1.00% per annum acceptance commission plus discounting rate to be quoted by Treasury (local bills) Shipping Guarantee: 0.15% flat under Public Bank Berhad's Letter of Credit (Minimum MYR50) Bank Guarantee: 1.00% per annum (Tender); 1.50% per annum (Performance & Financial) (Minimum MYR50)	Not applicable	During the tenor of the Banking Facility, the Borrower shall notify Bank of any change(s) in the constitution of the Borrower and/or Security Party. (Clause 15 of the Facility Agreement dated 10 December 2009). No salient terms in the Letter of Offer and Facility Agreement that will affect the proposed listing, nor any onerous terms nor restrictive terms that affect or impose restrictions on the payment of dividends, no negative pledge clauses and no clauses which make references to the specific shareholding interest of any controlling shareholder of the company.

CAPITALISATION AND INDEBTEDNESS

Borrowing entity	Lending entity	Nature of facilities (Purpose)	Amount of facilities granted (MYR'000)	Amount of facilities drawn down (MYR'000)	Amount unutilised (MYR'000)	Amount outstanding as at 30 September 2021 (MYR'000)	Amount outstanding as at the Latest Practicable Date (MYR'000)	Interest rate per annum	Maturity profile	Salient terms and conditions
5E Resources	OCBC Bank (Malaysia) Berhad	Term loan of up to MYR3.52 million to partially finance/ reimburse up to 80% for the purchase of a 1 ½ storey detached factory cum 2 storey office building erected on PLO 317, Zone 4, Jalan Perak, Pasir Gudang, Johor. ⁽³⁾	3,520	3,520	-	3,058	2,911	1st and 2nd year: Cost of Funds+0.75% per annum 3rd year onwards: Cost of Funds+1% per annum	1 November 2029	Item 7(m) as seen in the Annexure of the LO provides that without prejudice to OCBC's discretionary right to terminate the Facility(ies) herein and to demand immediate repayment of all outstanding sums (whether actual or contingent) drawn under the Facility(ies) together with interest and charges thereon, the Facility(ies) herein may be withdrawn or terminated and all outstanding sums may be declared to be immediately due and payable to us upon the happening of any of the Events of Defaults listed below including if there is any change in the control and/or management of 5E and/or the security party(ies). The Borrower hereby covenants with the Bank that it will not without the prior consent of the Bank effect or undertake or permit any form or merger reconstruction consolidation or amalgamation by way of a scheme of arrangement or otherwise or approve, permit any transfer of any part of its issued capital. (Section 8 (2) of the Facility Agreement dated 22 September 2014)

CAPITALISATION AND INDEBTEDNESS

Borrowing entity	Lending entity	Nature of facilities (Purpose)	Amount of facilities granted (MYR'000)	Amount of facilities drawn down (MYR'000)	Amount unutilised (MYR'000)	Amount outstanding as at 30 September 2021 (MYR'000)	Amount outstanding as at the Latest Practicable Date (MYR'000)	Interest rate per annum	Maturity profile	Salient terms and conditions
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The Borrower also covenant with the Bank that it will not without the prior consent of the Bank permit any change of its controlling shareholder, ownership structure and/or management or in the case of a partnership, society or other incorporated body, permit any changes in their constitution or management. (Section 8 (8) of the Facility Agreement dated 22 September 2014)

Save for the above, there are no other salient terms in the Letter of Offer and Facility Agreement that will affect the proposed listing, nor any onerous terms nor restrictive terms that affect or impose restrictions on the payment of dividends, no negative pledge clauses and no clauses which make references to the specific shareholding interest of any controlling shareholder of the company.

CAPITALISATION AND INDEBTEDNESS

Borrowing entity	Lending entity	Nature of facilities (Purpose)	Amount of facilities granted (MYR'000)	Amount of facilities drawn down (MYR'000)	Amount unutilised (MYR'000)	Amount outstanding as at 30 September 2021 (MYR'000)	Amount outstanding as at the Latest Practicable Date (MYR'000)	Interest rate per annum	Maturity profile	Salient terms and conditions
5E Resources	Public Bank Berhad	Term loan of up to MYR2.96 million to partially finance/reimburse up to 80% for the purchase of a 1 ½ storey detached factory cum 2 storey office building erected on PLO 83, Jalan Perak, Pasir Gudang, Johor ⁽⁴⁾	2,960	2,960	-	Not applicable ⁽⁵⁾	2,916	Base Lending Rate- 2.3%	1 December 2032	During the tenor of the Banking Facility, the Borrower shall notify Bank of any change(s) in the constitution of the Borrower and/or Security Party. (Clause 15 of the undated Facility Agreement)
										No salient terms in the Letter of Offer and Facility Agreement that will affect the proposed listing, nor any onerous terms nor restrictive terms that affect or impose restrictions on the payment of dividends, no negative pledge clauses and no clauses which make references to the specific shareholding interest of any controlling shareholder of the company.

Notes:

- (1) Secured by (i) legal charge over a piece of industrial land known as PTD 204758, Jalan Platinum Utara, Zon 12B, Kawasan Perindustrian Pasir Gudang, 81700 Pasir Gudang, Johor Bahru (i.e. PLO 738); (ii) joint and several guarantees given by our Executive Directors (namely, Loo Sok Ching and Lim Te Hua) and our Controlling Shareholders (namely, Ban Kim Wah and Wong Kim Fatt); and (iii) corporate guarantee given by an Associate of Loo Sok Ching (namely, Wentel Corporation).
- (2) Secured by (i) a deed of assignment over a piece of vacant industrial land known as PLO 738, Zone 12B, Kawasan Perindustrian Pasir Gudang, 81700 Pasir Gudang, Johor (i.e. PLO 738); (ii) joint and several guarantees given by our Executive Directors (namely, Loo Sok Ching and Lim Te Hua) and our Controlling Shareholders (namely, Ban Kim Wah and Wong Kim Fatt); and (iii) corporate guarantee given by an Associate of Loo Sok Ching (namely, Wentel Corporation).
- (3) Secured by (i) a fixed charge over the properly held under H.S.(D) 443432, PTD 194281, Mukim Plentong, Daerah Johor Bahru; and (ii) joint and several guarantees given by our Executive Directors (namely, Loo Sok Ching and Lim Te Hua) and our Controlling Shareholder (namely, Wong Kim Fatt).
- (4) Secured by (i) a charge over a piece of land held under Individual title No. H.S.(D) 125025, PTD 71063, Mukim Plentong, District of Johor Bahru, State of Johor measuring 0.4047 hectares in area together with a unit of factory bearing postal address PLO83, Jalan Perak, Kawasan Perindustrian Pasir Gudang, 81700 Pasir Gudang, Johor; (ii) joint and several guarantees given by our Executive Directors (namely, Loo Sok Ching and Lim Te Hua) and our Controlling Shareholders (namely, Wong Kim Fatt and Ban Kim Wah); and (iii) corporate guarantee given by 5E Holdings.
- (5) Not applicable as this facility was secured after 30 September 2021.

CAPITALISATION AND INDEBTEDNESS

All of the facilities granted to our Group contain covenants that include, among others, restrictions on changes of control or shareholding of our Company or the constitutive documents of our Company that relate to our ability to borrow. The terms and conditions of our bank facilities also include financial covenants such as requirements to maintain a certain minimum net worth and loan-to-value ratios. Please see the section entitled “Risk Factors – We may not be able to pay dividends in the future” of this Offer Document for further details.

To the best of our Directors’ knowledge, as at the Latest Practicable Date, our Group is not in breach of any of the terms and conditions or covenants associated with any bank facilities or our financial arrangements which could materially affect our financial position and the results of operations of our Group, or the investments of our Shareholders. Save as disclosed above, there are no material terms and conditions in our bank facilities or our financial arrangements which impose restrictions on payment of dividends and/or are tied to our Directors and/or make references to the specific shareholding interest of any Controlling Shareholder.

Pursuant to Rule 728 of the Catalist Rules, the Controlling Shareholders of our Group, Loo Sok Ching, Wong Kim Fatt and Ban Kim Wah, 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 of the Controlling Shareholders, our Company will make the necessary announcement(s) in compliance with the said rule.

In the event that any Group Company enters into a loan agreement or issues debt securities that contain a specified condition, and the breach of this specified condition 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, significantly affecting the operations of our Group or results in our Group facing a cash flow problem, we will immediately announce the details of the specified condition(s) in accordance with Rule 704(33) of the Catalist Rules, and the level of these facilities that may be affected by a breach of such specified condition(s). Pursuant to Rule 704(33) of the Catalist Rules, a “specified condition” is a condition that makes reference to the shareholding interests of any Controlling Shareholder, or a restriction on any change of control of our Company.

Contingent liabilities

As at the Latest Practicable Date, we are not aware of any contingent liabilities which may have a material effect on the financial position and profitability of our Group.

Save as disclosed in this section entitled “Capitalisation and Indebtedness” of this Offer Document, our Group has no other borrowings or indebtedness (direct or indirect) or liabilities (including contingent liabilities) as at the Latest Practicable Date.

GENERAL INFORMATION ON OUR GROUP

HISTORY

Overview

Our Company was incorporated in Singapore on 18 October 2021 under the Companies Act as a private company limited by shares under the name of “5E Resources Pte. Ltd.”. Our Company’s registration number is 202136285K. In preparation for our listing, we undertook the Restructuring Exercise whereby our Company became the holding company for all of our Subsidiaries in our Group. Please refer to the section entitled “Restructuring Exercise” of this Offer Document for further details.

Our Company was converted into a public company and renamed “5E Resources Limited” on 25 March 2022.

Our Group has over 13 years of experience operating in the scheduled waste management industry in Malaysia. However, our history can be traced back to July 1997 when one (1) of our Controlling Shareholders, Ban Kim Wah, together with three (3) independent third parties, established TS Heuls, an indirect wholly-owned subsidiary of our Company, to trade chemicals (which can be used for waste treatment and in manufacturing industries) as well as to provide maintenance services for wastewater treatment plants. In October 1997, due to capital need for business expansion purposes, Ban Kim Wah invited, among others, his elder brother, Wong Kim Fatt, one (1) of our Controlling Shareholders, and his sister-in-law, Loo Sok Ching, our Chairman and Executive Director and one (1) of our Controlling Shareholders, to invest in TS Heuls. In October 2008, Wong Kim Fatt and Ban Kim Wah acquired the remaining shares in TS Heuls from all the independent third party shareholders, resulting in them becoming the only shareholders of TS Heuls holding 52.6% and 47.4% of the then paid-up capital of TS Heuls respectively. Prior to establishing our Group, both Wong Kim Fatt and Ban Kim Wah had accumulated over 38 years of experience in the hardware trading business in Malaysia and in the course of dealing with the customers of their hardware trading business (which include, amongst others, manufacturers), they saw that there was demand for chemicals for wastewater treatment from these customers.

Having been in the business of providing chemical trading and provision of maintenance services for wastewater treatment plants via TS Heuls for nine (9) years, Loo Sok Ching saw the increasing demand for scheduled waste management services from customers of TS Heuls, especially those in the electronics industries. To capture this potential market, Loo Sok Ching founded 5E Resources in July 2006 to provide scheduled waste management services. As this is a regulated business in Malaysia, it took Loo Sok Ching almost two (2) years to set up our first two (2) plants, namely the PLO 83 Plant and PLO 317 Plant, after obtaining the DOE’s approval for the environmental impact assessment in April 2007, obtaining 12 Waste Codes from the DOE in September 2007 and the acquisition of machinery in 2008. The land on which the PLO 83 Plant is situated was owned by Grandhill Property while the land on which the PLO 317 Plant is situated was owned by Wentel Engineering prior to our Group’s acquisition of the PLO 83 Plant in 2021 and the PLO 317 Plant in 2019. In April 2008, Loo Sok Ching invited her spouse, Wong Kim Fatt, to invest in the then 54.55% interest in 5E Resources to strengthen the financial position of 5E Resources to prepare for its commercial operations. In June 2008, 5E Resources commenced commercial operations at the PLO 83 Plant and PLO 317 Plant with 12 Waste Codes, mainly serving customers in the electronics industry in Johor, Malaysia. Subsequently, in November 2008, Loo Sok Ching invited her brother-in-law, Ban Kim Wah, Lim Te Hua (who is a chemist by training and also a director of TS Heuls) and Shankar Narasingam (who was previously an employee of a former customer of TS Heuls) to join 5E Resources and invest in 5E Resources.

GENERAL INFORMATION ON OUR GROUP

Following the investments, Loo Sok Ching, Wong Kim Fatt, Ban Kim Wah, Lim Te Hua and Shankar Narasingam held shareholding interests of 39.0%, 30.0%, 15.0%, 14.0% and 2.0% in 5E Resources, respectively.

In July 2009, riding on our experience in scheduled waste management, we continued to expand our operations and extended our reach outside Johor to serve customers in the automobile industry located in the neighbouring state of Malacca. In December 2009, we further expanded our operations to serve a palm oil refinery located in Johor. In May 2011, we received ISO 14001:2004 certification and OHSAS 18001:2007 certification for the PLO 317 Plant. In September 2011, we obtained DOE's approval for five (5) additional Waste Codes for the PLO 83 Plant and PLO 317 Plant, such that we had accumulated a total of 17 Waste Codes for our Group, thereby maximising the capacities of our plants.

In light of the limited space at the PLO 83 Plant and PLO 317 Plant and so as to cope with our expansion plan to provide a wider range of scheduled waste management services to include the petrochemical and semi-conductor industries, in March 2011, we acquired an industrial land at PLO 738, Jalan Platinum Utama, Zon 12B, Pasir Gudang Industrial Area, 81700 Pasir Gudang, Johor Darul Takzim, Malaysia, which is approximately 5 km away from the PLO 83 Plant and PLO 317 Plant. Subsequently, in November 2012, the environmental impact assessment had been conducted and we obtained the DOE's approval for the PLO 738 Plant. With the new facilities in place, we then set up a marketing team based in Selangor in July 2014 to serve our customers in Central Peninsular Malaysia, as well as to capture clientele in Eastern Peninsular Malaysia and Northern Peninsular Malaysia to tap into the petrochemical, semiconductor and other industries in these areas. Our expansion strategy to have a marketing team located in Central Peninsular Malaysia proved to be fruitful. In July 2015, the PLO 738 Plant began commercial operation with 19 Waste Codes (including 10 additional Waste Codes not covered by the approval granted to the PLO 83 Plant and PLO 317 Plant) and we had accumulated a total of 27 Waste Codes for our Group then. In 2019, we acquired the land and building on which the PLO 317 Plant is located from Wentel Engineering, an Associate of our Chairman and Executive Director, Loo Sok Ching, and our Controlling Shareholder, Wong Kim Fatt. Please refer to the section entitled "Interested Person Transactions" of this Offer Document for further details. In June 2020, we obtained seven (7) additional Waste Codes for our Group and had accumulated a total of 34 Waste Codes for our Group out of the 77 Waste Codes under the First Schedule of EQ(SW) Regulations by then. As at the Latest Practicable Date, our Group had accumulated a total of 34 Waste Codes out of the 77 Waste Codes under the First Schedule of EQ(SW) Regulations.

Our expertise in scheduled waste management attracted not only the private sector, but also received continuous recognition from some of the Malaysian government agencies and reputable companies in times of major environmental emergencies. In May 2018, we were entrusted by a Middle Eastern maritime and logistics company to salvage, decontaminate and clean up goods containers from one (1) of its vessels as a result of the accidental fuel oil leaking in Johor. In November 2018, we were engaged by Johor Port Berhad, being the operator of a port terminal in Johor, to collect and treat the scheduled waste which were reported to be caused by a marine accident in Johor, Malaysia. In March 2019, we advised and provided solutions to Jabatan Pengairan Dan Saliran, the government authority in charge of irrigation and drainage in Johor, to clean up an air and water pollution incident caused by illegal dumping of toxic chemical waste at the Kim Kim River in Pasir Gudang of Johor, Malaysia. All private and public sector projects which our Group was involved in, were awarded to our Group on a direct award basis.

Under the leadership of our Chairman and Executive Director, Loo Sok Ching, who is supported by our Executive Director and CEO, Lim Te Hua, and our Executive Director and COO, Shankar Narasingam, over the years, we have grown from a small chemical trader to being the fifth largest

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scheduled waste management services provider in Malaysia in 2020 in terms of revenue according to the Industry Report. We have grown from serving a handful of customers in the electronics industries in Johor, Malaysia in the early years of our operating history to a staff force of around 130 persons (including eight (8) engineers) serving approximately 500 customers in the electronics, petrochemical, semi-conductor and palm-oil refineries industries all over Peninsular Malaysia as at the Latest Practicable Date. We intend to apply for additional Waste Codes if the necessary treatment capacity and expertise required for such application are in place. This is because the DOE requires our Group's waste treatment plants and our Company's management to have sufficient capacity and expertise to manage the relevant scheduled waste before it will approve such application.

The following events are the key business milestones of our Group since its establishment:

Year	Event
July 1997	TS Heuls was incorporated in Malaysia to trade chemicals and provide maintenance services for wastewater treatment plants
July 2006	5E Resources was incorporated in Malaysia to provide scheduled waste management services in Malaysia
April 2007	We obtained the approval of environmental impact assessment for our first two (2) plants, namely the PLO 83 Plant and PLO 317 Plant
September 2007	We obtained approval for 12 Waste Codes for the PLO 83 Plant and PLO 317 Plant
June 2008	PLO 83 Plant and PLO 317 Plant commenced commercial operations with 12 Waste Codes, mainly serving customers in the electronics industry in Johor, Malaysia
July 2009	We expanded our operations to serve the automobile industry located in the state of Malacca
December 2009	We expanded our operations to serve a palm oil refinery located in Johor, Malaysia
March 2011	We acquired an industrial land at PLO 738, Jalan Platinum Utama, Zon 12B, Pasir Gudang Industrial Area, 81700 Pasir Gudang, Johor Darul Takzim, Malaysia to cope with our expansion plan to capture the petrochemical and semi-conductor industries
May 2011	We received ISO 14001:2004 certification and OHSAS 18001:2007 certification for the PLO 317 Plant
September 2011	We obtained approval for five (5) additional Waste Codes for the PLO 83 Plant and PLO 317 Plant, such that we had accumulated a total of 17 Waste Codes for our Group
November 2012	The environmental impact assessment had been conducted and we obtained approval from the DOE for the PLO 738 Plant

GENERAL INFORMATION ON OUR GROUP

Year	Event
July 2014	We set up a marketing team based in Selangor to serve our customers in Central Peninsular Malaysia, and to capture clientele from Eastern Peninsular Malaysia and Northern Peninsular Malaysia, especially those from the petrochemical, semiconductor and other industries in these areas
July 2015	The PLO 738 Plant commenced commercial operation and we obtained 19 Waste Codes (including 10 additional Waste Codes not covered by the approval granted to the PLO 83 Plant and PLO 317 Plant), such that we had accumulated a total of 27 Waste Codes for our Group
May 2018	We were entrusted by a Middle Eastern maritime and logistics company to salvage, decontaminate and clean up goods containers from one (1) of its vessels as a result of the accidental fuel oil leaking in Johor, Malaysia
November 2018	We were engaged by Johor Port Berhad to collect and treat the scheduled waste which were reported to be caused by a marine accident in Johor, Malaysia
November 2019	Completion of our acquisition of the land and building on which the PLO 317 Plant is located
March 2019	We became a registered contractor of the Construction Industry Development Board to undertake grade 3 construction work for values not exceeding MYR1 million, which allows us to bid for and undertake certain types and classes of works relating to waste management that are awarded by Malaysian government agencies
March 2019	We advised and provided solutions to Jabatan Pengairan Dan Saliran, the government authority in charge of irrigation and drainage to clean up an air and water pollution incident caused by illegal dumping of toxic chemical waste at the Kim Kim River in Pasir Gudang of Johor, Malaysia
June 2020	We obtained approval for seven (7) additional Waste Codes for our Group and had accumulated a total of 34 Waste Codes out of the 77 Waste Codes under the EQ(SW) Regulations
December 2020	5E Resources, as the purchaser, entered into a sale and purchase agreement with Grandhill Property, as the vendor, to acquire the land and building on which the PLO 83 Plant is located
December 2021	Completion of our acquisition of the land and building on which the PLO 83 Plant is located

GENERAL INFORMATION ON OUR GROUP

BUSINESS OVERVIEW

Based in Johor, our Group is engaged in the business of (i) scheduled waste management services; (ii) sale of recovered and recycled products; and (iii) chemical trading. We are one of the leading scheduled waste management services providers in Malaysia focusing on the collection, transportation and treatment of scheduled waste. Scheduled waste is defined as any waste falling within the categories of waste listed in the First Schedule to the EQ(SW) Regulations that possess hazardous characteristics and have the potential to adversely affect the public health and environment.

We have been providing scheduled waste management services in Malaysia since 2008. Our scheduled waste management services aim to relieve our customers of their environmental impact liabilities by providing them with tailored solutions and striving to maximise recovery of resources and minimise waste disposal. According to the Industry Report, we were the fifth largest scheduled waste management services provider in Malaysia in 2020 in terms of revenue of scheduled waste management and related services.

As one of the leading service providers in the scheduled waste management industry in Malaysia, we possess 34 out of 77 Waste Codes under the First Schedule of EQ(SW) Regulations as at the Latest Practicable Date, which enables us to process various types of scheduled waste mainly including (i) waste acid and alkaline; (ii) waste solvent and paint; (iii) waste coolant; (iv) waste oil; (v) waste catalyst and solid waste; (vi) contaminated rags and containers; and (vii) electronic waste. Out of the 10 largest categories of scheduled waste generated in Malaysia in terms of volume in 2019, we were able to process nine (9) of them based on the Waste Codes we possessed as at the Latest Practicable Date. Our treatment of scheduled waste involves a number of processes at our waste treatment plants, including waste acid and alkaline recycling process, electronic waste recovery process and waste oil recycling process. As at the Latest Practicable Date, we operate three (3) waste treatment plants in Johor to provide the above-mentioned services.

According to the Industry Report, the scheduled waste management industry in Malaysia has experienced growth in recent years and the volume of scheduled waste generated in Malaysia is expected to reach approximately 5.1 million tonnes in 2025, representing a CAGR of approximately 4.1% from 2019. Such growth is driven by (i) growing demand for waste management; (ii) opportunities from small quantity Waste Generators; (iii) the policies of the Malaysian government; and (iv) increasing green awareness. We believe that our local knowledge, reputation and business connections put us in a good position to benefit from such growth. During the Period Under Review, we provided scheduled waste management services to approximately 500 customers in the electronics, petrochemical, semi-conductor and palm-oil refineries industries all over Peninsular Malaysia. During the Period Under Review, we had an established customer base covering eight (8) out of the thirteen (13) states and two (2) federal territories in Peninsular Malaysia, and generated our revenue mainly from customers located in Southern Peninsular Malaysia, which are geographically closer to our waste treatment plants in Johor.

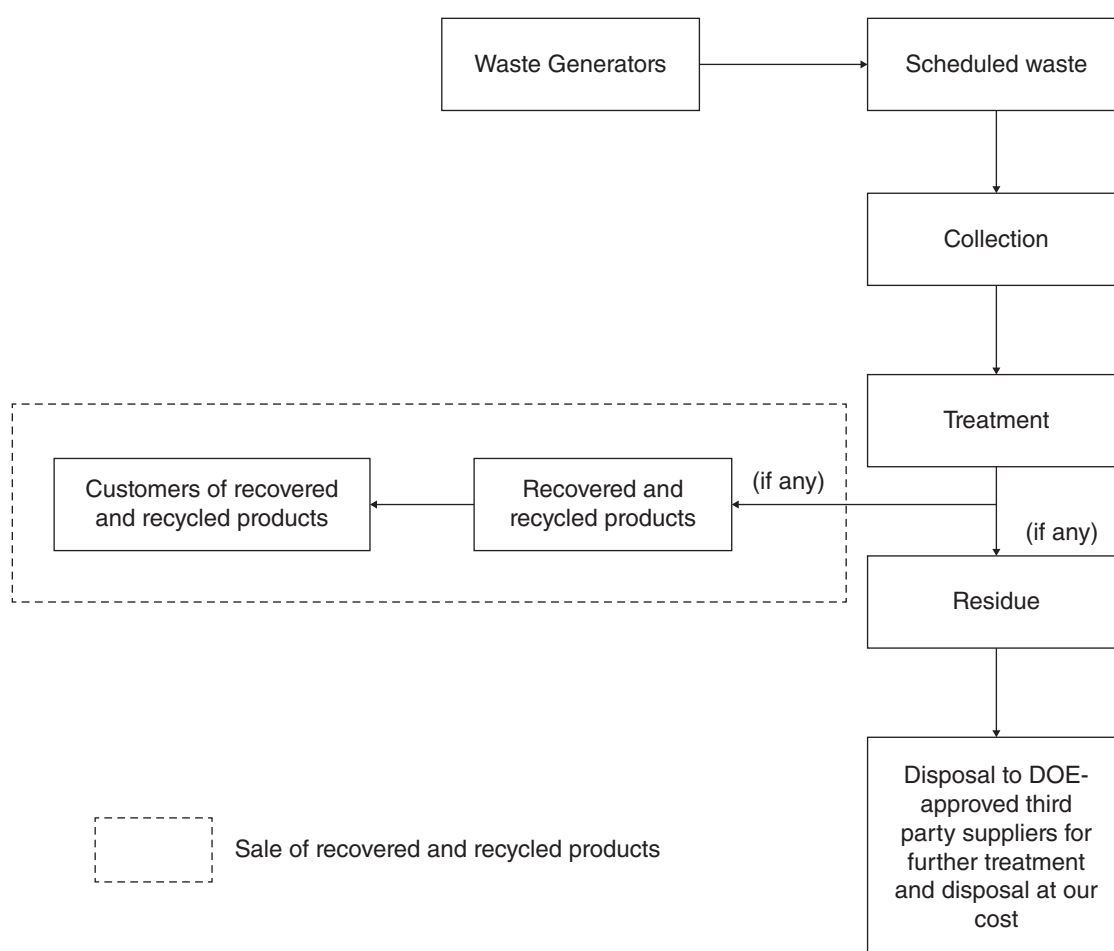
Our business model

Our primary business focus is to provide our customers with comprehensive services to solve their scheduled waste problems. During the Period Under Review, we generated revenue from our three (3) business segments, namely: (i) scheduled waste management services; (ii) sale of recovered and recycled products; and (iii) chemical trading.

GENERAL INFORMATION ON OUR GROUP

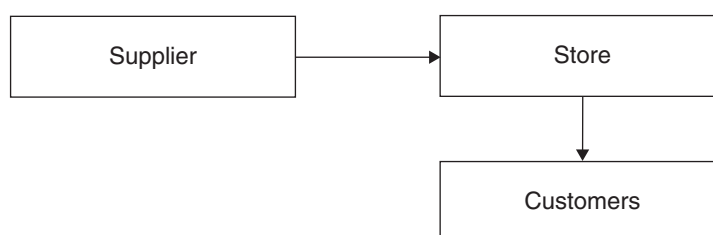
Our Group's main source of revenue during the Period Under Review was scheduled waste management services, which accounted for over 80% of our yearly revenue. Considering the importance of scheduled waste management services to our business, we will continue to expand this business segment going forward.

The following diagram illustrates the overview of our business model for scheduled waste management services segment and sale of recovered and recycled products segment:



A detailed description of the services we offer under our scheduled waste management services segment and sale of recovered and recycled products segment is set out below.

The following diagram illustrates the overview of our business model for the chemical trading segment:



GENERAL INFORMATION ON OUR GROUP

Our Group operates our chemical trading business in Malaysia via one of our subsidiaries, namely TS Heuls. Our Group possesses the licence to import, store and sell by wholesale certain types of chemicals, which can be used for waste treatment and in the manufacturing industries. During the Period Under Review, we sold a wide range of chemicals such as sulphuric acid, caustic soda and hydrochloric acid to customers in the manufacturing industry in the Southern part of Malaysia.

Our Services

(1) *Scheduled waste management services*

As at the Latest Practicable Date, our Group is allowed to collect, transport and treat 34 categories of scheduled waste based on the Waste Codes we possess. The total tonnage of waste processed by our Group during the Period Under Review was approximately 49,757, 48,906, 34,715 and 27,395 for FY2018, FY2019, FY2020, and 9M2021 respectively.

During the Period Under Review, we provided regular scheduled waste management services to our customers, and at specific requests of customers, we also provided project-based services on an ad-hoc basis.

(a) *Regular scheduled waste management services*

For our scheduled waste management services, we generally collect scheduled waste from our customers who are Waste Generators in Malaysia from time to time. Our customer base is mainly in the manufacturing, trading and services industries. We process the scheduled waste collected at our waste treatment plants and receive scheduled waste management fees from our customers in return.

The operational process of our scheduled waste management services mainly involves collection, transportation and treatment of scheduled waste. If there are any recycled products or recovered products generated at the end of our scheduled waste treatment process, these products will be sold or retained for our use, while the waste residue generated will be transferred to DOE-approved third-party suppliers for further treatment and disposal at our cost. We intend to use part of the net proceeds from the Invitation for capital investment in facilities to save on our waste residue disposal cost. With such facilities, the waste residue can be further treated to produce reusable materials for cement industrial instead of landfilling, thereby reducing the residual disposal cost.

(b) *Project-based scheduled waste management services*

Leveraging on our established reputation and capacity in the scheduled waste management industry, we have also been engaged by our customers, such as the Malaysian government agencies and infrastructure operators, on ad-hoc project basis to provide scheduled waste management services to areas affected by pollution incidents or designated areas which require scheduled waste management services (e.g. spillage handling, decontamination, and tank and sump pit cleaning) on an ad-hoc and/or urgent basis. In some of our project-based engagements, we were engaged to handle toxic waste being exposed to the environment, which may have serious consequences on human health and the surrounding environment if not handled promptly and properly.

GENERAL INFORMATION ON OUR GROUP

During the Period Under Review, we undertook two (2) significant ad-hoc projects, namely, (i) the Kim Kim River Project; and (ii) the Johor Port Project, as elaborated below.

The Kim Kim River Project

In March 2019, an air and water pollution incident occurred at the Kim Kim River in Pasir Gudang of Johor, which was reported to be caused by illegal dumping of toxic chemical waste. We were engaged by Jabatan Pengairan Dan Saliran, the government authority in charge of irrigation and drainage in Johor to collect and treat the scheduled waste at the Kim Kim River. In particular, our scope of services for the Kim Kim River Project mainly included, among others, the collection and treatment of (i) marine oil and petrochemical residual under our Waste Codes SW408 and SW410; and (ii) contaminated water under our Waste Code SW309. The Kim Kim River Project commenced and was completed within FY2019, and contributed revenue of approximately MYR5.9 million for FY2019.

The Johor Port Project

In November 2018, we were engaged by Johor Port Berhad, being the operator of a port terminal in Johor, to collect and treat the scheduled waste which were reported to be caused by a marine accident in Johor, Malaysia. In particular, our scope of services for the Johor Port Project included the collection and treatment of wastewater and oil-water mixture oil under our Waste Codes SW307 and SW309. The Johor Port Project commenced and was completed within FY2019, and contributed revenue of approximately MYR6.1 million for FY2019.

(2) *Sale of recovered and recycled products*

We also generate revenue from the sale of recovered and recycled products. These recovered and recycled products comprise recycled chemicals, recycled drum/tank, recycled oil, recycled alkaline, recovered precious metal and other recycled products.

The recovered and recycled products we sold to our customers during the Period Under Review were mainly derived from:

- (i) by-products generated from the processes involved in our provision of scheduled waste management services

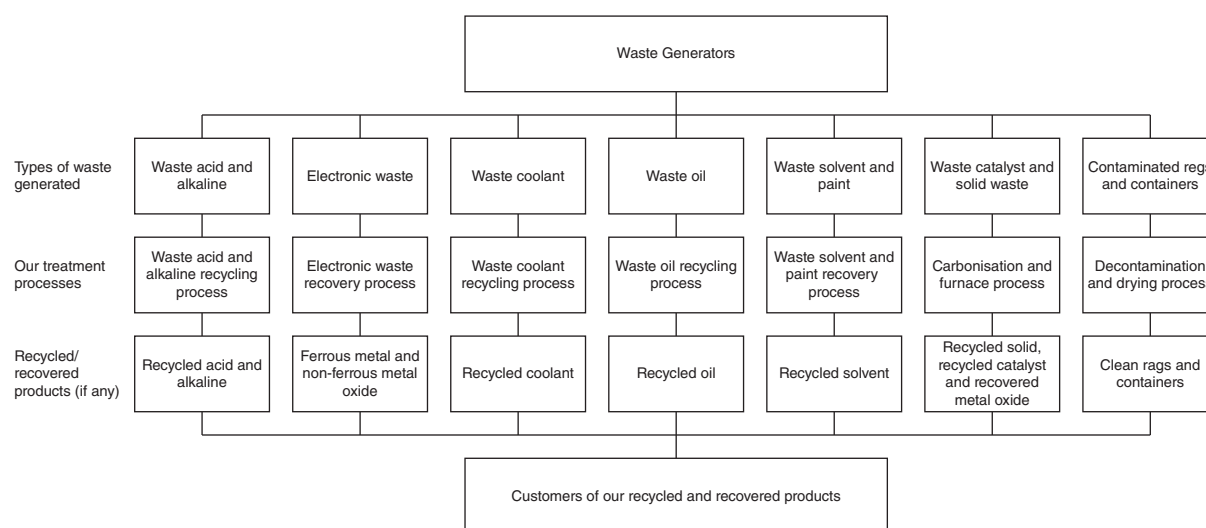
Our scheduled waste treatment processes may extract valuable components and generate recycled products from the scheduled waste.

- (ii) products generated from the treatment processes of the scheduled waste we purchase from Waste Generators

The majority of the scheduled waste which we process are collected from Waste Generators who engage us, by paying us a fee, to provide scheduled waste management services so as to discharge their duties under relevant laws and regulations. There are, however, certain scheduled waste containing high value components (e.g. metal, gold and silver) which we have to purchase from Waste Generators to generate recovered and recycled products. Therefore, some of our customers may also be our suppliers.

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The following diagram sets out the mapping between our scheduled waste treatment process and our recovered and recycled products:



(a) Recovered products

Recovered products refer to items recovered in the course of our scheduled waste treatment processes in which we extract valuable and/or useful components from the scheduled waste to produce sellable products. For example, we recover ferrous, non-ferrous and other precious metals from electronic waste and metal hydroxide, and use these products to produce various recovered metal oxides. As detailed in this section below, there are different types of recovered products from our scheduled waste treatment processes.

(b) Recycled products

Recycled products refer to products generated from our scheduled waste treatment processes in which such products are then recycled and sold for use again for the same or other purposes. For example, sludge, solid sludge, waste acid and alkaline, and used containers are recycled into a decontaminated product, acid and alkaline, and clean containers respectively. Details of the treatment and production process of the recycled products are set out in this section below.

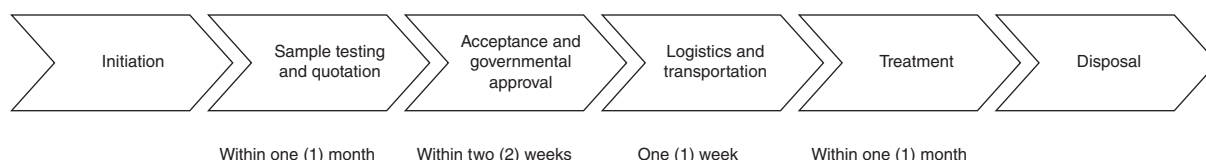
(3) Chemical trading

Our Group operates our chemical trading business in Malaysia via one of our subsidiaries, namely TS Heuls. Our Group possesses the licence to import, store and sell by wholesale certain types of chemicals, which can be used for waste treatment and in manufacturing industries. During the Period Under Review, we sold a wide range of chemicals such as sulphuric acid, caustic soda and hydrochloric acid to customers in the manufacturing industry in the Southern part of Malaysia. Our revenue generated from our chemical trading business during the Period Under Review was approximately MYR2.2 million, MYR1.6 million, MYR1.2 million and MYR1.0 million for FY2018, FY2019, FY2020, and 9M2021 respectively.

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Operational process for scheduled waste management services

While we tailor our scheduled waste management services to cater to the requirements of our customers who engage us to process waste under various Waste Codes, we have a systematic operational process to maintain the quality and consistency of our services. The following diagram illustrates the major steps of our typical business operational process and the usual time taken for each step:



Our operational process consists of the following steps:

- (1) **Initiation.** Our marketing department maintains regular contact with our existing customers and approaches new potential customers to explore business opportunities. We are also approached by existing and new customers enquiring about our scheduled waste management services. Our marketing department will follow up with customers on their demand for our scheduled waste management services and work towards proceeding to the next steps.
- (2) **Sample testing and quotation.** After receiving their initial requests, our marketing department will obtain samples of waste from our customers and send the samples to our laboratory for testing by our R&D department. Chemists at our laboratory will analyse the components of the waste samples, verify the applicable Waste Codes and estimate the cost of treatment. It usually takes less than one (1) month to complete the testing process for the waste samples. Based on the estimated cost of treatment and taking into account factors such as waste quantity, treatment complexity, time required and target profitability, our marketing department will prepare price quotations, which will be reviewed by our Executive Directors. After obtaining the approval of our Executive Directors, we will then provide our quotation based on the applicable Waste Codes to facilitate further negotiation with customers.
- (3) **Acceptance and governmental approval.** Once the quotation is accepted, a customer approval form will be signed. In the case where the proposal contains any Waste Codes which have not been covered in our previous dealings with the said customer, we are required to submit a toxic waste generator application to the DOE for approval (which typically takes at least 2 weeks' processing time) before we can proceed to the next step.
- (4) **Logistics and transportation.** After obtaining approval from the DOE, our marketing department will issue the collection transportation instruction form, prepare the consignment notes for scheduled waste collection and forward the same to our logistics team. Our logistics team will arrange the transportation schedule according to the date of collection and distribute the consignment notes to our drivers. As at the Latest Practicable Date, our Group has a fleet of 19 commercial vehicles (which are either fully owned by them or held in trust for our Group by third parties and of which 14 vehicles are issued with permits by the Land Public Transport Commission to carry third-party or own goods) and a team of 16 drivers registered with the DOE for collection and transportation of scheduled waste from our customers' premises to our waste treatment plants. Our Group also engages third-party logistics services providers (which are registered with the DOE under our licence) to

GENERAL INFORMATION ON OUR GROUP

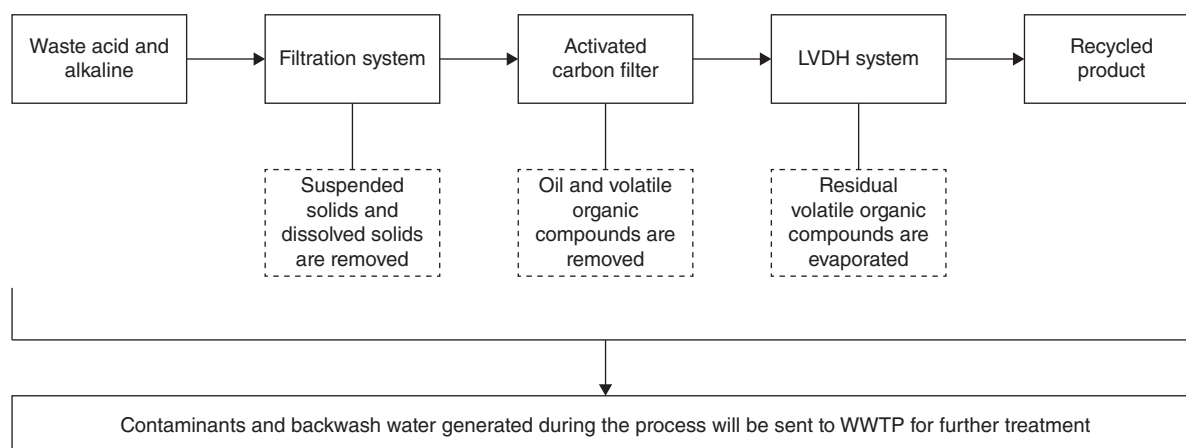
supplement our transportation capacity. Upon collecting the scheduled waste, the consignment notes will be acknowledged by our customer and our staff respectively.

- (5) **Treatment.** Our production department will perform the scheduled waste treatment processes at our waste treatment plants. The lead-time for processing the different waste treatment processes vary according to the complexity and quantity of the waste involved. The key scheduled waste treatment processes of our Group are set out below.
- (6) **Sale of recycled and recovered products and/or Disposal.** Recycled and recovered products are segregated and collected for sale, whilst certain waste residue has to be further treated or handled. As we do not have the facilities to treat the waste residue, such waste residue has to be transferred to DOE-approved third-party suppliers for further treatment and disposal at our cost.

The various waste treatment processes carried out at our plants are described below:

(i) Waste acid and alkaline recycling process

This process is designed to recycle acid and alkaline from waste acid and alkaline.

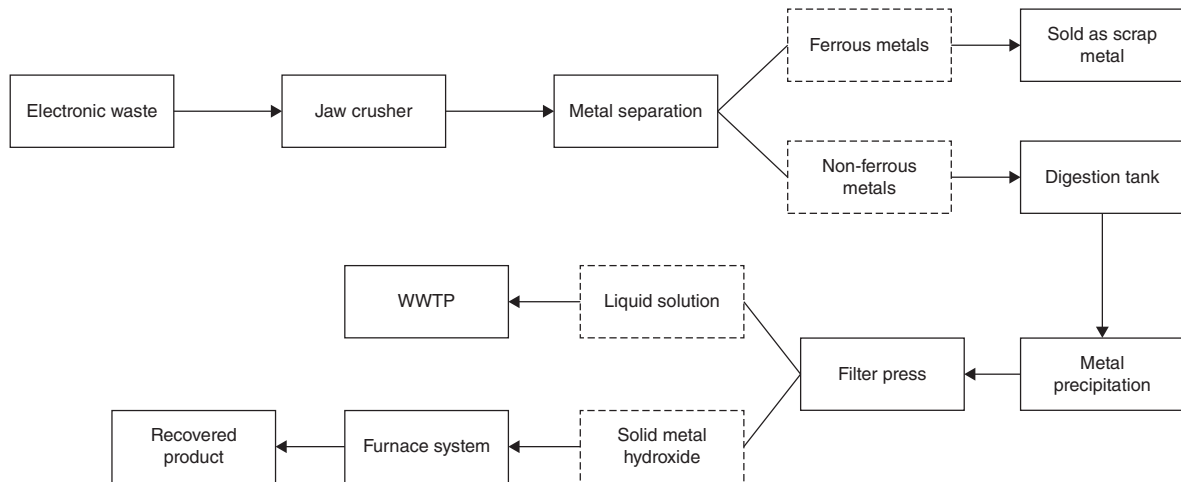


The waste acid and alkaline are processed in our filtration system, which removes suspended solids and dissolved solids. The waste acid and alkaline will then be processed in our activated carbon filter to remove oil and volatile organic compounds. The waste acid and alkaline will be treated in our LVDH system, where residual volatile organic compounds that remain after the activated carbon filtration process are evaporated while treated acid and alkaline in liquid form are collected as recycled products for sale. All the procedures of the waste acid and alkaline recovery process generate contaminants and backwash water, which will be sent to our WWTP for further treatment.

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(ii) *Electronic waste recovery process*

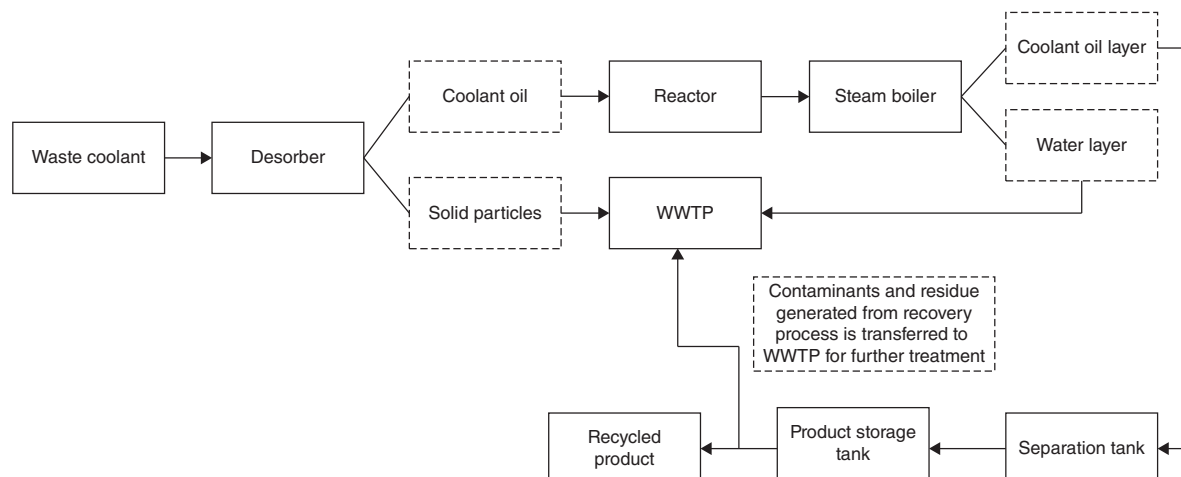
Electronic waste primarily consists of printed circuit boards, which contain various metals such as ferrous metals, silver and gold. This process is designed to recover valuable metal components from electronic waste.



During the electronic waste recovery process, the electronic waste is crushed into smaller pieces with a jaw crusher and then processed by our metal separation system, which can separate the ferrous metals, non-ferrous metals and other solid materials. While ferrous metals will directly be collected and sold as scrap metal, non-ferrous metals will be transferred to the digestion tank and digested using an acidic solution. Digested metal will then be precipitated into solid metal hydroxide with the addition of precipitating chemicals, after which the precipitating metal hydroxide is separated from the liquid solution through a filter press. Solution collected after the filter press will be transferred to our WWTP while solid metal hydroxide collected is sent to our furnace system for further processing. In the furnace system, solid metal hydroxide will undergo an oxidation reaction under elevated temperature for conversion into metal oxide, which is collected for sale.

(iii) *Waste coolant recycling process*

This process is designed to convert waste coolant into recycled coolant.

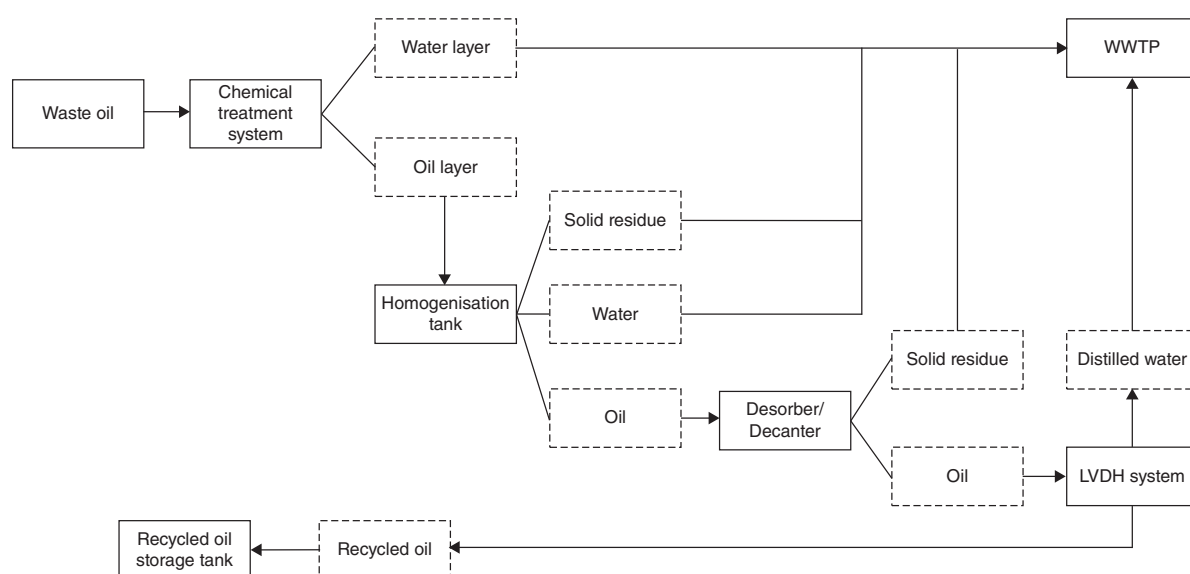


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Solid particles in the waste coolant oil will be removed via a desorber, which separates oil and solid through differential density. Solid particles with higher density which are retained in the desorber will be transferred to our WWTP for further treatment. On the other hand, coolant oil which is free of solid particles will be pumped into reactor for further recovery. The solid-free coolant oil will then be heated at an elevated temperature by the steam boiler. Together with the addition of demulsifying agent, the oil-water emulsion in the coolant oil will be separated into two layers, being the coolant oil layer and the water layer. The water layer will be transferred to our WWTP while the oil layer will be pumped into separation tank for further recovery process. The solid and moisture free coolant oil will then be transferred into a product storage tank. Recycled coolant will be pumped into container for sale. Contaminants and residue generated from recovery process is transferred to our WWTP for further treatment.

(iv) Waste oil recycling process

This process is designed to convert waste oil into recycled oil.



Water content in the waste oil is removed by our chemical treatment system with demulsifying chemical, which will separate the mixture into two layers with the oil layer on top and the water layer at the bottom. The water layer will be pumped into our WWTP, while the oil layer will be pumped into the homogenisation tank to undergo further oil purification process. The centrifuge in the homogenisation tank will further remove the moisture content and solid particles in the waste oil by high-speed spinning, which will separate solid particles, water, and oil due to their difference in density under the impact of centrifugal force created during the spinning process. The water and solid particles collected at this stage will be pumped to our WWTP for further processing, while the oil layer will undergo further oil purification process. The oil mixture layer will go through the desorber/decanter process, which removes hydrocarbon solid and contaminated earth contents through differential density of materials. Residue generated from the process will be transferred to our WWTP while oil collected after the desorber/decanter process will be transferred to our LVDH system for further purification. In our LVDH system, the oil will experience high temperature heating and be placed in a high vacuum to convert and remove moisture content and volatile organic compounds in the oil into gaseous form to obtain the recycled oil. The distilled water will be channelled to our WWTP for further treatment. The recycled oil will be transferred into recycled oil storage tank for sale or retained for self-use.

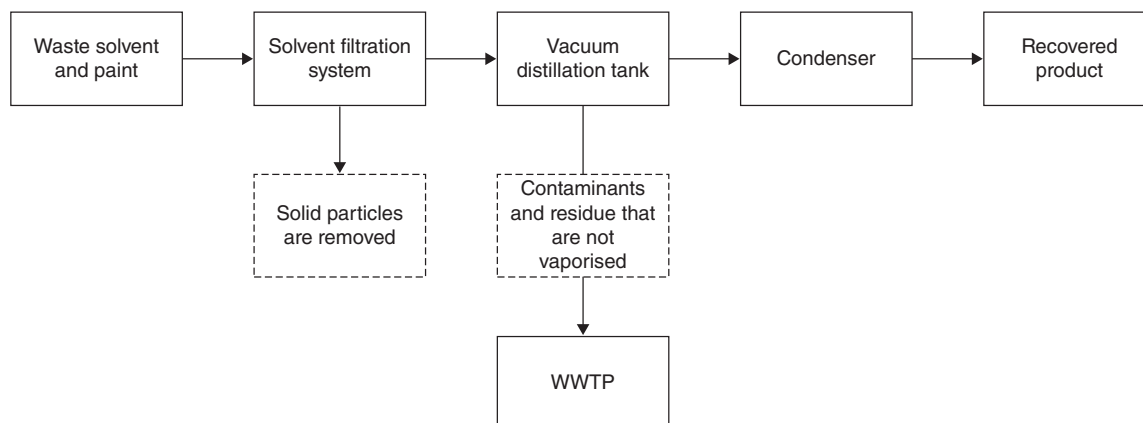
GENERAL INFORMATION ON OUR GROUP

(v) *Waste solvent and paint recycling process*

The various processes forming part of the waste solvent and paint recycling process are set out below.

Distillation process

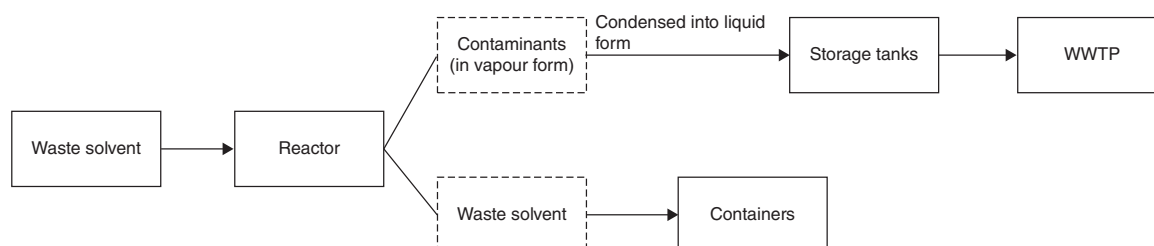
Distillation process is designed to recover solvent content in waste solvent and paint that have a boiling point lower than that of water.



Waste solvent and paint will first undergo a multistage filtration process with different pore sizes, where solid particles are removed. The resultant liquid mixture will then flow into a vacuum distillation tank equipped with a vacuum pump and thermal oil heater. Such solvent is heated to evaporate the waste solvent into its vapour form. Thereafter, the recycled solvent vapour is condensed by a condenser into its liquid form for collection and sale. Contaminants and residue that are not vaporised will be collected and transferred to our WWTP for further processing.

Evaporator process

Evaporator process is designed to recover solvent content in waste solvent that has a boiling point higher than that of water.



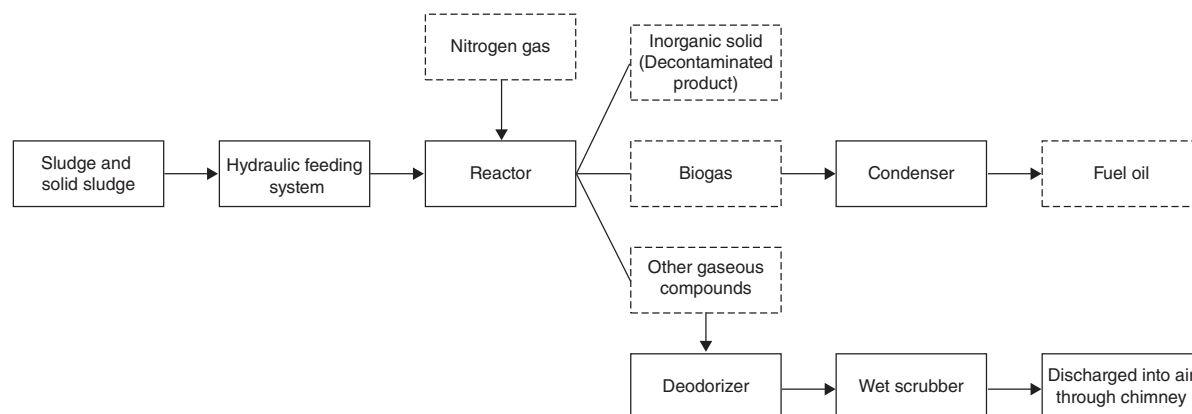
Waste solvent is pumped into the reactor and is heated up by the thermal oil heater. Contaminants such as volatile organic compounds and moistures are then vaporised from the reactor, and subsequently condensed into its liquid form. Clean recycled solvent which remains in the reactor will be transferred into containers for sale.

GENERAL INFORMATION ON OUR GROUP

The condensed liquid contaminants will be collected in storage tanks and transferred to our WWTP for further processing (as described below).

(vi) Carbonisation process (sludge and solid sludge)

Our carbonisation process is designed to process sludge and solid sludge that is contaminated with organic compounds. The workflow diagram of our carbonisation process for sludge and solid sludge is set out below:



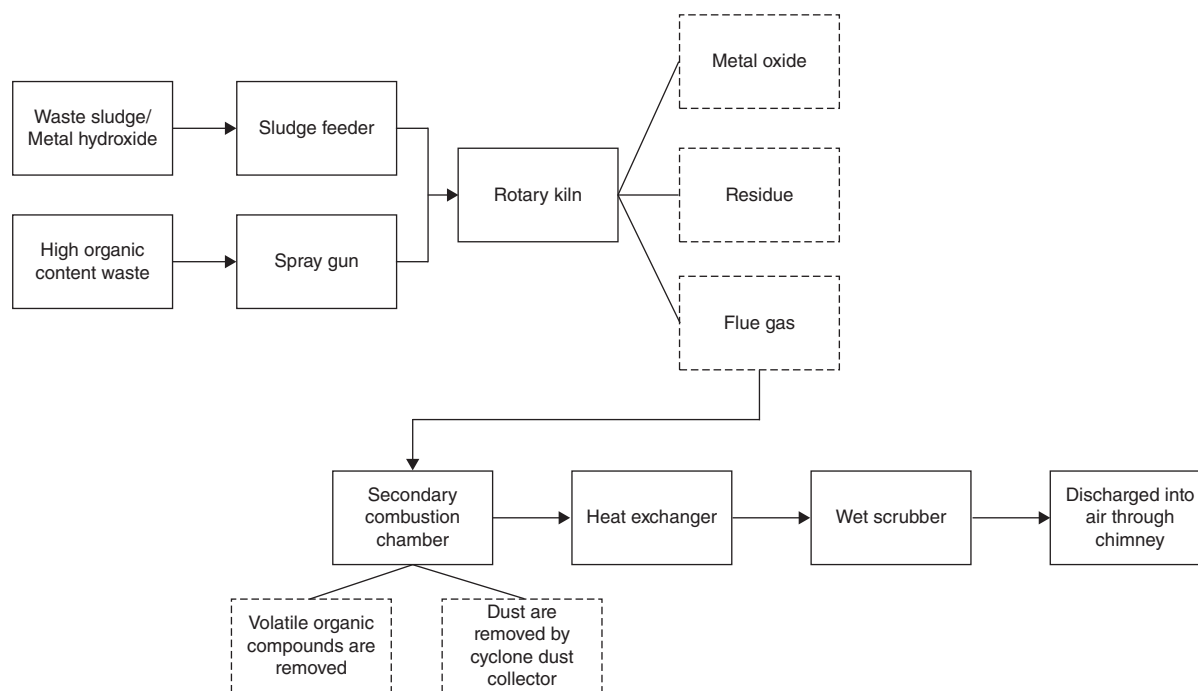
Sludge and solid sludge are fed into the reactor through our hydraulic feeding system, where these materials are heated with diesel burner. Nitrogen gas is supplied into the reactor to remove excess oxygen and carry out pyrolysis reaction to crack organic content in the sludge and solid sludge. The organic compounds are converted into biogas while the inorganic solid remains in the reactor. The decontaminated product is collected for sale. The sludge can be further processed into raw materials for the cement industry.

Biogas generated from the pyrolysis process will be condensed and collected for sale as fuel oil. The remaining gaseous compounds from the reactor will be further purified by deodorizer and wet scrubber before it is discharged into the air through our chimney.

GENERAL INFORMATION ON OUR GROUP

(vii) Furnace process

Our furnace process is designed to (i) recover metal oxide from waste sludge; (ii) recover metal hydroxide from electronic waste; and (iii) process high organic content waste. The workflow diagram of our furnace system is set out below:

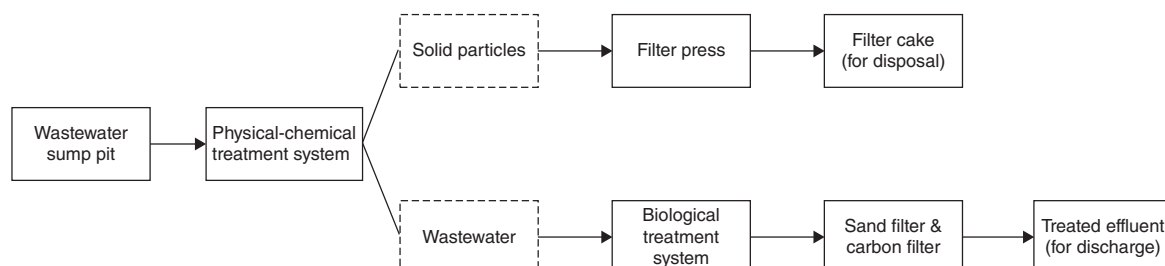


Waste sludge or metal hydroxide is fed into the rotary kiln through the sludge feeder while high organic content waste in solvent form is fed into the rotary kiln through the spray gun. In the rotary kiln, the waste is heated up to elevated temperatures. Depending on the material fed, metal hydroxide will be converted into recycled metal oxide for collection and sale, while sludge or other product which is high in organic content will become residue for final disposal. The flue gas produced during the recovery process in the rotary kiln will then be purified using a secondary combustion chamber where volatile organic compounds in the flue gas will be removed at high temperatures. Thereafter, dust in the flue gas is removed through the cyclone dust collector. After the temperature of the flue gas has been cooled in the heat exchanger, the flue gas will be channelled to a wet scrubber system for acidic gas removal, following which the resultant clean air will be discharged through our chimney.

GENERAL INFORMATION ON OUR GROUP

(viii) Biological, physical-chemical and WWTP processes

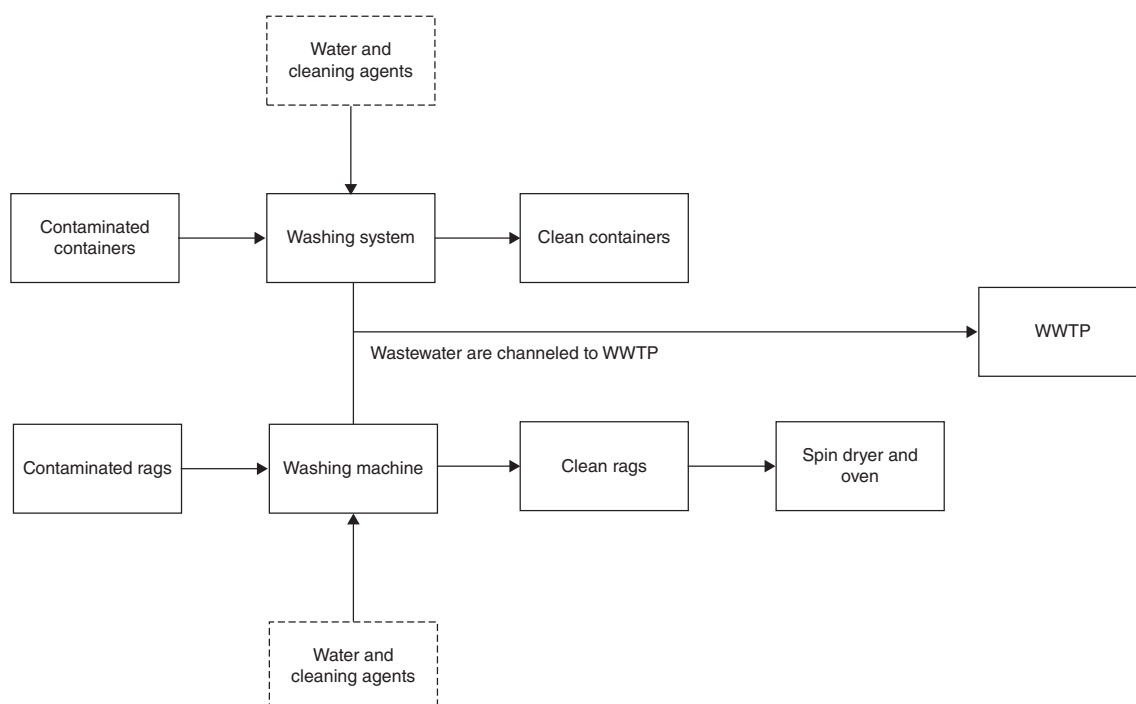
We process wastewater generated from our other waste treatment processes. Our biological, physical-chemical and WWTP processes are designed to treat wastewater in line with the acceptable standard for discharging into public drainage. The workflow diagram of our biological, physical-chemical and WWTP processes is set out below:



Depending on the component of the wastewater, the wastewater is processed in our physical-chemical treatment system where inorganic contaminants are precipitated with the dosing of coagulant, flocculant and other chemicals. The wastewater is then directed into the biological treatment system where organic contaminants are consumed by aerobic digestion bacteria and converted into carbon dioxide, water or other gaseous compounds. The solid particles that have been generated from the precipitation of the inorganic contaminants are filtered by a filter press where the resulting filter cake from the filter press is sent for disposal. Sand filter and activated carbon filter act as the polishing system to further remove the residual contaminants in the wastewater, after which the treated effluent complying with final discharge standard is discharged.

(ix) Decontamination and drying process for containers and rags

Contaminated containers include drums and tank containers, which are also referred as ISO tank. Used containers and rags contaminated with scheduled waste are also classified as scheduled waste under EQ(SW) Regulations.



GENERAL INFORMATION ON OUR GROUP

Contaminated containers are placed in the washing stands in the washing system designed for containers with different shapes and sizes. Water and cleaning agents from the chemical dosing system are pumped into the containers to remove contaminants. The above cleaning process is conducted in several repeated cycles until all contaminants are removed from the containers. Labels on the containers are removed by our staff before the clean containers are ready to be sold or reused.

Contaminated rags are placed into the specifically designed washing machine, for decontamination with hot water and cleaning agent. Clean rags are then transferred into the spin dryer and oven for drying.

All wastewater generated during the above processes will be channelled to our WWTP for further treatment and eventual discharge into the public drainage.

Our logistics team

As part of our scheduled waste management services, we collect scheduled waste from our customers and transport it to our waste treatment plants. As at the Latest Practicable Date, our logistics team includes a fleet of 19 commercial vehicles (which are either fully owned by them or held in trust for our Group by third parties and of which 14 vehicles are issued with permits by the Land Public Transport Commission to carry third-party or own goods) and a team of 16 drivers that are registered with the DOE. We have different types of vehicles designated to carry various types of scheduled waste. Our vehicles are equipped with global positioning system (GPS), enabling us to monitor the operational status of our vehicles including real-time location, travelling speed and the scheduled waste in transit. As at the Latest Practicable Date, three (3) of our Group's commercial vehicles are held in trust by third parties as we are currently undergoing an internal transfer and/or reapplication of the permit issued by the Land Public Transport Commission. The transfer process is estimated to complete by end of April 2022 and after such completion, all the commercial vehicles will be fully owned by our Group. We will make the relevant announcement on the SGXNet upon the completion of the transfer process.

To supplement our transportation capacity, we also engage third-party logistics services providers to transport the scheduled waste between customers' premises and our plants. All such third-party vehicles engaged by us are also registered with the DOE under our licences. Our legal advisers as to Malaysia law confirmed that our engagement of third-party logistics services providers as registered with the DOE under our EQA 1974 is valid and legal. However, based on the latest requirements issued by the DOE, (i) the use of new third-party vehicles that have not been registered with the DOE for the transportation of scheduled waste under scheduled waste management services providers' licences is no longer allowed starting from 1 May 2021; and (ii) we are allowed to use the pre-existing third-party vehicles that are already registered under our DOE licences before 1 May 2021 with certain conditions including displaying our identification starting from 1 May 2021.

QUALITY CONTROL

We prioritise quality in our services and believe quality control is critical to the long-term success of our business. Our Group has adopted an employee handbook containing details of environmental management information for our employees. All ISO requirements and all procedures related to the industry such as marketing, purchasing and R&D process have been incorporated into the handbook.

GENERAL INFORMATION ON OUR GROUP

As at the Latest Practicable Date, our Group holds the following material certifications in relation to its quality control:

Certification	Recipient	Details	Issuing authority	Date of first certification	Date of expiry
ISO 14001:2015	5E Resources	Implementation and maintenance of environmental management system for provision of recycling and recovery services for scheduled waste items	Albert QA Technic GMBH	3 April 2014	2 April 2023
ISO 45001:2018	5E Resources	Implementation and maintenance of occupational health and safety management system for provision of recycling and recovery services for scheduled waste items	Albert QA Technic GMBH	3 April 2014 ⁽¹⁾	19 March 2023

Note:

(1) From 2014 to 2020, 5E Resources had been certified under the standard of OHSAS 18001:2007 for the implementation and maintenance of occupational health and safety management system for provision of recycling and recovery services for scheduled waste items, which was replaced by ISO 45001. 5E Resources obtained the certificate under ISO 45001:2018 on 20 March 2020.

Training materials are provided to our employees in respect of our operational and safety processes, as well as the operation of our machineries and equipment. The employee manual covers details of each of the operational processes and safety procedures. Customers are encouraged to perform factory visits to understand our operational processes. Moreover, we also send our employees to attend training at the Environmental Institute of Malaysia on a yearly basis to obtain relevant competency accreditation.

During the Period under Review, we did not receive any complaints regarding the quality of our products that had a material adverse effect on our business, financial condition or results of operations.

Pricing policy

We generally determine our prices on a cost-plus basis and with reference to market price. Other factors, such as the relationships with our customers, the pricing behaviours of our competitors and market sentiment will also be taken into account. For major customers, we generally offer a credit term of 30 to 90 days. Our management team closely monitors our credit risk exposure and ageing of our trade receivables.

GENERAL INFORMATION ON OUR GROUP

(1) *Scheduled waste management services*

We generally determine the prices of our scheduled waste management services on a cost-plus basis taking into account factors such as our estimated costs of transportation and treatment, market price of similar services and target profitability. The costs of treatment are determined by our R&D department based on, amongst others:

- (i) the treatment process required and relevant cost (e.g. the treatment of waste solvent under SW322 requires furnace process and WWTP);
- (ii) the types and/or quantity of chemicals required for the treatment process (e.g. the treatment of waste solvent under SW322 requires caustic soda);
- (iii) machinery and labour used for the treatment (e.g. electricity, diesel cost and labour cost for the operation of machinery); and
- (iv) the estimated value of recovered or recycled products (e.g. the estimated selling price of recycled containers after decontamination of contaminated containers under SW409).

In particular, the cost of treatment is determined by our R&D department based on test results on the scheduled waste sample provided by customers. Due to different composition of scheduled waste, our cost of treatment may vary for different batches of scheduled waste under the same Waste Code. Therefore, the prices of our scheduled waste management services are determined on a case-by-case basis.

Our Directors generally monitor the overall profitability of our scheduled waste management services as a whole as it is not feasible to allocate the actual cost of treatment to each individual job assignment. Our R&D department will (i) conduct sample tests on scheduled waste samples provided by our customers before we provide our quotation; and (ii) conduct follow-up sample tests on the actual content of the scheduled waste upon receipt from our customers to verify whether it is consistent with the samples previously provided by our customers. If a material inconsistency is identified, we will revise our quotation accordingly.

(2) *Sale of recovered and recycled products*

We purchase certain scheduled waste containing high value components such as precious metals to generate recovered and recycled products for sale. We generally determine our quotation for our purchase of the scheduled waste on a cost-plus basis taking into account factors such as our estimated cost of transportation and treatment, market price of the recovered and recycled products and target profitability.

The price of recovered and recycled products is determined on a cost-plus basis taking into account factors including market price and volume. For the recovered and recycled products generated from treating the scheduled waste we purchased from our suppliers, we will also take into account the cost of treatment as determined by our R&D department.

(3) *Chemical trading*

We generally determine the selling price of the chemicals on a cost-plus basis with reference to the purchase price, market price and volume of the chemicals being traded.

GENERAL INFORMATION ON OUR GROUP

OUR MAJOR CUSTOMERS

During the Period Under Review, we had a wide and diversified customer base, and we provided scheduled waste management services to approximately 500 customers in the electronics, petrochemical, semi-conductor and palm-oil refineries industries all over Peninsular Malaysia.

During the Period Under Review, a majority of our customers of scheduled waste management services were located in Southern Peninsular Malaysia due to the geographical proximity to our waste treatment plants in Johor. We have also established our customer base in other regions of the Peninsular Malaysia owing to (i) our ability to provide comprehensive service with our wide range of Waste Codes; (ii) our sales and marketing effort; and (iii) our reputation gained following our involvement in the high profile projects, namely the Kim Kim River Project and the Johor Port Project.

Our major customers accounting for 5.0% or more of our Group's total revenue for the Period Under Review are set out below:

Name of Customer	Products supplied/ Services provided	Percentage of total revenue (%)			
		FY2018	FY2019	FY2020	9M2021
SJ Varied Sdn Bhd ⁽¹⁾	Scheduled waste management services	7.0	5.2	2.4	2.1
Hanwha Q Cells Malaysia Sdn Bhd ⁽²⁾	Scheduled waste management services	5.5	2.0	0.4	0.0*
Johor Port Berhad ⁽³⁾	Scheduled waste management services	0.1	11.3	0.1	0.1
Jabatan Pengairan Dan Saliran Negeri Johor ⁽⁴⁾	Scheduled waste management services	—	11.0	—	—
Biocon Sdn Bhd ⁽⁵⁾	Scheduled waste management services	—	—	1.5	6.0

* Denotes less than 0.1

Notes:

- (1) There has been a decrease in the volume of waste collected from SJ Varied Sdn Bhd since FY2019 due to a decrease in the waste generated by SJ Varied Sdn Bhd.
- (2) Our Group has ceased collection of waste from Hanwha Q Cells Malaysia Sdn Bhd in FY2021 as, due to changes in the content of the waste generated by Hanwha Q Cells Malaysia Sdn Bhd, the processing of waste by our Group is no longer economically viable.
- (3) Johor Port Berhad is a one-off project customer of our Group. Johor Port Berhad awarded the Johor Port Project to our Group in FY2019 which resulted in a significantly higher revenue from Johor Port Berhad in FY2019.
- (4) Jabatan Pengairan Dan Saliran Negeri Johor is a one-off project customer of our Group. Jabatan Pengairan Dan Saliran Negeri Johor awarded the Kim Kim River Project to our Group in FY2019 which resulted in a significantly higher revenue from Jabatan Pengairan Dan Saliran Negeri Johor in FY2019.
- (5) Our business relationship with Biocon Sdn Bhd commenced in FY2020. The increase in revenue from Biocon Sdn Bhd in 9M2021 was due to increase in waste generated from their production.

Save as disclosed above, no other customer accounted for 5.0% or more of our Group's total revenue in FY2018, FY2019, FY2020 or 9M2021.

GENERAL INFORMATION ON OUR GROUP

We generally do not enter into long-term agreements with our customers. Upon enquiries from our customers, we will prepare our quotation and send to our customers for their consideration. Our customers generally accept our quotations by counter signature. Orders from new customers will only be accepted after approval by our marketing department and finance department based on our analysis of the customers' financial standing and reputation.

On limited occasions, upon customers' request, we may also enter into long-term agreements with some of our customers to govern the transaction terms of our scheduled waste management services. The long-term agreements generally set out a fixed unit price of our scheduled waste management services for a specified period of time. The customers will place orders pursuant to the terms and conditions as stipulated in the agreements. We generally do not have (i) minimum collection volume or service amount; (ii) penalties for non-compliance with the minimum collection or service amount; nor (iii) price adjustment provisions under the long-term agreements. Our Directors have confirmed that we have not experienced material breach of terms under the long-term agreements with our customers during the Period Under Review.

The revenue contribution from our customers varies from year to year as a result of the nature of our business being conducted primarily on a per job basis. Therefore, we may not secure similar engagements in terms of size and scope with the same customer year-on-year. Further, our revenue is diversified across our service types and customers in our various business segments. As at the date of this Offer Document, our Group's business and profitability are not materially dependent on any particular industrial, commercial or financial contract with any customer.

As at the Latest Practicable Date, our Directors are not aware of any information or arrangement which would lead to a cessation or termination of our Group's relationship with any of our major customers listed above.

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

As at the Latest Practicable Date, our Group provides services to Wentel Corporation. However, they accounted for less than 5% of our revenue. The shareholders of Wentel Corporation are our Chairman and Executive Director, Loo Sok Ching (58.92%) and our Controlling Shareholder, Wong Kim Fatt (41.08%) and the shareholders of Wentel Engineering are our Controlling Shareholders, Wong Kim Fatt (52.50%) and Ban Kim Wah (18.75%), Wentel Corporation (22.50%) and an independent third party (6.25%). Please refer to the section entitled "Interested Person Transactions" of this Offer Document for more details of our Group's transactions with Wentel Corporation and Wentel Engineering.

OUR MAJOR SUPPLIERS

Our suppliers in respect of our scheduled waste management services mainly include vendors of equipment, chemicals, materials and utility suppliers. Apart from these suppliers, our suppliers in respect of the sales of recovered and recycled products also include Waste Generators, which sell scheduled waste to us for further processing. Our suppliers in respect of chemical trading includes chemical suppliers. During the Period Under Review and up to the Latest Practicable Date, all of our suppliers were independent third parties and all of them are based in Malaysia. Our suppliers generally grant us a credit term up to 60 days. We usually make payments to our suppliers by bank transfer.

GENERAL INFORMATION ON OUR GROUP

Our major suppliers accounting for 5.0% or more of our Group's total cost of sales for the Period Under Review are set out below:

Name of Supplier	Products supplied/ Services provided	Percentage of total cost of sales (%)			
		FY2018	FY2019	FY2020	9M2021
Amita Berjaya Sdn Bhd ⁽¹⁾	Sludge disposal	0.2	5.0	8.5	9.3
Cubitech Resources Sdn Bhd ⁽²⁾	Sludge disposal	1.1	2.8	2.7	6.4
Eastern Genesis Sdn Bhd ⁽³⁾	Upkeep of factory and facilities	3.1	5.0	3.3	0.5
Nasmech Technology Sdn Bhd ⁽⁴⁾	Carboniser	5.0	–	0.3	–
Top Kim Oil Sdn Bhd ⁽⁵⁾	Diesel	7.7	2.0	0.9	1.2
Petronas Group ⁽⁶⁾	Purchase of various waste materials	0.9	7.7	3.3	5.5
Tenaga Nasional Berhad ⁽⁷⁾	Electricity	3.7	4.0	5.1	4.1

Notes:

- (1) Amita Berjaya Sdn Bhd is our Group's largest supplier in terms of transaction value. Our Group disposes sludge to Amita Berjaya Sdn Bhd for further processing to become cement raw materials. The increase in transaction value during the Period Under Review correlates to the increase in revenue generated from our scheduled waste management segment.
- (2) Cubitech Resources Sdn Bhd is a licensed waste rags disposal contractor. The increase in value of the waste rags disposed to Cubitech Resources Sdn Bhd during the Period Under Review correlates to the increase in revenue generated from our scheduled waste management segment.
- (3) Eastern Genesis Sdn Bhd is our panel contractor managing the upkeep and maintenance of PLO 83 Plant, PLO 317 Plant and PLO 738 Plant. The significant increase in transaction value in FY2019 was due to Eastern Genesis Sdn Bhd involvement in our projects, namely the Kim Kim River Project and Johor Port Project, where Eastern Genesis Sdn Bhd provided labour support, excavation service, machine mobilisation and other equipment and general services to support these projects. Our transactions with Eastern Genesis Sdn Bhd is dependent on the volume of regular and special upkeep and maintenance works in PLO 83 Plant, PLO 317 Plant and PLO 738 Plant.
- (4) Nasmech Technology Sdn Bhd supplies carbonisers to our Group. Our Group purchased carbonisers from Nasmech Technology Sdn Bhd and engaged Nasmech Technology Sdn Bhd to upkeep and upgrade our carbonisers in FY2018.
- (5) Top Kim Oil Sdn Bhd supplies diesel to our Group. In addition to Top Kim Oil Sdn Bhd, our Group has been purchasing diesel from another diesel supplier since FY2019, which has resulted in the decrease in total costs in FY2019, FY2020 and 9M2021.
- (6) Our purchases from Petronas Group comprise aggregate purchases from Petronas Chemicals Ethylene Sdn Bhd, Petronas Chemicals MTBE Sdn Bhd, Petronas Chemicals Polyethylene Sdn Bhd, Petronas Gas Berhad and Petronas Lubricants International Sdn Bhd. For the avoidance of doubt, each of the foregoing entities individually accounted for less than 5.0% of our Group's total cost of sales during the Period Under Review. As the waste generated by entities within the Petronas Group was mainly on an ad-hoc and irregular basis, this resulted in fluctuations to the cost to purchase the materials from time to time and we will analyse the cost of the waste before confirming the purchase with the entities within the Petronas Group.
- (7) Tenaga Nasional Berhad is a public utilities provider and there are no special arrangements between Tenaga Nasional Berhad and our Group.

GENERAL INFORMATION ON OUR GROUP

Save as disclosed above, no other supplier accounted for 5.0% or more of our Group's total cost of sales in FY2018, FY2019, FY2020 or 9M2021.

We maintain a list of approved suppliers. The criteria for becoming our approved suppliers include credit standing, reputation, quality of service and competitiveness of pricing. During the Period Under Review, we had maintained multiple suppliers for the chemicals and materials required for our operations. This was to avoid reliance on any single supplier. Accordingly, the amount we purchase from each supplier tends to fluctuate from year to year since our choice of supplier may depend on, amongst others, pricing, specification, quality, track record, reputation, who can supply us the required amount, and whether they can meet our delivery requirements at the relevant time. We did not experience any shortage or delay in our supplies during the Period Under Review.

In addition, to manage fluctuations of raw material prices, our Group conducts market price analysis for the raw materials from time to time. We did not experience and do not expect any material price fluctuations of supplies for our procurement. Considering that our prices for scheduled waste management services are generally based on our estimated cost of sales, we are able to pass on the increase in costs to our customers.

During the Period Under Review, trading terms with our suppliers are set out in our suppliers' quotations, our purchase orders and master purchase agreements entered into between our suppliers and us. We generally do not enter into agreements with our suppliers with terms exceeding three (3) years. Instead, we generally make enquiries with our suppliers based on our procurement plans and needs.

The majority of our scheduled waste are collected from Waste Generators who engage us, by paying us a fee, for scheduled waste management services. There are however certain scheduled waste containing high value components such as precious metals that we have to purchase from certain Waste Generators to generate recovered and recycled products, and such Waste Generators are therefore also our suppliers. Based on mutual agreement, we sometimes enter into master purchase agreements with our suppliers who are Waste Generators to govern the transaction terms of our purchase of scheduled waste from them. The master purchase agreements generally set out a fixed unit price of the scheduled waste for a specified period of time. We will place purchase orders pursuant to the terms and conditions as stipulated in the master purchase agreements. We generally do not have (i) minimum purchase volume amount and (ii) price adjustment provisions, under the master purchase agreements with our suppliers. Our Directors have confirmed that we have not experienced material breach of terms under the master purchase agreements with our suppliers during the Period Under Review.

As at the date of this Offer Document, our Group's business and profitability are not materially dependent on any particular industrial, commercial or financial contract with any supplier.

As at the Latest Practicable Date, our Directors are not aware of any information or arrangement which would lead to a cessation or termination of our Group's relationship with any of our major suppliers listed above.

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

GENERAL INFORMATION ON OUR GROUP

OVERLAPPING OF CUSTOMERS AND SUPPLIERS

Due to the overlap of the waste management business and the recycling business, we had provided scheduled waste management services to, and at the same time, purchased scheduled waste from, certain Waste Generators during the Period Under Review. While a majority of the scheduled waste we collected for processing are from Waste Generators who engaged us for our scheduled waste management services, we also purchased scheduled waste which contained high value components, such as precious metals like nickel and silver, from certain Waste Generators for processing and eventual sale as recycled products. According to the Industry Report, it is an industry norm that certain scheduled waste contains high value components and will be sold by Waste Generators. During the Period Under Review, we also purchased chemicals and materials used in our scheduled waste management services from some of our customers. Our Directors are of the view that our Group can benefit from this customer-supplier relationship with our overlapping customers and suppliers where we can make use of our business relationship to maintain and secure a stable sourcing network while enhancing our source of revenue.

Scheduled waste collected from our customers who are also our suppliers is generally mixed and processed together with the scheduled waste with similar composition collected from other customers. As such, it is not feasible to allocate the cost of treatment to each individual transaction or to determine the gross profit or gross profit margin for the transactions with such overlapping customers and suppliers. As we adopt our pricing policy for all customers including our overlapping customers and suppliers, the gross profit margin attributable to our overlapping customers and suppliers are in line with the overall gross profit margin of our Group.

Our Directors have confirmed that all of our sales to and purchase from our overlapping customers and suppliers were conducted in the ordinary course of business under normal commercial terms and on arm's length basis and were neither inter-connected nor inter-conditional to each other.

As at the Latest Practicable Date, none of our Directors, Substantial Shareholders or any of their Associates has any interest, direct or indirect, in, and/or are involved in the management of, any of our Group's overlapping customers and suppliers.

CREDIT POLICY

Credit terms offered to our customers

We typically grant credit terms of between 30 to 90 days to our customers. However, the credit limit for each customer may vary from customer to customer, depending on factors such as their payment track record, financial background and the length of our business relationship. The credit terms and changes to the credit terms are approved by our management and are subject to annual review. We also re-evaluate our customers' credit standing and the credit limit extended to them from time to time to better ensure collectability of trade receivables.

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

	FY2018	FY2019	FY2020	9M2021
Average trade receivables' turnover days⁽¹⁾	71	56	69	67

GENERAL INFORMATION ON OUR GROUP

Note:

- (1) Average trade receivables' turnover days is calculated based on the average of the opening and closing trade receivables balances of the relevant financial year/period divided by the corresponding revenue for the financial year/period multiplied by 365 days or 273 days, as the case may be.

The lower average trade receivables' turnover days in FY2019 was mainly due to better collection from our project-based scheduled waste management services. Our average trade receivables' turnover days during the Period Under Review is within the range of 30 to 90 days granted to our customers.

Our finance department monitors the payment status of our customers closely and follows up with our customers on overdue payments. To further strengthen our Group's procedures for control of overdue payments, we had included in our formal policy the process and accountability of controlling, reporting and ensuring timely remedial actions for such payments owing to us.

Specific provision or write-off will be made when we are of the view that the collectability of an outstanding debt is in doubt. Allowance for impairment of receivables will usually be assessed on a case-by-case basis, depending on the creditworthiness of the customers at the relevant time.

The amount of impairment losses on trade receivables during the Period Under Review were as follows:

(MYR'000)	FY2018	FY2019	FY2020	9M2021
Net impairment losses/(reversal of impairment losses) on trade receivables	39	(438)	11	211

In 9M2021, our Group had recognised an impairment loss on trade receivables of approximately MYR211,000 due to the increase in gross carrying amount of trade receivables from MYR9.3 million in FY2020 to MYR9.6 million in 9M2021 and in particular, the overdue balances in the 'more than 90 days past due' bucket has increased by MYR282,000 in 9M2021 which attracts a higher expected loss rate.

During the Period Under Review, we have not written off any bad debts arising from trade receivables.

Our trade receivables as at 30 September 2021 amounted to approximately MYR9.3 million. The aging schedule of the balance of our trade receivables as at 30 September 2021 is as follows:

Period	As at 30 September 2021	
	MYR'000	%
Current (not past due)	5,187	55.8
1-30 days past due	2,580	27.8
31-90 days past due	1,266	13.6
More than 90 days past due	258	2.8
Total	9,291	100.0
Amount collected as at the Latest Practicable Date	9,135	98.3

GENERAL INFORMATION ON OUR GROUP

Save for amounts for which provisions for impairment losses have been made as set out above, our Company does not expect any issues with the collectability of such receivables.

Our Company does not foresee any further material impairments or write-offs of such remaining trade receivables after the Listing.

Credit terms granted by our suppliers

Our creditors normally grant us credit terms up to 60 days.

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

	FY2018	FY2019	FY2020	9M2021
Average trade payables' turnover (days)⁽¹⁾	41	44	59	33

Note:

- (1) Average trade payables' turnover days is calculated based on the average of the opening and closing trade payables balance for the relevant financial year/period divided by the corresponding purchases for the financial year/period multiplied by 365 days or 273 days, as the case may be.

The higher average trade payables' turnover days in FY2020 was due to more prudent cash flow management during the year in light of uncertainties arising from the COVID-19 pandemic. Nonetheless, our average trade payables' turnover days remain within the credit period granted by our suppliers. Our average trade payables' turnover days decreased from 59 days in FY2020 to 33 days in 9M2021 due to faster payment and settlement to our suppliers following easing of restrictions on businesses and improving economic activity during the period. In FY2020, our Group incurred upkeep and maintenance expenses amounting to MYR392,521, which contributed to the higher trade payables balance as at 31 December 2020. During 9M2021, our Group paid off these expenses and therefore reduced the trade payables balance to MYR3.6 million as at 30 September 2021. The credit terms granted by these specific vendors are up to 30 days.

INVENTORY MANAGEMENT

Our inventory primarily consists of recovered and recycled products and chemicals for scheduled waste management services. During the Period Under Review, our Group did not retain or dispose of any obsolete inventory as the recovered and recycled products and chemicals for scheduled waste management services can be sold across different industries. The chemicals are procured every month according to the scheduled procurement plan approved by our wastewater treatment plant department and furnace department. Consequently, our Group maintains a relatively low level of stock for chemicals required for our scheduled waste management services. As at 31 December 2018, 31 December 2019, 31 December 2020, 30 September 2021 and the Latest Practicable Date, our inventories amounted to approximately MYR0.6 million, MYR0.5 million, MYR0.7 million, MYR0.6 million and MYR0.8 million respectively. According to our policies and procedures for inventory management, our Group performs monthly inventory count to track the stock of inventories. Assessment on the provision for obsolete inventory will be conducted semi-annually to ensure adequate provision for obsolete inventory has been provided.

GENERAL INFORMATION ON OUR GROUP

SALES AND MARKETING

We perform sales and marketing activities for each of our three business segments, namely: (i) scheduled waste management services; (ii) sale of recovered and recycled products; and (iii) chemical trading and/or sale. As at the Latest Practicable Date, our marketing department consists of seven (7) employees focusing its marketing efforts on major industrial companies within our target area in Malaysia. In addition, our Group also distributes brochures to potential customer groups and attends industry seminars and exhibitions in different states of Malaysia to raise our Group's profile. Our sales and marketing team is also responsible for maintaining existing customer relationships and promoting our services to local major industrial companies.

In view of our Controlling Shareholders, Ban Kim Wah and Wong Kim Fatt's extensive experience in this industry and strong personal network and connections, Ban Kim Wah and Wong Kim Fatt are employed as marketing advisors to our Group, and their roles and responsibilities include (i) introducing and managing customers from their personal network to our Group; (ii) understanding and analysing market information and trends to advise our Company on marketing strategies and planning; (iii) maintaining customer relationships; (iv) offering expert advice to develop sales forecasting and developing and managing marketing budgets; (v) establishing goals for target market share; (vi) overseeing the marketing plan and providing analytics reviews; and (vii) advising the management on sales and marketing matters from time to time.

INSURANCE

Based on the level of our operational risks, we maintain insurance policies covering environmental liability insurance, fire insurance, public liability insurance, personal accident insurance, employer liability insurance and vehicle insurance.

For the Period Under Review and for the period commencing from 1 October 2021 up to the Latest Practicable Date, we were in compliance with applicable Malaysia laws, rules and regulations with respect to obtaining insurance for our employees.

As at the Latest Practicable Date, our Directors are of the view that the above insurance policies are adequate for our Group's current operations and is generally in line with the industry norm. Our Directors will review the insurance coverage of our Group from time to time and at least annually to consider the sufficiency of its coverage.

During the Period Under Review and up to the Latest Practicable Date, we have not had any material claims or liabilities arising from any accidents relating to our operations or properties, nor did we experience any material property loss, damage, business interruptions or product liability incidents. During the Period Under Review and up to the Latest Practicable Date, we had not made, neither had we been the subject of, any insurance claims which are of a material nature to us.

GENERAL INFORMATION ON OUR GROUP

INTELLECTUAL PROPERTY

Trademarks

As at the Latest Practicable Date, we have registered the following trademarks:

Trademark	Registered owner	Trademark number	Place of registration	Class	Date of registration	Expiry Date
	5E Resources	305456188	Hong Kong	40 ⁽¹⁾	23 November 2020	22 November 2030
	5E Resources	TM2020028642	Malaysia	40 ⁽¹⁾	24 November 2021	01 December 2023
5E RESOURCES	5E Resources	40202119618X	Singapore	40 ⁽²⁾	16 August 2021	16 August 2031
	5E Resources	40202119594X	Singapore	40 ⁽²⁾	14 August 2021	14 August 2031

Notes:

- (1) The services classified under Class 40 pertains to services not included in other classes, rendered by the mechanical or chemical processing or transformation of objects or inorganic substances which includes waste treatment as a part of transformation.
- (2) Consultancy relating to the destruction of waste and trash; consultancy relating to the recycling of waste and trash; consultancy relating to the incineration of waste and trash; destruction of waste and trash; waste treatment services environmental remediation services; waste processing transformation; environmental remediation services, namely, waste disposal treatment; information, advice and consultancy services relating to the recycling of waste and trash; processing and recycling of waste and trash; providing information relating to the recycling of waste; recycling of biogenous waste; recycling of refuse and waste; recycling of waste and providing information relating thereto; waste recycling services; treatment of waste materials; providing information relating to the rental of waste crushing machines and apparatus; sorting of waste and recyclable material transformation; treatment of industrial waste to sequester carbon.

As at the Latest Practicable Date, we have not applied for the registration of any trademarks.

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Internet domain names

As at the Latest Practicable Date, we have registered the following domain names:

Domain name	Registered owner	Expiry date
www.5e-resources.com	5E Resources	15 April 2023
www.tsheuls.com	TS Heuls	26 March 2023

Save as disclosed above, we do not own or use any other intellectual property rights, and our business and profitability are not materially dependent on any patent or licence or any other intellectual property rights.

LICENCES, PERMITS, APPROVALS AND GOVERNMENT REGULATIONS

Licences, Permits and Approvals

Licences and approvals are crucial to our business operations as the scheduled waste management industry is highly regulated.

As at the Latest Practicable Date, we hold the following business premises licences:

Business address	Licence holder	Business premise owner ¹	Issuing authority	Validity
PLO 83 Jalan Perak, Kawasan Perindustrian Pasir Gudang, 81700 Pasir Gudang, Johor	5E Resources	Lim Te Hua	Pasir Gudang Municipal Council, Johor, Malaysia (“PGM”)	1 January 2022 to 31 December 2022
PLO 317 Jalan Perak, Kawasan Perindustrian Pasir Gudang, 81700 Pasir Gudang, Johor	5E Resources	Lim Te Hua	PGM	1 January 2022 to 31 December 2022
PLO 738 Jalan Platinum Utama, Zon 12B, Kawasan Perindustrian Pasir Gudang 81700 Pasir Gudang, Johor	5E Resources	Lim Te Hua	PGM	1 January 2022 to 31 December 2022
26 Jalan Permas 9/13, Bandar Baru Permas Jaya, 81750 Masai, Johor Bahru	TS Heuls	Ban Kim Wah	Majlis Bandaraya Johor Bahru	1 January 2022 to 31 December 2022

¹ The licences are issued to our Group and the persons named in the licences are merely the representatives of our Company. Our Group, as the licence holders, can apply to change the individual representative named on the licence to any other person who is an employee of our Group.

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For our scheduled waste management services, we are required to obtain the licences mainly for (i) scheduled waste collection, subject to quota; (ii) handling of different categories of scheduled waste, subject to certain quota; and (iii) operating certain types of machinery at our waste treatment plants.

We are licensed to provide scheduled waste management services pursuant to EQA 1974. As at the Latest Practicable Date, we operate three (3) waste treatment plants which are classified as prescribed premises under the EQA 1974 and licensed by the DOE being:

- (i) off-site recovery facility, which is approved to be used for the retrieval of material or product from any scheduled waste that is not produced on those premises; and
- (ii) prescribed conveyance, which is approved to be used for the collection and transfer/transportation of any scheduled waste that is not produced on those premises.

As at the Latest Practicable Date, our Group holds the following licences under the EQA 1974 relating to our scheduled waste management services:

Description of approval/ licence/permit	Issuing authority	Holder of approval/ licence/permit	Validity period/ Expiry date ²	Licence area
Prescribed premises – Off-site recovery facilities	DOE	5E Resources	1 May 2021 – 30 April 2022	PLO 738 Plant
	DOE	5E Resources	1 May 2021 – 30 April 2022	PLO 83 Plant
	DOE	5E Resources	1 May 2021 – 30 April 2022	PLO 317 Plant
Prescribed conveyance	DOE	5E Resources	1 May 2021 – 30 April 2022	PLO 738 Plant
	DOE	5E Resources	1 May 2021 – 30 April 2022	PLO 83 Plant
	DOE	5E Resources	1 May 2021 – 30 April 2022	PLO 317 Plant

To satisfy our customers' wide range of scheduled waste management needs, of which quantity may vary from time to time, we strive to obtain a wide range of Waste Codes and sufficient monthly quota. The permitted monthly quota cannot be carried forward if they are not fully utilised during the preceding month.

Our Group utilises the Navision ERP system for our daily monitoring and recording of the actual quantity of scheduled waste collected by our waste treatment plants to ensure that the quota utilisation for the relevant Waste Codes is updated in a timely manner. At every month end, our Company will perform reconciliation between the Navision ERP system and the relevant source documents. In addition, the DOE requires Waste Generators and suppliers of scheduled waste management services (in this case, our Group) to record the amount of scheduled waste which the Waste Generators engage our Group to manage and dispose, via the DOE's Electronic Scheduled Waste Information System ("ESWIS"). The ESWIS is required to be used for every transaction involving the Waste Generators and our Group and is also a platform which the DOE monitors the

² The licences are renewed on an annual basis. Our Company can only apply for renewal of the licences not less than three (3) months nor more than four (4) months of expiry of the licences.

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respective usage of the quotas. The ESWIS is another source of information which our Group relies on to ascertain the quota utilisation information in the Navision ERP system.

The average monthly utilisation rate for each individual Waste Code is reviewed and monitored by our Group's Research and Development department to ensure that the monthly quota is adhered to. Our Group is also required to submit to the DOE on a quarterly basis, a summary of the aggregate quantity (in metric tonnes) of scheduled waste under each respective Waste Code that had been collected in each month. In addition, the DOE conducts physical inspections through site visits on a regular basis and conducts off-site reviews of the movement and quota of scheduled waste processed. During the Period Under Review and up to the Latest Practicable Date, there were no instances where the submission of the relevant information to the DOE were subjected to comments or queries, or subject to amendments. Although the average monthly utilisation rates for each individual Waste Codes are not audited, our Company is subject to review and monitoring by the DOE as the scheduled waste management operation in Malaysia is highly regulated and is under close supervision of the DOE.

The list of Waste Codes and the approved quota that we are licenced to collect and process as at the Latest Practicable Date is set out below

No.	Waste Code	Scheduled waste	Monthly quota as at the Latest Practicable Date (tonnes)
1.	SW104	Dust, slag, dross or ash containing arsenic, mercury, lead, cadmium, chromium, nickel, copper, vanadium, beryllium, antimony, tellurium, thallium or selenium excluding slag from iron and steel factory	1,000
2.	SW110	Waste from electrical and electronic assemblies containing components such as accumulators, mercury-switches, glass from cathode-ray tubes and other activated glass polychlorinated biphenyl-capacitors, or contaminated with cadmium, mercury, lead, nickel, chromium, copper, lithium, silver, manganese or poly-chlorinated biphenyl	100
3.	SW202	Waste catalysts	1,200
4.	SW204	Sludges containing one or several metals including chromium, copper, nickel, zinc, lead, cadmium, aluminium, tin, vanadium and beryllium	800
5.	SW206	Spent inorganic acids	2,260
6.	SW207	Sludges containing fluoride	200
7.	SW301	Spent organic acids with pH less or equal to 2 which are corrosive or hazardous	500
8.	SW303	Adhesive or glue waste containing organic solvents excluding solid polymeric materials	50

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No.	Waste Code	Scheduled waste	Monthly quota as at the Latest Practicable Date (tonnes)
9.	SW305	Spent lubricating oil	520
10.	SW306	Spent hydraulic oil	130
11.	SW307	Spent mineral oil-water emulsion	2,517
12.	SW308	Oil tanker sludges	2,000
13.	SW309	Oil-water mixture such as ballast water	2,000
14.	SW310	Sludge from mineral oil storage tank	800
15.	SW311	Waste oil or oily sludge	800
16.	SW312	Oily residue from automotive workshop, service station oil or grease interceptor	130
17.	SW313	Oil contaminated earth from re-refining of used lubricating oil	300
18.	SW314	Oil or sludge from oil refinery plant maintenance operation	800
19.	SW321	Rubber or latex wastes or sludge containing organic solvents or heavy metals	500
20.	SW322	Waste of non-halogenated organic solvents	1,113
21.	SW323	Waste of halogenated organic solvents	133
22.	SW325	Uncured resin waste containing organic solvents or heavy metals including epoxy resin and phenolic resin	200
23.	SW327	Waste of thermal fluids (heat transfer) such as ethylene glycol	500
24.	SW401	Spent alkalis containing heavy metals	650
25.	SW402	Spent alkalis with pH more or equal to 11.5 which are corrosive or hazardous	500
26.	SW408	Contaminated soil, debris or matter resulting from cleaning-up of a spill of chemical, mineral oil or scheduled wastes	300
27.	SW409	Disposed containers, bags or equipment contaminated with chemicals, pesticides, mineral oil or scheduled wastes	37,590 pcs
28.	SW410	Rags, plastics, papers or filters contaminated with scheduled wastes	356
29.	SW411	Spent activated carbon excluding carbon from the treatment of potable water and processes of the food industry and vitamin production	200
30.	SW416	Sludges of inks, paints, pigments, lacquer, dye or varnish	1,095

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No.	Waste Code	Scheduled waste	Monthly quota as at the Latest Practicable Date (tonnes)
31.	SW417	Waste of inks, paints, pigments, lacquer, dye or varnish	595
32.	SW418	Discarded or off-specification inks, paints, pigments, lacquer, dye or varnish products containing organic solvent	595
33.	SW422	A mixture of scheduled and non-scheduled wastes	200
34.	SW427	Mineral sludges including calcium hydroxide sludges, phosphating sludges, calcium sulphite sludges and carbonates sludges	200

Notes:

- (1) Our Group obtained the approval from the DOE to process scheduled waste under SW104, SW207, SW321, SW325, SW411, SW422 and SW427 on 30 June 2020.
- (2) Our Group obtained the approval from the DOE to transfer an approved quota of 500 tonnes per month under SW402 to SW401 on 30 June 2020.
- (3) Our Group had not collected scheduled waste under SW207 and SW427 during FY2019 and FY2020.
- (4) Our Group has obtained the licences for prescribed premises as off-site recovery facility under Section 18(1) of the EQA 1974 and prescribed conveyance under Section 18(1A) of the EQA 1974 issued by the DOE. Such licences have been renewed annually and will expire on 30 April 2022. As advised by our legal advisers as to Malaysia law, barring any unforeseen circumstances and any change in government policy, there is no legal impediment for us to renew the relevant licences.

For both our scheduled waste management and chemical trading businesses, we are required to have in place licences for the possession and sale of sodium hydroxide and certain chemicals that are categorised as poisons under the PA 1952. The list of our licences granted pursuant to the PA 1952 (the “**PA Licences**”) is set out below:

Description of approval/licence/permit	Issuing authority	Holder of approval/licence/permit	Validity period of current approval/licence/permit
Permit to purchase, store and use of sodium hydroxide (“ 5E Sodium Hydroxide Licence ”)	Department of Health, Johor	Lee Wah Kian as responsible officer of 5E Resources	1 January 2022 to 31 December 2022
Wholesaler’s Poisons Licence (Type B Licence) to import, store and sell by wholesale of certain poisons (“ 5E Poisons Licence ”)	Department of Health, Johor	Ang Khoon Poh as responsible officer of 5E Resources	1 January 2022 to 31 December 2022

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Description of approval/licence/permit	Issuing authority	Holder of approval/licence/permit	Validity period of current approval/licence/permit
Wholesaler's Poisons Licence (Type B Licence) to import, store and sell by wholesale of certain poisons ("TSH Poisons Licence")	Department of Health, Johor	Lim Te Hua as responsible officer of TS Heuls	1 January 2022 to 31 December 2022

Pursuant to the relevant laws and regulations in Malaysia, the PA Licences are registered in the name of these individual licencees as responsible officers. The current responsible officers of the PA Licences were appointed by us after taking into account their educational background, job function in our Group and experience. The PA Licences, which are critical to our business operations, are held by three (3) individual employees as responsible officers of our Group. Our Directors are aware of the risk of being dependent on certain individual employees to act as responsible officers of the PA Licences. They have therefore made a commercial decision to nominate different employees as responsible officers of each PA Licence so to mitigate the risk of losing the relevant licence if any of the responsible officers leaves our Group unexpectedly or commits misconduct which may cause the licences to be revoked.

According to relevant guidelines issued by the Ministry of Health of Malaysia, the qualification for acting as a responsible officer for each of the PA Licences and the number of our qualified employees as at the Latest Practicable Date are summarised as follows:

PA Licence	Qualification	Number of qualified employees
5E Sodium Hydroxide Licence	Preferably a Malaysian citizen or a permanent resident of Malaysia	Over 50
5E Poisons Licence	(i) Preferably a Malaysian citizen or permanent resident of Malaysia; and (ii) Minimum qualification of Malaysian Certificate of Education.	Over 50
TSH Poisons Licence	(i) Preferably a Malaysian citizen or permanent resident of Malaysia; and (ii) Minimum qualification of Diploma in Science based.	8

Our Directors will ensure that, in addition to the existing responsible officers of its PA Licences, our Group has under its employment a number of other personnel who are similarly qualified. Hence, if the PA Licences are revoked due to reasons such as resignation or misconduct of the relevant employees, our Group is still able to nominate other qualified employees as replacement to ensure continuity of the PA Licences. To the best knowledge of our Directors, the application to register the PA Licences in the names of our alternative licence holders will take less than one (1) month, which is shorter than the respective notice periods of the current responsible officers of the PA Licences stipulated in their employment contracts with us. Our Directors, having considered the above, consider that our Group is not overly reliant on the employees currently assuming the roles of responsible officers for the PA Licences, and there will be no material hindrance or delay in our Group's business operations.

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The following table sets forth other permits and licences material to our business operations:

Description of approval/licence/permit	Issuing authority	Holder of approval/licence/permit	Validity period or expiry date of current approval/licence/permit
Licence for provision of collection services for commercial, industrial and institutional solid waste for a prescribed premise	National Solid Waste Management Department	5E Resources	6 January 2022 to 5 January 2024
Certificate of fitness – Electric steam boiler	Department of Occupational Safety and Health, Johor	5E Resources	27 April 2022 to 17 July 2023 ⁽¹⁾
Certificate of fitness – Air vacuum tank	Department of Occupational Safety and Health, Johor	5E Resources	10 March 2021 to 8 June 2022
Certificate of fitness – Air compressor receiver	Department of Occupational Safety and Health, Johor	5E Resources	28 July 2021 to 26 October 2022
Licence to operate goods vehicles which carry third-party goods in connection with business or trade of the company (Permit A) throughout Peninsular Malaysia	Land Public Transport Commission	5E Resources	2 October 2017 to 28 February 2023
Licence to transport residual oil only (Permit C)	Land Public Transport Commission	5E Resources	10 November 2020 to 9 November 2025
Permit for recycling of waste oil and spent solvent to produce hydraulic oil and lubricating oil	Ministry of International Trade and Industry of Malaysia	5E Resources	Not applicable
Licence for the installation of electrical equipment	Energy Commission	5E Resources	1 April 2021 to 31 March 2023
Licence for the operation of scrap business	Royal Malaysia Police	5E Resources	31 December 2022

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Note:

- (1) The previous certificate of fitness had expired on 21 March 2022. The Company had, on 19 November 2021, submitted an application for the renewal and inspection with the Department of Occupational Safety and Health, Johor (“DOSH”) and they had on 18 April 2022 conducted an inspection on the machinery. On 27 April 2022, the DOSH had issued the current certificate of fitness for the steam boiler. DLT, the legal adviser to the Company as to Malaysia law, is of the opinion that based on its enquires with the DOSH’s officer, there were no non-compliances in respect of the certificate of fitness for the period between 21 March 2022 until 27 April 2022 and accordingly, no penalties have been imposed and that the chance of prosecution is remote. DLT has also confirmed that there have been no actions taken by the DOSH on the same.

To the best of our Directors’ knowledge, our Group has obtained all necessary licences, permits and approvals for our business operations, and our Group is in compliance with all applicable laws and regulations. As at the Latest Practicable Date, none of the aforesaid licences, permits and approvals have been suspended, revoked or cancelled and, save as disclosed in the section entitled “Risk Factors” of this Offer Document, to the best of our Directors’ knowledge and belief, we are not aware of any facts or circumstances which would cause such licences, permits and approvals to be suspended, revoked or cancelled as the case may be, or for any applications for, or renewal of, any of these licences, permits, approvals and certificates to be rejected by the relevant authorities.

In respect of the licences, permits and approvals where the remaining validity is less than 12 months, our Group has taken the relevant steps to renew the validity of these licences, permits and approvals including the compilation of the necessary documents for renewal, to ensure that compliance with the terms of the licences, permits and approvals are met and to ensure that the deadlines of the renewal periods are not missed. Our Group has established an ISO department comprising of 2 persons headed by a certified ISO officer who performs an annual review of all the licences which our Group possesses to monitor their validity and conditions. The renewal of the respective licences is carried out by the respective departments and their role includes the monitoring of the licence renewal process and safe keeping of the licences. Separately, the ISO Department also keeps abreast of latest developments or regulations pertaining to the business of our Group and updates the management and various departments of such updates.

Applicable Government Laws and Regulations

During the Period Under Review and up to the Latest Practicable Date, save as disclosed below, our Group is in compliance with all applicable laws and regulations in Malaysia which are material to our business operations:

- (i) 5E Resources had on 22 June 2019 received a field citation (“FC”) from the DOE on 5E Resources’ failure to properly label the dates of receipt of the scheduled wastes (*first offence*) at the PLO 738 Plant together with the following compound/summons penalty notices: –
- a. K12538
 - b. K12539
 - c. K12540
 - d. K12541
 - e. K12542

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- f. K12543
- g. K12544
- h. K12545
- i. K12546
- j. K12547
- k. K12548
- l. K12549
- m. K12550

The non-compliance was due to the inadvertent omission of labelling due to the initial high temperature of the packaged scheduled wastes.

5E Resources had on 20 September 2019 paid a sum of MYR26,000 for the fines as appeared in the summons issued by the DOE. After the fines were paid, there has been no further action taken by the DOE on this non-compliance and our legal advisers as to Malaysia law have advised that the matter is considered resolved as the fines had been paid in accordance to the summons which constitutes full and final payment, and no further action had been taken by the DOE in relation to the non-compliance.

- (ii) 5E Resources had on 4 March 2020 received a FC from the DOE on 5E Resources' failure to maintain and manage the industrial waste effluent system in accordance with good engineering practice at the PLO 317 Plant together with the following compound/summons penalty notices: –

- a. K12277
- b. K12278

The non-compliance was due to the inadvertent omission of 5E Resources in the upkeep of the waste effluent system. It was noted by the officers despatched by the DOE that there appeared to be darkened algae around the waste water treatment system that 5E Resources was operating.

5E Resources had on 3 August 2020 paid a sum of MYR2,000 for the fines as appeared in the summons issued by the DOE. After the fines were paid, there has been no further action taken by the DOE on this non-compliance and our legal advisers as to Malaysia law have advised that the matter is considered resolved as the fines had been paid in accordance with the summons which constitutes full and final payment, and no further action had been taken by the DOE in relation to the non-compliance.

- (iii) 5E Resources had on 18 August 2019 received a notice from the Director General of the DOE on a non-compliance in respect of concentration in 5E Resources' industrial effluent discharge at the PLO 738 Plant ("**Notice**").

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5E Resources was later given the following summons with the Case No. as below: -

a. JA-63ES-6-01/2021

b. JA-63ES-7-01/2021

The non-compliance was due to the inadvertent omission of 5E Resources to comply with Regulation 11(1)(b) of the EQIER 2009 (as below defined) on the acceptable standards of concentration in its industrial effluent discharge as noted in 5E Resources' discharge drain.

In response to the Notice, 5E Resources had via its letter dated 10 September 2019 reported their rectification works to the DOE and had also submitted evidence of such rectification works.

5E Resources had on 31 March 2021 paid a sum of MYR35,000 for the fines as appeared in the summons as issued by the DOE in Johor Bahru Court Sessions Court. After the fines were paid, there have been no further action taken by the DOE on this non-compliance and our legal advisers as to Malaysia law have advised that the matter is considered resolved as the fines had been paid in accordance with the summons which constitutes full and final payment, and no further action had been taken by the DOE in relation to the non-compliance.

The abovementioned non-compliances were a result of inspections conducted by the DOE and the DOE had to conduct follow-up inspections to ascertain that these non-compliances have been rectified. For the avoidance of doubt, the abovementioned non-compliances had no implications on our Group's licences.

We have since enhanced our internal controls to put in place the necessary processes and safeguards to prevent the abovementioned non-compliances from occurring within our Group. In particular, our Group has been taking corrective actions by closely monitoring the labelling procedures during the waste packing process, performing regular upkeep of the waste effluent system and increase monitoring of industrial effluent discharge.

Please refer to Appendix E of this Offer Document for a summary of the key laws and regulations applicable to our Group. Save as disclosed in Appendix E of this Offer Document, our business operations are not materially subject to any special legislation and/or regulatory controls other than those generally applicable to companies and business incorporated or operating in the respective jurisdictions in which our subsidiaries are incorporated.

AWARDS AND RECOGNITIONS

The following table sets out the major awards and recognitions awarded to us:

Year of grant	Description of award or recognition	Issuing organisation or authority
2020	Vendor Safety Certificate	Lotte Chemical Titan
2020	Appreciation for supporting a facility review program	CHWMEG, Inc.

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Year of grant	Description of award or recognition	Issuing organisation or authority
2019	Certificate of Appreciation – Pasir Gudang Industrial School Adoption Programme (PROSPAG) Year 2019 (Program Sekolah Angkat Industri Pasir Gudang (PROSPAG) Tahun 2019)	DOE
2017	Appreciation letter for cleaning up the oil pollution near Kampung Teluk Jawa, Masai, Johor	DOE
2017	Certificate of Appreciation in Recognition for the Efforts and Contributions towards Achieving 5th LTI Free Operation Year 2017	A marine transportation services provider
2016	Appreciation for supporting a facility review program	CHWMEG, Inc.

ENVIRONMENTAL MATTERS AND CORPORATE SOCIAL RESPONSIBILITY

Environmental matters

We strive to operate our facilities in a manner that protects the environment. The waste management industry in Malaysia is highly regulated and our Group is subject to compliance with environmental laws and regulations. We have adopted various environmental protection policies and measures to ensure compliance with all regulatory requirements under applicable Malaysia laws and regulations.

We have established an environmental, social and governance (“**ESG**”) policy which outlines, among others, (a) our risk governance on ESG matters; (b) ESG strategy formation procedures; (c) ESG risk management and monitoring; and (d) the identification of key performance indicators (“**KPIs**”) and the relevant measurements.

Our Board has the overall responsibility for evaluating and determining our Group’s ESG-related risks, and establishing, adopting and reviewing the ESG policy and targets of our Group.

Our environmental protection measures are managed and supervised by our Directors and senior management, and include, *inter alia*, the following:

- **Site selection.** We conduct site selection evaluation for our scheduled waste treatment facility, which is part of the mandatory environmental impact appraisal to be conducted before any of our waste treatment facilities could obtain Hazardous Waste Business Licence for our commencement of operations.
- **Environmental impact assessment.** We conduct environmental impact appraisals as part of our environmental management system through third-party professionals. Environmental impact appraisals are conducted before construction of waste treatment plants and are sent to the relevant government authorities for review and approval.
- **Emission control.** Gas produced from our operations undergoes a treatment process where hazardous substances are removed before emission. In order to control the emission of air pollution, our factories are installed with air pollution control systems to remove impurities from air emissions.

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- **Wastewater control.** Our production processes generate a considerable amount of wastewater, which is sent to our WWTP to be processed before being discharged.

Our Directors believe that compliance with environmental protection measures creates value for us and are committed to cultivating a compliance culture among all of our employees. To ensure such compliance culture is embedded into everyday workflow and to set strict expectations for responsible individual behaviour across the organisation, we regularly conduct internal compliance checks and inspections, adopt strict accountability internally and conduct compliance training.

During the Period Under Review and up to the Latest Practicable Date, we did not receive any material claims from our customers or residents in the areas we operate, for failing to comply with the relevant environmental requirements. We will continue to strictly implement our environmental protection measures to ensure compliance with the applicable Malaysia laws and regulations.

Corporate Social Responsibility

Our Directors believe that preserving the well-being of the society is one of the ultimate goals of conducting business. Our dedication to waste management contributes to the environmental protection endeavour and the development of our business is in line with the interests of the society as a whole. Based on our continuing R&D effort in search of cost-efficient waste management technologies, we strive to provide our scheduled waste management solutions to all businesses in an efficient manner.

At the same time as our endeavours to promote business development and strive for greater rewards for our Shareholders, we acknowledge our corporate social responsibility by actively contributing to the society. From time to time, we work with relevant government authorities and schools and participate in events promoting the concept of scheduled waste management and waste recovery. We sponsored air quality detection devices to various schools. During the COVID-19 pandemic since 2020 and up to the Latest Practicable Date, we had conducted a sanitisation program and donated personal hygiene products to a school in within our locality to assist in efforts towards the resumption of on-site learning. Fulfilling our corporate social responsibilities is one of our primary goals and our Directors believe that while contributing to the society, such activities could also provide valuable exposure which enhances the public image of our brand as a socially responsible enterprise.

HEALTH AND SAFETY POLICY

We understand that our employees are exposed to certain safety risks and we strive to provide our employees with a safe and healthy working environment. During the course of business, our employees handle various chemicals and machinery that can be dangerous if not careful. To reduce the risk of accidents, we provide all employees with protective gear such as face masks and all equipment is inspected and maintained regularly. Furthermore, we educate our employees on occupational health and safety issues and provide them with operational manuals for each process. We also have emergency response procedures and an emergency response team to respond to fire or explosions, spillage of toxic liquids, emission of toxic gases, workplace violence, and environmental disasters.

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In addition, we have also established a safety and health committee for each of our PLO 83 Plant, PLO 317 Plant and PLO 738 Plant. The safety and health committee comprises (i) the chairman; (ii) the secretary; (iii) the management representatives; and (iv) the employees' representatives. Such committee will hold a meeting regularly to discuss the safety and health issue of the employees in the relevant factory, and we have also prepared and circulated a safety and health statement to all of our employees, which include information on, among others, the responsibilities of the employers and employees in relation safety and health at the premises.

We believe that our health and safety control measures are adequate and comply with applicable laws and regulations in all material respects. During the Period Under Review and up to the Latest Practicable Date, there were no material accidents in the course of our operations.

PROPERTIES AND FIXED ASSETS

Our properties

As at the Latest Practicable Date, our Group owns the land on which three (3) of our waste treatment plants are located in Johor in connection with our business operations, including facilities for our projects and our office spaces. The following table sets out the details of the properties owned by our Group as at the Latest Practicable Date:

Location	Property status	Usage	Approximate gross floor area (square foot)	Appraised value as at 31 December 2020
PLO 317, Jalan Perak, Pasir Gudang Industrial Area, 81700 Pasir Gudang, Johor Darul Takzim, Malaysia	60 years leasehold expiring on 19 March 2067	Used for industrial and factory operation purposes	30,682	MYR4.7 million
PLO 738, Jalan Platinum Utama, Zon 12B, Pasir Gudang Industrial Area, 81700 Pasir Gudang, Johor Darul Takzim, Malaysia	60 years leasehold expiring on 17 March 2071	Used for industrial and factory operation purposes in scheduled and non-scheduled wastes recovery, manufacturing and related activities	86,095	MYR20.0 million
PLO83, Jalan Perak, Kawasan Perindustrian Pasir Gudang, 81700 Pasir Gudang, Johor Darul Takzim, Malaysia	60 years leasehold expiring on 30 September 2045	Used for industry and factory operation purposes	43,561	MYR3.7 million

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As at the Latest Practicable Date, we lease certain properties as operation premises and foreign workers dormitory. The landlords of our leased properties are all independent third parties. The following table sets out all the properties leased or tenanted by our Group as at the Latest Practicable Date:

Tenant/ Lessee	Location	Approximate size area occupied (square foot)	Tenure	Monthly rental (MYR'000)	Description of actual land use	Landlord/ Lessor
TS Heuls	No.26, Jalan Permas 9/13 Bandar Baru Permas Jaya, Johor, Malaysia	1,872	Lease expires on 31 July 2023	2.7	Storage for chemical trading business	Yong Foh Cheng
5E Resources	Six units of dormitory within Block 21, Jalan Cendana 5, Taman Cendana, 81700 Pasir Gudang, Johor, Malaysia	N/A ⁽¹⁾	1 January 2022 to 31 December 2022	17.2	Dormitory for foreign workers	Harum Megah Resources Sdn Bhd
5E Resources	Vacant land held under H.S(D)134653, PTD71200, Mukim Plentong, Daerah Johor Bahru, Negeri Johor	217,796	2 February 2022 to 14 July 2046	⁽²⁾	Logistic, warehouse and operation facilities	Kumpulan Kenderaan Malaysia Berhad

Notes:

- (1) The landlord provides our foreign workers with accommodation facilities, which include utilities, sanitary facilities, bedding, ventilation and guard services.
- (2) Rental based on terms of tenancy:
- 1st term of 3 years at RM43,559.00 to start from 1st November 2022 till 31st October 2025;
 - 2nd term of 3 years at RM47,915.00 to start from 1st November 2025 till 31st October 2028;
 - 3rd term of 3 years at RM52,706.00 to start from 1st November 2028 till 31st October 2031;
 - 4th term of 3 years at RM57,977.00 to start from 1st November 2031 till 31st October 2034;
 - 5th term of 3 years at RM63,775.00 to start from 1st November 2034 till 31st October 2037;
 - 6th term of 3 years at RM70,152.00 to start from 1st November 2037 till 31st October 2040;
 - 7th term of 3 years at RM77,167.00 to start from 1st November 2040 till 31st October 2043; and
 - 8th term of 2 years 8 months and 14 days at RM84,884.00 to start from 1st November 2043 till 14th July 2046.

In respect of the foreign workers dormitory, in the event of non-renewal, it will be made known to our Company and the landlord at least 2 months prior to the expiry. Accordingly, our Company would have sufficient time to source for other dormitories within Johor to continue housing our foreign workers. Due to the foregoing, our Company does not expect any material implication if such lease is not renewed.

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Our Directors confirm that as at the Latest Practicable Date, the actual land use of the aforementioned properties are in compliance with their respective permitted land use.

As at the Latest Practicable Date, the above lease agreements may not be unilaterally terminated by the lessor and our Directors are not aware of any breach of any obligations under the above lease agreements that would result in their termination by the lessor or non-renewal, if required, when they expire.

Our plants and machinery

Waste treatment is a crucial process for our scheduled waste management services. We conduct various treatment processes for scheduled waste in our three waste treatment plants, namely PLO 738 Plant, PLO 83 Plant and PLO 317 Plant. All treatment processes conducted in our waste treatment plants are required to be approved by the DOE.

The treatment processes for scheduled waste are supported by our machinery located at our waste treatment plants. The expected useful life of each of our machineries is 10 years. Notwithstanding 9 out of our Group's 25 machineries have been used for 10 or more years as at 31 December 2021, all of our Group's machineries are in good operational condition as our Group has been undertaking preventive maintenance of all our machineries over the years. Save as disclosed in the section entitled "Use of Proceeds and Listing Expenses" of this Offer Document, our Company does not expect any material capital expenditure and/or expenses will be incurred to replace and/or repair the existing machineries in the 12 months post-Listing.

The operation rates of our machineries are mainly dependent on, amongst others: (i) the volume and categories of scheduled wastes generated by our Group's customers for collection and treatment; and (ii) the nature and scale of ad-hoc projects undertaken from time to time which may cause our Group to utilise specific machineries only.

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The following table sets forth the operation rate of our machinery used in our key treatment processes during the Period Under Review:

Location	Machinery for:	Relevant Waste Code(s)	Operation rate (per annum)				Approximate years used as at 31 December 2021
			FY2018	FY2019	FY2020	9M2021	
PLO 317 Plant	Waste acid recycling process	SW206, SW301	85.0%	90.7%	84.4%	89.8%	7
	Waste oil recycling process	Note 2	69.8%	77.8%	66.1%	74.6%	over 10
	Waste oil recycling process	Note 2	83.3%	88.4%	86.1%	91.0%	over 10
	Waste paint recycling (distillation) process	SW416, SW417, SW418	84.2%	93.0%	84.8%	87.5%	6
	Waste solvent recycling (distillation) process	SW322, SW323	82.5%	91.6%	82.5%	81.0%	over 10
	Waste coolant recycling process	SW307, SW327	83.8%	89.5%	81.1%	64.9%	over 10
	Decontamination of drum process	SW409	73.5%	77.6%	66.5%	77.4%	over 10
	Decontamination of rag process	SW410	81.4%	91.4%	79.3%	72.5%	over 10
	Biological, physical-chemical and WWTP process	All Waste Codes possessed by us	84.8%	89.0%	83.2%	88.2%	over 10
	Auto packing process	SW204	70.9%	68.8%	78.4%	64.5%	5
	Carbonisation process	Note 3	80.1%	96.4%	91.9%	94.2%	over 10
	Furnace process	Note 4	85.2%	95.9%	90.3%	95.6%	over 10

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Location	Machinery for:	Relevant Waste Code(s)	Operation rate (per annum)				Approximate years used as at 31 December 2021
			FY2018	FY2019	FY2020	9M2021	
PLO 738 Plant	Waste acid & alkaline recycling process	SW206, SW301, SW401, SW402	71.3%	52.2%	39.5%	57.7%	6
	Waste oil recycling process	Note 2	83.5%	90.8%	85.8%	91.2%	6
	Waste solvent recycling (distillation) process	SW322, SW323	80.2%	82.2%	69.7%	69.2%	6
	Waste solvent recycling (evaporator) process	SW322, SW323	74.3%	50.9%	38.0%	61.4%	6
	Waste coolant recycling process	SW307, SW327	75.0%	78.7%	76.9%	82.2%	6
	Electronic waste recovery process	SW110	74.7%	51.6%	38.9%	89.1%	6
	Carbonisation process	Note 3	85.3%	89.9%	84.8%	71.9%	4
	Furnace process	Note 4	84.2%	94.9%	88.3%	90.5%	6
	Decontamination of ISO tank process	SW409, SW422	73.4%	50.7%	39.8%	69.1%	6
	Biological, physical-chemical and WWTP process	All Waste Codes possessed by us	86.3%	99.9%	99.3%	90.9%	6
PLO 83 Plant	Auto packing process	SW204	81.2%	95.3%	90.7%	84.7%	5
	Carbonisation process	Note 3	80.1%	96.4%	91.9%	94.2%	6
	Furnace process	Note 4	81.2%	95.9%	90.3%	90.5%	6

Notes:

- (1) The operation rate is calculated based on total operation hours per annum divided by the maximum operation hours per annum (being 20 hours per working day as our machinery is shut down for approximately four hours per day for regular maintenance) based on 312 working days per annum.
- (2) SW305, SW306, SW308, SW309, SW310, SW311, SW312 and SW314.
- (3) SW202, SW207, SW303, SW313, SW321, SW325, SW408, SW410, SW411, SW416, SW417, SW418, SW422 and SW427.
- (4) SW104, SW110, SW202, SW204, SW207, SW303, SW308, SW309, SW310, SW311, SW312, SW314, SW321, SW322, SW325, SW410, SW411, SW416, SW417, SW418, SW422 and SW427.

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The following table sets forth the average monthly Waste Code Quota utilisation rate in relation to our scheduled waste management services during the Period Under Review:

	Average monthly Waste Code Quota utilisation rate (%) ⁽³⁾			
	FY2018	FY2019	FY2020	9M2021
SW204	83.6	71.0	76.4	71.7
SW410	81.1	79.2	54.3	33.5
SW307	32.2	20.3	14.1	8.2
SW402	9.8	18.7	26.5	18.5
SW322	22.5	40.6	42.4	35.5
SW206	30.1	12.2	12.0	4.5
SW401	98.5	97.9	61.5	37.6
SW417	26.5	20.8	22.0	11.5
SW416	6.2	8.6	9.8	7.5
SW202	3.3	24.9	24.6	1.8
Integrated Waste Codes projects ⁽¹⁾	N/A	N/A	N/A	N/A
Others ⁽²⁾	N/A	N/A	N/A	N/A

Notes:

- (1) Such projects include services such as spillage handling, decontamination, and tank and sump pit cleaning which are generally charged on a project basis. These projects differ from each other in terms of (i) scope of work; (ii) urgency; and (iii) the Waste Codes involved. During the Period Under Review, the integrated Waste Codes projects involved scheduled waste under SW110, SW307, SW309, SW402, SW408 and SW410.
- (2) Others include various Waste Codes including but not limited to SW110, SW301, SW303, SW305, SW311, SW408, SW409 and SW418.
- (3) The fluctuations in the utilisation rates of the respective waste codes during the Period Under Review were caused by variations in the type of waste collected from our customers.

The operation rate of our machineries may not be indicative of our average monthly Waste Code Quota utilisation rate or vice versa, as several of our machineries are capable of processing multiple Waste Codes. Furthermore, the operation rate of our machineries may vary depending on the complexity of waste composition (e.g. purity, density, type of waste, etc.) and volume of different batches of scheduled waste being processed.

Our Directors are of the view that our Group's current Waste Quota is sufficient to support our present operations. Notwithstanding this, we intend to apply to the DOE in due course, to increase the Waste Code quota and/or to obtain additional Waste Codes to further support our Group's expansion plans.

As at the Latest Practicable Date, our Company has established three (3) waste treatment plants in Johor and possesses 34 out of 77 Waste Codes. We are familiar with the application process, which involves, amongst others, the submission of the environmental impact assessment to the DOE and obtaining the approval on the same. Following the approval, we will then establish the necessary resources and infrastructure according to the outcome of the environmental impact assessment. Thereafter, the DOE will conduct verification checks on site before issuing the additional quota for existing Waste Codes and/or new Waste Codes.

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Our Company does not foresee any difficulties in the application for additional quota for existing Waste Codes and/or new Waste Codes, at the relevant point in time. Furthermore, our Company has not failed to obtain the relevant approvals from the DOE in our past applications for additional quota for existing Waste Codes and/or new Waste Codes. Notwithstanding this, similar to past applications, our Company would work closely with the DOE in resolving any potential issues that may arise in the course of our applications. Please refer to the section entitled “General Information on our Group – History” of this Offer Document, which sets out the key business milestones of our Group including the approval from DOE in respect of our Group’s application for the same.

We calculate the depreciation on property, plant and equipment using the straight-line method. We conduct inspection of our machinery on a monthly basis. We may replace our machinery when it becomes obsolete or defective, and upgrade our machinery to adapt to development in scheduled waste treatment technology and suit our business needs.

During the Period Under Review and up to the Latest Practicable Date, there had been no major disruption of our business operation due to machine failure.

As at 30 September 2021, our fixed assets consisting of property, plant and equipment had a net book value of approximately MYR27.4 million, particulars of which are set out below:

Description	Quantity	Usage/Purpose	Approximate Net Book Value (MYR'000)	Location
Buildings	2	Waste treatment plant	18,238	PLO 317 Plant and PLO 738 Plant
Plant and equipment	23	Process machinery	6,750	PLO 317 Plant and PLO 738 Plant
Furniture and office equipment	734	Office administration	991	PLO 317 Plant and PLO 738 Plant
Motor vehicles	19	Collect scheduled waste from our customers and transport it to our waste treatment plants, as well as for sales & marketing	1,413	PLO 317 Plant and PLO 738 Plant

To the best of our Directors’ knowledge and belief, there are no regulatory requirements or environmental issues that may materially affect our Group’s utilisation of its material tangible fixed assets.

RESEARCH & DEVELOPMENT

We believe that our R&D endeavours, which strive to continuously improve our processing technology and cater for our customers’ demands on scheduled waste management, enhance our service offerings and price competitiveness. As at the Latest Practicable Date, our R&D

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department comprises four (4) personnel and is headed by Mr. Ang Khoon Poh, our senior management member, who has over eight (8) years of experience in research and development in the waste management industry in Malaysia.

Initiated by knowledge of the latest market trend and enquiries from customers, our R&D activities include both forefront studies of technologies in newer areas of scheduled waste management and application-focused research on upgrading our existing scheduled waste management solutions to meet the evolving needs of our customers and changes in regulatory requirements in the scheduled waste management industry. During the Period Under Review, we had focused on enhancing the functionality and efficiency of our waste treatment processes. For example, in one of our research projects, we studied the effectiveness of certain chemicals in wastewater treatment, which identified a more effective formula to improve discharge quality of our wastewater treatment process. In addition, we had conducted R&D activities on converting waste residue into alternative products that can be disposed of at a lower cost, which is expected to improve the cost-efficiency of our services and reduce pollution to the environment. Such process has been approved by the DOE in January 2019. We intend to invest in the required machinery to implement this cost-saving technology out of proceeds from the Invitation. Please refer to the section entitled “Use of Proceeds and Listing Expenses” of this Offer Document for further details.

Apart from R&D projects, our R&D department is responsible for analysing the cost of scheduled waste management services to facilitate our quotation, which is determined on a cost-plus basis. Before we provide our quotation, our R&D department will conduct analysis on sample scheduled waste provided by the customer and generate a waste sample analysis report setting out, among others, the Waste Codes, colour, suggested treatment process, expected recovered and recycled products, and residue from processing. Our Directors believe that accurate cost analysis is a key factor in maintaining our price competitiveness and profitability.

For the Period Under Review, our expenses incurred for R&D activities amounted to approximately MYR0.3 million, MYR0.4 million, MYR0.4 million and MYR0.3 million in FY2018, FY2019, FY2020 and 9M2021, representing approximately 0.6%, 0.7%, 0.9% and 0.8% of our revenue for each of the respective financial year/period.

IMPACT OF THE OUTBREAK OF COVID-19 PANDEMIC

Since the outbreak of the COVID-19 pandemic in Malaysia in 2020, the Malaysian government has implemented a number of policies and measures, including the Movement Control Order. Under the Movement Control Order, our operations were temporarily interrupted from 18 March 2020 to 12 April 2020. As advised by our legal advisers as to Malaysia law, each of our three business segments, namely: (i) scheduled waste management services; (ii) sale of recovered and recycled products; and (iii) chemical trading and/or sale, fell under the ambit of “essential services” as recognised by the Malaysian government, and we had been allowed to carry on our business operations subsequent to the temporary interruption and up to the Latest Practicable Date. In particular, 5E Resources and TS Heuls had on 13 April 2020, 16 April 2020, 25 April 2020 and 12 January 2021 obtained letters of approval from the Ministry of International Trade and Industry to resume and continue operations subject to the compliance with the standard operating procedures issued by it. In January 2021, all of our foreign workers were required to be quarantined for 10 days as a result of a COVID-19 confirmed case found in the dormitory they lived in, leading to a decrease in our Group’s labour force and the slowdown of our Group’s operations during these 10 days.

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Our Directors have confirmed that the outbreak of the COVID-19 pandemic and the abovementioned temporary interruption of our operations have not resulted in any material adverse impact on our operations and financial performance having considered the following factors:

- (i) since the outbreak of the COVID-19 pandemic and up to the Latest Practicable Date, we had not encountered any material disruption to the procurement of our supplies, and our executive Directors do not expect that we will encounter any material disruptions to our supply chain;
- (ii) since the outbreak of the COVID-19 pandemic and up to the Latest Practicable Date, we had been able to discharge our existing performance obligations for revenue recognition and our executive Directors believe that our Group would continue to be able to provide our scheduled waste management services;
- (iii) our executive Directors confirm that since the outbreak of the COVID-19 pandemic and up to the Latest Practicable Date, we had not been notified by our customers that any of our engagements currently undertaken by us would be suspended or cancelled due to the outbreak of the COVID-19 pandemic;
- (iv) since the outbreak of the COVID-19 pandemic and up to the Latest Practicable Date, we had not experienced any material delay in the settlement of payment to us by our customers as a result of the outbreak of the COVID-19 pandemic;
- (v) based on the information publicly available and reasonable enquiries by our executive Directors, we are not aware of any suggestion or indication that our major customers suffered from material financial difficulties as a result of the outbreak of COVID-19 pandemic; and
- (vi) to the best of our executive Directors' knowledge, as at the Latest Practicable Date, there had been no confirmed cases of COVID-19 infection among our Directors, senior management members and staff.

In response to the outbreak of the COVID-19 pandemic, we have devised and implemented precautionary measures to maintain a hygienic working environment within our Group, including:

- (a) requesting our staff and visitors to wear surgical masks at our premises;
- (b) refraining our employees who have fever or upper respiratory tract infection symptoms from working and requiring them to seek medical advice promptly;
- (c) forming a prevention and control leading group to oversee the implementation of preventive measures, arrange investigation, evaluation and report of any COVID-19 cases;
- (d) forming a prevention and control working group to make sure suspected and/or confirmed cases will be reported immediately and properly followed up;
- (e) forming an on-site emergency group which is responsible for coordinating rescue and evacuation in case of outbreak, follow-up of treatments of our employees who contracted COVID-19, if any;
- (f) measuring the body temperature of persons who enter our premises;

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- (g) disinfecting our premises regularly and maintaining good hygiene in our premises;
- (h) requesting staff not to travel to those areas severely affected by COVID-19 unless necessary, and those who return from the affected areas shall be quarantined for 14 days and be asked to fill in the health check form;
- (i) providing thermometers, face masks and disinfectants to employees and track our employees' travel history during the holidays;
- (j) placing health educational materials on COVID-19 at prominent areas of our premises; and
- (k) providing technical support for our employees to work from home, where feasible.

Despite the outbreak of COVID-19 pandemic, we recorded an increase in our adjusted revenue (i.e. by excluding the revenue contributed by the Kim Kim River Project and the Johor Port Project). Such increase was mainly due to the strong market demand for our regular scheduled waste management services in Malaysia as well as the fact that a number of our customers' businesses also fell under the "essential services" as recognised by the Malaysian government, and therefore these customers were allowed to carry on their businesses during the pandemic period and continued to engage us for our scheduled waste management services.

COMPETITION

The scheduled waste industry in Malaysia in general is highly competitive in nature. We compete on various factors, such as pricing, quality of service, timeliness of service delivery and track record.

Scheduled waste management services and sale of recovered and recycled products

The scheduled waste management industry we operate in is highly fragmented with over 100 service providers. Based on the Industry Report, we are one of the top five (5) companies in the scheduled waste management industry in Malaysia in terms of revenue. We believe our key competitors who offer scheduled waste management services in Malaysia include Kualiti Alam Sdn. Bhd., Hiap Huat Holdings Bhd., Krubong Recovery Sdn. Bhd. and Trienekens (Sarawak) Sdn. Bhd. We believe that these key competitors are also our key competitors for our sale of recovered and recycled products segment.

Chemical trading

We believe our key competitors for our chemical trading segment include CCM Chemicals Sdn Bhd, Taiko Marketing Sdn Bhd and Kong Long Huat Chemicals Sdn Bhd.

For a discussion of the competitive risks that are faced by our Group in our industry, please refer to the section entitled "Risk Factors – Risks Relating to our Industry and Business" of this Offer Document. Please also refer to the section entitled "General Information on our Group – Industry Overview and Prospects" of this Offer Document for more information on the scheduled waste management industry in Malaysia.

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COMPETITIVE STRENGTHS

We believe the following competitive strengths have contributed to our past success and will enable us to operate competitively and to capitalise on future growth opportunities:

We are one of the largest scheduled waste management services providers in Malaysia

According to the Industry Report, the scheduled waste management industry in Malaysia is fragmented with over 100 market players, and we were the fifth largest scheduled waste management services provider in Malaysia in 2020 in terms of revenue of scheduled waste management and related services, accounting for a market share of approximately 3.1%. With the increasing green awareness, tightening regulations and heightening environment and social responsibility concerns, we believe our existing and potential customers tend to select scheduled waste management services providers with proven track record and good compliance records. As such, we believe our established market position would help us maintain our business relationship with our existing customers and attract new customers.

Furthermore, according to the Industry Report, there are only a few market players possessing more than 30 Waste Codes. Out of the top ten market players in 2020, only four (including our Group) possessed more than 30 Waste Codes as at the Latest Practicable Date. Leveraging our experience and expertise in scheduled waste management as well as the 34 out of 77 Waste Codes under the First Schedule of EQ(SW) Regulations we possess as at the Latest Practicable Date, we are able to provide comprehensive scheduled waste management services by processing a number of categories of scheduled waste. Our R&D endeavours, which strive to continuously improve our processing technology and cater for our customers' demands on scheduled waste management, also enhance our service offerings and price competitiveness.

With our established market position and our ability to provide comprehensive scheduled waste management services, we believe that we would be able to capture new market opportunities and enhance our market position.

Our ability to meet increasing or changing customers' and regulatory requirements

According to the Industry Report, the volume of scheduled waste generated in Malaysia by different industries has been increasing from 2017 to 2019, and, despite the slight decrease in 2020 due to the outbreak of COVID-19 pandemic, the volume is projected to further increase from 2019 to 2025 at a CAGR of approximately 4.1%. Our technology and R&D capability have enabled us to cope with the evolving customers' needs in treatment of different types of scheduled waste. Driven by growing environmental consciousness, the Malaysian government and agencies have been imposing more stringent regulations on the scheduled waste management industry and acknowledging new technology to improve waste treatment process. We have been striving to maintain our technological competitiveness. We believe our R&D endeavours are closely in line with the changing demand for the scheduled waste management in Malaysia in response to (i) the tightening of regulatory requirements; (ii) the changing customers' preferences and their evolving needs; and (iii) the changes to scheduled waste generated in terms of volume, composition and treatment complexity. Backed by our technology as well as R&D capability, we have successfully obtained 34 out of 77 Waste Codes under the First Schedule of EQ(SW) Regulations as at the Latest Practicable Date, which enable us to process a number of categories of scheduled waste in Malaysia.

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We have established stable and strong customer relationships

Through ongoing collaboration, we have established strong and stable relationships with our customers across various industries, including manufacturing, trading and services, as well as infrastructure operators and the Malaysian government. We encourage our customers to conduct quality audits on our services and performance, which we consider as an opportunity for us to further understand the needs of our customers, so as to enable us to provide more adequate and tailored services to them. While not required by government regulations, such quality audit enables our customers to have a clearer understanding about our services and how our services can help them comply with their internal governance requirements, which solidifies our strong relationships with the customers.

For the Period Under Review, approximately 95.77%³, 80.80%, 88.65% and 91.32% of our total revenue for FY2018, FY2019, FY2020 and 9M2021 respectively was contributed by our existing customers, which demonstrated our strong and stable customer relationships. We believe we are able to capitalise on our industry reputation built up over the years and our stable and collaborative relationships with customers to secure more business opportunities in the future.

We have an experienced management team

Our management team consists of professionals with substantial industry, management and operational experience. Loo Sok Ching, our Chairman and Executive Director, has more than 24 years of experience in the scheduled waste management industry. Lim Te Hua, our Executive Director and CEO, has over 20 years of experience in the chemical trading industry and over 10 years of experience in the scheduled waste management industry in Malaysia. Shankar Narasingam, our Executive Director and COO, has over 20 years of experience in the water and waste treatment industry. Their extensive industry knowledge and in-depth understanding of waste management enable them to better foresee the development trends of the scheduled waste management industry, and the potential changes in governmental regulations and policies. We believe such insight and knowledge help us execute our growth strategies effectively even under challenging economic conditions. Please refer to the section entitled “Directors, Management and Employees” of this Offer Document for more information on the qualifications and experience of our Directors and Executive Officers.

We have a good working relationship with the local regulatory authorities

We have experience in dealing with, and have developed a cordial working relationship with the local regulatory authorities. In addition, we have also established a good and lasting working relationships with the various Malaysian government agencies regulating the scheduled waste management industry.

Effective communication with the aforesaid authorities is of utmost importance given the rules and regulations imposed on the scheduled waste management industry in Malaysia.

³ The decrease in percentage of our total revenue contributed by existing customers for FY2018 and FY2019 from 95.80% to 80.80% was not a result of a reduction in revenue derived from our existing customers but due to an exponential increase in our revenue for FY2019.

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INDUSTRY OVERVIEW AND PROSPECTS

The following discussion about the prospects of the scheduled waste management industry in Malaysia includes forward-looking statements that involve risks and uncertainties. Actual results could differ from those that may be projected or implied in these forward-looking statements. Please refer to the section entitled “Cautionary Note on Forward-Looking Statements” of this Offer Document.

We have commissioned Frost & Sullivan, an independent market research and consulting company, to conduct an analysis of the scheduled waste management industry in Malaysia and to prepare the Industry Report.

Research methodology

The Industry Report was undertaken through both primary and secondary research based on various sources using intelligence collection methodologies. Primary research involved discussing the status of the industry with certain leading industry participants across the industry value chain and conducting interviews with relevant parties to obtain objective and factual data and prospective predictions. Secondary research involved reviewing information integration of data and publications from publicly available sources, including official data and announcements from government agencies, company reports, independent research reports and data based on Frost & Sullivan’s own data base.

Base and assumptions

In compiling and preparing the Industry Report, Frost & Sullivan has adopted the following assumptions: (i) the social, economic and political environment in Malaysia is likely to remain stable in the forecast period; (ii) industry key drivers are likely to drive the scheduled waste management industry in Malaysia in the forecast period; (iii) there are no extreme unforeseen circumstances or industry regulations which may dramatically or fundamentally affect the market. The latest ongoing development of the outbreak of COVID-19 pandemic and its impact have been taken into account.

Our Directors are of the view that the sources of information used in this section are reliable as the information was extracted from the Industry Report. Our Directors believe that the Industry Report is reliable and not misleading as Frost & Sullivan is an independent professional research agency with extensive experience in its profession. Our Directors further confirm that, as at the Latest Practicable Date, after taking reasonable care, there had been no adverse change in the market information since the date of the Industry Report which may qualify, contradict or have an impact on the information in this section.

Overview of scheduled waste management industry in Malaysia

Background of scheduled waste management industry in Malaysia

Malaysia is categorised as a middle-income country with a relatively fast-growing population. Due to its successful export oriented and newly industrialised market economy, Malaysia is going through a rapid economy growth period. The nominal GDP (Gross Domestic Product) of Malaysia grew from approximately MYR1,176.9 billion in 2015 to approximately MYR1,510.7 billion in 2019, representing a CAGR of approximately 6.4%, and is expected to reach approximately MYR2,093.8 billion by 2025 at a CAGR of approximately 8.1%.

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Along with the economic development and population growth, the increase in waste generation in Malaysia also threatened the level of hygiene and quality of life. In the early 1970s, Environment Quality Act 1974 was published by the government of Malaysia. The regulation instates a Director General for Environmental Quality, responsible for coordinating all activities related to the discharge of wastes into the environment, being in charge of pollution control and with the objective of enhancing environmental quality. Waste management in Malaysia has evolved significantly since the enactment of the EQA 1974, and since then, strong endeavours (e.g., Act 672 – Solid Waste and Public Cleansing Management Act 2007; Environmental Quality (Amendment) Act in 2001, 2007 and 2012) have been continuously made by the Malaysian government. According to the data released by the Department of Statistics of Malaysia, the total environmental protection expenditure in Malaysia increased from approximately MYR2,321.4 million in 2012 to approximately MYR2,885.3 million in 2019, representing a CAGR of approximately 3.2%, among which the waste management expenditure has gone through a faster growth than the total environmental expenditure, increasing from approximately MYR594.7 million in 2012 to approximately MYR751.7 million in 2019, representing a CAGR of approximately 3.4%. In terms of environment protection expenditure by sector, the manufacturing industry reached MYR2,181.3 million in 2019, accounting for the largest proportion of 75.6% of the overall total environmental expenditure.

Introduction of scheduled waste and scheduled waste management

In Malaysia, scheduled waste refers to any waste falling within the categories of waste listed in the First Schedule to the EQ(SW) Regulations that possesses hazardous characteristics and have the potential to adversely affect the public's health and environment. Non-scheduled waste refers to waste other than scheduled waste.

As at the Latest Practicable Date, there are 77 types of scheduled waste in Malaysia listed under the First Schedule of EQ(SW) Regulations. Scheduled waste can be generated from different industries such as manufacturing, trading, health, industrial, agricultural and services. For example, companies from the manufacturing industry use chemical materials in their production.

5 Categories of Scheduled Waste Under the First Schedule of EQ(SW) Regulations

SW1	Metal and metal-bearing waste (covering 10 types of scheduled wastes);
SW2	Waste containing principally inorganic constituents which may contain metals and organic materials (covering 7 types of scheduled wastes);
SW3	Waste containing principally organic constituents which may contain metals and inorganic materials (covering 27 types of scheduled wastes);
SW4	Waste which may contain either inorganic or organic constituents (covering 32 types of scheduled wastes);
SW5	Other wastes (covering 1 type of scheduled wastes);

Waste codes that 5E Resources process:

SW104, SW110, SW202, SW204, SW206, SW207, SW301, SW303, SW305, SW306, SW307, SW308, SW309, SW310, SW311, SW312, SW313, SW314, SW321, SW322, SW323, SW325, SW327, SW401, SW402, SW408, SW409, SW410, SW411, SW416, SW417, SW418, SW422, SW427

Source: Department of Environment of Malaysia

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Scheduled waste management services refer to the services and facilities required to manage scheduled waste from collection, transportation and treatment of scheduled waste. The scheduled waste management industry in Malaysia also encompasses market for sale of the recovered and recycled products. Given the nature of scheduled waste, scheduled waste management is sophisticated and highly regulated. As such, scheduled waste management requires specialised and professional treatment technologies. Companies engaging in scheduled waste management activities are required to obtain the licence from the DOE (Department of Environment, Malaysia) in Malaysia.

Volume of scheduled waste in Malaysia

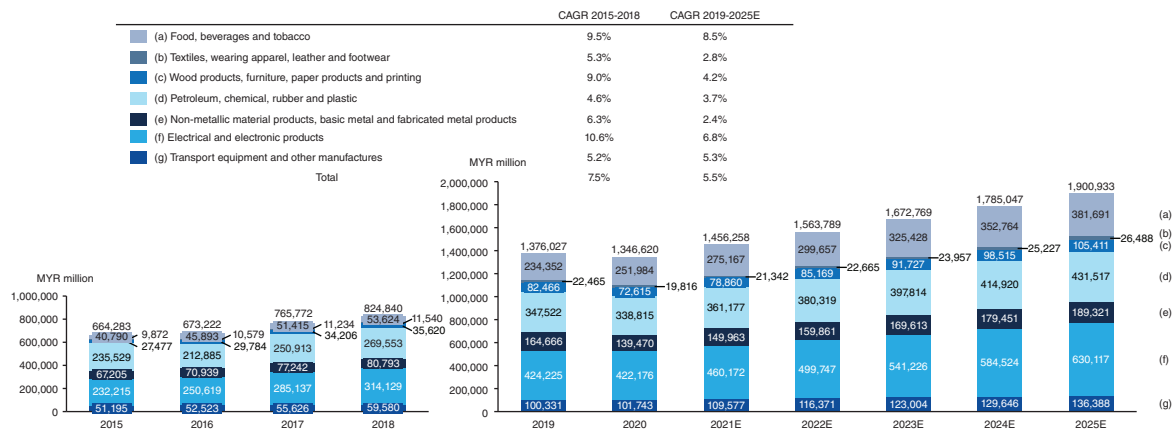
The manufacturing industry, accounting for approximately 21.6% of normal GDP of Malaysia in 2020, was the largest contributor of scheduled waste in Malaysia. Therefore, the manufacturing industry is also the key area that many companies providing scheduled waste management services such as 5E Resources serve. According to the latest data released by the Malaysian government, the index of manufacturing industry production in Malaysia reached 116.9 in 2020 from 100.0 in 2015 (base year), which was higher than the overall industrial production index (109.8) in 2020.

According to the data published by the Department of Statistics of Malaysia, the sales value of manufacturing industry in Malaysia increased from approximately MYR664,283 million in 2015 to approximately MYR824,840 million in 2018 at a CAGR of approximately 7.5%. “Food, beverages and tobacco” and “Electrical and electronic products” were the two sub-industries with the fastest CAGRs from 2015 to 2018 among different subindustries at approximately 9.5% and 10.6% respectively. The sales value of “Electrical and electronic products” and “Petroleum, chemical, rubber and plastic” accounted for the two largest proportion of the total sales value of manufacturing in Malaysia in 2018 of approximately 38.1% and 32.7% respectively. In 2019, the sales value of manufacturing industry in Malaysia reached MYR1,376,027 million. The sharp increase in 2019 was mainly due to a benchmark revision made by the Department of Statistics of Malaysia from January 2020. The benchmark revision was mainly driven by the Economic Census 2016 (reference year 2015) conducted by the Department of Statistics of Malaysia, which reviewed and carried out the benchmarking process towards the manufacturing statistics collected from the Monthly Manufacturing Survey. According to the Department of Statistics of Malaysia, the benchmark was revised to enable the series of values of annual estimates derived from short term survey to be consistent and match with the annual value from census/annual survey of the benchmark year. The Department of Statistics of Malaysia only published the revised historical data of 2019 under the revised benchmark, hence the sales value data of 2019 and thereafter may not be directly comparable to the data in previous years. Hence, to avoid confusion, the diagram was split into two time periods.

Looking forward, the sales value of manufacturing in Malaysia is expected to reach approximately MYR1,900,933 million by 2025 at a CAGR of approximately 5.5% from 2019. The sales value of “Food, beverages and tobacco” is expected to be approximately MYR381,691 million in 2025, representing the fastest CAGR of 8.5% among the sub-industries. The sales value of “Electrical and electronic products” and “Petroleum, chemical, rubber and plastic” is estimated to reach approximately MYR630,117 million and MYR431,517 million by 2025, representing CAGRs of approximately 6.8% and 3.7% respectively.

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Sales Value of Manufacturing in Malaysia by sub-industry, 2015-2025E



Note: Due to a revision of benchmark by Department of Statistics of Malaysia, the sales value data of the manufacturing industry from 2019 onwards may not be directly comparable to the data for 2015-2018. As such, the CAGR for 2015-2018 is presented for reference instead of the CAGR for 2015-2019.

Source: Department of Statistics of Malaysia, Frost & Sullivan

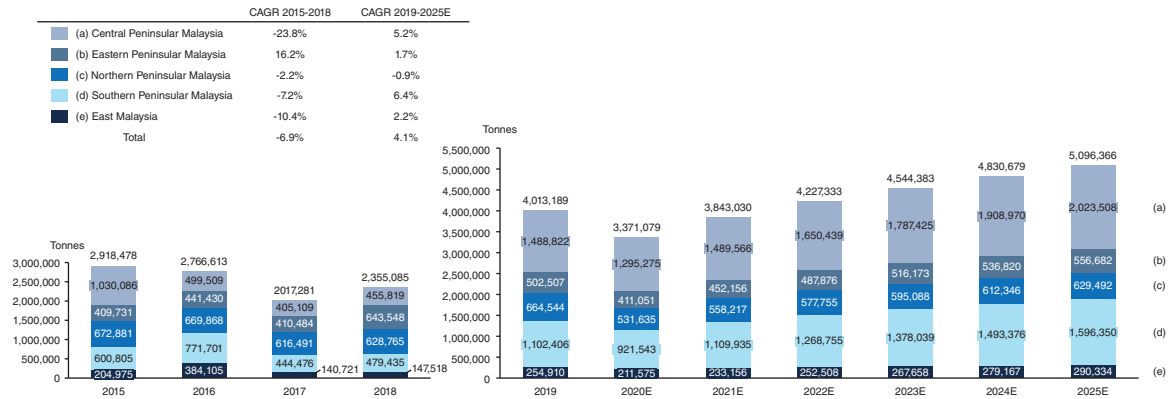
According to the DOE, the volume of scheduled waste generated in Malaysia has consistently been over 2 million tonnes over the past few years. As the following table shows, the noticeable decrease in 2017 was mainly due to the significant decline in scheduled waste generated from paper and power plant industries. The sharp increase in 2019 was presumably caused by the benchmark revisions by DOE, as influenced by the similar benchmark revision of some macro-economic indicators, such as the sales value of manufacturing industry, and therefore the data from 2019 onwards might not be directly comparable to the data for 2015-2018. Frost & Sullivan has conducted a series of expert interviews with industry participants to explore the underlying rationale of the official data. The primary research conducted by Frost & Sullivan revealed a common observation by many scheduled waste management services providers, including Kualiti Alam Sdn. Bhd. and Jaring Metal Industries Sdn Bhd., being the top two scheduled waste management services providers in Malaysia, that the generation of schedule waste experienced rapid growth in 2019 and the volume of 4,013,189 tonnes disclosed by DOE was caused by changes in related metrics or benchmarks of calculations. Hence, to avoid confusion, the diagram was split into two time periods.

According to the latest data published by DOE, Central and Southern Peninsular Malaysia constituted the largest proportion of scheduled waste generated, accounting for approximately 37.1% and 27.5% of the total volume of scheduled waste generated in 2019 respectively. Looking forward, promoted by the supportive national policies, advantage in labour costs as well as advances in manufacturing techniques, the manufacturing industry in Malaysia is expected to maintain a robust growth in the future and continue to be the largest contributor of scheduled waste in the country. In addition, the continuous urbanisation and population growth in Malaysia is another major driver that will promote the stable increase of scheduled waste generation. As Frost & Sullivan has not noticed any incidents that may significantly impact on the scheduled waste industry in Malaysia, Frost & Sullivan is of the view that the volume of scheduled waste is expected to increase steadily in line with the development of the overall economy and manufacturing industry in Malaysia, and is not expected to exhibit a volatile pattern as in the past. The volume of scheduled waste generated in Malaysia is expected to reach approximately 5.1 million tonnes in 2025, representing a CAGR of approximately 4.1% from 2019. The volume of

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scheduled waste generated in Central and Southern Peninsular Malaysia is forecast to reach 2,023,508 tonnes and 1,596,350 tonnes in 2025, representing CAGRs of 5.2% and 6.4%, respectively.

Volume of Scheduled Waste in Malaysia, 2015-2025E



Source: DOE, Malaysia; Frost & Sullivan

The following table sets forth the ten largest categories of scheduled waste generated in Malaysia in terms of volume in 2019. Out of the ten largest categories of scheduled waste generated in Malaysia in terms of volume in 2019, 5E Resource was able to process nine of them based on the Waste Codes we possess as at the Latest Practicable Date.

#	Type of schedule waste	Waste code**	Volume generated in 2019 (tonnes)	%
1	Dross/slag/clinker/ash	SW 104*	1,634,987.6	40.7
2	Spent lubricating oil	SW 305*	382,519.8	9.5
3	Gypsum	SW 205	370,537.9	9.2
4	Heavy metal sludges	SW 204*	331,072.5	8.2
5	Rubber/latex waste containing heavy metal	SW 321*	199,065.7	5.0
6	Mixture of schedule waste & non-scheduled waste	SW 422*	105,610.6	2.6
7	Sludge containing flouride	SW 207*	96,338.5	2.4
8	Waste oil/oily sludges	SW 311*	92,733.2	2.3
9	E-waste	SW 110*	89,956.3	2.2
10	Waste of non halogenated solvent	SW 322*	73,866.9	1.8
Subtotal			3,376,689.0	84.1
Others			636,500.0	15.9
Total			4,013,189.0	100.0

Note:

*: 5E Resources possessed the relevant waste codes as at the Latest Practicable Date.

** : Please refer to the definition of Waste Code(s) in the Glossary

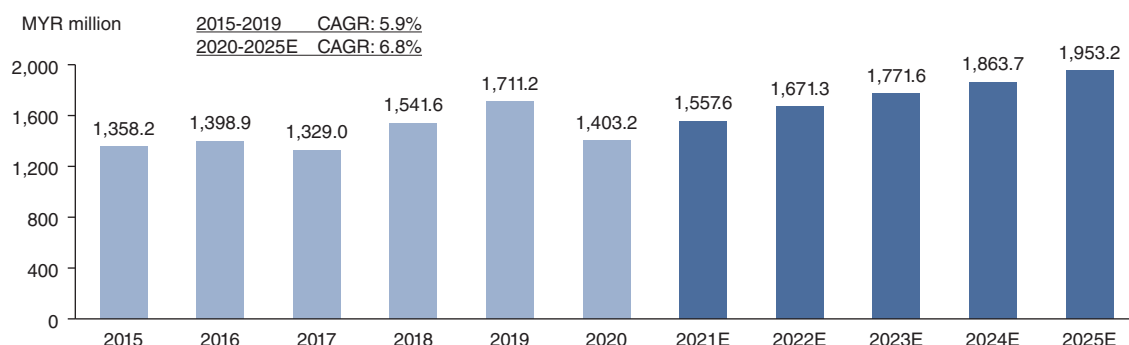
Source: Department of Environment, Malaysia; Frost & Sullivan.

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Market size by revenue of scheduled waste management industry in Malaysia

The market size by revenue of the scheduled waste management industry in Malaysia grew from approximately MYR1,358.2 million in 2015 to approximately MYR1,711.2 million in 2019, representing a CAGR of approximately 5.9%. The market size of the scheduled waste management industry in Malaysia experienced a slight and temporary decrease to MYR1,403.2 million in 2020 due to the impact of the outbreak of COVID-19 pandemic.

Revenue of Scheduled Waste Management Industry in Malaysia, 2015-2025E



Source: Frost & Sullivan

The trend of the generation of volume of scheduled waste in 2016 was not in line with the trend of the market size due to: (i) the total volume of scheduled waste generated in Malaysia was not completely collected, treated and recycled by third-party waste management services providers. Some scheduled waste was treated by the waste generators in their own on-site facilities or illegally disposed of; and (ii) the revenue generated from the scheduled waste management services also includes the sales revenue of recycled materials. The fees of treating and recycling different scheduled wastes may vary according to their different treatment methods and equipment. Similarly, the selling prices of different recycled materials may vary according to commodity market prices or are influenced by market condition over time.

Looking forward, it is expected that the market size by revenue of scheduled waste management industry in Malaysia will further keep a steady growth and reach MYR1,953.2 million by 2025, representing a CAGR of approximately 6.8% from 2020.

BUSINESS STRATEGIES AND FUTURE PLANS

We plan to continue implementing the following business strategies with the aim to further strengthen our market position and expand our business operations:

Scale up our operations through geographical expansion, in particular to capture the underserved market of small quantity Waste Generators in Central Peninsular Malaysia

We intend to continue focusing on providing scheduled waste management services and seek to expand our business organically by broadening our customer base and improving our recurring income.

Our headquarters and waste treatment plants are currently located in Johor, Southern Peninsular Malaysia. During the Period Under Review, the majority of our revenue was generated from customers located in Southern Peninsular Malaysia. For FY2018, FY2019, FY2020 and 9M2021,

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approximately 62.4%, 70.3% and 66.9% and 69.9% of our revenue from scheduled waste management services and sale of recovered and recycled products were generated from customers located in Southern Peninsular Malaysia respectively.

Outside our established base in Johor, Southern Peninsular Malaysia, we intend to further strengthen our geographical coverage in Central Peninsular Malaysia as our Directors believe that there are ample business opportunities in this part of Malaysia, given that Central Peninsular Malaysia is the largest and most active economic region in Malaysia. According to the Industry Report, the volume of scheduled waste generated in Central Peninsular Malaysia is expected to grow at a CAGR of approximately 5.2% from 2019 to 2025. Further, according to the latest data published by the DOE, Central Peninsular Malaysia constituted the largest proportion of scheduled waste generated, accounting for approximately 37.1% of the total volume of scheduled waste generated in 2019. In comparison, Southern Peninsular Malaysia accounted for approximately 27.5% of total volume of scheduled waste generated in the same year.

In particular, a potential area which we plan to expand to is the underserved small quantity Waste Generators market in Central Peninsular Malaysia. Due to the geographical distance between Central Peninsular Malaysia and our waste treatment plants in Southern Peninsular Malaysia, it has not been economical to transport small quantity of collected scheduled waste from such customers' premises to our waste treatment plants for processing by making multiple trips. To address this, we intend to set up an off-site storage plant in Central Peninsular Malaysia, which will serve as a temporary transit storage plant for the scheduled waste collected from different customers in Central Peninsular Malaysia before transporting them to our waste treatment plants in Johor. This is expected to improve our cost-efficiency. We also intend to relocate our sales and marketing personnel from our office based in Selangor to the office at the off-site storage plant to serve as a point of contact for our sales and marketing personnel to have closer liaison with customers in Central Peninsular Malaysia. We believe companies operating in these areas would be better served by our comprehensive, customised and cost-efficient scheduled waste management services. We plan to market our services to them by emphasising our strong track record and technological capabilities. We also believe our enhanced sales and marketing presence, improved response time and cost efficiency will enable us to capture more market opportunities in Central Peninsular Malaysia.

As at the Latest Practicable Date, we have identified a parcel of land on which an off-site storage plant in Central Peninsular Malaysia is situated for acquisition, as part of our business expansion plans. No definitive agreement has been entered into for the sale and purchase of such land. We have allocated approximately S\$3.9 million (equivalent to approximately MYR12.0 million) of the proceeds raised from the Invitation for (i) the proposed acquisition of such off-site storage plant in Central Peninsular Malaysia, which includes the acquisition of the land on which such off-site storage plant is situated; (ii) the EIA to be conducted; and (iii) modification works to such off-site storage plant, if required, based on the EIA findings. No amount has been incurred by our Group for the aforementioned matter as at the Latest Practicable Date.

Expand our processing capacity for the in-demand high organic content waste and reduce our operating cost by processing waste residue into alternative products which can be disposed of at a lower cost

Leveraging on our core expertise and extensive experience in scheduled waste management, we intend to expand our capacity for the treatment of high organic content waste by investing in a new rotary system. According to the Industry Report, there is a growing demand for high organic content waste treatment in Malaysia, as the generation of such waste sees a projected CAGR of

GENERAL INFORMATION ON OUR GROUP

approximately 11.6% from 2019 to 2025 due to the continuous development of industries such as chemical, pharmaceutical, rubber, printing and textile which require large amount of organic raw materials.

In addition to expanding our processing capacity for high organic content waste, we also intend to invest in facilities to reduce our operating costs by processing waste residue into alternative products which can be disposed of at a lower cost.

During the Period Under Review, certain waste residue generated from our scheduled waste treatment processes had to be further treated or handled. As we currently do not have the relevant machinery, such waste residue had to be transferred to DOE-approved third-party suppliers for further treatment and disposal at our cost. Such waste residue can alternatively be processed into products which can be used by the cement industry as its raw materials, and cement companies are willing to receive such processed waste residue at a lower disposal cost from us. Our Directors believe the overall cost-effectiveness of our scheduled waste management services could be improved by implementing such plan. We have obtained approval from the DOE on such treatment process during FY2019 and we plan to invest in the required machinery to implement this cost-saving technology out of proceeds from the Invitation.

As at the Latest Practicable Date, we have identified various plants, machineries and equipment which we intend to acquire as part of our plans to enhance production efficiency and capacities. In particular, we are looking to acquire, amongst others, a rotary system and air pollution system to enhance our capacity to treat high organic content waste, as well as several machineries such as a solid mixer, magnetic separator, crusher, conveyer and X-ray fluorescence analyser machine to process waste residue into alternative products which can be disposed of at a lower cost. The estimated completion date to acquire such assets is 1.5 years from Listing. In addition, we will also need to incur time and cost to clear and prepare a space in our plants to install these plants, machineries and equipment. We have allocated approximately S\$2.2 million (equivalent to approximately MYR6.9 million) for capital investment in facilities, plants, machineries and/or equipment as part of our plans, which shall be fully funded by the proceeds raised from the Invitation, internal sources of funds, and bank borrowings. No amount has been incurred by our Group for the aforementioned matter as at the Latest Practicable Date.

Expansion of our business through acquisitions, joint ventures or strategic alliances

We may also expand our business in Malaysia through acquisitions, joint ventures and strategic alliances with parties whose businesses are synergistic with our business. We believe that suitable acquisitions, joint ventures and strategic alliances will strengthen our market position, give us access to new markets and customers as well as new complementary businesses. They will also bring about greater economies of scale and provide an impetus for our future growth. We have allocated approximately S\$1.2 million (equivalent to approximately MYR3.6 million) for our business expansion plans.

As at the Latest Practicable Date, we are not engaged in any formal discussion with any party for any acquisitions, joint ventures or strategic alliances.

ORDER BOOK

Due to the nature of our business, the concept of an order book is not meaningful to us and our Group does not maintain an order book.

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TREND INFORMATION

Based on the revenue and operations of our Group as at the Latest Practicable Date and barring any unforeseen circumstances (including the resurgence of the COVID-19 outbreak in our operating jurisdictions), our Directors have made the following observations on our Group's business and financial prospects for the 12 months from the Latest Practicable Date:

- (a) Our Group's revenue is expected to remain relatively stable for FY2022 as a result of the gradual lifting of the lock-down and movement control in Malaysia. The overall economy and in particular, the manufacturing industry, is expected to resume full operations in FY2022.
- (b) Our Group's cost of sales is expected to increase due to the expected increase in costs of raw materials for our recycled and recovered products segment and labour costs for our scheduled waste management segment. Notwithstanding, our Group's gross profit margin for FY2022 is expected to be in line with that of FY2021.
- (c) Our Group's general and administration expenses are expected to increase in FY2022, primarily due to the expenses in connection with the Listing, the remuneration of our Directors pursuant to the Service Agreements and the inflationary effect arising from the COVID-19 pandemic.

Save as discussed above and in the sections entitled "Risk Factors", "Management's Discussion and Analysis of Results of Operations and Financial Position", "General Information on our Group – Industry Overview and Prospects" and "General Information on our Group – Business Strategies and Future Plans" of this Offer Document and barring any unforeseen circumstances, our Directors believe that there are no known significant recent trends in relation to our production, sales and inventory, and the costs and selling price of our products and services or any other known trends, uncertainties, demands, commitments or events that are reasonably likely to have a material adverse effect on our Group's revenue, 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 of our Group. Please also refer to the section entitled "Cautionary Note on Forward-Looking Statements" of this Offer Document.

DIRECTORS, MANAGEMENT AND EMPLOYEES

DIRECTORS

Our Board of Directors is entrusted with the responsibility for the overall management of our Group. The particulars of each of our Directors are set out below:

Name	Age	Country of Principal Residence	Position
Loo Sok Ching	63	Malaysia	Chairman and Executive Director
Lim Te Hua	49	Malaysia	Executive Director and CEO
Shankar Narasingam	55	Malaysia	Executive Director and COO
Wong Chee Meng Lawrence	54	Singapore	Lead Independent and Non-Executive Director
Kam Chai Hong	73	Malaysia	Independent and Non-Executive Director
Siow Chin How	42	Malaysia	Independent and Non-Executive Director
Wang Han Lin	53	Malaysia	Independent and Non-Executive Director

The correspondence address of all our Directors is c/o PLO 738, Jalan Platinum Utama, Zon 12B Pasir Gudang Industrial Area, 81700 Pasir Gudang, Johor Darul Takzim, Malaysia.

Information on the business and working experience, education and professional qualifications, if any, and areas of responsibilities of our Directors are set out below:

Loo Sok Ching is currently our Chairman and Executive Director. She was appointed to our Board on 18 October 2021.

Loo Sok Ching has been with our Group since 14 July 1997, and is responsible for the overall corporate strategy of our Group, spanning across all business segments such as marketing, R&D, logistics, finance and operations.

Loo Sok Ching has more than 24 years of experience in the scheduled waste management industry and began her career in TS Heuls as a general manager from July 1997 to April 2007. As general manager, she oversaw the finance and administrative functions and was responsible for effective planning, delegating, coordinating, staffing and organising pursuant to instructions from the board of directors. She has been an executive director of TS Heuls since April 2007. As executive director, she assumes overall responsibility for managing both the revenue and cost.

Loo Sok Ching has been a non-executive director of Wentel Corporation, Wentel Engineering and Grandhill Property since July 2002, March 2005 and April 2012 respectively. As non-executive director, she provides advice and her corporate management experience to the respective company's board of directors.

Loo Sok Ching was also appointed the Executive Director of 5E Resources from November 2007 to May 2010, has been an advisor to 5E Resources since May 2010, and was re-appointed as a Director of 5E Resources from 17 December 2021.

DIRECTORS, MANAGEMENT AND EMPLOYEES

Loo Sok Ching obtained a Malaysia Certificate of Education from Sekolah Menengah Ingeris Batu Pahat in 1976.

Loo Sok Ching is the spouse of Wong Kim Fatt, our Controlling Shareholder, and the sister-in-law of Ban Kim Wah, our Controlling Shareholder. She is also the mother of our Executive Officers, Wong Chun Wei and Wong Ying Wei.

Lim Te Hua is currently our Executive Director and CEO. He was appointed to our Board on 25 March 2022.

Lim Te Hua has been with our Group since 14 July 1997, and is currently responsible for executing the corporate strategy and overall daily operations of our Group, including business development and overall management.

Lim Te Hua has more than 24 years of experience in the scheduled waste management industry and began his career in TS Heuls as a chemist from July 1997 to February 2001. As a chemist, he provided marketing and customer service, resolved customer scheduled waste treatment related matters, provided professional advice and guidance to customers relating to scheduled waste solutions, and promoted the sales of chemical products to customers. He has been an executive director of TS Heuls since February 2001. As executive director, he controls and executes the operations of TS Heuls and gives strategic guidance and direction to the board of directors to ensure that TS Heuls achieves its objectives.

Lim Te Hua then joined 5E Resources as a chemist from July 2006 to November 2008, and has been an Executive Director and CEO of 5E Resources since November 2008.

Lim Te Hua obtained a Bachelor of Science (Cum Laude) from Campbell University, Faculty of the College of Arts and Sciences in 1997 and a Master of Business Administration from Akamai University in 2007.

Shankar Narasingam is currently our Executive Director and COO. He was appointed to our Board on 25 March 2022.

Shankar Narasingam has been with our Group for over 15 years, and is currently responsible for overseeing the ongoing operations and procedures of our Group, as well as overseeing the various heads of departments relating to operations, safety, health and welfare.

Shankar Narasingam began his career in Hitachi Electric Display Devices (M) Sdn. Bhd. as an engineer from November 1992 to December 1996. As an engineer, he was responsible for overseeing the engineering division of manufacturing electron colour picture tubes. He was later promoted to assistant manager, a post which he held from January 1997 to February 2001. As assistant manager, he was the overall-in-charge of electrical system, fire fighting system, building automation system, waste water treatment plant, de-ionized water (18MQ), gasses plant (NG, LPG, O₂, N₂ & H₂), air-conditioning systems (ACMV), boiler plant, high pressure air (HPA), scheduled waste, ISO 14001 and ISO 9002, activities and documentation, total air pollution control, fixed assets and project implementation.

Shankar Narasingam was then employed by TS Heuls as a technical director from February 2001 to December 2001. As a technical director, he was in charge of the technical aspects of engineering and the design for waste water plants, factory facilities, thermal heat recovery systems, energy saving programs and ISO 14001 consultation.

DIRECTORS, MANAGEMENT AND EMPLOYEES

Shankar Narasingam set up CVision Trading Sdn Bhd in August 2001, which was in the business of supplying waste water equipment and spare parts of air conditioning up until April 2006.

Subsequently, Shankar Narasingam joined 5E Resources as a technical director in July 2007, before being promoted to Executive Director in May 2011 and then to COO in November 2020.

Shankar Narasingam obtained a Bachelor of Science (Environment) from Universiti Pertanian Malaysia in 1992.

Wong Chee Meng Lawrence is our Lead Independent and Non-Executive Director, as well as a member of the Audit and Risk Committee and Nominating Committee. He was appointed to our Board on 25 March 2022.

Wong Chee Meng Lawrence began his career in the Registry of Companies & Businesses as a senior assistant registrar from June 1992 to June 1994. He was then employed in the Crime Division of the Singapore Attorney-General's Chambers as a deputy public prosecutor from June 1994 to March 1996, as assistant director of legal aid at the Legal Aid Bureau under the Ministry of Law from March 1996 to September 1997, as legal assistant at the law firm M/S Kenneth Tan Kong & Tan from September 1997 to March 1999, as sole proprietor at the law firm Lawrence Wong & Co from March 1999 to March 2006, as senior manager at Lim Associates (Pte) Ltd (n.k.a. Boardroom Corporate & Advisory Pte Ltd) from April 2006 to August 2007, as corporate partner at KhattarWong LLP from September 2007 to May 2011, as part of the management committee and the co-head of the corporate and securities practice at RHTLaw TaylorWessing LLP from May 2011 to December 2013, as head, registered professional and SGX-ST continuing sponsor at RHT Capital Pte Ltd from July 2011 to December 2013, and as managing director at Equity Law LLC from January 2014 to June 2020. He has been appointed as managing counsel at Bird & Bird ATMD LLP since July 2020. His areas of practice include corporate and securities laws, capital markets, mergers and acquisitions, corporate restructuring, joint ventures, corporate and commercial contracts, regulatory compliance and corporate governance advisory and corporate secretarial work.

Wong Chee Meng Lawrence obtained a Bachelor of Laws (Honours) from the National University of Singapore in 1991 and is an advocate and solicitor of the Supreme Court of Singapore.

Kam Chai Hong is our Independent and Non-Executive Director, as well as the chairman of the Audit and Risk Committee and a member of the Remuneration Committee. He was appointed to our Board on 25 March 2022.

Kam Chai Hong has been the managing partner at the audit firm, Syarikat C.H. Kam, since June 1981, an executive director at the consultancy and property investment company, C.H. Kam Consultancy (2005) Sdn Bhd, since February 1991, and an executive director at the tax consultancy company, H. Kam Taxation Services Sdn Bhd, since January 1992. He was also an independent non-executive director of Yinson Holdings Berhad from January 1996 to August 2016.

Kam Chai Hong is currently a Chartered Accountant registered with both the Association of Chartered Certified Accountants and the Malaysian Institute of Accountants.

DIRECTORS, MANAGEMENT AND EMPLOYEES

Siow Chin How is our Independent and Non-Executive Director, as well as the chairman of the Remuneration Committee and a member of the Audit and Risk Committee and Nominating Committee. He was appointed to our Board on 18 October 2021.

Siow Chin How has been a finance director at Maya Asia Resources Sdn Bhd since August 2014, and has also been the chief financial officer of Maya Asia Resources Pte Ltd since June 2015.

Siow Chin How obtained a Bachelor of Arts (Honours) in Accounting & Finance from the University of Abertay Dundee in 2002, and a Master in Business Administration from Victoria University in 2006. He is currently a Chartered Accountant registered with both the Institute of Singapore Chartered Accountants and the Malaysian Institute of Accountants, as well as a Certified Public Accountant registered with CPA Australia.

Wang Han Lin is our Independent and Non-Executive Director, as well as the chairman of the Nominating Committee and a member of the Remuneration Committee. He was appointed to our Board on 25 March 2022.

Wang Han Lin was a partner of the law firm, S. K. Song, from June 1995 to December 1999, a sole proprietor of the law firm, H. L. Wang & Co, from January 2000 to December 2001, and has been the managing partner of the law firm, Wang & S. B. Wong, since January 2002.

Wang Han Lin obtained a Bachelor of Economics from Monash University in 1992 and a Bachelor of Laws from Monash University in 1994.

Our Directors possess the relevant experience and expertise to act as Directors, as evidenced by their business and working experience as set out above. Save for Wong Chee Meng Lawrence, our Directors do not have prior experience as directors of public listed companies in Singapore. In accordance with the requirements under the Catalist Rules, all our Directors have attended the relevant courses on the roles and responsibilities of a director of a public listed company in Singapore organised by the Singapore Institute of Directors for listed entity director essentials, board dynamics, board performance and stakeholder engagement. In addition, each of Kam Chai Hong, Siow Chin How and Wang Han Lin has also attended the relevant courses on audit committee essentials, board risk committee essentials, nominating committee essentials and remuneration committee essentials. Each of Loo Sok Ching, Lim Te Hua, Shankar Narasingam, Kam Chai Hong, Siow Chin How and Wang Han Lin has undertaken that he/she will attend the remaining relevant training by the end of the first year of our Company's Listing, and Wong Chee Meng Lawrence has undertaken that he will attend the mandated sustainability training prior to the deadline for our Company's first sustainability report for financial years commencing on or after 1 January 2022 and issued in 2023 or later.

Save as disclosed in this section and in the section entitled "Share Capital – Shareholding and Ownership Structure" of this Offer Document, none of our Directors are related to each other, our Executive Officers or our Substantial Shareholders.

Our Independent Directors do not have any existing business or professional relationship of a material nature with our Group, our Directors or Substantial Shareholders.

DIRECTORS, MANAGEMENT AND EMPLOYEES

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 Directorships	Past Directorships
Loo Sok Ching	Group Companies <ul style="list-style-type: none"> • 5E Holdings • 5E Resources • TS Heuls Other Companies <ul style="list-style-type: none"> • Diamante Development Sdn. Bhd. • Field Benefit Ltd • Golden Oriental Sdn. Bhd. • Grandhill Property • Grandhill Realty Sdn. Bhd. • Ocean Megaview Sdn. Bhd. • Sutera Potensi Sdn. Bhd. • Reitozo Pacific Sdn. Bhd. • Wei Wei Property Sdn. Bhd. • Wentel Corporation • Wentel Corporation Pte Ltd • Wentel Engineering • Wentel Enterprises Corporation • Wentel Holdings Sdn. Bhd. 	Group Companies Nil Other Companies <ul style="list-style-type: none"> • Orient East International Limited (Wound Up) • Pavilion Galaxy Sdn. Bhd. (Dissolved) • Senai Synergy Sdn. Bhd.
Lim Te Hua	Group Companies <ul style="list-style-type: none"> • 5E Holdings • 5E Resources • TS Heuls Other Companies <ul style="list-style-type: none"> • Colorful Genesis Sdn. Bhd. 	Group Companies Nil Other Companies Nil
Shankar Narasingam	Group Companies <ul style="list-style-type: none"> • 5E Holdings • 5E Resources Other Companies <ul style="list-style-type: none"> • Premier H2O Marketing Sdn. Bhd. 	Group Companies Nil Other Companies <ul style="list-style-type: none"> • Bigfoot Dialysis & Medicare Center Sdn. Bhd.
Wong Chee Meng Lawrence	Group Companies Nil	Group Companies Nil

DIRECTORS, MANAGEMENT AND EMPLOYEES

Name	Present Directorships	Past Directorships
	Other Companies <ul style="list-style-type: none"> • Atlantic Navigation Holdings (Singapore) Limited • Eindex Corporation Limited • EQ Advisory Pte. Ltd. • International Cement Group Ltd. 	Other Companies <ul style="list-style-type: none"> • EQ Compliance Pte. Ltd. (Struck Off) • Oxpay Financial Limited • Silkroad Nickel Ltd. • Sino Grandness Food Industry Group Limited • Equity Law LLC (Struck Off)
Kam Chai Hong	Group Companies Nil	Group Companies Nil
	Other Companies <ul style="list-style-type: none"> • C H Kam Consultancy (2005) Sdn Bhd • C H Kam Consultancy Sdn Bhd (Dormant) • C.H. Kam Taxation Services Sdn. Bhd. • Johore Bahru Foon Yew Associated Chinese Schools • Persekutuan Tiong-Hua, Johor Baru • Syarikat C.H. Kam 	Other Companies <ul style="list-style-type: none"> • Hokkien Huay Kuan Johor Bahru
Siow Chin How	Group Companies Nil	Group Companies Nil
	Other Companies <ul style="list-style-type: none"> • Bebe Malaysia Sdn. Bhd. • Johore Bahru Foon Yew Associated Chinese Schools • Majujaya Holdings Sdn. Bhd. • Maya Asia Holdings Sdn Bhd • Maya Asia Resources Sdn. Bhd. • Maya Manufacturing & Trading Company (Malaysia) SB • Maya Packaging Industries Sdn. Bhd. • Maya Plastic Sendirian Berhad 	Other Companies <ul style="list-style-type: none"> • Exotic Fiesta Sdn Bhd • Fukumaya Pte Ltd • How Hong Realty Sdn Bhd (Dissolved) • SWWT Holdings Sdn Bhd • TS Resources Pte Ltd (Struck Off) • Wentel Corporation Pte. Ltd.⁽¹⁾
Wang Han Lin	Group Companies Nil	Group Companies Nil

Note:

- (1) Our Controlling Shareholders own an aggregate interest of 93.8% in Wentel Corporation Pte. Ltd., which is a Singapore incorporated company. On 22 April 2022, the sole Singapore resident director of Wentel Corporation Pte Ltd had resigned as director of the company. Under the Companies Act, every company must have at least one director who is ordinarily resident in Singapore (the “**Resident Director Requirement**”). In order to comply with the Resident Director Requirement and at the request of Loo Sok Ching and Wong Kim Fatt, Siow Chin How agreed to be appointed as a resident director of Wentel Corporation Pte Ltd for an interim period from 22 April 2022 until a permanent replacement is appointed. Siow Chin How has since resigned as a resident director of Wentel Corporation Pte. Ltd. on 28 April 2022 following the appointment of a new Singapore resident director. For avoidance of doubt, Siow Chin How's appointment as resident director was only on an interim basis and solely to render a one-off assistance to the company to fulfil the Resident Director Requirement. He did not receive any payments or compensation nor was he promised any payments or compensation in the future for the said appointment and in the period where he was a resident director, he had no involvement in the operations of the company.

DIRECTORS, MANAGEMENT AND EMPLOYEES

Name	Present Directorships	Past Directorships
	Other Companies <ul style="list-style-type: none"> • 3W Realty Sdn Bhd • Berlian Harmoni Sdn Bhd • Bright Aim Capital Sdn. Bhd. • Exotic Fiesta Sdn Bhd • Global Tone Marketing Sdn Bhd • Global Tone Worldwide Sdn Bhd • Impian Optimis Sdn. Bhd. • KK Wang Capital Sdn Bhd • OKB Venture Sdn. Bhd. • SWWT Holdings Sdn Bhd • Teras Dayabumi Sdn. Bhd. • Wang And Wang Holdings Sdn Bhd • WHL Capital Holdings Sdn Bhd 	Other Companies <ul style="list-style-type: none"> • United Pioneer Resources Sdn Bhd (Dissolved)

EXECUTIVE OFFICERS

The day-to-day operations are entrusted to our Executive Directors who are assisted by various experienced and qualified Executive Officers. The particulars of our Executive Officers are set out below:

Name	Age	Country of Principal Residence	Principal Occupation
Chear Ee Lee	32	Malaysia	CFO of our Group
Boo Chin Hwee	36	Malaysia	Head of Marketing of our Group
Ang Khoon Poh	35	Malaysia	Head of R&D of our Group
Wong Chun Wei	35	Malaysia	Head of Business Development of our Group
Wong Ying Wei	37	Malaysia	Head of Administration of our Group

The correspondence address of all our Executive Officers is c/o PLO 738, Jalan Platinum Utama, Zon 12B Pasir Gudang Industrial Area, 81700 Pasir Gudang, Johor Darul Takzim, Malaysia.

The business and working experience, education and professional qualifications, if any, and areas of responsibility of our Executive Officers are set out below:

Chear Ee Lee is our CFO. She joined our Group in May 2016 as a senior account executive and was promoted to the position of CFO in July 2020. As our CFO, she is responsible for the overall accounting and financial management of our Group. Prior to joining our Group, she was an audit senior at Siti Haliza & Associate from June 2009 to May 2016.

Chear Ee Lee is currently a Chartered Accountant registered with both the Association of Chartered Certified Accountants and the Malaysian Institute of Accountants, as well as a fellow registered with the Malaysian Institute of Accountants.

Boo Chin Hwee is the Head of Marketing of our Group. He joined our Group in March 2014 as a sales and marketing manager and was promoted to the position of the Head of Marketing of our

DIRECTORS, MANAGEMENT AND EMPLOYEES

Group in November 2020. As the Head of Marketing of our Group, he is responsible for overseeing and managing all marketing campaigns for our Group. Prior to joining our Group, he was an acting assistant marketing manager at Universal Environmental Resources Sdn. Bhd. from June 2009 to March 2014.

Boo Chin Hwee obtained a Bachelor of Business Administration (Honours) from Universiti Utara Malaysia in 2009.

Ang Khoon Poh is the Head of R&D of our Group. He commenced his studies in Master of Science at the University of Malaya in January 2010 and completed the same in September 2014. He joined our Group in June 2012 as a R&D engineer while pursuing his studies and was promoted to the position of manager in April 2018 and subsequently to the Head of R&D of our Group in November 2020. As the Head of R&D of our Group, he is responsible for overseeing and managing all research and development activities for our Group. Prior to joining our Group, he was a research assistant with the department of chemistry at the University of Malaya from January 2009 to January 2010.

Ang Khoon Poh obtained a Bachelor of Science (Honours) (Major in Applied Chemistry) from the University of Malaya in 2009 and a Master of Science from the University of Malaya in 2014.

Wong Chun Wei is the Head of Business Development of our Group. He joined our Group in October 2018. As the Head of Business Development of our Group, he is responsible for helping our Group enter into new markets, and to introduce and market our capabilities and expertise to new and existing customers. Prior to joining our Group, he was a managing director of Golden Oriental Realty Sdn. Bhd. from August 2013 to October 2018 and has been a non-executive director of Golden Oriental Realty Sdn. Bhd. since October 2018. Golden Oriental Realty Sdn. Bhd. is a real estate holding company that does not have any day-to-day operations and Wong Chun Wei will continue to be a non-executive director of Golden Oriental Realty Sdn. Bhd. as his involvement in the company is minimal.

Wong Chun Wei obtained a Bachelor of Economics from La Trobe University in 2012.

Wong Chun Wei is the son of our Chairman and Executive Director, Loo Sok Ching, and our Controlling Shareholder, Wong Kim Fatt, and the nephew of our Controlling Shareholder, Ban Kim Wah.

Wong Ying Wei is the Head of Administration of our Group. She joined our Group in April 2016 as Executive Director and was promoted to the position of Head of Administration in November 2020. As the Head of Administration of our Group, she is responsible for planning and coordinating administrative procedures and systems, recruiting and training personnel, allocating responsibilities and office space, assessing staff performance, coaching and providing guidance to staff to ensure maximum efficiency and ensuring the smooth and adequate flow of information within our Group to facilitate other business operations. Prior to joining our Group, she was a purchasing executive of Wentel Corporation from January 2011 to March 2012, and she was promoted to the position of business executive from March 2012 to December 2016. She was subsequently promoted to business manager and logistic manager from December 2016 to December 2020, and has been a non-executive director of Wentel Corporation since February 2021 and will continue to be a non-executive director of Wentel Corporation as her involvement in the company is minimal. As a non-executive director, she is not involved in the day-to-day operations of Wentel Corporation. Wong Ying Wei is also, and will continue to be, a non-executive director of Golden Oriental Realty Sdn. Bhd. as her involvement in the company is minimal.

DIRECTORS, MANAGEMENT AND EMPLOYEES

Wong Ying Wei obtained a Bachelor of Business from Swinburne University of Technology in 2007 and a Master of Business (Marketing) from Swinburne University of Technology in 2009.

Wong Ying Wei is the daughter of our Chairman and Executive Director, Loo Sok Ching, and our Controlling Shareholder, Wong Kim Fatt, and the niece of our Controlling Shareholder, Ban Kim Wah.

Save as disclosed in this section and in the section entitled “Shareholding and Ownership Structure” of this Offer Document, there is no family relationship between any of our Directors and/or Executive Officers, or between any of our Directors, Executive Officers and Substantial Shareholders.

To the best of our knowledge, there is no arrangement or understanding with any of our Substantial Shareholders, customers, suppliers or any other person, pursuant to which any of our Directors or Executive Officers was selected as our Director or Executive Officer.

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:

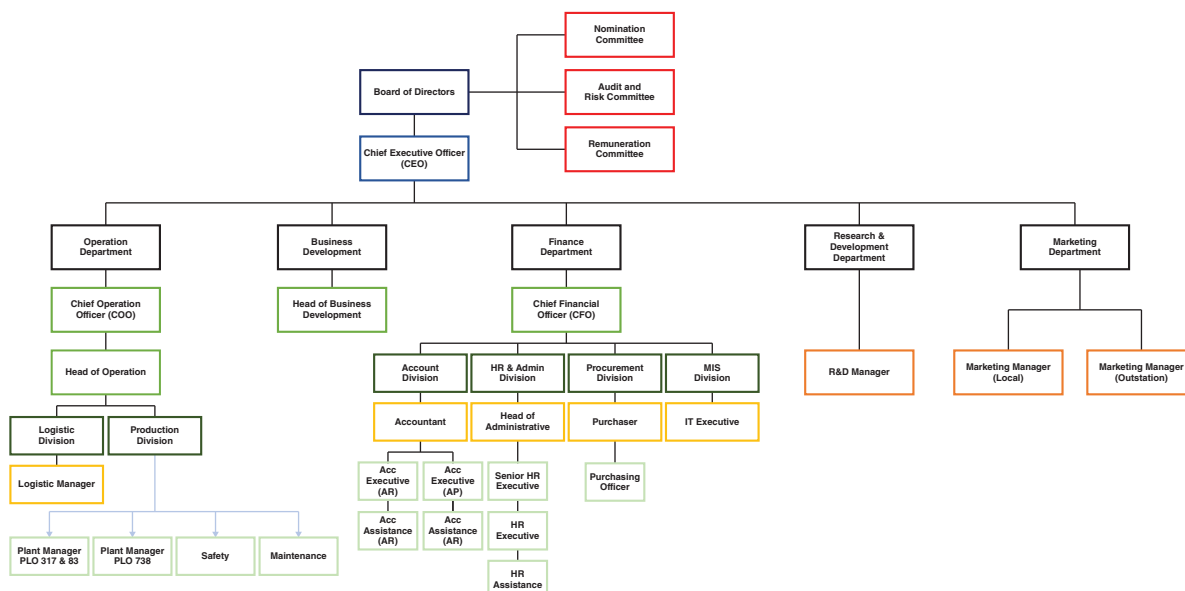
Name	Present Directorships	Past Directorships
Chear Ee Lee	Group Companies Nil Other Companies Nil	Group Companies Nil Other Companies Nil
Boo Chin Hwee	Group Companies Nil Other Companies Nosh Group Sdn. Bhd.	Group Companies Nil Other Companies Nil
Ang Khoon Poh	Group Companies Nil Other Companies Nil	Group Companies Nil Other Companies Nil
Wong Chun Wei	Group Companies <ul style="list-style-type: none"> • 5E Holdings Other Companies <ul style="list-style-type: none"> • Flexiwin Capital Sdn. Bhd. • Flexiwin Properties Sdn. Bhd. • Golden Oriental Realty Sdn. Bhd. • Jww Holding Sdn. Bhd. 	Group Companies Nil Other Companies <ul style="list-style-type: none"> • Lumina Edutainment Sdn. Bhd. • Jww F&B & Retail Sdn. Bhd.
Wong Ying Wei	Group Companies <ul style="list-style-type: none"> • 5E Holdings • 5E Resources Other Companies <ul style="list-style-type: none"> • Flexiwin Properties Sdn. Bhd. • Golden Oriental Realty Sdn. Bhd. • Grandhill Property • Wei Wei Property Sdn. Bhd. • Wentel Corporation 	Group Companies Nil Other Companies Nil

DIRECTORS, MANAGEMENT AND EMPLOYEES

MANAGEMENT REPORTING STRUCTURE

Our management reporting structure is as follows:

5E RESOURCES LIMITED ORGANISATION CHART



EMPLOYEES

All the full-time employees of our Group for the past three (3) financial years ended 31 December 2018, 31 December 2019 and 31 December 2020, and the nine (9)-month period ended 30 September 2021 are based in Malaysia. We do not employ any temporary employees. The functional distribution of full-time employees of our Group as at 31 December 2018, 31 December 2019, 31 December 2020, 30 September 2021 and the Latest Practicable Date were as follows:

	As at 31 December 2018	As at 31 December 2019	As at 31 December 2020	As at 30 September 2021	As at the Latest Practicable Date
Management ⁽¹⁾	5	5	5	5	5
R&D	2	2	2	4	4
Finance	7	7	9	9	9
Sales and marketing	7	6	7	7	7
Human resource and administration	5	5	6	6	6
Operations (production, logistics, etc) ⁽²⁾	116	95	102	101	106
Total	142	120	131	132	137

Notes:

- (1) Executive Directors of our Group are classified under "Management".
- (2) The decrease in the number of operation staff from FY2018 to as at the Latest Practicable Date was generally attributable to our Group's continued focus on the use of machinery and technology in our operations. However, such number is also dependent on the projects and volume of work at the relevant times.

DIRECTORS, MANAGEMENT AND EMPLOYEES

We believe that our professional workforce is the foundation of our long-term growth. We recruit talents through various channels such as news publications and online job posting websites. We also hire foreign workers through agencies, which help us to handle the requisite visas, paperwork and government approvals. New employees are required to participate in orientation and training programmes to familiarise themselves with the operation of equipment, systems and relevant safety procedures. Furthermore, each employee is required to maintain an up-to-date skillset through continuous on-the-job training to develop technical, professional and management skills. Certain operational processes of our scheduled waste management services are required to be supervised by competent persons. To ensure their competency, we send our employees to the Environment Institute of Malaysia to attend training on specific areas. Employees that have completed such trainings are accredited as competent persons. As at the Latest Practicable Date, we had eight (8) employees accredited as Certified Environmental Professionals in various operational processes relating to our scheduled waste management services.

As at the Latest Practicable Date, we have employed 41 foreign workers. As advised by our legal advisers as to Malaysia law, (i) there is no fixed quota on the number of foreign workers we can employ or any pre-determined foreign workers to local workers ratio as mandated by the Ministry of Home Affairs of Malaysia; (ii) we can apply for approval for intake of foreign workers from the Ministry of Home Affairs of Malaysia on an as-needed basis; and (iii) we can increase the quota of foreign workers as long as an application for intake of foreign workers is first submitted to, and approval for such application is obtained from, the Ministry of Home Affairs of Malaysia. Our Directors are of the view that our Group's expansion plans as detailed under the section entitled "Use of Proceeds and Listing Expenses" of this Offer Document will not be restricted or affected by the employment of foreign workers.

Our employees' remuneration consists of salaries, bonuses, an employees' provident fund, and social security and Employment Insurances System contributions. Other benefits include various types of leave, medical benefit, accident insurance, and travel reimbursement. Save for compliance with regulated employee funds, we do not provide for pension, retirement or similar benefits to our employees.

We have maintained good relations with our employees. The employees of our Group are not unionised and there have been no industrial disputes with the employees or any work stoppage which affected our Group's operations since it commenced operations.

Staff Training

New employees are required to participate in orientation and training programs to familiarise themselves with the operation of equipment and systems and relevant safety procedures. Furthermore, each employee is required to maintain an up-to-date skillset through continuous on-the-job training, and relevant external training, if necessary, to develop technical, professional and management skills. Certain operational processes of our scheduled waste management services are required to be supervised by competent persons. To ensure their competency, we send our employees to the Environment Institute of Malaysia to attend training on specific areas. Employees that have completed such trainings are accredited as competent persons. As at the Latest Practicable Date, eight (8) of our employees are accredited as Certified Environmental Professionals in the various operational processes relating to our scheduled waste management services.

During the Period Under Review and up to the Latest Practicable Date, our Group had not incurred significant expenses in relation to staff training. Moving forward, our Group will develop a suitable training framework for our employees if our workforce continues to grow.

DIRECTORS, MANAGEMENT AND EMPLOYEES

REMUNERATION OF DIRECTORS, EXECUTIVE OFFICERS AND RELATED EMPLOYEES

Directors and Executive Officers

Compensation paid by our Group to our Directors and Executive Officers for FY2020 and FY2021 (being the two most recent completed financial years) and estimates for FY2022 (on an aggregate basis and in remuneration bands⁽¹⁾) are as follows:

	FY2020	FY2021	FY2022 ⁽²⁾ (Estimated)
Directors			
Loo Sok Ching	Band 2	Band 2	Band 2
Lim Te Hua	Band 1	Band 1	Band 1
Shankar Narasingam	Band 1	Band 1	Band 1
Wong Chee Meng Lawrence	–	–	Band 1
Kam Chai Hong	–	–	Band 1
Siow Chin How	–	–	Band 1
Wang Han Lin	–	–	Band 1
Executive Officers			
Chear Ee Lee	Band 1	Band 1	Band 1
Boo Chin Hwee	Band 1	Band 1	Band 1
Ang Khoo Poh	Band 1	Band 1	Band 1
Wong Chun Wei	Band 1	Band 1	Band 1
Wong Ying Wei	Band 1	Band 1	Band 1

Notes:

- (1) Remuneration bands:
 “Band 1” refers to compensation of between S\$0 and S\$250,000 per annum.
 “Band 2” refers to compensation between S\$250,001 and S\$500,000 per annum.
- (2) In respect of FY2022, the remuneration of each of our Executive Directors, Loo Sok Ching, Lim Te Hua and Shankar Narasingam, that has yet to be paid, excludes any estimated amount of compensation that is to be paid pursuant to any bonus or profit-sharing plan pursuant to his/her Service Agreement. Please refer to the section entitled “Directors, Management and Employees – Service Agreements” of this Offer Document for further details.

Related Employees

Our Chairman and Executive Director, Loo Sok Ching, is spouse of Wong Kim Fatt, our Controlling Shareholder, and the sister-in-law of Ban Kim Wah, our Controlling Shareholder.

Ban Kim Wah and Wong Kim Fatt are siblings.

Our Executive Officers, Wong Chun Wei and Wong Ying Wei, are the children of our Chairman and Executive Director, Loo Sok Ching, and our Controlling Shareholder, Wong Kim Fatt. Wong Chun Wei and Wong Ying Wei are siblings.

DIRECTORS, MANAGEMENT AND EMPLOYEES

Ban Kim Wah is the uncle of Wong Chun Wei and Wong Ying Wei, our Executive Officers.

Ban Kim Wah and Wong Kim Fatt are employees of our Group and are currently employed as marketing advisors of our Group. Please refer to the section entitled “General Information on our Group – Sales and Marketing” of this Offer Document for further details.

As at the Latest Practicable Date, save as disclosed in this section and in the section entitled “Shareholding and Ownership Structure” of this Offer Document, there is no employee who is related to the Directors and Substantial Shareholders of our Company.

The compensation paid and to be paid to each of Ban Kim Wah, Wong Chun Wei, Wong Kim Fatt and Wong Ying Wei are as follows:

Name	FY2020	FY2021	FY2022 (Estimated)
Ban Kim Wah ⁽²⁾⁽³⁾	Band B	Band B	Band B
Wong Chun Wei ⁽⁴⁾	Band A	Band A	Band A
Wong Kim Fatt ⁽²⁾⁽⁵⁾	Band E	Band D	Band C
Wong Ying Wei ⁽⁶⁾	Band A	Band A	Band A

Notes:

- (1) Remuneration bands:
“Band A” means from S\$0 to S\$50,000 per annum
“Band B” means from S\$50,001 to S\$100,000 per annum
“Band C” means from S\$100,001 to S\$150,000 per annum
“Band D” means from S\$150,001 to S\$200,000 per annum
“Band E” means from S\$350,001 to S\$400,000 per annum
- (2) Wong Kim Fatt and Ban Kim Wah are employees of our Group and their total annual remuneration for FY2020 and FY2021 comprises the following fixed and variable components: (1) salary (including employer’s CPF/EPF contribution, if applicable); (2) year-end bonus (including employer’s CPF contribution, if applicable); and (3) profit-sharing/commission (if applicable).

The remuneration paid to Wong Kim Fatt and Ban Kim Wah in prior years took into account their services and contributions to our Group and them as founders and Controlling Shareholders of the private company. Notwithstanding the foregoing, in preparation for the Listing, our Company has since formulated their remuneration structure such that their remuneration for FY2022 onwards will only comprise a fixed salary (including employer’s CPF/EPF contribution, if applicable) component. Both Wong Kim Fatt and Ban Kim Wah will therefore continue to be paid for their roles as marketing advisors of our Company post-Listing on this basis moving forward.

- (3) The total annual remuneration that was paid and is to be paid to Ban Kim Wah was and will be S\$76,374.92, S\$79,664.29 and S\$82,367.79 for FY2020, FY2021 and FY2022 respectively.
- (4) The total annual remuneration that was paid and is to be paid to Wong Chun Wei was nil for both FY2020 and FY2021, and will be S\$12,062.54 for FY2022.
- (5) The total annual remuneration that was paid and is to be paid to Wong Kim Fatt was and will be S\$366,972.13, S\$153,219.38 and S\$134,016.20 for FY2020, FY2021 and FY2022 respectively.
- (6) The total annual remuneration that was paid and is to be paid to Wong Ying Wei was and will be S\$13,174.34, S\$14,216.79 and S\$10,095.27 for FY2020, FY2021 and FY2022 respectively.

Save as disclosed above, during FY2020 and FY2021 and up to the Latest Practicable Date, neither our Company nor any of our subsidiaries had any employee (other than our Executive Directors) who is an immediate family member of a Director and whose remuneration exceeds S\$50,000 per year.

DIRECTORS, MANAGEMENT AND EMPLOYEES

The remuneration of any staff who are related to our Directors or Substantial Shareholders 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 increases and/or promotions for these related staff will also be subject to the review and approval of our Remuneration Committee. In addition, any new employment of related staff and the proposed terms of their employment will also be subject to the review and approval of our Remuneration Committee. In the event that a member of our Remuneration Committee is related to the staff under review, he or she will abstain from the review.

SERVICE AGREEMENTS

Our Company has entered into a separate service agreement with (1) our Chairman and Executive Director, Loo Sok Ching; (2) our Executive Director and CEO, Lim Te Hua; and (3) our Executive Director and COO, Shankar Narasingam (collectively, the “**Service Agreements**” and each, a “**Service Agreement**”) (each Executive Director or Executive Officer, as the case may be, to which our Company has entered into a Service Agreement with shall hereinafter be referred to as the “**Executive**”).

The Service Agreement is valid for an initial period of three (3) years from 29 March 2022 (“**Initial Period**”), and upon the expiry of such Initial Period, the employment of the Executive shall be automatically renewed for successive annual periods until terminated by either party, on such terms and conditions as set out in the Service Agreement. The Executive’s employment under the Service Agreement may be terminated by either party by giving the other party not less than six (6) months’ prior written notice or payment of an amount equivalent to six (6) months’ of the Executive’s salary in lieu of such notice, or by our Company for cause without any notice or payment in lieu of notice to the Executive.

Under the Service Agreement, our Company may terminate the employment of the Executive at any time with immediate effect without notice or payment in lieu of notice to him, if he:

- (a) is guilty of dishonesty or serious or persistent misconduct, in all cases whether or not in connection with or referable to his employment;
- (b) becomes bankrupt or has a receiving order made against him or make any general composition with his creditors;
- (c) does any act or thing which may bring serious discredit on our Company or to our Group;
- (d) neglects or refuses, without reasonable cause, to attend to the business of our Company;
- (e) flagrantly or persistently fails to observe and perform any of the duties and responsibilities imposed by the Service Agreement or which are imposed by law;
- (f) becomes unable (owing to illness, accident or otherwise) to properly perform his duties under the Service Agreement for a period or periods totalling more than one hundred eighty (180) days in any period of twelve (12) consecutive calendar months;
- (g) has been prohibited or disqualified under the Companies Act or any other law from acting as a director in any jurisdiction for reasons other than on technical grounds;

DIRECTORS, MANAGEMENT AND EMPLOYEES

- (h) has been found to have committed an act that is reported in general or trade press or otherwise achieves general notoriety which involves conduct that is likely to be regarded as illegal, immoral or scandalous and which, in the reasonable opinion of the board of directors of our Group is likely to discredit him to a degree which materially reduces the value of his services to our Company and/or our Group or may discredit our Company and/or our Group through association with him;
- (i) commits any act of criminal breach of trust or 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/or
- (j) conducts himself in a manner prejudicial to the interest or reputation of our Company or our Group.

There are no benefits payable to him upon termination of his employment with our Group.

Pursuant to the Service Agreements, the monthly salary of the Executives are as follows:

Name of Executive	Monthly salary (S\$)
Loo Sok Ching	33,333
Lim Te Hua	13,333
Shankar Narasingam	7,833

In addition, the Executives are entitled to receive an annual incentive bonus of a sum calculated as follows:

- (a) For Loo Sok Ching and Lim Te Hua:

PBT	Amount of Performance Bonus
Where the PBT does not exceed MYR10 million	Nil
Where the PBT exceeds MYR10 million but does not exceed MYR15 million	2% of PBT
Where the PBT exceeds MYR15 million but does not exceed MYR20 million	2% of MYR15 million plus 3% of the PBT in excess of MYR15 million
Where the PBT exceeds MYR20 million	2% of MYR15 million plus 3% of the PBT of MYR5 million, plus 4% of the PBT in excess of MYR20 million

DIRECTORS, MANAGEMENT AND EMPLOYEES

(b) For Shankar Narasingam:

PBT	Amount of Performance Bonus
Where the PBT does not exceed MYR10 million	Nil
Where the PBT exceeds MYR10 million but does not exceed MYR15 million	1% of PBT
Where the PBT exceeds MYR15 million but does not exceed MYR20 million	1% of MYR15 million plus 2% of the PBT in excess of MYR15 million
Where the PBT exceeds MYR20 million	1% of MYR15 million plus 2% of the PBT of MYR5 million, plus 3% of the PBT in excess of MYR20 million

For this purpose, “PBT” refers to the audited consolidated profits before taxation and before profit sharing (excluding non-recurring exceptional items and extraordinary items which are not in the ordinary course of business) but before minority interests of our Group for the relevant financial year, provided always that if their employment is for less than a full financial year of our Group, the incentive bonus for that financial year shall be apportioned in respect of the actual number of days of employment on the basis of a 365-day financial year.

Such incentive shall be determined and approved by the board of directors of our Group and the Remuneration Committee from time to time based on, amongst others, the profitability of our Group, and shall be payable on the last business day of the financial year (or such date(s) which the board of directors of our Group in its absolute discretion deems fit).

Under the Service Agreement, should there be any renewal of the term of employment of the Executive, the revised rate of remuneration of an Executive is subject to review by the Board at the end of each financial year of our Company. He shall abstain from voting in respect of any resolution or decision to be made by the Board in relation to the terms and renewal of his Service Agreement.

The Service Agreement contains certain undertakings which are effective during, as well as after termination of, his employment with our Group. During such period, he shall, amongst others, (i) keep secret and shall not use for his own or another’s advantage, business methods or information which the Executive knows or ought reasonably to have known to be confidential concerning the business of our Group, as far as they shall have come to his knowledge during his employment, provided always that such restrictions shall not apply (a) to any disclosure authorised by the Board or required by law or by the Service Agreement, (b) so as to prevent the Executive from using his own personal skill in any business in which he may be lawfully engaged (subject to the restrictions in the Service Agreement) after the termination of his employment, or (c) to any trade secrets, business methods or information which may lawfully have come into the public domain; (ii) use any of the trade marks or trade names owned or to be owned by any Group Company (the “**Trade Marks**”), or any name or mark suggestive of, similar to, or likely to dilute the distinctive quality of the Trade Marks; (iii) file any application for, or in any way attempt to obtain ownership of any name or mark which refers to or is suggestive of, confusingly similar to, or likely to dilute the Trade Marks, or any name or mark suggestive of, similar to, or likely to dilute the distinctive quality of the Trade Marks; and (iv) that any discovery or invention or secret process or improvement in procedure made or discovered by the Executive while in service of our Company in connection with or in any way affecting or relating to the business of our Group of

DIRECTORS, MANAGEMENT AND EMPLOYEES

being used or adapted for use therein or in connection therewith shall forthwith be disclosed to our Company and shall belong to and be the absolute property of our Group.

In addition, the Executive shall not, during his employment and until 12 months after its termination, in any territories where any Group Company operates, directly or indirectly (i) either solely or jointly with or on behalf of any other person or entity, solicit or attempt to solicit, any person who to his knowledge is or has been within 12 months immediately prior to the termination of his employment, a client, customer or supplier of any Group Company; or (ii) either solely or jointly with or on behalf of any other person or entity, solicit or attempt to solicit, any person who is or has been within 12 months immediately prior to the termination of his employment, an employee of any Group Company.

Each of Loo Sok Ching, Lim Te Hua and Shankar Narasingam has also executed a deed of non-competition undertakings dated 29 March 2022, further details of which are set out in the section entitled “Interested Person Transactions – Potential Conflict of Interests” of this Offer Document.

Save as disclosed above, there are no bonus or profit sharing plans or any other profit-linked agreements or arrangements between our Company and any of our Directors or Executive Officers.

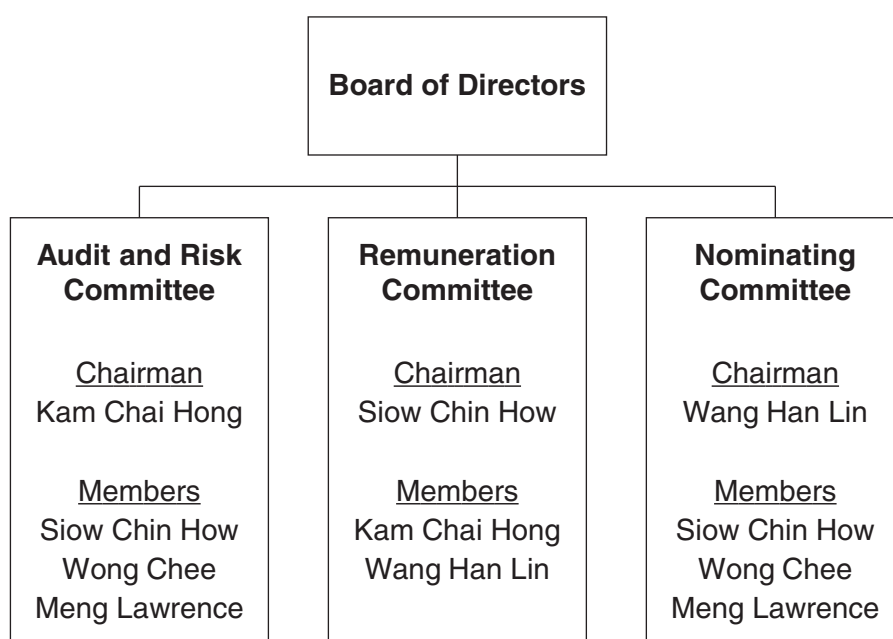
Save as disclosed above, there are no existing or proposed service contracts entered into or to be entered into by our Company or any of the subsidiaries of our Group with any of the Directors or Executive Officers which provides for compensation in the form of stock options, or pension, retirement or other similar benefits, or other benefits, upon the termination of employment with our Group.

Subject to the approvals of the Shareholders of our Company, the SGX-ST and other regulatory authorities, where necessary, the Executives shall be eligible to participate in any other employee scheme or plan implemented by our Company on such terms as may be determined by our Remuneration Committee at its sole and absolute discretion.

CORPORATE GOVERNANCE

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 the offering of high standards of accountability to our Shareholders, and will exert best efforts to implement the good practices recommended in the CG Code and outlined in the Best Practice Guide issued by SGX-ST. As a result, our Company has implemented the corporate governance model as set out below:



Board of Directors

We currently have seven (7) Directors on our Board, comprising three (3) Executive Directors, and four (4) Independent Directors.

None of our Directors are appointed for any fixed term. Each Director shall retire from office at least once every three (3) years. Directors who retire are eligible to stand for re-election.

The Board will have overall responsibility for the corporate governance of our Group so as to protect and enhance long-term shareholder value. It will set the overall strategy for our Group and supervise executive management and monitor their performance. Apart from its statutory responsibilities, the Board will be responsible for:

- (i) reviewing the financial performance and condition of our Group;
- (ii) approving our Group's strategic plans, key operational initiatives, major investment and funding decisions; and
- (iii) identifying principal risks of our Group's business and ensuring the implementation of appropriate systems to manage the risks.

CORPORATE GOVERNANCE

The Board will hold quarterly meetings every year, with additional meetings for particular matters convened when necessary. Our Directors shall also periodically review the internal control and risk management systems of our Group to ensure that there are sufficient guidelines and procedures in place to monitor its operations.

Audit and Risk Committee

Our Audit and Risk Committee, represented in the chart above, comprises our Independent Directors, Kam Chai Hong, Siow Chin How and Wong Chee Meng Lawrence. The Chairman of our Audit and Risk Committee is Kam Chai Hong.

Our business and operations are presently under the management and close supervision of our Executive Directors who are assisted by our Executive Officers.

After our listing on Catalist, our Executive Directors and Executive Officers will manage the business and operations of our Group. The Audit and Risk Committee will assist our Board of Directors with regards to discharging its responsibility to safeguard our Company's assets, maintain adequate accounting records, and develop and maintain effective systems of internal controls and risk management with an overall objective to ensure that our management has created and maintained an effective control environment in our Group, and that our management demonstrates and stimulates the necessary aspects of our Group's internal control structure among all parties. The Audit and Risk Committee will provide a channel of communication between the Board, the management and the external auditors of our Company on matters relating to audit.

Our Directors recognise the importance of corporate governance and the offering of high standards of accountability to the Shareholders. Our Audit and Risk Committee is responsible for, *inter alia*, the following:

- (a) having oversight on the controls and safeguards to prevent a recurrence of the non-compliances with the regulatory requirements;
- (b) assisting the Board in the discharge of its responsibilities on financial and reporting matters;
- (c) reviewing the relevance and consistency of accounting standards, the significant reporting issues, recommendations and judgments made by external auditors so as to ensure the integrity of the financial statements of our Group;
- (d) reviewing the assurance from the CEO and CFO on the financial records and financial statements of our Group;
- (e) reviewing the adequacy, effectiveness, and independence of the external audit and internal audit function of our Group;
- (f) reviewing and reporting to the Board, at least annually, the effectiveness and adequacy of our Group's internal control and procedures (addressing financial, operational, information technology, compliance risks) and risk management systems (such review to be carried out internally or with the assistance of any competent third parties) and discussing issues and concerns, if any, prior to the incorporation of the Directors' comments in our Group's annual report;

CORPORATE GOVERNANCE

- (g) making recommendations to the Directors on establishing an adequate, effective and independent internal audit function (which can be in-house or outsourced to a reputable accounting/auditing firm or corporation), and ensuring that the internal audit function is adequately resourced and staffed with persons with the relevant qualifications and experience and that the internal auditors comply with the standards set by nationally or internationally recognised professional bodies;
- (h) where applicable, ensuring that the internal audit function has unfettered access to all our Group's documents, records, properties, and personnel, including the Audit and Risk Committee, and has appropriate standing within our Group;
- (i) reviewing our Group's financial risk areas, with a view to providing an independent oversight of 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;
- (j) reviewing the risk profile of our Group and the appropriate steps to be taken to mitigate and manage risks at acceptable levels determined by the Board;
- (k) considering the appointment or re-appointment of the external auditors and internal auditors, the level of their remuneration and matters relating to resignation or dismissal of the external auditors and internal auditors;
- (l) conducting periodic reviews and approval of foreign exchange transactions and hedging policies (if any) undertaken by our Group;
- (m) reviewing and approving transactions falling within the scope of Chapter 9 of the Catalist Rules;
- (n) reviewing and establishing procedures for receipt, retention and treatment of complaints received by our Group, among others, criminal offences involving our Group or our employees, questionable accounting, auditing, business, safety or other matters that impact negatively on our Group, and ensuring that arrangements are in place for the independent investigations of such matter and for appropriate follow-up;
- (o) undertaking such other reviews and projects as may be requested by our Board of Directors and reporting to our Board its findings from time to time on matters arising and requiring the attention of our Audit and Risk Committee; and
- (p) generally undertaking such other functions and duties as may be required by statute or the Catalist Rules, and by such amendments made thereto from time to time.

Apart from the duties listed above, our Audit and Risk Committee will also commission and review the findings of internal investigations into matters where there is any suspected fraud or irregularity, or failure of internal controls, or infringement of any Singapore law, rule or regulation which has or is likely to have a material impact on our Company's operating results or financial position. In the event that a member of our Audit and Risk Committee is interested in any matter being considered by our Audit and Risk Committee, he will abstain from reviewing that particular transaction or voting on that particular transaction.

In addition, all future transactions with related parties shall comply with the requirements of the Catalist Rules. Our Directors shall also abstain from voting in any contract or arrangement or proposed contract/arrangement in which he has a personal material interest.

CORPORATE GOVERNANCE

Audit and Risk Committee's Opinion on the Suitability of our CFO

Our Audit and Risk Committee having conducted an interview with Chear Ee Lee and having considered: (i) the qualifications and past working experience of Chear Ee Lee (as described in the section entitled "Directors, Management and Employees – Executive Officers" of this Offer Document); (ii) Chear Ee Lee's demonstration of the requisite competency in finance-related matters of our Group in connection with the preparation of the listing of our Company; (iii) observed her abilities, familiarity and diligence in relation to the financial matters and information of our Group; and (iv) noted the absence of negative feedback from Baker Tilly Consultancy (Singapore) Pte. Ltd., the internal auditors and PricewaterhouseCoopers LLP, the Independent Auditor and Reporting Accountant, that Chear Ee Lee is not suitable for the position of our CFO, is of the view that Chear Ee Lee has the necessary expertise and experience in the discharge of her duties as our CFO. Further, after making all reasonable enquiries, and to the best of their knowledge and belief, nothing has come to the attention of our Audit and Risk Committee to cause them to believe that Chear Ee Lee does not have the competence, character and integrity expected of a chief financial officer (or its equivalent rank) of a listed issuer.

Adequacy of Internal Controls

In preparation for our Listing, our Audit and Risk Committee has held discussions with the internal auditors, Baker Tilly Consultancy (Singapore) Pte. Ltd., in relation to our internal controls. During the course of discussions, our Audit and Risk Committee was given an overview of our Group's current internal control procedures. Our Board also noted that the internal auditors have confirmed that they are satisfied that the management of our Group has fully and satisfactorily addressed all internal control weaknesses of our Group. Further, the internal auditors have also reviewed, where applicable, the effectiveness of measures put in place and/or enhanced by our Group to mitigate and to the extent possible prevent the recurrence of past non-compliances.

Our Board has also noted that no material internal control findings have been raised by the Independent Auditor and Reporting Accountant in the ordinary course of their audit that may have a significant effect on the preparation of the consolidated financial statements of our Group for FY2018, FY2019, FY2020 and 9M2021.

Based on the foregoing, our Board, after making all reasonable enquiries and to the best of its knowledge and belief, with the concurrence of our Audit and Risk Committee, based on the internal controls and risk management framework established and maintained by our Group, work performed by the external and internal auditors, and reviews by our management and various Board committees, is of the opinion that our internal controls and risk management systems are adequate and effective to address the financial, operational, compliance and information technology controls risks of our Group.

Our Audit and Risk Committee shall also commission an annual internal controls audit until such time as our Audit and Risk Committee is satisfied that our Group's internal controls are robust and effective enough to mitigate our Group's internal control weaknesses (if any). Prior to the decommissioning of such annual internal controls audit, our Board is required to report to the SGX-ST and the continuing sponsor on how the key internal control weaknesses have been rectified, and the basis for the Audit and Risk Committee's decision to decommission the annual internal controls audit. Thereafter, such audits may be initiated by our Audit and Risk Committee as and when it deems fit to satisfy itself that our Group's internal controls remain robust and effective. Upon completion of the internal controls audit, appropriate disclosure must be made via SGXNET on any material, price-sensitive internal controls weaknesses and any follow-up actions to be taken by the Board.

CORPORATE GOVERNANCE

Remuneration Committee

Our Remuneration Committee represented above comprises Kam Chai Hong, Siow Chin How and Wang Han Lin. The Chairman of our Remuneration Committee is Siow Chin How. Our Remuneration Committee was set up with the responsibility of recommending to the Board the remuneration policy of all the Directors, the senior management and any employees who are related to the Directors or Substantial Shareholders. Our Remuneration Committee is responsible for, *inter alia*, the following:

- (a) reviewing and approving the new employment of related employees and the proposed terms of their employment, and reviewing and recommending to the Board, for endorsement, the specific remuneration packages for each of the Directors and Executive Officers;
- (b) proposing, for adoption by the Board, measurable, appropriate and meaningful performance targets for assessing the performance of the key management personnel, individual Directors and of the Board as a whole;
- (c) ensuring that the remuneration policies and systems of our Group, as approved by the Board, support our Group's objectives and strategies, and are consistently being administered and being adhered to within our Group;
- (d) reviewing our Group's obligations arising in the event of termination of service contracts entered into between our Group and its Directors or Executive Officers, as the case may be, to ensure that the service contracts contain fair and reasonable termination clauses which are not overly generous;
- (e) if necessary, seeking expert advice within and/or outside our Group on remuneration matters, to ensure that existing relationships, if any, between our Group and its appointed remuneration consultants will not affect the independence and objectivity of the remuneration consultants;
- (f) providing effective supervision and administration of our Group's share option scheme, and/or other equity-based plans and benefits-in-kind;
- (g) reporting to the Board on its proceedings after each meeting on all matters within its duties and responsibilities; and
- (h) holding a meeting of the Remuneration Committee at least once a year to coincide with key dates within the financial reporting and audit cycle.

Each member of our Remuneration Committee shall abstain from voting on any resolution and making any recommendations and/or participating in any deliberations of our Remuneration Committee in respect of matters in which he is interested.

The recommendations of our Remuneration Committee on remuneration of Directors and our Chairman and Managing Director should be submitted for endorsement by our entire Board. All aspects of remuneration, including but not limited to Directors' Fees, salaries, allowances, bonuses, and benefits in kind shall be covered by our Remuneration Committee.

The remuneration of any staff who are related to our Directors or Substantial Shareholders 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

CORPORATE GOVERNANCE

scopes and level of responsibilities. Any bonuses, pay increases and/or promotions for these related staff will also be subject to the review and approval of our Remuneration Committee. In addition, any new employment of related staff and the proposed terms of their employment will also be subject to the review and approval of our Remuneration Committee. In the event that a member of our Remuneration Committee is related to the staff under review, he or she will abstain from the review.

The remuneration paid to employees who are immediate family members of our Directors will be disclosed in the annual report in the event such remuneration exceeds S\$100,000 for that financial year.

Nominating Committee

Our Nominating Committee represented above comprises Siow Chin How, Wang Han Lin and Wong Chee Meng Lawrence. The Chairman of our Nominating Committee is Wang Han Lin.

The Nominating Committee is responsible for the following, amongst others:

- (a) determining annually, and as and when circumstances require, whether or not a Director is independent, in accordance with the CG Code;
- (b) reviewing the composition of the Board to ensure the committee comprises an appropriate mix of skills, experience, core competencies and knowledge of our Group that the Board requires to function competently and efficiently. All directors should be required to submit themselves for re-nomination and re-election at regular intervals and at least every three (3) years;
- (c) deciding how the Board's performance is to be evaluated and propose objective performance criteria, subject to the approval by the Board, which address how the Board has enhanced long term shareholders' value. The Board will also implement a process to be proposed by the Nominating Committee for assessing the effectiveness of the Board as a whole and for assessing the contribution of each individual Director to the effectiveness of the Board (if applicable);
- (d) reviewing succession plans for the Directors; and
- (e) reviewing and approving the employment of persons related to the Directors or Substantial Shareholders and the proposed terms of their employment.

Our Nominating Committee will decide how the Board's performance is to be evaluated and will propose objective performance criteria, subject to the approval of the Board, which address how the Board has enhanced long-term Shareholders' value. The Board will also implement a process to be carried out by our Nominating Committee for assessing the effectiveness of the Board as a whole and for assessing the contribution of each individual Director to the effectiveness of the Board.

Each member of the Nominating Committee shall abstain from voting on any resolution and making any recommendations and/or participating in any deliberations of our Nominating Committee in respect of the assessment of his performance or re-nomination as Director. In the event that any member of the Nominating Committee has an interest in a matter being deliberated upon by the Nominating Committee, he will abstain from participating in the review and approval process relating to that matter.

CORPORATE GOVERNANCE

Nominating Committee's views on the independence of Siow Chin How

Our Nominating Committee (with Siow Chin How recusing himself) has noted that Siow Chin How was a resident director of Wentel Corporation Pte. Ltd. from 22 April 2022 to 28 April 2022. The appointment arose at the request of Loo Sok Ching and Wong Kim Fatt to comply with the Resident Director Requirement, due to the resignation of the then existing resident director and given that Loo Sok Ching and Wong Kim Fatt were unfamiliar and had limited contacts in Singapore. Our Nominating Committee further noted that Siow Chin How's resignation was effected on 28 April 2022 when the replacement was confirmed on 27 April 2022, and he was not meant to be appointed as a director of Wentel Corporation Pte. Ltd. permanently.

Wentel Corporation Pte. Ltd. was incorporated in Singapore and our Controlling Shareholders, namely Loo Sok Ching, Wong Kim Fatt and Ban Kim Wah, own an aggregate interest of 93.8% in Wentel Corporation Pte. Ltd.

In assessing the independence of Siow Chin How as an Independent Director of our Company, our Nominating Committee has taken into consideration the following:

- Written confirmation from Siow Chin How, which sets out, among others:
 - (i) that he was a resident director of Wentel Corporation Pte. Ltd. for the abovementioned period only on an interim basis and solely to render a one-off assistance to the company to fulfil the local residency requirement of a Singapore incorporated company, until a replacement resident director is found;
 - (ii) that he was not involved in the day to day operations of the company;
 - (iii) that he and his associates are not related to the Controlling Shareholders of our Company and their associates;
 - (iv) that he did not receive any payments or compensation nor was he promised any payments or compensation in the future for having acted as an interim resident director of the company during the abovementioned period;
 - (v) that he has no interests, direct or indirect, in the company and our Company; and
 - (vi) that he is not accustomed nor under an obligation, whether formal or informal, to act in accordance with the directions, instructions or wishes of any of our Controlling Shareholders;
- Written confirmation from each of Loo Sok Ching, Wong Kim Fatt and Ban Kim Wah, in agreement with (i) to (vi) above.

On the basis of the above and having considered Catalist Rule 406(3)(d) and Practice Guidance 2: Board Composition and Guidance, our Nominating Committee is of the view that Siow Chin How is able to discharge his responsibilities as our Company's independent director and is suitable to be appointed as an Independent Director of our Company.

CORPORATE GOVERNANCE

Board Practices

Our Directors are appointed by our Shareholders at a general meeting, and an election of Directors takes place annually. Each Director shall retire from office once every three (3) years and for this purpose, at each annual general meeting, at least one-third of the Directors for the time being (or, if their number is not a multiple of three, the number nearest to but not less than one-third) shall retire from office by rotation. A retiring Director shall be eligible for re-election at the meeting at which he retires. Further details on the appointment and retirement of Directors can be found in the section entitled “Selected Extracts of Our Constitution” in Appendix D of this Offer Document.

Based on the above, our Directors are of the view that 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.

INTERNAL CONTROLS AND RISK MANAGEMENT

We believe that by upholding a rigorous set of internal controls, we can build our reputation in the market and increase customers’ confidence in our Group. We maintain internal manuals setting out operating procedures, internal control procedures and other policies and guidelines. Our Directors and senior management are responsible for the implementation of these policies and guidelines and they believe such policies and guidelines can facilitate our Group to carry out our business in an orderly and efficient manner, thereby ensuring there is no leakage of confidential information, safeguarding our Group’s and our customers’ interests and complying with all applicable laws and regulatory requirements.

In the ordinary course of our business, we are exposed primarily to (i) operational risk relating to our internal processes and our staff; and (ii) credit risk in respect of receivables from our customers.

Operational risk management

Our Executive Directors and senior management are responsible for monitoring our daily operations and assessing the relevant operational risks. We have control measures on inventory, product quality and pricing, which will be reviewed by our Directors and senior management on a regular basis. Our Group also emphasises ethical values and maintaining all confidential information within our Group. To achieve the above, all our employees, including management of our Group, are required to read our employee handbook and internal policies. Further, sensitive information is under restricted access and is shared on a need-to-know basis only. Such procedures allow us to mitigate the risks associated with potential unethical behaviour, wrongdoing, fraud or unauthorised access to and leakage of confidential information.

Anti-corruption measures

As part of our risk management and internal control system, we have formally established a set of internal policies in relation to bribery and corruption and fraudulent activities, which strictly prohibit paying or receiving bribes and kickbacks in commercial transactions. The following measures have been implemented to prevent such illegal practices:

- (i) we have formally adopted an employee handbook to standardise our employees’ code of conduct which strictly forbids paying or receiving bribes. Upon signing the employment contracts, our employees agreed to abide by the terms and conditions of the employee handbook. We also have in place an employee code of ethics to prohibit illegal practices such as bribery and corruption and fraudulent activities. Employees who violate any of the terms of the employee handbook or employee code of ethics are subject to penalties, including termination of employment;

CORPORATE GOVERNANCE

- (ii) we have implemented a policy on reporting on conflict of interest setting out the procedures to manage transactions or events involving any conflict of interest of employees; and
- (iii) we have in place an anti-bribery and corruption policy to cultivate an anti-bribery and corruption culture within our Group which includes the procedures for the reporting, receiving information relating to and investigation of corruption cases, setting out responsibilities and penalties for corruption, and established channels for reporting corruption cases. We make our internal reporting channel open and available for our staff to report any bribery and corruption acts, whether on an anonymous basis or otherwise, and ensure that the identity of the reporting person is sufficiently safeguarded in the event that reporting is not done on an anonymous basis. Any reported incidents and personnel will be investigated and appropriate measures will be taken.

Credit risk management

Our Group is exposed to the risk of failing to collect the receivables from our customers which may result in a financial loss to our Group. The finance department prepares weekly reports on overdue receivables for our Directors and senior management. They will then closely monitor, evaluate the risk level and decide on follow-up actions depending on, amongst others, our relationships with these customers and their payment history. In addition, before entering into contracts with a new customer, we perform searches and credit assessments to evaluate, amongst others, the new customer's background, financial conditions and reputation.

Corporate governance measures

We maintain robust internal controls, as well as whistle-blowing and conflict of interest policies. We have established three (3) board committees, namely, the Audit and Risk Committee, the Nomination Committee and the Remuneration Committee, with respective terms of reference in compliance with the CG Code. In particular, one of the primary duties of our Audit and Risk Committee is to review the effectiveness of our internal audit function, internal controls and risk management systems. Please refer to the section entitled "Corporate Governance" of this Offer Document for further details on our corporate governance practices.

Our Directors will review our corporate governance measures and our compliance with the CG Code each financial year, and disclosure of our Group's compliance with the CG Code will be included in our annual reports in accordance with the Catalist Rules.

INTERESTED PERSON TRANSACTIONS

OVERVIEW

In general, transactions between our Group and any of our Interested Persons (namely, our Directors, CEO, Controlling Shareholders of our Company and the Associates of such persons) would constitute Interested Person Transactions for the purposes of Chapter 9 of the Catalyst Rules.

This section sets out the material Interested Person Transactions entered into by our Group for the Relevant Period on the basis of each member of our Group (namely, our Company and our subsidiaries) being an Entity at Risk and with Interested Persons being construed accordingly.

Save as disclosed in this section and in the sections entitled “Restructuring Exercise”, “General Information on our Group – History” and “Directors, Management and Employees – Related Employees” of this Offer Document, there have been no Interested Person Transactions over the Relevant Period involving our Group which are material in the context of this Invitation.

INTERESTED PERSONS

Interested Persons	Relationship with our Company
Ban Kim Wah	Ban Kim Wah is our Controlling Shareholder, as well as the sibling of Wong Kim Fatt, our Controlling Shareholder. Accordingly, Ban Kim Wah is an Interested Person under Chapter 9 of the Catalyst Rules.
Lim Te Hua	Lim Te Hua is our Executive Director and CEO. Accordingly, Lim Te Hua is an Interested Person under Chapter 9 of the Catalyst Rules.
Loo Sok Ching	Loo Sok Ching is our Executive Director and Controlling Shareholder. Accordingly, Loo Sok Ching is an Interested Person under Chapter 9 of the Catalyst Rules.
Wong Kim Fatt	Wong Kim Fatt is our Controlling Shareholder. Accordingly, Wong Kim Fatt is an Interested Person under Chapter 9 of the Catalyst Rules.

INTERESTED PERSON TRANSACTIONS

Interested Persons	Relationship with our Company
Grandhill Property	<p>Grandhill Property Sdn. Bhd. (formerly known as Smart Definition Sdn. Bhd. from 20 June 2008 to 27 March 2012) is a company incorporated in Malaysia with limited liability on 20 June 2008, and as at the Latest Practicable Date, the shareholders of Grandhill Property are Loo Sok Ching (99.90%), Wong Chun Wei (0.05%), Wong Ying Wei (0.04%) and Wong Ying Tung (0.01%). Wong Chun Wei, Wong Ying Wei and Wong Ying Tung are the children of our Chairman and Executive Director, Loo Sok Ching, and our Controlling Shareholder, Wong Kim Fatt. Accordingly, Grandhill Property is an Interested Person under Chapter 9 of the Catalyst Rules.</p> <p>Grandhill Property's principal activities are to acquire property for investment and realty management purposes.</p>
Wentel Corporation	<p>Wentel Corporation Sdn. Bhd. is a company incorporated in Malaysia with limited liability on 23 July 2002 and as at the Latest Practicable Date, the shareholders of Wentel Corporation are Loo Sok Ching (58.92%) and Wong Kim Fatt (41.08%). Accordingly, Wentel Corporation is an Interested Person under Chapter 9 of the Catalyst Rules.</p> <p>Wentel Corporation is principally engaged in the business of supply chain management for vacuum cleaner parts and security product metal works, and plastic injection moulding.</p>
Wentel Engineering	<p>Wentel Engineering Sdn. Bhd. (formerly known as Twin Shell Engineering Sdn. Bhd. from 20 November 2000 to 30 October 2019) is a company incorporated in Malaysia with limited liability on 20 November 2000. As at the Latest Practicable Date, the shareholders of Wentel Engineering are Wong Kim Fatt (52.50%), Ban Kim Wah (18.75%), Wentel Corporation (22.50%) and an independent third party (6.25%).</p> <p>Wentel Engineering is principally engaged in the business of fabrication, stamping and metal products and powder coating of steel and metal products.</p>

INTERESTED PERSON TRANSACTIONS

PAST INTERESTED PERSON TRANSACTIONS

Lease of property from Grandhill Property

Prior to the acquisition of the land and building on which the PLO 83 Plant is located from Grandhill Property, 5E Resources had leased the aforesaid land from Grandhill Property during the Relevant Period.

The aggregate amount paid by 5E Resources to Grandhill Property for the above transaction during the Relevant Period is set out as follows:

MYR'000	FY2018	FY2019	FY2020	9M2021	From 1 October 2021 to the Latest Practicable Date
Rental paid	301	300	279	225	44

The above transaction was entered into on normal commercial terms and was carried out on an arm's length basis as the monthly rental fee was based on prevailing market prices. Accordingly, our Directors are of the view that the transaction was not prejudicial to our Group and minority Shareholders.

Purchase of property from Grandhill Property

On 24 December 2020, a sale and purchase agreement was entered into between 5E Resources as the purchaser and Grandhill Property as the vendor pursuant to which 5E Resources acquired the land and building on which the PLO 83 Plant is located at a cash consideration of MYR3.7 million. The consideration was determined after arm's length negotiation with reference to the valuation of the PLO 83 Plant and is on normal commercial terms and not prejudicial to our Group and our minority shareholders. Based on the valuation report prepared by an independent valuer on the PLO 83 Plant, the market value of the PLO 83 Plant was MYR3.7 million as at 28 October 2020.

Completion of the acquisition of the land and building on which the PLO 83 Plant was located had occurred on 8 December 2021. Following completion of the acquisition, 5E Resources is the registered proprietor of the land and building on which the PLO 83 Plant is located. Please refer to the section entitled "Restructuring Exercise" of this Offer Document for further information on the aforementioned acquisition by our Group.

INTERESTED PERSON TRANSACTIONS

Lease of property from Wentel Engineering

Prior to the acquisition of the land and building on which the PLO 317 Plant is located from Wentel Engineering, 5E Resources had leased the aforesaid land from Wentel Engineering from April 2007 to November 2019.

The aggregate amount paid by 5E Resources to Wentel Engineering for the above transaction during the Relevant Period is set out as follows:

MYR'000	FY2018	FY2019	FY2020	9M2021	From 1 October 2021 to the Latest Practicable Date
Rental paid	247	172	–	–	–

The above transaction was entered into on normal commercial terms and was carried out on an arm's length basis as the monthly rental fee was based on prevailing market prices. Accordingly, our Directors are of the view that the transaction was not prejudicial to our Group and minority Shareholders.

Purchase of property from Wentel Engineering

Wentel Engineering and 5E Resources entered into an agreement dated 20 December 2018, pursuant to which Wentel Engineering agreed to sell, and 5E Resources agreed to purchase, the land and building on which the PLO 317 Plant is located, for a total cash consideration of MYR4.4 million. The consideration was arrived at on a willing buyer willing seller basis, after taking into consideration, the market value of the property, being MYR4.4 million, as obtained via a valuation report done on PLO 317 dated 24 August 2018 ("**Valuation Report**") and the strategic location of the PLO 317 plant. The consideration was fully settled on 7 November 2019.

The above transaction was entered into on normal commercial terms and was carried out on an arm's length basis as the consideration was based on the average and standard selling price of plants in that general area, the Valuation Report and the terms set out in the sale and purchase agreement were not more favourable than the standard practice sale and purchase agreements for the sale of plants and/or factories. Accordingly, our Directors are of the view that the transaction was not prejudicial to our Group and minority Shareholders.

INTERESTED PERSON TRANSACTIONS

Following the completion of the acquisition of the land and building on which the PLO 317 Plant is located on 26 September 2019, 5E Resources is the registered proprietor of the land and building on which the PLO 317 Plant is located.

Payment of service charges and utility expenses to Wentel Engineering

Prior to the acquisition and during the transitional period post-acquisition of the land and building on which the PLO 317 Plant is located from Wentel Engineering, 5E Resources had made payment of service charges and utility expenses relating to its operations at PLO 317 Plant to Wentel Engineering from April 2007 to February 2020.

The aggregate amount paid by 5E Resources to Wentel Engineering for the above transaction during the Relevant Period is set out as follows:

MYR'000	FY2018	FY2019	FY2020	9M2021	From 1 October 2021 to the Latest Practicable Date
Payment of service charges and utility expenses	287	243	115	–	–

The payments were made because Wentel Engineering was charged the service charges and utility expenses at the relevant time, being the registered owner of the PLO 317 Plant. Subsequent to the completion of the acquisition of the land and building on which the PLO 317 Plant is located in September 2019, such billing arrangement between Wentel Engineering and 5E Resources continued during the transitional period prior to the transfer of the billing services by the utility providers from Wentel Engineering to 5E Resources in February 2020. Wentel Engineering would settle these charges and expenses before billing to 5E Resources for the exact amounts paid for settlement on a monthly basis. No additional charges were imposed by Wentel Engineering for such back-to-back payments. Accordingly, our Directors are of the view that the transaction was on normal commercial terms, was carried out on an arm's length basis and not prejudicial to our Group and minority Shareholders.

INTERESTED PERSON TRANSACTIONS

Financial guarantees given by Interested Persons

Our Executive Directors, Loo Sok Ching, Lim Te Hua, and our Controlling Shareholders, Wong Kim Fatt, Ban Kim Wah, had provided personal guarantees and Wentel Corporation had provided corporate guarantees in favour of financial institutions to secure certain banking facilities granted by these financial institutions to our Group, as set out below:

Financial institution	Borrowing entity	Type of facility	Interested Person(s) who provided the guarantees	Amount of facilities guaranteed or secured (MYR'000)	Interest rate per annum	Largest amount outstanding during the Relevant Period (MYR'000)
Public Bank Berhad	5E Resources	Term loan of up to MYR1.5 million for working capital purposes	Wong Kim Fatt, Loo Sok Ching, Lim Te Hua, Ban Kim Wah, Wentel Corporation Sdn Bhd	1,500	Base Lending Rate-1.5%	1,500
Public Bank Berhad	5E Resources	Term loan of up to MYR2.6 million to partially finance the purchase of a vacant industrial land in Pasir Gudang, Johor	Wong Kim Fatt, Loo Sok Ching, Lim Te Hua, Ban Kim Wah, Wentel Corporation Sdn Bhd	2,600	Base Lending Rate-0.75%	1,893
Public Bank Berhad	5E Resources	Term loan of up to MYR11.5 million to part finance construction cost of factories, offices, workshop, ancillary buildings and waste treatment plant to be built on existing security proffered known as PTD 204758 (PLO 738) in Pasir Gudang, Johor	Wong Kim Fatt, Loo Sok Ching, Lim Te Hua, Ban Kim Wah, Wentel Corporation Sdn Bhd	11,500	Base Lending Rate-1.50%	10,572
Public Bank Berhad	5E Resources	Term loan of up to MYR2.0 million for working capital purposes	Wong Kim Fatt, Loo Sok Ching, Lim Te Hua, Ban Kim Wah, Wentel Corporation Sdn Bhd	2,000	Base Lending Rate-1.50%	1,736

INTERESTED PERSON TRANSACTIONS

As no fee, commission, interest, compensation or benefit-in-kind was paid by our Group to each of Loo Sok Ching, Lim Te Hua, Wong Kim Fatt, Ban Kim Wah and Wentel Corporation Sdn Bhd, for the provision of the abovementioned guaranties, the abovementioned guaranties were not provided on an arm's length basis and were not on normal commercial terms. However, as the guaranties were granted to secure the obligations of our Group at no cost, such provision of guaranties were not prejudicial to the interests of our Group and our minority Shareholders.

As each of the abovementioned bank facilities have been fully settled and there is no amount outstanding as at the Latest Practicable Date, the aforementioned banks have granted a release and discharge of the above guaranties.

PRESENT AND ON-GOING INTERESTED PERSON TRANSACTIONS

Notwithstanding our Group had entered into the following transactions with an Interested Person, each transaction is of a value less than S\$100,000 and would not be considered material in the context of the Invitation or require a general mandate pursuant to the rules set out in Chapter 9 of the Catalyst Rules.

Nonetheless, our Group will monitor the following transactions and amounts relating to these transactions to ensure compliance with Chapter 9 of the Catalyst Rules.

Provision of scheduled waste management and other services to Wentel Corporation

5E Resources has been providing, and following Listing will continue to provide, among other things, scheduled waste management services to Wentel Corporation according to its actual needs. On 1 December 2021, 5E Resources entered into a master service agreement with Wentel Corporation, pursuant to which 5E Resources has agreed to provide scheduled waste management services to Wentel Corporation for a term of three years commencing from 1 December 2021 to 30 November 2024 (the "**WC Service Agreement**").

Our Group has been providing scheduled waste management services to Wentel Corporation since October 2009. Our Group and Wentel Corporation have an established business relationship, and are familiar with each other's business processes and demands. The WC Service Agreement was entered into to formalise the terms of service agreed between the parties.

INTERESTED PERSON TRANSACTIONS

The aggregate amount received by our Group from Wentel Corporation for the above transaction during the Relevant Period are set out as follows:

MYR'000	FY2018	FY2019	FY2020	9M2021	From 1 October 2021 to the Latest Practicable Date
Payment for scheduled waste management services provided by our Group	0.2	0.5	0.1	0.3	–

In consideration of the provision of the scheduled waste management services, Wentel Corporation shall pay a service fee for the actual quantity, types and nature of scheduled waste collected at the predetermined unit price list fixed by our Group from time to time. The predetermined unit price will be determined on a cost-plus basis with reference to the market price of similar services, estimated costs of transportation and treatment and target profitability, as charged to other unrelated third party customers of our Group for similar transactions, subject to the final approval of our CEO, Lim Te Hua. The price and terms offered to Wentel Corporation shall be no less favourable to our Group than those offered to other unrelated third party customers, and shall be based on arm's length commercial negotiations between both parties according to the principles of fairness and reasonableness.

The CFO of our Group will review (i) the quotations/unit price list offered to other unrelated third party customers in similar transactions; (ii) the market price of similar services; and (iii) our estimated costs for treatment to determine if the price and terms offered to Wentel Corporation are fair and reasonable and comparable to those for similar transactions with other unrelated third party customers. If our profit margin based on the job requirement of Wentel Corporation is lower than those offered to unrelated third party customers, our Group will not accept such job. Our Directors are of the view that the aforesaid method and procedures can ensure that the price we offered to Wentel Corporation will be in line with market rates and no less favourable than those we charged to unrelated third party customers.

INTERESTED PERSON TRANSACTIONS

In view of the foregoing, the above transaction is on normal commercial terms and carried out on an arm's length basis. Our Directors are of the view that the transaction was not prejudicial to our Group and minority Shareholders. We will continue to carry out the above transaction as long as it is in our interests to do so, and in accordance with the guidelines and procedures for interested person transactions set out under the section entitled "Interested Person Transactions – Review Procedures for Future Interested Person Transactions" of this Offer Document and our Directors confirm that notwithstanding the WC Service Agreement, each of the transactions under the WC Service Agreement will be conducted in accordance to Chapter 9 of the Catalist Rules.

Provision of scheduled waste management and other services to Wentel Engineering

5E Resources has been providing, and following Listing will continue to provide, among other things, scheduled waste management services to Wentel Engineering according to its actual needs. On 1 December 2021, 5E Resources entered into a master service agreement with Wentel Engineering, pursuant to which 5E Resources has agreed to provide scheduled waste management services to Wentel Engineering for a term of three years commencing from 1 December 2021 to 30 November 2024 (the "**WE Service Agreement**").

Our Group has been providing scheduled waste management services to Wentel Engineering since October 2009. Our Group and Wentel Engineering have an established business relationship, and are familiar with each other's business processes and demands. The WE Service Agreement was entered into to formalise the terms of service agreed between the parties.

INTERESTED PERSON TRANSACTIONS

The aggregate amount received by our Group from Wentel Engineering for the above transaction during the Relevant Period are set out as follows:

MYR'000	FY2018	FY2019	FY2020	9M2021	From 1 October 2021 to the Latest Practicable Date
Payment for scheduled waste management services provided by our Group	195	94	105	53	74

In consideration of the provision of the scheduled waste management services, Wentel Engineering shall pay a service fee for the actual quantity, types and nature of scheduled waste collected at the predetermined unit price list fixed by our Group from time to time. The predetermined unit price will be determined on a cost-plus basis with reference to the market price of similar services, estimated costs of transportation and treatment and target profitability, as charged to other unrelated third party customers of our Group for similar transactions, subject to the final approval of our CEO, Lim Te Hua. The price and terms offered to Wentel Engineering shall be no less favourable to our Group than those offered to other unrelated third party customers, and shall be based on arm's length commercial negotiations between both parties according to the principles of fairness and reasonableness.

The CFO of our Group will review (i) the quotations/unit price list offered to other unrelated third party customers in similar transactions; (ii) the market price of similar services; and (iii) our estimated costs for treatment to determine if the price and terms offered to Wentel Engineering are fair and reasonable and comparable to those for similar transactions with other unrelated third party customers. If our profit margin based on the job requirement of Wentel Engineering is lower than those offered to unrelated third party customers, our Group will not accept such job. Our Directors are of the view that the aforesaid method and procedures can ensure that the price we offered to Wentel Engineering will be in line with market rates and no less favourable than those we charged to unrelated third party customers.

In view of the foregoing, the above transaction is on normal commercial terms and carried out on an arm's length basis. Our Directors are of the view that the transaction was not prejudicial to our Group and minority Shareholders. We will continue to carry out the above transaction as long as it is in our interests to do so, and in accordance with the guidelines and procedures for interested person transactions set out under the section entitled "Interested Person Transactions – Review Procedures for Future Interested Person Transactions" of this Offer Document and our Directors confirm that notwithstanding the WE Service Agreement, each of the transactions under the WE Service Agreement will be conducted in accordance to under Chapter 9 of the Catalyst Rules.

INTERESTED PERSON TRANSACTIONS

Sale of chemicals from TS Heuls to Wentel Engineering

Our Group has been supplying chemicals such as sulphuric acid, caustic soda and hydrochloric acid, via our subsidiary, namely TS Heuls, to Wentel Engineering since July 2010. Such sale of chemicals is conducted on an ad-hoc basis and we do not enter into any agreement with Wentel Engineering.

The aggregate amount received by our Group from Wentel Engineering for the above transaction during the Relevant Period is set out as follows:

MYR'000	FY2018	FY2019	FY2020	9M2021	From 1 October 2021 to the Latest Practicable Date
Sale of chemicals	40	18	4	–	–

In consideration of the supply of chemicals by our Group, Wentel Engineering shall pay a fee for the actual quantity and types of chemicals supplied at the predetermined unit price list fixed by our Group from time to time. The predetermined unit price will be determined on a cost-plus basis with reference to the market price of such chemicals, as charged to other unrelated third party customers of our Group for similar transactions, subject to the final approval of our CEO, Lim Te Hua. The price and terms offered to Wentel Engineering shall be no less favourable to our Group than those offered to other unrelated third party customers, and shall be based on arm's length commercial negotiations between both parties according to the principles of fairness and reasonableness.

The CFO of our Group will review (i) the quotations/unit price list offered to other unrelated third party customers in similar transactions; and (ii) the market price of such chemicals, to determine if the price and terms offered to Wentel Engineering are fair and reasonable and comparable to those for similar transactions with other unrelated third party customers. If our profit margin based on the sale of chemicals to Wentel Engineering is lower than those offered to unrelated third party customers, our Group will not proceed with such transaction. Our Directors are of the view that the aforesaid method and procedures can ensure that the price we offered to Wentel Engineering will be in line with market rates and no less favourable than those we charged to unrelated third party customers.

In view of the foregoing, the above transaction is on normal commercial terms and carried out on an arm's length basis. Our Directors are of the view that the transaction was not prejudicial to our Group and minority Shareholders. We will continue to carry out the above transaction as long as it is in our interests to do so, and in accordance with the guidelines and procedures for interested person transactions set out under the section entitled "Interested Person Transactions – Review Procedures for Future Interested Person Transactions" of this Offer Document and our Directors confirm that the sale of chemicals to Wentel Engineering will be conducted in accordance to Chapter 9 of the Catalyst Rules.

INTERESTED PERSON TRANSACTIONS

Financial guarantees given by Interested Persons

Our Executive Directors, Loo Sok Ching and Lim Te Hua, and our Controlling Shareholders, Wong Kim Fatt and Ban Kim Wah, have provided personal guarantees and Wentel Corporation has provided corporate guarantees in favour of financial institutions to secure certain banking facilities granted by these financial institutions to our Group, as set out below:

Financial Institution	Borrowing entity	Type of facility	Interested Person(s) who provided the guarantees	Amount of facilities guaranteed or secured (MYR'000)	Interest rate per annum	Approximate amount outstanding as at the Latest Practicable Date (MYR'000)	Largest amount outstanding during the Relevant Period (MYR'000)
Public Bank Berhad	5E Resources	Overdraft facility of up to MYR0.3 million to partially finance the purchase of a vacant industrial land in Pasir Gudang, Johor and thereafter for working capital requirement	Ban Kim Wah Lim Te Hua Loo Sok Ching Wong Kim Fatt Wentel Corporation	300	Base Lending Rate+0.5%	–	–
Public Bank Berhad	5E Resources	Trade bills comprising letter of credit, trust receipts, bankers acceptance, shipping guarantee and bankers guarantee, of up to MYR0.5 million	Ban Kim Wah Lim Te Hua Loo Sok Ching Wong Kim Fatt Wentel Corporation	300	1.0%	–	151
OCBC Bank (Malaysia) Berhad	5E Resources	Term loan of up to MYR3.52 million to partially finance/ reimburse up to 80% for the purchase of a 1 ½ storey detached factory cum 2 storey office building erected on PLO317, Zone 4, Jalan Perak, Pasir Gudang, Johor	Lim Te Hua Loo Sok Ching Wong Kim Fatt	3,520	0.75%+Cost of Funds	2,911	3,520

INTERESTED PERSON TRANSACTIONS

Financial institution	Borrowing entity	Type of facility	Interested Person(s) who provided the guarantees	Amount of facilities guaranteed or secured (MYR'000)	Interest rate per annum	Approximate amount outstanding as at the Latest Practicable Date (MYR'000)	Largest amount outstanding during the Relevant Period (MYR'000)
Public Bank Berhad	5E Resources	Term loan of up to MYR2.96 million to partially finance/reimburse up to 80% for the purchase of a 1 ½ storey detached factory cum 2 storey office building erected on PLO 83, Jalan Perak, Pasir Gudang, Johor	Ban Kim Wah Lim Te Hua Loo Sok Ching Wong Kim Fatt	2,960	Base Lending Rate-2.3%	2,916	2,960

As no fee, commission, interest, compensation or benefit-in-kind was paid by our Group to each of Ban Kim Wah, Lim Te Hua, Loo Sok Ching, Wong Kim Fatt and Wentel Corporation for the provision of the abovementioned guarantees, the abovementioned guarantees were not provided on an arm's length basis and were not on normal commercial terms. However, as the guarantees were granted to secure the obligations of our Group at no cost, such provision of guarantees were not prejudicial to the interests of our Group and our minority Shareholders.

Following the admission of our Company to Catalyst, we intend to request for a release and discharge of the above guarantees provided to the aforementioned banks, and replace them with other securities to be provided by our Group which may be acceptable to such banks, subject to their consent. Our Directors do not, to the best of their knowledge, expect any material change in the terms and conditions of the relevant bank facilities arising from the release and discharge of the above guarantees. In the event that the aforementioned banks (or any of them) do not agree to the release and discharge of the above guarantees, Ban Kim Wah, Lim Te Hua, Loo Sok Ching, Wong Kim Fatt and Wentel Corporation have agreed to continue the provision of the above guarantees to the relevant banks without charge, fee, commission, benefit-in-kind or other interest payable to them, and on the same terms and conditions of the relevant bank facilities as currently maintained, until such time as we are able to secure alternative facilities from other financial institutions.

INTERESTED PERSON TRANSACTIONS

GUIDELINES AND REVIEW PROCEDURES FOR ON-GOING AND FUTURE INTERESTED PERSON TRANSACTIONS

To ensure that future transactions with Interested Persons are undertaken on normal commercial terms 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 and Chapter 9 of the Catalist Rules will be implemented by our Group:

- (i) The CFO will maintain a register of Interested Persons. The register of Interested Persons will be updated regularly and disclosed to the relevant personnel to enable identification of Interested Persons. The register of Interested Persons will be reviewed by the Audit and Risk Committee at least on a quarterly basis;
- (ii) The CFO will maintain a register of Interested Person Transactions, recording the basis on which Interested Person Transactions are entered into and the approval or review by the Audit and Risk Committee, CFO or any duly appointed Director as the case may be. The register shall also record the basis for entry into the transactions, including the quotations and other evidence obtained to support such basis. This register of Interested Person Transactions shall be reviewed by the Audit and Risk Committee at least on a quarterly basis;
- (iii) In relation to any purchase of products or procurement of services from Interested Persons, quotes from at least two 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 procurement price shall not be higher than the most competitive price of the two comparative prices from the two unrelated third parties. The Audit and Risk Committee will review the comparables, taking into account, the suitability, quality and cost of the product or service, and the experience and expertise of the supplier;
- (iv) In relation to any sale of products or provision of services to Interested Persons, the price and terms of two 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 the lowest price of that charged to the unrelated third parties;
- (v) All interested persons transactions above S\$100,000 are to be approved by a Director who shall not be an Interested Person in respect of the particular transaction. Any contracts to be made with an Interested Person shall not be approved unless the pricing is determined in accordance with our Group's usual business practices and policies, consistent with the usual margin given or price received by our Group for the same or substantially similar type of transactions between our Group and unrelated parties and the terms are no more favourable than those extended to or received from unrelated parties;
- (vi) For the purposes above, where applicable, contracts for the same or substantially similar type of transactions entered into between our Group and unrelated third parties will be used as a basis for comparison to determine whether the price and terms offered to or received from the Interested Person are no more favourable than those extended to unrelated parties; and

INTERESTED PERSON TRANSACTIONS

(vii) In addition, our Group shall monitor all Interested Person Transactions entered into by categorising the transactions as follows:

- (i) a “category one” Interested Person Transaction is one where the value thereof is in excess of 3.0% of the NTA of our Group; and
- (ii) a “category two” Interested Person Transaction is one where the value thereof is below or equal to 3.0% of the NTA of our Group.

All “Category one” Interested Person Transactions must be approved by the Audit and Risk Committee prior to entry whereas “Category two” Interested Person Transactions need not be approved by the Audit and Risk Committee prior to entry but shall be reviewed on a quarterly basis by the Audit and Risk Committee.

(viii) When renting properties from or to an Interested Person, the Directors 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 (as necessary), including independent valuation report by property valuer, where appropriate. The rent payable shall be based on the most competitive market rental rate of similar property in terms of size and location, based on the results of the relevant enquiries. Such transactions shall be subject to review by the Audit and Risk Committee on a half-yearly basis.

Our Group will prepare relevant information to assist the Audit and Risk Committee in its review.

Before any agreement or arrangement with an Interested Person that is not in the ordinary course of business of our Group is transacted, prior approval must be obtained from the Audit and Risk Committee. The Audit and Risk Committee will review all Interested Person Transactions, if any, on a quarterly basis to ensure that they are carried out on an arm’s length basis and in accordance with the procedures outlined above. It will take into account all relevant non-qualitative factors. In the event that a member of the Audit and Risk Committee is interested in any Interested Person Transactions, he will abstain from reviewing that particular transaction. Any decision to proceed with such an agreement or arrangement would be recorded for review by the Audit and Risk Committee.

Disclosure will be made in our Group’s annual report of the aggregate value of Interested Person Transactions during the relevant financial year under review and in the subsequent annual reports for the subsequent financial years of our Group.

Internal auditors will be appointed and their internal audit plan will incorporate a review of all the Interested Person Transactions at least on an annual basis. The internal audit report will be reviewed by the Audit and Risk Committee to ascertain whether the guidelines and procedures established to monitor Interested Person Transactions have been complied with.

The Audit and Risk Committee shall also review from time to time such guidelines and procedures to determine if they are adequate and/or commercially practicable in ensuring that Interested Person Transactions are conducted on normal commercial terms, on an arm’s length basis and do not prejudice the interests of our Group and our Shareholders. Further, if during these periodic reviews by the Audit and Risk Committee, the Audit and Risk Committee is of the opinion that the guidelines and procedures as stated above 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 the interests of our Group and our Shareholders, the Audit and Risk Committee will adopt such new guidelines and review procedures for future Interested Person Transactions as may be appropriate.

INTERESTED PERSON TRANSACTIONS

In addition, the Audit and Risk Committee will include the review of Interested Person Transactions as part of the standard procedures while examining the adequacy of the internal controls of our Group. The Audit and Risk Committee will also review all Interested Person Transactions to ensure that the prevailing rules and regulations of the SGX-ST (in particular, Chapter 9 of the Catalist Rules) are complied with.

Our Group 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, Listing Manual, the Companies Act or the SFA, we will seek independent Shareholders' approval for such transactions.

All the Independent Directors, who are members of the Audit and Risk Committee, are of the view that the review procedures and systematic monitoring mechanism of all Interested Person Transactions as mentioned above, are adequate in ensuring that such transactions will be on normal commercial terms and will not be prejudicial to the interests of Shareholders in any way.

POTENTIAL CONFLICT OF INTERESTS

Generally, a conflict of interest arises when any of our Directors, CEO, Controlling Shareholders or their Associates is carrying on the same business or dealing in similar products as our Group.

All of our Directors and Executive Officers have a duty to disclose their interests in respect of any transaction in which they have any personal material interest or any actual or potential conflicts of interest (including a conflict that arises from their directorship or employment or personal investment in any corporation). Upon such disclosure, such Directors will not participate in any proceedings of the Board and shall abstain from voting in respect of any such transaction where the conflict arises.

Our Audit and Risk Committee will review any actual or potential conflicts of interest that may involve the Directors as disclosed by them to the Board and the exercise of the Directors' fiduciary duties in this respect. Upon disclosure of an actual or potential conflict of interest by a Director, our Audit and Risk Committee will consider whether a conflict of interest does in fact exist. A Director who is a member of the Audit and Risk Committee will not participate in any proceedings of the Audit and Risk Committee in relation to the review of a conflict of interest relating to him. The review will include an examination of the nature of the conflict and such relevant supporting information as the Audit and Risk Committee may deem reasonably necessary. Until our Audit and Risk Committee has determined that no conflict of interest exists, such a Director will not participate in any proceedings of our Board, and shall in any event abstain from voting, in respect of any such contract, arrangement, proposal, transaction or matter in which the conflict of interest arises.

As at the Latest Practicable Date, our Directors are of the view that adequate safeguards and measures to prevent the occurrence of any potential conflicts of interests have been established and Part VIII of Chapter 4 of the Catalist Rules have been complied in respect of the potential conflicts of interests.

INTERESTED PERSON TRANSACTIONS

Provision of scheduled waste management and other services to Wentel Corporation and Wentel Engineering

Our Group has been providing scheduled waste management services to each of Wentel Corporation and Wentel Engineering since October 2009. On 1 December 2021, 5E Resources had entered into a master service agreement with each of Wentel Corporation and Wentel Engineering, pursuant to which 5E Resources has agreed to provide scheduled waste management services to each of Wentel Corporation and Wentel Engineering for a term of three years commencing from 1 December 2021 to 30 November 2024.

As at the Latest Practicable Date, the shareholders of Wentel Corporation are our Chairman and Executive Director, Loo Sok Ching (58.92%) and our Controlling Shareholder, Wong Kim Fatt (41.08%) and the shareholders of Wentel Engineering are our Controlling Shareholders, Wong Kim Fatt (52.50%) and Ban Kim Wah (18.75%), Wentel Corporation (22.50%) and an independent third party (6.25%).

In respect of Wentel Corporation, Wong Kim Fatt is an executive director and he oversees the day-to-day business of the company, while Loo Sok Ching is a non-executive director and she is not involved in the day-to-day business of the company.

In respect of Wentel Engineering, Wong Kim Fatt is a director but is not involved in the day-to-day operations of the company. Loo Sok Ching and Ban Kim Wah are non-executive directors and are not involved in the day-to-day operations of the company. Wentel Engineering is managed by independent third parties.

Notwithstanding Loo Sok Ching and Wong Kim Fatt's shareholding interests in Wentel Corporation and Wong Kim Fatt and Ban Kim Wah's shareholding interests in Wentel Engineering, our Directors are of the view that the risk of any conflict of interests, if any, is addressed and/or mitigated by the following:

- (i) Loo Sok Ching will not participate in any proceedings of the Board and shall abstain from voting in respect of any proposed transactions between our Group and Wentel Corporation or Wentel Engineering;
- (ii) our Audit and Risk Committee is required to examine the internal guidelines and procedures put in place by our Company to determine if such guidelines and procedures put in place are sufficient to ensure that interested person transactions and potential conflict are conducted on normal commercial terms and will not be prejudicial to our Group and our minority shareholders; and
- (iii) upon our listing on the SGX-ST, we will be subject to Chapter 9 of the Catalist Rules in relation to interested person transactions. The objective of these rules is to ensure that our interested person transactions do not prejudice the interests of our shareholders as a whole. These rules require us to make prompt announcements, disclosures in our annual report and/or seek shareholders' approval for certain material interested person transactions. Our Audit and Risk Committee may also have to appoint independent financial advisers to review such interested person transactions and opine on whether such transactions are fair and reasonable to us, not prejudicial to our interests and the interests of our minority shareholders.

INTERESTED PERSON TRANSACTIONS

Undertakings by our Executive Directors, Loo Sok Ching, Lim Te Hua and Shankar Narasingam, and our Controlling Shareholders, Wong Kim Fatt and Ban Kim Wah

Pursuant to the deeds of non-competition undertakings dated 29 March 2022, our Chairman and Executive Director, Loo Sok Ching, our Executive Director and CEO, Lim Te Hua, our Executive Director and COO, Shankar Narasingam, and our Controlling Shareholders, Wong Kim Fatt and Ban Kim Wah have respectively undertaken to our Group that for the duration of the period for which (i) he/she remains as a director, chief executive officer and/or key executive officer of our Group, or he/she and/or his/her Associates are or are deemed to be, on an aggregate basis, Controlling Shareholder(s) of our Group; and (ii) the Shares continue to be listed on the SGX-ST:

- (a) he/she shall not have any interest, directly or indirectly, in any person, entity or corporation whose business competes directly or indirectly with the Restricted Business (as defined herein) in any country, except that he/she shall be permitted to have an interest not exceeding 5% in any securities of any corporation listed or quoted on any stock exchange notwithstanding that such corporation may be engaging in a business which may compete directly or indirectly with the Restricted Business and shall inform the Board of any such interest and he/she shall not be involved in the management of such corporation;
- (b) he/she shall procure that his/her Associates (whether present or future) shall not conduct, be involved in the management of, or be engaged in or interested in any capacity in any business (either solely or jointly with or on behalf of any person, firm or corporation), which will compete directly or indirectly with the Restricted Business in any country;
- (c) he/she shall not, and shall procure that his/her Associates (whether present or future) shall not, provide any assistance, financial, technical or otherwise, to any person, entity or corporation whose business competes directly or indirectly with the Restricted Business in any country;
- (d) he/she shall not be a director, hold an executive management position (including but not limited to board membership) in, and/or be involved in the management of any entity or corporation whose business competes directly or indirectly with the Restricted Business in any country;
- (e) he/she shall ensure that no company or business in which he/she is and/or any of his/her Associates (whether present or future) is in the position to control, dominate or influence decision-making shall engage in any business or activity that is directly or indirectly in competition with the Restricted Business in any country;
- (f) he/she shall not, and shall procure that his/her Associates (whether present or future) shall not, solicit, market to or entice away, or attempt to solicit, market to or entice away, whether directly or indirectly, from our Group any customer, client or supplier of our Group which will cause, or is likely to cause, such customer, client or supplier to cease or reduce the amount of business conducted with our Group;
- (g) he/she shall not, and shall procure that his/her Associates (whether present or future) shall not, solicit, induce, recruit or encourage any of the employees of our Group to discontinue or terminate his/her employment with our Group;

INTERESTED PERSON TRANSACTIONS

- (h) he/she shall not, and shall procure that his/her Associates (whether present or future) shall not, utilise the resources or assets of our Group for the benefit of, or otherwise assist, any person, entity or corporation carrying on any business or activity that is directly or indirectly in competition with the Restricted Business in any country;
- (i) he/she shall not use, divulge or communicate to any person, entity or corporation any important information related to our Group's affairs, business, customers, suppliers or business associates which may be confidential or competitive except on a "need-to-know" basis in the course of its business and in compliance with confidentiality obligations and/or the relevant laws, rules and regulation; and
- (j) if aware or made aware of any actual or potential conflicts of interest that may involve him/her, he/she shall use reasonable endeavours to disclose to the Audit Committee and the Board the extent of such actual or potential conflicts of interest. Following such disclosure, he/she and/or any of his/her Associates shall abstain from participating in making decisions or voting in respect of any such contract, arrangement, proposal, transaction or matter in which the conflict of interest arises, unless and until the Audit Committee has determined that no such conflict of interest exists.

Further, Loo Sok Ching, Lim Te Hua and Shankar Narasingam have respectively further warranted, represented and undertaken that:

- (a) all of the companies in which he/she is presently a director are not carrying on, and he/she shall procure that these companies will not carry on, any business or activity that is directly or indirectly in competition with the Restricted Business in any country;
- (b) in the event that any of the companies in which he/she is a director from time to time enters into any agreement, arrangement or transaction with the intent to undertake the Restricted Business in any country, or having a substantially similar effect to the foregoing, he/she shall as soon as reasonably practicable resign from his/her office as a director in such company, and where applicable, take all actions necessary to ensure that he/she shall not retain any equity interest (direct or indirect) in such company, save that where such company is a corporation listed or quoted on any stock exchange, he/she shall be permitted to retain an interest not exceeding 5%.

For the purpose of the aforementioned deeds of non-competition undertakings, "Restricted Business" means the business of scheduled waste management services; sale of recovered and recycled products; and chemical trading, and such other business(es) our Group may be engaged in from time to time.

Save as disclosed in this section and the sections entitled "Interested Person Transactions", "Directors, Management and Employees – Service Agreements" and "Restructuring Exercise" of this Offer Document, none of our Directors, Executive Officers, Controlling Shareholders or any of their Associates has an interest, direct or indirect:

- (a) in any transaction to which our Group was or is to be a party;
- (b) in any entity carrying on the same business or dealing in similar services which competes materially and directly with the existing business of our Group; and
- (c) in any enterprise or company that is our Group's customer or supplier of goods and services.

INTERESTED PERSON TRANSACTIONS

Save as disclosed in this section and the sections entitled “Interested Person Transactions” and “Directors, Management and Employees – Service Agreement” of this Offer Document, none of our Directors has any interest in any existing contract or arrangement which is significant in relation to the business of our Company and our subsidiaries, taken as a whole.

INTERESTS OF EXPERTS

No expert is employed on a contingent basis by our Company or our subsidiaries; or has a material interest, whether direct or indirect, in our Shares or the shares of our subsidiaries; or has a material economic interest, whether direct or indirect, in our Company, including an interest in the success of the Invitation.

INTERESTS OF THE ISSUE MANAGER AND FULL SPONSOR, THE UNDERWRITER AND PLACEMENT AGENT, AND THE INTRODUCER

In the reasonable opinion of our Directors, save as disclosed below and in the section entitled “General and Statutory Information – Management, Underwriting and Placement Arrangements” of this Offer Document, our Company does not have any material relationship with RHTC, UOBKH and ICapital:

- (a) RHTC is the Issue Manager and Full Sponsor in relation to the Listing;
- (b) RHTC will be the continuing sponsor of our Company for a period of at least three (3) years from the date our Company is admitted and listed on Catalist;
- (c) UOBKH is the Underwriter and Placement Agent in relation to the Listing; and
- (d) ICapital is the Introducer in relation to the Listing.

DESCRIPTION OF ORDINARY SHARES

The following statements are brief summaries of the rights and privileges of Shareholders conferred by the laws of Singapore and the Constitution of our Company. These statements summarise the material provisions of our Constitution and are qualified in entirety by reference to the laws of Singapore and our Constitution. Please refer to the “Selected Extracts of our Constitution” as set out in Appendix D of this Offer Document.

A copy of our Constitution will be available for inspection at our registered office during normal business hours for a period of six (6) months from the date of registration of this Offer Document.

Shares

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, subject to certain limitations. Our Shares do not have a par value.

As at the date of this Offer Document, all the Shares have been issued and fully paid. All of our shares are in registered form. We may, subject to the provisions of the Companies Act and the Catalist Rules, 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.

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. We will not, except as required by law, recognise any equitable, contingent, future or partial interest in any share or other rights for any share other than the absolute right thereto of the registered holder of that share or of the person whose name is entered in the depository register for that share. We may close our register of members for any time or times if we provide the Accounting and Corporate Regulatory Authority of Singapore with at least 14 days’ notice and the SGX-ST at least 10 clear Market Days’ notice. However, the register may not be closed for more than 30 days in aggregate in any calendar year. We typically close the register to determine our shareholders’ entitlement to receive dividends and other distributions.

Transfer of Shares

There is no restriction on the transfer of fully paid shares except where required by law or the Catalist Rules or the rules or by-laws of the SGX-ST. Our Directors may, in their discretion, decline to register any transfer of shares which are not fully paid or shares on which we have a lien. Shares may be transferred by a duly signed instrument of transfer in a form approved by the Directors and 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 of title as they may require. We will replace lost or destroyed certificates for shares if we are properly notified and the applicant pays a fee which will not exceed S\$2.00 and furnishes any evidence and indemnity that our Directors may require.

DESCRIPTION OF ORDINARY SHARES

General Meetings of Shareholders

We are required to hold an annual general meeting every year. Our Directors may convene an extraordinary general meeting whenever they think fit and must do so if our 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. In addition, two (2) or more of our Shareholders holding not less than 10.0% of our issued share capital may call a meeting. 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. 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 the Constitution, a change of our corporate name and a reduction in our share capital. We must give at least 21 days' notice in writing for every general meeting convened for the purpose of passing a special resolution. Ordinary resolutions generally require at least 14 days' notice in writing. 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 set forth the place, the day and the hour of the meeting and, in the case of special business, the general nature of that business.

Voting Rights

A holder of our Shares is entitled to attend, speak and vote at any general meeting, in person or by proxy. A proxy does not need to be a Shareholder. A person who holds Shares through the SGX-ST book-entry settlement system will only be entitled to vote at a general meeting as a Shareholder if his name appears on the depository register maintained by CDP 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, on a poll, every Shareholder present in person or by proxy shall have one (1) vote for each Share which he holds or represents. A poll may be demanded in certain circumstances, including by the Chairman of the meeting or by any Shareholder present in person or by proxy and representing not less than 5.0% of the total voting rights of all Shareholders having the right to attend and vote at the meeting or by any two (2) Shareholders present in person or by proxy and entitled to vote.

The following types of members ("**relevant intermediaries**" and each a "**relevant intermediary**") are allowed to appoint more than two proxies (i) a licenced bank or its wholly-owned subsidiary which provides nominee services and holds shares in that capacity; (ii) a capital markets services licence holder which provides custodial services for securities and holds shares in that capacity; and (iii) the CPF Board, in respect of shares purchased on behalf of CPF members.

The Listing Manual requires all resolutions at general meeting to be voted by poll. A poll may be demanded in certain circumstances, including:

- (a) by the chairman of the meeting;
- (b) by not less than two (2) Shareholders present in person or by proxy and entitled to vote at the meeting;
- (c) by any Shareholder present in person or by proxy and representing not less than five (5) per cent. of the total voting rights of all Shareholders having the right to vote at the meeting; and

DESCRIPTION OF ORDINARY SHARES

- (d) by any Shareholder present in person or by proxy and holding shares conferring a right to vote at the meeting, being shares on which an aggregate sum has been paid up equal to not less than five (5) per cent. of the total sum paid up on all the shares conferring that right.

In the case of a tie vote, whether on a show of hands or on a poll, the chairman of the meeting shall be entitled to a casting vote.

Dividends

We may, by ordinary resolution of our Shareholders, declare dividends at a general meeting, but we may not pay dividends in excess of the amount recommended by our Board. 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 “Description of Ordinary Shares – Capitalisation, Bonus and Rights Issue” below. All dividends are paid pro-rata amongst our shareholders in proportion to the amount paid-up on each shareholder’s shares, unless the rights attaching to an issue of any Share provide otherwise. Unless otherwise directed, dividends are paid by cheque or warrant sent through the post to each shareholder at his registered address. 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.

Capitalisation, Bonus and Rights Issue

Our Board of Directors may, with the approval from 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 or loss account and distribute the same as bonus Shares credited as paid-up to the Shareholders in proportion to their shareholdings.

Our Board of Directors 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 as our Board of Directors shall think fit.

Our Board of Directors 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 securities exchange upon which the Shares are listed.

Takeovers

Under the 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 persons acting or presumed to be acting in concert with him, in 30.0% or more of our voting Shares must extend a take-over offer for the remaining voting Shares in accordance with the provisions of the 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 persons acting or presumed to be acting in concert with him, between 30.0% and 50.0% (both inclusive) of our voting Shares acquires additional voting Shares representing more than 1.0% of our voting Shares in any six-month period.

DESCRIPTION OF ORDINARY SHARES

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, the 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 or to be incurred by him in the execution and discharge of his duties or in relation thereto unless the same shall happen through his own negligence, default, breach of duty or breach of trust.

Subject to certain exceptions, our Company may not indemnify our Directors and officers against any liability attaching to them in connection with any negligence, default, breach of duty or breach of trust in relation to our Company. Such exceptions are (i) the purchase and maintenance for our Directors and officers of insurance against any such liability; and (ii) circumstances where the provision for indemnity is against liability incurred by our Directors and officers to a person other than our Company, except when the indemnity is against (a) any liability of our Director or officer to pay a fine in criminal proceedings or a sum payable to a regulatory authority by way of a penalty in respect of non-compliance with any requirement of a regulatory nature (however arising); or (b) any liability incurred by our Director or officer (1) in defending criminal proceedings in which he is convicted; (2) in defending civil proceedings brought by our Company or a related company in which judgment is given against him; or (3) in connection with an application for relief under Section 76A(13) or Section 391 of the Companies Act in which the court refuses to grant him relief.

Limitations on Rights to Hold or Vote Shares

Except as described in “Voting Rights” and “Takeovers” above, there are no limitations imposed by Singapore law or by the Constitution on the rights of non-resident Shareholders to hold or vote ordinary Shares.

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 5.0% 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 <http://www.mas.gov.sg>) 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:

- (a) that he is or (if he had ceased to be one) had been a Substantial Shareholder;
- (b) of any change in the percentage level in his interest; or

DESCRIPTION OF ORDINARY SHARES

(c) 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 or more of our shareholders, including the applicant.

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:

- (a) direct or prohibit any act or cancel or vary any transaction or resolution;
- (b) regulate the conduct of our affairs in the future;
- (c) 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;
- (d) 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 Company’s share capital;
- (e) in the case of a purchase of shares by our Company, provide for a reduction accordingly of our Company’s share capital; or
- (f) provide that we be wound up.

DESCRIPTION OF ORDINARY SHARES

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 (i) on a securities exchange if the purchase or acquisition has been authorised in advance by our Company in general meeting; or (ii) 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 share 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).

EXCHANGE CONTROLS

Singapore

As at the Latest Practicable Date, there are no exchange control restrictions in effect in Singapore.

Malaysia

As stated in the section entitled “Risk Factors” of this Offer Document, the legislations in Malaysia governing exchange control are the Financial Services Act 2013 (“**FSA**”) and Islamic Financial Services Act 2013 (“**IFSA**”). In exercise of the power conferred by the FSA and IFSA, Bank Negara Malaysia, which is the central bank of Malaysia (“**Bank Negara**”), has issued Foreign Exchange Administration Notices (“**FEA Notices**”) which embody its general permissions and directions. The FEA Notices read together with Schedule 14 of the FSA and IFSA set out the circumstances in which the specific approval of the Bank Negara must be obtained by residents and non-residents to remit funds to and from Malaysia. The FEA Notices are reviewed regularly by Bank Negara in line with the changing environment.

Under Notice 4 of the FEA Notices as at the Latest Practicable Date, a resident is allowed to make or receive payment in ringgit, in Malaysia, to or from a non-resident, as follows:

- (a) the settlement of a ringgit asset including any income and profit due from the ringgit asset;
- (b) the settlement of trade in goods;
- (c) the settlement of services, in any manner;
- (d) income earned or expense incurred, in Malaysia;
- (e) the settlement of a commodity murabahah transaction between a resident and non-resident participant undertaken through a resident commodity trading service provider;
- (f) the settlement of reinsurance for domestic insurance business or retakaful for domestic takaful business between a resident and a person licensed to undertake Labuan insurance or takaful business;
- (g) the settlement of a non-financial guarantee denominated in ringgit issued by a person licensed to undertake Labuan banking business in favour of a resident; or
- (h) for any purpose between immediate family members.

With regards to payment in foreign currency, a resident is allowed to make or receive payment to or from a non-resident in foreign currency for any purpose, other than for:

- (a) a derivative denominated in foreign currency offered by the resident except where it has been approved by Bank Negara or allowed under Part B of Notice 5 of the FEA Notices in relation to issuance, buying or selling of financial instrument or Islamic financial instrument;
- (b) a derivative denominated in foreign currency offered by the non-resident; or
- (c) a derivative denominated in or referenced to ringgit except where it has been approved by the Bank or allowed under Part B of Notice 5 of the FEA Notices in relation to issuance, buying or selling of financial instrument or Islamic financial instrument.

EXCHANGE CONTROLS

Notwithstanding the restriction in receiving and making payment between a resident and non-resident in respect of derivative denominated in foreign currency offered by the non-resident, payment in foreign currency is allowed for:

- (a) a derivative denominated in foreign currency, other than exchange rate derivative with reference to ringgit, purchased by a licensed onshore bank for its own account;
- (b) an interest rate swap denominated in foreign currency between a resident and Labuan banks to manage interest rate exposure arising from borrowing in foreign currency as set out in Part A of Notice 2 of the FEA Notices; or
- (c) a derivative denominated in foreign currency, other than exchange rate derivatives, offered on a derivative market outside Malaysia as specified under the Malaysian Capital Markets and Services Act 2007 undertaken through a resident futures broker by a resident with firm commitment.

For the purpose of payment arising from the settlement of services, a resident is allowed to receive such payment in foreign currency from a non-resident in any manner.

A non-resident is allowed to repatriate funds from Malaysia, including any income earned or proceeds from divestment of ringgit asset, provided that the repatriation is made in foreign currency.

Where payment between resident and non-resident is for purposes other than as allowed under the FEA Notices, the parties would be required to obtain a written approval from Bank Negara to proceed with making the payment.

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, the availability of cash and cash equivalents, carry out the remittance of dividends, interest or other payments to our Shareholders.

TAXATION

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.

While this discussion is considered to be a correct interpretation of existing laws in force as at the date of this Offer Document, no assurance can be given that the courts or fiscal authorities responsible for the administration of such laws will agree with this interpretation or that changes in such law, which may be retrospective, will not occur. The discussion is limited to a general description of certain tax consequences in Singapore and Malaysia with respect to ownership of the Shares by Singapore investors, and does not purport to be a comprehensive or exhaustive description of all of the tax considerations that may be relevant to a Shareholder's decision with regard to the ownership of the Shares.

Prospective investors should consult their tax advisers regarding Singapore and Malaysia tax and other tax consequences of owning and disposing the Shares. It is emphasized that neither our Company, the Directors nor any other persons involved in this Invitation accepts responsibility for any tax effects or liabilities resulting from the subscription, purchase, holding or disposal of our Shares.

SINGAPORE TAXATION

The following discussion describes the material Singapore income tax, stamp duty, goods and services tax and estate duty consequences of the purchase, ownership and disposal of the Shares.

Singapore Income Tax

Individual income tax

Individual taxpayers who are Singapore tax residents are subject to tax on income accrued or derived from Singapore. All foreign-sourced income (except for income received through a partnership in Singapore) received in Singapore by tax resident individuals will be exempt from tax. Certain Singapore-sourced investment income (such as interest from debt securities) derived by tax resident individuals from certain financial instruments (other than income derived through a partnership in Singapore or from the carrying on of a trade, business or profession) will be exempt from tax.

A Singapore tax resident individual is taxed at progressive rates ranging from 0 per cent. to a maximum rate of 22 per cent. after deduction of qualifying personal reliefs where applicable.

Non-resident individuals, subject to certain exceptions, are generally subject to income tax on income accrued in or derived from Singapore at a flat rate of 22 per cent except that Singapore employment income is taxed at 15 per cent. or at the progressive resident rates, whichever yields a higher tax. However, Singapore does not tax capital gains. A non-resident individual (other than a director) exercising a short-term employment in Singapore for not more than 60 days may be exempt from tax in Singapore.

An individual is regarded as a tax resident in Singapore if in the calendar year preceding the year of assessment, 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. Singapore citizens are considered de-facto tax residents whilst Singapore Permanent Residents (SPRs) could potentially be considered tax residents if they ordinarily reside in Singapore.

TAXATION

Foreign employees who have worked in Singapore for a continuous period straddling 2 calendar years and where their total period of stay in Singapore exceeds 183 days are also considered tax residents under a 2-year administrative tax concession.

Corporate income tax

A Singapore tax resident corporate taxpayer is subject to Singapore income tax on:

- income accrued in or derived from Singapore; and
- foreign-sourced income received or deemed received in Singapore, unless otherwise exempted.

Foreign-sourced income in the form of branch profits, dividends and service fee income (“**specified foreign income**”) received or deemed received in Singapore by a Singapore tax resident corporate taxpayer are exempted from Singapore tax subject to meeting the qualifying conditions.

A non-Singapore tax resident corporate taxpayer, who is carrying on a trade or business in Singapore, is subject to Singapore income tax on income accrued in or derived from Singapore, and on foreign income received or deemed received in Singapore.

A company is regarded as tax resident in Singapore if the control and management of the company’s business is exercised in Singapore. It has generally been accepted that ‘control and management’ refers to the making of decisions on strategic matters. Where the control and management of a company is exercised is a question of fact. 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.

The prevailing corporate tax rate in Singapore is 17 per cent after allowing partial tax exemption on the first S\$200,000 of a company’s normal chargeable income as follows:

- (i) 75 per cent exemption on the first S\$10,000 of a company’s normal chargeable income; and
- (ii) 50 per cent exemption on the next S\$190,000 of a company’s normal chargeable income.

Further, new start-up companies will, subject to certain conditions, be eligible for partial tax exemption on the first S\$200,000 of normal chargeable income in their first three consecutive years of assessment as follows:

- (i) 75 per cent exemption on the first S\$100,000 of a company’s normal chargeable income; and
- (ii) 50 per cent exemption on the next S\$100,000 of a company’s normal chargeable income.

TAXATION

Dividend Distributions

Singapore adopts a “One-Tier” Corporate Tax System (“**One-Tier System**”). Under this One-Tier System, the tax collected from corporate profits is the final tax. A Singapore resident company can pay tax exempt (1-tier) dividends which are tax exempt in the hands of the shareholder, regardless of the tax residence status or the legal form of the shareholder.

Capital Gains Tax

Singapore does not impose tax on capital gains. However, there are no specific laws or regulations which deal with the characterisation of capital gains, and hence, such gains may be construed to be of an income nature and therefore be subject to tax if they arise from activities which the IRAS regards as the carrying on of a trade or business in Singapore. Singapore provides for certainty on the non-taxation of gain on disposal of ordinary shares subject to conditions. Otherwise, any profits from the disposal of the Shares are not taxable in Singapore unless the seller is regarded as having derived gains of an income nature in Singapore, in which case, the disposal profits would be taxable as trading income.

Shareholders are advised to consult their own tax advisers regarding the Singapore income tax consequences of their subscription for, purchase, ownership and disposal of our Shares.

Adoption of SFRS (I) 9 Financial Instruments (“SFRS (I) 9”) Tax Treatment

The SFRS (I) 9 applies to companies for financial years beginning on or after 1 January 2018.

Generally, the tax treatment of financial assets and liabilities on revenue account that are recognised and measured under SFRS (I) 9 will generally be aligned with the accounting treatment. There is no option for companies to opt out of the SFRS (I) 9 tax treatment. Any gains or losses arising from our Shares that are held on revenue account recognised in the profit and loss account will be taxed or allowed as a deduction, regardless of whether the gains or losses are realised or not. Gains or losses arising from our Shares held on capital account will not be taxed or allowed as a deduction.

For equity instruments on revenue account measured at fair value through other comprehensive income (“**OCI**”), the gain or loss recognised in OCI will not be taxed or allowed as a deduction until they are realised. Therefore, at the time of de-recognition, the cumulative gains or losses recognised and remaining in OCI, which are transferred to the profit and loss account, will be taxed or allowed as a deduction.

Shareholders who are impacted by SFRS (I) 9 are advised to consult their own tax advisers accordingly.

Stamp Duty

There is no stamp duty payable on the subscription, allotment or holding of our Shares.

Stamp duty is payable on the instrument (including electronic documents) of transfer of our Shares at 0.2 per cent on the consideration paid or market value of our Shares, whichever is higher.

TAXATION

The purchaser is liable for stamp duty, unless there is an agreement to the contrary. No stamp duty is payable if no instrument of transfer is executed (such as in the case of scripless shares, the transfer of which does not require instruments of transfer to be executed) or if the instrument of transfer is executed outside Singapore. However, stamp duty may be payable if the instrument of transfer which is executed outside Singapore is subsequently received in Singapore.

However, as our Shares will be listed on Catalist and their transfers will be “scripless” transfers via the CDP, no stamp duty will be imposed on the transfers of our Shares via the CDP.

Goods and Services Tax

The sale of the Shares by an investor belonging in Singapore to another person belonging in Singapore or via an exchange in Singapore is an exempt supply (i.e. not subject to GST). As a general rule, any GST incurred by the investor which is directly attributable to this exempt supply is not recoverable as an input tax credit and will become an additional cost to the investor unless certain GST concessions.

Where our Shares are sold by a GST-registered investor in the course of a business to a person belonging outside Singapore, and the supply directly benefits:

- (i) a person who belongs in a country other than Singapore and who is outside Singapore at the time of the sale; or
- (ii) a GST-registered person who belongs in Singapore,

the sale of the Shares should qualify for zero-rating (i.e. subject to GST at 0%). As a general rule, any GST incurred by a GST-registered investor in the making of this zero-rated supply in the course of furtherance of a business may be recoverable as input tax credit, subject to the normal input tax recovery rules.

Investors should seek their own tax advice on the recoverability of GST incurred on expenses in connection with the purchase and disposition of the Shares.

Brokerage, handling and clearing services rendered by a GST-registered person to an investor belonging in Singapore in connection with the investor’s purchase, sale or holding of our Shares should be subject to GST at the current rate of 7%. Such services should qualify for zero-rating if these are contractually rendered to an investor belonging outside Singapore and the supply directly benefits:

- (i) a person who belongs in a country other than Singapore and who is outside Singapore at the time the services are performed; or
- (ii) a GST-registered person who belongs in Singapore.

Estate duty

With effect from 15 February 2008, Singapore estate duty has been abolished.

Individuals, whether or not domiciled in Singapore, should consult their own tax advisers regarding the Singapore tax and estate duty consequences of their ownership of the Shares.

TAXATION

MALAYSIAN TAXATION

The following discussion describes the material Malaysian tax on dividend and tax on gains from sale.

Corporate income tax

A company is regarded as resident in Malaysia for Malaysian tax purposes if control and management of its business or of any one of its businesses are exercised in Malaysia.

The self assessment system (“**SAS**”) for companies was implemented with effect from YA 2001 following the release of the Income Tax (Amendment) Act 2002. A fundamental difference between the previous official system and the self assessment system is the discontinuance of a detailed review of returns submitted and the subsequent issuance of notices of assessment by the Inland Revenue Board of Malaysia. This is due to the fact that the burden of computing the tax liability passes on to the taxpayer. Accordingly, all tax returns submitted by the taxpayer would be deemed as notices of assessment being served on the taxpayer.

Under the self assessment system, every company is required to determine and submit in the prescribed form (Form CP204) an estimate of its tax payable for a YA, 30 days before the beginning of the basis period. When the estimate of tax payable has been submitted, company is required to remit this amount in equal monthly instalments according to the number of months in its basis period. The due date to remit the monthly instalments is on 15th day of each month. The tax returns must be filed within 7 months from the end of the accounting period by way of an electronic medium or electronic transmission. Any balance of tax payable after taking into account the payments via the instalment scheme would have to be remitted together with the tax return within 7 months from the end of the accounting period.

Preferential Tax Rate

Pursuant to the Income Tax Act 1967, income tax shall be charged for each year of assessment upon the income of any person accruing in or derived from Malaysia or received in Malaysia from outside Malaysia.

A company will be a tax resident in Malaysia if its management and control is exercised in Malaysia. The income tax rate payable by a resident company differs depending on the amount of the group company’s paid-up capital in relation to the particular year of assessment.

A company with paid up share capital not exceeding RM2,500,000 at the beginning of the basis period for a YA will enjoy the preferential tax rate at the following rate:

YA	Rate
2018	18% for the first MYR500,000 and 24% for any sum in excess of MYR500,000
2019	17% for the first MYR500,000 and 24% for any sum in excess of MYR500,000
2020	17% for the first MYR600,000 and 24% for any sum in excess of MYR600,000
2021	17% for the first MYR600,000 and 24% for any sum in excess of MYR600,000

TAXATION

Please note that our Company will not enjoy the preferential tax rate entitlement if more than:

- (i) 50% of the paid up capital in respect of ordinary shares of our Company is directly or indirectly owned by a related company;
- (ii) 50% of the paid up capital in respect of ordinary shares of the related company is directly or indirectly owned by our Company; or
- (iii) 50% of the paid up capital in respect of ordinary shares of our Company and the related company is directly or indirectly owned by another company.

“Related company” means a company which has a paid up capital in respect of ordinary shares of more than RM2,500,000 at the beginning of the basis period for a YA.

Effective from YA 2020, there is additional condition for company to enjoy the preferential tax rate with the imposition of an additional condition. The additional condition requires that the gross income from source or sources consisting of a business shall not exceed RM50 million for the basis period for that YA (“RM50 million threshold”). The new RM50 million threshold condition consists of two parts, i.e. the taxpayer must first have income from a business source, and that business income does not exceed RM50 million. Therefore, the eligibility for the preferential tax treatment for the following are as follows –

- Unlisted investment holding companies under Section 60F of the Act (“**UIHCs**”) – Not eligible as UIHCs are deemed not to have business income.
- Listed investment holding companies under Section 60FA of the Act (“**LIHCs**”) – Eligible as LIHCs’ income is deemed as income from a business source.
- Companies which do not have business income but have passive income such as rent and interest (including those which have temporarily ceased business operations) – Eligible where taxpayer still incurs tax deductible expenses relating to business during the year. The company is deemed to have a business income equivalent to Nil.
- Companies which carry on business but does not have any gross business income for the year (loss situation) – Eligible where the taxpayer incurs tax deductible expenses relating to the business. The company is deemed to have a business income equivalent to Nil.

Individual income tax

There are 4 sets of circumstances in which an individual can qualify as a resident in Malaysia for the basis year for a Year of Assessment (“**YA**”). An individual is a tax resident in Malaysia for the basis period in a YA if:

- (a) he is in Malaysia in that basis year for a period or periods amounting in all to one hundred and eighty-two days or more;

TAXATION

- (b) he is in Malaysia in that basis year for a period of less than one hundred and eighty two days and that period is linked by or to another period of one hundred eighty-two or more consecutive days throughout which he is in Malaysia in the basis year for the YA immediately preceding that particular YA or immediately following that particular YA:

Provided that any temporary absence from Malaysia:–

- (i) connected with his service in Malaysia and owing to service matters or attending conferences or seminars or study abroad;
- (ii) owing to ill-health involving himself or a member of his immediate family; and
- (iii) in respect of social visits not exceeding fourteen days in the aggregate;

shall be taken to form part of such period or that period as the case may be, if he is in Malaysia immediately prior to and after that temporary absence;

- (c) he is in Malaysia in that basis year for a period or periods amounting in all to ninety days or more, having been with respect to each of any three of the basis years for the four years of assessment immediately preceding that particular YA either –
- (i) resident in Malaysia in accordance with Section 7 of the Income Tax Act, 1967 (“ITA”) for the basis year in question; or
 - (ii) in Malaysia for a period or periods amounting in all to ninety days or more in the basis year in question; or
- (d) he is resident for the year immediately following that year and for each of the three immediately preceding years.

Individual taxpayers who are Malaysian tax residents are generally subject to Malaysian income tax on income accruing in or derived from Malaysia.

The SAS for individuals (include salaried individuals and sole proprietors) and for partnerships was implemented with effect from YA 2004 following the release of the Income Tax (Amendment) Act 2002.

Under the SAS which is based on the concept of “File and Pay”, individuals are required to:

- File their completed income tax return forms to the Inland Revenue Board of Malaysia together with the payment of the balance of tax payable (if any).
- Pay their income tax liability through monthly salary deductions for salaried individuals of through bi-monthly instalments for individuals having business income.

Pursuant to Income Tax (Deduction from Remuneration) Rules 1994 and Income Tax (Deduction from Remuneration) (Amendment) Rules 2021, it is mandatory for employers to make deductions from their employees’ remuneration every month in accordance with the Monthly Tax Deduction Schedule. Employer shall then pay to the Director General the deducted remuneration by the 15th day of the month following the month of deduction.

TAXATION

Non-resident individuals, subject to certain exceptions, are subject to Malaysian income tax on income accruing in or derived from Malaysia. Non-resident individuals are not subject to tax on foreign-sourced income received in Malaysia.

A Malaysian tax resident individual is taxed at progressive rates ranging from 0 per cent to 28 per cent/30 percent (from YA 2020 onwards). Income derived by a non-resident individual is, subject to certain exceptions, normally taxed at the rate of 30 per cent.

Foreign Source Income

In the Budget 2022, it is proposed that the foreign source income of Malaysian tax residents remitted to Malaysia be taxed with effect from 1 January 2022. However, the Finance Bill has yet to be gazetted. The Inland Revenue Board of Malaysia has further announced that there is Special Income Remittance Programme where the foreign source income remitted in the period from 1 January 2022 to 30 June 2022 is taxed at 3% (gross).

Withholding tax

Withholding tax is a method of collecting taxes from non-residents who have derived income which is subject to Malaysian tax. Any tax resident person who is liable to make certain specified types of payments to a non-resident is required to deduct withholding tax at a prescribed rate applicable to the gross payment and remit it to the Inland Revenue Board of Malaysia within one month of paying or crediting.

The following payments to non resident are subject to withholding tax:

	Rates*
Interest	15%
Royalties	10%
Contract payments (services rendered in Malaysia) <ul style="list-style-type: none">• Contractor's liability• Employees' liability	10% 3%
Special classes of income <ul style="list-style-type: none">• Advice, assistance or services rendered in Malaysia• Rental of moveable properties	10%
Section 4(f) gains or profits <ul style="list-style-type: none">• Other income not of a business/employment source	10%

* A reduced rate may be provided under the double tax agreement with certain treaty partners.

Section 4(f) gains or profits

Determination of whether a payment made to a non-resident falls under paragraph 4(f) of the ITA depends on the facts and circumstances of each case. As a guidance, the criteria which can be considered to determine such payment are:

- (a) the payment is revenue and not capital in nature;
- (b) the payment is not income that falls under paragraphs 4(a) to 4(e) and section 4A of the ITA;

TAXATION

- (c) the payment received by a non-resident person is in the nature of a miscellaneous income. Such income is often casual in nature. Casual income means an occasional income, which is received outside the ordinary course of trade or vocation;
- (d) the payment is for an isolated transaction; and
- (e) there is an absence of repetition of transactions to indicate the commercial nature of the transaction.

Profits that arise to a non-resident person from an activity which is outside the ordinary trade or vocation but which is nevertheless a profit or income item accruing would be included as income falling under paragraph 4(f) of the ITA if it does not fall under paragraphs 4(a) to 4(e) and Section 4A of the ITA. The income received may be chargeable to tax under paragraph 4(f) of the ITA regardless of whether the payment made is in the form of cash or in-kind.

Pursuant to Section 15B of the ITA, the gross income in respect of gains or profits to which paragraph 4(f) of the ITA applies shall be deemed to be derived from Malaysia irrespective of whether transactions are carried on in Malaysia or not if:

- (a) the responsibility for the payment of such gains or profits lies with the Government, a State Government or a local authority;
- (b) the responsibility for the payment of such gains or profits lies with a person who is resident for that basis year; or
- (c) the payment of such gains or profits is charged as an outgoing or expense in the accounts of a business carried on in Malaysia. This includes a situation where a non-resident person having a place of business in Malaysia makes the payment of such gains or profits to a non-resident person and such payment is charged as an expense in the profit and loss account.

Special Classes of Income

The income of a non-resident person from the following special classes of income is chargeable to tax in Malaysia if it is derived from Malaysia:

- (a) amounts paid in consideration of services rendered by the non-resident person or his employee in connection with:
 - (i) the use of property or rights belonging to him; or
 - (ii) the installation or operation of any plant, machinery or other apparatus purchased from him (paragraph 4A(i) of the ITA);
- (b) amounts paid to a non-resident person in consideration of any advice given or assistance or services rendered in connection with management or administration of any scientific, industrial or commercial undertaking, venture, project or scheme (paragraph 4A(ii) of the ITA); or
- (c) rent or other payments made under any agreement or arrangement to a non-resident person for the use of any moveable property (paragraph 4A(iii) of the ITA).

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The gross income in respect of the amounts paid under paragraphs 4A(i), 4A(ii) and 4A(iii) of the ITA shall be deemed to be derived from Malaysia if:

- (a) the responsibility for the payment lies with the Government, a State Government or a local authority;
- (b) the responsibility for the payment lies with a person who is resident in Malaysia for that basis year; or
- (c) the payment is charged as an outgoing or expense in the accounts of a business carried on in Malaysia.

Pursuant to Section 6 of the Finance Act 2017 (Act 785), effective 17.1.2017, income under paragraphs 4A(i) and 4A(ii) of the ITA which is derived from Malaysia is chargeable to tax in Malaysia regardless of whether the services are performed in or outside Malaysia.

However, with effect from 6.9.2017 the Minister of Finance exempts a person not resident in Malaysia from the payment of income tax in respect of income derived from Malaysia in relation to –

- (a) services referred to in paragraph 4A(i) of the ITA; or
- (b) advice, assistance or services referred to in paragraph 4A(ii) of the ITA which are performed by the person outside Malaysia.

In a case where the contract requires performance of services both within and outside Malaysia, the proportion of contract value that is attributable to services performed in Malaysia must be ascertained in a manner that is fair and justifiable. Apportionment of the contract value should be based on the value of services performed in Malaysia. It is important that the contract value be apportioned on these bases according to the facts of each case as only the portion of contract value that is attributable to services performed in Malaysia is subject to withholding tax under section 109B of the ITA.

Foreign Exchange

A foreign exchange gain or loss is recognized when payment of a transaction amount is settled. An exchange gain or loss arises when the value of an asset or liability valued in a foreign currency is compared to the value in RM at two different dates (e.g. on the date of transaction and date of settlement of payment).

In order to determine whether a business entity is subject to tax on its foreign currency exchange gain or loss, the character of the gain or loss has to be ascertained. In other words, it is necessary to ascertain how a foreign exchange gain/loss arises. For income tax purposes, only foreign exchange gains/losses from realised revenue transactions are taxable/deductible. Foreign exchange gains or losses of a capital nature, whether realised or not, are not taxable/deductible.

Interest Restriction

Section 33(1) of the ITA provides that where interest is paid on loans employed in that period in the production of gross income from that source or obtained to acquire assets used or held in that period for the production of gross income from that source, the interest amount incurred would be allowed as a tax deduction.

TAXATION

Section 33(2) of the ITA provides that if a person has borrowed money for purposes of business as well as for non-business purposes, the interest expense charged to the profit and loss account may not be allowed a full deduction. This is so, if in the opinion of the Director General of Inland Revenue (“**DGIR**”), a part or whole of the money has either directly or indirectly been used for non-business purposes.

Money used for non-business purposes includes:

- (i) investments in landed properties, shares, securities and Islamic securities, placement in fixed deposits; and
- (ii) loans (including interest-free loans) given to some other persons.

If a person is able to prove to the satisfaction of the DGIR that investments and loans have not been made directly or indirectly out of the borrowed money, there will be no restriction on the interest expense allowable in calculating the adjusted income from the business source.

On the other hand, if a person fails to prove that the investments and loans have not been financed partly or wholly, directly or indirectly out of the borrowed money, then the amount of interest expense allowable will be restricted.

The deduction of interest expense payable on borrowed money used for purposes of business, investments and loans is determined as follows:

- (i) if the total amount of investments and loans is the same with or exceeds the amount of borrowed money, the whole amount of interest expense is disallowed; or
- (ii) if the total amount of investments and loans is less than the amount of borrowed money, then only a portion of the interest expense is disallowed.

Section 33(2) interest restriction is not applicable where interest on borrowed money charged to the business accounts does not exceed RM10,000. The interest disallowed for business purposes as a result of applying Section 33(2) can be set-off against income from investments or loans, whichever is applicable.

New incentives announced by the Malaysian Government

Accelerated capital allowance for machinery and equipment including Information and Communication Technology (“ICT”) equipment

Pursuant to the Income Tax (Accelerated Capital Allowance) (Machinery and Equipment including Information and Communication Technology Equipment) Rules 2021 which was gazetted on 15 June 2021, qualifying capital expenditure* incurred on machinery and equipment including ICT equipment during the period of 1 March 2020 to 31 December 2021, is entitled to capital allowance at the following rates:

- Initial allowance of 20%
 - Annual allowance of between 10% to 20% is to be increased to 40%
- * qualifying plant expenditure exclude motor vehicle and software systems/packages

TAXATION

Employer assistance programme Wage Subsidy Programme (“WSP”) 2.0/WSP 3.0 (under PERMAI) or Employer COVID-19 Assistance Programme

The WSP was introduced by the Malaysian Government to provide wage subsidy to employers who are economically impacted by the Covid-19 as well as businesses which were closed during the movement control order (“MCO”) to help them to continue with their operations and to retain their employees. The wage subsidy is given for employees earning less than RM4,000 a month and is subject to certain conditions.

Dividend Distributions

The single-tier system of taxation for companies completely replaced Malaysia’s full imputation system on 1 January 2008. Under the single-tier system, tax collected from corporate profits is a final tax and the after-tax profits of a company resident in Malaysia can be distributed to its shareholders as tax exempt (one-tier) dividends. Such dividends are tax exempt in the hands of shareholders.

No withholding tax is imposed on dividend payments made, whether to resident or non-resident shareholders.

Gains on Disposal of Shares in a Malaysian company

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”) where it is subject to real property gains tax under the Real Property Gains Tax Act 1976 or if the gains arising from the disposal of the ordinary shares are construed to be of an income nature will be subject to tax. 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, in which case the gains on disposal of the ordinary shares will be taxable or if the shares are RPC shares. Likewise, if the gains are regarded by the Inland Revenue Board of Malaysia as having arisen from the carrying on of a trade or business in Malaysia, such gains may be taxed as trading income.

Stamp Duty

Transfer of shares in a Malaysian company is subject to stamp duty on the instrument of transfer of shares executed in Malaysia at the rate of 0.3 per cent of the value of shares transferred. Stamp duty is payable by the transferee within 30 days from the date of the instrument of transfer.

Based on the guidelines issued by the Inland Revenue Board of Malaysia dated 6 November 2019, the value of the shares (i.e. shares not quoted on Bursa Malaysia) transferred for stamp duty purposes is determined as follows:

- (a) In cases where sale of shares requires the approval of the Securities Commission, the price/value per share as approved by SC may be accepted.
- (b) In other cases, the net tangible assets or sale consideration whichever the higher is to be used.

TAXATION

Sales and Services Tax (“SST”)

SST is made up of 2 separate taxes i.e. sales tax and services tax.

Sales tax shall be charged and levied on all taxable goods:

- (a) Manufactured in Malaysia by a registered manufacturer and sold, used or disposed of by him;
or
- (b) Imported into Malaysia by any person.

The sales tax registration threshold is RM500,000. Sales tax would only be imposed on taxable goods, unless otherwise exempted, at the rate of 5%, 10% or a specific rate.

Service tax shall be charged and levied on:

- (a) Any taxable services provided in Malaysia by a registered person in carrying on his business;
or
- (b) Any imported taxable service.

The term “taxable services” refers to supplies of services that are liable to service tax, outlined in the First Schedule of the Service Tax Regulations 2018. On the other hand, the term “imported taxable service” refers to any taxable service acquired by any person in Malaysia from any person who is outside Malaysia.

The rate of service tax in Malaysia is fixed at 6%.

CLEARANCE AND SETTLEMENT

Upon listing and quotation on SGX-ST, our Shares will be traded under the book-entry settlement system of the CDP, and all dealings in and transactions of our Shares through SGX-ST will be effected in accordance with the terms and conditions for the operation of securities accounts with the 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 will not be treated, under the Companies Act and our Constitution, as members of our Company in respect of the number of our Shares credited to their respective securities accounts. The Depositors and Depository Agents on whose behalf CDP holds Shares for may not be accorded the full rights of membership such as voting rights, the right to appoint proxies, or the right to receive shareholders circulars, proxy forms, annual reports, prospectuses and takeover documents. In such an event, Depositors and Depository Agents will be accorded only such rights as CDP may make available to them pursuant to CDP's terms and conditions to act as depository for foreign securities.

Persons holding our Shares in securities account 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 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 per cent of the transaction value subject to a maximum of S\$600.00 per transaction. The clearing fee, instrument of transfer deposit fee and share withdrawal fee may be subject to Singapore Goods and Services Tax at the prevailing rate of 7 per cent. (or such other rate prevailing from time to time).

Dealings of our Shares will be carried out in Singapore dollars and will be effected for settlement on CDP on a scripless basis. Settlement of trades on a normal "ready" basis on Catalist generally takes place on the third 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.

GENERAL AND STATUTORY INFORMATION

INFORMATION ON DIRECTORS, EXECUTIVE OFFICERS AND CONTROLLING SHAREHOLDERS

1. Save as disclosed below, none of our Directors, Executive officers and Controlling Shareholders:
 - (a) has, at any time during the last 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 he or she was a partner or at any within 2 years after the date he or she ceased to be a partner;
 - (b) has, at any time during the last 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 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 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 judgement against him or her;
 - (d) has ever been convicted of any offence, in Singapore, Malaysia 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 ever been convicted of any offence, in Singapore, Malaysia or elsewhere, involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore, Malaysia or elsewhere, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he or she is aware) for such breach;
 - (f) has, at any time during the last 10 years, had judgement entered against him or her in any civil proceedings in Singapore, Malaysia or elsewhere involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore, Malaysia or elsewhere, or a finding of fraud, misrepresentation or dishonesty on his or her part, nor has he or she 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 ever been convicted in Singapore, Malaysia or elsewhere of any offence in connection with the formation or management of any entity or business trust;
 - (h) has ever been disqualified from acting as a director or 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 ever been the subject of any order, judgement 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;

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- (j) has ever, to his or her knowledge, been concerned with the management or conduct, in Singapore, Malaysia 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, Malaysia or elsewhere; or
 - (ii) any entity (not being a corporation) which has been investigated for a breach of any law or regulatory requirement governing such entities in Singapore, Malaysia or elsewhere; or
 - (iii) any business trust which has been investigated for a breach of any law or regulatory requirement governing business trusts in Singapore, Malaysia 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, Malaysia or elsewhere,

in connection with any matter occurring or arising during the period when he was so concerned with the corporation or partnership entity or business trust; and

- (k) has ever 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 government agency, whether in Singapore, Malaysia or elsewhere.

During the Period Under Review and up to the Latest Practicable Date:

- (i) 5E Resources had on 22 June 2019 received a field citation (“**FC**”) from the DOE on 5E Resources’ failure to properly label the dates of receipt of the scheduled wastes (*first offence*) at the PLO 738 Plant together with the following compound/summons penalty notices:–
- a. K12538
 - b. K12539
 - c. K12540
 - d. K12541
 - e. K12542
 - f. K12543
 - g. K12544
 - h. K12545
 - i. K12546
 - j. K12547

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k. K12548

l. K12549

m. K12550

The non-compliance was due to the inadvertent omission of labelling due to the initial high temperature of the packaged scheduled wastes.

5E Resources had on 20 September 2019 paid a sum of MYR26,000 for the fines as appeared in the summons issued by the DOE. After the fines were paid, there has been no further action taken by the DOE on this non-compliance and our legal advisers as to Malaysia law have advised that the matter is considered resolved as the fines had been paid in accordance to the summons which constitutes full and final payment, and no further action had been taken by the DOE in relation to the non-compliances.

- (ii) 5E Resources had on 4 March 2020 received a FC from the DOE on 5E Resources' failure to maintain and manage the industrial waste effluent system in accordance with good engineering practice at the PLO 317 Plant together with the following compound/summons penalty notices:–

a. K12277

b. K12278

The non-compliance was due to the inadvertent omission of 5E Resources in the upkeep of the waste effluent system. It was noted by the officers despatched by the DOE that there appeared to be darkened algae around the waste water treatment system that 5E Resources was operating.

5E Resources had on 3 August 2020 paid a sum of MYR2,000 for the fines as appeared in the summons issued by the DOE. After the fines were paid, there has been no further action taken by the DOE on this non-compliance and our legal advisers as to Malaysia law have advised that the matter is considered resolved as the fines had been paid in accordance to the summons which constitutes full and final payment, and no further action had been taken by the DOE in relation to the non-compliances.

- (iii) 5E Resources had on 18 August 2019 received a notice from the Director General of the DOE on a non-compliance in respect of concentration in 5E Resources' industrial effluent discharge at the PLO 738 Plant (**"Notice"**).

5E Resources was later given the following summons with the Case No. as below:–

a. JA-63ES-6-01/2021

b. JA-63ES-7-01/2021

The non-compliance was due to the inadvertent omission of 5E Resources to comply with Regulation 11(1)(b) of the EQIER 2009 (as below defined) on the acceptable standards of concentration in its industrial effluent discharge as noted in 5E Resources' discharge drain.

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In response to the Notice, 5E Resources had via its letter dated 10 September 2019 reported their rectification works to the DOE and had also submitted evidence of such rectification works.

5E Resources had on 31 March 2021 paid a sum of MYR35,000 for the fines as appeared in the summons as issued by the DOE in Johor Bahru Court Sessions Court. After the fines were paid, there have been no further action taken by the DOE on this non-compliance and our legal advisers as to Malaysia law have advised that the matter is considered resolved as the fines had been paid in accordance to the summons which constitutes full and final payment, and no further action had been taken by the DOE in relation to the non-compliances.

The abovementioned non-compliance disclosures relate to our Executive Directors, namely, Loo Sok Ching, Lim Te Hua, Shankar Narasingam, and our Executive Officers, namely, Chear Ee Lee, Boo Chin Hwee, Ang Khoon Poh, Wong Chun Wei and Wong Ying Wei.

2. There is no shareholding qualification for Directors under the Constitution of our Company.
3. Save as disclosed in the sections entitled “Restructuring Exercise” and “Interested Person Transactions” of this Offer Document, none of our Directors is interested, directly or indirectly, in the promotion of, or in any property or assets which have, within the two (2) years preceding the date of this Offer Document, 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.
4. No sum or benefit has been paid or is agreed to be paid to any Director or expert, or to any firm in which such Director or expert is a partner or any corporation in which such Director or expert holds shares or debentures, in cash or shares or otherwise, by any person to induce him to become, or to qualify him as, a Director, or otherwise for services rendered by him or by such firm or corporation in connection with the promotion or formation of our Company.
5. Save as disclosed above and in the sections entitled “Interested Person Transactions – Potential Conflict of Interests” and “Restructuring Exercise” of this Offer Document:
 - (a) None of our Directors, Executive Officers, Substantial Shareholders or any of their Associates has had any interest, direct or indirect, in any transactions to which our Company was or is to be a party;
 - (b) None of our Directors, Executive Officers, Substantial Shareholders or any of their Associates has any interest, direct or indirect, in any company carrying on the same business or a similar trade which competes materially and directly with the existing business of our Group;
 - (c) None of our Directors, Executive Officers, Substantial Shareholders or any of their Associates has any interest, direct or indirect, in any company that is our customer or supplier of goods and services; and
 - (d) None of our Directors has any interest in any existing contract or arrangement which is significant in relation to the business of our Company and our subsidiaries, taken as a whole.

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SHARE CAPITAL

6. As at the Latest Practicable Date, there is only one (1) class of shares in the capital of our Company. There are no founder, management or deferred shares. The rights and privileges attached to our Shares are stated in the Constitution of our Company.
7. Save as disclosed below and in the sections entitled “Share Capital” and “Restructuring Exercise” of this Offer Document, there were no changes in the issued and paid-up share capital of our Company or our subsidiaries within the last three (3) years preceding the date of this Offer Document.

Our Company

Date of Issue	Number of shares issued	Issue price	Purpose of issue	Resultant issued and paid-up share capital
18 October 2021	1	S\$1	Incorporation	S\$1 comprising 1 Share
22 March 2022	18,162,463	S\$1	Restructuring Exercise (excluding Share Split)	S\$18,162,464 comprising 18,162,464 Shares
25 March 2022	N/A	N/A	Share Split	S\$18,162,464 comprising 108,974,784 Shares

5E Holdings

Date of Issue	Number of shares issued	Issue price	Purpose of issue	Resultant issued and paid-up share capital
23 November 2020	1,000	MYR1	Incorporation	MYR1,000 comprising 1,000 ordinary shares
30 December 2020	1,000	MYR42,871.32	Restructuring Exercise	MYR42,872,322.10 comprising 2,000 ordinary shares

8. Save as disclosed 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 has been issued, or are proposed to be issued, as fully or partially paid for cash or for a consideration other than cash, during the last three (3) years preceding the date of lodgement of this Offer Document.
9. No option to subscribe for shares in, or debentures of, our Company or our subsidiaries has been granted to, or was exercised by, any of our Directors or Executive Officers.
10. Our Company does not have any arrangement that involves the issue or grant of options or shares to the Directors or employees of our Group.

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CONSTITUTION

11. Our Company is registered in Singapore with the Accounting and Corporate Regulatory Authority with the registration number 202136285K.
12. A summary of the Constitution relating to, among others, Directors' powers to vote on contracts in which they are interested, Directors' 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 D of this Offer Document. The Constitution is available for inspection at our registered office as stated in the section entitled "General and Statutory Information – Documents for Inspection" of this Offer Document.

MATERIAL CONTRACTS

13. The following contracts, not being contracts entered into in the ordinary course of business, were entered into by our Company or our subsidiaries within the two (2) years preceding the date of this Offer Document, and are or may be material:
 - (a) the sale and purchase agreement referred to in the section entitled "Restructuring Exercise" of this Offer Document;
 - (b) the Service Agreements referred to in the section entitled "Directors, Management and Employees – Service Agreements" of this Offer Document;
 - (c) the sale and purchase agreement with Grandhill Property to acquire the land and building situated at PLO 83 Jalan Perak, as described in the section entitled "General Information on our Group – Properties and Fixed Assets" of this Offer Document; and
 - (d) the Management and Sponsorship Agreement and Underwriting and Placement Agreement referred to in the section entitled "General and Statutory Information – Management, Underwriting and Placement Arrangements" of this Offer Document; and
 - (e) the service agreement entered into between our Company and ICapital pursuant to which ICapital agrees to source for and introduce potential investors for the purposes of facilitating the Placement, as described in the section entitled "Plan of Distribution" of this Offer Document.

MATERIAL LITIGATION

14. As at the Latest Practicable Date, neither our Company nor any of our subsidiaries is engaged in any legal or arbitration proceedings as plaintiff or defendant, including those which are pending or known to be contemplated, which may have or which have had in the 12 months immediately preceding the date of lodgement of this Offer Document, a material effect on our Group's financial position and/or the profitability of our Company or our subsidiaries or associated companies.

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MANAGEMENT, UNDERWRITING AND PLACEMENT ARRANGEMENTS

15. Pursuant to the Management and Sponsorship Agreement dated 29 April 2022 entered into between our Company and RHTC as the Issue Manager and Full Sponsor, our Company appointed RHTC to sponsor and manage the Listing. RHTC will receive a management fee for such services rendered.
16. Pursuant to the Underwriting and Placement Agreement dated 29 April 2022 entered into between our Company and UOBKH as the Underwriter and Placement Agent, our Company appointed UOBKH as the (i) Underwriter to underwrite the Offer Shares for a commission of 3.0% of the Invitation Price for each Offer Share, payable by our Company. UOBKH may, at its absolute discretion, appoint one (1) or more sub-underwriters to underwrite the Offer Shares and (ii) Placement Agent to subscribe and/or procure subscriptions for the Placement Shares for a placement commission of 3.0% of the aggregate Invitation Price for each Placement Share, subject to a minimum fee of S\$280,000, to be paid by our Company. UOBKH may, at its absolute discretion, appoint one (1) or more sub-placement agents for the Placement Shares.
17. Subscribers of the Placement Shares may be required to pay a brokerage of up to 1.0% of the Invitation Price to the Underwriter and Placement Agent (and the prevailing GST, if applicable). Save as aforesaid, no commission, discount or brokerage, has been paid or other special terms granted within the two (2) years preceding the date of this Offer Document or is payable to any Director, promoter, expert, proposed Director or any other person for purchasing and/or subscribing or agreeing to purchase and/or subscribe or procuring or agreeing to procure purchase and/or subscriptions for any shares in, or debentures of, our Company or any of our Subsidiaries.
18. The Management and Sponsorship Agreement may be terminated by RHTC, the Issue Manager and Full Sponsor, at any time on or before the close of the Application List, on the occurrence of certain events including the following:
 - (a) RHTC becomes aware of any breach by our Company and/or its agent(s) of any warranties, representations, covenants or undertakings given by our Company to RHTC in the Management and Sponsorship Agreement; or
 - (b) there shall have been, since the date of the Management and Sponsorship Agreement any change or prospective change in or any introduction or prospective introduction of any legislation, regulation, policy, directive, guideline, rule or byelaw by any relevant government or regulatory body, whether or not having the force of law, or any other occurrence of similar nature that would materially change the scope of work, responsibility or liability required of RHTC; or
 - (c) there is a conflict of interest for RHTC, or any dispute, conflict or disagreement with our Company or where our Company wilfully fails to comply with any advice from or recommendation of RHTC.
19. The Underwriting and Placement Agreement and the obligations of the Underwriter and Placement Agent under the Underwriting and Placement Agreement are conditional upon, *inter alia*, the following:
 - (a) the Offer Document having been registered with the SGX-ST, acting as agent on behalf of the Authority, by the Issue Date (as defined in the Underwriting and Placement Agreement) in accordance with the Catalist Rules and/or Section 240 of the SFA;

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- (b) the registration notice being issued or granted by the SGX-ST, acting as agent on behalf of the Authority and such registration notice not being revoked or withdrawn on or prior to the Closing Date (as defined in the Underwriting and Placement Agreement);
- (c) the compliance by our Company to the satisfaction of the SGX-ST with all the conditions imposed by the SGX-ST in issuing the registration notice (if any), where such conditions are required to be complied with by the Closing Date;
- (d) the SGX-ST not having withdrawn or changed the terms and conditions for its letter of eligibility for Admission (as defined in the Underwriting and Placement Agreement) and our Company having complied with any conditions contained therein required to be complied with prior to the Listing;
- (e) such approvals as may be required for the transactions described in the Underwriting and Placement Agreement and in the Offer Document in relation to the Listing and the Invitation being obtained, and not withdrawn or amended, on or before the date on which our Company is admitted to Catalist (or such other date as our Company and the Underwriter and Placement Agent may agree in writing);
- (f) there having been, in the reasonable opinion of the Underwriter and 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 Underwriting and Placement Agreement and the Closing Date nor the occurrence of any event nor the discovery of any fact rendering untrue or incorrect in any respect, as at the Closing Date, any of the warranties or representations nor any breach by our Company of any of its obligations under the Underwriting and Placement Agreement;
- (g) the compliance by our Company with all applicable laws and regulations concerning the Invitation, admission to Catalist and the transactions contemplated in the Underwriting and Placement Agreement and the Offer Document and 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 Underwriter and Placement Agent, has or may have an adverse effect on the Invitation and the Listing;
- (h) the delivery by our Company to the Underwriter and Placement Agent on the Closing Date of a certificate, in the form set out in the Schedule to the Underwriting and Placement Agreement, signed by the authorised signatories for and on behalf of our Company respectively;
- (i) the delivery to the Underwriter and Placement Agent of all legal due diligence reports in relation to the Listing and the Underwriter and Placement Agent being satisfied with the results, findings, advice, opinions and/or conclusions set out in such reports;
- (j) the delivery to the Underwriter and Placement Agent on or before the Closing Date (as defined in the Underwriting Placement Agreement) (or such other date as the parties to the Underwriting Placement Agreement may agree) of evidence that all necessary steps have been taken, all necessary approvals and consents have been obtained, all necessary formalities having been completed and all applicable laws, regulations and directives having been complied with to enable the Placement Shares to be issued, allotted, listed and traded on the SGX-ST, such evidence to be in form and substance satisfactory to the Underwriter and Placement Agent;

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- (k) the letters of undertaking referred to in the Offer Document in the section entitled “Shareholders – Moratorium” being executed and delivered to the Issue Manager and Full Sponsor, and the Underwriter and Placement Agent before the date of registration of this Offer Document with the SGX-ST, acting as agent on behalf of the Authority; and
 - (l) the Underwriting and Placement Agreement not being terminated or rescinded pursuant to the provisions of the Underwriting and Placement Agreement, on or before one (1) Market Day immediately following the Closing Date.
20. The Underwriting and Placement Agreement may be rescinded or terminated by UOBKH, the Underwriter and Placement Agent, in its absolute discretion, if prior to the date of commencement of trading of the Shares on the Catalist Board of the SGX-ST (the “**Trading Date**”):
- (a) there shall come to the knowledge of UOBKH any breach by our Company of any of the representations, warranties, covenants or undertakings contained in the Underwriting and Placement Agreement or that any of the representations, warranties, covenants or undertakings by our Company in the Underwriting and Placement Agreement is untrue or incorrect;
 - (b) any event occurring on or after the date of the Underwriting and Placement Agreement and prior to the Trading Date which, if it had occurred before the date of the Underwriting and Placement Agreement, would have rendered any of the representations, warranties or undertakings contained in the Underwriting and Placement Agreement untrue, incorrect or misleading in any material respect, comes to the knowledge of UOBKH;
 - (c) if there shall have been, since the date of the Underwriting and Placement Agreement:-
 - (i) any adverse change, or any development involving a prospective adverse change, in the condition (financial or otherwise), performance or general affairs of our Company and/or our subsidiaries or of our Group as a whole;
 - (ii) any introduction or prospective introduction of or any change or prospective change in any legislation, regulation, order, policy, rule, guideline or directive (whether or not having the force of law) and including, without limitation, any directive, notice or request issued by MAS, the Securities Industry Council of Singapore, the SGX-ST or any other relevant authority in Singapore or elsewhere that has or is expected to have an adverse effect or prospective adverse effect on the condition, performance, general affairs, prospects, future plans and trends, of any of the companies within our Group, financial or otherwise, other than as disclosed in the Preliminary Offer Document and/or the Offer Document;
 - (iii) any change, fluctuations, or any development involving a prospective change or any crisis in local, national, regional or international financial (including, without limitation, to the conditions in the stock market, foreign exchange market, inter-bank market or interest rates or money market in Singapore or any other jurisdictions), 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

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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);

- (iv) 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 war has been declared or not, or any riot, uprising against constituted authority, civil commotion, disorder, rebellion, insurrection, military or usurped power or any natural catastrophe or other acts of God (whether or not involving financial markets in any jurisdiction);
- (v) any regional or local outbreak of disease that may have an adverse effect on the financial markets;
- (vi) the issue of a stop order by the MAS (in accordance with Section 242 of the Securities and Futures Act), the SGX-ST (acting as agent on behalf of the MAS) (to the extent applicable), or any other competent authority, notwithstanding that a supplementary or replacement offer document is subsequently lodged with the SGX-ST (acting as agent on behalf of the MAS) pursuant to Section 241 of the Securities and Futures Act; or
- (vii) any other occurrence of any nature whatsoever, which shall in the reasonable opinion of UOBKH:-
 - (1) result or be likely to result in an adverse fluctuation or adverse conditions in the stock market in Singapore;
 - (2) be likely to materially prejudice the success of the Invitation (whether in the primary market or in respect of dealings in the secondary market);
 - (3) make it impracticable, inadvisable, inexpedient or uncommercial to proceed with any of the transactions contemplated under the Underwriting and Placement Agreement;
 - (4) be likely to have an adverse effect on the business, trading position, operations or prospects of our Company or of our Group;
 - (5) be such that no reasonable underwriter or placement agent would have entered into the Underwriting and Placement Agreement;
 - (6) result or be likely to result in the issue of a stop order by MAS (pursuant to the Securities and Futures Act), the SGX-ST (acting as agent on behalf of the MAS), or any other competent authority (notwithstanding that a supplementary prospectus or replacement prospectus is subsequently registered with the Authority pursuant to Section 241 of the Securities and Futures Act);
 - (7) make it uncommercial or otherwise contrary to or outside the usual commercial practices of underwriters or placement agents in Singapore for UOBKH to observe or perform or be obliged to observe or perform the terms of the Underwriting and Placement Agreement;

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- (d) if it comes to the notice of UOBKH that (i) any statement contained in the Offer Document or the Application Forms which, in the reasonable opinion of UOBKH has become untrue, incorrect or misleading in any respect; or (ii) circumstances or matters have arisen or have been discovered, which would, if the Offer Document was to be issued at that time, constitute in the reasonable opinion of UOBKH, a material omission of such information, and our Company fails to lodge a supplementary or replacement offer document within a reasonable time after being notified of such material misrepresentation or omission or fails to promptly take such steps as UOBKH may require to inform investors of the lodgement of such supplementary or replacement offer document. In such an event, UOBKH reserves the right, at its absolute discretion, to inform the SGX-ST and the MAS (to the extent applicable) and to cancel the Invitation and any application monies received will be refunded (without interest or any share of revenue or other benefit arising therefrom) to the applicants for the new Shares by ordinary post or telegraphic transfer at the applicant's own risk within fourteen (14) days of the termination of the Invitation;
 - (e) there shall come to the knowledge of UOBKH any information, matter or event which may result or be likely to result in the issue of a stop order by the MAS in accordance with Section 242 of the Securities and Futures Act, the SGX-ST (acting as agent on behalf of the MAS) (to the extent applicable), or any other competent authority, notwithstanding that a supplementary or replacement offer document is subsequently registered with the SGX-ST (acting as agent on behalf of the MAS) pursuant to Section 241 of the Securities and Futures Act; and
 - (f) the Management and Sponsorship Agreement is terminated for whatever reason.
21. Pursuant to the service agreement entered into between our Company and ICapital as the Introducer, our Company appointed ICapital to source for and introduce potential investors for the purposes of facilitating the Placement. ICapital will receive a service fee of 1.0% of the aggregate Invitation Price (and the prevailing GST thereon, if applicable) and 1.0% of the aggregate Invitation Price raised from investors introduced by the Introducer payable in cash to the Introducer as consideration for services rendered.
22. In the reasonable opinion of our Directors, save as disclosed below and in the sections entitled "Plan of Distribution – Interests of the Issue Manager and Full Sponsor, the Underwriter and Placement Agent, and the Introducer" and "Interested Person Transactions – Interests of the Issue Manager and Full Sponsor, the Underwriter and Placement Agent, and the Introducer" of this Offer Document, each of RHTC, the Issue Manager and Full Sponsor, UOBKH, the Underwriter and Placement Agent, and ICapital, the Introducer, does not have a material relationship with our Group:
- (a) RHTC is the Issue Manager and Full Sponsor in relation to the Listing;
 - (b) RHTC will be the continuing sponsor of our Company for a period of at least three (3) years from the date our Company is admitted and listed on Catalist;
 - (c) UOBKH is the Underwriter and Placement Agent in relation to the Listing; and
 - (d) ICapital is the Introducer in relation to the Listing.

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MISCELLANEOUS

23. The nature of the business of our Company has been stated earlier in this Offer Document. The corporations which by virtue of Section 6 of the Companies Act are deemed to be related to our Company are set out in the section entitled “Group Structure” of this Offer Document.
24. Save as disclosed in the section entitled “Restructuring Exercise” of the Offer Document, 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.
25. 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.
26. No expert is employed on a contingent basis by our Company or our subsidiaries, or has an interest, whether direct or indirect, in the shares of our Company or our subsidiaries, or has a material economic interest, whether direct or indirect, in our Company, including an interest in the success of the Invitation.
27. Save as disclosed in the sections entitled “Plan of Distribution” and “General and Statutory Information – Management, Underwriting and Placement Agreements” of this Offer Document, no amount of cash or securities or benefit has been paid or given to any promoter within the two (2) years preceding the Latest Practicable Date or is proposed or intended to be paid or given to any promoter at any time.
28. Save as disclosed in the sections entitled “General and Statutory Information – Management, Underwriting and Placement Agreements” and “Use of Proceeds and Listing Expenses” 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 or procuring or agreeing to procure subscriptions for any shares in, or debentures of, our Company or our subsidiaries.
29. 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. In the ordinary course of business, the Receiving Banker will deploy these monies in the inter-bank money market. All profits derived from the deployment of such monies will accrue to 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.
30. Save as disclosed in the section entitled “Risk Factors” of this Offer Document, our Directors are not aware of any relevant material information including trading factors or risks which are unlikely to be known or anticipated by the general public and which could materially affect the profits of our Company and our subsidiaries.
31. Save as disclosed in the sections entitled “Risk Factors”, “Management’s Discussion and Analysis of Results of Operations and Financial Position”, “General Information on our Group – Industry Overview and Prospects”, “General Information on our Group – Business Strategies and Future Plans” and “General Information on our Group – Trend Information” of

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this Offer Document, the financial condition and operations 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) the business and financial prospects and any significant recent trends in production, sales and inventory, and in the costs and selling prices of products and services and known trends or uncertainties that have had or that we reasonably expect will have a material favourable or unfavourable impact on revenues, profitability, liquidity, capital resources or operating income or that would cause financial information disclosed to be not necessarily indicative of the future operating results or financial condition of our Company.
32. Save as disclosed in the section entitled "Management's Discussion and Analysis of Results of Operations and Financial Position" of this Offer Document, our Directors are not aware of any event which has occurred since the end of 9M2021 to the Latest Practicable Date which may have a material effect on the financial position and results of our Group or the financial information provided in this Offer Document.
33. Details, including the name, address and professional qualifications including membership in a professional body of the auditors of our Company for the last three (3) financial years are as follows:

Period	Name, Professional Qualification and Address	Partner-in-charge/ Professional Qualification
From incorporation up to the Latest Practicable Date	PricewaterhouseCoopers LLP Address: 7 Straits View #12-00 Marina One East Tower Singapore 018936	Partner-in-charge: Rebekah Khan (a member of the Institute of Singapore Chartered Accountants)

We currently have no intention of changing our auditors after the listing of our Company on Catalist.

CONSENTS

34. The Independent Auditor and Reporting Accountant, PricewaterhouseCoopers LLP, has given and has not withdrawn its written consent to the issue of this Offer Document with the inclusion herein of, and all references to (i) its name; (ii) the "Independent Auditors' Report and Audited Consolidated Financial Statements of 5E Resources Limited and its Subsidiaries for the Financial Years Ended 31 December 2018, 31 December 2019 and 31 December 2020" as set out in Appendix A of this Offer Document and the "Independent Auditors' Report and Audited Interim Consolidated Financial Statements of 5E Resources Limited and its Subsidiaries for the Financial Period From 1 January 2021 to 30 September 2021" as set out

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in Appendix B of this Offer Document and all references thereto, in the form and context in which they are respectively included and appear in the Offer Document and to act in such capacity in relation to this Offer Document.

35. The Issue Manager and Full Sponsor, the Underwriter and Placement Agent, the Solicitors to the Invitation and Legal Adviser to our Company as to Singapore Law, the Legal Adviser to the Issue Manager and Full Sponsor and Underwriter and Placement Agent as to Singapore Law, the Introducer, the Share Registrar, the Principal Bankers and the Receiving Banker, have each given and have not withdrawn their written consents to the issue of this Offer Document with the inclusion herein of their name and all references thereto, in the form and context in which they are respectively included and appear in this Offer Document and to act in such respective capacities in relation to this Offer Document.
36. The Independent Industry Consultant has given and has not withdrawn its written consent to the issue of this Offer Document with the inclusion herein of, and all references to (i) its name; (ii) the statements attributed to it in the sections “Offer Document Summary – Our Business”, “Offer Document Summary – Our Competitive Strengths”, “Risk Factors – Risks relating to our Industry and Business”, “Risk Factors – Risks relating to our Operations in Malaysia”, “General Information on our Group – History”, “General Information on our Group – Business Overview”, “General Information on our Group – Overlapping of Customers and Suppliers”, “General Information on our Group – Competition”, “General Information on our Group – Competitive Strengths” and “General Information on our Group – Business Strategies and Future Plans” of this Offer Document, which were prepared for the purpose of incorporation in this Offer Document; (iii) the section entitled “General Information on our Group – Industry Overview and Prospects” of this Offer Document, which was prepared for the purpose of incorporation in this Offer Document; and (iv) the “Industry Report” as set out in Appendix C of this Offer Document which was prepared for the purpose of incorporation in this Offer Document in the form and context in which they are respectively included and appear in this Offer Document and to act in such capacity in relation of this Offer Document.
37. The Legal Adviser to our Company as to Malaysia Law has given and has not withdrawn its written consent to the issue of this Offer Document with the inclusion herein of, and all references to (i) its name; and (ii) the statements attributed to it in the sections entitled “Risk Factors – Risks relating to our Industry and Business”, “General Information on our Group – Business Overview”, “General Information on our Group – Licenses, Permits, Approvals and Government Regulations”, “General Information on our Group – Impact of the Outbreak of COVID-19 Pandemic”, “Directors, Management and Employees – Employees”, “General and Statutory Information – Information on Directors, Executive Officers and Controlling Shareholders and “Summary of Relevant Laws and Regulations” as set out in Appendix E of this Offer Document, in the form and context in which they are respectively included and appear in this Offer Document and to act in such capacity in relation of this Offer Document.
38. Each of the Issue Manager and Full Sponsor, the Underwriter and Placement Agent, the Solicitors to the Invitation and Legal Adviser to our Company as to Singapore Law, the Legal Adviser to the Issue Manager and Full Sponsor and Underwriter and Placement Agent as to Singapore Law, the Introducer, 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 persons which is based on, or arises out of, any statement, information or opinions in, or omission from, this Offer Document.

GENERAL AND STATUTORY INFORMATION

RESPONSIBILITY STATEMENT BY OUR DIRECTORS

39. This Offer Document has been seen and approved by our Directors and they individually and collectively 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 Listing, the Company and its subsidiaries, and the 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 the Directors has been to ensure that such information has been accurately and correctly extracted from those sources and/or reproduced in the Offer Document in its proper form and context.

DOCUMENTS FOR INSPECTION

40. The following documents or copies thereof may be inspected at our registered office at 1 Robinson Road, #17-00, AIA Tower, Singapore 048542, during normal business hours for a period of six (6) months from the date of registration of this Offer Document with the SGX-ST (acting as agent on behalf of the Authority):
- (i) the Constitution of our Company;
 - (ii) the “Independent Auditors’ Report and Audited Consolidated Financial Statements of 5E Resources Limited and its Subsidiaries for the Financial Years Ended 31 December 2018, 31 December 2019 and 31 December 2020” as set out in Appendix A of this Offer Document;
 - (iii) the “Independent Auditors’ Report and Audited Interim Consolidated Financial Statements of 5E Resources Limited and its Subsidiaries for the Financial Period From 1 January 2021 to 30 September 2021” as set out in Appendix B of this Offer Document;
 - (iv) the Industry Report;
 - (v) the Service Agreements referred to in the section entitled “Directors, Management and Employees – Service Agreements” of this Offer Document;
 - (vi) the letters of consent referred to in the section entitled “General and Statutory Information – Consents” of this Offer Document; and
 - (vii) the material contracts referred to in the section entitled “General and Statutory Information – Material Contracts” of this Offer Document.

**APPENDIX A – INDEPENDENT AUDITORS’ REPORT AND AUDITED
CONSOLIDATED FINANCIAL STATEMENTS OF 5E RESOURCES LIMITED
AND ITS SUBSIDIARIES FOR THE FINANCIAL YEARS ENDED
31 DECEMBER 2018, 31 DECEMBER 2019 AND 31 DECEMBER 2020**

**CONSOLIDATED FINANCIAL STATEMENTS FOR THE FINANCIAL YEARS
ENDED 31 DECEMBER 2018, 2019 and 2020**

5E RESOURCES LIMITED

(Incorporated and domiciled in Singapore with limited liability No. 202136285K)

AND ITS SUBSIDIARIES

**APPENDIX A – INDEPENDENT AUDITORS’ REPORT AND AUDITED
CONSOLIDATED FINANCIAL STATEMENTS OF 5E RESOURCES LIMITED
AND ITS SUBSIDIARIES FOR THE FINANCIAL YEARS ENDED
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**INDEPENDENT AUDITOR’S REPORT ON THE AUDITED CONSOLIDATED FINANCIAL
STATEMENTS FOR THE FINANCIAL YEARS ENDED 31 DECEMBER 2018, 2019 and 2020**

5E Resources Limited
1 Robinson Road
#17-00
AIA Tower
Singapore 048542

Attention: The Board of Directors

Opinion

We have audited the accompanying consolidated financial statements of 5E Resources Limited (the “Company”) and its subsidiaries (the “Group”) set out on pages A5 to A67, which comprise the consolidated statements of financial position as at 31 December 2018, 2019 and 2020, and the consolidated statements of comprehensive income, the consolidated statements of changes in equity and the consolidated statements of cash flows for each of the financial years ended 31 December 2018, 2019 and 2020, and the notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements of the Group are properly drawn up in accordance with the Singapore Financial Reporting Standards (International) (“SFRS(I)s”) so as to give a true and fair view of the consolidated financial position of the Group as at 31 December 2018, 2019 and 2020, and of the consolidated financial performance, consolidated changes in equity and consolidated cash flows of the Group for each of the financial years ended 31 December 2018, 2019 and 2020.

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 Consolidated Financial Statements* section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Group in accordance with the Accounting and Corporate Regulatory Authority *Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities* (“ACRA Code”) together with the ethical requirements that are relevant to our audit of the financial statements in Singapore, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ACRA Code.

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(CONTINUED)**

Responsibilities of Management and Directors for the Consolidated Financial Statements

Management is responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with SFRS(I)s, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

The directors’ responsibilities include overseeing the Group’s financial reporting process.

Auditor’s Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated 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 consolidated 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 consolidated 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

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(CONTINUED)**

**Auditor’s Responsibilities for the Audit of the Consolidated Financial Statements
(continued)**

required to draw attention in our auditor’s report to the related disclosures in the consolidated 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 consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

Restriction on distribution and use

This report is made solely to you as a body for the inclusion in the Offer Document of the Company to be issued in relation to the proposed offering of the shares of the Company in connection with the Company’s listing on Catalist Board of the Singapore Exchange Securities Trading Limited.

PricewaterhouseCoopers LLP
Public Accountants and Chartered Accountants
Singapore

Partner-in-charge: Rebekah Khan
29 April 2022

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5E RESOURCES LIMITED AND ITS SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

For the financial years ended 31 December 2018, 2019 and 2020

	Note	Years ended 31 December		
		2018	2019	2020
		MYR'000	MYR'000	MYR'000
Revenue from contracts with customers	4	46,254	53,826	44,049
Cost of sales	6	(28,433)	(26,958)	(22,630)
Gross profit		17,821	26,868	21,419
Other income				
– Interest income		99	218	180
– Others		77	1	37
Other gains	5	10	59	57
Administrative expenses	6	(3,919)	(3,816)	(5,707)
Selling and distribution expenses	6	(3,794)	(7,374)	(4,445)
Finance expenses	8	(1,040)	(427)	(229)
(Net impairment losses)/reversal of impairment losses on trade receivables	14(a)	(39)	438	(11)
Profit before income tax		9,215	15,967	11,301
Income tax expense	9	(2,149)	(3,878)	(3,255)
Net profit and total comprehensive Income for the financial year		7,066	12,089	8,046
Net profit and total comprehensive come for the financial year attributable to:				
– Owners of the Company		7,066	12,089	8,046
Earnings per share for profit attributable to equity holders of the Company (expressed in MYR per share)				
– Basic and diluted earnings per share (Note)	10	0.06	0.11	0.07

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

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CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

As at 31 December 2018, 31 December 2019 and 31 December 2020

		As at 31 December		
	Note	2018	2019	2020
		MYR'000	MYR'000	MYR'000
ASSETS				
Current assets				
Cash and cash equivalents	11	4,568	6,757	16,845
Short term deposits	12	1,616	1,681	80
Financial assets at fair value through profit or loss	13	1,018	3,085	—
Trade and other receivables	14(a)	9,502	8,016	9,536
Other current assets	14(b)	667	81	1,019
Inventories	15	640	544	699
Total current assets		18,011	20,164	28,179
Non-current assets				
Property, plant and equipment	16	28,062	30,082	27,818
Right-of-use assets	17	4,102	6,090	5,494
Prepayment for purchase of property, plant and equipment		541	—	370
Total non-current assets		32,705	36,172	33,682
Total assets		50,716	56,336	61,861
LIABILITIES				
Current liabilities				
Trade and other payables	19	4,548	6,622	8,761
Contract liabilities		14	80	1,102
Current income tax liabilities		222	1,775	1,219
Borrowings	20	1,098	3,816	3,486
Lease liabilities	17	363	511	308
Total current liabilities		6,245	12,804	14,876
Non-current liabilities				
Borrowings	20	13,385	94	—
Lease liabilities	17	771	476	167
Deferred tax liabilities	18	869	1,427	1,731
Total non-current liabilities		15,025	1,997	1,898
Total liabilities		21,270	14,801	16,774
NET ASSETS		29,446	41,535	45,087
EQUITY				
Capital and reserves attributable to owners of the Company				
Share capital	21(a)	55,886	55,886	55,886
Reserves	21(b)	(54,756)	(54,756)	(59,250)
Retained earnings		28,316	40,405	48,451
Total equity		29,446	41,535	45,087

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

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5E RESOURCES LIMITED AND ITS SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

For the financial years ended 31 December 2018, 2019 and 2020

	Attributable to owners of the Group			
	Share capital	Reserves	Retained profits	Total equity
	MYR'000 Note 21	MYR'000 Note 21	MYR'000	MYR'000
Balance at 1 January 2018	55,886	(54,756)	21,250	22,380
Net profit and total comprehensive income for the financial year	–	–	7,066	7,066
Balance at 31 December 2018	55,886	(54,756)	28,316	29,446
Balance at 1 January 2019	55,886	(54,756)	28,316	29,446
Net profit and total comprehensive income for the financial year	–	–	12,089	12,089
Balance at 31 December 2019	55,886	(54,756)	40,405	41,535

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

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CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

For the financial years ended 31 December 2018, 2019 and 2020

	Attributable to owners of the Group			
	Share capital	Reserves	Retained profits	Total
	MYR'000 Note 21	MYR'000 Note 21	MYR'000	MYR'000
Balance at 1 January 2020	55,886	(54,756)	40,405	41,535
Net profit for the financial year	–	–	8,046	8,046
Total comprehensive income for the year	–	–	8,046	8,046
Transactions with owners, recognised directly in equity				
Contributions from shareholders	–	(4,494)	–	(4,494)
	–	(4,494)	–	(4,494)
Balance at 31 December 2020	55,886	(54,756)	48,451	45,087

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

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5E RESOURCES LIMITED AND ITS SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

For the financial years ended 31 December 2018, 2019 and 2020

	Note	Years ended 31 December		
		2018	2019	2020
		MYR'000	MYR'000	MYR'000
Cash flows from operating activities				
Profit before income tax		9,215	15,967	11,301
Adjustments for:				
– Depreciation of property, plant and equipment		2,378	2,401	2,718
– Depreciation of right-of-use assets		482	572	596
– Interest income		(99)	(218)	(180)
– Finance expenses		1,040	427	229
– Fair value gain on financial assets at FVTPL		(5)	(6)	–
– Gains on disposal of property, plant and equipment		(1)	(52)	(45)
– Gain on rent concession		–	–	(37)
		13,010	19,091	14,582
Changes in working capital:				
– Inventories		(90)	96	(155)
– Trade and other receivables		(342)	2,505	(2,468)
– Trade and other payables		(377)	2,183	(1,320)
Cash generated from operations		12,201	23,875	10,639
Income tax paid	9	(1,127)	(1,767)	(3,507)
Net cash generated from operating activities		11,074	22,108	7,132
Cash flows from investing activities				
Purchase of property, plant and equipment	16	(1,296)	(4,421)	(824)
Payments for land use right	17	–	(2,167)	–
Proceeds from disposal of property and equipment		2	52	45
Purchase of financial assets held at FVTPL	13	(1,000)	(2,061)	(530)
Proceeds from disposal of financial assets held at FVTPL	13	10	–	3,615
Repayments from related parties		70	108	11
(Placement)/withdrawal of short term deposits		(500)	–	1,601
Interest received		32	153	180
Net cash (used in)/generated from investing activities		(2,682)	(8,336)	4,098
Cash flows from financing activities				
Proceeds from drawdown of borrowings	20(b)	–	3,714	–
Repayments of borrowings	20(b)	(4,099)	(14,287)	(424)
Repayments to related parties	20(b)	(16)	(43)	(14)
Principal payments of lease liability	20(b)	(462)	(540)	(475)
Interest payments on lease liability	20(b)	(92)	(92)	(81)
Interest payments on borrowings	20(b)	(948)	(335)	(148)
Net cash used in financing activities		(5,617)	(11,583)	(1,142)
Net increase in cash and cash equivalents		2,775	2,189	10,088
Cash and cash equivalents				
Beginning of financial year		1,793	4,568	6,757
End of financial year	11	4,568	6,757	16,845

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5E RESOURCES LIMITED AND ITS SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the financial years ended 31 December 2018, 2019 and 2020

1. General information, the restructuring exercise and basis of presentation

1.1 General information

5E Resources Pte. Ltd. (the “Company”) was incorporated and domiciled in Singapore on 18 October 2021 as a private company limited by shares. The address of the Company’s registered office is 1 Robinson Road, #17-00, AIA Tower, Singapore 048542. On 25 March 2022, the Company was subsequently converted to a public limited company and the Company’s name was changed to 5E Resources Limited.

The Company is an investment holding company. The Company, together with its subsidiaries (as listed in Note 1.2.1) now comprising the Group (together, the “Group”), are principally engaged in the provision of scheduled waste management services, sale of recovered and recycled products and trading of chemical.

The ultimate controlling shareholders of the Group before and after completion of the Restructuring Exercise (the “Restructuring”), as described in Note 1.2, are Mr. Wong Kim Fatt (“Mr. KF Wong”), Ms. Loo Sook Ching (“Ms. Loo”) and Mr Ban Kim Wah (“Mr. Ban”).

Prior to the incorporation of the Company and the completion of the Restructuring, the Group’s operating activities (the “Listing Business”) were carried out by 5E Resources Sdn. Bhd. (“5E Resources”) and its subsidiary (collectively referred to as the “Operating Companies”) during the financial years ended 31 December 2018, 2019 and 2020 (collectively referred to as the “Period Under Review”). 5E Resources is controlled by Ms. Loo, Mr. KF Wong and Mr. Ban, through their controlling stake in 5E Resources Sdn. Bhd., prior to and during the Period Under Review.

Immediately after the completion of the Restructuring on 22 March 2022, the Company became the holding company of the Group and the Listing Business.

1.2 Restructuring Exercise

In preparation for the listing of the Company’s shares on the Catalist of the Singapore Exchange Securities Trading Limited, the Group underwent the Restructuring as described below, which resulted in the Company becoming the holding company of the Group.

(i) Incorporation of the Company

The Company was incorporated in Singapore on 18 October 2021 under the Companies Act as a private company limited by shares. On 25 March 2022, the Company changed its name to “5E Resources Limited” in connection with its conversion into a public company limited by shares.

The issued and paid-up share capital as at the date of incorporation was S\$1 comprising 1 ordinary share which was held by Ms Loo.

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1. General information, the restructuring exercise and basis of presentation (continued)

1.2 Restructuring Exercise (continued)

(ii) Incorporation of 5E Holdings Sdn Bhd

On 23 November 2020, 5E Holdings Sdn. Bhd. (“5E Holdings”) was incorporated in Malaysia with limited liability. Each of Ms. Loo, Mr. KF Wong, Mr. Ban, Mr. Lim Te Hua (“Mr. Lim”) and Mr. Shankar Narasigam (“Mr. Shankar”) subscribed for an aggregate of 1,000 shares, representing the entire issued share capital in 5E Holdings. After the subscriptions, 5E Holdings was owned by Ms. Loo, Mr. KF Wong, Mr. Ban, Mr. Lim and Mr. Shankar as to 36.10%, 27.77%, 15.51%, 14.58% and 6.04% respectively.

(iii) Transfer of shares in 5E Resources Sdn. Bhd (“5E Resources”) to 5E Holdings

On 9 December 2020, a share sale agreement was entered into between 5E Holdings as the purchaser and Ms. Loo, Mr. KF Wong, Mr. Ban, Mr. Lim and Mr. Shankar as the vendors pursuant to which the 5E Holdings acquired the entire issued share capital in 5E Resources held by the vendors at deemed cost of MYR42,871,322.09, which was determined with reference to the net asset value of 5E Resources as at 31 October 2020 and was settled by the allotment and issue of an aggregate of 1,000 shares in 5E Holdings to the vendors, being 361 shares, 277 shares, 155 shares, 146 shares and 61 shares to Ms. Loo, Mr. KF Wong, Mr. Ban, Mr. Lim and Mr. Shankar, respectively. Upon completion of the transfers on 30 December 2020, 5E Resources is wholly-owned by 5E Holdings.

(iv) Acquisition of TS Heuls Chemical & Engineering Sdn. Bhd. (“TS Huels”) by 5E Resources

On 18 December 2020, a share sale agreement (as supplemented by a letter of variation dated 3 March 2021) was entered into between 5E Resources as the purchaser and Mr. KF Wong and Mr. Ban as the vendors pursuant to which 5E Resources acquired the entire equity interest in TS Heuls at a cash consideration of MYR4,495,000. The consideration was determined with reference to the net asset value of TS Heuls as at 31 October 2020. Upon completion of the acquisition on 30 December 2020, TS Heuls is wholly-owned by 5E Resources.

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5E RESOURCES LIMITED AND ITS SUBSIDIARIES

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1. General information, the restructuring exercise and basis of presentation (continued)

1.2 Restructuring Exercise (continued)

(v) Transfer of shares in 5E Holdings to 5E Resources Limited

5E Holdings is a wholly-owned subsidiary of 5E International Holdings Limited (“5E International”). 5E International” was incorporated in the British Virgin Islands (the “BVI”) with limited liability on 1 December 2020. On 14 December 2020, a sale and purchase agreement was entered into between 5E International as the purchaser and Ms. Loo, Mr. KF Wong, Mr. Ban, Mr. Lim and Mr. Shankar as the vendors pursuant to which the 5E International acquired the entire issued share capital in 5E Holdings held by the vendors at an aggregate nominal consideration of RM5.00. Upon completion of the transfers, 5E Holdings is wholly-owned by 5E International.

On 28 December 2021, a share sale agreement was entered into between the Company as the purchaser and 5E International as the vendor, pursuant to which the Company acquired the entire issued share capital in 5E Holdings held by the vendor at an aggregate nominal consideration of MYR55,885,900, and settled by way of the allotment and issuance of 18,162,463 new shares to the vendor. Upon completion of the acquisition on 22 March 2022, 5E Holdings became a directly wholly-owned subsidiary of the Group.

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1. General information, the restructuring exercise and basis of presentation (continued)

1.2 Restructuring Exercise (continued)

1.2.1 Subsidiaries

The subsidiaries held by the Company upon completion of the Restructuring are as follows:

Name of subsidiaries	Country and date of incorporation	Principal activities	Effective interest held by Parent Company			Notes
			As at 31 December			
			2018	2019	2020	
			%	%	%	
Directly held						
5E Holdings Sdn Bhd	Malaysia 23 November 2020	Investment holding	n/a	n/a	0	(1)
Indirectly held						
5E Resources Sdn Bhd	Malaysia 26 July 2006	Waste disposal management and the recycling of chemical products	0	0	100	(2)
TS Heuls Chemicals & Engineering Sdn Bhd	Malaysia 10 July 1997	Trading of chemical products and maintaining water treatment plant	0	0	100	(2)

Notes:

- (1) The statutory financial statements of this subsidiary have not been issued up to this report date as it was newly incorporated in 2020.
- (2) The statutory financial statements of these subsidiaries for the year ended 31 December 2018 and 2019 were audited by SE Lai CK.
- (3) All companies now comprising the Group have adopted 31 December as their financial year end.
- (4) The consolidated financial statements of the Company for all financial years presented reflect the carrying amounts of assets and liabilities, results and cash flows of the Operating Companies prior to the Internal Reorganisation as disclosed in Note 1.3 below.

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1. General information, the restructuring exercise and basis of presentation (continued)

1.3 Basis of presentation

Immediately prior to the completion of the Restructuring, the Listing Business was conducted through the Operating Companies. Pursuant to the Restructuring, the Listing Business is transferred to and held by the Company. The Company has not been involved in any other business prior to the Restructuring and does not meet the definition of a business. The Restructuring is merely a reorganisation of the Listing Business with no change in management of such business.

Accordingly, the consolidated financial statements have been prepared and presented as a continuation of the Listing Business conducted through the Operating Companies, with the assets and liabilities of the Group recognised and measured at the carrying amounts of the Listing Business for all periods presented from the Listing Business perspective.

The consolidated financial statements of the Listing Business for the Period Under Review were included in the following manner:

- Transactions and balances specifically identified as relating to the Listing Business were consolidated in the consolidated financial statements; and
- Intercompany transactions, balances and unrealised profits or losses on transactions between companies now comprising the Group are eliminated on consolidation.

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2. Summary of significant accounting policies

The principal accounting policies applied in the preparation of the consolidated financial statements are set out below. These policies have been consistently applied throughout the Period Under Review, unless otherwise stated.

2.1 Basis of preparation

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

The preparation of consolidated financial statements in conformity with SFRS(I)s requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group’s accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 3.

The Group has adopted all applicable new and revised SFRS(I)s and interpretations of SFRS(I)s including SFRS(I) 9 Financial Instruments (“SFRS 9”), SFRS(I) 15 Revenue from Contracts with Customers (“SFRS 15”) and SFRS(I) 16 Leases (“SFRS 16”) and elected early adopt Amendments to SFRS(I) 16 ‘COVID-19-Related Rent Concessions’ using full retrospective approach with which the relevant accounting policies have been consistently applied to the Group’s consolidated financial statements throughout the Period Under Review, except for any new standards or interpretation that are not yet effective for the reporting period beginning 1 January 2020.

The Group accounts for COVID-19-related rent concession as a variable lease payment in the period(s) in which the event or condition that triggers the reduced payment occurs. The adoption of Amendments to SFRS(I)16 has not impacted the financial statements for the years ended 31 December 2018 and 2019 while a rent concession of MYR37,000 was recognised as negative variable lease payments in the consolidated statement of comprehensive income for the year ended 31 December 2020.

2.2 Changes in accounting policies

The following new standards, amendments and interpretations to existing SFRS(I)s have been published and are not mandatory for the reporting period beginning 1 January 2021 and have not been early adopted by the Group.

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For the financial years ended 31 December 2018, 2019 and 2020

2. Summary of significant accounting policies (continued)

2.2 Changes in accounting policies (continued)

Description	Effective for annual period beginning on or after
Amendments to	1 January 2022
– SFRS(I) 3: Business Combination (Reference to the Conceptual framework)	
– SFRS(I) 1-16: Property, plant and equipment (Proceeds before intended use)	
– SFRS(I) 1-37: Provisions, Contingent Liabilities and Contingent Assets (Onerous Contracts – Cost of Fulfilling a Contract)	
Annual improvements to SFRS(I)s 2018 – 2020	
	1 January 2023
Amendments to SFRS(I) 1-1: Presentation of Financial Statements (Classification of Liabilities as Current and non-current liabilities)	
	To be determined
Amendments to SFRS(I) 10: Consolidated Financial Statements and SFRS(I) 1-28: Investments in Associates and Joint Venture (Sale or Contribution of Assets between an Investor and its Associate or Joint Venture)	

The new or amended accounting Standards and Interpretations listed above are not mandatory for 31 December 2021 reporting periods and have not been early adopted by the Group. These are not expected to have a material impact on the Group in the current or future reporting periods and on foreseeable future transactions.

2.3 Revenue recognition

Revenue is recognised when or as the control of the goods or service is transferred to the customer. Depending on the terms of the contract and laws that apply to the contract, control of the goods and services may be transferred over time or at a point in time.

(a) Scheduled waste management services

Revenue from scheduled waste management services are recognised net of discount over time as performance obligations of services promised in the contract is satisfied.

The scheduled waste management services are fixed-price contracts. Revenue is recognised based on the actual service provided to the end of the financial year as a proportion of the total services to be provided. This is determined based on the actual labour hours spent relative to the total expected labour hours.

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2. Summary of significant accounting policies (continued)

2.3 Revenue recognition (continued)

(b) Sales of recovered and recycled products and chemical trading

Revenue from sales of recovered and recycled products and chemical trading are recognised net of discount at the point in time when control of the goods has transferred to customer. Depending on the terms of the contract with the customer, control transfers either upon delivery of the goods to locations specified by the customer or acceptance of the goods by the customer.

(c) Interest income

Interest income from financial assets at amortised cost is recognised using the effective interest method and included as part of “other income” in the consolidated statement of comprehensive income.

2.4 Employee compensation

Employee benefits are recognised as an expense, unless the cost qualifies to be capitalised as an asset.

(a) Defined contribution plans

A defined contribution plan is a pension plan under which the Group pays fixed contributions into a separate entity (a fund) and will have no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees benefits relating to employee service in the current and prior periods.

The Group’s contributions to defined contribution plans are charged to profit or loss in the period to which they relate. Once the contributions have been paid, the Group has no further payment obligations.

(b) Employee leave entitlement

Employee entitlements to annual leave are recognised when they accrue to employees. A provision is made for the estimated liability for annual leave as a result of services rendered by employees up to the date of consolidated statements of financial position.

Employee entitlements to sick leave and maternity or paternity leaves are not recognised until the time of leave.

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2. Summary of significant accounting policies (continued)

2.5 Leases

Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The Groups’ lease agreements do not impose any covenants.

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

Leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Group.

- **Right-of-use assets**

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

These right-of-use assets are subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term.

- **Lease liabilities**

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

Lease payments include the following:

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

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2. Summary of significant accounting policies (continued)

2.5 Leases (continued)

- Lease liabilities (continued)

Lease liability is measured at amortised cost using the effective interest method. Lease liability shall be remeasured when:

- There is a change in future lease payments arising from changes in an index or rate;
- There is a change in the Group’s assessment of whether it will exercise an extension option; or
- There is modification in the scope or the consideration of the lease that was not part of the original term.

Lease liability is remeasured with a corresponding adjustment to the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

- Short term and low value leases

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

Lease income from operating leases where the Group is a lessor is recognised in income on a straight-line basis over the lease term. The respective leased assets are included in the consolidated statement of financial position based on their nature.

2.6 Borrowing costs

Borrowing costs are recognised in profit or loss using the effective interest method.

2.7 Income taxes

Current income tax for current and prior periods is recognised at the amount expected to be paid to or recovered from the tax authorities, using the tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation and considers whether it is probable that a tax authority will accept an uncertain tax treatment. The Group measures its tax balances either based on the most likely amount or the expected value, depending on which method provides a better prediction of the resolution of the uncertainty.

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2. Summary of significant accounting policies (continued)

2.7 Income taxes (continued)

Deferred income tax is recognised for all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements.

A deferred income tax liability is recognised on temporary differences arising on investments in subsidiaries, except where the Group is able to control the timing of the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

A deferred income tax asset is recognised to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences and tax losses can be utilised.

Deferred income tax is measured:

- (i) at the tax rates that are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date; and
- (ii) based on the tax consequence that will follow from the manner in which the Group expects, at the balance sheet date, to recover or settle the carrying amounts of its assets and liabilities.

Current and deferred income taxes are recognised as income or expense in profit or loss, except to the extent that the tax arises from a business combination or a transaction which is recognised directly in equity. Deferred tax arising from a business combination is adjusted against goodwill on acquisition.

2.8 Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined on the weighted average bases.

Net realisable value represents the estimated selling price less the estimated costs to completion and the estimated costs necessary to make the sale.

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2. Summary of significant accounting policies (continued)

2.9 Property, plant and equipment

Property, plant and equipment are stated at historical cost less accumulated depreciation and accumulated impairment. Historical cost includes expenditure that is directly attributable to the bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Cost also includes borrowing costs (refer to Note 2.6).

Subsequent costs are included in the assets’ carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the asset will flow to the Group and the cost of the asset can be measured reliably. The carrying amount of the replaced part is derecognised. All other repair and maintenance are expensed in the consolidated statements of comprehensive income during the reporting period in which they are incurred.

Depreciation of all items of property, plant and equipment is calculated using the straight-line method to allocate their costs, net of their residual values, over their estimated useful lives, as follows:

	Estimated useful life
Buildings	40 – 50 years
Plant and machinery	3 – 10 years
Furniture and office equipment	2.5 – 10 years
Motor vehicles	5 years

The assets’ residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each financial year end.

An asset’s carrying amount is written down immediately to its recoverable amount if the asset’s carrying amount is greater than its estimated recoverable amount (Note 2.10).

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised within “other gains/(losses) – net” in the consolidated statement of comprehensive income.

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2. Summary of significant accounting policies (continued)

2.10 Impairment of non-financial assets

Property, plant and equipment and right-of-use assets are tested for impairment whenever there is any objective evidence or indication that these assets may be impaired.

For the purpose of impairment testing, the recoverable amount (i.e. the higher of the fair value less cost to sell and the value-in-use) is determined on an individual asset basis unless the asset does not generate cash flows that are largely independent of those from other assets. If this is the case, the recoverable amount is determined for the cash-generating unit (CGU) to which the asset belongs.

If the recoverable amount of the asset or CGU is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount.

2.11 Financial assets

(a) Classification and measurement

The Group classifies its financial assets in the following measurement categories:

- those to be measured subsequently at fair value through profit or loss, and
- those to be measured at amortised cost.

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

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest (“SPPI”).

Debt instruments

Subsequent measurement of debt instruments depends on the Group’s business model for managing the asset and the cash flow characteristics of the asset. The Group reclassifies debt investments when and only when its business model for managing those assets changes.

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2. Summary of significant accounting policies (continued)

2.11 Financial assets (continued)

(a) Classification and measurement (continued)

The Group classifies its debt instruments at amortised cost and fair value through profit or loss.

Amortised cost

Assets that are held for collection of contractual cash flows where those cash flows represent SPPI are measured at amortised cost. Interest income from these financial assets is included in other income using the effective interest rate method. Any gain or loss arising on derecognition is recognised directly in profit or loss. Impairment losses are presented as separate line item in the statement of comprehensive income.

Fair value through profit or loss

Assets that do not meet the criteria for amortised cost or FVOCI are measured at FVTPL. The Group may also irrevocably designate financial assets at FVTPL if doing so significantly reduces or eliminates a mismatch created by assets and liabilities being measured on different bases. Fair value changes is recognised in profit or loss and presented net within other gains/(losses) in the period which it arises.

(b) Impairment

The Group assesses on forward looking basis the expected credit losses associated with its debt instruments carried at amortised cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

For trade receivables, the Group applies the simplified approach permitted by the SFRS(I) 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables.

While cash and cash equivalents and other receivables are also subject to the impairment requirements of MFRS 9, the identified impairment loss was immaterial.

(c) Recognition and derecognition

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

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2. Summary of significant accounting policies (continued)

2.11 Financial assets (continued)

(c) Recognition and derecognition (continued)

Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership.

On disposal of a debt instrument, the difference between the carrying amount and the sale proceeds is recognised in profit or loss.

2.12 Cash and cash equivalents

For the purpose of presentation in the consolidated statement of cash flows, cash and cash equivalents include cash on hand, deposits with financial institutions which are subject to an insignificant risk of change in value. For cash subjected to restriction, assessment is made on the economic substance of the restriction and whether they meet the definition of cash and cash equivalents.

2.13 Trade and other payables

Trade and other payables represent liabilities for goods and services provided to the Group prior to the end of financial year which are unpaid. They are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business, if longer). Otherwise, they are presented as non-current liabilities.

Trade and other payables are initially recognised at fair value, and subsequently carried at amortised cost using the effective interest method.

2.14 Borrowings

Borrowings are presented as current liabilities unless the Group has an unconditional right to defer settlement for at least 12 months after the balance sheet date, in which case they are presented as non-current liabilities.

Borrowings are initially recognised at their fair values (net of transaction costs) and subsequently carried at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption value is recognised in profit or loss over the period of the borrowings using the effective interest method.

2.15 Share capital

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

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2. Summary of significant accounting policies (continued)

2.16 Foreign currency translation

(a) Functional and presentation currency

Items included in the consolidated financial statements of each entity in the Group are measured using the currency of the primary economic environment in which the entity operates (“functional currency”). The functional currency of the Company is Malaysian Ringgit (“MYR”). The consolidated financial information is presented in Malaysian Ringgit (“MYR”).

(b) Transactions and balances

Transactions in a currency other than the functional currency (“foreign currency”) are translated into the functional currency using the exchange rates at the dates of the transactions. Currency exchange differences resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at the closing rates at the balance sheet date are recognised in profit or loss.

Foreign exchange gains and losses that relate to borrowings are presented in the consolidated statement of comprehensive income within “finance expenses – net”. All other foreign exchange gains and losses are presented in the consolidated statement of comprehensive income within “Other gains/(losses) – net”.

(c) Group companies

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

- assets and liabilities for each consolidated statement of financial position presented are translated at the closing rate at the date of that consolidated statement of financial position;
- income and expenses for each consolidated statement of comprehensive income are translated at average exchange rates (unless this is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions); and
- all resulting exchange differences are recognised in other comprehensive income.

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2. Summary of significant accounting policies (continued)

2.17 Segment reporting

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

2.18 Group accounting

(a) Basis of presentation – Internal Reorganisation

As the Company is not a business and the Listing Business continues to be conducted through 5E Resources, the Restructuring is merely a reorganisation of the Listing Business with no change in management of such business. Accordingly, the consolidated financial statements of the Group for all financial years presented reflect the carrying amounts of assets and liabilities, results and cash flows of the Operating Companies prior to the Internal Reorganisation as no substantive economic change has occurred. The Group resulting from the Restructuring is regarded as a continuation of the Listing Business carried out by the Operating Companies.

(b) Subsidiaries

Subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date on that control ceases.

In preparing the consolidated financial statements, transactions, balances and unrealised gains on transactions between group entities are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment indicator of the transferred asset. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Non-controlling interests comprise the portion of a subsidiary’s net results of operations and its net assets, which is attributable to the interests that are not owned directly or indirectly by the equity holders of the Company. They are shown separately in the consolidated statement of comprehensive income, consolidated statement of changes in equity, and consolidated statement of financial position. Total comprehensive income is attributed to the non-controlling interests based on their respective interests in a subsidiary, even if this results in the non-controlling interests having a deficit balance.

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2. Summary of significant accounting policies (continued)

2.18 Group accounting (continued)

(b) Subsidiaries (continued)

(i) Business combination under common control

The acquisition of TS Huels Chemicals and Engineering Sdn Bhd (“TS Heuls”) by 5E Resources Sdn Bhd (“5E Resources”) is regarded as business combination under common control.

Mr. KF Wong and Mr. Ban held 52.6% and 47.4% of the issued shares of TS Heuls respectively. Ms. Loo and Mr. Ban are also the directors of TS Heuls. Pursuant to the deeds of confirmation dated 6 January 2022 entered into between Mr. KF Wong, Ms. Loo (spouse of Mr. KF Wong) and Mr. Ban (brother of Mr. KF Wong), each of the parties confirms and acknowledges that they were parties ‘acting in concert’, and held their interests in TS Heuls as a group of controlling shareholders and jointly exercising control or voting in all shareholders’ resolutions of TS Heuls in a consistent and unanimous manner in respect of the management, development and operations of TS Heuls throughout the Period Under Review. Mr. KF Wong further confirms that he has shared collective interests in TS Heuls with Ms. Loo since he became a shareholder of TS Heuls. Accordingly, TS Heuls is under common control of Mr. KF Wong, Ms. Loo and Mr. Ban.

SFRS(I) 3 does not apply to business combination under common control and is a choice of accounting policy. In considering the accounting policy to be adopted, management has considered the substance and the specific facts and circumstances surrounding the business combination.

Management considers that predecessor accounting best reflects the substance of the business combination under common control as:

- TS Heuls is wholly owned by 5E Resources and there is no non-controlling interests involved;
- the consideration for the transfer is set at the existing book values of TS Heuls; and
- both 5E Resources and TS Heuls are managed together before and after the combination.

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2. Summary of significant accounting policies (continued)

2.18 Group accounting (continued)

(b) Subsidiaries (continued)

(i) Business combination under common control (continued)

Under the predecessor accounting, the net assets of the combining entities or businesses are consolidated using the existing book values from the controlling parties’ perspective. The assets and liabilities of the acquired entity or business should be recorded at the book values as stated in the financial statements of the controlling party (i.e it will require recording of the fair value of the identifiable assets and liabilities of the acquired entity of business at the date of original acquisition from third parties by the controlling party, any remaining goodwill arising on the previous acquisition and minority interests recorded in the consolidated financial statements of the controlling party).

No amount is recognised as consideration for goodwill or excess of acquirer’s interest in the net fair value of acquiree’s identifiable assets, liabilities and contingent liabilities over cost at the time of common control combination, to the extent of the continuation of the controlling party or parties’ interests.

Comparative amounts in the consolidated financial statements are presented as if the entities or businesses had been combined at the previous balance sheet date.

(c) Transactions with non-controlling interests

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

(d) Disposals of subsidiaries

When a change in the Group’s ownership interest in a subsidiary results in a loss of control over the subsidiary, the assets and liabilities of the subsidiary including any goodwill are derecognised. Amounts previously recognised in other comprehensive income in respect of that entity are also reclassified to profit or loss or transferred directly to retained earnings if required by a specific Standard.

Any retained equity interest in the entity is remeasured at fair value. The difference between the carrying amount of the retained interest at the date when control is lost and its fair value is recognised in profit or loss.

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3. Critical accounting estimates, assumptions and judgements

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

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

(a) Useful lives and residual values of plant and machinery

The costs of plant and machinery are depreciated on a straight-line basis over their useful lives. Management exercises its judgement in estimating the useful lives and residual values of the depreciable assets. The estimated useful lives reflect management’s estimate of the period that the Group intends to derive future economic benefits from the use of the depreciable asset.

The Group reviews annually the estimated useful lives of plant and machinery based on the factors that include asset utilisation, internal technical evaluation, technological changes, environmental and anticipated use of the assets. It is possible that the Group’s future results could be materially affected by changes in these estimates brought about by changes in factors mentioned. A reduction in the estimated useful lives by 1 year would increase the Group’s annual depreciation expense by MYR284,000.

(b) Impairment of trade receivables

The loss allowance for financial assets is based on assumptions about risk of default and expected loss rates. The Group uses judgement in making these assumptions and selecting the inputs to the impairment calculation.

To measure the expected credit losses, these receivables have been grouped based on days past due. The expected loss rates are based on the payment profiles of sales over a period of 24 months and the corresponding credit losses experienced within this period. The historical loss rates are adjusted to reflect the current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables. The Group has identified the GDP and inflationary rate in Malaysia to be the most relevant factors, and accordingly adjusts the historical loss rates based on expected changes in these factors. Any possible changes in these inputs could result in revision to the loss allowance recorded by the Group.

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3. Critical accounting estimates, assumptions and judgements (continued)

(b) Impairment of trade receivables (continued)

Management has considered a range of possible outcomes, ie a baseline scenario and the worst case scenario in computing the ECL. In the baseline scenario, management incorporated the current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the trade receivables and made adjustments to the expected loss rates accordingly. In the worst case scenario, management considered a further increase in expected loss rate as computed in the baseline scenario. A probability-weighting of occurrence was subsequently applied to these two different scenarios to derive at the expected credit loss allowance to be made. A 20% increase in the probability-weighting would increase the loss allowance by MYR31,000, MYR27,000 and MYR32,000 for 31 December 2018, 2019 and 2020 respectively.

4. Revenue and segment information

The chief operating decision maker (“CODM”) has been identified as the Executive Directors of the Company who review the Group’s internal reporting in order to assess performance and allocate resources. The CODM has determined the operating segments based on these reports.

The Group is principally engaged in scheduled waste management services, sales of recovered and recycled products and chemical trading. Information reported to CODM, for the purpose of resources allocation and performance assessment, focuses on the operating results of the Group. For the financial years ended 31 December 2018, 2019 and 2020, there are three operating segments based on business type: (1) scheduled waste management services, (2) sales of recovered and recycled products, and (3) chemical trading.

The CODM consider the business from activities perspective and assess the performance of the operating segments based on a measure of gross profit for the purposes of allocating resources. No analysis of segment assets or segment liabilities is regularly provided to the CODM. These reports are prepared on the same basis as the Consolidated Financial Statements.

Transactions between operating segments are carried out on agreed terms between both segments. The effects of such inter-segment transactions and balances arising thereof are eliminated.

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4. Revenue and segment information (continued)

	Year ended 31 December 2018			
	Scheduled waste management services	Sales of recovered and recycled products	Chemical trading	Total
	MYR'000	MYR'000	MYR'000	MYR'000
Segment revenue				
Total revenue	38,870	5,798	4,580	49,248
Intersegment revenue elimination	(580)	(25)	(2,389)	(2,994)
Revenue from external customer	38,290	5,773	2,191	46,254
Segment results	13,726	2,593	1,502	17,821
Other income				
– interest income				99
– others				77
Other gains				10
Administrative expenses				(3,919)
Selling and distribution expenses				(3,794)
Finance expenses				(1,040)
Net impairment loss on trade receivables				(39)
Profit before income tax				9,215
Significant non-cash items				
Depreciation of property, plant and equipment	2,115	261	2	2,378
Depreciation of right-of-use assets	482	–	–	482
Addition:				
Property, plant and equipment	750	–	5	755

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4. Revenue and segment information (continued)

	Year ended 31 December 2019			
	Scheduled waste management services	Sales of recovered and recycled products	Chemical trading	Total
	MYR'000	MYR'000	MYR'000	MYR'000
Segment revenue				
Total revenue	45,115	7,386	3,361	55,862
Intersegment revenue elimination	(286)	(34)	(1,716)	(2,036)
Revenue from external customers	44,829	7,352	1,645	53,826
Segment results	21,081	4,591	1,196	26,868
Other income				
– interest income				218
– others				1
Other gains				59
Administrative expenses				(3,816)
Selling and distribution expenses				(7,374)
Finance expenses				(427)
Net reversal of impairment loss on trade receivables				438
Profit before income tax				15,967
Significant non-cash items				
Depreciation of property, plant and equipment	2,159	240	2	2,401
Depreciation of right-of-use assets	504	56	12	572
Addition:				
Property, plant and equipment	4,421	–	–	4,421
Right-of-use assets	2,501	–	59	2,560

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4. Revenue and segment information (continued)

	Year ended 31 December 2020			
	Scheduled waste management services	Sales of recovered and recycled products	Chemical trading	Total
	MYR'000	MYR'000	MYR'000	MYR'000
Segment revenue				
Total revenue	36,157	6,676	2,523	45,356
Intersegment revenue elimination	–	(3)	(1,304)	(1,307)
Revenue from external customers	36,157	6,673	1,219	44,049
Segment results	16,674	3,815	930	21,419
Other income				
– interest income				180
– others				37
Other gains				57
Administrative expenses				(5,707)
Selling and distribution expenses				(4,445)
Finance expenses				(229)
Net impairment loss on trade receivables				(11)
Profit before income tax				11,301
Significant non-cash items				
Depreciation of property, plant and equipment	2,389	326	3	2,718
Depreciation of right-of-use assets	499	68	29	596
Addition:				
Property, plant and equipment	451	–	3	454

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4. Revenue and segment information (continued)

Most of the Group’s revenue is generated from customers located in Malaysia and all the assets of the Group are located in Malaysia. Accordingly, no geographical segment analysis is presented.

For the years ended 31 December 2018 and 2020, there were no customers which contributed over 10% of the Group’s total revenue while there were two customers which contributed over 10% of the Group’s total revenue for the year ended 31 December 2019. The revenue contributed from each of these customers was as follows:

	Years ended 31 December		
	2018	2019	2020
	MYR’000	MYR’000	MYR’000
Revenue from schedule waste management			
Customer A	N/A	6,062	N/A
Customer B	N/A	5,900	N/A

N/A – the revenue of the particular customer for the particular year is less than 10% of the Group revenue for the particular year.

Timing of revenue recognition is as follows:

	Years ended 31 December		
	2018	2019	2020
	MYR’000	MYR’000	MYR’000
Over time			
– scheduled waste management services	38,290	44,829	36,157
Point in time			
– sales of recovered and recycled products	5,773	7,352	6,673
– chemical trading	2,191	1,645	1,219
	7,964	8,997	7,892
	46,254	53,826	44,049

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4. Revenue and segment information (continued)

Revenue recognised in relation to contract liabilities:

The following table shows how much of the revenue recognised in the current financial year relates to carried-forward contract liabilities:

	Years ended 31 December		
	2018	2019	2020
	MYR’000	MYR’000	MYR’000
Revenue recognised that was included in the contract liabilities balance at the beginning of the year	–	14	80

Management expects that contract liabilities amounting to MYR14,000, MYR80,000 and MYR1,102,000 as at 31 December 2018, 2019 and 2020 respectively will be recognised as revenue within 12 months from the balance sheet date.

5. Other gains

	Years ended 31 December		
	2018	2019	2020
	MYR’000	MYR’000	MYR’000
Fair value gains on financial assets held at fair value through profit or loss	5	6	–
Gains on disposal of property, plant and equipment	1	52	45
Currency exchange gain – net	4	1	12
	10	59	57

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6. Expenses by nature

	Years ended 31 December		
	2018	2019	2020
	MYR’000	MYR’000	MYR’000
Depreciation of property, plant and equipment (Note 16)	2,378	2,401	2,718
Depreciation of right-of-use assets (Note 17)	482	572	596
Employee compensation (Note 7)	9,802	13,641	9,657
Transportation charges	1,587	1,905	1,531
Referral fees	901	849	821
Fuel oil and petrol	2,771	1,654	1,003
Utility expense	1,876	1,853	1,684
Short term leases	708	502	192
Repair and maintenance fee	3,892	3,097	2,242
Cost of inventories sold	6,394	3,639	3,596
Consumables	1,205	2,257	2,070
Sludge disposal	813	3,206	2,273
Subcontractor charges	702	417	375
Professional fees	152	30	2,371
Others	2,483	2,125	1,653
Total cost of sales, administrative expenses and selling and distribution expenses	36,146	38,148	32,782

7. Employee compensation

	Years ended 31 December		
	2018	2019	2020
	MYR’000	MYR’000	MYR’000
Salaries, bonus and other benefits	8,913	12,362	8,661
Employer’s contribution to defined contribution plans	736	1,211	848
Others	153	68	148
	9,802	13,641	9,657

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8. Finance expenses

	Years ended 31 December		
	2018	2019	2020
	MYR’000	MYR’000	MYR’000
Interest expense on borrowings	948	335	148
Interest expense on lease liabilities	92	92	81
	1,040	427	229

9. Income taxes

	Years ended 31 December		
	2018	2019	2020
	MYR’000	MYR’000	MYR’000
Tax expense attributable to profit is made up of:			
Current income tax			
– current year	1,385	3,336	2,951
– overprovision in prior year	(146)	(16)	–
	1,239	3,320	2,951
Deferred income tax expense (Note 18)	910	558	304
	2,149	3,878	3,255

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9. Income taxes (continued)

The tax on the Group’s profit before tax differs from the theoretical amount that would arise using the standard rate of income tax as follows:

	Years ended 31 December		
	2018	2019	2020
	MYR’000	MYR’000	MYR’000
Profit before income tax	9,215	15,967	11,301
Tax calculated at Malaysia statutory tax rate of 24%	2,212	3,832	2,712
Effect of:			
– Income not subject to tax	(1)	(20)	(17)
– Expenses not deductible for tax purposes	144	152	625
– Effect of reduction in tax rate (a)	(60)	(70)	(65)
– Overprovision in prior year	(146)	(16)	–
Tax charge	2,149	3,878	3,255
Movement of current income tax liabilities:			
As of beginning of the year	110	222	1,775
Income tax paid	(1,127)	(1,767)	(3,507)
Tax expense	1,385	3,336	2,951
Overprovision in prior year	(146)	(16)	–
As of end of the year	222	1,775	1,219

(a) Reduction in tax rate

Under the Malaysia Income Tax Act 1967, the entities in Malaysia with a paid-up capital of ordinary shares of MYR2,500,000 or less at the beginning of each basis period of the year of assessment enjoys a 18% tax rate on chargeable income of up to MYR500,000 for year of assessment 2018, 17% tax rate on chargeable income of up to MYR500,000 for year of assessment 2019 and 17% tax rate on chargeable income of up to MYR600,000 for year of assessment 2020. Any subsequent chargeable income is taxed at 24%.

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10. Earnings per share

(a) Basic earnings per share

Basic earnings per share is calculated by dividing net profit for the financial year attributable to owners of the Company by the weighted average number of ordinary shares in issue of 5E Resources Limited, which is the holding company of the Listing Business after completion of the Restructuring Exercise as defined in Note 1.2 and adjusted for the effect of the sub-division of shares as disclosed in Note 21(a).

	Years ended 31 December		
	2018	2019	2020
Net profit attributable to owners of the Company (MYR'000)	7,066	12,089	8,046
Weighted average number of ordinary shares in issue ('000) prior to sub-division of shares	18,162	18,162	18,162
Weighted average number of ordinary shares in issue ('000) after sub-division of shares	108,975	108,975	108,975
Basic earnings per share (in MYR)	0.06	0.11	0.07

(b) Diluted earnings per share

For the financial years ended 31 December 2018, 2019 and 2020, diluted earnings per share is the same as basic earnings per share as there were no potential dilutive ordinary shares.

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11. Cash and cash equivalents

	As at 31 December		
	2018	2019	2020
	MYR’000	MYR’000	MYR’000
Cash at bank	4,568	6,757	16,845

12. Short term deposits

	As at 31 December		
	2018	2019	2020
	MYR’000	MYR’000	MYR’000
Fixed deposits with licensed banks	1,616	1,681	80

The fixed deposits, denominated in MYR, have a maturity periods of 6 months to 1 year and earned interest at the rate of 4.16%, 3.43% and 2.85% per annum respectively for the years ended 31 December 2018, 2019 and 2020.

13. Financial assets at fair value through profit of loss

	As at 31 December		
	2018	2019	2020
	MYR’000	MYR’000	MYR’000
Money market funds within Malaysia	1,018	3,085	–

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13. Financial assets at fair value through profit of loss (continued)

The movements during the financial years ended 31 December 2018, 2019 and 2020 are as follows:

	As at 31 December		
	2018	2019	2020
	MYR’000	MYR’000	MYR’000
Opening balance	–	1,018	3,085
Addition	1,000	2,061	530
Interest reinvested	23	–	–
Fair value gain	5	6	–
Disposal	(10)	–	(3,615)
Closing balance	1,018	3,085	–

14(a) Trade and other receivables

	As at 31 December		
	2018	2019	2020
	MYR’000	MYR’000	MYR’000
Trade receivables:	9,404	7,733	9,277
Less: Loss allowance	(554)	(116)	(127)
	8,850	7,617	9,150
Other receivables – non-related parties	83	34	15
Other receivables – related parties	137	29	18
Deposits	432	336	353
Total	9,502	8,016	9,536

Other receivables due from related parties are unsecured, interest free and repayable on demand.

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14(a) Trade and other receivables (continued)

	As at 31 December		
	2018	2019	2020
	MYR’000	MYR’000	MYR’000
Movement of loss allowance is as follows:			
Balance as at 1 January	515	554	116
Increase/(decrease) during the financial year	39	(438)	11
Balance as at 31 December	554	116	127

The changes in gross carrying amount of the trade receivables that contributed to the changes in loss allowance above were as follows:

- (i) Decrease in loss allowance in year 2019 was due to
 - decrease in revenue contracts from customer (excluding new revenue contracts obtained during the financial year of MYR12 million which had been fully settled as of 31 December 2019) which has decreased the gross carrying amount of trade receivables by 18%, from MYR9.3 million in 2018 to MYR7.7 million in 2019 resulting in a corresponding decrease in loss allowance of MYR0.1 million;
 - receipts from trade receivables with gross carrying amount of MYR1.8 million resulted in reduction of loss allowance of MYR0.3 million.
- (ii) Increase in loss allowance in year 2020 was due to
 - increase in revenue contracts from customer (excluding new revenue contracts obtained during the financial year of MYR12 million) which has increased the gross carrying amount of trade receivables by 20%, from MYR7.7 million in 2019 to MYR9.3 million in 2020 resulting in increase in loss allowance of MYR11,000.

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14(b) Other current assets

	As at 31 December		
	2018	2019	2020
	MYR’000	MYR’000	MYR’000
Prepaid expenses	667	8	8
Prepayment to suppliers	–	72	1,011
Total	667	80	1,019

Included in prepayment to suppliers as at 31 December 2020 is an amount of MYR921,000 prepaid to a new supplier for the purchase of schedule waste containing precious metal. The Group has no prior dealing with this new supplier in 2018 and 2019.

15. Inventories

	As at 31 December		
	2018	2019	2020
	MYR’000	MYR’000	MYR’000
Raw materials	277	217	271
Finished goods	89	83	153
Trading goods	139	89	128
Machinery spare parts	135	155	147
	640	544	699

The cost of inventories recognised as an expenses and included in “cost of inventories sold” amounted to MYR 6,394,000, MYR 3,639,000 and MYR 3,596,000 for the financial years ended 31 December 2018, 2019 and 2020, respectively.

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16. Property, plant and equipment

	Buildings	Plant and machinery	Furniture and Office equipment	Motor vehicles	Total
	MYR’000	MYR’000	MYR’000	MYR’000	MYR’000
2018					
<i>Cost</i>					
Beginning of financial year	17,926	21,760	3,031	1,502	44,219
Additions	–	498	134	123	755
Disposal	–	(69)	(215)	(9)	(293)
End of financial year	17,926	22,189	2,950	1,616	44,681
<i>Accumulated depreciation</i>					
Beginning of financial year	717	11,088	1,384	1,344	14,533
Depreciation charge	359	1,612	325	82	2,378
Disposal	–	(68)	(215)	(9)	(292)
End of financial year	1,076	12,632	1,494	1,417	16,619
Net book value					
End of financial year	16,850	9,557	1,456	199	28,062

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16. Property, plant and equipment (continued)

	Buildings	Plant and machinery	Furniture and office equipment	Motor vehicles	Total
	MYR’000	MYR’000	MYR’000	MYR’000	MYR’000
2019					
<i>Cost</i>					
Beginning of financial year	17,926	22,189	2,950	1,616	44,681
Additions	2,450	854	101	1,016	4,421
Disposal	–	–	–	(68)	(68)
End of financial year	20,376	23,043	3,051	2,564	49,034
<i>Accumulated depreciation</i>					
Beginning of financial year	1,076	12,632	1,494	1,417	16,619
Depreciation charge	359	1,630	294	118	2,401
Disposal	–	–	–	(68)	(68)
End of financial year	1,435	14,262	1,788	1,467	18,952
Net book value					
End of financial year	18,941	8,781	1,263	1,097	30,082

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16. Property, plant and equipment (continued)

	Buildings	Plant and machinery	Furniture and office equipment	Motor vehicles	Total
	MYR’000	MYR’000	MYR’000	MYR’000	MYR’000
2020					
<i>Cost</i>					
Beginning of financial year	20,376	23,043	3,051	2,451	48,921
Additions	–	236	218	–	454
Disposal	–	–	–	(160)	(160)
End of financial year	20,376	23,279	3,269	2,291	49,215
<i>Accumulated depreciation</i>					
Beginning of financial year	1,435	14,262	1,788	1,354	18,839
Depreciation charge	403	1,698	359	258	2,718
Disposal	–	–	–	(160)	(160)
End of financial year	1,838	15,960	2,147	1,452	21,397
Net book value					
End of financial year	18,538	7,319	1,122	839	27,818

Bank borrowings (Note 20) are secured on buildings of the Group with carrying amounts of MYR16,850,000, MYR18,941,000 and MYR18,538,000 as at 31 December 2018, 2019 and 2020 respectively.

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16. Property, plant and equipment (continued)

Purchase of property, plant and equipment as reflected in consolidated statements of cashflow is as follows:

	Year ended 31 December		
	2018	2019	2020
	MYR’000	MYR’000	MYR’000
Cost of property, plant and equipment	755	4,421	454
Prepayment made for purchase of property, plant and equipment	541	–	370
Cash disbursed for purchase of property, plant and equipment	1,296	4,421	824

17. Right-of-use assets and leases

(a) Nature of the Group’s leasing activities

The Group has obtained the rights to use certain leasehold lands from the Malaysia government. The lease period granted to the Group is 60 years, expiring on 2067 and 2071 respectively. Leasing arrangements of the Group comprised of the followings:

- (i) Type I leases – Leases whereby the Group is required to make upfront payments on lease inception for the entire lease payments under the terms of the land use rights agreement with the Malaysia government.
- (ii) Type II leases – Leases whereby the Group is required to make monthly lease payments for the use rights of assets, which include buildings and motor vehicles.

Extension and termination options are included in the leases of buildings. The options are used to maximise operational flexibility in terms of managing the assets used in the Group’s operations. These options have been included in the measurement of the lease liability.

The Group’s land use rights (Type I leases) have been pledged to a financial institution to secure the Group’s borrowings (Note 20).

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17. Right-of-use assets and leases (continued)

(b) *Amounts recognised in the consolidated statements of financial position*

The consolidated statements of financial position show the following amounts relating to leases:

	As at 31 December		
	2018	2019	2020
	MYR’000	MYR’000	MYR’000
Right-of-use assets			
Type I leases	3,021	5,131	5,034
Type II leases	1,081	959	460
	<u>4,102</u>	<u>6,090</u>	<u>5,494</u>
Lease liabilities			
Current	363	511	308
Non-current	771	476	167
	<u>1,134</u>	<u>987</u>	<u>475</u>

Movement of right-of-use assets is as follows:

	Leasehold land	Buildings	Motor vehicles	Total
	MYR’000	MYR’000	MYR’000	MYR’000
<u>2018</u>				
At 1 January 2018	3,078	1,120	386	4,584
Depreciation charge	(57)	(240)	(185)	(482)
At 31 December 2018	<u>3,021</u>	<u>880</u>	<u>201</u>	<u>4,102</u>
Cost	3,421	1,200	924	5,545
Less: Accumulated depreciation	(400)	(320)	(723)	(1,443)
Net carrying amount	<u>3,021</u>	<u>880</u>	<u>201</u>	<u>4,102</u>

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17. Right-of-use assets and leases (continued)

(b) *Amounts recognised in the consolidated statements of financial position (continued)*

	Leasehold land	Buildings	Motor vehicles	Total
	MYR'000	MYR'000	MYR'000	MYR'000
<u>2019</u>				
At 1 January 2019	3,021	880	201	4,102
Addition	2,167	59	334	2,560
Depreciation charge	(57)	(252)	(263)	(572)
At 31 December 2019	5,131	687	272	6,090
Cost	5,588	1,259	1,258	8,105
Less: Accumulated depreciation	(457)	(572)	(986)	(2,015)
Net carrying amount	5,131	687	272	6,090
<u>2020</u>				
At 1 January 2020	5,131	687	272	6,090
Depreciation charge	(97)	(270)	(229)	(596)
At 31 December 2020	5,034	417	43	5,494
Cost	5,588	1,259	1,258	8,105
Less: Accumulated depreciation	(554)	(842)	(1,215)	(2,611)
Net carrying amount	5,034	417	43	5,494

As at 31 December 2018, 2019 and 2020, bank borrowings (Note 20) are secured on land use rights of the Group with carrying amounts of MYR3,021,000, MYR5,131,000 and MYR5,034,000, respectively.

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17. Right-of-use assets and leases (continued)

(c) *Amounts recognised in the consolidated statements of comprehensive income*

The consolidated statements of comprehensive income show the following amounts relating to leases:

	As at 31 December		
	2018	2019	2020
	MYR’000	MYR’000	MYR’000
Depreciation of right-of-use assets	482	572	596
Interest expense on lease liabilities (Note 8)	92	92	81
Expenses relating to short-term leases (included in administrative expenses) (Note 6)	708	502	192

The total cash outflow for leases for the years ended 31 December 2018, 2019 and 2020 were MYR1,262,000, MYR1,134,000 and MYR748,000, respectively.

18. Deferred income taxes

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current income tax assets against current income tax liabilities and when the deferred income taxes relate to the same taxation authority.

The amounts, determined after appropriate offsetting, are shown on the consolidated statements of financial position as follows:

	As at 31 December		
	2018	2019	2020
	MYR’000	MYR’000	MYR’000
Deferred tax liabilities	869	1,427	1,731

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18. Deferred income taxes (continued)

The movement on the deferred income tax account is as follows:

	As at 31 December		
	2018	2019	2020
	MYR’000	MYR’000	MYR’000
At beginning of the year	(41)	869	1,427
Charged/(credited) to consolidated statements of comprehensive income (Note 9)			
– property, plant and equipment	920	454	307
– lease liabilities	(1)	(1)	(1)
– loss allowance provision	(9)	105	(2)
	910	558	304
At end of the year	869	1,427	1,731
Deferred tax assets			
Lease liabilities	3	4	5
Loss allowance provision	133	28	30
	136	32	35
Offsetting	(136)	(32)	(35)
	–	–	–
Deferred tax liabilities			
Property, plant and equipment	1,005	1,459	1,766
Offsetting	(136)	(32)	(35)
	869	1,427	1,731

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19. Trade and other payables

	As at 31 December		
	2018	2019	2020
	MYR’000	MYR’000	MYR’000
Trade payables	2,241	3,279	2,320
Amount payable to shareholder of TS Heuls (Note 21(b)(ii))	–	–	4,495
Other payable – related parties	57	14	–
Accrued payroll cost	2,112	2,955	1,852
Accrued expenses	138	374	94
	4,548	6,622	8,761

Other payables due to related parties represent rental payables and services charges and utility expenses paid on behalf by the related party which are unsecured, interest-free, and repayable on demand.

20. Borrowings

	As at 31 December		
	2018	2019	2020
	MYR’000	MYR’000	MYR’000
Loans from financial institutions – third parties			
– current	1,098	3,816	3,486
– non-current	13,385	94	–
Total borrowings	14,483	3,910	3,486

- (a) The loans from financial institutions are secured by certain leasehold land classified under right-of-use assets (Note 17) and buildings (Note 16), corporate guarantee by a related party, Wentel Corporation Sdn. Bhd. (Note 23), and additionally guaranteed jointly and severally by certain Directors and shareholders of the Group. These borrowings bear floating interest rates. The weighted average interest rate of the borrowings as at 31 December 2018, 2019 and 2020 is 5.53%, 4.52% and 3.14% per annum respectively.

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20. Borrowings (continued)

(b) Reconciliation of liabilities arising from financing activities

	1 January 2018	Principal and interest payments	Proceeds from borrowings	Net repayment to related parties	Non-cash changes		31 December 2018
	MYR'000	MYR'000	MYR'000	MYR'000	Interest expense	New lease	MYR'000
Borrowings	18,582	(5,047)	–	–	948	–	14,483
Lease liabilities	1,596	(554)	–	–	92	–	1,134
Other payables to related parties	73	–	–	(16)	–	–	57

	1 January 2019	Principal and interest payments	Proceeds from borrowings	Net repayment to related parties	Non-cash changes		31 December 2019
	MYR'000	MYR'000	MYR'000	MYR'000	Interest expense	New lease	MYR'000
Borrowings	14,483	(14,622)	3,714	–	335	–	3,910
Lease liabilities	1,134	(632)	–	–	92	393	987
Other payables to related parties	57	–	–	(43)	–	–	14

	1 January 2020	Principal and interest payments	Proceeds from borrowings	Net repayment to related parties	Non-cash changes		31 December 2020
	MYR'000	MYR'000	MYR'000	MYR'000	Interest expense	Rent concession	MYR'000
Borrowings	3,910	(572)	–	–	148	–	3,486
Lease liabilities	987	(556)	–	–	81	(37)	475
Other payables to related parties	14	–	–	(14)	–	–	–

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21. Share capital and reserves

(a) Share capital

Share capital as at 31 December 2018, 2019 and 2020 represent the paid-up share capital of 5E Resources Limited, which was the holding company of the Listing Business after completion of the Restructuring Exercise as defined in Note 1.2.

On 25 March 2022, the Company effected a share split exercise which resulted in 1 share being sub-divided into 6 shares. Following the share split, the issued and paid-up share capital was S\$18,162,464 (MYR55,885,900 equivalent) comprising 108,974,784 shares.

(b) Reserves

	Capital reorganisation reserve – (i)	Other reserve – (ii)	Total
	MYR’000	MYR’000	MYR’000
Balance at 1 January 2018	(54,806)	50	(54,756)
Balance at 31 December 2018	(54,806)	50	(54,756)
Balance at 1 January 2019	(54,806)	50	(54,756)
Balance at 31 December 2019	(54,806)	50	(54,756)
Balance at 1 January 2020	(54,806)	50	(54,756)
Contribution from shareholders	1	(4,495)	(4,494)
Balance at 31 December 2020	(54,805)	(4,445)	(59,250)

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21. Share capital and reserves (continued)

(b) Reserves (continued)

(i) Capital reorganisation reserve

Capital reorganisation reserve represents the following:

- the difference between the share capital of the Company issued to acquire 5E Holdings of MYR55,885,900 (refer Note 1.2(v)) and the existing share capital of 5E Holdings, which amounted to MYR42,872,322 as at the date of acquisition, which resulted in a debit balance of approximately MYR13,013,578; and
- the difference between the share capital of 5E Holdings issued to acquire 5E Resources of MYR42,871,322 (refer Note 1.2(iii)) and the existing share capital of 5E Resources, which amounted to MYR1,080,370 as at the date of acquisition, which resulted in a debit balance of approximately MYR41,790,952.

(ii) Other reserve

The acquisition of TS Heuls by 5E Resources is regarded as business combination under common control. The Group applies predecessor accounting to account for business combinations under common control. Under predecessor accounting, assets and liabilities acquired are not restated to their respective fair values. They are recognised at the carrying amounts from the consolidated financial statements of the Group and adjusted to conform with the accounting policies adopted by the Group. The difference between any consideration given and the aggregate carrying amounts of the assets and liabilities of the acquired entity is recognised as a reserve.

A charge of MYR4,445,000 has been recognised within the other reserve and this represent the difference between the share capital of TS Huels of MYR50,000 as at 31 December 2020 and the consideration payable of MYR4,495,000 as disclosed in Note 1.2(iv) to the consolidated financial statements.

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22. Financial risk management

Financial risk factors

The Group’s activities expose it to market risk (including foreign exchange risk, interest rate risk and price risk), credit risk and liquidity risk. The Group’s overall risk management strategy seeks to minimise any adverse effects from the unpredictability of financial markets on the Group’s financial performance.

The Board of Directors is responsible for setting the objectives and underlying principles of financial risk management for the Group and has established detailed policies such as authority levels and oversight responsibilities.

(a) Market risk

(i) Foreign exchange risk

The Group mainly operates in Malaysia and most of its transactions are denominated in MYR. The Group’s exposure to foreign exchange risk is minimal.

(ii) Price risk

The Group are exposed to price risk arising from investments in money market funds held by the Group that are classified as FVTPL.

The Group’s investments in money market funds are open-ended mutual funds with published daily Net Assets Value (“NAV”). Management considers that any reasonable change in the published daily NAV will not have any material impact on the Group’s profit or loss.

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22. Financial risk management (continued)

(a) Market risk (continued)

(iii) *Cash flow and fair value interest rate risk*

Cash flow interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Fair value interest rate risk is the risk that the fair value of a financial instrument will fluctuate due to changes in market interest rates. The Group’s interest-bearing assets and liabilities are bank borrowings, cash and cash equivalents. Therefore, the Group’s interest rate risk mainly arises from bank borrowings, cash and cash equivalents.

The exposure of the Group’s borrowings to interest rate changes at the end of the reporting period are as follows:

	As at 31 December		
	2018	2019	2020
	MYR’000	MYR’000	MYR’000
Variable rate borrowings	14,483	3,910	3,486

Sensitivity

Profit or loss is sensitive to higher/lower interest expense from variable rate borrowings as a result of changes in interest rates. Impact on post tax profit with the fluctuation of interest rate is as follows:

	As at 31 December		
	2018	2019	2020
	MYR’000	MYR’000	MYR’000
Interest rates – increase/ decrease by 100 basis points	110	30	26

An analysis by maturities is provided in Note 22(c) below.

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22. Financial risk management (continued)

(b) Credit risk

Credit risk refers to the risk that counterparty will default on its contractual obligation, resulting in financial loss to the Group. The Group is exposed to credit risks in relation to its cash and cash equivalents, restricted cash and trade and other receivables. The Group’s maximum exposure to credit risk is the carrying amounts of these financial assets.

(i) *Risk management*

The Group adopts the policy of dealing only with customers of appropriate credit standing and history where appropriate to mitigate credit risk. For cash and cash equivalents the Group adopts the policy of dealing with financial institutions high credit ratings.

Credit exposure to an individual customer is restricted by the credit limit approved by the credit controller. Customers’ payment profile and credit exposure are continuously monitored by the credit controller and reported to the management and Board of Directors.

The maximum exposure to credit risk for each class of financial assets is the carrying amount of that class of financial instruments presented on the statement of financial position. The Group’s major classes of financial assets are cash and cash equivalents, short term deposits and trade and other receivables.

(ii) *Impairment of financial assets*

Cash and cash equivalents and short term deposits

The Group places their cash deposits with banks which are rated AAA and AA2 based on Risk Assessment Model (RAM) ratings and are considered to have a low credit risk. The cash and cash equivalents and short term deposits are measured on 12-months expected credit losses and subject to immaterial credit loss.

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22. Financial risk management (continued)

(b) Credit risk (continued)

(ii) *Impairment of financial assets* (continued)

Trade receivables

The Group applies the simplified approach to provide for expected credit losses prescribed by SFRS (I) – 9, which permits the use of the lifetime expected credit loss provision for all trade receivables.

To measure the expected credit losses, these receivables have been grouped based on days past due. The expected loss rates are based on the payment profiles of sales over a period of 24 months and the corresponding credit losses experienced within this period. The historical loss rates are adjusted to reflect the current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables. The Group has identified the GDP and inflationary rate in Malaysia to be the most relevant factors, and accordingly adjusts the historical loss rates based on expected changes in these factors.

The Group considers a financial assets to be in default if the counterparty fails to make contractual payments within 90 days when they fall due. Receivables are written off when there is no reasonable expectation of recovery, such as a debtor failing to engage in a repayment plan with the Group when a debtor fails to make contractual payments on debts greater than 365 days past due. Where receivables are written off, the Group continues to engage in enforcement activity to attempt to recover the receivables due. Where recoveries are made, these are recognised in profit or loss.

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22. Financial risk management (continued)

(b) Credit risk (continued)

(ii) *Impairment of financial assets (continued)*

The following table contains an analysis of the credit risk exposure of trade receivables (external) for which a loss allowance is recognised using the simplified approach. The gross carrying amount of trade receivables below also represents the Group's maximum exposure to credit risk on these assets:

	Current	1-90 days overdue	91-180 days overdue	More than 180 days overdue	Total
31 December 2018					
Expected loss rate (%)	1	4	37	100	
Gross carrying amount (RM): – external trade receivables	4,179	4,659	420	146	9,404
Less: Loss allowance	(59)	(193)	(156)	(146)	(554)
Carrying amount (net of loss allowance)	4,120	4,466	264	–	8,850
31 December 2019					
Expected loss rate (%)	1	2	12	100	
Gross carrying amount (MYR'000): – external trade receivables	4,135	3,475	80	43	7,733
Less: Loss allowance	(18)	(46)	(9)	(43)	(116)
Carrying amount (net of loss allowance)	4,117	3,429	71	–	7,617
31 December 2020					
Expected loss rate (%)	1	2	20	100	
Gross carrying amount (MYR'000): – external trade receivables	5,046	4,025	164	42	9,277
Less: Loss allowance	(17)	(35)	(33)	(42)	(127)
Carrying amount (net of loss allowance)	5,029	3,990	131	–	9,150

The expected loss rate for the 91-180 days overdue bucket was higher for 31 December 2018 due to the overdue balances in the 121-150 days and 151-180 days buckets amounting to MYR100,000 and MYR38,000 respectively which attracts a higher expected loss rate.

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22. Financial risk management (continued)

(b) Credit risk (continued)

(ii) *Impairment of financial assets (continued)*

Other receivables

The Group's other receivables amounted to MYR220,000, MYR63,000 and MYR33,000 respectively as at 31 December 2018, 2019 and 2020. Management has assessed these other receivables and determined that the other receivables are fully recoverable and no loss allowance is to be recorded.

(c) Liquidity risk

The table below analyses non-derivative financial liabilities of the Group into relevant maturity grouping based on the remaining period from the balance sheet date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying amounts as the impact of discounting is not significant.

Contractual maturities of financial liabilities	Within 1 year or on demand	Between 1 and 2 Years	Between 2 and 5 Years	Over 5 Years	Total contractual cash flows
	MYR'000	MYR'000	MYR'000	MYR'000	MYR'000
At 31 December 2018					
Non-derivatives					
Trade and other payables	4,548	–	–	–	4,548
Borrowings	1,855	1,855	5,215	10,459	19,384
Lease liabilities	436	420	500	–	1,356
Total non-derivatives	6,839	2,275	5,715	10,459	25,288
At 31 December 2019					
Non-derivatives					
Trade and other payables	6,622	–	–	–	6,622
Borrowings	3,830	95	–	–	3,925
Lease liabilities	593	363	200	–	1,156
Total non-derivatives	11,045	458	200	–	11,703
At 31 December 2020					
Non-derivatives					
Trade and other payables	8,761	–	–	–	8,761
Borrowings	3,489	–	–	–	3,489
Lease liabilities	362	200	–	–	562
Total non-derivatives	12,612	200	–	–	12,812

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22. Financial risk management (continued)

(d) Capital risk

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

Management monitors capital based on adjusted leverage ratio so to be no more than 2.5 times, failing which the Group shall increase its paid up capital. The adjusted leverage ratio is calculated as total liabilities less amounts due to directors/shareholders/related companies advances divided by tangible networth minus amounts due from directors/shareholders/related companies’ advances plus amounts due to directors/shareholders/related companies advances plus third party asset charged to the bank.

	As at 31 December		
	2018	2019	2020
	MYR’000	MYR’000	MYR’000
Total liabilities	21,270	14,801	16,774
Less: Amounts due to related companies/shareholders	(57)	(14)	(4,495)
	21,213	14,787	12,279
Tangible networth	29,446	41,535	45,087
Less: Amounts due from related companies	(137)	(29)	(18)
Add: Amount due to related Companies/shareholders	57	14	4,495
	29,366	41,520	49,564
Adjusted leverage ratio	0.7	0.4	0.2

The Group is in compliance with all externally imposed capital requirements for the financial years ended 31 December 2018, 2019 and 2020.

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22. Financial risk management (continued)

(e) Fair value measurements

Financial instruments carried at fair value or where fair value was disclosed can be categorised by levels of the inputs to valuation techniques used to measure fair value. The inputs are categorised into three levels within a fair value hierarchy as follows:

- (i) Level 1 – Quoted prices (unadjusted) in active markets for identical assets or liabilities.
- (ii) Level 2 – Valuation techniques for the lowest level input that is significant to the fair value measurement is directly or indirectly observable.
- (iii) Level 3 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

There were no changes in valuation techniques during the years ended 31 December 2018, 2019 and 2020.

The following table represent the Group’s financial assets that are measured at fair value into three difference level as per below:

	Level 1	Level 2	Level 3	Total
	MYR’000	MYR’000	MYR’000	MYR’000
31.12.2018				
Financial assets at FVTPL	1,018	–	–	1,018
31.12.2019				
Financial assets at FVTPL	3,085	–	–	3,085

There are no financial assets at FVTPL as at 31 December 2020.

There was no transfer of financial assets between Level 1, Level 2 and level 3 during the year ended 31 December 2018 and 2019.

The fair values of the financial assets and financial liabilities of the Group and of the Company which are maturing within the next 12 months approximated their carrying amounts due to the relatively short-term maturity of the financial instruments or repayable on demand terms. The fair values of term loans approximate their carrying amounts as they are repriced to market interest rates on or near the reporting date.

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22. Financial risk management (continued)

(f) Financial instruments by category

The aggregate carrying amounts of financial assets at amortised cost and financial liabilities at amortised cost are as follows:

	As at 31 December		
	2018	2019	2020
	MYR’000	MYR’000	MYR’000
Financial assets, at fair value through profit or loss	1,018	3,085	–
Financial assets, at amortised cost	15,686	16,454	26,461
Financial liabilities, at amortised cost	20,165	11,519	12,722

23. Related party transactions

In addition to the information disclosed elsewhere in the consolidated financial statements, the following transactions took place between the Group and related parties at terms agreed between the parties:

(a) Related party transactions

The ultimate controlling shareholders of the Group are Mr KF Wong, Ms Loo and Mr. Ban, while the immediate holding company of the Group is 5E Resources Limited. Related parties are entities controlled by one of the ultimate controlling shareholders of the Group.

	Years ended 31 December		
	2018	2019	2020
	MYR’000	MYR’000	MYR’000
<i>With entities controlled by two of the ultimate controlling shareholders of the Group</i>			
Provision of scheduled waste management services	198	100	106
Sales of goods	40	18	4
Purchase of property, plant and equipment	–	(4,400)	–
Purchase of consumables	(128)	(88)	–
Lease of right-of-use assets	(301)	(300)	(279)
Short term leases	(247)	(172)	–
Deposit paid for purchase of factory	–	–	(370)
Payment on behalf for the service charges and utility expenses	(287)	(243)	(115)

**APPENDIX A – INDEPENDENT AUDITORS' REPORT AND AUDITED
CONSOLIDATED FINANCIAL STATEMENTS OF 5E RESOURCES LIMITED
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31 DECEMBER 2018, 31 DECEMBER 2019 AND 31 DECEMBER 2020**

5E RESOURCES LIMITED AND ITS SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the financial years ended 31 December 2018, 2019 and 2020

23. Related party transactions (continued)

(a) Related party transactions (continued)

	Years ended 31 December		
	2018	2019	2020
	MYR'000	MYR'000	MYR'000
<i>Financial guarantee granted for Group's borrowings</i>			
By an entity controlled by two of the ultimate controlling shareholders of the Group and jointly and severally by certain directors of the Group	14,483	419	163
Jointly and severally by certain directors of the Group	–	3,491	3,323

(b) Balances with related parties

	As at 31 December		
	2018	2019	2020
	MYR'000	MYR'000	MYR'000
<i>With entities controlled by two of the ultimate controlling shareholders of the Group</i>			
Trade receivable	137	29	18
Non trade payables	(57)	(14)	–
	80	15	18

(c) Key management personnel compensation

Key management personnel compensation is as follows:

	Years ended 31 December		
	2018	2019	2020
	MYR'000	MYR'000	MYR'000
Salaries, bonus and other benefits	2,466	4,326	1,657
Defined contribution plan	294	538	316
	2,760	4,864	1,973

**APPENDIX A – INDEPENDENT AUDITORS’ REPORT AND AUDITED
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5E RESOURCES LIMITED AND ITS SUBSIDIARIES

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For the financial years ended 31 December 2018, 2019 and 2020

24. Capital commitments

Significant capital expenditure contracted for at the end of the reporting period but not recognised as liabilities is as follows:

	Years ended 31 December		
	2018	2019	2020
	MYR’000	MYR’000	MYR’000
Property, plant and equipment	4,400	–	3,330

25. Outbreak of Coronavirus Disease (“COVID-19”)

The COVID-19 pandemic has affected almost all countries of the world, and resulted in border closures, production stoppages, workplace closures, movement controls and other measures imposed by the various governments. The Group’s operations are mainly in Malaysia, which have been affected by the spread of COVID-19 in 2020 and 2021.

Set out below is the impact of COVID-19 on the Group’s financial performance reflected in this set of financial statements for the year ended 31 December 2020 and 2021:

- i. The Group has assessed that the going concern basis of preparation for this set of financial statements remains appropriate.
- ii. In 2020, the Group has obtained approval to continue to operate during the movement control restrictions, hence the Group’s financial performance has not been significantly affected.
- iii. The Group has considered the market conditions (including the impact of COVID-19) as at the balance sheet date, in making estimates and judgements on the recoverability of assets. The significant estimates and judgement applied on impairment of trade receivables.

As the global COVID-19 situation remains very fluid as at the date of these financial statements, the Group cannot reasonably ascertain the full extent of the probable impact of the COVID-19 disruptions on its operating and financial performance for the financial year ending 31 December 2021.

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5E RESOURCES LIMITED AND ITS SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the financial years ended 31 December 2018, 2019 and 2020

26. Events occurring after the reporting period

(a) Acquisition of land and building

On 9 November 2021, the Group obtained consent from the state government to acquire the land and building from its related party, Grandhill Property Sdn. Bhd.. As of 31 December 2020, a deposit of MYR370,000 has been paid while the remaining purchase consideration of MYR3.3 million has been fully settled on 8 December 2021.

(b) Acquisition of 5E Holdings by 5E Resources Limited

On 28 December 2021, the Company entered into a share sale agreement with 5E International Holdings Limited (“vendor”) to acquire the entire issued share capital in 5E Holdings held by the vendor at an aggregate nominal consideration of MYR55,885,900. Refer details as disclosed in Note 1.2(v) to the consolidated financial statements.

(c) Share split

On 25 March 2022, the Company effected a share split exercise which resulted in 1 share being sub-divided into 6 shares. Following the share split, the issued and paid-up share capital was S\$18,162,464 (MYR55,885,900 equivalent) comprising 108,974,784 shares.

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**APPENDIX B – INDEPENDENT AUDITORS’ REPORT AND AUDITED
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**CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE FINANCIAL
PERIOD ENDED 30 SEPTEMBER 2021**

5E RESOURCES LIMITED

(Incorporated and domiciled in Singapore with limited liability No. 202136285K)

AND ITS SUBSIDIARIES

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**INDEPENDENT AUDITOR’S REPORT ON THE AUDITED CONSOLIDATED INTERIM
FINANCIAL STATEMENTS FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2021**

5E Resources Limited
1 Robinson Road
#17-00
AIA Tower
Singapore 048542

Attention: The Board of Directors

Opinion

We have audited the accompanying Consolidated interim financial statements of 5E Resources Limited. (the “Company”) and its subsidiaries (the “Group”) set out on pages B5 to B61, which comprise the Consolidated statement of financial position as at 30 September 2021, and the Consolidated statement of comprehensive income, the Consolidated statement of changes in equity and the Consolidated statement of cash flows for the nine-months period then ended, and the notes to the Consolidated interim financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying Consolidated interim financial statements of the Group are properly drawn up in accordance with Singapore Financial Reporting Standard (International) 1-34 “Interim Financial Reporting” so as to give a true and fair view of the consolidated financial position of the Group as at 30 September 2021, and of the consolidated financial performance, consolidated changes in equity and consolidated cash flows of the Group for the nine-months period ended 30 September 2021.

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 Consolidated interim financial statements* section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Group in accordance with the Accounting and Corporate Regulatory Authority) *Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities* (“ACRA Code”) together with the ethical requirements that are relevant to our audit of the financial statements in Singapore, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ACRA Code.

Responsibilities of Management and Directors for the Consolidated Interim Financial Statements

Management is responsible for the preparation of Consolidated interim financial statements that give a true and fair view in accordance with Singapore Financial Reporting Standard (International) 1-34 “Interim Financial Reporting”, and for such internal control as management

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**INDEPENDENT AUDITOR’S REPORT ON THE AUDITED CONSOLIDATED INTERIM
FINANCIAL STATEMENTS FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2021**

**Responsibilities of Management and Directors for the Consolidated Interim Financial
Statements (continued)**

determines is necessary to enable the preparation of consolidated interim financial statements that are free from material misstatement, whether due to fraud or error.

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

The directors’ responsibilities include overseeing the Group’s financial reporting process.

Auditor’s Responsibilities for the Audit of the Consolidated Interim Financial Statements

Our objectives are to obtain reasonable assurance about whether the Consolidated interim 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 Consolidated interim 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 Consolidated interim 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 Consolidated interim financial statements or, if such disclosures are inadequate, to modify

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**INDEPENDENT AUDITOR’S REPORT ON THE AUDITED CONSOLIDATED INTERIM
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**Auditor’s Responsibilities for the Audit of the Consolidated Interim Financial Statements
(continued)**

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 Consolidated interim financial statements, including the disclosures, and whether the Consolidated interim financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the Consolidated interim financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

Restriction on distribution and use

This report is made solely to you as a body for the inclusion in the Offer Document of the Company to be issued in relation to the proposed offering of the shares of the Company in connection with the Company’s listing on Catalist Board of the Singapore Exchange Securities Trading Limited.

PricewaterhouseCoopers LLP
Public Accountants and Chartered Accountants
Singapore

Partner-in-charge: Rebekah Khan
29 April 2022

**APPENDIX B – INDEPENDENT AUDITORS’ REPORT AND AUDITED
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5E RESOURCES LIMITED AND ITS SUBSIDIARIES

CONSOLIDATED INTERIM STATEMENT OF COMPREHENSIVE INCOME

For the financial period ended 30 September 2021

	Note	Nine months ended 30 September 2021 MYR'000 (audited)	Nine months ended 30 September 2020 MYR'000 (unaudited)
Revenue from contracts with customers	4	37,414	29,771
Cost of sales	6	(20,237)	(15,779)
Gross profit		17,177	13,992
Other income			
– Interest income		66	123
– Others		–	34
Other gains	5	23	56
Administrative expenses	6	(7,335)	(2,871)
Selling and distribution expenses	6	(2,530)	(3,193)
Finance expenses	8	(134)	(130)
Net impairment loss on trade receivables	13(a)	(211)	–
Profit before income tax		7,056	8,011
Income tax expense	9	(2,826)	(1,923)
Net profit and total comprehensive Income for the financial period		4,230	6,088
Net profit and total comprehensive come for the financial period attributable to:			
– Owners of the Company		4,230	6,088
Earnings per share for profit attributable to equity holders of the Company (expressed in MYR per share)			
– Basic and diluted earnings per share	10	0.04	0.06

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

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5E RESOURCES LIMITED AND ITS SUBSIDIARIES

CONSOLIDATED INTERIM STATEMENT OF FINANCIAL POSITION

As at 30 September 2021

	Note	30 September 2021	31 December 2020
		MYR'000 (audited)	MYR'000 (audited)
ASSETS			
Current assets			
Cash and cash equivalents	11	16,348	16,845
Short term deposits	12	82	80
Trade and other receivables	13(a)	9,695	9,536
Other current assets	13(b)	772	1,019
Inventories	14	597	699
Total current assets		27,494	28,179
Non-current assets			
Property, plant and equipment	15	27,392	27,818
Right-of-use assets	16	5,557	5,494
Prepayment for purchase of property, plant and equipment		1,094	370
Total non-current assets		34,043	33,682
Total assets		61,537	61,861
LIABILITIES			
Current liabilities			
Trade and other payables	18	3,592	8,761
Contract liabilities		834	1,102
Current income tax liabilities		2,024	1,219
Borrowings	19	3,058	3,486
Lease liabilities	16	418	308
Total current liabilities		9,926	14,876
Non-current liabilities			
Lease liabilities	16	186	167
Deferred tax liabilities	17	2,108	1,731
Total non-current liabilities		2,294	1,898
Total liabilities		12,220	16,774
NET ASSETS		49,317	45,087
EQUITY			
Capital and reserves attributable to owners of the Company			
Share capital	20(a)	55,886	55,886
Reserves	20(b)	(59,250)	(59,250)
Retained earnings		52,681	48,451
Total equity		49,317	45,087

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

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5E RESOURCES LIMITED AND ITS SUBSIDIARIES

CONSOLIDATED INTERIM STATEMENT OF CHANGES IN EQUITY

For the financial period ended 30 September 2021

	Attributable to owners of the Group			
	Share capital	Reserves	Retained profits	Total equity
	MYR’000 Note 20(a)	MYR’000 Note 20(b)	MYR’000	MYR’000
Balance as at 1 January 2021	55,886	(59,250)	48,451	45,087
Net profit and total comprehensive income for the financial period	–	–	4,230	4,230
Balance as at 30 September 2021 (audited)	55,886	(59,250)	52,681	49,317
Balance as at 1 January 2020	55,886	(54,756)	40,405	41,535
Net profit and total comprehensive income for the financial period	–	–	6,088	6,088
Balance as at 30 September 2020 (unaudited)	55,886	(54,756)	46,493	47,623

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

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5E RESOURCES LIMITED AND ITS SUBSIDIARIES

CONSOLIDATED INTERIM STATEMENT OF CASH FLOWS

For the financial period ended 30 September 2021

		Nine months ended 30 September	Nine months ended 30 September
	Note	2021	2020
		MYR'000 (audited)	MYR'000 (unaudited)
Cash flows from operating activities			
Profit before income tax		7,056	8,011
Adjustments for:			
– Depreciation of property, plant and equipment		1,647	2,033
– Depreciation of right-of-use assets		436	402
– Gains on disposal of property, plant and equipment		–	(45)
– Gain on rent concession		–	(34)
– Interest income		(66)	(123)
– Finance expenses		134	130
		9,207	10,374
Changes in working capital:			
– Inventories		102	(315)
– Trade and other receivables		69	708
– Trade and other payables		(948)	(2,811)
Cash generated from operations		8,430	7,956
Income tax paid	9	(1,644)	(993)
Net cash generated from operating activities		6,786	6,963
Cash flows from investing activities			
Payments to the shareholders of TS Heuls	18	(4,495)	–
Purchase of property, plant and equipment	15	(1,945)	(360)
Proceeds from disposal of property, plant and equipment		–	45
Repayment from/(advance to) related parties		18	(12)
Purchase of financial assets held at FVTPL		–	(530)
Withdrawal of short term deposits		–	519
Interest received		63	56
Net cash used in investing activities		(6,359)	(282)
Cash flows from financing activities			
Repayments of borrowings	19(b)	(428)	(320)
Advances from/(repayment to) related parties	19(b)	8	(14)
Principal payments of lease liability	19(b)	(370)	(349)
Interest payments on lease liability	19(b)	(60)	(62)
Interest payments on borrowings	19(b)	(74)	(68)
Net cash used in financing activities		(924)	(813)
Net change in cash and cash equivalents		(497)	5,868
Cash and cash equivalents			
Beginning of financial period		16,845	6,757
End of financial period	11	16,348	12,625

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

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5E RESOURCES LIMITED AND ITS SUBSIDIARIES

NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the financial period ended 30 September 2021

1. General information, the restructuring exercise and basis of presentation

1.1 General information

5E Resources Pte. Ltd. (the “Company”) was incorporated and domiciled in Singapore on 18 October 2021 as a private company limited by shares. The address of the Company’s registered office is 1 Robinson Road, #17-00, AIA Tower, Singapore 048542. On 25 March 2022, the Company was subsequently converted to a public limited company and the Company’s name was changed to 5E Resources Limited.

The Company is an investment holding company. The Company, together with its subsidiaries (as listed in Note 1.2.1) now comprising the Group (together, the “Group”), are principally engaged in the provision of scheduled waste management services, sale of recovered and recycled products and trading of chemical.

The ultimate controlling shareholders of the Group before and after completion of the Restructuring Exercise (the “Restructuring”), as described in Note 1.2, are Mr. Wong Kim Fatt (“Mr. KF Wong”), Ms. Loo Sook Ching (“Ms. Loo”) and Mr Ban Kim Wah (“Mr. Ban”).

Prior to the incorporation of the Company and the completion of the Restructuring, the Group’s operating activities (the “Listing Business”) were carried out by 5E Resources Sdn. Bhd. (“5E Resources”) and its subsidiary (collectively referred to as the “Operating Companies”) during the 9 months period ended 30 September 2021 and financial years ended 31 December 2018, 2019 and 2020 (collectively referred to as the “Period Under Review”). 5E Resources is controlled by Ms. Loo, Mr. KF Wong and Mr. Ban, through their controlling stake in 5E Resources Sdn. Bhd., prior to and during the Period Under Review.

Immediately after the completion of the Restructuring on 22 March 2022, the Company became the holding company of the Group and the Listing Business.

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NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the financial period ended 30 September 2021

1. General information, the restructuring exercise and basis of presentation (continued)

1.2 Restructuring Exercise

In preparation for the listing of the Company’s shares on the Catalist of the Singapore Exchange Securities Trading Limited, the Group underwent the Restructuring as described below, which resulted in the Company becoming the holding company of the Group.

(i) Incorporation of the Company

The Company was incorporated in Singapore on 18 October 2021 under the Companies Act as a private company limited by shares. On 25 March 2022, the Company changed its name to “5E Resources Limited” in connection with its conversion into a public company limited by shares.

The issued and paid-up share capital as at the date of incorporation was S\$1 comprising 1 ordinary share which was held by Ms Loo.

(ii) Incorporation of 5E Holdings Sdn. Bhd.

On 23 November 2020, 5E Holdings Sdn. Bhd. (“5E Holdings”) was incorporated in Malaysia with limited liability. Each of Ms. Loo, Mr. KF Wong, Mr. Ban, Mr. Lim Te Hua (“Mr. Lim”) and Mr. Shankar Narasingam (“Mr. Shankar”) subscribed for an aggregate of 1,000 shares, representing the entire issued share capital in 5E Holdings. After the subscriptions, 5E Holdings was owned by Ms. Loo, Mr. KF Wong, Mr. Ban, Mr. Lim and Mr. Shankar as to 36.10%, 27.77%, 15.51%, 14.58% and 6.04% respectively.

(iii) Transfer of shares in 5E Resources Sdn. Bhd. (“5E Resources”) to 5E Holdings

On 9 December 2020, a share sale agreement was entered into between 5E Holdings as the purchaser and Ms. Loo, Mr. KF Wong, Mr. Ban, Mr. Lim and Mr. Shankar as the vendors pursuant to which the 5E Holdings acquired the entire issued share capital in 5E Resources held by the vendors at deemed cost of MYR42,871,322.09, which was determined with reference to the net asset value of 5E Resources as at 31 October 2020 and was settled by the allotment and issue of an aggregate of 1,000 shares in 5E Holdings to the vendors, being 361 shares, 277 shares, 155 shares, 146 shares and 61 shares to Ms. Loo, Mr. KF Wong, Mr. Ban, Mr. Lim and Mr. Shankar, respectively. Upon completion of the transfers on 30 December 2020, 5E Resources is wholly-owned by 5E Holdings.

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NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the financial period ended 30 September 2021

1. General information, the restructuring exercise and basis of presentation (continued)

1.2 Restructuring Exercise (continued)

- (iv) Acquisition of TS Heuls Chemical & Engineering Sdn. Bhd. (“TS Heuls”) by 5E Resources

On 18 December 2020, a share sale agreement (as supplemented by a letter of variation dated 3 March 2021) was entered into between 5E Resources as the purchaser and Mr. KF Wong and Mr. Ban as the vendors pursuant to which 5E Resources acquired the entire equity interest in TS Heuls at a cash consideration of MYR4,495,000. The consideration was determined with reference to the net asset value of TS Heuls as at 31 October 2020. Upon completion of the acquisition on 30 December 2020, TS Heuls is wholly-owned by 5E Resources.

- (v) Transfer of shares in 5E Holdings to 5E Resources Pte. Ltd.

5E Holdings is a wholly-owned subsidiary of 5E International Holdings Limited (“5E International”). 5E International” was incorporated in the British Virgin Islands (the “BVI”) with limited liability on 1 December 2020. On 14 December 2020, a sale and purchase agreement was entered into between 5E International as the purchaser and Ms. Loo, Mr. KF Wong, Mr. Ban, Mr. Lim and Mr. Shankar as the vendors pursuant to which the 5E International acquired the entire issued share capital in 5E Holdings held by the vendors at an aggregate nominal consideration of RM5.00. Upon completion of the transfers, 5E Holdings is wholly-owned by 5E International.

On 28 December 2021, a share sale agreement was entered into between the Company as the purchaser and 5E International as the vendor, pursuant to which the Company acquired the entire issued share capital in 5E Holdings held by the vendor at an aggregate nominal consideration of MYR55,885,900 which was settled by way of the allotment and issuance of 18,162,463 new shares to the vendor. Upon completion of the acquisition on 25 March 2022, 5E Holdings became a directly wholly-owned subsidiary of the Group.

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5E RESOURCES LIMITED AND ITS SUBSIDIARIES

NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the financial period ended 30 September 2021

1. General information, the restructuring exercise and basis of presentation (continued)

1.2 Restructuring Exercise (continued)

1.2.1 Subsidiaries

The subsidiaries held by the Company upon completion of the Restructuring are as follows:

Name of subsidiaries	Country and date of incorporation	Principal activities	Effective interest held by Parent Company		
			As at 31 December	As at 30 September	
			2020	2021	
			%	%	
Directly held					
5E Holdings Sdn. Bhd.	Malaysia 23 November 2020	Investment holding	0	0	(1)
Indirectly held					
5E Resources Sdn. Bhd.	Malaysia 26 July 2006	Waste disposal management and the recycling of chemical products	100	100	
TS Heuls Chemicals & Engineering Sdn. Bhd.	Malaysia 10 July 1997	Trading of chemicals and maintaining water treatment plant	100	100	

Notes:

- (1) The statutory financial statements of this subsidiary have not been issued up to this report date as it was newly incorporated in 2020.
- (2) All companies now comprising the Group have adopted 31 December as their financial year end.
- (3) The consolidated financial statements of the Company for all financial years presented reflect the carrying amounts of assets and liabilities, results and cash flows of the Operating Companies prior to the Internal Reorganisation as disclosed in Note 1.3 below.

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5E RESOURCES LIMITED AND ITS SUBSIDIARIES

NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the financial period ended 30 September 2021

1. General information, the restructuring exercise and basis of presentation (continued)

1.3 Basis of presentation

Immediately prior to the completion of the Restructuring, the Listing Business was conducted through the Operating Companies. Pursuant to the Restructuring, the Listing Business is transferred to and held by the Company. The Company has not been involved in any other business prior to the Restructuring and does not meet the definition of a business. The Restructuring is merely a reorganisation of the Listing Business with no change in management of such business.

Accordingly, the consolidated interim financial statements have been prepared and presented as a continuation of the Listing Business conducted through the Operating Companies, with the assets and liabilities of the Group recognised and measured at the carrying amounts of the Listing Business for all periods presented from the Listing Business perspective.

The consolidated interim financial statements of the Listing Business for the Period Under Review were included in the following manner:

- Transactions and balances specifically identified as relating to the Listing Business were consolidated in the consolidated interim financial statements; and
- Intercompany transactions, balances and unrealised profits or losses on transactions between companies now comprising the Group are eliminated on consolidation.

2. Summary of significant accounting policies

The principal accounting policies applied in the preparation of the Consolidated Interim Financial Statements are set out below. These policies have been consistently applied throughout the Period Under Review, unless otherwise stated.

2.1 Basis of preparation

These Consolidated Interim Financial Statements have been prepared in accordance with the Singapore Financial Reporting Standards (International) 1-34 “Interim Financial Reporting.”

The preparation of Consolidated Interim Financial Statements in conformity with SFRS(I)s requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group’s accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the Consolidated Interim Financial Statements are disclosed in Note 3.

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2. Summary of significant accounting policies (continued)

2.1 Basis of preparation (continued)

The accounting policies adopted are consistent with those of the previous financial years and corresponding interim reporting period, except for the estimation of income tax (see note 9(b)) and the adoption of new and amended standards as set out below.

The Group has applied the following amendments for the first time for the financial period beginning on 1 January 2021:

- Amendments to SFRS(I) 9, SFRS (I)7 and SFRS(I) 16 ‘Interest Rate Benchmark Reform – Phase 2’

The adoption of the above amendments does not have any material impact on the current period or any prior period and is not likely to have a material effect for future periods.

The Group has elected to early adopt Amendments to SFRS(I) 16” ‘COVID-19-Related Rent Concessions’ using full retrospective approach with which the relevant accounting policies have been consistently applied to the Group’s consolidated financial statements throughout the Period Under Review, except for any new standards or interpretation that are not yet effective for the reporting period beginning 1 January 2021.

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2. Summary of significant accounting policies (continued)

2.1 Basis of preparation (continued)

The Group accounts for COVID-19-related rent concession as a variable lease payment in the period(s) in which the event or condition that triggers the reduced payment occurs. The adoption of Amendments to SFRS(I)16 has not impacted the financial statements for the 9 months period ended 30 September 2021.

2.2 Changes in accounting policies

The following new standards, amendments and interpretations to existing SFRS(I)s have been published and are not mandatory for the reporting period beginning 1 January 2021 and have not been early adopted by the Group.

Description	Effective for annual period beginning on or after
Amendments to	1 January 2022
– SFRS(I) 3: Business Combination (Reference to the Conceptual framework)	
– SFRS(I) 1-16: Property, plant and equipment (Proceeds before intended use)	
– SFRS(I) 1-37: Provisions, Contingent Liabilities and Contingent Assets (Onerous Contracts – Cost of Fulfilling a Contract)	
Annual improvements to SFRS(I)s 2018 – 2020	

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2. Summary of significant accounting policies (continued)

2.2 Changes in accounting policies (continued)

Description	Effective for annual period beginning on or after
Amendments to SFRS(I) 1-1: Presentation of Financial Statements (Classification of Liabilities as Current and non-current liabilities)	1 January 2023
Amendments to SFRS(I) 10: Consolidated Financial Statements and SFRS(I) 1-28: Investments in Associates and Joint Venture (Sale or Contribution of Assets between an Investor and its Associate or Joint Venture)	To be determined

The new or amended accounting Standards and Interpretations listed above are not mandatory for 30 September 2021 reporting periods and have not been early adopted by the Group. These are not expected to have a material impact on the Group in the current or future reporting periods and on foreseeable future transactions.

2.3 Revenue recognition

Revenue is recognised when or as the control of the goods or service is transferred to the customer. Depending on the terms of the contract and laws that apply to the contract, control of the goods and services may be transferred over time or at a point in time.

(a) Scheduled waste management services

Revenue from scheduled waste management services are recognised net of discount over time as performance obligations of services promised in the contract is satisfied.

The scheduled waste management services are fixed-price contracts. Revenue is recognised based on the actual service provided to the end of the financial year as a proportion of the total services to be provided. This is determined based on the actual labour hours spent relative to the total expected labour hours.

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2. Summary of significant accounting policies (continued)

2.3 Revenue recognition (continued)

(b) Sales of recovered and recycled products and chemical trading

Revenue from sales of recovered and recycled products and chemical trading are recognised net of discount at the point in time when control of the goods has transferred to customer. Depending on the terms of the contract with the customer, control transfers either upon delivery of the goods to locations specified by the customer or acceptance of the goods by the customer.

(c) Interest income

Interest income from financial assets at amortised cost is recognised using the effective interest method and included as part of “other income” in the Consolidated statement of comprehensive income.

2.4 Employee compensation

Employee benefits are recognised as an expense, unless the cost qualifies to be capitalised as an asset.

(a) Defined contribution plans

A defined contribution plan is a pension plan under which the Group and Company pays fixed contributions into a separate entity (a fund) and will have no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees benefits relating to employee service in the current and prior periods.

The Group’s and Company’s contributions to defined contribution plans are charged to profit or loss in the period to which they relate. Once the contributions have been paid, the Group and Company has no further payment obligations.

(b) Employee leave entitlement

Employee entitlements to annual leave are recognised when they accrue to employees. A provision is made for the estimated liability for annual leave as a result of services rendered by employees up to the date of Consolidated statement of financial position. Employee entitlements to sick leave and maternity or paternity leaves are not recognised until the time of leave.

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2. Summary of significant accounting policies (continued)

2.5 Leases

Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The Groups’ lease agreements do not impose any covenants.

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

Leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Group.

- **Right-of-use assets**

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

These right-of-use assets are subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term.

- **Lease liabilities**

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

Lease payments include the following:

- Fixed payment (including in-substance fixed payments), less any lease incentives receivables;
- Variable lease payment that are based on an index or rate, initially measured using the index or rate as at the commencement date;
- Amount expected to be payable under residual value guarantees.

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2. Summary of significant accounting policies (continued)

2.5 Leases (continued)

- Lease liabilities (continued)
 - The exercise price of a purchase option if it is reasonably certain to exercise the option; and
 - Payment of penalties for terminating the lease, if the lease term reflects the Group exercising that option.

Lease liability is measured at amortised cost using the effective interest method. Lease liability shall be remeasured when:

- There is a change in future lease payments arising from changes in an index or rate;
- There is a change in the Group’s assessment of whether it will exercise an extension option; or
- There is modification in the scope or the consideration of the lease that was not part of the original term.

Lease liability is remeasured with a corresponding adjustment to the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

- Short term and low value leases

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

Lease income from operating leases where the Group is a lessor is recognised in income on a straight-line basis over the lease term. The respective leased assets are included in the consolidated statement of financial position based on their nature.

2.6 Borrowing costs

Borrowing costs are recognised in profit or loss using the effective interest method.

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2. Summary of significant accounting policies (continued)

2.7 Income taxes

Current income tax for current and prior periods is recognised at the amount expected to be paid to or recovered from the tax authorities, using the tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation and considers whether it is probable that a tax authority will accept an uncertain tax treatment. The Group measures its tax balances either based on the most likely amount or the expected value, depending on which method provides a better prediction of the resolution of the uncertainty.

Deferred income tax is recognised for all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the Consolidated interim financial statements.

A deferred income tax liability is recognised on temporary differences arising on investments in subsidiaries, except where the Group is able to control the timing of the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

A deferred income tax asset is recognised to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences and tax losses can be utilised.

Deferred income tax is measured:

- (i) at the tax rates that are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date; and
- (ii) based on the tax consequence that will follow from the manner in which the Group expects, at the balance sheet date, to recover or settle the carrying amounts of its assets and liabilities.

Current and deferred income taxes are recognised as income or expense in profit or loss, except to the extent that the tax arises from a business combination or a transaction which is recognised directly in equity. Deferred tax arising from a business combination is adjusted against goodwill on acquisition.

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2. Summary of significant accounting policies (continued)

2.8 Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined on the weighted average bases.

Net realisable value represents the estimated selling price less the estimated costs to completion and the estimated costs necessary to make the sale.

2.9 Property, plant and equipment

Property, plant and equipment are stated at historical cost less accumulated depreciation and accumulated impairment. Historical cost includes expenditure that is directly attributable to the bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Cost also includes borrowing costs (refer to Note 2.6).

Subsequent costs are included in the assets’ carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the asset will flow to the Group and the cost of the asset can be measured reliably. The carrying amount of the replaced part is derecognised. All other repair and maintenance are expensed in the Consolidated statements of comprehensive income during the reporting period in which they are incurred.

Depreciation of all items of property, plant and equipment is calculated using the straight-line method to allocate their costs, net of their residual values, over their estimated useful lives, as follows:

	Estimated useful life
Buildings	40 – 50 years
Plant and machinery	3 – 10 years
Furniture and office equipment	2.5 – 10 years
Motor vehicles	5 years

The assets’ residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each financial year end.

An asset’s carrying amount is written down immediately to its recoverable amount if the asset’s carrying amount is greater than its estimated recoverable amount (Note 2.10).

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2. Summary of significant accounting policies (continued)

2.9 Property, plant and equipment (continued)

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised within “other gains/(losses) – net” in the consolidated statement of comprehensive income.

2.10 Impairment of non-financial assets

Property, plant and equipment and right-of-use assets are tested for impairment whenever there is any objective evidence or indication that these assets may be impaired.

For the purpose of impairment testing, the recoverable amount (i.e. the higher of the fair value less cost to sell and the value-in-use) is determined on an individual asset basis unless the asset does not generate cash flows that are largely independent of those from other assets. If this is the case, the recoverable amount is determined for the cash-generating unit (CGU) to which the asset belongs.

If the recoverable amount of the asset or CGU is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount.

2.11 Financial assets

(a) Classification and measurement

The Group classifies its financial assets in the following measurement categories:

- those to be measured subsequently at fair value through profit or loss, and
- those to be measured at amortised cost.

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

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest (“SPPI”).

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2. Summary of significant accounting policies (continued)

2.11 Financial assets (continued)

(a) Classification and measurement (continued)

Debt instruments

Subsequent measurement of debt instruments depends on the Group’s business model for managing the asset and the cash flow characteristics of the asset. The Group reclassifies debt investments when and only when its business model for managing those assets changes.

The Group classifies its debt instruments at amortised cost and fair value through profit or loss.

Amortised cost

Assets that are held for collection of contractual cash flows where those cash flows represent SPPI are measured at amortised cost. Interest income from these financial assets is included in other income using the effective interest rate method. Any gain or loss arising on derecognition is recognised directly in profit or loss. Impairment losses are presented as separate line item in the statement of comprehensive income.

Fair value through profit or loss

Assets that do not meet the criteria for amortised cost or FVOCI are measured at FVTPL. The Group may also irrevocably designate financial assets at FVTPL if doing so significantly reduces or eliminates a mismatch created by assets and liabilities being measured on different bases. Fair value changes is recognised in profit or loss and presented net within other gains/(losses) in the period which it arises.

(b) Impairment

The Group assesses on forward looking basis the expected credit losses associated with its debt instruments carried at amortised cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

For trade receivables, the Group applies the simplified approach permitted by the SFRS(I) 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables.

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2. Summary of significant accounting policies (continued)

2.11 Financial assets (continued)

(b) Impairment (continued)

While cash and cash equivalents and other receivables are also subject to the impairment requirements of MFRS 9, the identified impairment loss was immaterial.

(c) Recognition and derecognition

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

Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership.

On disposal of a debt instrument, the difference between the carrying amount and the sale proceeds is recognised in profit or loss.

2.12 Cash and cash equivalents

For the purpose of presentation in the Consolidated statement of cash flows, cash and cash equivalents include cash on hand, deposits with financial institutions which are subject to an insignificant risk of change in value. For cash subjected to restriction, assessment is made on the economic substance of the restriction and whether they meet the definition of cash and cash equivalents.

2.13 Trade and other payables

Trade and other payables represent liabilities for goods and services provided to the Group prior to the end of financial year which are unpaid. They are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business, if longer). Otherwise, they are presented as non-current liabilities.

Trade and other payables are initially recognised at fair value, and subsequently carried at amortised cost using the effective interest method.

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2. Summary of significant accounting policies (continued)

2.14 Borrowings

Borrowings are presented as current liabilities unless the Group has an unconditional right to defer settlement for at least 12 months after the balance sheet date, in which case they are presented as non-current liabilities.

Borrowings are initially recognised at their fair values (net of transaction costs) and subsequently carried at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption value is recognised in profit or loss over the period of the borrowings using the effective interest method.

2.15 Share capital

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

2.16 Foreign currency translation

(a) Functional and presentation currency

Items included in the Consolidated interim financial statements of each entity in the Group are measured using the currency of the primary economic environment in which the entity operates (“functional currency”). The functional currency of the Company is Malaysian Ringgit (“MYR”). The Consolidated financial information is presented in Malaysian Ringgit (“MYR”).

(b) Transactions and balances

Transactions in a currency other than the functional currency (“foreign currency”) are translated into the functional currency using the exchange rates at the dates of the transactions. Currency exchange differences resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at the closing rates at the balance sheet date are recognised in profit or loss.

Foreign exchange gains and losses that relate to borrowings are presented in the Consolidated statement of comprehensive income within “finance expenses – net”. All other foreign exchange gains and losses are presented in the Consolidated statement of comprehensive income within “Other gains/(losses) – net”.

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2. Summary of significant accounting policies (continued)

2.16 Foreign currency translation (continued)

(c) Group companies

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

- assets and liabilities for each consolidated statement of financial position presented are translated at the closing rate at the date of that consolidated statement of financial position;
- income and expenses for each consolidated statement of comprehensive income are translated at average exchange rates (unless this is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions); and
- all resulting exchange differences are recognised in other comprehensive income.

2.17 Segment reporting

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

2.18 Group accounting

(a) Basis of presentation – Internal Reorganisation

As the Company is not a business and the Listing Business continues to be conducted through 5E Resources, the Restructuring is merely a reorganisation of the Listing Business with no change in management of such business. Accordingly, the consolidated interim financial statements of the Group for all financial years presented reflect the carrying amounts of assets and liabilities, results and cash flows of the Operating Companies prior to the Internal Reorganisation as no substantive economic change has occurred. The Group resulting from the Restructuring is regarded as a continuation of the Listing Business carried out by the Operating Companies.

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2. Summary of significant accounting policies (continued)

2.18 Group accounting (continued)

(b) Subsidiaries

Subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date on that control ceases.

In preparing the Consolidated Interim Financial Statements, transactions, balances and unrealised gains on transactions between group entities are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment indicator of the transferred asset. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Non-controlling interests comprise the portion of a subsidiary’s net results of operations and its net assets, which is attributable to the interests that are not owned directly or indirectly by the equity holders of the Company. They are shown separately in the consolidated statement of comprehensive income, consolidated statement of changes in equity, and consolidated statement of financial position. Total comprehensive income is attributed to the non-controlling interests based on their respective interests in a subsidiary, even if this results in the non-controlling interests having a deficit balance.

(i) Business combination under common control

The acquisition of TS Huels Chemicals and Engineering Sdn Bhd (“TS Huels”) by 5E Resources Sdn Bhd (“5E Resources”) is regarded as business combination under common control.

Mr. KF Wong and Mr. Ban held 52.6% and 47.4% of the issued shares of TS Huels respectively. Ms. Loo and Mr. Ban are also the directors of TS Huels. Pursuant to the deeds of confirmation dated 6 January 2022 entered into between Mr. KF Wong, Ms. Loo (spouse of Mr. KF Wong) and Mr. Ban (brother of Mr. KF Wong), each of the parties confirms and acknowledges that they were parties ‘acting in concert’, and held their interests in TS Huels as a group of controlling shareholders and jointly exercising control or voting in all shareholders’ resolutions of TS Huels in a consistent and unanimous manner in respect of the management, development and operations of TS Huels throughout the Period Under

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2. Summary of significant accounting policies (continued)

2.18 Group accounting (continued)

(b) Subsidiaries (continued)

(i) Business combination under common control (continued)

Review. Mr. KF Wong further confirms that he has shared collective interests in TS Heuls with Ms. Loo since he became a shareholder of TS Heuls. Accordingly, TS Heuls is under common control of Mr. KF Wong, Ms. Loo and Mr. Ban.

SFRS(I) 3 does not apply to business combination under common control and is a choice of accounting policy. In considering the accounting policy to be adopted, management has considered the substance and the specific facts and circumstances surrounding the business combination.

Management considers that predecessor accounting best reflects the substance of the business combination under common control as:

- TS Heuls is wholly owned by 5E Resources and there is no non-controlling interests involved;
- the consideration for the transfer is set at the existing book values of TS Heuls; and
- both 5E Resources and TS Heuls are managed together before and after the combination.

Under the predecessor accounting, the net assets of the combining entities or businesses are consolidated using the existing book values from the controlling parties’ perspective. The assets and liabilities of the acquired entity or business should be recorded at the book values as stated in the financial statements of the controlling party (i.e it will require recording of the fair value of the identifiable assets and liabilities of the acquired entity of business at the date of original acquisition from third parties by the controlling party, any remaining goodwill arising on the previous acquisition and minority interests recorded in the consolidated financial statements of the controlling party).

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2. Summary of significant accounting policies (continued)

2.18 Group accounting (continued)

(b) Subsidiaries (continued)

(i) Business combination under common control (continued)

No amount is recognised as consideration for goodwill or excess of acquirer’s interest in the net fair value of acquiree’s identifiable assets, liabilities and contingent liabilities over cost at the time of common control combination, to the extent of the continuation of the controlling party or parties’ interests.

Comparative amounts in the consolidated financial statements are presented as if the entities or businesses had been combined at the previous balance sheet date.

(c) Transactions with non-controlling interests

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

(d) Disposals of subsidiaries

When a change in the Group’s ownership interest in a subsidiary results in a loss of control over the subsidiary, the assets and liabilities of the subsidiary including any goodwill are derecognised. Amounts previously recognised in other comprehensive income in respect of that entity are also reclassified to profit or loss or transferred directly to retained earnings if required by a specific Standard.

Any retained equity interest in the entity is remeasured at fair value. The difference between the carrying amount of the retained interest at the date when control is lost and its fair value is recognised in profit or loss.

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3. Critical accounting estimates, assumptions and judgements

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

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

(a) Useful lives and residual values of plant and machinery

The costs of plant and machinery are depreciated on a straight-line basis over their useful lives. Management exercises its judgement in estimating the useful lives and residual values of the depreciable assets. The estimated useful lives reflect management’s estimate of the period that the Group intends to derive future economic benefits from the use of the depreciable asset.

The Group reviews annually the estimated useful lives of plant and machinery based on the factors that include asset utilisation, internal technical evaluation, technological changes, environmental and anticipated use of the assets. It is possible that the Group’s future results could be materially affected by changes in these estimates brought about by changes in factors mentioned. A reduction in the estimated useful lives by 1 year would increase the Group’s annual depreciation expense by MYR284,000.

(b) Impairment of trade receivables

The loss allowance for financial assets is based on assumptions about risk of default and expected loss rates. The Group uses judgement in making these assumptions and selecting the inputs to the impairment calculation.

To measure the expected credit losses, these receivables have been grouped based on days past due. The expected loss rates are based on the payment profiles of sales over a period of 24 months and the corresponding credit losses experienced within this period. The historical loss rates are adjusted to reflect the current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables. The Group has identified the GDP and inflationary rate in Malaysia to be the most relevant factors, and accordingly adjusts the historical loss rates based on expected changes in these factors. Any possible changes in these inputs could result in revision to the loss allowance recorded by the Group.

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3. Critical accounting estimates, assumptions and judgements (continued)

(b) Impairment of trade receivables (continued)

Management has considered a range of possible outcomes, ie a baseline scenario and the worst case scenario in computing the ECL. In the baseline scenario, management incorporated the current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the trade receivables and made adjustments to the expected loss rates accordingly. In the worst case scenario, management considered a further increase in expected loss rate as computed in the baseline scenario. A probability-weighting of occurrence was subsequently applied to these two different scenarios to derive at the expected credit loss allowance to be made. A 20% increase in the probability-weighting would increase the loss allowance by MYR33,000 and MYR32,000 for 30 September 2021 and 31 December 2020 respectively.

4. Revenue and segment information

The chief operating decision maker (“CODM”) has been identified as the Executive Directors of the Company who review the Group’s internal reporting in order to assess performance and allocate resources. The CODM has determined the operating segments based on these reports.

The Group is principally engaged in schedule waste management services, sales of recovered and recycled products and chemical trading. Information reported to CODM, for the purpose of resources allocation and performance assessment, focuses on the operating results of the Group. For the financial period ended 30 September 2021 and 2020, there are three operating segments based on business type: (1) scheduled waste management services, (2) sales of recovered and recycled products, and (3) chemical trading.

The CODM consider the business from activities perspective and assess the performance of the operating segments based on a measure of gross profit for the purposes of allocating resources. No analysis of segment assets or segment liabilities is regularly provided to the CODM. These reports are prepared on the same basis as the Consolidation Interim Financial Statements.

Transactions between operating segments are carried out on agreed terms between both segments. The effects of such inter-segment transactions and balances arising thereof are eliminated.

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4. Revenue and segment information (continued)

	Nine months ended 30 September 2021			
	Scheduled waste management services	Sales of recovered and recycled products	Chemical trading	Total
	MYR’000	MYR’000	MYR’000	MYR’000
(Audited)				
Segment revenue				
Total revenue	29,916	6,513	2,114	38,543
Intersegment revenue elimination	–	–	(1,129)	(1,129)
Revenue from external customer	29,916	6,513	985	37,414
Segment results	14,160	2,257	760	17,177
Other income				
– interest income				66
Other gains				23
Administrative expenses				(7,335)
Selling and distribution expenses				(2,530)
Finance expenses				(134)
Net impairment loss on trade receivables				(211)
Profit before income tax				7,056
Significant non-cash items				
Depreciation of property, plant and equipment	1,365	280	2	1,647
Depreciation of right-of-use assets	344	70	22	436
Addition:				
Property, plant and equipment	1,221	–	–	1,221

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4. Revenue and segment information (continued)

	Nine months ended 30 September 2020			
	Scheduled waste management services	Sales of recovered and recycled products	Chemical trading	Total
	MYR'000	MYR'000	MYR'000	MYR'000
(Unaudited)				
Segment revenue				
Total revenue	24,146	4,735	1,758	30,639
Intersegment revenue elimination	—	—	(868)	(868)
Revenue from external customers	24,146	4,735	890	29,771
Segment results	11,852	1,454	686	13,992
Other income				
– interest income				123
– others				34
Other gains				56
Administrative expenses				(2,871)
Selling and distribution expenses				(3,193)
Finance expenses				(130)
Profit before income tax				8,011
Significant non-cash items				
Depreciation of property, plant and equipment	1,686	345	2	2,033
Depreciation of right-of-use assets	315	65	22	402
Addition:				
Property, plant and equipment	357	—	3	360

Most of the Group's revenue is generated from customers located in Malaysia and all the assets of the Group are located in Malaysia. Accordingly, no geographical segment analysis is presented.

For the financial period ended 30 September 2021 and 2020, there were no customers which contributed over 10% of the Group's total revenue.

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4. Revenue and segment information (continued)

Timing of revenue recognition is as follows:

	Nine months ended 30 September	
	2021	2020
	MYR’000 (audited)	MYR’000 (unaudited)
Over time		
– scheduled waste management services	29,916	24,146
Point in time		
– sales of recovered and recycled products	6,513	4,735
– chemical trading	985	890
	7,498	5,625
	37,414	29,771

Revenue recognised in relation to contract liabilities:

The following table shows how much of the revenue recognised in the current financial period relates to carried-forward contract liabilities:

	Nine months ended 30 September	
	2021	2020
	MYR’000 (audited)	MYR’000 (unaudited)
Revenue recognised that was included in the contract liabilities balance at the beginning of period	631	80

Management expects that contract liabilities amounting to MYR834,000 and MYR1,102,000 as at 30 September 2021 and 31 December 2020 respectively will be recognised as revenue within 12 months from the balance sheet date.

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5. Other gains

	Nine months ended 30 September	
	2021	2020
	MYR’000 (audited)	MYR’000 (unaudited)
Gains on disposal of property, plant and equipment	–	45
Currency exchange gain – net	23	11
	23	56

6. Expenses by nature

	Nine months ended 30 September	
	2021	2020
	MYR’000 (audited)	MYR’000 (unaudited)
Depreciation of property, plant and equipment (Note 15)	1,647	2,033
Depreciation of right-of-use assets (Note 16)	436	402
Employee compensation (Note 7)	6,171	7,316
Transportation charges	1,226	1,032
Referral fees	1,133	626
Fuel oil and petrol	1,144	687
Utility expense	1,164	1,241
Repair and maintenance fee	1,317	1,594
Cost of inventories sold	3,358	2,713
Consumables	1,734	1,404
Sludge disposal	3,885	1,307
Professional fees	4,715	53
Others	2,172	1,435
Total cost of sales, administrative expenses and selling and distribution expenses	30,102	21,843

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7. Employee compensation

	Nine months ended 30 September	
	2021	2020
	MYR’000 (audited)	MYR’000 (unaudited)
Salaries, bonus and other benefits	5,705	6,603
Employer’s contribution to defined contribution plans	410	659
Others	56	54
	6,171	7,316

8. Finance expenses

	Nine months ended 30 September	
	2021	2020
	MYR’000 (audited)	MYR’000 (unaudited)
Interest expense on borrowings	74	68
Interest expense on lease liabilities	60	62
	134	130

9. Income taxes

	Nine months ended 30 September	
	2021	2020
	MYR’000 (audited)	MYR’000 (unaudited)
Tax expense attributable to profit is made up of:		
Current income tax		
– current period	2,436	1,744
– under provision in prior year	13	–
Deferred income tax expense (Note 17)	377	179
	2,826	1,923

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9. Income taxes (continued)

The tax on the Group’s profit before tax differs from the theoretical amount that would arise using the standard rate of income tax as follows:

	Nine months ended 30 September	
	2021	2020
	MYR’000 (audited)	MYR’000 (unaudited)
Profit before income tax	7,056	8,011
Tax calculated at Malaysia statutory tax rate of 24%	1,693	1,923
Effect of:		
– Income not subject to tax	–	(17)
– Expenses not deductible for tax purposes	1,183	82
– Reduction in tax rate (a)	(63)	(65)
– Under provision in prior year	13	–
Tax charge	2,826	1,923
Movement of current income tax liabilities:		
As of beginning of the period	1,219	1,775
Income tax paid	(1,644)	(993)
Tax expense	2,436	1,744
Under provision in prior year	13	–
As of end of the period	2,024	2,526

(a) Reduction in tax rate

Under the Malaysia Income Tax Act 1967, the entities in Malaysia with a paid-up capital of ordinary shares of MYR2,500,000 or less at the beginning of each basis period of the year of assessment enjoys a 17% tax rate on chargeable income of up to MYR600,000. Any subsequent chargeable income is taxed at 24%.

- (b) Income tax expense is recognised based on management’s estimate of the weighted average effective annual income tax rate expected for the full financial year. The estimated average annual tax rate used for the year to 30 September 2021 is 40%, compared to 24% for the nine months ended 30 September 2020. The tax rate was higher in 2021 due to higher expenses not deductible for tax purposes.

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10. Earnings per share

(a) Basic earnings per share

Basic earnings per share is calculated by dividing net profit for the financial year attributable to owners of the Company by the weighted average number of ordinary shares in issue of 5E Resources Limited, which is the holding company of the Listing Business after completion of the Restructuring Exercise as defined in Note 1.2 and adjusted for the effect of the sub-division of shares as disclosed in Note 20(a).

	Nine months ended 30 September	
	2021	2020
	MYR’000 (audited)	MYR’000 (unaudited)
Net profit attributable to owners of the Company (MYR’000)	4,230	6,088
Weighted average number of ordinary shares in issue (‘000) prior to sub-division of shares	18,162	18,162
Weighted average number of ordinary shares in issue (‘000) after sub-division of shares	108,975	108,975
Basic earnings per share (in MYR)	0.04	0.06

(b) Diluted earnings per share

For the nine months ended 30 September 2021 and 2020, diluted earnings per share is the same as basic earnings per share as there were no potential dilutive ordinary shares.

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11. Cash and cash equivalents

	30 September 2021	31 December 2020
	MYR’000 (audited)	MYR’000 (audited)
Cash at bank	16,348	16,845

12. Short term deposits

	30 September 2021	31 December 2020
	MYR’000 (audited)	MYR’000 (audited)
Fixed deposits with licensed banks	82	80

The fixed deposits, denominated in MYR, have a maturity period of 365 days and earned interest at the rate of 1.85% and 2.85% per annum respectively for the period ended 30 September 2021 and 2020.

13(a). Trade and other receivables

	30 September 2021	31 December 2020
	MYR’000 (audited)	MYR’000 (audited)
Trade receivables	9,629	9,277
Less: Loss Allowance	(338)	(127)
	9,291	9,150
Other receivables – non-related parties	42	15
Other receivables – related parties	–	18
Deposits	362	353
Total	9,695	9,536

Other receivables due from related parties are unsecured, interest free and repayable on demand.

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13(a). Trade and other receivables (continued)

	30 September 2021	31 December 2020
	MYR’000 (audited)	MYR’000 (audited)
Movement of loss allowance is as follows:		
Balance as at 1 January 2021/2020	127	116
Charge during the financial period/year	211	11
Balance as at 30 September 2021/31 December 2020	338	127

The change in gross carrying amount of the trade receivables that contributed to the change in loss allowance above was due to the increase in revenue contracts from customer which has increased the gross carrying amount of trade receivables by 4%, from MYR9.3 million in 2020 to MYR9.6 million in 2021 resulting in an increase in loss allowance of MYR0.2 million,

13(b). Other current assets

	30 September 2021	31 December 2020
	MYR’000 (audited)	MYR’000 (audited)
Prepaid expenses	41	8
Prepayment to suppliers	731	1,011
	772	1,019

Included in prepayment to suppliers as at 30 September 2021 and 31 December 2020 is an amount of MYR604,000 and MYR921,000 respectively, prepaid to a new supplier for the purchase of schedule waste containing precious metal.

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14. Inventories

	30 September 2021	31 December 2020
	MYR’000 (audited)	MYR’000 (audited)
Raw materials	157	271
Finished goods	79	153
Trading goods	136	128
Machinery spare parts	225	147
	597	699

The cost of inventories recognised as an expenses and included in “cost of inventories sold” amounted to MYR3,358,000 and MYR2,713,000 for the financial period ended 30 September 2021 and 2020, respectively.

15. Property, plant and equipment

	Buildings	Plant and machinery	Furniture and office equipment	Motor vehicles	Total
	MYR’000	MYR’000	MYR’000	MYR’000	MYR’000
(Audited)					
As at 30 September 2021					
<i>Cost</i>					
Beginning of financial period	20,376	23,279	3,269	2,291	49,215
Additions	–	249	122	850	1,221
End of financial period	20,376	23,528	3,391	3,141	50,436
<i>Accumulated depreciation</i>					
Beginning of financial period	1,838	15,960	2,147	1,452	21,397
Depreciation charge	300	818	253	276	1,647
End of financial period	2,138	16,778	2,400	1,728	23,044
Net book value					
End of financial period	18,238	6,750	991	1,413	27,392

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15. Property, plant and equipment (continued)

	Buildings	Plant and machinery	Furniture and office equipment	Motor vehicles	Total
	MYR’000	MYR’000	MYR’000	MYR’000	MYR’000
(Audited)					
As at 31 December 2020					
<i>Cost</i>					
Beginning of financial year	20,376	23,043	3,051	2,451	48,921
Additions	–	236	218	–	454
Disposal	–	–	–	(160)	(160)
End of financial year	20,376	23,279	3,269	2,291	49,215
<i>Accumulated depreciation</i>					
Beginning of financial year	1,435	14,262	1,788	1,354	18,839
Depreciation charge	403	1,698	359	258	2,718
Disposal	–	–	–	(160)	(160)
End of financial year	1,838	15,960	2,147	1,452	21,397
Net book value					
End of financial year	18,538	7,319	1,122	839	27,818

Bank borrowings (Note 19) are secured on buildings of the Group with carrying amounts of MYR18,238,000 and MYR18,538,000 as at 30 September 2021 and 31 December 2020 respectively.

Purchase of property, plant and equipment as reflected in consolidated statements of cashflow is as follows:

	Nine months ended 30 September 2021	Nine months ended September 2020
	MYR’000 (audited)	MYR’000 (unaudited)
Cost of property, plant and equipment	1,221	360
Prepayment made for purchase of property, plant and equipment	724	–
Cash disbursed for purchase of property, plant and equipment	1,945	360

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16. Right-of-use assets and leases

(a) Nature of the Group’s leasing activities

The Group has obtained the rights to use certain leasehold lands from the Malaysia government. The lease period granted to the Group is 60 years, expiring on 2067 and 2071 respectively. Leasing arrangements of the Group comprised of the followings:

- (i) Type I leases – Leases whereby the Group is required to make upfront payments on lease inception for the entire lease payments under the terms of the land use rights agreement with the Malaysia government.
- (ii) Type II leases – Leases whereby the Group is required to make monthly lease payments for the use rights of assets, which include buildings and motor vehicles.

Extension and termination options are included in the leases of buildings. The options are used to maximise operational flexibility in terms of managing the assets used in the Group’s operations. These options have been included in the measurement of the lease liability.

The Group’s land use rights (Type I leases) have been pledged to a financial institution to secure the Group’s borrowings (Note 19).

(b) Amounts recognised in the consolidated statements of financial position

The consolidated statements of financial position show the following amounts relating to leases:

	30 September 2021	31 December 2020
	MYR’000 (audited)	MYR’000 (audited)
Right-of-use assets		
Type I leases	4,964	5,034
Type II leases	593	460
	<u>5,557</u>	<u>5,494</u>
Lease liabilities		
Current	418	308
Non-current	186	167
	<u>604</u>	<u>475</u>

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16. Right-of-use assets and leases (continued)

(b) *Amounts recognised in the consolidated statements of financial position (continued)*

Movement of right-of-use assets is as follows:

	Leasehold land	Buildings	Motor vehicles	Total
	MYR'000	MYR'000	MYR'000	MYR'000
<u>Audited</u>				
<u>As at 30 September 2021</u>				
At 1 January 2021	5,034	417	43	5,494
Addition	–	108	391	499
Depreciation charge	(70)	(202)	(164)	(436)
At 30 September 2021	4,964	323	270	5,557
Cost	5,588	1,308	391	7,287
Less: Accumulated depreciation	(624)	(985)	(121)	(1,730)
Net carrying amount	4,964	323	270	5,557
<u>Audited</u>				
<u>As at 31 December 2020</u>				
At 1 January 2020	5,131	687	272	6,090
Depreciation charge	(97)	(270)	(229)	(596)
At 31 December 2020	5,034	417	43	5,494
Cost	5,588	1,259	1,258	8,105
Less: Accumulated depreciation	(554)	(842)	(1,215)	(2,611)
Net carrying amount	5,034	417	43	5,494

As at 30 September 2021 and 31 December 2020, bank borrowings (Note 19) are secured on land use rights of the Group with carrying amounts of MYR4,964,000 and MYR5,034,000, respectively.

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16. Right-of-use assets and leases (continued)

(c) *Amounts recognised in the Consolidated statements of comprehensive income*

The Consolidated statements of comprehensive income show the following amounts relating to leases:

	Nine months ended 30 September 2021	Nine months ended 30 September 2020
	MYR’000 (audited)	MYR’000 (unaudited)
Depreciation of right-of-use assets	436	402
Interest expense on lease liabilities (Note 8)	60	62
Expenses relating to short-term leases (included in administrative expenses)	57	144

The total cash outflow for leases for the period ended 30 September 2021 and 2020 were MYR487,000 and MYR555,000, respectively.

17. Deferred income taxes

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current income tax assets against current income tax liabilities and when the deferred income taxes relate to the same taxation authority.

The amounts, determined after appropriate offsetting, are shown on the balance sheet as follows:

	30 September 2021	31 December 2020
	MYR’000 (audited)	MYR’000 (audited)
Deferred tax liabilities	2,108	1,731

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17. Deferred income taxes (continued)

The movement on the deferred income tax account is as follows:

	30 September 2021	31 December 2020
	MYR’000 (audited)	MYR’000 (audited)
At beginning of the period/year	1,731	1,427
Charged/(credited) to consolidated statement of comprehensive income (Note 9)		
– property, plant and equipment	426	307
– lease liabilities	2	(1)
– loss allowance provision	(51)	(2)
	377	304
At end of the period/year	2,108	1,731
Deferred tax assets		
Lease liabilities	3	5
Loss allowance provision	81	30
	84	35
Offsetting	(84)	(35)
	–	–
Deferred tax liabilities		
Property, plant and equipment	2,192	1,766
Offsetting	(84)	(35)
	2,108	1,731

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18. Trade and other payables

	30 September 2021	31 December 2020
	MYR’000 (audited)	MYR’000 (audited)
Trade payables	1,604	2,320
Amount payable to shareholders of TS Heuls (Note 20(b)(ii))	–	4,495
Other payable – a related party	8	–
Accrued payroll cost	1,544	1,852
Accrued expenses	436	94
	3,592	8,761

Other payable due to a related party represents service charges and utility expenses paid on behalf by the related party which is unsecured, interest-free, and repayable on demand.

19. Borrowings

	30 September 2021	31 December 2020
	MYR’000 (audited)	MYR’000 (audited)
<i>Current</i>		
Loans from financial institutions – third parties	3,058	3,486
Total borrowings	3,058	3,486

- (a) Loans from financial institutions are secured by certain leasehold land classified under right-of-use assets (Note 16) and buildings (Note 15), corporate guarantee by a related party, Wentel Corporation Sdn. Bhd. (Note 22), and additionally guaranteed jointly and severally by certain Directors and shareholders of the Group. These borrowings bear floating interest rates. The weighted average interest rate of the borrowings as at 30 September 2021 and 31 December 2020 is 3.10% and 3.14% per annum respectively.

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19. Borrowings (continued)

(b) Reconciliation of liabilities arising from financing activities

	1 January 2021	Principal and interest payments	Proceeds from borrowings	Net repayment to related parties	Non-cash changes		30 September 2021
	MYR'000	MYR'000	MYR'000	MYR'000	Interest expense	New lease	MYR'000
(audited)							
Borrowings	3,486	(502)	–	–	74	–	3,058
Lease liabilities	475	(430)	–	–	60	499	604
Other payables to related parties	–	–	–	8	–	–	8

	1 January 2020	Principal and interest payments	Proceeds from borrowings	Net repayment to related parties	Non-cash changes		30 September 2020
	MYR'000	MYR'000	MYR'000	MYR'000	Interest expense	Rent concession	MYR'000
(unaudited)							
Borrowings	3,910	(388)	–	–	68	–	3,590
Lease liabilities	987	(411)	–	–	62	(34)	604
Other payables to related parties	14	–	–	(14)	–	–	–

20. Share capital and reserves

(a) Share capital

Share capital as at 30 September 2021 and 31 December 2020 represent the paid-up share capital of 5E Resources Limited, which was the holding company of the Listing Business after completion of the Restructuring Exercise as defined in Note 1.2.

On 25 March 2022, the Company effected a share split exercise which resulted in 1 share being sub-divided into 6 shares. Following the share split, the issued and paid-up share capital was S\$18,162,464 (MYR55,885,900 equivalent) comprising 108,974,784 shares.

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20. Share capital and reserves (continued)

(b) Reserves

	Capital reorganisation reserve – (i)	Other reserve – (ii)	Total
	MYR’000	MYR’000	MYR’000
Balance at 1 January 2020	(54,806)	50	(54,756)
Contribution from shareholders	1	(4,495)	(4,494)
Balance at 31 December 2020	(54,805)	(4,445)	(59,250)
Balance at 1 January 2021	(54,806)	(4,445)	(54,756)
Balance at 30 September 2021	(54,806)	(4,445)	(54,756)

(i) Capital reorganisation reserve

Capital reorganisation reserve represents the following:

- the difference between the share capital of the Company issued to acquire 5E Holdings of MYR55,885,900 (refer Note 1.2(v)) and the existing share capital of 5E Holdings, which amounted to MYR42,872,322 as at the date of acquisition, which resulted in a debit balance of approximately MYR13,013,578; and
- the difference between the share capital of 5E Holdings issued to acquire 5E Resources of MYR42,871,322 (refer Note 1.2(iii)) and the existing share capital of 5E Resources, which amounted to MYR1,080,370 as at the date of acquisition, which resulted in a debit balance of approximately MYR41,790,952.

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For the financial period ended 30 September 2021

20. Share capital and reserves (continued)

(b) Reserves (continued)

(ii) Other reserve

The acquisition of TS Heuls by 5E Resources is regarded as business combination under common control. The Group applies predecessor accounting to account for business combinations under common control. Under predecessor accounting, assets and liabilities acquired are not restated to their respective fair values. They are recognised at the carrying amounts from the consolidated interim financial statements of the Group and adjusted to conform with the accounting policies adopted by the Group. The difference between any consideration given and the aggregate carrying amounts of the assets and liabilities of the acquired entity is recognised as a reserve.

A charge of MYR4,445,000 has been recognised within the other reserve and this represent the difference between the share capital of TS Huels of MYR50,000 as at 31 December 2020 and the consideration payable of MYR4,495,000 as disclosed in Note 1.2(iv) to the consolidated financial statements.

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21. Financial risk management

Financial risk factors

The Group’s activities expose it to market risk (including foreign exchange risk, interest rate risk and price risk), credit risk and liquidity risk. The Group’s overall risk management strategy seeks to minimise any adverse effects from the unpredictability of financial markets on the Group’s financial performance.

The Board of Directors is responsible for setting the objectives and underlying principles of financial risk management for the Group and has established detailed policies such as authority levels and oversight responsibilities.

(a) **Market risk**

(i) *Foreign exchange risk*

The Group mainly operates in Malaysia and most of its transactions are denominated in MYR. The Group’s exposure to foreign exchange risk is minimal.

(ii) *Price risk*

The Group is not exposed to price risk as it does not hold any equity financial assets.

(iii) *Cash flow and fair value interest rate risk*

Cash flow interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Fair value interest rate risk is the risk that the fair value of a financial instrument will fluctuate due to changes in market interest rates. The Group’s interest-bearing assets and liabilities are bank borrowings, cash and cash equivalents. Therefore, the Group’s interest rate risk mainly arises from bank borrowings, cash and cash equivalents.

The exposure of the Group’s borrowings to interest rate changes at the end of the reporting period are as follows:

	30 September 2021	31 December 2020
	MYR’000 (audited)	MYR’000 (audited)
Variable rate borrowings	3,058	3,486

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21. Financial risk management (continued)

(a) Market risk (continued)

(iii) *Cash flow and fair value interest rate risk* (continued)

Sensitivity

Profit or loss is sensitive to higher/lower interest expense from variable rate borrowings as a result of changes in interest rates. Impact on post tax profit with the fluctuation of interest rate is as follows:

	30 September 2021	31 December 2020
	MYR’000 (audited)	MYR’000 (audited)
Interest rates – increase/decrease by 100 basis points	23	26

An analysis by maturities is provided in Note 21(c) below.

(b) Credit risk

Credit risk refers to the risk that counterparty will default on its contractual obligation, resulting in financial loss to the Group. The Group is exposed to credit risks in relation to its cash and cash equivalents, restricted cash and trade and other receivables. The Group’s maximum exposure to credit risk is the carrying amounts of these financial assets.

(i) *Risk management*

The Group adopts the policy of dealing only with customers of appropriate credit standing and history where appropriate to mitigate credit risk. For cash and cash equivalents the Group adopts the policy of dealing with financial institutions high credit ratings.

Credit exposure to an individual customer is restricted by the credit limit approved by the credit controller. Customers’ payment profile and credit exposure are continuously monitored by the credit controller and reported to the management and Board of Directors.

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21. Financial risk management (continued)

(b) Credit risk (continued)

(i) *Risk management* (continued)

The maximum exposure to credit risk for each class of financial assets is the carrying amount of that class of financial instruments presented on the statement of financial position. The Group’s major classes of financial assets are cash and cash equivalents, short term deposits and trade and other receivables.

(ii) *Impairment of financial assets*

Cash and cash equivalents and short term deposits

The Group places their cash deposits with banks which are rated AAA and AA2 based on Risk Assessment Model (RAM) ratings and are considered to have a low credit risk. The cash and cash equivalents and short term deposits are measured on 12-months expected credit losses and subject to immaterial credit loss.

Trade receivables

The Group applies the simplified approach to provide for expected credit losses prescribed by SFRS (I) – 9, which permits the use of the lifetime expected credit loss provision for all trade receivables.

To measure the expected credit losses, these receivables have been grouped based on days past due. The expected loss rates are based on the payment profiles of sales over a period of 24 months and the corresponding credit losses experienced within this period. The historical loss rates are adjusted to reflect the current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables. The Group has identified the GDP and inflationary rate in Malaysia to be the most relevant factors, and accordingly adjusts the historical loss rates based on expected changes in these factors.

The Group considers a financial assets to be in default if the counterparty fails to make contractual payments within 90 days when they fall due. Receivables are written off when there is no reasonable expectation of recovery, such as a debtor failing to engage in a repayment plan with the Group when a debtor fails to make contractual payments on debts greater than 365 days past due. Where receivables are written off, the Group continues to engage in enforcement activity to attempt to recover the receivables due. Where recoveries are made, these are recognised in profit or loss.

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21. Financial risk management (continued)

(b) Credit risk (continued)

(ii) *Impairment of financial assets (continued)*

Trade receivables (continued)

The following table contains an analysis of the credit risk exposure of trade receivables (external) for which a loss allowance is recognised using the simplified approach. The gross carrying amount of trade receivables below also represents the Group’s maximum exposure to credit risk on these assets:

	Current	1-90 days overdue	91-180 days overdue	More than 180 days overdue	Total
<u>30 September 2021</u>					
Expected loss rate (%)	1	2	25	100	
Gross carrying amount (RM):					
– external trade receivables	5,230	3,911	343	145	9,629
Less: Loss allowance	(43)	(65)	(85)	(145)	(338)
Carrying amount (net of loss allowance)	5,187	3,846	258	–	9,291
<u>31 December 2020</u>					
Expected loss rate (%)	1	2	20	100	
Gross carrying amount (MYR’000):					
– external trade receivables	5,046	4,025	164	42	9,277
Less: Loss allowance	(17)	(35)	(33)	(42)	(127)
Carrying amount (net of loss allowance)	5,029	3,990	131	–	9,150

Other receivables

The Group’s other receivables amounted to MYR42,000 and MYR33,000 respectively as at 30 September 2021 and 31 December 2020. Management has assessed these other receivables and determined that the other receivables are fully recoverable and no loss allowance is to be recorded.

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21. Financial risk management (continued)

(c) Liquidity risk

The table below analyses non-derivative financial liabilities of the Group into relevant maturity grouping based on the remaining period from the balance sheet date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying amounts as the impact of discounting is not significant.

Contractual maturities of financial liabilities	Within 1 year or on demand	Between 1 and 2 Years	Between 2 and 5 Years	Over 5 Years	Total contractual cash flows
	MYR'000	MYR'000	MYR'000	MYR'000	MYR'000
Audited					
At 30 September 2021					
Non-derivatives					
Trade and other payables	3,592	–	–	–	3,592
Borrowings	3,059	–	–	–	3,059
Lease liabilities	489	214	–	–	703
Total non-derivatives	7,140	214	–	–	7,354

Contractual maturities of financial liabilities	Within 1 year or on demand	Between 1 and 2 Years	Between 2 and 5 Years	Over 5 Years	Total contractual cash flows
	MYR'000	MYR'000	MYR'000	MYR'000	MYR'000
Audited					
At 31 December 2020					
Non-derivatives					
Trade and other payables	8,761	–	–	–	8,761
Borrowings	3,489	–	–	–	3,489
Lease liabilities	362	200	–	–	562
Total non-derivatives	12,612	200	–	–	12,812

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21. Financial risk management (continued)

(d) Capital risk

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

Management monitors capital based on adjusted leverage ratio so to be no more than 2.5 times, failing which the Group shall increase its paid up capital. The adjusted leverage ratio is calculated as total liabilities less amounts due to directors/ shareholders/related companies advances divided by tangible network minus amounts due from directors/shareholders/related companies’ advances plus amounts due to directors/shareholders/related companies advances plus third party asset charged to the bank.

	30 September 2021	31 December 2020
	MYR’000 (audited)	MYR’000 (audited)
Total liabilities	12,220	16,774
Less: Amounts due to related companies/shareholders	(8)	(4,495)
	12,212	12,279
Tangible network	49,317	45,087
Less: Amounts due from related companies	–	(18)
Add: Amounts due to related companies/shareholders	8	4,495
	49,325	49,564
Adjusted leverage ratio	0.2	0.2

The Group is in compliance with all externally imposed capital requirements as at 30 September 2021 and 31 December 2020.

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21. Financial risk management (continued)

(e) Fair value measurements

Financial instruments carried at fair value or where fair value was disclosed can be categorised by levels of the inputs to valuation techniques used to measure fair value. The inputs are categorised into three levels within a fair value hierarchy as follows:

- (i) Level 1 – Quoted prices (unadjusted) in active markets for identical assets or liabilities.
- (ii) Level 2 – Valuation techniques for the lowest level input that is significant to the fair value measurement is directly or indirectly observable.
- (iii) Level 3 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

There were no changes in valuation techniques during the financial period ended 30 September 2021 and 2020.

The fair values of the financial assets and financial liabilities of the Group and of the Company which are maturing within the next 12 months approximated their carrying amounts due to the relatively short-term maturity of the financial instruments or repayable on demand terms. The fair values of term loans approximate their carrying amounts as they are repriced to market interest rates on or near the reporting date.

(f) Financial instruments by category

The aggregate carrying amounts of financial assets at amortised cost and financial liabilities at amortised cost are as follows:

	As at 30 September 2021	As at 31 December 2020
	MYR'000 (audited)	MYR'000 (audited)
Financial assets, at amortised cost	26,125	26,461
Financial liabilities, at amortised cost	7,254	12,722

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22. Related party transactions

In addition to the information disclosed elsewhere in the consolidated interim financial statements, the following transactions took place between the Group and related parties at terms agreed between the parties:

(a) Related party transactions

The ultimate controlling shareholders of the Group are Mr KF Wong, Ms Loo and Mr. Ban, while the immediate holding company of the Group is 5E Resources Limited. Related parties are entities controlled by one of the ultimate controlling shareholders of the Group.

	Nine months ended 30 September 2021	Nine months ended 30 September 2020
	MYR'000 (audited)	MYR'000 (unaudited)
<i>With entities controlled by the two of the ultimate controlling shareholders of the Group</i>		
Provision of scheduled waste management services	56	88
Sales of goods	–	4
Lease of right-of-use assets	(225)	(204)
Deposit paid for purchase of factory building	(370)	–
Payment on behalf for the services charges and utility expenses	–	(115)
<i>Financial guarantee granted for Group's borrowings</i>		
By an entity controlled by two of the ultimate controlling shareholders of the Group and jointly and severally by certain Directors of the Group	–	246
Jointly and severally by certain Directors of the Group	3,058	3,344

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22. Related party transactions (continued)

(b) Balances with related parties

	30 September 2021	31 December 2020
	MYR’000 (audited)	MYR’000 (audited)
<i>With entities controlled by two of the ultimate controlling shareholders of the Group</i>		
Trade receivable	–	18
Non trade payables	8	–
	8	18

(c) Key management personnel compensation

Key management personnel compensation is as follows:

	Nine months ended 30 September 2021	Nine months ended 30 September 2020
	MYR’000 (audited)	MYR’000 (unaudited)
Salaries, bonus and other benefits	2,137	1,909
Defined contribution plan	239	269
	2,376	2,178

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23. Capital commitments

Significant capital expenditure contracted for at the end of the reporting period but not recognised as liabilities is as follows:

	30 September 2021	31 December 2020
	MYR’000 (audited)	MYR’000 (audited)
Property, plant and equipment	2,960	3,330

24. Outbreak of Coronavirus Disease (“COVID-19”)

The COVID-19 pandemic has affected almost all countries of the world, and resulted in border closures, production stoppages, workplace closures, movement controls and other measures imposed by the various governments. The Group’s operations are mainly in Malaysia, which have been affected by the spread of COVID-19 in 2020 and 2021.

Set out below is the impact of COVID-19 on the Group’s financial performance reflected in this set of financial statements for the financial period ended 30 September 2021 and 2020:

- i. The Group has assessed that the going concern basis of preparation for this set of financial statements remains appropriate.
- ii. In 2020 and 2021, the Group has obtained approval to continue to operate during the movement control restrictions, hence the Group’s financial performance has not been significantly affected.
- iii. The Group has considered the market conditions (including the impact of COVID-19) as at the balance sheet date, in making estimates and judgements on the recoverability of assets. The significant estimates and judgement applied on impairment of trade receivables.

As the global COVID-19 situation remains very fluid as at the date of these financial statements, the Group cannot reasonably ascertain the full extent of the probable impact of the COVID-19 disruptions on its operating and financial performance for the financial year ending 31 December 2021.

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25. Events occurring after the reporting period

(a) Acquisition of land and building

On 9 November 2021, the Group obtained consent from the state government to acquire the land and building from its related party, Grandhill Property Sdn. Bhd. As of 30 September 2021, a deposit of MYR640,000 has been paid while the remaining purchase consideration of MYR2.96 million has been fully settled on 8 December 2021.

(b) Acquisition of 5E Holdings by 5E Resources Limited

On 28 December 2021, the Company entered into a share sale agreement with 5E International Holdings Limited (“vendor”) to acquire the entire issued share capital in 5E Holdings held by the vendor at an aggregate nominal consideration of MYR55,885,900. Refer details as disclosed in Note 1.2(v) to the consolidated financial statements.

(c) Share split

On 25 March 2022, the Company effected a share split exercise which resulted in 1 share being sub-divided into 6 shares. Following the share split, the issued and paid-up share capital was S\$18,162,464 (MYR55,885,900 equivalent) comprising 108,974,784 shares.

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APPENDIX C – INDUSTRY REPORT

F R O S T & S U L L I V A N

Malaysia Scheduled Waste Management Industry
Independent Market Research

Jan 2022

APPENDIX C – INDUSTRY REPORT

F R O S T  S U L L I V A N

Growth Partnership Company

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APPENDIX C – INDUSTRY REPORT



Growth Partnership Company

Target Market:

- Scheduled Waste Management Market

Research Period:

- Historical Year: 2015-2020
- Base Year: 2020
- Forecast Year: 2021E-2025E

Geographic Scope:

- Malaysia

GLOSSARY:

CAGR	Compound Annual Growth Rate
DOE	Department of Environment, Malaysia
PCT	Physical & Chemical Treatment
SWCorp	Solid Waste and Public Cleansing Corporation
WTE	Waste-to-energy
3R	Reduce, Reuse and Recycle
Waste code(s)	77 categories of scheduled wastes listed under the First Schedule of EQ(SW) Regulations 2005
Latest Practicable Date (LPD)	31 December 2021

OVERVIEW OF SCHEDULED WASTE MANAGEMENT INDUSTRY IN MALAYSIA

Background of scheduled waste management industry in Malaysia

Malaysia is categorised as a middle-income country with a relatively fast-growing population. Due to its successful export oriented and newly industrialised market economy, Malaysia is going through a rapid economy growth period. The nominal GDP (Gross Domestic Product) of Malaysia grew from approximately MYR1,176.9 billion in 2015 to approximately MYR1,510.7 billion in 2019, representing a CAGR of approximately 6.4%, and is expected to reach approximately MYR2,093.8 billion by 2025 at a CAGR of approximately 8.1%.

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APPENDIX C – INDUSTRY REPORT



Growth Partnership Company

Along with the economic development and population growth, the increase in waste generation in Malaysia also threatened the level of hygiene and quality of life. In the early 1970s, Environment Quality Act 1974 was published by the government of Malaysia. The regulation instates a Director General for Environmental Quality, responsible for coordinating all activities related to the discharge of wastes into the environment, being in charge of pollution control and with the objective of enhancing environmental quality. Waste management in Malaysia has evolved significantly since the enactment of the EQA 1974, and since then, strong endeavours (e.g., Act 672 – Solid Waste and Public Cleansing Management Act 2007; Environmental Quality (Amendment) Act in 2001, 2007 and 2012) have been continuously made by the Malaysian government. According to the data released by the Department of Statistics of Malaysia, the total environmental protection expenditure in Malaysia increased from approximately MYR2,321.4 million in 2012 to approximately MYR2,885.3 million in 2019, representing a CAGR of approximately 3.2%, among which the waste management expenditure has gone through a faster growth than the total environmental expenditure, increasing from approximately MYR594.7 million in 2012 to approximately MYR751.7 million in 2019, representing a CAGR of approximately 3.4%. In terms of environment protection expenditure by sector, the manufacturing industry reached MYR2,181.3 million in 2019, accounting for the largest proportion of 75.6% of the overall total environmental expenditure.

Introduction of scheduled waste and scheduled waste management

In Malaysia, scheduled waste refers to any waste falling within the categories of waste listed in the First Schedule to the EQ(SW) Regulations that possesses hazardous characteristics and have the potential to adversely affect the public's health and environment. Non-scheduled waste refers to waste other than scheduled waste.

As at the Latest Practicable Date, there are 77 types of scheduled waste in Malaysia listed under the First Schedule of EQ(SW) Regulations. Scheduled waste can be generated from different industries such as manufacturing, trading, health, industrial, agricultural and services. For example, companies from the manufacturing industry use chemical materials in their production.

5 Categories of Scheduled Waste Under the First Schedule of EQ(SW) Regulations

SW1	Metal and metal-bearing waste (covering 10 types of scheduled wastes);
SW2	Waste containing principally inorganic constituents which may contain metals and organic materials (covering 7 types of scheduled wastes);
SW3	Waste containing principally organic constituents which may contain metals and organic materials (covering 27 types of scheduled wastes);
SW4	Waste which may contain either inorganic or organic constituents (covering 32 types of scheduled waste);
SW5	Other wastes (covering 1 type of scheduled wastes);

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Waste codes that 5E Resources process:

SW104, SW110, SW202, SW204, SW206, SW207, SW301, SW303, SW305, SW306, SW307, SW308, SW309, SW310, SW311, SW312, SW313, SW314, SW321, SW322, SW323, SW325, SW327, SW401, SW402, SW408, SW409, SW410, SW411, SW416, SW417, SW418, SW422, SW427

Source: Department of Environment of Malaysia

Scheduled waste management services refer to the services and facilities required to manage scheduled waste from collection, transportation and treatment of scheduled waste. The scheduled waste management industry in Malaysia also encompasses market for sale of the recovered and recycled products. Given the nature of scheduled waste, scheduled waste management is sophisticated and highly regulated. As such, scheduled waste management requires specialised and professional treatment technologies. Companies engaging in scheduled waste management activities are required to obtain the licence from the DOE (Department of Environment, Malaysia) in Malaysia.

Volume of scheduled waste in Malaysia

The manufacturing industry, accounting for approximately 21.6% of normal GDP of Malaysia in 2020, was the largest contributor of scheduled waste in Malaysia. Therefore, the manufacturing industry is also the key area that many companies providing scheduled waste management services such as 5E Resources serve. According to the latest data released by the Malaysian government, the index of manufacturing industry production in Malaysia reached 116.9 in 2020 from 100.0 in 2015 (base year), which was higher than the overall industrial production index (109.8) in 2020.

According to the data published by the Department of Statistics of Malaysia, the sales value of manufacturing industry in Malaysia increased from approximately MYR664,283 million in 2015 to approximately MYR824,840 million in 2018 at a CAGR of approximately 7.5%. “Food, beverages and tobacco” and “Electrical and electronic products” were the two sub-industries with the fastest CAGRs from 2015 to 2018 among different subindustries at approximately 9.5% and 10.6% respectively. The sales value of “Electrical and electronic products” and “Petroleum, chemical, rubber and plastic” accounted for the two largest proportion of the total sales value of manufacturing in Malaysia in 2018 of approximately 38.1% and 32.7% respectively. In 2019, the sales value of manufacturing industry in Malaysia reached MYR1,376,027 million. The sharp increase in 2019 was mainly due to a benchmark revision made by the Department of Statistics of Malaysia from January 2020. The benchmark revision was mainly driven by the Economic Census 2016 (reference year 2015) conducted by the Department of Statistics of Malaysia, which reviewed and carried out the benchmarking process towards the manufacturing statistics collected from the Monthly Manufacturing Survey. According to the Department of Statistics of Malaysia, the benchmark was revised to enable the series of values of annual estimates derived from short term surveys to be consistent and match with the annual value from census/annual survey of the benchmark year. The Department of Statistics of Malaysia only published the revised historical data of 2019 under the revised benchmark, hence the sales value data of 2019 and thereafter may not be directly comparable to the data in previous years. Hence, to avoid confusion, the diagram was split into two time periods.

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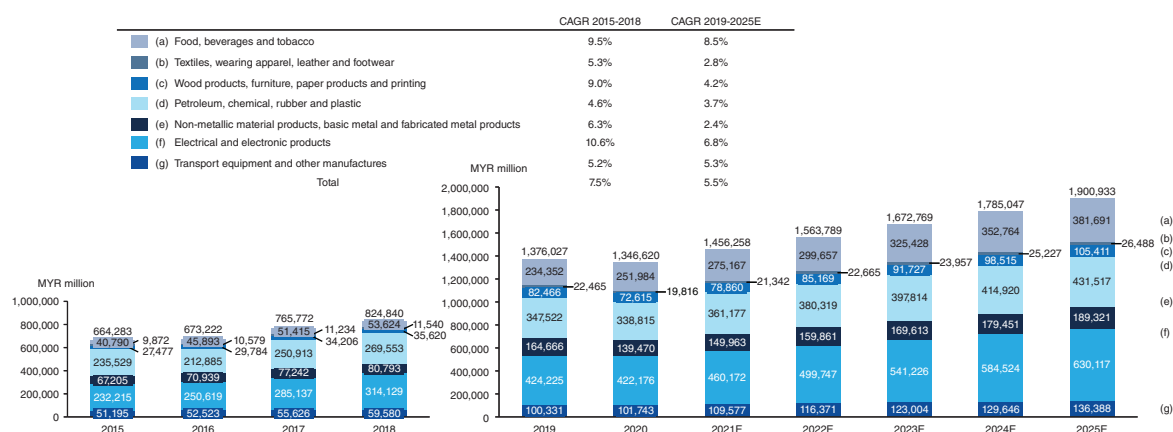
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Looking forward, the sales value of manufacturing in Malaysia is expected to reach approximately MYR1,900,933 million by 2025 at a CAGR of approximately 5.5% from 2019. The sales value of “Food, beverages and tobacco” is expected to be approximately MYR381,691 million in 2025, representing the fastest CAGR of 8.5% among the sub-industries. The sales value of “Electrical and electronic products” and “Petroleum, chemical, rubber and plastic” is estimated to reach approximately MYR630,117 million and MYR431,517 million by 2025, representing CAGRs of approximately 6.8% and 3.7% respectively.

Sales Value of Manufacturing in Malaysia by sub-industry, 2015-2025E



Note: Due to a revision of benchmark by Department of Statistics of Malaysia, the sales value data of the manufacturing industry from 2019 onwards may not be directly comparable to the data for 2015-2018. As such, the CAGR for 2015-2018 is presented for reference instead of the CAGR for 2015-2019.

Source: Department of Statistics of Malaysia, Frost & Sullivan

According to the DOE, the volume of scheduled waste generated in Malaysia has consistently been over 2 million tonnes over the past few years. As the following table shows, the noticeable decrease in 2017 was mainly due to the significant decline in scheduled waste generated from paper and power plant industries. The sharp increase in 2019 was presumably caused by the benchmark revisions by DOE, as influenced by the similar benchmark revision of some macro-economic indicators, such as the sales value of manufacturing industry, and therefore the data from 2019 onwards might not be directly comparable to the data for 2015-2018. Frost & Sullivan has conducted a series of expert interviews with industry participants to explore the underlying rationale of the official data. The primary research conducted by Frost & Sullivan revealed a common observation by many scheduled waste management services providers, including Kualiti Alam Sdn. Bhd. and Jaring Metal Industries Sdn Bhd., being the top two scheduled waste management services providers in Malaysia, that the generation of schedule waste experienced rapid growth in 2019 and the volume of 4,013,189 tonnes disclosed by DOE was caused by changes in related metrics or benchmarks of calculations. Hence, to avoid confusion, the diagram was split into two time periods.

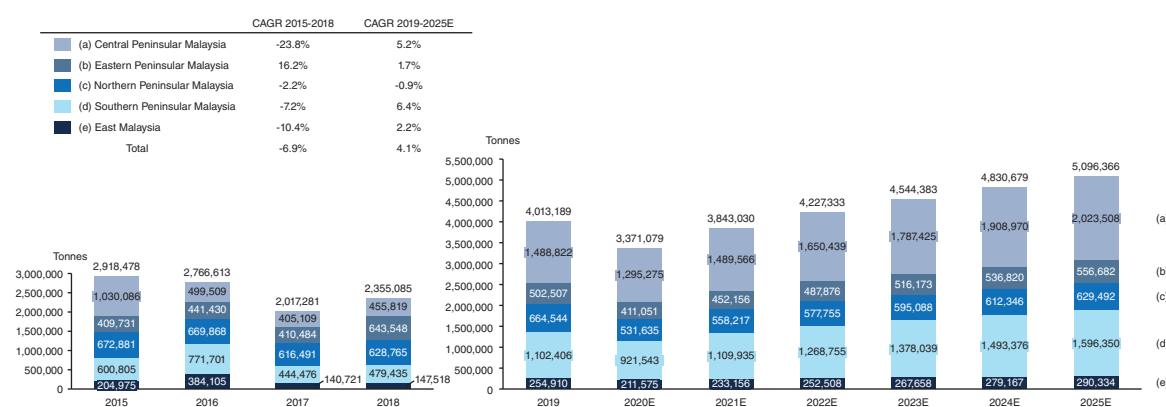
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According to the latest data published by DOE, Central and Southern Peninsular Malaysia constituted the largest proportion of scheduled waste generated, accounting for approximately 37.1% and 27.5% of the total volume of scheduled waste generated in 2019 respectively. Looking forward, promoted by the supportive national policies, advantage in labour costs as well as advances in manufacturing techniques, the manufacturing industry in Malaysia is expected to maintain a robust growth in the future and continue to be the largest contributor of scheduled waste in the country. In addition, the continuous urbanisation and population growth in Malaysia is another major driver that will promote the stable increase of scheduled waste generation. As Frost & Sullivan has not noticed any incidents that may significantly impact on the scheduled waste industry in Malaysia, Frost & Sullivan is of the view that the volume of scheduled waste is expected to increase steadily in line with the development of the overall economy and manufacturing industry in Malaysia, and is not expected to exhibit a volatile pattern as in the past. The volume of scheduled waste generated in Malaysia is expected to reach approximately 5.1 million tonnes in 2025, representing a CAGR of approximately 4.1% from 2019. The volume of scheduled waste generated in Central and Southern Peninsular Malaysia is forecast to reach 2,023,508 tonnes and 1,596,350 tonnes in 2025, representing CAGRs of 5.2% and 6.4%, respectively.

Volume of Scheduled Waste in Malaysia, 2015-2025E



Source: DOE, Malaysia; Frost & Sullivan

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The following table sets forth the ten largest categories of scheduled waste generated in Malaysia in terms of volume in 2019. Out of the ten largest categories of scheduled waste generated in Malaysia in terms of volume in 2019, 5E Resources was able to process nine of them based on the Waste Codes we possess as at the Latest Practicable Date.

#	Type of schedule waste	Waste code**	Volume generated in 2019 (tonnes)	%
1	Dross/slag/clinker/ash	SW 104*	1,634,987.6	40.7
2	Spent lubricating oil	SW 305*	382,519.8	9.5
3	Gypsum	SW 205	370,537.9	9.2
4	Heavy metal sludges	SW 204*	331,072.5	8.2
5	Rubber/latex waste containing heavy metal	SW 321*	199,065.7	5.0
6	Mixture of schedule waste & non-scheduled waste	SW 422*	105,610.6	2.6
7	Sludge containing flouride	SW 207*	96,338.5	2.4
8	Waste oil/oily sludges	SW 311*	92,733.2	2.3
9	E-waste	SW 110*	89,956.3	2.2
10	Waste of non-halogenated solvent	SW 322*	73,866.9	1.8
Subtotal			3,376,689.0	84.1
Others			636,500.0	15.9
Total			4,013,189.0	100.0

Note:

*: 5E resources possessed the relevant waste codes as at the Latest Practicable Date.

** : Please refer to the definition of Waste Code(s) in the Glossary

Source: Department of Environment, Malaysia; Frost & Sullivan.

Market size by revenue of scheduled waste management industry in Malaysia

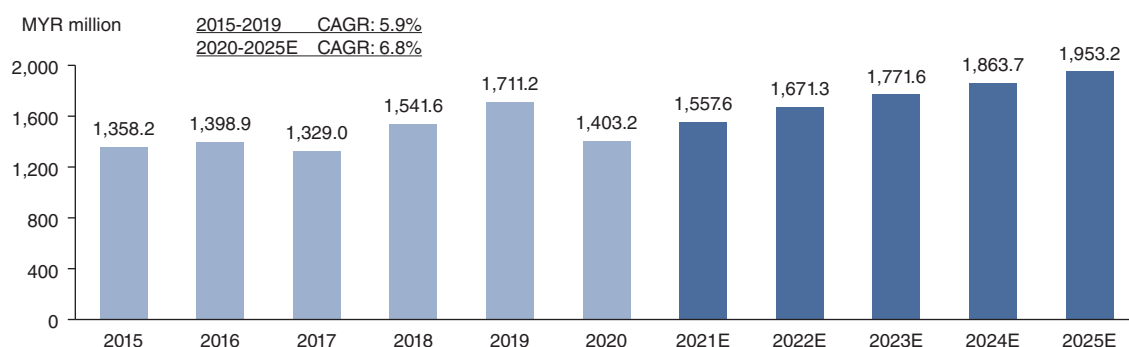
The market size by revenue of the scheduled waste management industry in Malaysia grew from approximately MYR1,358.2 million in 2015 to approximately MYR1,711.2 million in 2019, representing a CAGR of approximately 5.9%. The market size of the scheduled waste management industry in Malaysia experienced a slight and temporary decrease to MYR1,403.2 million in 2020 due to the impact of the outbreak of COVID-19 pandemic.

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Revenue of Scheduled Waste Management Industry in Malaysia, 2015-2025E



Source: Frost & Sullivan

The trend of the generation of volume of scheduled waste in 2016 was not in line with the trend of the market size due to: (i) the total volume of scheduled waste generated in Malaysia was not completely collected, treated and recycled by third-party waste management services providers. Some scheduled waste was treated by the waste generators in their own on-site facilities or illegally disposed of; and (ii) the revenue generated from the scheduled waste management services also includes the sales revenue of recycled materials. The fees of treating and recycling different scheduled wastes may vary according to their different treatment methods and equipment. Similarly, the selling prices of different recycled materials may vary according to commodity market prices or are influenced by market condition over time.

Looking forward, it is expected that the market size by revenue of scheduled waste management industry in Malaysia will further keep a steady growth and reach MYR1,953.2 million by 2025, representing a CAGR of approximately 6.8% from 2020.

COMPETITIVE LANDSCAPE ANALYSIS

In 2020, the market size by revenue of the scheduled waste management industry in Malaysia reached approximately MYR1,403.2 million. The scheduled waste management industry in Malaysia is fragmented with over 100 players and the competition is high, with the top ten players accounting for a total market share of approximately 38.7% in terms of revenue. For instance, the market share of the top market player in 2020 in terms of revenue was only approximately 11.4%. 5E Resources ranked fifth in 2020 in terms of revenue of scheduled waste management and related services, accounting for a market share of approximately 3.1%.

In Malaysia, there are only a few market players possessing more than 30 Waste Codes and the leading players generally fall in the above category.

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Top 10 scheduled waste management services providers in Malaysia, 2020

Ranking	Name	Revenue in 2020 (MYR' million)	Market Share, 2020	Listed or not	Geographical Coverage	Business Focus
1	Kualiti Alam Sdn. Bhd.	160.4	11.4%	Unlisted	Central Peninsular Malaysia (Negeri Sembilan)	Integrated hazardous waste management services for all types of industries
2	Jaring Metal Industries Sdn Bhd.	80.9	5.8%	Unlisted	Central Peninsular Malaysia (Selangor) Northern Peninsular Malaysia (Penang)	Recovery and recycling of electronic waste, precious metal, ferrous and non-ferrous metal
3	SMC Technology Sdn. Bhd.	67.5	4.8%	Unlisted	Southern Peninsular Malaysia (Johor)	Recycling of e-waste and non-ferrous metals scrap from electronic industries, cables and wire from cable industries, recovery of metal dross and metal sludge, catalyst waste from oil & gas industries
4	Mep Enviro Technology Sdn Bhd.	51.8	3.7%	Unlisted	Northern Peninsular Malaysia (Penang) Central Peninsular Malaysia (Selangor) Southern Peninsular Malaysia (Johor)	Trading and recycling of industrial waste such as plastic scraps, ferrous and non-ferrous metal waste, precious metal
5	5E Resources Sdn. Bhd.	42.8	3.1%	Unlisted	Southern Peninsular Malaysia (Johor)	Recovery, recycling and treatment of waste acid and alkaline, electronic waste, waste coolant, waste oil, waste solvent and paint, waste catalyst and solid waste, waste water, and contaminated rags and containers mainly from manufacturing industries
6	Hiap Huat Holdings Bhd.	33.9	2.4%	Listed	Eastern Peninsular Malaysia (Pahang)	Collecting, recycling, re-refining and producing recycled products from waste oil, waste solvent, used drums and containers
7	Krubong Recovery Sdn. Bhd.	32.9	2.3%	Unlisted	Central Peninsular Malaysia (Selangor)	Collecting and recycling of industrial waste such as carton box, plastic scrap, metal scrap, ferrous and non ferrous metal, scheduled waste, electronic waste and chemical waste

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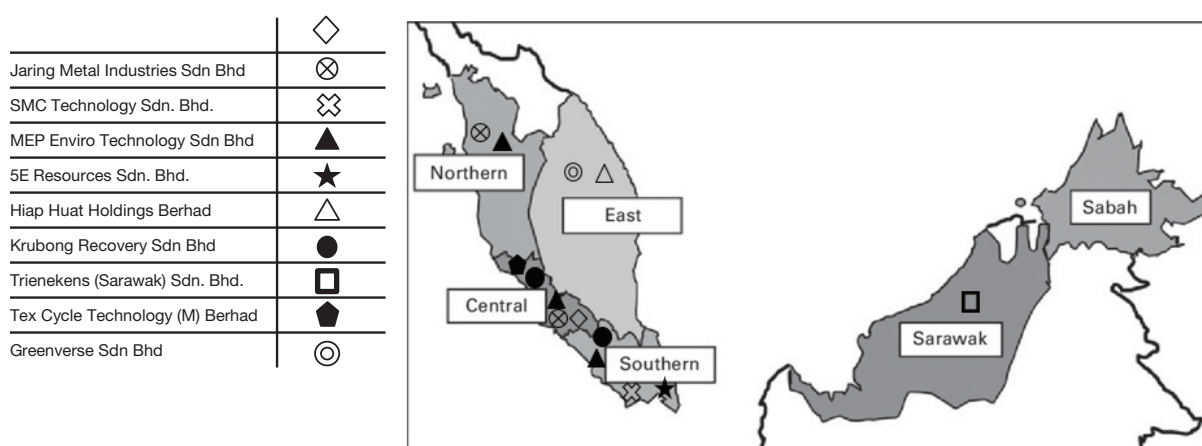
Ranking	Name	Revenue in 2020 (MYR' million)	Market Share, 2020	Listed or not	Geographical Coverage	Business Focus
8	Trienekens (Sarawak) Sdn. Bhd.	31.4	2.2%	Unlisted	East Malaysia (Sarawak)	Handling, collection, transportation, treatment and final disposal of scheduled waste including toxic, hazardous, pathological and clinical waste
9	Tex Cycle Technology (M) Berhad	22.6	1.6%	Listed	Central Peninsular Malaysia (Selangor)	Waste management services of contaminated grease, inks and solvents mainly from electronics, engineering, automobile, oil & gas and printing industries
10	Greenverse Sdn Bhd	20.1	1.4%	Unlisted	Eastern Peninsular Malaysia (Pahang)	Waste management services of waste oil, metal waste and waste drum, waste rags, waste plastic and waste filter

Source: Frost & Sullivan

Locations of scheduled waste management services providers in Malaysia

Most leading scheduled waste management services providers in Malaysia are located in Southern and Central Peninsular Malaysia due to the strong economic development and rapid growth rate of scheduled waste volume. The following map sets out the geographical distribution of the top 10 scheduled waste management services in Malaysia:

Map of the top 10 scheduled waste management services providers in Malaysia, 2020



Source: Frost & Sullivan

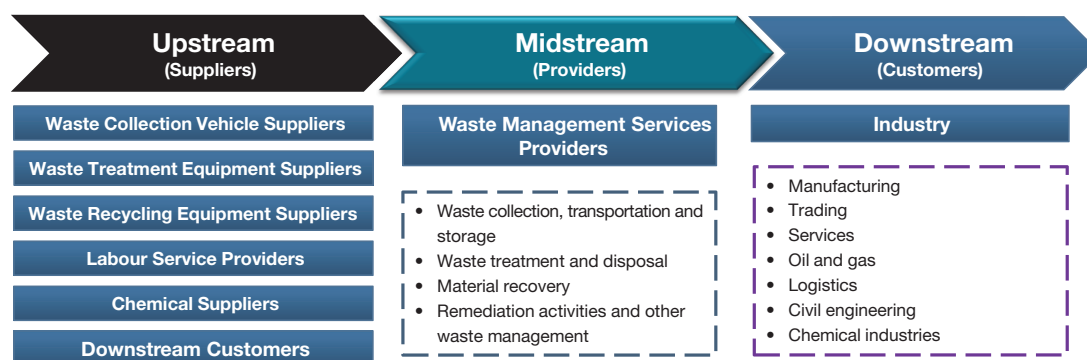
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Value chain analysis of scheduled waste management industry in Malaysia

The value chain of the scheduled waste management industry generally comprises (i) suppliers in the upstream; (ii) scheduled waste management services providers in the midstream; and (iii) customers in the downstream. The upstream of the value chain mainly comprises waste collection vehicle providers (such as hook lift trucks, grab lorries, etc.), waste treatment equipment suppliers, waste recycling equipment suppliers, other related equipment and material suppliers as well as labour service providers. In addition, scheduled waste management services providers may also purchase scheduled waste with valuable content from some of the downstream customers for the recycling purpose. The scheduled waste management services providers in the midstream mainly provide the following services: (i) waste collection, transportation and storage; (ii) waste treatment and disposal; (iii) recycling and recovery of materials; and (iv) remediation activities and other waste management. Revenue generated from treatment and disposal services of scheduled waste is normally higher than that from collection services of scheduled waste. Downstream customers of scheduled waste management services are mainly from manufacturing, trading, services, oil and gas, logistics, civil engineering and chemical industries, etc.



Source: Frost & Sullivan

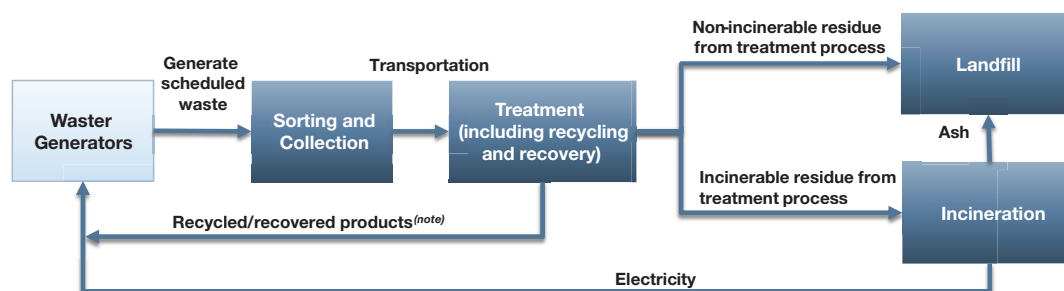
The types of scheduled waste handled by the operators determine the types of facilities that the operators should possess. The facilities include vehicles, off-site storage plants, waste transfer stations, waste treatment plants, clinical waste treatment centres and incineration plants, etc. The establishment and operation of the waste treatment plants require licences issued by the DOE. Waste treatment plants are the core facility in the value chain where scheduled waste is treated through several chemical processes such as neutralisation, oxidation and reduction. Clinical waste treatment centres use some specialised technologies to handle disposable items contaminated with biological agents, expired drugs, chemical waste, radioactive dyes, and sharps waste. The incineration plant is suitable for organic waste such as hazardous, toxic, clinical and pathological waste in all forms which requires thermal treatment for destruction efficiency. After all the scheduled waste had been treated, the incinerable residue will be placed in the secured landfill.

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The following diagram sets out the general process flow of scheduled waste management in Malaysia:



Source: Frost & Sullivan

Note: It is an industry norm that scheduled waste management services providers purchase certain scheduled waste containing high value components (e.g. gold and silver) from Waste Generators to generate recovered and recycled products.

Market drivers and trends of the scheduled waste management industry in Malaysia

(i) Growing demand for waste management

The market size by revenue of the scheduled waste management industry in Malaysia grew from approximately MYR1,358.2 million in 2015 to approximately MYR1,711.2 million in 2019, representing a CAGR of approximately 5.9%. The market size of the scheduled waste management industry in Malaysia experienced a slight and temporary decrease to MYR1,403.2 million in 2020 due to the impact of outbreak of the COVID-19 pandemic, but is estimated to rebound in 2021 driven by recovery of economy and the introduction of effective vaccines. The market size by revenue of scheduled waste management industry in Malaysia is expected to reach approximately MYR1,953.2 million in 2025, representing a CAGR of approximately 6.8% from 2020 to 2025.

Growth of Manufacturing Industry

- Looking forward, the manufacturing industry in Malaysia is expected to continue to be the largest contributor of scheduled waste in Malaysia, and will continuously bring huge demand for scheduled waste management services. The sales value of the manufacturing industry in Malaysia is expected to reach approximately MYR1,900,933 million by 2025, representing a steady growth at a CAGR of approximately 5.5% from 2019 to 2025. The volume of scheduled waste in Malaysia is projected to grow at CAGR of approximately 4.1%, reaching 5.1 million tonnes in 2025. The steady development of manufacturing industries in Malaysia, mainly driven by electronics and electrical appliances, oil refining, rubber industry, machinery and automobile, is expected to further drive the demand for scheduled waste management services.

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Demand from Central and Southern Peninsular Malaysia

- In terms of demand by geographical locations, Central and Southern Peninsular Malaysia contributed the largest proportion of scheduled waste. Driven by the faster economy development in Central and Southern Peninsular Malaysia, whose nominal GDP grew at the highest rate across the country at CAGRs of approximately 7.5% and 6.2% from 2015 to 2019 and contributed to approximately 43.2% and 12.3% of Malaysia's nominal GDP in 2019, there is a growing demand for scheduled waste management in Central and Southern Peninsular Malaysia, with projected CAGR of approximately 5.2% and 6.4% from 2019 to 2025 respectively based on volume of scheduled waste.

Demand from High Organic Content Waste

- Furthermore, there is a growing demand and potential for high organic content waste treatment. The high organic content waste is a type of scheduled waste. The high organic content waste is mainly derived from oil and gas industry, chemical industry, medical industry, rubber industry and agricultural industry which may include waste oil/oily sludges, waste of solvent, waste of inks & paints and sludges, etc. Malaysia is the second-largest oil and natural gas producer in Southeast Asia and is the fifth-largest exporter of liquefied natural gas (LNG) in the world in 2019. Oil and gas industry in Malaysia is an important sector of growth for the economy. The generation of high organic content waste in Malaysia increased from approximately 85,000 tonnes in 2015 to approximately 140,326 tonnes in 2018, representing a significant CAGR of approximately 18.4%.

Looking forward, there is a growing demand for high organic content waste treatment due to the continuous development of industries such as chemical, pharmaceutical, rubber, printing and textile that require large amount of organic raw materials. For example, the construction of Pengerang Integrated Petroleum Complex (PIPC) will position Malaysia to capitalise on the growing need for energy and commodity petrochemical products in Asia in the next 20 years. Currently, Pengerang Integrated Complex (PIC), an integrated downstream petroleum facility of PIPC has completed the construction and is expected to start commercial operations in the first quarter of 2022. PIC consists of the Refinery and Petrochemical Integrated Development (RAPID), which is capable of processing 300,000 barrels per day (bpd) of crude oil, according to Johor Petroleum Development Corporation Berhad (JPDC). This will spur the growth of Malaysia's oil and gas downstream sector and also generate huge demand for high organic waste management services.

- In addition, as one of the major rubber manufacturing countries and the largest rubber glove production base in the world, the export value of selected rubber products (including tyres, inner tubes, footwear, latex goods, industrial rubber goods and general rubber goods) in Malaysia increased from approximately MYR17,997.2 million in 2015 to approximately MYR23,339.5 million in 2019, representing a CAGR of approximately

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6.7%. Besides, the outbreak of COVID-19 has triggered surging demand for personal protective equipment (PPE), including rubber gloves. And the demand will not revert to the pre-pandemic level in the coming years due to increasing hygiene awareness as well as large uncertainty of the pandemic, which will promote the Malaysian rubber glove manufacturing industry and generate a remarkable quantity of organic wastes.

- Therefore, the generation of high organic content waste in Malaysia is expected to maintain a steady and relatively fast CAGR of approximately 11.6% from 2019 to 2025 and reached approximately 854,153 tonnes by 2025, and is not expected to exhibit a volatile pattern as in the past.
- The sharp increase in volume of high organic content waste in 2019 was presumably caused by the benchmark revisions by the DOE, as influenced by the similar benchmark revision of some macro-economic indicators, such as the sales value of manufacturing industry, and therefore the data from 2019 onwards might not be directly comparable to the data for 2015-2018. Frost & Sullivan has conducted a series of expert interviews with industry participants to explore the underlying rationale of the official data. The primary research conducted by Frost & Sullivan revealed a common observation by many scheduled waste management services that the generation of high organic waste experienced rapid growth in 2019 was caused by changes in related metrics or benchmarks of calculation. Furthermore, the trend of volume of high organic content waste follows similar pattern as the trend of scheduled waste.

The Development of the PIPC Project

- The 20,000 acres Pengerang Integrated Petroleum Complex (PIPC) is one of the biggest pieces of investment in Johor that are fully supported by Malaysian Federal Government and Johor State Government with the aim to create value to the downstream of oil and gas value chain in Johor. Upon completion, the project will house oil refineries, naphtha crackers, petrochemical plants as well as a liquefied natural gas (LNG) import terminal and a regasification plant, which will bring large demand for high organic content waste management. The PIPC is designed to accommodate downstream oil and gas industrial facilities such as refineries and petrochemical plants, deep-water terminal and storage tanks, naphtha crackers, regasification plants and supporting facilities, as well as manufacturing plants and industrial parks. The PIPC project involves more than 40 major engineering, procurement, construction and commissioning (EPCC) packages, 13 licensors, and more than 200 suppliers and contractors.
- The PIPC covers both core and non-core downstream activities over four phases from 2012 to 2037. It has just completed its first development phase (2012-2019), which witnessed two significant world-class catalytic projects being completed – Pengerang Deepwater Terminals (PDT) and Pengerang Integrated Complex (PIC). PDT has been operational since April 2014 with 3.83 million cubic metre oil storage facilities developed on a 1,300-acre with an investment value of USD2.5 billion. PIC is an integrated

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downstream petroleum facility covering an area of 6,303 acres with an investment value of USD27 billion. PIC consists of the Refinery and Petrochemical Integrated Development (RAPID) which costs USD16 billion and is capable of processing 300,000 barrels per day (bpd) of crude oil, and six Associated Facilities (cost USD11 billion). The construction of PIC has been completed and it is in the final stages of preparation for commercial operations expected in the first quarter of 2022. In 2021, the Malaysian Government will be completing 25 packages of infrastructure and public amenities in PIPC to support downstream oil and gas industry growth at a development value of MYR2.47 billion (USD598.8 million). Further, PIPC is expected to attract RM5 billion in investment during the second phase of its development between 2020 and 2025.

- Compared to other regions or similar projects, the PIPC possesses more strength with access to existing major international shipping lanes between the Middle East and China. The proximity of Pengerang to Singapore is a huge benefit, as Malaysia's refinery hub has to be close to the world's commodity traders that are largely based in Singapore. Included in the PIPC master plan are designated areas for related support services such as a plastic and fine chemicals park, a light and medium industrial park, a waste management center, an emergency response center, a logistics hub, a commercial hub and others. As a leading scheduled waste management company located in Johor, there are huge opportunities from the PIPC project for 5E Resources. Based on the geographical advantages and competitiveness in oil-related scheduled waste treatment, it is expected that 5E Resources will benefit from increasing demand for scheduled waste management services of the project.

(ii) Opportunities from small quantity Waste Generators

- Small quantity Waste Generators are those Waste Generators with demand for scheduled waste management services of a smaller quantity of scheduled waste per month. Based on Frost & Sullivan's primary research, which includes discussing the status of the industry with certain leading industry participants across the industry value chain and conducting interviews with relevant parties to obtain objective and factual data and prospective predictions, Frost & Sullivan agreed with the management's definition of small quantity Waste Generators, being any Waste Generator with a demand for scheduled waste management services of no more than ten tonnes per month. Other than the monthly volume of scheduled waste generated by each small quantity Waste Generator, the characteristics of small quantity Waste Generators are generally the same as other Waste Generators. These companies are typically factories from various manufacturing industries, including (a) food, beverages and tobacco; (b) textiles, wearing apparel, leather and footwear; (c) wood products, furniture, paper products and printing; (d) petroleum, chemical, rubber and plastic; (e) non-metallic mineral products, basic metal and fabricated metal products; (f) electrical and electronic products; and (g) transport equipment and other manufactures. Small quantity Waste Generators are generally scattered around various areas (including those more rural or remote areas) across Malaysia, which makes it inconvenient for them to get access to professional scheduled waste management services in a timely manner. As the major

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economy and manufacturing centre of the country, Central Peninsular Malaysia contributed the largest proportion of total scheduled waste among different regions in Malaysia (37.1% in 2019) and has the highest concentration of small quantity Waste Generators. While there is no official quantitative data on the scheduled waste generated particularly by the small quantity Waste Generators and there is no meaningful research methodology to quantify the volume, it is expected that the volume of scheduled waste generated by the small quantity Waste Generator is expected to follow the increasing trend of the overall scheduled waste management industry or better, considering that (a) the macro economic environment is expected to develop stably; (b) the large number of SMEs of manufacturing industry in Malaysia (47,698 according to the latest statistics of Department of Statistics of Malaysia) are the potential customers for scheduled waste management services; (c) the improved compliance culture in Malaysia; and (d) the increasingly stringent regulatory environment and enforcement.

- In the past, some small quantity Waste Generators may dispose of the scheduled waste in an illegal way without proper treatment. The costs to properly and legally dispose of scheduled waste are high, therefore there have been incidents of illegal dumping in Malaysia from time to time. Due to loose regulations, many factory owners usually do not dump rubbish at approved landfills or transport them to proper recycling facilities, especially for those small quantity Waste Generators as they have limited capability to deal with the scheduled waste and some are not willing to pay additional fees for scheduled waste management services. Further, Malaysia became the destination of choice for the world's plastic waste after China banned imports in 2018, which also brought the issue of a deluge of unlicensed and unrecyclable plastic waste in the country. However, some serious pollution incidents such as the Kim Kim River incident have raised wide public attention and promoted the Malaysian authorities to strengthen the regulations and surveillance against illegal dumping. According to the current EQA 1974, section 34B states that anyone found guilty of violating the law (no person shall place, deposit or displace of any scheduled waste on land or into Malaysian waters, except at prescribed premises, without any prior written approval of the DOE) is liable to a fine of not exceeding MYR500,000 or to imprisonment of not exceeding five years, or both. In April 2021, stiffer penalties such as a fine of up to MYR15 million have been proposed for those found guilty of committing scheduled waste pollution, in the amendments to the EQA 1974 that is under review. In addition, Kuala Langat Municipal Council (MPKL) released a circular in 2020 that manufacturers and factory owners in Kuala Langat must appoint KDEB Waste Management (KDEBWM) to manage the disposal of their solid and bulk wastes in order to renew their business licences for 2021 and manufacturers producing rubbish falling under the scheduled waste category must refer to the DOE's website for a list of licensed transporters and waste facilities. As a result, the stricter penalties on illegal dumping will lead to increasing demand of scheduled waste treatment from these small quantity Waste Providers that illegally disposed of their scheduled waste before.

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- Some small quantity Waste Generators may also contract with some illegal waste management facilities with relatively low waste treatment fees. The Malaysian government has also implemented strict actions to deal with this issue. According to the official data provided by DOE, around 170 illegal unlicensed recycling factories were shut down from January to November in 2019.
- In light of the tightened regulations against illegal dumping and more frequent prosecutions by the Malaysian government in recent years, there is an improved compliance culture among the Waste Generators, in particular the small quantity Waste Generators in light of the severity of penalty.
- Currently, some leading players in the scheduled waste management industry are also planning to explore the “under-served” market by developing off-site facilities such as waste storage plants in order to support the needs of long-distance scheduled waste storage. By centralising the scheduled waste collected from the small quantity Waste Generators and then transporting them to the waste treatment plants, the scheduled waste management services providers would be able to achieve economies of scale and offer more cost-effective solutions to satisfy the demand from small quantity Waste Generators. Therefore, there is large developing potential from such “under-served” market which will not only expand business coverage for scheduled waste management services providers but also enhance the overall scheduled waste treatment and recycling rate across the country.

(iii) Government policies

- The scheduled waste management industry in Malaysia is effectively growing as a result of continuous review of the environmental regulations, the active enforcement by the DOE and the acknowledgement of technology to improve waste treatment process. Some heavy pollution cases in Malaysia involving human health have promoted the importance of safe and sustainable scheduled waste management. For example, the chemical waste pollution accident in the Kim Kim River, Johor due to illegal dumping has raised great public concern on the waste management issue and triggered the Malaysian government to strengthen the supervision and regulations on illegal dumping and scheduled waste management.
- The resolve of the Malaysian government on human health protection and safeguarding the environment prompted various acts, regulations and orders on waste management. In particular, the EQA 1974 provided a favourable policy environment for the scheduled waste management industry. The Malaysian government has viewed environmental protection as a key issue under its successive national plans. For example, the Malaysian government adopted waste recycling as a long-term strategy for municipal waste management in the 11th Malaysia Plan (2016-2020).

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- In addition, Malaysia has developed a comprehensive legal framework in relation to scheduled waste management with some tax incentives to promote compliance and penalties for non-compliance. Furthermore, the Malaysian government has also strengthened control over the import of scheduled waste. Since October 2018, the Malaysian government has banned the import of non-recyclable solid waste. In compliance with the Basel Convention on control of transboundary hazardous waste, Malaysia and other representatives from more than 180 countries and regions amended the Basel Convention in May 2019 to include plastic waste in import and export restrictions. With the increasingly stringent policies coupled with continuous support from the Malaysian government, the scheduled waste management industry in Malaysia is expected to have high development potential.

(iv) Going green awareness

- The scheduled waste management industry in Malaysia is also driven by growing environmental consciousness and awareness of 3Rs (reduce, reuse and recycle). From 2015 and 2020, the recycling rate of solid waste in Malaysia increased from 15.7% to 30.7%. According to the 12th Malaysia Plan (2021-2025), the Malaysian government aims to construct integrated scheduled waste treatment and disposal facilities to minimize illegal dumping and increase the recycling rate of scheduled waste to 35% by end of 2025. Within industry clusters, there are various campaigns and programs with the aim to create awareness on the 3Rs, which encourage companies to purchase more recycled materials, increase resource utilisation rate, as well as to become more engaged in waste management through actions such as repurchasing end-of-life products from consumers. The value chain of scheduled waste management industry is expected to shift from a linear manufacturing model (cradle-to-grave) to a circular one (cradle-to-cradle). In the traditional cradle-to-grave model, the product lifecycle begins from the extraction of the raw materials, manufacturing, followed by the use of the products and finally the disposal of the products. It gives priority for disposal rather than resource recovery in which will lead to environmental concerns due to increasing landfilling, leachate problems, illegal dumping and air pollution. In the cradle-to-cradle model, scheduled waste can be minimised through 3Rs so a product can be transformed into new products, materials or energy in a close-loop cycle.
- The increased awareness of environmental protection and recognition of cost-effectiveness of going green have also promoted the recovery of scheduled waste containing useful or valuable materials for sustainable development. For example, recycled lubricant oil products have become more popular and can be extended to end-consumers. In addition, instead of transferring to third-party companies for further disposal, waste residue generated from various scheduled waste can be processed into useful alternative raw materials which can be reused in other industries such as cement production. With advance waste processing technology and machinery, such treatment is proving to be more cost-saving compared with the disposal costs of untreated waste residue and has become a new developing direction of companies engaged in the scheduled waste management industry. From 2015 to 2019, the value of construction

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work done in Malaysia increased from approximately MYR114,943 million to approximately MYR146,372 million in 2019 at a CAGR of approximately 6.2%. Looking forward, it is expected that the value of construction work done in Malaysia is going to reach approximately MYR163,526 million by 2025, representing a CAGR of approximately 8.2% from 2020, which will also promote the continuous development of cement industry.

- Overall, there is increasing concern on the environmental and social responsibilities of Waste Generators in Malaysia, and scheduled waste management services is recognised as one of the solutions in discharging the environmental and social responsibilities of corporates.

Entry barriers of scheduled waste management industry in Malaysia

(i) Capital barriers

- Scheduled waste management requires large initial investment in land, buildings, machinery, vehicles and utilities, etc. The cost varies based on the scale of the business. Companies with broad business lines such as waste oil, wastewater, waste solvent and waste sludge treatment tend to spend a high outlay for the multiple recycling systems. For example, in order to produce different outputs, oil recycling may consist of many stages, which requires the utilisation of more than one processing. In addition, new market players have to incur other costs such as licencing, transportation, recruitment and so on. In addition, the DOE licence is attached to the specified premise, thus scheduled waste management services providers need to secure the right of use of the same premise as approved by the DOE. Therefore, new entrants without sufficient capital will face entry barriers and lack competitiveness to enter into and stay relevant in the scheduled waste management market.

(ii) Regulations and competency barriers

- The existing laws and regulations in Malaysia require market players that are engaged in scheduled waste management services to obtain several written approvals and licences. For new entrants, they need to invest time and resources for licence application. When companies plan to adjust their specialised fields or expand their service capacity, re-application or renewal of licences is also needed. In addition, safety requirements in the scheduled waste management industry are usually more stringent than other industries due to potential damages to public health and the environment from hazardous waste. Companies need to develop a comprehensive safety management system and comply with the standards and regulations during normal daily operations. Furthermore, waste codes are difficult to obtain and are subject to regulatory assessment, hence it is not easy for new entrants to have the ability of processing various categories of scheduled waste.

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(iii) Technological barriers

- Advanced treatment techniques are important in enabling current market players to provide high-quality scheduled waste management services at a competitive profit margin. By building long-term collaborations with suppliers and customers, these market players can maintain their market share and keep exploring new growth opportunities through innovations and technological upgrade. Meanwhile, the continuously improving treatment techniques can also help reduce operational costs and enhance operation efficiency, providing existing market players a competitive edge. The lack of new and superior treatment techniques may prevent new entrants from establishing a strong presence in the scheduled waste management industry.

(iv) Human resources barrier

- Some scheduled waste recycling business personnel require specific skills and expertise that can only be acquired through specific training. As a result, new entrants will have to bear relatively high cost of recruitment and training. This also means that companies need to establish a thorough training program and training frameworks, otherwise they may need to outsource employee training to a third party, incurring additional costs.

Challenges of scheduled waste management industry in Malaysia

(i) Illegal dumping of scheduled wastes

- Scheduled waste management is key to resolving one of the most critical environmental issues in Malaysia. The costs to properly and legally dispose of scheduled wastes are high, therefore there have been incidents of illegal dumping in Malaysia from time to time. Illegal dumping is motivated by economic reality and convenience. Such act of illegal disposal of waste of all types is a serious problem to the waste management system and a source of pollution in rivers, seas and oceans. Illegal dumping of wastes, whether into rivers or on idle land, threatens the environment and public health and safety in the long term. It also costs money, in the form of clean-ups or healthcare, which is ultimately borne by the public.
- Illegal dumping of scheduled wastes would harm the development of scheduled waste management industry and pose a challenge and price pressure for scheduled waste management services providers, which requires a multi-stakeholder collaboration from all parties across the value chain from the government, waste producers, waste management services providers and the public.

(ii) Possible changes of regulatory environment

- The scheduled waste management industry in Malaysia is a highly regulated industry, in terms of licence requirements for qualification of the industry, standards and

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requirements for the scheduled waste treatment process, and the requirements for competent employees and advanced machinery, etc. If there are changes in the relevant laws and regulations, scheduled waste management services providers may incur new costs in order to comply with the laws and regulations. For example, if there are changes requiring a higher standard for the discharge of waste water, scheduled waste management services providers who apply Standard B of the Malaysia Sewage and Industrial Effluent Discharge Standards (the standard has all the parameters that have to be monitored) would be required to upgrade this system and make other relevant adjustments in response to the new regulations. In the long run, the scheduled waste management industry in Malaysia is expected to encounter more stringent regulations on their business operations.

(iii) Transportation cost

- Transportation cost forms a significant proportion of the scheduled waste management services. If scheduled waste management services providers are not located near the Waste Generators, the cost of service will be high due to transportation cost. Therefore, geographical proximity is an important factor that scheduled waste management services providers take into account in providing scheduled waste management services. In Malaysia, the transportation costs from Central Peninsular Malaysia to Southern Peninsular Malaysia and from Central Peninsular Malaysia to Northern Peninsular Malaysia are generally high. This may pose limitations to geographical expansion of scheduled waste management services providers.

Key success factors of scheduled waste management industry in Malaysia

(i) Geographical proximity

- Geographical proximity is one of the key success factors of scheduled waste management industry in Malaysia. Waste Generators tend to engage scheduled waste management providers nearby so that their scheduled waste generated can be treated on a timely basis and at a lower transportation cost. Therefore, the distance from scheduled waste management services providers to Waste Generators will directly impact the profit margins and customer development of the scheduled waste management services providers. Leading companies in the industries will choose the proper locations of plants, warehouses and storage stations around their target market.

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(ii) Sufficient capital

- To operate a scheduled waste management business in Malaysia, significant capital is necessary for the initial investment in buildings, machinery, vehicles and utilities, etc. Additionally, continuing R&D activities, the maintenance of machinery and recruitment of experienced talent also require sufficient capital, so as to ensure stable operations and to cater for market changes. To maintain a competitive advantage among market participants, scheduled waste management services providers who can fulfill the above requirements are more likely to achieve sustained and continuous growth in the market competition.

(iii) Experienced and suitable human resources

- Experienced and suitable human resources is a key competitive advantage in the scheduled waste management market. Certain skills and expertise which can only be acquired through specific training are required for some aspects of the scheduled waste management business. The experts with extensive industry knowledge and a professional management team with rich experience can bring excellent competitive advantages to enterprises. Being able to acquire and maintain talents is therefore important.

(iv) Strong R&D capabilities and advanced production techniques

- Strong R&D capabilities and advanced production techniques are core success factors for scheduled waste management services providers. In order to stand out from the intense competition in the waste management industry, R&D ability and continuously enhanced production techniques are critical. Leading companies in the scheduled waste management industries tend to build a professional R&D personnel and carry out forefront R&D activities in emerging areas of scheduled waste management, to upgrade the existing scheduled waste management solutions and meet the evolving needs of market demand as well as regulatory requirements in the industry. Therefore, advanced production techniques enable them to offer high-quality waste management services at competitive prices and maintain their reputation as progressive market players.

In conclusion, scheduled waste management in Malaysia has witnessed significant development since the enactment of the EQA 1974 in the early 1970s. Driven by economic development especially in the manufacturing industry, the volume of scheduled waste in Malaysia has also experienced an obvious increase over the past few years, among which Central and Southern Malaysia constituted the largest proportion of scheduled waste generated. Looking forward, promoted by the supportive national policies, advantage in labour costs as well as advances in manufacturing techniques, the manufacturing industry in Malaysia is expected to maintain the robust growth and continue to be the largest contributor of scheduled waste in the country. In addition, the continuous urbanization and population growth in Malaysia is another major driver that will promote the stable increase of scheduled waste generation. Meanwhile, Malaysia is expected to continuously encourage the proper and professional treatment and well-established

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recovery of scheduled waste containing intrinsic valuable materials by emphasising the 3Rs (Reduce, Reuse and Recycle) concept for sustainable development. Also, the growing green awareness and the upgrading of waste management technologies will also bring about continuous momentum for the development of this industry. Therefore, the market size of scheduled waste management industry in Malaysia is expected to reach approximately MYR1,953.2 million in 2025, representing a CAGR of approximately 6.8% from 2020 to 2025.

APPENDIX D – SELECTED EXTRACTS OF OUR CONSTITUTION

This appendix provides information about certain provisions of our Constitution and certain aspects of the Singapore company law. The description below is only a summary and is qualified in its entirety by reference to the Companies Act and our Constitution. The instrument that constitutes and defines us is the Constitution.

REGISTRATION NUMBER

Our Company is registered in Singapore with ACRA, and our company registration number is 202136285K.

SUMMARY OF THE CONSTITUTION

1. Directors

(a) Ability of interested directors to vote

A Director shall not vote in respect of any contract, proposed contract or arrangement or any other proposal in which he has any personal material interest, and he shall not be counted in the quorum present at the meeting.

(b) Remuneration

Fees payable to non-executive Directors shall be a fixed sum (not being a commission on or a percentage of profits or turnover of our Company) as shall from time to time be determined by our Company in general meeting. Fees payable to Directors shall not be increased except at a general meeting convened by a notice specifying the intention to propose such increase.

Any Director who holds any executive office, or who serves on any committee of the Directors, or who performs services outside the ordinary duties of a Director, may be paid extra remuneration by way of salary, commission or otherwise, as the Directors may determine, provided that such extra remuneration shall not be by way of commission on or a percentage of turnover.

The remuneration of a Managing Director shall be fixed by the Directors and may be by way of salary or commission or participation in profits or by any or all of these modes but shall not be by a commission on or a percentage of turnover. The Directors shall have power to pay pensions or other retirement, superannuation, death or disability benefits to (or to any person in respect of) any Director for the time being holding any executive office and for the purpose of providing any such pensions or other benefits, to contribute to any scheme or fund or to pay premiums.

(c) Borrowing

Our Directors may exercise all the powers of our Company to raise or borrow money, to mortgage or charge its undertaking, property and uncalled capital, and to secure any debt, liability or obligation of our Company.

(d) Retirement Age Limit

There is no retirement age limit for Directors under the Constitution.

(e) Shareholding Qualification

There is no shareholding qualification for Directors in the Constitution of our Company.

APPENDIX D – SELECTED EXTRACTS OF OUR CONSTITUTION

2. Share rights and restrictions

We currently have one (1) class of shares, namely, ordinary shares. Only persons who are registered on our register of shareholders are recognised as our shareholders. In cases where the person so registered is CDP, the persons named as the depositors in the depository register maintained by CDP for the ordinary shares are recognised as our shareholders.

(a) Dividends and distribution

We may, by ordinary resolution of our shareholders, declare dividends at a general meeting, but we may not pay dividends in excess of the amount recommended by our Directors. We must pay all dividends out of profits available for distribution. We may capitalise any sum standing to the credit of any of our Company's reserve accounts and apply it to pay dividends, if such dividends are satisfied by the issue of shares to our shareholders. All dividends are paid pro-rata amongst our shareholders in proportion to the amount paid up on each shareholder's ordinary shares, unless the rights attaching to an issue of any ordinary share provide otherwise. Unless otherwise directed, dividends are paid by cheque or warrant sent through the post to each shareholder at his registered address. 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.

The payment by the Directors of any unclaimed dividends or other monies payable on or in respect of a share into a separate account shall not constitute our Company a trustee in respect thereof. All dividends unclaimed after one (1) year from having been first payable may be invested or otherwise made use of by the Directors for the benefit of our Company. Any dividend unclaimed after a period of six (6) years after having been declared may be forfeited and shall revert to our Company but the Directors may thereafter at their discretion annul any such forfeiture and pay the dividend so forfeited to the person entitled thereto prior to the forfeiture.

The Directors may retain any dividends or other monies payable on or in respect of a share on which our Company has a lien, and may apply the same in or towards satisfaction of the debts, liabilities or engagements in respect of which the lien exists.

(b) Voting rights

A holder of our ordinary shares is entitled to attend and vote at any general meeting, in person or by proxy. Proxies need not be a shareholder. A person who holds ordinary shares through the SGX-ST book-entry settlement system will only be entitled to vote at a general meeting as a shareholder if his name appears on the depository register maintained by CDP at least 72 hours before the general meeting. Except as otherwise provided in the Constitution, two (2) or more shareholders must be present in person or by proxy to constitute a quorum at any general meeting. Under the Constitution, on a poll, every shareholder present in person or by proxy shall have one (1) vote for each ordinary share which he holds or represents. All resolutions at any general meeting shall be voted by poll if required by the Catalist Rules or the listing rules of any stock exchange upon which the shares of our Company may be listed, unless such requirement is waived by the Exchange or such other stock exchange. A poll may be demanded in certain circumstances, including by the Chairman of the meeting or by any shareholder present in person or by proxy and representing not less than 5% of the total voting rights of all shareholders having the right to attend and vote at the meeting or by any two shareholders present in person or by proxy and entitled to vote.

APPENDIX D – SELECTED EXTRACTS OF OUR CONSTITUTION

3. Change in capital

Changes in the capital structure of our Company (for example, an increase, consolidation, cancellation, sub-division or conversion of our share capital) require shareholders to pass an ordinary resolution. General meetings at which ordinary resolutions are proposed to be passed shall be called by at least 14 days' notice in writing. 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 set forth the place, the day and the hour of the meeting. The reduction of our share capital is subject to the conditions prescribed by law.

4. Variation of rights of existing shares or classes of shares

Subject to the Companies Act, whenever the share capital of our Company is divided into different classes of shares, the special rights attached to any class may be varied or abrogated either with the consent in writing of the holders of three-quarters of the total voting rights of the issued shares of the class or with the sanction of a special resolution passed at a separate general meeting of the holders of the shares of the class. To every such separate general meeting, the provisions of the Constitution relating to general meetings of our Company and to the proceedings thereat shall mutatis mutandis apply, except that the necessary quorum shall be two persons holding or representing by proxy at least one-third of the total voting rights of the issued shares of the class, and that any holder of shares of the class present in person or by proxy may demand a poll and that every such holder shall on a poll have one vote for every share of the class held by him, provided always that where the necessary majority for such a special resolution is not obtained at such general meeting, consent in writing if obtained from the holders of three-quarters of the total voting rights of the issued shares of the class concerned within two (2) months of such general meeting shall be as valid and effectual as a special resolution carried at such general meeting. These provisions 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 or abrogated.

The relevant Regulation does not impose more significant conditions than the Companies Act in this regard.

5. Limitations on foreign or non-resident shareholders

There are no limitations imposed by Singapore law or by the 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 E – SUMMARY OF RELEVANT LAWS AND REGULATIONS

SINGAPORE

As at the Latest Practicable Date, our Group's business operations in Singapore are not subject to any special legislation, regulatory controls or environmental issues other than those generally applicable to companies (including foreign investment companies) and business operating in Singapore. Our Group has not experienced any adverse effect on its business in complying with these regulations. Our Directors believe that our Group has complied with all relevant laws and regulations.

MALAYSIA

Our Group's business operations in Malaysia are governed by various laws and regulations and subject to various licences, permits and governmental approvals. As at the Latest Practicable Date, to the best of our Directors' knowledge, our Group is in compliance with all applicable laws and regulations that are material to our business operations.

The following is a summary of the main laws and regulations of Malaysia that are material to our business as at the Latest Practicable Date.

The Solid Waste and Public Cleansing Management Act 2007

The Solid Waste and Public Cleansing Management Act, 2007 ("**SWAPCM 2007**") regulates the management of controlled solid waste and public cleansing for the purpose of maintaining proper sanitation. Pursuant to Section 16 of the SWAPCM 2007, a licence is required to –

- (a) undertake or provide any solid waste management services;
- (b) manage or operate any solid waste management facilities; or
- (c) undertake or provide any public cleansing management services.

A licensee shall not provide any licenced activities referred to above except in accordance with the conditions of the licence granted to the licensee. A person who contravenes the above commits an offence and shall, on conviction, be liable to a fine not less than MYR50,000 and not exceeding MYR100,000 or to imprisonment for a term of not exceeding five (5) years both and in the case of a continuing offence, be liable to a fine not exceeding MYR5,000 for every day or a part of a day during which the offence is continuing after conviction.

A licensee shall comply with the conditions imposed by the DOE. A licensee who fails to comply with any condition of a licence commits an offence and shall, on conviction, be liable to a fine not less than MYR25,000 and not exceeding MYR50,000.00 or to imprisonment for a term not exceeding two (2) years or both and in the case of a continuing offence, be liable to a fine not exceeding MYR2,500 for every day or a part of a day during which the offence continues after conviction.

The DOE may, on the recommendation of the solid waste and public cleansing corporation established under the Solid Waste and Public Cleansing Management Corporation Act 2007, at any time impose additional conditions on the licence or vary or revoke any of the conditions on the licence via a written notice of intention together with a draft copy of the imposition, variation or revocation and an opportunity to make written submission.

APPENDIX E – SUMMARY OF RELEVANT LAWS AND REGULATIONS

The grant of a licence shall be personal to the licensee and the licence shall not be assigned, sub-licensed or transferred to any person except with the prior written approval of the DOE. A licensee who is in contravention of this shall on conviction, be liable to a fine not less than MYR25,000 and not exceeding MYR50,000 or to imprisonment for a term not exceeding two (2) years or both.

As at the Latest Practicable Date, 5E Resources held a licence issued pursuant to the SWAPCM 2007, which is valid from 6 January 2022 to 5 January 2024.

Environmental Quality Act 1974 and Environmental Quality (Scheduled Waste) Regulations 2005

Pursuant to Section 21 of the EQA 1974, the Minister may, after consultation with the Council, specify acceptable conditions for the emission, discharge or deposit of waste into the environment.

Section 34B of the EQA 1974 prohibits the placing, deposit or dispose of, or cause or permit to place, deposit or dispose of scheduled waste on land or into Malaysian waters, except at prescribed premises only. Any persons who contravene this section shall on conviction, be liable to a fine not exceeding MYR500,000 or to imprisonment for a period not exceeding 5 years or both.

Section 11 of the EQA 1974 states that an application for a licence or for any renewal or transfer thereof shall be made to the Director General in such form as may be prescribed and shall be accompanied by the prescribed fee. The DOE shall, before determining the monthly waste quota, varying any condition attached to the licence and/or attaching new conditions thereto, take into consideration the following conditions:

- (a) whether it would be practicable to adapt the existing equipment, control equipment or industrial plant to conform with the varied or new condition;
- (b) the economic life of the existing equipment, control equipment or industrial plant, having regard to the date of purchase;
- (c) the quantity or degree of cut-back of emission, discharge or deposit of waste to be achieved by the varied or new condition;
- (d) the estimated cost to be incurred by the licensee to comply with the varied or new condition; and
- (e) the nature and size of the trade, process or industry being carried out in the premises.

However, in usual circumstances, the DOE would not revise or transfer the monthly quota previously determined and granted to the licensee unless an application for the revision or transfer is made by the licensee.

Pursuant to Section 13 of the EQA 1974, a licence shall, unless otherwise specified in the licence or in any regulations made hereunder, remain in force for a period of one (1) year from the date of its issue and may be renewed at any time being not less than three (3) months nor more than four (4) months before the date of expiration of the licence or of the subsisting renewal thereof. Failure to renew before the specified time shall cause the licensee to pay a late fee of 1% of the licence fee or MYR10 whichever is greater for every day of delay.

APPENDIX E – SUMMARY OF RELEVANT LAWS AND REGULATIONS

Under Section 18(1) of the EQA 1974, the Minister after consultation with the Environmental Quality Council (“**Council**”) may by order prescribe the premises (“Prescribed Premises”) the occupation or use of which by any person shall, unless he is the holder of a licence issued in respect of prescribe premises, be an offence under the EQA 1974. Further, Section 18(1A) of the EQA 1974 provides that the Minister, after consultation with the Council, may by order prescribe the vehicle or ship used for the movement, transfer, placement or deposit of waste (“**Prescribed Conveyance**”) the use of which by any person shall, unless he is the holder of a licence issued in respect of the Prescribed Conveyance, be an offence under the EQA 1974. The document issued under Section 18(1) and/or Section 18(1A) shall be deemed as a “licence” under the EQA 1974.

Any person found guilty of an offence under the abovementioned subsection shall be liable to a fine not exceeding MYR50,000 or to imprisonment for a period not exceeding two (2) years or both, and to a further fine of MYR1,000 for every day the offence is continued after a notice by the DOE requiring him to cease the act specified has been served upon him.

As specified in Section 19 of the EQA 1974, no person shall carry out any work on any premises or cause any premises to become one, and construct on any land building for or used for a purpose that would cause the land or building to become a Prescribed Premise, without the prior written permission of the DOE. A written certificate of permission under Section 19 of the EQA 1974 would be issued to the companies alongside the terms and conditions that the companies would have to comply with including the Waste Code quota and/or limits on waste collection and processing. The written permission does not expire and is not required to be renewed, however the DOE may vary the terms by issuing a new certificate to the companies from time to time. If there are any non-compliances or serious environmental pollution, the written certificate of permission may be withdrawn or cancelled. The written permission granted under Section 19 would be supplemental to the licences granted under Section 18 to determine the Waste Code quota permitted in each plant however, if there are any discrepancies between the quotas provided, the Waste Code quota provided under the Section 18 licence shall prevail.

In practice, a Section 18 licence is issued to companies and thereafter, the application for the permitted waste codes would be made and the quota for these waste codes would be contemplated by the Director General. Any amendments or further applications as to the quotas and waste codes are to be made to the Director General and permission is given via the Section 19 written permission. The permitted monthly waste code quotas cannot be carried forward if they are not utilised fully by our Group during the preceding month. Any breach of the above the waste code quotas as permitted by the DOE may result in revocation of licences and the imposition of fines and further penalties by the authorities.

Pursuant to the Environmental Quality (Amendment) Act 2012, an occupier of a premise shall employ a person who has been certified by the DOE as a competent person to conduct all or any of the following activities:

- (a) the operation of a control equipment;
- (b) the management of scheduled waste;
- (c) the conduct of studies;
- (d) the preparation and submission of reports, plans, proposals, engineering drawings or other documents relating to environmental matters.

APPENDIX E – SUMMARY OF RELEVANT LAWS AND REGULATIONS

Pursuant to Section 21 of the EQA 1974, the Minister may, after consultation with the Council, specify acceptable conditions for the emission, discharge or deposit of waste into the environment.

Notwithstanding the above, the DOE may exercise their powers under Section 33A of the EQA 1974 and may require the owner or occupier of any Prescribed Conveyance to carry out an environmental audit and to submit an audit report in the manner as may be prescribed by the Minister by regulations made under this Act by appointing a qualified personnel who is registered under the list of qualified personnel as approved by the DOE. There may be also an imposition of a scheduled audit to which the companies would have to comply.

Further, the construction of an off-site storage facility is a prescribed activity under Activity 18(a)(v) of the Environmental Quality (Prescribed Activities) (Environmental Impact Assessment) Order 1987. Section 34A of the EQA 1974 requires an Environmental Impact Assessment report to be submitted for approval by the Director General before carrying out such activity. The operation of the off-site storage facility will require a written permission under Section 19 of the EQA 1974 and a licence under Section 18 of the EQA 1974. As advised by our legal advisers as to Malaysia law, there is no legal impediment observed on this matter as at the Latest Practicable Date.

The EQ(SW) Regulations is the relevant regulation which governs the disposal of special type of waste named in the first schedule of EQ(SW) Regulations and the relevant waste codes of the same.

Any persons who place, deposit or dispose of the scheduled waste in contravene with EQA 1974 and EQ(SW) Regulations shall be guilty of an offence and shall be liable to a fine not exceeding MYR500,000 or to imprisonment for a term not exceeding 5 years or both.

Pursuant to Section 8 of the EQ(SW) Regulations, every Waste Generator shall ensure that scheduled waste generated by him are properly stored, treated on site, recovered on-site for material or product from such scheduled waste or delivered to and received at Prescribed Premises for treatment, disposal or recovery of material or product from scheduled waste. Every Waste Generator shall ensure that the scheduled waste is subjected to movement or transfer to be packaged, labelled and transported in accordance with the guidelines prescribed by the Director General. The current guidelines which further elaborates the industry standards would be the Guidelines for Packaging, Labelling and Storage of Scheduled Wastes in Malaysia published by the DOE.

Order 3 of the Environmental Quality (Prescribed Premises) (Scheduled Wastes Treatment and Disposal Facilities) Order 1989 states that it shall be an offence under the EQA 1974 to operate (i) off-site storage facilities; (ii) off-site treatment facilities; and (iii) off-site recovery facilities to which is in the ordinary course of our Group's business unless he is a holder of a licence issued in respect of those premises.

Our Group is currently allowed to receive, store and treat 34 kinds of scheduled waste under relevant Waste Codes. For more information, please refer to the paragraph headed "20. Waste Codes and licences" under the section headed "Business" of this Offer Document.

EQA 1974 further provides that where an offence against the EQA 1974 or any regulations made thereunder has been committed by a company, firm, society or other body of persons, any person who at the time of the commission of the offence was a director, chief executive officer, manager, or other similar officer or a partner of the company, firm, society or other body of persons or was

APPENDIX E – SUMMARY OF RELEVANT LAWS AND REGULATIONS

purporting to act in such capacity shall be deemed to be guilty of that offence unless he proves that the offence was committed without his consent or connivance and that he has exercised all such diligence as to prevent the commission of the offence as he ought to have exercised, having regard to the nature of his functions in that capacity and to all the circumstances.

The scheduled waste management in Malaysia is highly regulated. Besides the necessary permits and licences, the types and quantity of scheduled wastes our Group is permitted to collect, store and process are subject to the Waste Codes and monthly quotas granted; the vehicles we use to transport wastes need to be approved, and records have to be kept and filed with the relevant authorities for each batch of scheduled waste we collected, transported and processed and the sale of recovered and recycled products generated from the Companies' scheduled waste treatment processes to customers in the manufacturing industries is subject to permission from the relevant authorities.

Pursuant to Section 45 of the EQA 1974, the DOE may compound any offence under EQA 1974 or the regulations made thereunder which is prescribed by the Ministry of Energy, Science, Technology, Environment & Climate Change to be a compoundable offence to be a compoundable offence with a compound or fine not exceeding MYR2,000.

Environmental Quality (Clean Air) Regulation 2014

The Environmental Quality (Clean Air) Regulation 2014 ("**EQCAR 2014**") regulates the emission of harmful particulates into the air which includes any industrial plants and facility or processes which discharges or may be capable of discharging air impurities into open as seen in Regulation 3 of the EQCAR 2014.

The occupier or owner of any industrial or trade premise would need to take steps using the best management practice as provided by the Director General in reducing the emission of air impurities as seen in Regulation 6 of the EQCAR 2014.

All premises would need to be equipped with air pollution control systems in accordance to the Director General's specification and professional engineers would need to be appointed to design and build the relevant air pollution control systems. These air pollution control systems would need to be manned and serviced by qualified handlers as long as the control systems are running. The occupier or owner of any industrial or trade premises is mandated to oversee the efficiency of the air pollution control systems and to record down the process of this as seen in Regulation 9 and 10 of the EQCAR 2014.

Pursuant to Regulation 12 of the EQCAR 2014, the occupier of any industrial or trade premises shall not cause, suffer, allow or permit smoke emissions of any colour from any facility except fuel burning equipment utilising solid fuel and including but not limited to any chimney which appears to the Director General or any authorised officer –

- (a) to be darker than that designated as shade No. 1 on the Ringelmann Chart when observed or recorded with such instrument or device as the Director-General may approve to be darker than shade No. 1 on the Ringelmann Chart; or
- (b) to be of darker than 20% when measured with a transmissometer.

However, Regulation 12 shall not apply to emission of smoke from an installation for an aggregate of less than 5 minutes in any period of one hour provided that the total period of such emissions shall not exceed an aggregate of 15 minutes in any period of twenty-four hours.

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The occupier of any trade may apply for licences from the DOE to be exempted from the emission rates permitted under Regulation 12, if the occupier thinks that its emission of air impurities would exceed the prescribed rates.

Any person who fails to follow or is acting against any of the regulations in EQCAR 2014 shall be guilty of an offence and shall be liable to a fine not exceeding MYR100,000 or to imprisonment for a term not exceeding 2 years or both.

Environmental Quality (Industrial Effluent) Regulations 2009

The Environmental Quality (Industrial Effluent) Regulation 2009 (“**EQIER 2009**”) regulates any premises which discharge or release industrial effluent or mixed effluent, onto or into any soil, or into inland waters or Malaysian waters, other than the premises as specified in the First Schedule of the EQIER 2009. The relevant provisions are: –

- (a) Processing, manufacturing, washing or servicing of any other products or goods that produces industrial effluent or mixed effluent of less than 60 cubic meters per day.
- (b) Processing, manufacturing, washing or servicing of any other products or goods that produces industrial effluent or mixed effluent of which does not contain oil or grease or those contaminants listed as parameters (v) to (xv) in the first column of the Fifth Schedule of the EQIER 2009.

An owner or occupier of a premise shall conduct any design and construction of the industrial effluent treatment system to collect and treat the effluents generated within the premises in strict compliance with the specification as specified in the Guidance Document on the Design and Operation of Industrial Effluent Treatment System issued by the DOE as seen in Regulation 5. A professional engineer is to be appointed to design and supervise the construction of the same. No person shall operate any industrial effluent treatment systems unless it complies with the specifications in Regulation 5.

The operation of the industrial effluent system shall be supervised by a competent person who is certified by the DOE to be duly qualified to supervise the operation of an industrial effluent treatment system and the owner and occupier shall ensure that such a person is on duty when the system is in operation.

Pursuant to Regulation 15, any person may apply for a licence under Subsection 25(1) of EQIER 2009 to waive compliance with the acceptable conditions of discharge of industrial effluent or mixed effluent as specified in Regulations 11, 12 and 13.

Further, no persons shall discharge or cause to permit the discharge or disposal of any sludge generated from any production or manufacturing process, any industrial effluent treatment system or water treatment plant onto or into any soil, surface of any land, or into any inland waters or Malaysian waters without the prior written permission of the DOE.

Any person who contravenes the above shall be guilty of an offence in accordance with Regulation 32 of EQIER 2009 and shall, on conviction, be liable to a fine not exceeding MYR100,000 or to a term of imprisonment for a period of 5 years or both, and to a further fine not exceeding MYR1,000 a day for every day that the offence is continuing after the notice by the DOE requiring him to cease the act as specified in the notice has been served on him.

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Our Group is engaged in the business of waste management in its ordinary course of business. As at the Latest Practicable Date, 5E Resources held licences pursuant to EQA 1974 relating to scheduled waste management services, which is valid from 1 May 2021 to 30 April 2022, further detail of which is provided under the section entitled “General Information on our Group – Licences, Permits, Approvals and Government Regulations” of this Offer Document.

The Poisons Act 1952 and Poison Regulations 1952

The PA 1952 regulates the importation, possession, manufacture, compounding, storage, transport, sale and use of poisons in Malaysia. Sale of poisons is generally categorised by groups and channel of sales.

Pursuant to Section 9 of the PA 1952, no person, whether licenced under the PA 1952 or not, shall knowingly sell, supply, keep or have in his possession or under his control or store any poison otherwise than in accordance with the regulations made under this PA 1952 and in force relating to the possession, containment, packaging, labelling of such poison.

Section 26 of the PA 1952 provides that, no poison shall be sold by wholesale except by a licensed wholesaler in accordance with the terms and conditions of his licence. Such licence may be a Type B licence 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 under the Companies Act 1965 to import, store and sell by wholesale such poisons (not being a Group A Poison) as may be specified in such licence.

Every such licence shall be personal to the licensee named therein and shall not in any case, be transferable to another person and no licence shall authorise the sale of any poison by any person other than the person named therein or otherwise that under his personal supervision, provided that the licensing officer, if he sees fit, may amend on a licence the address of the premises at which the person licensed carries on the business or profession in respect of which he is licensed. The licences are to be renewed annually.

Pursuant to Section 32(2) of the PA 1952, any person guilty of an offence against PA 1952, for which no other penalty is specifically provided by the PA 1952 or by any regulations made thereunder, shall be punishable by a fine not exceeding MYR3,000 or by imprisonment for a term not exceeding one (1) year or both.

Further, pursuant to Section 32(3) of the PA 1952, where a person is charged for an offence thereunder is a body corporate every person who, at the time of the commission of such offence, is a director or officer of such body corporate may be charged jointly in the same proceedings with such body corporate and if convicted, every such director and officer shall be deemed guilty unless he proves that the offence was committed without his knowledge or that he took reasonable precautions to prevent its commission.

The storage of poisons should comply with the Poison Regulations 1952. Pursuant to Regulation 6, poisons shall be stored (a) in a cupboard or drawer under lock and key reserved for the storage of poisons, or in part of the premise which is partitioned off or otherwise separated from the remainder of the premises and to which customers are not permitted to access; and (b) if a liquid kept in a container holding 2.5 litres or less, in a container which shall be readily distinguishable by touch from all containers holding non-poisonous liquids. Further, under Regulations 8 and 9, no persons shall consign any poisons for transport unless it is so packed as to avoid leakage arising from the ordinary risks of handling and transport and there should be proper labelling with the name of the poison and the word “Poison” in red or on a red background.

APPENDIX E – SUMMARY OF RELEVANT LAWS AND REGULATIONS

For both our scheduled waste management and chemical trading businesses, we are required to have in place licences for the possession and sale of sodium hydroxide and certain chemicals that are categorised as poisons under the PA 1952. As at the Latest Practicable Date, licences under the PA 1952 were issued to and held by individual members and/or employees of our Group as the responsible officers of 5E Resources or TS Heuls, as the case may be, which is valid from 1 January 2022 to 31 December 2022, which is renewable yearly, further detail of which is provided under the section entitled “General Information on our Group – Licences, Permits, Approvals and Government Regulations” of this Offer Document.

The Poisons (Sodium Hydroxide) Regulations 1962 and Poisons Ordinance 1952

Pursuant to Regulation 4 of the Poisons (Sodium Hydroxide) Regulation 1962, a permit to purchase, store and use sodium hydroxide may be issued by the Director of Medical Services, or any licensing officer of the Medical Department authorised in writing by the Director of Medical Services. Such permit shall state the maximum quantity of sodium hydroxide that may be purchased and the purpose for which it is required and shall expire on 31 December after the date of issue.

In conjunction with the above, such licence may be a Type E licence issued to any person and/or a representative of a company who in the course of his business uses sodium hydroxide in such substantial quantity that the licensing officer deems it appropriate to issue him a licence to import, store and use sodium hydroxide as seen in Section 26(2)(e) of the PA 1952.

A person who –

- (a) sell sodium hydroxide to a purchaser who does not holds a permit to purchase it; or
- (b) buys sodium hydroxide from a seller who does not hold a licence to it,

commits an offence under Regulation 3 of the Poison (Sodium Hydroxide) Regulation 1962, and it is an offence punishable by Section 32(2) of the PA 1952.

Pursuant to Section 32(2) of the PA 1952, any person guilty of an offence against PA 1952, for which no other penalty is specifically provided by the PA 1952 or by any regulations made thereunder, shall be punishable by a fine not exceeding MYR3,000 or by imprisonment for a term not exceeding one (1) year or both.

Further, pursuant to Section 32(3) of the PA 1952, where a person is charged for an offence thereunder is a body corporate every person who, at the time of the commission of such offence, is a director or officer of such body corporate may be charged jointly in the same proceedings with such body corporate and if convicted, every such director and officer shall be deemed guilty unless he proves that the offence was committed without his knowledge or that he took reasonable precautions to prevent its commission.

As at the Latest Practicable Date, licences under the Poisons (Sodium Hydroxide) Regulations 1962 were issued to and held by an individual member and/or employee of our Group, which is valid from 1 January 2022 to 31 December 2022 in relation to the sale of sodium hydroxide in its ordinary course of business, further detail of which is provided under the section entitled “General Information on our Group – Licences, Permits, Approvals and Government Regulations” of this Offer Document.

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The Sale of Goods Act 1957

The Sale of Goods Act 1957 (“**SOGA 1957**”) governs the law on the sale of goods in Malaysia. The formation of a contract for sale takes place when there is a transfer in the property of the goods for a price. SOGA 1957 provides that a stipulation in a contract of sale with reference to goods which are the subject thereof may be a condition or warranty.

Where there is a breach of warranty by the seller, or where the buyer elects or is compelled to treat any breach of a condition on the part of the seller as a breach of warranty, the buyer is not by reason only of such breach of warranty entitled to reject the goods; but he may set up against the seller the breach of warranty in diminution or extinction of the price or sue the seller for damages for breach of warranty. The fact that a buyer has set up a breach of warranty in diminution of the price does not prevent him from suing for the same breach of warranty if he has suffered further damage.

Factories and Machinery Act 1967

The Factories and Machinery Act 1967 (“**FMA 1967**”) provides that no person shall operate or cause or permit to operate any machinery in respect of which certificate of fitness is prescribed, unless there is in force in relation to the operation of the machinery a valid certificate of fitness issued under FMA 1967.

The period of validity of every certificate of fitness shall ordinarily be fifteen (15) calendar months from the date of inspection or such longer period not exceeding three (3) years as the Chief Inspector of the Factories and Machinery in his discretion may consider appropriate.

In the case of contravention, an inspector of the Factories and Machinery shall forthwith serve upon the person aforesaid a notice in writing prohibiting the use of such machinery or may render the machinery inoperative until such time as a valid certificate of fitness is issued.

Any person who operates any machinery without a certificate of fitness shall be guilty of an offence and shall, on conviction, be liable to a fine not exceeding MYR150,000 or to imprisonment for a term not exceeding three (3) years or both.

No one shall install or caused to be installed any machinery in any factory or any machinery in respect of which a certificate of fitness is prescribed except with the written approval of the inspector. Any person who contravenes the same, shall be guilty of an offence and shall, on conviction, be liable to a fine not exceeding MYR100,000 or to imprisonment for a term not exceeding two (2) years or both.

For any contravention under FMA 1967, the occupier of a factory or the owner (as the case may be) shall be guilty of an offence. Even if it is proved to the satisfaction of a court that a contravention under FMA 1967 has been committed by any person other than the occupier or owner of the factory or machinery in respect of which the contravention has been committed, the owner or the occupier as the case may also be held to be liable for that contravention and to the penalty provided therein, unless he shall prove to the satisfaction of the court that the same was committed without his knowledge or consent and that he had taken all the reasonable means to prevent the same and to ensure the observance of the FMA 1967.

Further, under the Factories and Machinery (Steam Boiler and Unfired Pressure Vessel) Regulations 1970, every unfired pressure vessel to which an authorised safe working pressure is not assigned would require a certificate of fitness to be issued in respect of it.

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The Local Government Act 1976 and Trade By-Law

A company intending to commence business in Malaysia shall obtain a business premise licence for each operating premise from the relevant local authority pursuant to the Local Government Act 1976 (“**LGA 1976**”).

LGA 1976 provides that no person shall use any premise within the jurisdiction of the respective Municipal Council without a licence issued by the respective Municipal Council.

A business licence is valid for a period not exceeding three years and subject to renewal. Any person who fails to exhibit his licence at all times in some prominent place on the licenced premises or to produce such licence when required shall be liable to a fine not exceeding MYR500.00 or to imprisonment for a term not exceeding six months or to both.

Our Group operates its businesses at the districts of Pasir Gudang and Johor and therefore is also required to comply with the relevant by-laws of Municipal Councils of Pasir Gudang and Johor, namely, the Licensing of Premises for Trades, Commerce and Industries (Pasir Gudang Municipal Council) By-Laws 2017 and the Licensing of Premises for Trades, Business and Industries (Johor Bahru City Council) By-Laws 2004 respectively.

Any person who contravenes any of the provisions of the by-law shall be guilty of an offence and shall upon conviction be liable to a fine not exceeding MYR2,000 or to imprisonment for a term not exceeding one (1) year or to both and in the case of a continuing offence be liable to a fine not exceeding MYR200 for everyday during which the offence is continued after conviction.

As at the Latest Practicable Date, our Group held licences issued by Pasir Gudang Municipal Council and Majlis Bandaraya Johor Bahru, pursuant to the abovementioned by-laws, which are valid from 1 January 2022 to 31 December 2022, and are renewable yearly.

The Street, Drainage and Building Act 1974

The Street, Drainage and Building Act 1974 (“**SDBA 1974**”) regulates street, drainage and building in local authority areas in Peninsular Malaysia. The SDBA 1974 provides that the state authority shall have the power to make by-laws for or in respect of every purpose which is deemed by it necessary for carrying out the provisions of the SDBA 1974.

The Uniform Building By-Laws 1984 regulates the construction of buildings and the time, manner and procedure for the issuance of the certificate of completion and compliance (“**CCC**”). The certificate of fitness for occupation was previously issued by the local authority prior to April 2007 and was replaced by the CCC in 2007 with the enactment of the Street, Drainage and Building (Amendment) Act 2007 (“**SDB(Amendment)A 2007**”). The CCC is to be issued by a qualified person (i.e. professional architect, professional engineer or building draughtsman) who submits building plans to the local authority for approval.

The SDB(Amendment)A 2007 provides that any person who occupies or permits to be occupied any building or any part thereof without a CCC shall be liable on conviction to a fine not exceeding MYR250,000 or to imprisonment for a term not exceeding ten (10) years or both.

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The Petroleum Development Act 1974

The Petroleum Development Act, 1974 (“**PDA 1974**”) provides that, among others, the exploration and exploitation of petroleum whether onshore or offshore will be vested in a corporation, namely Petroliaam Nasional Berhad (“**PETRONAS**”), which has the entire ownership in and the exclusive rights, powers, liberties and privileges in respect of the said petroleum, and to control the carrying on downstream activities and development relating to petroleum and its products.

Pursuant to Section 6 of PDA 1974, the Prime Minister’s permission is required for downstream operations as no business of processing or refining of petroleum or manufacturing of petrochemical products from petroleum, may be carried out by any persons other than PETRONAS unless there is in respect of any such business permission given by the Prime Minister.

Section 7B of the PDA 1974 sets out that where an offence against the PDA 1974 or any regulations made thereunder has been committed by any company, firm, society or other body of persons, any person who at the time of the commission of the offence was a director, manager or other similar officer or a partner of the company, firm, society or other body of persons or was purporting to act in such capacity shall be deemed to be guilty of that offence. Penalties would be in the form of a fine not exceeding RM100,000.00 or imprisonment not exceeding 5 years or both for the breach of any of the regulations and for non-compliance with any term or condition of the licence, permission or approval issued or granted under the regulations.

Where the Prime Minister grants his permission under this section he may, at his discretion, impose such terms and conditions as he may deem fit.

5E Resources is in the business of recycling of waste oil and spent solvent to produce hydraulic oil. As at the Latest Practicable Date, 5E Resources held a permit under Section 7 of the PDA 1974, which is valid from 23 February 2009 and has no expiry date, further detail of which is provided under the section entitled “General Information on our Group – Licences, Permits, Approvals and Government Regulations” of this Offer Document.

The Land Public Transport Act 2010

The Land Public Transport Act 2010 (“**LPTA 2010**”) provides that no person shall operate or provide a goods vehicle service using a class of goods vehicles for the carriage of goods for hire or reward or for or in connection with any trade or business unless he holds an operator’s licence. Pursuant to the LPTA 2010, a person would be deemed to be operating or providing a goods vehicle service if he drives the vehicle or employs one or more persons to drive the vehicle.

There are two classes of good vehicles commonly used by any trade or business who is operating a goods vehicle service being carrier vehicle which falls under category A for permits (“**Permit A**”) and carrier vehicle which falls under category C for permits (“**Permit C**”).

Vehicles that falls under Permit A would be classified as any vehicles which carries 3rd party goods in connection with any business or trade of the company. Whereas vehicles that falls under Permit C would be classified as any vehicles which carries the company’s own goods in connection with any business or trade of the company.

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In the case of a contravention by a person, the person will be deemed to have committed an offence and upon conviction shall be liable to a fine not exceeding MYR200,000. In the event that a person contravenes the same, the person shall be liable to a fine not exceeding MYR10,000 or to imprisonment for a term not exceeding one (1) year or both.

Failure to comply with Section 70 of the LPTA shall, on conviction, be liable to a fine of not less than MYR1,000 but not more than MYR10,000 or to imprisonment for a term not exceeding six (6) months or both.

As at the Latest Practicable Date, 5E Resources held the relevant Permit A approvals issued pursuant to the LPTA 2010, which are valid from 2 October 2017 to 28 February 2023, and Permit C approvals issued pursuant to the LPTA 2010, which are valid from 10 November 2020 to 9 November 2025, further detail of which is provided under the section entitled “General Information on our Group – Licences, Permits, Approvals and Government Regulations” of this Offer Document.

The Construction Industry Development Board Act 1994

The Construction Industry Development Board Act 1994 (“**CIDBA 1994**”) was enacted in 1994 predominantly to establish the Malaysia Construction Industry Development Board (“**CIDB**”), a federal statutory body, which primarily aims to regulate, develop and facilitate the Malaysia construction industry towards achieving global competitiveness.

In order for such objectives to come into fruition, Section 25 of the CIDBA 1994 states that no person shall carry out or complete, undertake to carry out or complete any construction work or hold himself out as a contractor unless he is registered and holds a valid certificate of registration issued by the CIDB. Such initiative is intended to ease the CIDB with regulating the implementation of its measures. Site clearance conducted at times as part of waste management services may, on a case-by-case basis fall within the definition of construction works.

With a registration policy in place, Section 29 of the CIDBA 1994 makes it mandatory for contractors to abide by Section 25 and any person who contravenes it shall be guilty of an offence and upon conviction, may be liable to a fine ranging between RM10,000.00 and RM100,000.00. CIDBA 1994 is far-reaching and applies to every contractor in Malaysia, whether or not registered under the CIDBA 1994. Contractors may be accredited by the CIDB in the form and manner the CIDB deems fit as seen in Section 25A of the CIDB 1994.

As at the Latest Practicable Date, 5E Resources had received the certificate of accreditation under the CIDBA 1994 from CIDB (“**CIDB Registration**”), which was valid from 18 March 2019 to 17 March 2021. As advised by our legal advisers as to Malaysia law, the CIDB Registration may facilitate our Group to bid for and undertake certain types and classes of Malaysian government projects regarding waste management. As at the Latest Practicable Date, our Group did not have any current or pending engagement that required our Group to maintain a valid CIDB Registration and our Group does not intend to undertake any construction works within the definition under the CIDBA 1994 is our Group planning to bid for any governmental jobs in relation thereof. Our Directors confirmed that our Group will only apply afresh or seek renewal of the CIDB Registration in future as and when necessary. As advised by our legal advisers as to Malaysia law, barring any unforeseen future circumstances and any change in government policy, there is no legal impediment for us to apply afresh or renew the CIDB Registration in the future when the needs arise.

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The Employment Act 1955

The Employment Act 1955 (“**EA 1955**”) is the principal legislation that governs the employment practice and employer-employee relationship in Malaysia. EA 1955 regulates all labour relations including contracts of service, payment of wages, employment of women, maternity protection, rest days, hours of work, holidays, termination, lay-off and retirement benefits, employment of foreign employees and keeping of registers of employees.

Any person who commits any offence under, or contravenes any provision of EA 1955, or any regulations, order or other subsidiary legislation whatsoever made thereunder, in respect of which no penalty is provided, shall be liable, on conviction, to a fine not exceeding MYR10,000.

The Immigration Act 1959/63

The Immigration Act 1959/63 (“**IA 1959**”) provides that no person other than a citizen shall enter Malaysia unless (a) he is in possession of a valid entry permit; (b) his name is endorsed upon a valid entry permit and he is in the company of the holder of such entry permit; (c) he is in possession of a valid pass; or (d) an exemption has been granted to him under the IA1959.

Any person who employs one or more persons, other than a citizen or a holder of an entry permit who is not in possession of a valid pass shall be guilty of an offence and shall, on conviction, be liable to a fine of not less than MYR10,000 but not more than MYR50,000 or to imprisonment for a term not exceeding twelve (12) months or both for each such employee. Our Group has been issued letters of approval by the Ministry of Home Affairs as to the quota of foreign workers allowed.

The Employment (Restriction) Act 1968

The Employment (Restriction) Act 1968 provides that no person shall employ in Malaysia, a non-citizen unless there has been a valid employment permit issued. Upon obtaining the approval from the Ministry of Home Affairs Malaysia, the company is required to submit applications for employment permits to Foreign Workers Division, Immigration Department of Malaysia. The approval for employment permits can be revoked if its conditions are contravened.

An employment permit shall unless sooner cancelled or suspended, be valid for a period not exceeding 2 years and it may, on the expiry of its period of validity be renewed.

Failure to comply will result in the employer being fined not exceeding MYR5,000 or to imprisonment for a term not exceeding one (1) year or both.

The Employees Provident Fund Act 1991

The Employees Provident Fund (“**EPF**”) is a social security institution formed in accordance to the Employees Provident Fund Act 1991 (“**EPFA 1991**”) providing for the retirement benefits for employees through management of their savings in an efficient and reliable manner.

Pursuant to EPFA 1991, both the employer and employee are required to make contributions into the employee’s individual account in the EPF. The employers are required to contribute EPF to employees who are Malaysian citizens or permanent residents. Expatriates and foreign workers, who are not Malaysian citizens or permanent residents are not required to contribute EPF unless they elect to do so. The amount is calculated based on the monthly wage of the employee and the contribution rate is based on the wage or salary received by the employee.

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If the employer fails to make the required contribution to the EPF within the prescribed period, the company and its directors will be jointly and severally liable to pay in respect of or on behalf of any employee, the said contributions which is inclusive of any dividend and interest due on any contribution and shall, on conviction, be liable to imprisonment for a term not exceeding three (3) years or to a fine not exceeding MYR10,000 or both.

The Employees' Social Security Act 1969

The Social Security Organisation ("**SOC**SO") was mandated to administer and enforce the Employees' Social Security Act 1969 ("**ESSA 1969**") and Employee Social Security General Rules 1971 ("**ESSGR 1971**"). Through the ESSA 1969 and ESSGR 1971, SOC SO is able to provide free medical treatment, facility for physical or vocational rehabilitation, and financial assistance to employees if they have lost their abilities due to accidents or disease that have reduced their abilities to work or rendered them incapacitated.

The contribution to employee under ESSA 1969 shall comprise the contributions by the employer and employee respectively. If the employer fails to make the required contribution to SOC SO, the company and its directors shall be punishable with imprisonment for a term which may extend to two (2) years, or with fine not exceeding MYR10,000 or both. The Malaysian court may also order the employer to pay to the SOC SO the amount of any contributions, together with any interest credited on it, due and payable to SOC SO.

The Employment Insurance System Act 2017

The Employment Insurance System Act 2017 ("**EISA 2017**") requires all companies to make contribution to a social security scheme known as Employment Insurance System for all employees besides those expressly prescribed in the EISA 2017.

The Employment Insurance System (Registration and Contribution) Regulations 2017 ("**EIS Regulations**") further provides that all employer shall register their respective industry and shall further register all employees in his industries on the date which EIS Regulations provides.

Any person who contravenes the above shall be, on conviction, be liable to a fine not exceeding MYR10,000 or to imprisonment for a term not exceeding two (2) years or to both.

Pembangunan Sumber Manusia Berhad Act 2001

A corporation under the name of Pembangunan Sumber Manusia Berhad ("**Corporation**") had been incorporated under the CA 1965 to impose and collect human resource development levy for the purpose of promoting the training and development of employees, apprentices and trainees and for the establishment and administration of the Human Resource Development Fund ("**HRDF**").

Pursuant to Section 1(2) read together with Section 13(1) of the Pembangunan Sumber Manusia Berhad Act 2001 ("**PSMBA 2001**"), an employer in the industries specified in Part 1 of the First Schedule of PSMBA 2001 shall register with the Corporation within such time and in such manner as may be prescribed. An employer who fails to do the same commits an offence and shall on conviction be liable to a fine not exceeding MYR10,000 or to imprisonment not exceeding one (1) year or both.

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Pursuant to Section 14(1) of the PSMB 2001, an employer to whom the PSMB 2001 applies shall pay a human resource development levy in respect of each of his employees at the rate of 1% of the monthly wages of the employees. Any employer who fails to pay the said HRDF within such period as may be prescribed commits an offence and shall on conviction be liable to a fine not exceeding MYR20,000 or to imprisonment for a term not exceeding two (2) years or both.

Effective 1 April 2017, pursuant to the Pembangunan Sumber Manusia Berhad (Amendment of First Schedule) Order 2017 that came into effect on 1 April 2017, an employer in the manufacturing sector with ten (10) or more employees shall register with the Corporation. “Manufacturing sector” under the PSMB 2001 is defined as the making or processing of an article by labour or machine or both, including the transformation of parts or components into another article of a different nature or character by way of altering, blending, ornamenting, finishing or otherwise treating or adapting any article or substance with a view to its use, sale, transport, delivery or disposal, including the building of a ship or the assembly of parts of the ship.

The Minimum Wages Order 2018 and Minimum Wages Order 2020

The Minimum Wages Order 2018 and Minimum Wages Order (Amendment) 2018 (“**MWO 2018**”) impose minimum wages on all employees. With effect from 1 February 2020, the MWO 2018 is revoked and the Minimum Wages Order 2020 (“**MWO 2020**”) came into operation.

Pursuant to the MWO 2018, the minimum wages rates payable to an employee in Malaysia is MYR1,100 per month or MYR5.29 per hour.

Effective 1 February 2020, MWO 2020 revised the minimum wages rates payable to an employee who works in a place of employment in any city council or municipal council specified in the Schedule of MWO 2020 to MYR1,200 per month or MYR5.77 per hour.

Pursuant to the National Wages Consultative Council Act 2011, any party who fails to comply with the order, if convinced, can be fined up to MYR10,000 for each offence and MYR1,000 per day for a continuing offence. Repeat offenders may face penalties of up to MYR20,000 or five (5) years’ jail, or both.

The Occupational Safety and Health Act 1994

The Occupational Safety and Health Act 1994 (“**OSHA 1994**”) promotes standards for safety and health at work. Pursuant to the provisions contained in the OSHA 1994, an employer has a duty to ensure, so far as is practicable, the safety, health and welfare at work of the employees. It is the duty of employers to provide the employees with the training, knowledge, information and supervision including but not limited to putting in place a written general policy with respect to the safety and health at work of his employees and the organisation and making the necessary arrangements to provide a safe working environment without risks to their health, safety and welfare. A person who contravenes the above shall be guilty of an offence and shall, on conviction, be liable to a fine not exceeding MYR5,000 or to imprisonment for a term not exceeding two (2) years or to both.

The safety, health and welfare of persons at work are regulated under OSHA 1994 which is under the purview of the Department of Occupational Safety and Health, Ministry of Human Resources.

APPENDIX E – SUMMARY OF RELEVANT LAWS AND REGULATIONS

It is required by OSHA 1994 that every employer shall establish a safety and health committee at the place of work if (a) there are 40 or more persons employed at the place of work; or (b) the Director General of Occupational Safety and Health directs the establishment of such a committee at the place of work. The committee's main function is to review the safety and health measures and investigate any matters arising therefrom. Companies engaging in manufacturing activities which employ more than 500 employees are required to employ a competent person to act as a safety and health officer at the place of work. Failure to comply will attract a fine of not exceeding MYR5,000 or to imprisonment for a term not exceeding six (6) months or both.

Where a body corporate contravenes any provisions of the OSHA 1994 or any regulations made thereunder, every person, who at the time of the commission of the offence is a director, manager, secretary or other like officer of the body corporate shall be deemed to have contravened the provision and may be charged jointly in the same proceedings with the body corporate or severally, and every such director, manager, secretary or other like officer of the body corporate shall be deemed to be guilty of the offence.

However, it is further provided under OSHA 1994, it shall be a defence in any proceedings against a person for an offence under the OSHA 1994 or any regulations made thereunder to satisfy the court that the offence was committed without his consent or connivance and that he exercised all such due diligence to prevent the commission of the offence as he ought to have exercised, having regard to the nature of his functions in that capacity and to all the circumstances.

Workmen's Compensation Act 1952

Pursuant to Section 4 of the Workmen's Compensation Act 1952 ("**WCA 1952**"), an employer is liable for compensation if any employment personal injury by accident arising out of and in the course of the employment is caused to a workman, his employer shall be liable to pay compensation and expenses incurred in the treatment and rehabilitation of such workmen under Section 15 of WCA 1952 with certain exceptions.

Malaysian workers (i.e. Malaysian citizens and permanent resident employees) are no longer covered under WCA 1952 and shall be covered under the ESSA 1969. The WCA 1952 applies to all non-Malaysian workers whose earnings are not more than MYR500 per month. The WCA 1952 shall also apply to all foreign workers who are employed by manual labour irrespective of the wages.

Pursuant to Section 26(1) of the WCA 1952, every employer shall insure and keep himself insured with an insurer within the meaning of the Insurance Act 1996 in respect of every liability which he may incur under this Act to any workman employed by him.

Pursuant to Section 26(2) of the WCA 1952, it is mandatory for every employer to insure all foreign workers employed by him under an approved insurance scheme in respect of any liability that he may incur.

Any employer who for the purpose of defraying or partly defraying the cost of insurance in respect of his liability to pay compensation under the WCA 1952 makes any deduction from the earnings of a workman in his employment shall be guilty of an offence and shall be liable on conviction to a fine not exceeding MYR5,000 or to imprisonment for a term not exceeding one (1) year or both.

Any employer who fails to insure himself in accordance with this section shall be guilty of an offence and shall be liable on conviction to a fine not exceeding MYR20,000 or to imprisonment for a term not exceeding two (2) years or both.

APPENDIX E – SUMMARY OF RELEVANT LAWS AND REGULATIONS

Employees' Minimum Standards of Housing, Accommodation and Amenities Act 1990 and Workers' Minimum Standards of Housing and Amenities (Amendment) Act 2019

Employees' Minimum Standards of Housing, Accommodation and Amenities Act 1990 prescribes the minimum standards of housing and nurseries for employees and their dependents, accommodations for employees not accompanied by dependents and centralised accommodations, to require employers to allot land for cultivation and grazing in a place of employment, to require employers to provide health, hospital, medical and social amenities and to provide for matters incidental thereto. The Workers' Minimum Standards of Housing and Amenities (Amendment) Act 2019 came into force on 1 June 2020, and provides for the amendment to the Employees' Minimum Standards of Housing, Accommodation and Amenities Act 1990 and applies to amongst others, employees who are employed otherwise than to work in an estate.

The Employees' Minimum Standards of Housing, Accommodation and Amenities Act 1990 and Workers' Minimum Standards of Housing and Amenities (Amendment) Act 2019 shall collectively be known as ("**EMSHAA 1990**").

The EMSHAA 1990 provides that no accommodation shall be provided to an employee unless certified with a Certificate for Accommodation. An employer who contravenes this section shall, on conviction, be liable to a fine not exceeding MYR50,000.

Further, an employer shall, within thirty days from the date an accommodation is occupied by his employee, inform the Director General of such occupation in the form and manner as may be determined by the Director General. An employer who contravenes this section shall, on conviction, be liable to a fine not exceeding MYR10,000.

The EMSHAA 1990 further states the following:

- an employer shall ensure that every accommodation provided for employees complies with the minimum standards required under the EMSHAA 1990 or any regulations made thereunder;
- such buildings used as accommodation shall be fit for human habitation;
- decent and adequate amenities shall be provided;
- an employer shall have the duties and responsibilities in respect of safety and health; and
- an employer shall appoint at least one person in charge of accommodation who will be responsible for safety and well-being of the employees and the management of the accommodations and amenities.

Where any person who commits an offence under the EMSHAA 1990 is a company, limited liability partnership, firm, society or other body of persons, a person who at the time of commission of offence was a director, partner, manager, secretary or other similar officer of the company: –

- may be charged severally or jointly in the same proceedings with the company; and
- if the company is found guilty, the director, compliance officer, partner, manager, secretary or other similar officer shall be deemed to be guilty of that offence and shall be liable to the same punishment or penalty as an individual.

APPENDIX E – SUMMARY OF RELEVANT LAWS AND REGULATIONS

Any employer who contravenes any provision of the EMSHAA 1990 or any regulation made thereunder or who fails to carry out any order made by the Director general under the EMSHAA 1990 shall, be liable to a fine not exceeding MYR50,000 and to a further fine not exceeding MYR1,000 a day for each day during which the offence is continuing.

Income Tax Act 1967

Pursuant to the Income Tax Act 1967, income tax shall be charged for each year of assessment upon the income of any person accruing in or derived from Malaysia or received in Malaysia from outside Malaysia.

A company will be a tax resident in Malaysia if its management and control is exercised in Malaysia. The income tax rate payable by a resident company differs depending on the amount of the group company's paid-up capital in relation to the particular year of assessment. For the year of assessment 2017 and 2018, a company with paid-up capital of MYR2.5 million and less ("**SME**") is subject to tax rate of 18% for the first MYR500,000 and 24% for any sum in excess of MYR500,000. In cases where a company has paid-up capital of MYR2.5 million or more, the company is subject to tax rate of 24% with effect from year of assessment 2016. A non-resident company is subject to flat corporate tax rate of 24% for the year of assessment 2017.

The aforesaid 18% corporate tax rate for the resident SME has been proposed to be reduced to 17% by the Malaysia Minister of Finance in the 2019 Budget Malaysia on 2 November 2018, and thereafter, it has been passed by the Parliament of Malaysia.

Pursuant to Rule 3 of Income Tax (Deduction from Remuneration) Rules 1994 ("**ITDRR**") and Income Tax (Deduction from Remuneration) (Amendment) Rules 2015, it is mandatory for employers to make deductions from their employees' remuneration every month in accordance with the monthly tax deduction schedule. Employer shall then pay to the Director General the deducted remuneration by the 15th day of the month following the month of deduction.

The Financial Services Act 2013

The business of our Group in Malaysia is subject to foreign exchange laws and regulations in Malaysia.

There are foreign exchange policies in Malaysia which support the monitoring of capital flows into and out of the country in order to preserve its financial and economic stability. The legislations in Malaysia governing exchange control are the Financial Services Act 2013 ("**FSA**") and IFSA. The FSA provides regulation and supervision of financial institutions, payment systems and other relevant entities and the oversight of the money market and foreign exchange market to promote financial stability and for related, consequential or incidental matters.

The Foreign Exchange Administration provides for the regulation and supervision of financial in situations, payment systems and other relevant entities and the oversight of the money market and foreign exchange market to promote financial stability and for related, consequential or incidental matters.

Pursuant to Notice 4 of the foreign exchange notices issued by Central Bank of Malaysia ("**BNM Notices**"), a non-resident is allowed to repatriate funds from Malaysia, including any income earned or proceeds from divestment of ringgit asset, provided that the repatriation is made in foreign currency and the conversion of ringgit to foreign currency is undertaken in accordance with the BNM Notices.

APPENDIX E – SUMMARY OF RELEVANT LAWS AND REGULATIONS

Foreign exchange administration rules allow non-residents to remit out capital, divestment proceeds, profits, dividends, rental, fees and interests or any income arising from investments in Malaysia to its overseas holding company. Repatriation, however, it must be made in foreign currency.

Based on the aforementioned, our Company is free to remit out divestment proceeds, profits, dividends or any income arising from the investments in Malaysia to its overseas holding company in accordance with the BNM Notices.

However, there is no assurance that the relevant rules and regulations on foreign exchange control in Malaysia will not change. Any future restriction on repatriation of funds may limit our Company's ability to repatriate dividends or distribution to our Company and could adversely affect our Group's financial conditions.

Prevention and Control of Infectious Disease Act 1988, Prevention and Control of Infectious Disease (Measures Within the Infected Local Areas (No. 9) Regulations 2020 and Prevention and Control of Infectious Disease (Declaration of Infected Local Areas) Order 2020

On 16 March 2020, the Malaysian government exercised its power under the Prevention and Control of Infectious Diseases Act 1988 and issued the Prevention and Control of Infectious Diseases (Measures within the Infected Local Areas) (No. 9) Regulations 2020 ("**PCIDR 2020**") to regulate the first phase of the Movement Control Order which was effective from 18 March 2020 until 31 March 2020 ("**MCO 1st Phase**") and was extended for 10 phases until 7 June 2021 ("**Effective Period**"). Under the Prevention and Control of Infectious Disease (Declaration of Infected Local Areas) Order 2020, the Minister of Health of Malaysia after being satisfied that all states and federal territories in Malaysia are threatened with an epidemic of an infectious disease, namely COVID-19, declared the 14 states and federal territories to be "infected local areas", which include the place of business of our Group in Johor.

The movement control order was extended into the second phase from 1 April 2020 to 14 April 2020 ("**MCO 2nd Phase**"), third phase from 15 April 2020 to 28 April 2020 ("**MCO 3rd Phase**"), fourth phase from 29 April 2020 to 3 May 2020 ("**MCO 4th Phase**"), fifth phase from 4 May 2020 to 12 May 2020 ("**MCO 5th Phase**"), sixth phase from 13 May 2020 to 9 June 2020 ("**MCO 6th Phase**") and seventh phase from 10 June 2020 to 31 August 2020 ("**MCO 7th Phase**") and eight phase from 1 September 2020 to 31 December 2020 ("**MCO 8th Phase**").

The movement control order was extended into the ninth phase pursuant to the PCIDR 2020 which is effective from 1 January 2021 to 31 March 2021 ("**MCO 9th Phase**") and subsequently, the movement control order was further extended due to a sudden spike in cases in Malaysia which is effective from 1 April 2021 till 28 June 2021 ("**MCO 10th Phase**"). On 15 June 2021, the Government of Malaysia unveiled the National Recovery Plan which comprises of four phases. The key threshold indicators for the four phases are the (i) COVID-19 infection rate in the community, (ii) the capacity of the public healthcare system, and (iii) vaccination rate. Further, the Government of Malaysia has announced that the movement control order would be extended from 29 June 2021 until the thresholds for implementing the second phase are attained, namely the number of new COVID-19 cases falls below the 4,000-mark, there is moderate demand for beds in the intensive care unit, and 10 per centum (10%) of the population is fully vaccinated, and as at the LPD the National Recovery Plan is currently still ongoing ("**NRP Phase**").

APPENDIX E – SUMMARY OF RELEVANT LAWS AND REGULATIONS

5E Resources and TS Heuls had temporarily paused their operations from 18 March 2020 to 12 April 2020 as mandated by the enforcement of MCO 1st Phase and MCO 2nd Phase. Notwithstanding, each of the three business segments of our Group, namely: (i) scheduled waste management services; (ii) sale of recovered and recycled products; and (iii) chemical trading and/or sale, fell under the ambit of “essential services” as recognised by the Malaysian government, and our Group had been allowed to carry on its business operations subsequent to the temporary interruption and up to the Latest Practicable Date. In particular, prior to the MCO 3rd Phase and the enforcement of the PCIDR 2020, 5E Resources and TS Heuls had on 13 April 2020, 16 April 2020, 25 April 2020 and 12 January 2021 obtained the letter of approval (“**MITI Approval**”) from the Ministry of International Trade and Industry (“**MITI**”) to resume and continue operations throughout the MCO Effective Period. 5E Holdings is not required to apply for a MITI Approval as they are not running any business operations nor do they have any employees. The MITI Approval is subject to the compliance to the standard operating procedures issued by the MITI. Subject to further notice by the Government of Malaysia, the MITI Approval shall be valid throughout the Effective Period and such further extension to the Movement Control Order as determined by the Government of Malaysia. In this regard, Regulation 5 of the PCIDR 2020 provides that premises providing essential services may be opened provided that the number of the personnel and patron at the premises shall be kept at the minimum. “Essential services” includes solid waste management and public cleansing and our Group’s services are regarded as essential services. Our Group’s business (i.e. (i) scheduled waste management services; (ii) sale of recovered and recycled products; and (iii) chemical trading and/or sale) which is operated through 5E Resources and TS Heuls, would fall under the ambit of “essential services” as provided by the PCIDR 2020.

The PCIDR 2020 regulates amongst others, the control of movement, control of gathering and requirement to those arriving in Malaysia to undergo compulsory health examination. Under Regulation 3 of the PCIDR 2020, no person shall make any journey from one place to another place within any infected local area except for purposes of (i) performing any official duty; (ii) making a journey to and from any premises referred to in Regulation 5; (iii) purchasing, supply or delivery food or daily necessities; (iv) seeking healthcare or medical services; or (v) any other special purposes as may be permitted by the Director General of Health.

Any person who contravenes any provision of the PCIDR 2020 or any direction of the director general or an authorised officer commits an offence and shall, on conviction, be liable to a fine not exceeding MYR1,000 or to imprisonment for a term not exceeding six (6) months or both.

Pursuant to the guideline issued by the Malaysian National Security Council, a company engaged in the manufacturing sector may operate up to 24 hours in a day with full work force; however, visitors are only allowed in the company’s premise from 9:00 am to 6:00 pm.

As at the Latest Practicable Date, the Government of Malaysia has introduced a number of measures to support domestic businesses, including amongst others the following:

- (a) wage subsidy;
- (b) flexible work arrangement incentives;
- (c) cost cutting measure;
- (d) deferment of loans or financing facilities;
- (e) restructuring of loans or financing facilities;
- (f) automatic deferment of tax payments; and
- (g) tax relief for COVID-19 related expenses.

APPENDIX F – TERMS, CONDITIONS AND PROCEDURES FOR APPLICATION AND ACCEPTANCE

You are invited to apply and subscribe for and/or purchase the Invitation Shares at the Invitation Price for each Invitation Share subject to the following terms and conditions:

1. **YOUR APPLICATION MUST BE MADE IN LOTS OF 100 INVITATION SHARES OR INTEGRAL MULTIPLES THEREOF, SUBJECT TO A MINIMUM OF 1,000 INVITATION SHARES. YOUR APPLICATION FOR ANY OTHER NUMBER OF INVITATION SHARES WILL BE REJECTED.**
2. Your application for Offer Shares may be made by way of printed **WHITE** Offer Shares Application Forms or by way of Electronic Applications through ATMs belonging to the Participating Banks ("**ATM Electronic Applications**") or through Internet Banking ("**IB**") websites of the relevant Participating Banks ("**Internet Electronic Applications**", which together with ATM Electronic Applications, shall be referred to as "**Electronic Applications**"). Your application for the Placement Shares may only be made by way of printed **BLUE** Placement Shares Application Forms or other such forms of application as the Issue Manager and Full Sponsor and the Underwriter and Underwriter and Placement Agent may deem appropriate.

YOU MAY NOT USE CPF FUNDS TO APPLY FOR THE INVITATION SHARES.

3. You (not being an approved nominee company) are allowed to submit only one (1) application in your own name for the Offer Shares. If you submit an application for Offer Shares by way of a **WHITE** Offer Shares Application Form, you MAY NOT submit another application for Offer Shares by way of an Electronic Application and *vice versa*. Such separate applications shall be deemed to be multiple applications and may be rejected at the discretion of our Company, the Issue Manager and Full Sponsor and the Underwriter and Placement Agent, except in the case of applications by approved nominees companies, where each application is made on behalf of a different beneficiary.

If you submit an application for Offer Shares by way of an ATM Electronic Application, you MAY NOT submit another application for Offer Shares by way of an Internet Electronic Application and *vice versa*. Such separate applications shall be deemed to be multiple applications and may be rejected at the discretion of our Company, the Issue Manager and Full Sponsor and the Underwriter and Placement Agent.

If you, being other than an approved nominee company, have submitted an application for Offer Shares in your own name, you should not submit any other application for Offer Shares, whether by way of a **WHITE** Offer Shares Application Form or by way of an Electronic Application, 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 Issue Manager and Full Sponsor and the Underwriter and Placement Agent.

You 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 Issue Manager and Full Sponsor and the Underwriter and Placement Agent.

APPENDIX F – TERMS, CONDITIONS AND PROCEDURES FOR APPLICATION AND ACCEPTANCE

If you, being other than an approved nominee company, have submitted an application for Placement Shares in your own name, you should not submit any other application for 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 Issue Manager and Full Sponsor and the Underwriter and Placement Agent.

If you have made an application for Placement Shares, and you have also made a separate application for the Offer Shares, either by way of a **WHITE** Offer Shares Application Form or by way of an Electronic Application and vice versa, our Company, the Issue Manager and Full Sponsor and the Underwriter and Placement Agent shall have the discretion to either (a) reject both of such separate applications; or (b) accept any one or both of such separate applications.

Conversely, if you have made an application for Offer Shares either by way of an Electronic Application or by way of a **WHITE** Offer Shares Application Form, and you have also made a separate application for Placement Shares, our Company, the Issue Manager and Full Sponsor and the Underwriter and Placement Agent shall have the discretion to either (a) reject both of such separate applications; or (b) accept any one or both of such separate applications.

Joint applications shall be rejected. Multiple applications for the Invitation Shares shall be liable to be rejected at the discretion of our Company, the Issue Manager and Full Sponsor and the Underwriter and Placement Agent. If you submit or procure submissions of multiple share applications (whether for Offer Shares, Placement Shares or both Offer Shares and Placement Shares), you may be deemed to have committed an offence under the Penal Code, Chapter 224 of Singapore and the Securities and Futures Act, Chapter 289 of Singapore, 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 will be liable to be rejected at the discretion of our Company, the Issue Manager and Full Sponsor and the Underwriter and Placement Agent.

4. 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 Forms 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 maintained with CDP in the name of the deceased at the time of application.
5. 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 6 below.

APPENDIX F – TERMS, CONDITIONS AND PROCEDURES FOR APPLICATION AND ACCEPTANCE

6. WE WILL ONLY ACCEPT APPLICATIONS FROM APPROVED NOMINEE COMPANIES.

Approved nominee companies are defined as banks, merchant banks, finance companies, 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.

7. 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 apply by way of an Application Form), or you will not be able to complete your Electronic Application (if you apply by way of an Electronic Application). 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 or in your Electronic Application, as the case may be, your application is liable to be rejected. Subject to paragraph 8 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 or in the case of an Electronic Application, contained in the records of the relevant Participating Bank at the time of your Electronic Application, as the case may be, 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.

8. If your address as stated in the Application Form or, in the case of an Electronic Application, contained in the records of the relevant Participating Bank, as the case may be, 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.

9. Our Company, in consultation with the Issue Manager and Full Sponsor and the Underwriter and Placement Agent, reserves the right to reject any application which does not conform strictly to the instructions set out in the Application Forms and in this Offer Document or which does not comply with the instructions for Electronic Applications or with the terms and conditions of this Offer Document or, in the case of an application by way of an Application Form, which is illegible, incomplete, incorrectly completed or which is accompanied by an improperly drawn up or improper form of remittance. Our Company 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 Forms or the instructions for Electronic Applications 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.

APPENDIX F – TERMS, CONDITIONS AND PROCEDURES FOR APPLICATION AND ACCEPTANCE

10. Our Company, in consultation with the Issue Manager and Full Sponsor and the Underwriter and Placement Agent, further reserves the right to reject or accept, in whole or in part, or to scale down or to ballot any application, without assigning any reason therefor, and no enquiry and/or correspondence on the decision of our Company will be entertained. In deciding the basis of allotment and/or allocation which shall be at our discretion, due consideration will be given to the desirability of allotting and/or allocating the Invitation Shares to a reasonable number of applicants with a view to establishing an adequate market for our Shares.
11. Share certificates will be registered in the name of CDP or its nominee 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, a statement of account stating that your Securities Account has been credited with the number of Invitation Shares allotted to you. This will be the only acknowledgement of application monies received and is not an acknowledgement by our Company. 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 Invitation Shares allotted and/or allocated to you. This authorisation applies to applications made by way of Application Forms and by way of Electronic Applications.
12. 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 Invitation shall be kept open for at least fourteen (14) days after the lodgement of such supplementary or replacement offer document.

Where prior to the lodgement of the supplementary or replacement offer document, applications have been made under this offer document to subscribe for the Invitation Shares, as the case may be, and:

- (a) where the Invitation Shares have not been issued to the applicants, our Company shall either:
 - (i) within two (2) days (excluding any Saturday, Sunday or public holiday) from the date of lodgement 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 same and provide the applicants with an option to withdraw their applications and take all reasonable steps to make available within a reasonable period the supplementary or replacement offer document to the applicants if they have indicated that they 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 lodgement of the supplementary or replacement offer document, give the applicants 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; or
 - (iii) treat the applications as withdrawn and cancelled, in which case the applications shall be deemed to have been withdrawn and cancelled, and within seven (7) days from the date of lodgement of the supplementary or replacement offer document, return all monies paid in respect of any application, without interest or a share of revenue or other benefit arising therefrom and at the applicants' own risk, and the applicants shall not have any claim whatsoever against our Company, the Issue Manager and Full Sponsor or the Underwriter and Placement Agent; or

APPENDIX F – TERMS, CONDITIONS AND PROCEDURES FOR APPLICATION AND ACCEPTANCE

- (b) where the Invitation Shares have been issued to the applicants but trading has not commenced, our Company shall either:
- (i) within two (2) days (excluding any Saturday, Sunday or public holiday) from the date of lodgement 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 same and provide the applicants with an option to return to our Company those Invitation Shares which they do not wish to retain title in, and 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 if they have indicated that they 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 lodgement of the supplementary or replacement offer document, give the applicants a copy of the supplementary or replacement offer document, as the case may be, and provide the applicants with an option to return to our Company the Invitation Shares, which they do not wish to retain title in; or
 - (iii) treat the issue of the Invitation Shares as void, in which case the issue shall be deemed void and our Company shall, within seven (7) days from the date of lodgement of the supplementary or replacement offer document, return all monies paid in respect of any application, without interest or any share of revenue or other benefit arising therefrom at the applicants' own risk and the applicants shall not have any claims whatsoever against our Company, the Issue Manager and Full Sponsor or the Underwriter and Placement Agent.

An applicant who wishes to exercise his option under paragraph 12(a)(i) and (ii) above to withdraw his application shall, within fourteen (14) days from the date of lodgement of the supplementary or replacement offer document, notify our Company of this, whereupon our Company 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 those Shares without interest or any share of revenue or other benefit arising therefrom at the applicant's own risk, and the applicant will not have any claim against our Company, the Issue Manager and Full Sponsor and the Underwriter and Placement Agent.

An applicant who wishes to exercise his option under paragraph 12(b)(i) and (ii) above to return the Invitation Shares issued and/or sold to him shall, within fourteen (14) days from the date of lodgement 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 Invitation Shares, to our Company, whereupon our Company shall, subject to compliance with applicable laws and our Constitution, within seven (7) days from the receipt of such notification and documents, if any, repurchase the Shares and pay to the applicant all monies paid by him for those Shares at the applicant's own risk without interest or any share of revenue or other benefit arising therefrom, and the issue of the Invitation Shares shall be deemed to be void and the applicant will not have any claim whatsoever against our Company, the Issue Manager and Full Sponsor and the Underwriter and Placement Agent.

APPENDIX F – TERMS, CONDITIONS AND PROCEDURES FOR APPLICATION AND ACCEPTANCE

13. In the event of an under-subscription for the Offer Shares as at the close of the Application List, that number of Offer Shares not subscribed for shall be made available to satisfy excess applications for Placement Shares to the extent that there is an over-subscription for Placement Shares as at the close of the Application List. In the event of an undersubscription for Placement Shares as at the close of the Application List, that number of Placement Shares not subscribed for shall be made available to satisfy excess applications for Offer Shares to the extent that there is an over-subscription for Offer Shares as at the close of the Application List.

In the event of an over-subscription for Offer Shares as at the close of the Application List and/or the Placement Shares are fully subscribed or over-subscribed as at the close of the Application List or otherwise are insufficient to satisfy the over-subscription for the Offer Shares, the successful applications for Offer Shares will be determined by ballot or otherwise as determined by our Company, in consultation with the Issue Manager and Full Sponsor and the Underwriter and Placement Agent, and approved by the SGX-ST (if required).

In all the above instances, the basis of allotment of the Invitation Shares as may be decided by us in ensuring a reasonable spread of shareholders of our Company, shall be made public, as soon as practicable, through a SGXNET announcement to be posted on the internet at the SGX-ST's website at <http://www.sgx.com> and through a paid advertisement in a local English newspaper.

14. You (i) consent to the collection, use and disclosure of your name, NRIC/passport number, address, nationality, permanent resident status, CDP Securities Account number, CPF Investment Account number (if applicable), share application amount, share application details and other personal data ("**Personal Data**") by the Share Registrar, SCCS, SGX-ST, CDP, the Participating Banks, our Company, the Issue Manager and Full Sponsor, the Underwriter and Placement Agent and/or other authorised operators (the "**Relevant Persons**") for the purpose of facilitating your application for the Invitation Shares; (ii) consent that the Relevant Persons may disclose or share Personal Data with third parties who provide necessary services to the Relevant Persons, such as service providers working for them and providing services such as hosting and maintenance services, delivery services, handling of payment transactions, and consultants and professional advisers; (iii) consent that the Relevant Persons may transfer your personal data to any location outside of Singapore in order for them to provide the requisite support and services in connection with the Invitation Shares; (iv) 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 consent of the beneficial owners to paragraphs (i), (ii) and (iii) and that any disclosure of Personal Data to our Company is in compliance with applicable laws; and (v) 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 (collectively, "**Personal Data Privacy Terms**"). Where 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 in 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. 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 Issue Manager and Full Sponsor, and the Underwriter and Placement Agent and any other parties so authorised by the foregoing persons.

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15. Any reference to “you” or the “applicant” in this section shall include an individual, a corporation, an approved nominee company and trustee applying for the Offer Shares by way of a **WHITE** Offer Shares Application Form or by way of an Electronic Application, or applying for the Placement Shares by way of a **BLUE** Placement Shares Application Form or such other forms of application as the Issue Manager and Full Sponsor and the Underwriter and Placement Agent deem appropriate.
16. By completing and delivering an Application Form or by making and completing an Electronic Application by (in the case of an ATM Electronic Application) pressing the “Enter” or “OK” or “Confirm” or “Yes” or any other relevant key on the ATM (as the case may be) or by (in the case of an Internet Electronic Application) clicking “Submit” or “Continue” or “Yes” or “Confirm” or any other relevant button on the IB website screen of the relevant Participating Banks (as the case may be) in accordance with the provisions of this Offer Document, you:
- (a) irrevocably offer, agree and undertake to subscribe for and/or purchase the number of Invitation Shares specified in your application (or such smaller number for which the application is accepted) at the Invitation Price for each Invitation Share and agree that you will accept such Invitation Shares as may be allotted and/or allocated to you, in each case on the terms of, and subject to the conditions set out in this Offer Document and the Constitution of our Company;
 - (b) agree that, in the event of any inconsistency between the terms and conditions for application set out in this Offer Document and those set out in the IB websites or ATMs of the relevant Participating Banks, the terms and conditions set out in this Offer Document shall prevail;
 - (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 in determining whether to accept your application and/or whether to allot and/or allocate any Invitation Shares to you;
 - (d) agree that the aggregate Invitation Price for the Invitation Shares applied for is due and payable to our Company upon application; 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 Issue Manager and Full Sponsor, and the Underwriter and Placement Agent will infringe any such laws as a result of the acceptance of your application.
17. Our acceptance of applications will be conditional upon, *inter alia*, our Company being satisfied that:
- (a) permission has been granted by the SGX-ST to deal in and for quotation of all our existing Shares and the Invitation Shares, on Catalist;
 - (b) the Management and Underwriting Agreement and the Placement Agreement referred to in the section entitled “General and Statutory Information – Management, Underwriting and Placement Arrangements” of this Offer Document have become unconditional and have not been terminated or cancelled prior to such date as we may determine; and
 - (c) the Authority has not issued a stop order under the SFA which directs that no further shares to which this Offer Document relates be allotted and/or allocated (“**Stop Order**”).

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18. In the event that a Stop Order in respect of the Invitation Shares is served by the SGX-ST, acting as an agent on behalf of the Authority, then:
- (a) where the Invitation Shares have not been issued, all applications shall be deemed to have been withdrawn and cancelled and our Company shall refund (at your own risk) all monies paid on account of your application of the Invitation Shares (without interest or any share of revenue or other benefit arising therefrom) to you within fourteen (14) days of the date of the Stop Order; or
 - (b) where the Invitation Shares have already been issued, the issue of the Invitation Shares shall be deemed to be void and our Company shall, within fourteen (14) days from the date of the Stop Order, refund (at your own risk) all monies paid on account of your application for the Invitation Shares (without interest or any share of revenue or other benefit arising therefrom).

This shall not apply where only an interim Stop Order has been served.

19. In the event that an interim Stop Order in respect of the Invitation Shares is served by the SGX-ST, acting as an agent on behalf of the Authority, or other competent authority, no Invitation Shares shall be issued to you during the time when the interim Stop Order is in force.
20. The SGX-ST, acting as an agent on behalf of the Authority, is not able to serve a Stop Order in respect of the Invitation Shares if the Invitation Shares have been issued, listed for quotation on a securities exchange and trading in the Invitation Shares has commenced.
21. In the event of any changes in the closure of the Application List or the time period during which the Invitation 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 through a paid advertisement in a local English newspaper.
22. We will not hold any application in reserve.
23. 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 Exchange, acting as agent on behalf of the Authority.
24. Additional terms and conditions for applications by way of Application Forms are set out in the “Additional Terms and Conditions for Applications using Application Forms” on pages F-11 to F-15 of this Offer Document.
25. Additional terms and conditions for applications by way of Electronic Applications are set out in the “Additional terms and Conditions for Electronic Applications” on pages F-16 to F-22 of this Offer Document.
26. CDP shall not be liable for any delays, failures or inaccuracies in the recording, storage or in the transmission or delivery of data relating to Electronic Applications.

APPENDIX F – TERMS, CONDITIONS AND PROCEDURES FOR APPLICATION AND ACCEPTANCE

ADDITIONAL TERMS AND CONDITIONS FOR APPLICATIONS USING APPLICATION FORMS

Applications by way of an Application Form shall be made 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 Applications” section as well as the Constitution of our Company.

1. Your application must be made using the **WHITE** Application Forms and **WHITE** official envelopes “A” and “B” for Offer Shares, or the **BLUE** Application Forms for the Placement Shares, accompanying and forming part of this Offer Document.

We draw your attention to the detailed instructions contained in the respective Application Forms and this Offer Document for the completion of the Application Forms which must be carefully followed. **Our Company, in consultation with the Issue Manager and Full Sponsor and the Underwriter and Placement Agent, reserves the right to reject applications which do not conform strictly to the instructions set out in the Application Forms 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 remittances or improper form of remittances.**

2. Your Application Forms must be completed in English. Please type or write clearly in ink using **BLOCK LETTERS**.
3. All spaces in the Application Forms, 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 Memorandum and Articles of Association or equivalent constitutive documents. If you are a corporate applicant and your application is successful, a copy of your Memorandum and Articles of Association or equivalent constitutive documents must be lodged with our Company’s Share Registrar, and share transfer office. Our Company reserves 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.

APPENDIX F – TERMS, CONDITIONS AND PROCEDURES FOR APPLICATION AND ACCEPTANCE

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 Invitation 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. Your application must be accompanied by a remittance in Singapore currency for the full amount payable, in respect of the number of Invitation 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 "**5E RESOURCES SHARE ISSUE ACCOUNT**" crossed "**A/C PAYEE ONLY**", with your name and address written clearly on the reverse side. **We will not accept applications not accompanied by any payment or accompanied by any other form of payment.** We will reject remittances bearing "**NOT TRANSFERABLE**" or "**NON TRANSFERABLE**" crossings. No acknowledgement of receipt will be issued by our Company or the Issue Manager and Full Sponsor 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 within 24 hours of balloting of applications 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 Invitation is cancelled by us following the termination of the Management and Underwriting 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 or telegraphic transfer at your own risk within five Market Days of the termination of the Invitation. In the event that the Invitation is cancelled by us following the issuance of a stop order by the SGX-ST, acting as agent on behalf of 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 Market Days from the date of the Stop Order.
9. Capitalised terms used in the Application Forms 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 Issue Manager and Full Sponsor, the Underwriter and Placement Agent and/or any other party involved in the Invitation, and if, in any such event, our Company, the Issue Manager and Full Sponsor or the Underwriter and Placement Agent does not receive your Application Form, you shall have no claim whatsoever against our Company, the Issue Manager and Full Sponsor, the Underwriter and Placement Agent and/or any other party involved in the Invitation for the Invitation Shares applied for or for any compensation, loss or damage.

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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 at **12.00 noon on 10 May 2022** or such other time or date as our Directors may, in consultation with the Issue Manager and Full Sponsor, 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;
- (b) neither our Company, the Issue Manager and Full Sponsor, the Underwriter and Placement Agent nor any other party involved in the Invitation shall 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 Invitation 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 Invitation 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 Issue Manager and Full Sponsor, the Underwriter and Placement Agent nor any other person involved in the Invitation and Listing shall have any liability for any information not so contained;
- (g) you consent to the disclosure of your name, NRIC/passport number, address, nationality, permanent residence status, CDP Securities Account number, CPF Investment Account number (if applicable) and share application amount to our Share Registrar, CDP, SGX-ST, our Company, the Issue Manager and Full Sponsor, the Underwriter and Placement Agent or other authorised operators; and
- (h) you irrevocably agree and undertake to subscribe for and/or purchase the number of Invitation Shares applied for as stated in the Application Form or any smaller number of such Invitation Shares that may be allotted and/or allocated to you in respect of your application. In the event that our Company decide to allot and/or allocate any smaller number of Invitation Shares or not to allot and/or allocate any Invitation Shares to you, you agree to accept such decision as final.

APPENDIX F – TERMS, CONDITIONS AND PROCEDURES FOR APPLICATION AND ACCEPTANCE

Applications for Offer Shares

1. Your application for Offer Shares **MUST** be made using the **WHITE** Offer Shares Application Forms and **WHITE** official envelopes “A” and “B”. **ONLY ONE APPLICATION** should be enclosed in each envelope.
2. You must:
 - (a) enclose the **WHITE** Offer Shares Application Form, duly completed and signed, together with the correct remittance in accordance with the terms and conditions of this Offer Document in the **WHITE** official envelope “A” provided;
 - (b) in the appropriate spaces on **WHITE** official envelope “A”:
 - (i) write your name and address;
 - (ii) state the number of Offer Shares applied for;
 - (iii) tick the relevant box to indicate the form of payment; and
 - (iv) affix adequate Singapore postage;
 - (c) seal the **WHITE** official envelope “A”;
 - (d) write, in the special box provided on the larger **WHITE** official envelope “B” addressed to In.Corp Corporate Services Pte. Ltd., 30 Cecil Street, #19-08 Prudential Tower, Singapore 049712, the number of Offer Shares for which the application is made; and
 - (e) insert **WHITE** official envelope “A” into **WHITE** official envelope “B”, seal **WHITE** official envelope “B”, affix adequate Singapore postage on **WHITE** official envelope “B” (if despatched by ordinary post) and thereafter **DESPATCH BY ORDINARY POST OR DELIVER BY HAND**, the documents at your own risk to In.Corp Corporate Services Pte. Ltd., 30 Cecil Street, #19-08 Prudential Tower, Singapore 049712, to arrive by **12.00 noon on 10 May 2022 or such other time as our Company may, in consultation with the Issue Manager and Full Sponsor, decide. Local Urgent Mail or Registered Post must NOT be used.** No acknowledgement of receipt will be issued by our Company or the Issue Manager and Full Sponsor for any application or remittance received.
3. Applications that are illegible, incomplete or incorrectly completed or accompanied by improperly drawn remittances or improper form of remittance or which are not honoured upon their first presentation are liable to be rejected.

Applications for Placement Shares

1. Your application for Placement Shares **MUST** be made using the **BLUE** Placement Shares Application Forms. **ONLY ONE APPLICATION** should be enclosed in each envelope.
2. The completed and signed **BLUE** Placement Shares 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

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clearly on the reverse side, must be enclosed and sealed in an envelope to be provided by you. You must affix adequate Singapore postage on the envelope (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 In.Corp Corporate Services Pte. Ltd., 30 Cecil Street, #19-08 Prudential Tower, Singapore 049712, to arrive by **12.00 noon on 10 May 2022 or such other time as our Company may, in consultation with the Issue Manager and Full Sponsor and the Underwriter and Placement Agent, decide. Local Urgent Mail or Registered Post must NOT be used.** No acknowledgement of receipt will be issued for any application or remittance received.

3. Applications that are illegible, incomplete or incorrectly completed or accompanied by improperly drawn remittances or improper form of remittance or which are not honoured upon their first presentation are liable to be rejected.

ADDITIONAL TERMS AND CONDITIONS FOR ELECTRONIC APPLICATIONS

The procedures for Electronic Applications are set out on the ATM screens (in the case of ATM Electronic Applications) and the IB website screens (in the case of Internet Electronic Applications) of the relevant Participating Banks. For illustration purposes, the procedures for Electronic Applications through ATMs and the IB website of UOB are set out respectively in the “Steps for an ATM Electronic Application through ATMs of UOB” and the “Steps for an Internet Electronic Application through the IB website of UOB” (collectively, the “**Steps**”) appearing on pages F-23 to F-27 of this Offer Document.

The Steps set out the actions that you must take at an ATM or the IB website of UOB to complete an Electronic Application. Please read carefully the terms of this Offer Document, the Steps and the terms and conditions for Electronic Applications set out below before making an Electronic Application. Any reference to “you” or the “applicant” in this section “Additional Terms and Conditions for Electronic Applications” and the Steps shall refer to you making an application for Offer Shares through an ATM or the IB website of a relevant Participating Bank.

Applicants applying for the Offer Shares by way of Electronic Applications may incur an administrative fee and/or such related charges as stipulated by the respective Participating Banks from time to time.

You must have an existing bank account with and be an ATM cardholder of one of the Participating Banks before you can make an Electronic Application at the ATMs. An ATM card issued by one Participating Bank cannot be used to apply for Offer Shares at an ATM belonging to other Participating Banks. For an Internet Electronic Application, you must have an existing bank account with an IB User Identification (“**User ID**”) and a Personal Identification Number/Password (“**PIN**”) given by the relevant Participating Bank. The Steps set out the actions that you must take at ATMs or the IB website of UOB to complete an Electronic Application. The actions that you must take at ATMs or the IB websites of other Participating Banks are set out on the ATM screens or the IB website screens of the relevant Participating Banks. Upon the completion of your ATM Electronic Application transaction, you will receive an ATM transaction slip (“**Transaction Record**”), confirming the details of your Electronic Application. Upon completion of your Internet Electronic Application, there will be an on-screen confirmation (“**Confirmation Screen**”) of the application which can be printed for your record. The Transaction Record or your printed record of the Confirmation Screen is for your retention and should not be submitted with any Application Form.

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You must ensure that you enter your own Securities Account number when using the ATM card issued to you in your own name. If you fail to use your own ATM card or if you do not key in your own Securities Account number, your application will be rejected. If you operate a joint bank account with any of the Participating Banks, you must ensure that you enter your own Securities Account number when using the ATM card issued to you in your own name. Using your own Securities Account number with an ATM card which is not issued to you in your own name will render your ATM Electronic Application liable to be rejected.

You must ensure, when making an Internet Electronic Application, that:

- (a) you are currently in Singapore at the time of making such application;
- (b) your mailing address for IB with the relevant Participating Bank is in Singapore;
- (c) you are not a US person⁽¹⁾ (as such term is defined in Regulation S under the United States Securities Act of 1933, as amended from time to time), and you will be asked to declare accordingly. Otherwise, your application is liable to be rejected. In connection with this, you will be asked to declare that you are in Singapore at the time when you make the application.

Note:

- (1) For details, please refer to the definition of “US person” on the IB websites.

You shall make an Electronic Application in accordance with and subject to the terms and conditions of this Offer Document including but not limited to the terms and conditions appearing below and those set out under the section entitled “Terms, Conditions and Procedures for Application” of this Offer Document as well as the Constitution of our Company.

1. In connection with your Electronic Application for Offer Shares, you are required to confirm statements to the following effect in the course of activating your Electronic Application:
 - (a) that you have received a copy of this Offer Document (in the case of ATM Electronic Applications only) and have read, understood and agreed to all the terms and conditions of application for Offer Shares and this Offer Document prior to effecting the Electronic Application and agree to be bound by the same;**
 - (b) that you consent to the disclosure of your name, NRIC/passport number, address, nationality, permanent residence status, share application amount, CPF Investment Account number (if applicable) and CDP Securities Account number and application details (the “Relevant Particulars”) with the relevant Participating Bank to the CDP, CPF, SCCS, SGX-ST, Share Registrar, our Company, the Issue Manager and Full Sponsor, and the Underwriter and Placement Agent or other authorised operators (the “Relevant Parties”); and**
 - (c) that this is your only application for Offer Shares and it is made in your own name and at your own risk.**

Your application will not be successfully completed and cannot be recorded as a completed transaction in the ATM or on the IB website unless you press the “Enter” or “Confirm” or “Yes” or “OK” or any other relevant key in the ATM or click “Confirm” or “OK” or “Submit” or “Continue” or “Yes” or any other relevant button on the IB website screen. By doing so, you shall be treated as signifying your confirmation of each of the above three statements. In

APPENDIX F – TERMS, CONDITIONS AND PROCEDURES FOR APPLICATION AND ACCEPTANCE

respect of statement 1(b) above, such confirmation, shall signify and shall be treated as your written permission, given in accordance with the relevant laws of Singapore including Section 47(2) of the Banking Act (Chapter 19) of Singapore to the disclosure by the relevant Participating Bank of the Relevant Particulars to the Relevant Parties.

2. **BY MAKING AN ELECTRONIC APPLICATION, YOU CONFIRM THAT YOU ARE NOT APPLYING FOR OFFER SHARES AS A NOMINEE OF ANY OTHER PERSON AND THAT ANY ELECTRONIC APPLICATION THAT YOU MAKE IS THE ONLY APPLICATION MADE BY YOU AS THE BENEFICIAL OWNER.**

YOU SHOULD MAKE ONLY ONE ELECTRONIC APPLICATION FOR OFFER SHARES AND SHOULD NOT MAKE ANY OTHER APPLICATION FOR OFFER SHARES, WHETHER AT THE ATMS OR THE IB WEBSITES (IF ANY) OF ANY PARTICIPATING BANK OR ON THE APPLICATION FORMS. IF YOU HAVE MADE AN APPLICATION FOR OFFER SHARES ON AN APPLICATION FORM, YOU SHALL NOT MAKE AN ELECTRONIC APPLICATION FOR OFFER SHARES AND VICE VERSA.

3. You must have sufficient funds in your bank account with your Participating Bank at the time you make your Electronic Application at the ATM or the IB website of the relevant Participating Bank, failing which your Electronic Application will not be completed or accepted. **Any Electronic Application which does not conform strictly to the instructions set out in this Offer Document or on the screens of the ATM or the IB website of the relevant Participating Bank through which your Electronic Application is being made shall be rejected.**

You may make an ATM Electronic Application at the ATM of any Participating Bank or an Internet Electronic Application at the IB website of the relevant Participating Bank for the Offer Shares using only cash by authorising such Participating Bank to deduct the full amount payable from your account with such Participating Bank.

4. You irrevocably agree and undertake to subscribe for and/or to accept the number of Offer Shares applied for as stated on the Transaction Record or the Confirmation Screen or any lesser number of Offer Shares that may be allotted to you in respect of your Electronic Application. In the event that our Company decides to allot any lesser number of such Offer Shares or not to allot any Offer Shares to you, you agree to accept such decision as final. If your Electronic Application is successful, your confirmation (by your action of pressing the “Enter” or “Confirm” or “Yes” or “OK” or any other relevant key on the ATM or clicking “Confirm” or “OK” or “Submit” or “Continue” or “Yes” or any other relevant button on the IB website screen) of the number of Offer Shares applied for shall signify and shall be treated as your acceptance of the number of Offer Shares that may be allotted to you and your agreement to be bound by the Constitution of our Company. You also irrevocably authorise CDP to complete and sign on your behalf as transferee or renounce any instrument of transfer and/or other documents required for the transfer of the Offer Shares that may be allotted and/or allocated to you.
5. **We will not keep any applications in reserve.** Where your Electronic Application is unsuccessful, the full amount of the application monies will be refunded in Singapore currency (without interest or any share of revenue or other benefit arising therefrom) to you by being automatically credited to your account with your Participating Bank within twenty-four (24) hours of balloting of the applications provided that the remittance in respect

APPENDIX F – TERMS, CONDITIONS AND PROCEDURES FOR APPLICATION AND ACCEPTANCE

of such application which has been presented for payment or other processes have been honoured and the application monies have been received in the designated share issue account. **Trading on a “WHEN ISSUED” basis, if applicable, is expected to commence after such refund has been made.**

Where your Electronic 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 in Singapore currency (without interest or any share of revenue or other benefit arising therefrom) to you by being automatically credited to your account with your Participating Bank within fourteen (14) days after the close of the Application List provided that the remittance in respect of such application which has been presented for payment or other processes have been honoured and the application monies have been received in the designated share issue account.

Responsibility for timely refund of application monies from unsuccessful or partially successful Electronic Applications lies solely with the respective Participating Banks. Therefore, you are strongly advised to consult your Participating Bank as to the status of your Electronic Application and/or the refund of any monies to you from unsuccessful or partially successful Electronic Application, to determine the exact number of Offer Shares allotted to you before trading the Offer Shares on Catalist. You may also call CDP Phone at 6535 7511 to check the provisional results of your application by using your T-pin (issued by CDP upon your application for the service) and keying in the stock code (that will be made available together with the results of the allotment via an announcement through the SGX-ST and by advertisement in a generally circulating daily press). To sign up for the service, you may contact CDP customer service officers. Neither the SGX-ST, the CDP, the SCCS, the Participating Banks, our Company, the Issue Manager and Full Sponsor nor the Underwriter and Placement Agent assume any responsibility for any loss that may be incurred as a result of you having to cover any net sell positions or from buy-in procedures activated by the SGX-ST.

6. If your Electronic Application is unsuccessful, no notification will be sent by the relevant Participating Banks.

If you make Electronic Applications through the ATMs or the IB websites of the following Participating Banks, you may check the provisional results of your Electronic Applications as follows:

Bank	Telephone	Available at ATM/Internet	Operating Hours	Service Expected From
United Overseas Bank Limited (“ UOB ”)	1 800 222 2121	ATM (Other Transactions – “IPO Results Enquiry”)/IB/ Phone Banking http://www.uobgroup.com ⁽¹⁾	24 hours a day	Evening of the balloting day
Oversea-Chinese Banking Corporation Limited (“ OCBC Bank ”)	1 800 363 3333	ATM/IB/Phone Banking http://www.ocbc.com ⁽²⁾	24 hours a day	Evening of the balloting day

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Bank	Telephone	Available at ATM/Internet	Operating Hours	Service Expected From
DBS Bank Ltd. (including POSB) ("DBS Bank")	1 800 339 6666 (for POSB account holders) 1 800 111 1111 (for DBS account holders)	IB http://www.dbs.com ⁽³⁾	24 hours a day	Evening of the balloting day

Notes:

- (1) Applicants who have made Electronic Applications through the ATMs or the IB website of UOB may check the results of their applications through UOB Personal Internet Banking, UOB ATMs or UOB Phone Banking services.
 - (2) Applicants who have made Electronic Applications through the ATMs or the IB website of OCBC Bank may check the results of their applications through OCBC Bank Personal Internet Banking, ATMs of OCBC Bank or OCBC Bank Phone Banking services.
 - (3) Applicants who have made Internet Electronic Applications through the IB website of DBS Bank may also check the results of their applications through the same channels listed in the table above in relation to Electronic Applications made at the ATMs of DBS Bank.
7. You irrevocably agree and acknowledge that your Electronic Application is subject to risks of electrical, electronic, technical and computer-related faults and breakdowns, fires, acts of God and other events beyond the control of the Participating Banks, our Company, the Issue Manager and Full Sponsor and the Underwriter and Placement Agent and if, in any such event, our Company, the Issue Manager and Full Sponsor, Underwriter and Placement Agent and/or the relevant Participating Bank do not receive your Electronic Application, or data relating to your Electronic Application or the tape or any other devices containing such data is lost, corrupted or not otherwise accessible, whether wholly or partially for whatever reason, you shall be deemed not to have made an Electronic Application and you shall have no claim whatsoever against our Company, our Directors, the Issue Manager and Full Sponsor, the Underwriter and Placement Agent and/or the relevant Participating Bank for Offer Shares applied for or for any compensation, loss or damage. CDP shall not be liable for any delays, failures or inaccuracies in the recording, storage or in the transmission or delivery of data relating to the electronic application.
 8. Electronic Applications shall close at **12.00 noon on 10 May 2022** or such other time as our Company may, in consultation with the Issue Manager and Full Sponsor and the Underwriter and Placement Agent, decide. Subject to the paragraph above, an Internet Electronic Application is deemed to be received when it enters the designated information system of the relevant Participating Bank, that is, when there is an on-screen confirmation of the applications.
 9. You are deemed to have irrevocably requested and authorised our Company to:
 - (a) register the Offer Shares allotted to you in the name of CDP for deposit into your Securities Account;
 - (b) send the relevant Share certificate(s) to CDP;
 - (c) return or refund (without interest or any share of revenue earned or other benefit arising therefrom) of the application monies in Singapore currency, should your Electronic

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Application be unsuccessful, by automatically crediting your bank account with your Participating Bank with the relevant amount within twenty-four (24) hours of the balloting of applications; and

- (d) return or refund (without interest or any share of revenue or other benefit arising therefrom) the balance of the application monies in Singapore currency, should your Electronic Application be accepted in part only, by automatically crediting your bank account with your Participating Bank with the relevant amount within fourteen (14) days after the close of the Application List.
10. We do not recognise the existence of a trust. Any Electronic Application by a trustee must be made in your own name and without qualification. Our Company will reject any application by any person acting as nominee except those made by approved nominee companies only.
11. All your particulars in the records of your relevant Participating Bank at the time you make your Electronic Application shall be deemed to be true and correct and your relevant Participating Bank and the Relevant Parties shall be entitled to rely on the accuracy thereof. If there has been any change in your particulars after the time of the making of your Electronic Application, you shall promptly notify your relevant Participating Bank.
12. **You should ensure that your personal particulars as recorded by both CDP and the relevant Participating Bank are correct and identical, otherwise, your Electronic Application is liable to be rejected.** You should promptly inform CDP of any change in address, failing which the notification letter on successful allotment and other correspondence from the CDP will be sent to your address last registered with CDP.
13. By making and completing an Electronic Application, you are deemed to have agreed that:
- (a) in consideration of our Company making available the Electronic Application facility, through the Participating Banks as the agents of our Company, at the ATMs and IB websites (if any):
 - (i) your Electronic Application is irrevocable; and
 - (ii) your Electronic Application, our acceptance and the contract resulting therefrom under the Invitation shall be governed by and construed in accordance with the laws of Singapore and you irrevocably submit to the non-exclusive jurisdiction of the Singapore courts;
 - (b) neither our Company, the Issue Manager and Full Sponsor, the Underwriter and Placement Agent, the Participating Banks nor CDP shall be liable for any delays, failures or inaccuracies in the recording, storage or in the transmission or delivery of data relating to your Electronic Application to our Company or CDP due to breakdowns or failure of transmission, delivery or communication facilities or any risks referred to in paragraph 7 above or to any cause beyond our respective controls;
 - (c) in respect of Offer Shares for which your Electronic Application has been successfully completed and not rejected, acceptance of your Electronic Application shall be constituted by written notification by or on behalf of our Company and not otherwise, notwithstanding any payment received by or on behalf of our Company;

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- (d) you will not be entitled to exercise any remedy of rescission or misrepresentation at any time after acceptance of your application;
- (e) in making your application, reliance is placed solely on the information contained in this Offer Document and that none of our Company, the Issue Manager and Full Sponsor and, the Underwriter and Placement Agent or any other person involved in the Invitation shall have any liability for any information not so contained;
- (f) you accept and agree to the Personal Data Privacy Terms set out in this Offer Document; and
- (g) you irrevocably agree and undertake to subscribe for the number of Invitation Shares applied for as stated in your Electronic Application or any smaller number of such Invitation Shares that may be allotted to you in respect of your application. In the event that our Company decides to allot a smaller number of Invitation Shares or not to allot any Invitation Shares to you, you agree to accept such decision as final.

Steps for Electronic Applications through the ATMs and the IB website of UOB

The instructions for Electronic Applications will appear on the ATM screens and the IB website screens of the respective Participating Banks. For illustrative purposes, the steps for making an Electronic Application through ATMs or through the IB website of UOB are shown below. Instructions for Electronic Applications appearing on the ATM screens and the IB website screens (if any) of the relevant Participating Banks (other than UOB) may differ from that represented below.

Steps for an ATM Electronic Application through ATMs of UOB

Owing to space constraints on UOB's ATM screens, the following terms will appear in abbreviated form:

"&"	: and
"A/C" and "A/CS"	: ACCOUNT AND ACCOUNTS, respectively
"ADDR"	: ADDRESS
"AMT"	: AMOUNT
"APPLN"	: APPLICATION
"CDP"	: THE CENTRAL DEPOSITORY (PTE) LIMITED
"CPF"	: THE CENTRAL PROVIDENT FUND
"CPFINVT A/C"	: CPF INVESTMENT ACCOUNT
"ESA"	: ELECTRONIC SHARE APPLICATION
"IC/PSSPT"	: NRIC or PASSPORT NUMBER
"NO" or "NO."	: NUMBER
"PERSONAL NO"	: PERSONAL IDENTIFICATION NUMBER
"REGISTRARS"	: SHARE REGISTRARS
"SCCS"	: SECURITIES CLEARING & COMPUTER SERVICES (PTE) LTD

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“TRANS” : TRANSACTION

“YR” : YOUR

Step 1 : Insert your personal Unicaard, Uniplus card or UOB VISA/MASTER card and key in your personal identification number.

2 : Select “Cashcard/Other Transactions”.

3 : Select “Securities/Retail Bond Application”.

4 : Select the share counter which you wish to apply for.

5 : Read and understand the following statements which will appear on the screen:

- This offer of securities (or units of securities) will be made in, or accompanied by, a copy of the prospectus/offer information statement/product highlights sheet/simplified disclosure document/profile statement/relevant document. Anyone wishing to acquire these securities (or units of securities) will need to make an application in the manner set out in the prospectus/offer information statement/product highlights sheet/simplified disclosure document/profile statement/relevant document.
- You agree that this transaction is entered into totally on your own accord and the availability of this application service shall not be construed as a recommendation or advice from UOB to enter into this transaction. You may wish to seek prior advice from a qualified adviser as to the transaction suitability.

(Press “ENTER” to continue)

- Please call 1800 222 2121 if you would like to find out where you can obtain a copy of the prospectus/offer information statement/product highlights sheet/simplified disclosure document/profile statement/relevant document. Where applicable, a copy of the prospectus/offer information statement/product highlights sheet/simplified disclosure document/profile statement/relevant document has been lodged with and/or registered by the Monetary Authority of Singapore and/or SGX who assumes no responsibility for the contents of the prospectus/offer information statement/product highlights sheet/simplified disclosure document/profile statement/relevant document.

(Press “ENTER” to continue)

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- 6 : Read and understand the following terms which will appear on the screen:
- You have read, understood and agreed to all terms of the prospectus/offer information statement/product highlights sheet/simplified disclosure document/profile statement/relevant document and this electronic application.
- (Press “ENTER” to continue)
- You consent to disclose your Name, IC/Passport, Nationality, Address, Application Amount, CPF Investment Account Number and CDP Account Number from your Accounts to CDP, CPF, SCCS, Share Registrars, SGX-ST and Issuer/Vendor(s).
 - This is your only Fixed Price Application and is in your name and at your risk.
- (Press “ENTER” to confirm)
- 7 : Screen will display:
- NRIC/Passport No. XXXXXXXXXXXX**
IF YOUR NRIC NO./PASSPORT NO. IS INCORRECT, PLEASE CANCEL THE TRANSACTION AND NOTIFY THE BRANCH PERSONALLY.
- (Press “CANCEL” or “CONFIRM”)
- 8 : Select mode of payment i.e. “CASH ONLY”. You will be prompted to select Cash Account type to debit (i.e., “CURRENT ACCOUNT/I-ACCOUNT”, “CAMPUS ACCOUNT” OR “SAVINGS ACCOUNT/TX ACCOUNT”). Should you have a few accounts linked to your ATM card, a list of linked account numbers will be displayed for you to select.
- 9 : After you have selected the account, your CDP Securities Account number will be displayed for you to confirm or change (this screen with your CDP Securities Account number will be shown if your CDP Securities Account number is already stored in the ATM system of UOB). If this is the first time you are using UOB’s ATM to apply for Shares, your CDP Securities Account number will not be stored in the ATM system of UOB, and the following screen will be displayed for your input of your CDP Securities Account number.

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- 10 : Read and understand the following terms which will appear on the screen:
- You are required to enter your CDP account number for your first IPO/securities application. This account number would be displayed for future applications.
 - Do not apply for joint account holder or third parties.
 - Please enter your own CDP account number (12 digits) & press ENTER.
 - If you wish to terminate the transaction, please press CANCEL.
- 11 : Key in your CDP Securities Account number (12 digits) and press the “ENTER” key.
- 12 : Select your nationality status.
- 13 : Key in the number of Shares you wish to apply for and press the “ENTER” key.
- 14 : Check the details of your Electronic Application on the screen and press “ENTER” key to confirm your Electronic Application.
- 15 : Select “NO” if you do not wish to make any further transactions and remove the Transaction Record. You should keep the Transaction Record for your own reference only.

Steps for an Internet Electronic Application through the IB website of UOB

Owing to space constraints on UOB’s IB website screens, the following terms will appear in abbreviated form:

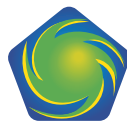
- “CDP” : The Central Depository (Pte) Limited
- “CPF” : The Central Provident Fund
- “NRIC” or “I/C” : National Registration Identity Card
- “PR” : Permanent Resident
- “SGD” or “\$” : Singapore Dollars
- “SCCS” : Securities Clearing & Computer Services (Pte) Ltd
- “SGX” : Singapore Exchange Securities Trading Limited
- Step 1 : Connect to UOB’s website at <http://www.uobgroup.com>.
- 2 : Locate the UOB Online Services Login icon on the top right hand side” next to “Internet Banking”.
- 3 : Click on UOB Online Services Login and at drop list select “UOB Personal Internet Banking”.
- 4 : Enter your Username and Password and click “Login”.
- 5 : You will have to verify your login either via UOB Mighty or one-time password.

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- 6 : Click on “Investment”, followed by “Securities” followed by “Securities Application”.
- 7 : Read the IMPORTANT notice and complete the declarations found on the bottom of the page by answering Yes/No to the questions.
- 8 : Click “Continue”.
- 9 : Select your country of residence (you must be residing in Singapore to apply), and click “Continue”.
- 10 : Select the “Securities Counter” from the drop list (if there are concurrent IPOs) and click “Submit”.
- 11 : Check the “Securities Counter”, select the mode of payment and account number to debit and click on “Submit”.
- 12 : Read the important instructions and click on “Continue” to confirm that:
1. **You have read, understood and agreed to all the terms of this application and the Prospectus/Offer Document or Supplementary Document.**
 2. **For the purposes of facilitating your application, you consent to disclose your name, NRIC or passport number, CDP Securities Account Number, CPF Investment Account number (if applicable), and application details to the Securities registrars, SGX, SCCS, COP, CPF Board and issuer.**
 3. **This application is made in your own name, for your own account and at your own risk.**
 4. **For FIXED/MAX price shares application, this is your only application. For TENDER price shares application, this is your only application at the selected tender price.**
 5. **For FOREIGN CURRENCY securities, subject to the terms of the issue, please note the following: The application monies will be debited from your bank account in S\$, based on the Bank’s exchange profit or loss, or application monies may be debited and refunds credited in S\$ at the same exchange rate.**
 6. **For 1ST-COME-1ST-SERVE securities, the number of securities applied for may be reduced, subject to the availability at the point of application.**
- 13 : Check your personal details, details of the share counter you wish to apply for and account to debit.
- Select (a) Nationality;
Enter (b) your CDP Securities Account number; and
(c) the number of shares applied for.
- Click “Submit”.

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- 14 : Check the details of your application, your NRIC/Passport number, CDP Securities Account Number and the number of shares applied for, share counter, payment mode and account to debit.
- 15 : Click “Confirm”, “Edit” or “Home” as applicable.
- 16 : Print the Confirmation Screen (optional) for your own reference and retention only.



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