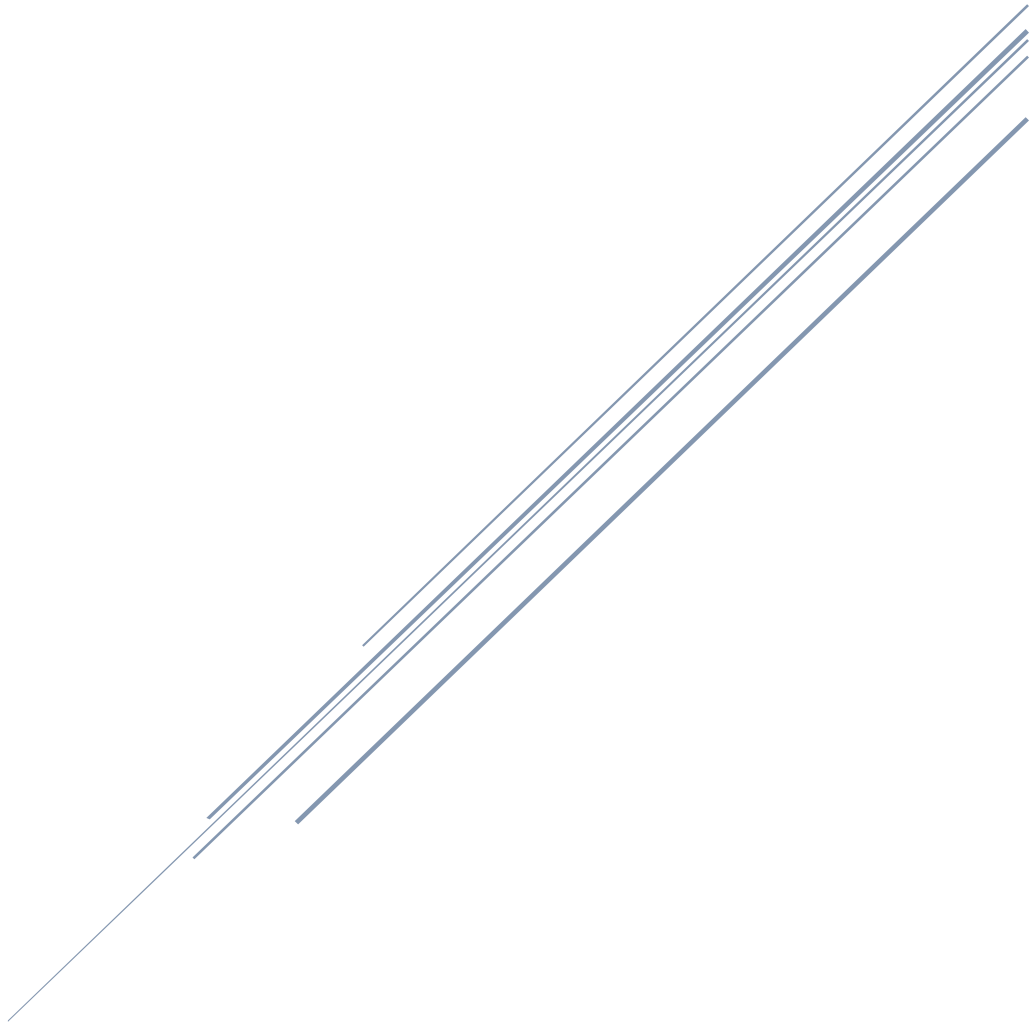




ABUNDANCE INTERNATIONAL LIMITED

ANNUAL REPORT 2023



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

The contact person for the Sponsor is Ng Joo Khin.

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CONTENTS

Corporate Information	2
Message to Shareholders	4
Board of Directors	7
Key Management Personnel	10
Group Structure	11
Financial Highlights	12
Report on Corporate Governance	13
Directors' Statement	42
Independent Auditor's Report	46
Statements of Financial Position	52
Consolidated Statement of Profit or Loss and Other Comprehensive Income	53
Consolidated Statement of Changes in Equity	54
Consolidated Statement of Cash Flows	55
Notes to the Financial Statements	57
Statistics of Shareholdings	119
Notice of Annual General Meeting	121
Additional Information on Directors Seeking Re-Election	126
Proxy Form	

CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive:

Mr Shi Jiangang (Executive Chairman) – Resigned on 27 March 2024

Mr Sam Kok Yin (Managing Director)

Mr Jiang Hao (Executive Director)

Non-Executive:

Appointed on 1 February 2024

Ms Lai Chin Yee (Lead Independent Director)

Mr Ong Soon Teik (Independent Director)

Mr Lum Tain Fore (Independent Director)

Resigned on 1 February 2024

Chan Cher Boon (Lead Independent Director)

Francis Yau Thiam Hwa (Independent Director)

Tham Hock Chee (Independent Director)

AUDIT COMMITTEE

Appointed on 1 February 2024

Ms Lai Chin Yee (Chairman)

Mr Ong Soon Teik

Mr Lum Tain Fore

Resigned on 1 February 2024

Mr Francis Yau Thiam Hwa (Chairman)

Mr Chan Cher Boon

Mr Tham Hock Chee

NOMINATING COMMITTEE

Appointed on 1 February 2024

Mr Ong Soon Teik (Chairman)

Ms Lai Chin Yee

Mr Lum Tain Fore

Resigned on 1 February 2024

Mr Chan Cher Boon (Chairman)

Mr Francis Yau Thiam Hwa

Mr Tham Hock Chee

REMUNERATION COMMITTEE

Appointed on 1 February 2024

Mr Lum Tain Fore (Chairman)

Ms Lai Chin Yee

Mr Ong Soon Teik

Resigned on 1 February 2024

Mr Tham Hock Chee (Chairman)

Mr Francis Yau Thiam Hwa

Mr Chan Cher Boon

COMPANY SECRETARIES

Ms Ong Beng Hong

Ms Tan Swee Gek

CORPORATE INFORMATION (CONT'D)

REGISTERED OFFICE

9 Joo Koon Circle, Singapore 629041

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SHARE REGISTRAR

B.A.C.S. Private Limited

77 Robinson Road, #06-03 Robinson 77

Singapore 068896

AUDITORS

Foo Kon Tan LLP

Public Accountants and Chartered Accountants

1 Raffles Place

#04-61/62 One Raffles Place Tower 2

Singapore 048616

AUDIT PARTNER-IN-CHARGE

Mr Toh Kim Teck

Since financial year ended 31 December 2022

PRINCIPAL BANKERS

DBS Bank Ltd

HSBC Bank (Singapore) Limited

SPONSOR

Stamford Corporate Services Pte. Ltd.

10 Collyer Quay #27-00 Ocean Financial Centre

Singapore 049315

MESSAGE TO SHAREHOLDERS

Dear Shareholders

On behalf of the board of directors, I present to you the annual report of Abundance International Limited (the “**Company**”) and its subsidiaries (the “**Group**”) for the financial year from 1 January 2023 to 31 December 2023 (“**FY2023**”). The results of the prior financial year from 1 January 2022 to 31 December 2022 (“**FY2022**”) are used for comparison in the financial and operational review section.

FINANCIAL AND OPERATIONAL REVIEW

Financial Performance

The Group’s revenue from chemicals trading increased by US\$54.2 million from US\$568.7 million in FY2022 to US\$622.9 million in FY2023, largely due to the increase in sales volume as compared to the same period last year. In line with the increase in sales, the corresponding cost of goods sold has increased by US\$59.2 million from US\$543.0 million in FY2022 to US\$602.2 million in FY2023. The fall in average selling pricing of chemical products that the Group traded in has resulted in a lower chemical product margin spreads as compared to the same period last year. Print and paper management revenue decreased by US\$0.2 million from US\$0.6 million in FY2022 to US\$0.4 million in FY2023.

Other income decreased by US\$0.4 million from US\$1.9 million in FY2022 to US\$1.5 million in FY2023 which was due mainly to (i) a decrease in exchange gain from US\$0.9 million recorded under “Other income” in FY2022 to nil in FY2023 offset by (ii) recognition of gain from deconsolidation of a subsidiary of US\$0.7 million during FY2023.

Depreciation of property, plant and equipment increased slightly by US\$66,000 from US\$517,000 in FY2022 to US\$583,000 in FY2023 which was due mainly to higher net carrying value of building as compared to the previous year.

Freight and handling charges decreased by US\$3.3 million from US\$17.0 million in FY2022 to US\$13.7 million in FY2023 which was due mainly to lower freight rates as compared to the same period last year.

Tax expenses decreased by US\$416,000 from US\$435,000 in FY2022 to US\$19,000 in FY2023 which was due mainly to lower taxable profit generated as compared to the same period last year and recognition of deferred tax income.

The Group reported loss after tax of US\$0.3 million in FY2023 as compared to profit after tax of US\$1.4 million in FY2022. This was due mainly to lower chemical product margin spreads, inventory written off, impairment of trade and other receivables, offset by lower freight and handling charges, storage fees and tax expenses.

Financial Position

Financial assets at fair value through other comprehensive income decreased by US\$1.7 million from US\$9.8 million as at 31 December 2022 to US\$8.1 million as at 31 December 2023 which was due to fair value loss recognised based on a valuation performed by an independent professional valuer and adjustment of translation loss due to weakening of Renminbi against US Dollar.

Non-current financial assets at fair value through profit or loss (“**FVTPL**”) represents a key management life insurance policy acquired by the Group during FY2023.

Inventories increased by US\$3.0 million from US\$10.3 million as at 31 December 2022 to US\$13.3 million as at 31 December 2023 which was due mainly to more inventories purchased during the second half of FY2023.

Trade receivables decreased by US\$1.7 million from US\$9.2 million as at 31 December 2022 to US\$7.5 million as at 31 December 2023 which was mainly due to less sales with credit term in the month of December 2023. The Group's average debtor turnover days was approximately 5 days as at 31 December 2023.

Other receivables and deposit decreased by US\$0.8 million from US\$1.6 million as at 31 December 2022 to US\$0.8 million as at 31 December 2023 which was due mainly to lower goods and services tax receivables and commission income receivables.

Advances and prepayments decreased by US\$1.1 million from US\$16.0 million as at 31 December 2022 to US\$14.9 million as at 31 December 2023 which was due mainly to less advance payment made to suppliers for the procurement of chemical supplies in respect of the OSC Group's chemical trading business.

Amounts due from subsidiaries decreased by US\$2.1 million from US\$5.5 million as at 31 December 2022 to US\$3.4 million as at 31 December 2023 which was due mainly to repayment made by subsidiaries during the year. Amount due to subsidiary of US\$1.0 million as at 31 December 2022 has been fully settled during the year.

Investment in financial asset at amortised cost represents debt investment placed with a bank. It was fully redeemed during the financial year.

Other payables and accruals increased by US\$0.8 million from US\$1.5 million as at 31 December 2022 to US\$2.3 million as at 31 December 2023 which was due mainly to higher freight charges payables as compared to the same period last year.

Advances from customers decreased by US\$0.8 million from US\$7.1 million as at 31 December 2022 to US\$6.3 million as at 31 December 2023 which was due mainly to fewer chemical sales being made under advance payment terms.

Borrowings decreased by US\$0.6 million from US\$2.2 million as at 31 December 2022 to US\$1.6 million as at 31 December 2023 which was mainly due to repayment of bank loan.

Cash Flows

As a whole, there was a net cash outflow of US\$1.9 million in FY2023 as compared to a net cash outflow of US\$0.3 million in FY2022. This was due mainly to a decrease in net cash generated by operating activities, partially offset by a decrease in net cash used in investing and financing activities.

Net cash generated from operating activities decreased from US\$5.0 million in FY2022 to US\$0.3 million in FY2023, mainly due to a decrease in profit before taxation from US\$1.9 million to a loss of US\$0.3 million and a decrease in working capital.

Net cash used in investing activities decreased from US\$1.5 million in FY2022 to US\$0.6 million in FY2023, mainly due to an increase in net redemption proceeds from financial assets at amortised cost and a decrease in property, plant and equipment spending, partially offset by acquisition of keyman insurance contract and lower proceeds from disposal of financial asset at FVTPL.

Net cash used in financing activities decreased from US\$3.8 million in FY2022 to US\$1.7 million in FY2023, mostly due to a decrease in repayment of bank borrowings, fixed deposits pledged and net repayment of loans to directors.

LOOKING AHEAD

Chemical Business

The Group's core chemical trading business, conducted via the OSC Group, achieved revenue of US\$622.9 million, with profit after tax of US\$28,000. Barring unforeseen circumstances including global economy recession, fluctuations in chemical prices or significant rises in freight costs, we expect that the OSC Group's business will not be adversely affected in the next 12 months with the support from our customers, suppliers and bankers.

The Company's wholly-owned subsidiary, Abundance Investments Pte. Ltd., held 12.74% of the equity of Shanghai Sunrise Polymer Material Co., Ltd ("**Sunrise**") as at 31 December 2023. Sunrise was incorporated in the PRC and specialises in the production of specialty chemicals used mainly for construction, for surface care, oxythelen derivatives and also for use in the production of lithium batteries. Sunrise together with its subsidiaries recorded a profit of US\$1.2 million for FY2023. Despite challenges faced due to an oversupply of products for construction use, the sales of lithium battery auxiliary chemical products have grown steadily and contributed to Sunrise's profit.

We will continue to:-

- explore and evaluate other chemical related investment opportunities, striking a balance between long and short term investments; and
- strengthen our core chemical trading business.

Investment Business

As at 31 December 2023, the Group's investment portfolio (excluding the 12.74% equity interest in Sunrise) consisting of cash, listed equities and debts securities, amounted to US\$277,000.

The Group will make appropriate investments as and when good opportunities come along and where its cash flow position allows.

Print and Paper Management Business

In June 2019, the Group started slitting and rewinding of paper rolls and in October 2019, we started providing sheeting services. Today, the Group is able to provide a comprehensive suite of paper management services to its clients which are mostly based in Singapore. The Group's print and paper management business achieved US\$447,000 of revenue for FY2023.

APPRECIATION

We would like to express our gratitude and utmost appreciation to our valued shareholders, customers, business partners and associates for their continuous support, trust and confidence in us. We will continue our efforts to enhance shareholder value. We also wish to thank our management team and employees for their diligence and commitment to the Group.

Sam Kok Yin

Managing Director

9 April 2024

BOARD OF DIRECTORS

Shi Jiangan

Executive Chairman

Mr Shi Jiangan was appointed as a Director of the Company and Executive Chairman on 25 September 2014, following the completion of the bonds issue and the placement issue on 25 September 2014. He was last re-elected a Director on 26 April 2022. He has resigned on 27 March 2024 and he will continue to remain as Consultant to the Group to advise and assist with the Group business.

As Executive Chairman, Mr Shi is responsible for the overall business operations and management of the Group's business, particularly in the new chemical and investment businesses. Mr Shi has been the President of the Feixiang group of companies (the “**Feixiang Group**”) since 2001. The Feixiang Group mainly operates in the chemicals industry. Currently, Mr Shi has other diversified business interests, including education and property development.

Sam Kok Yin

Managing Director

Mr Sam Kok Yin was appointed as a Director and Executive Director of the Company on 25 September 2014, following the completion of the bonds issue and the placement issue on 25 September 2014. He was last re-elected a Director on 27 April 2021 and was re-designated as the Managing Director of the Company on 19 August 2016. As the Managing Director, Mr Sam is responsible for the overall business operations and management of the Group's business, particularly in the new chemical and investment business.

Mr Sam was a practicing Advocate and Solicitor from 2001 to 2007, and subsequently from 2009 to July 2010. From February 2011 to December 2011, Mr Sam was the Deputy Chairman and chief executive officer of Sun East Group Limited, a company listed on the mainboard of the SGX-ST. Mr Sam has been involved in various listings, merger and acquisitions, white knight rescues and other corporate exercises.

Mr Sam obtained his honours degree in law from the National University of Singapore in 2000.

Jiang Hao

Executive Director

Mr Jiang Hao was appointed as a Director and Executive Director of the Company on 16 August 2017. He was last re-elected a Director on 27 April 2023. He has many years of working experience in the trading of commodity chemicals. From 1993 to 1996, he worked in Nanyang Corporation Limited, doing chemical trading. From 1997 to 2002, he was in China Salt Company Shanghai Branch, a state owned enterprise, doing sales and marketing of chemicals. From 2002 to 2015, he was heading and was the largest shareholder of Shanghai Orient-Salt Chemicals Co., Ltd. – a successful commodity chemical trading house in China.

Lai Chin Yee

Lead Independent Director

Ms Lai Chin Yee was appointed as the Lead Independent Director on 1 February 2024. She is also Chairman of the Company's Audit Committee, and a member of the Nominating and Remuneration Committees. She has over 35 years of experience in areas including auditing, finance & accounting, corporate governance, taxation and treasury, and is currently the Finance Director of SGX-listed Qian Hu Corporation Limited. Ms Lai was formerly an auditor with international accounting firms from 1987 to 2000.

Ms Lai was appointed by the Ministry of Finance (“**MOF**”) as a member of the Tax Advisory Committee from 2004 to 2006 and served as a council member of the Council on Corporate Disclosure and Governance from 2006 to 2007. She was also appointed by the MOF as a Board member of Accounting and Corporate Regulatory Authority (“**ACRA**”) since 2019 to 2024.

BOARD OF DIRECTORS (CONT'D)

She has been a council member of the Institute of Singapore Chartered Accountants (“**ISCA**”) since 2018 and is the current Chairperson of ISCA’s CFO Committee and a member of its Membership Committee. Ms Lai also chairs the Singapore Chartered Accountant Qualification (“**SCAQ**”) Advisory Panel which ISCA has set up to provide recommendations to enhance, strengthen and update the SCAQ programme. She has served on ISCA’s Continuing Professional Education Committee and the Corporate Governance and Risk Management Committee previously.

Ms Lai is an Independent Director of Micro-Mechanics (Holdings) Ltd., as well as the Non-Executive Chairman of Singapore Paincare Holdings Limited, both companies listed on the SGX-ST.

Ms. Lai graduated with a bachelor’s degree in Accountancy from the National University of Singapore. She is a Fellow Chartered Accountant of Singapore and a member of the Singapore Institute of Directors. In 2009, Ms. Lai was named the Chief Financial Officer of the Year at the Singapore Corporate Awards (for companies with less than \$300 million in market capitalisation).

Ong Soon Teik

Independent Director

Mr Ong Soon Teik was appointed as a Director of the Company on 1 February 2024. He is also Chairman of the Company’s Nominating Committee, and a member of the Audit and Remuneration Committees. He has over 30 years of experience in corporate finance, corporate advisory, fund raising, mergers and acquisitions and restructuring.

Mr Ong is currently an Independent Director of OKH Global Ltd. He was formerly an Independent Director of Adventus Holdings Ltd from 2010 to 2014, both companies listed on the SGX-ST.

Mr Ong was an Executive Director of a mining and resource company from 2011 to 2013 and was responsible for the financial and administration matters of the company. Prior to this position, he was the Chief Operating Officer of Chinese Global Investors Group Ltd and prior to that, the Senior Vice President and Head of Corporate Finance of Hong Leong Finance from 2005 to 2008. He was the Director of Corporate Finance of Deloitte & Touche LLP from 2000 to 2005. He has worked with BMB Consultants NV as a merchant banking specialist attached to the Bangladesh Minister of State of Privatisation under an Asian Development Bank sponsored programme in 1999.

Between 1984 to 1999, Mr. Ong had worked in Corporate Finance and banking positions in DBS Bank, Standard Chartered Merchant Bank, Nomura International (Hong Kong) and Peregrine Capital/Banco Santander Securities.

Mr. Ong graduated with degrees in Bachelor of Social Science (2nd Class Upper Honours) from the National University of Singapore, Master of Applied Finance from Macquarie University, Master of Accounting from Curtin University and LLB (Hons) degree from University of London. He is a Chartered Accountant (Singapore), Certified Public Accountant (Australia) and also qualified as a Chartered Financial Analyst (CFA Institute, USA).

BOARD OF DIRECTORS (CONT'D)

Lum Tain Fore

Independent Director

Mr Lum Tain Fore was appointed as a Director of the Company on 1 February 2024. Mr Lum is also Chairman of the Company's Remuneration Committee, and a member of the Nominating and Audit Committees. He is a serial entrepreneur with a good knowledge of corporate governance, compliance, financial markets and fund management.

Mr Lum is currently a co-founder and managing partner of Corona Asset Management Pte Ltd ("**Corona**"). He has over 30 years of experience as a private equity and venture capital ("**VC**") investor. Concurrently, he is also an Academic Board member of the computer animation private school: 3DSense Media School, an EduTrust accredited school.

Before co-founding Corona, Mr Lum was the co-founder and managing partner of Emfore Capital Partners Pte Ltd ("**Emfore**"). Emfore was one of the approved participating funds under the Singapore government Global Investment Program, jointly administered by Singapore Economic Development Board and Spring Singapore.

Prior to this, Mr Lum co-founded and managed several fund management companies and including an incubator company. He has also held senior management positions in MNCs. Apart from these stints, he also founded and managed a precision engineering manufacturing company with funding from VCs. He is a former independent director of Eltech Electronics Limited.

Mr Lum graduated from London Business School UK with an MBA. He also graduated from Newcastle University UK with a BSC (Honours) in Naval Architecture on a Colombo Plan Scholarship.

Chan Cher Boon

Lead Independent Director

Mr Chan Cher Boon was appointed as a Director of the Company on 6 December 2007. He was last re-elected a Director on 27 April 2021. He has resigned on 1 February 2024. Mr Chan is also Chairman of the Company's Nominating Committee, and a member of the Audit and Remuneration Committees. He was appointed the Lead Independent Director of the Company on 13 May 2009. He is professionally qualified in accountancy and law and has diverse experiences in both fields of work in a number of countries with different legal jurisdictions and financial environments. His expertise in corporate and business law and in corporate finance, mergers and acquisitions was gained through his services with Price Waterhouse (in the United Kingdom, Australia and South East Asia), with Standard Chartered Group (in London and Singapore) and through his own legal practice.

Francis Yau Thiam Hwa

Independent Director

Mr Francis Yau Thiam Hwa was appointed as a Director of the Company on 2 January 2015. He was last re-elected a Director on 27 April 2023. He has resigned on 1 February 2024. Mr Francis Yau is also Chairman of the Company's Audit Committee, and a member of the Nominating and Remuneration Committees. He graduated from the National University of Singapore with a Bachelor in Business Administration (Major in Finance). He has several years of experience across a wide spectrum of expertise and achievements, ranging from corporate banking, financial and risk management, strategic planning and implementation and corporate finance/mergers and acquisitions to the management of the corporate affairs in a public listed company and has a good knowledge of corporate governance, investor relations, international markets, business practices and trade regulations in major markets in Asia. He is currently the Chief Financial Officer of Megachem Ltd, a Catalist listed company in Singapore and had served on the board of a Singapore listed company.

BOARD OF DIRECTORS (CONT'D)

Tham Hock Chee

Independent Director

Mr Tham Hock Chee was appointed a Director of the Company on 2 January 2015. He was last re-elected a Director on 26 April 2022. He has resigned on 1 February 2024. Mr Tham is also Chairman of the Company's Remuneration Committee, and a member of the Audit and Nominating Committees. He graduated from the University of Hamburg with a Bachelor in Industrial Engineering. His experience spans over 40 years across different industries (both local and foreign companies and Singapore statutory bodies, namely TDB and EDB) and has a wide spectrum of expertise and achievements.

KEY MANAGEMENT PERSONNEL

Tan Pei Shan

Group Financial Controller

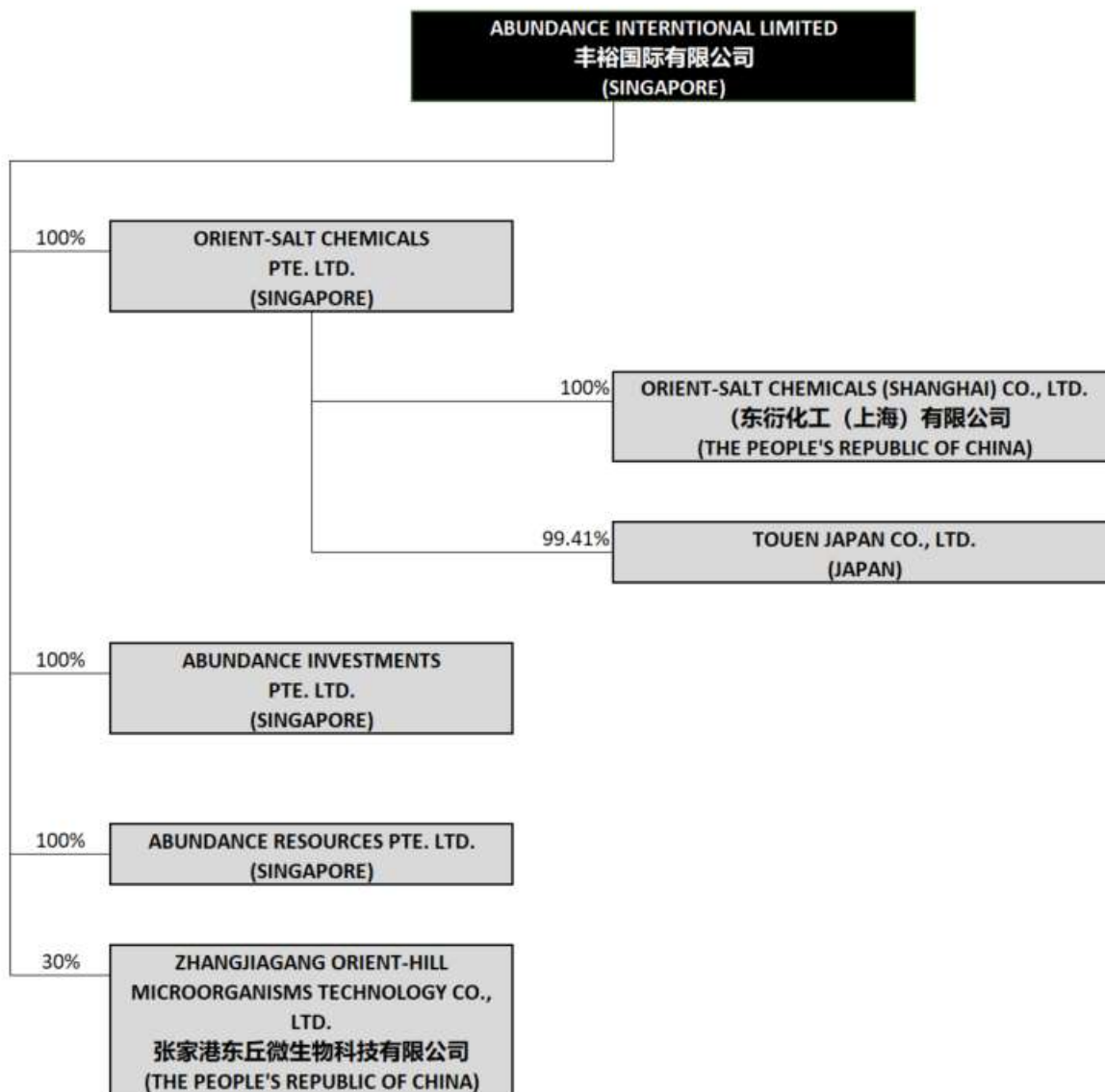
Ms Tan Pei Shan joined the Company as Financial Controller on 16 April 2018 and was promoted to the position of Group Financial Controller on 16 June 2023. She is responsible for overseeing the financial management, accounting and tax functions of the Group. Prior to joining the Company, she was an auditor with an international accounting firm. She is a Chartered Accountant and non-practising member of the Institute of Singapore Chartered Accountants. She is also a fellow member of the Association of Chartered Certified Accountants.

Lim Hui Kee

Assistant Financial Controller

Ms Lim Hui Kee joined the Company on 17 May 2017 as Risk Management and Finance manager and was promoted to the position of Assistant Financial Controller on 16 June 2023. She is responsible for assisting the Group Financial Controller to handle the accounting, finance and tax functions of the Group. She was formerly an auditor with international accounting firms and accountant for companies in Singapore and Malaysia.

GROUP STRUCTURE AS AT 31 DECEMBER 2023



FINANCIAL HIGHLIGHTS

	FY2019 US\$'000	FY2020 US\$'000	FY2021 US\$'000	FY2022 US\$'000	FY2023 US\$'000
Revenue – Chemicals	360,261	410,534	713,141	568,650	622,913
Revenue – Printing Related	213	613	1,058	633	447
Total revenue	360,474	411,147	714,199	569,283	623,360
Earnings/(Losses) before interest, taxes, depreciation and amortisation ("EBITDA/ (LBITDA)")	(719)	(36)	8,125	2,898	822
Profit/(Loss) attributable to owners of the Company	(2,484)	(2,625)	4,827	1,425	(300)
Property, plant and equipment	14,105	13,132	12,666	14,049	14,188
Net tangible assets attributable to owners of the Company	18,784	18,958	37,012	38,237	36,129

Revenue by Geographical Segment	FY2019 US\$'000	FY2020 US\$'000	FY2021 US\$'000	FY2022 US\$'000	FY2023 US\$'000
PRC	241,516	281,618	468,624	374,971	455,435
Other Countries in Asia	100,966	124,489	200,473	174,551	160,881
Others	17,992	5,040	45,102	19,761	7,044

REPORT ON CORPORATE GOVERNANCE

The Group strives to maintain a high standard of corporate governance to safeguard the interests of all its stakeholders where possible.

The Company recognises that good corporate governance establishes and maintains a legal and ethical environment, which is essential for preserving and enhancing the interests of all stakeholders. In keeping with its commitment to a high standard of corporate governance, the board of directors (the “**Board**”) and senior management (the “**Management**”) will ensure that the Group’s governance framework is compliant with the principles of the Code of Corporate Governance 2018 (the “**2018 Code**”).

This report describes the corporate governance framework and practices of the Company that were in place throughout FY2023 under review, with specific reference to the 2018 Code. The Company confirms that it has complied with the principles set out in the 2018 Code. Where the Company’s practices vary from any provisions of the 2018 Code, the provision deviated from is expressly stated in the Company’s annual report with the reason for the variation provided as well as an explanation of how the practices adopted by the Company is consistent with the intent of the relevant principle.

A. BOARD MATTERS

The Board works closely with the Management for the long-term success of the Group. As at the date of this report, the Board comprises the following members:

Sam Kok Yin	(Managing Director)
Jiang Hao	(Executive Director)
Lai Chin Yee	(Non-Executive Lead Independent Director)
Lum Tain Fore	(Non-Executive Independent Director)
Ong Soon Teik	(Non-Executive Independent Director)

A description of the background of each director of the Company (“**Director**”) is presented in the “Board of Directors” section of this annual report, as set out on page 7 to page 10.

THE BOARD’S CONDUCT OF ITS AFFAIRS (PRINCIPLE 1)

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

The Board is primarily responsible for the protection and enhancement of long-term value and returns for the shareholders and for overseeing the management of the business affairs, corporate affairs and the overall performance of the Group. The Board has in place a code of conduct and ethics, sets appropriate tone from the top and desired organisational culture, and ensures proper accountability within the Company. Board members are expected to act in good faith and exercise independent judgment in the best interests of the Group and hold Management accountable for performance. Any Board member who faces conflicts of interest is required to recuse himself/herself from discussions and decisions involving the issues of conflict.

Apart from its fiduciary duties, the Board’s principal roles and responsibilities as set out in its terms of reference include:

- providing effective leadership, guiding and setting corporate strategic objectives and directions to ensure that the necessary financial and human resources are in place for the Group to achieve its objectives;

- reviewing the processes relating to the adequacy of internal controls, including information technology (“**IT**”) controls, addressing financial, operational, IT and compliance risk areas identified by the Audit Committee and its recommendations on actions to be taken to address and monitor the areas of concern;
- approving broad policies, strategies and financial objectives of the Group;
- reviewing the performance of the Group towards achieving adequate shareholders’ value, including but not limited to the declaration of interim and final dividends, if applicable, approval of announcements relating to financial results of the Group and the audited financial statements, and timely announcements of material transactions;
- approving annual budgets, key operational matters, corporate or financial restructuring, major funding proposals, investment and divestment proposals and making decisions in the interests of the Group;
- approving major acquisitions and disposals of assets and interested person transactions of a material nature;
- approving all Board appointments/re-appointments and appointments of key personnel;
- evaluating the performance and compensation of Directors and key members of the Management (the “**Key Management Personnel**”);
- overseeing the proper conduct of the Company’s business, setting the Group’s values and standards, and reviewing the corporate governance processes; and
- considering sustainability issues, such as environmental and social factors, as part of its strategic formulation of the Group’s future business directions and operations.

The approval of the Board is required for any matters which is likely to have a material impact on the Group’s operating units and/or financial positions such as transactions involving a conflict of interest for any substantial shareholder or Director, material acquisitions and disposals of assets and corporate or financial restructuring exercises as well as matters other than in the ordinary course of business and the same is communicated in writing to the Management. The Board believes that when making decisions, all Directors act objectively and in the interest of the Company.

Board Committees

To facilitate effective management and to assist the Board in executing its responsibilities and to enhance the Group’s corporate governance framework, the Board delegates specific authority to three board committees namely the Audit Committee (“**AC**”), Nominating Committee (“**NC**”) and Remuneration Committee (“**RC**”) (collectively, the “**Board Committees**”).

All Board Committees comprise only Independent Directors who are independent within the meaning of the 2018 Code and in accordance with Rule 406(3)(d) of Section B of the Listing Rules (the “**Catalist Rules**”) of the Singapore Exchange Securities Trading Limited (the “**SGX**”), and are chaired by an Independent Director. These Board Committees function within written terms of reference setting out their compositions, authorities, duty and operating procedures.

The Board accepts that while these Board Committees have the delegated power to make decisions, execute actions or make recommendations in their specific areas respectively, the ultimate responsibility for the decisions and actions rests with the Board and the Chairman of the respective Board Committees will report back to the Board with their decisions and/or recommendations. Further details on the AC, NC and RC, as well as their respective terms of reference, are set out in other sections of this report.

Board and Board Committee Meetings

The Board schedules at least two meetings a year to review *inter alia* half-yearly and full-year results, and accounting policies. Ad-hoc meetings will be convened as and when required to address significant transactions and issues that may arise in-between the scheduled meetings. These meetings are scheduled in advance to facilitate the individual Director's planning in view of their ongoing commitments. To ensure maximum Board participation, the Company's Constitution provides for meetings to be held via telephone, electronic or other communication facilities which permits all persons participating in the meeting to communicate with each other simultaneously. Members of the Management are invited to attend the Board meetings to present information and/or render clarification when required.

Where physical Board and Board Committee meetings are not possible, timely communication with members of the Board or Board Committees can be achieved through electronic means and circulation of written resolutions for approval by the relevant Board and Board Committee members.

Directors may request further explanation, briefing or discussion on any aspect of the Group's operation or business from the Management. When circumstances require, Board members exchange views outside the formal environment of Board meetings.

To assist the Board in fulfilling its responsibilities effectively, the Management provides the Board with reports containing complete, adequate and timely information prior to Board meetings and, where necessary, on an on-going basis to enable them to make informed decisions and discharge their duties and responsibilities. The Board reports include background or explanatory information relating to matters to be brought before the Board. Board members also have full access to any additional information they may require. To facilitate direct and independent access, Board members are provided with the contact details of Management and the company secretaries ("**Company Secretaries**"). Directors have separate and independent access to Management, the Company Secretaries, and external advisers (where necessary) at the company's expense.

One of the company secretaries and/or her representative(s) also attends all Board and Board Committee meetings and is responsible for ensuring that Board procedures are observed and that the applicable rules and regulations are complied with. The Board is also periodically updated by a Company Secretary on relevant laws and regulatory changes affecting the Company and concerning the duties and responsibilities of directors.

The appointment and removal of the Company Secretaries is a matter for the Board as a whole.

Where decisions to be taken require expert opinion or specialised knowledge, the Directors whether as a group or individually, may seek independent professional advice as and when necessary in furtherance of their duties at the Company's expense. The appointment of such independent professional advisor is subject to approval by the Board.

Details of Directors' attendance at the Board and Board Committee meetings held in FY2023 are disclosed in the table below:

Name of Directors	Number of Meetings attended in FY2023			
	Board	Audit Committee	Nominating Committee	Remuneration Committee
Shi Jiangang ⁽¹⁾	2/2	-	-	-
Sam Kok Yin	2/2	2/2 ⁽²⁾	1/1 ⁽²⁾	1/1 ⁽²⁾
Jiang Hao	2/2	1/2 ⁽²⁾	-	-
Chan Cher Boon ⁽³⁾	2/2	2/2	1/1	1/1
Francis Yau Thiam Hwa ⁽³⁾	2/2	2/2	1/1	1/1
Tham Hock Chee ⁽³⁾	2/2	2/2	1/1	1/1

Note:

- (1) Mr Shi Jiangan has stepped down as Director and Executive Chairman of the Company with effect from 27 March 2024.
- (2) Mr Sam Kok Yin and Mr Jiang Hao attended the meetings of the Board Committees held during FY2023 under review as invitees.
- (3) Mr Chan Cher Boon, Mr Francis Yau Thiam Hwa and Mr Tham Hock Chee have stepped down as Independent Directors of the Company with effect from 1 February 2024.

While the Board considers Directors' attendance at Board meetings to be important, it should not be the only criterion to measure their contributions. The Board also takes into account the contributions by Board members in other forms including periodical reviews, provision of guidance and advice on various matters relating to the Group. Directors with multiple board representations ensure that sufficient time and attention are given to the affairs of each company.

The Board is kept informed of any relevant changes to legislation and regulatory requirements, to enable them to make well-informed decisions and carry out their roles and responsibilities. Directors are encouraged to participate in seminars or external training programmes to be kept abreast of the latest developments relevant to the Group's businesses and to develop and maintain their skills and knowledge at the Company's expense. The Group also ensures that all Directors understand the Group's business as well as their directorship duties (including their roles as executive, non-executive and independent directors). The Group will consider appropriate training programs for its Directors, especially new Directors, to equip them with the relevant knowledge, where and when required, in connection with their duties and obligations as Directors, under the Companies Act 1967 (the "Act") and the Catalist Rules. The Executive Directors are provided with a Service Agreement (defined below) setting out the terms and conditions of their appointment.

The Group's policies and procedures are also extended to the Directors to enable them to gain a clear understanding on the levels of authority in relation to transactions. In addition, the Directors are provided with the contact numbers and email addresses of Key Management Personnel and the Company Secretaries to facilitate efficient and direct access.

All Directors, including newly-appointed Directors would be briefed on and given materials containing information on the Company's business, operations and governance practices as well as an orientation by Management to familiarise themselves with the businesses and operations of the Group. Directors who do not have prior experience or are not familiar with the duties and obligations required of a listed company in Singapore, will undergo the necessary training and briefing. In line with Rule 406(3)(a) of the Catalist Rules, the Company will arrange for newly-appointed directors who have no prior experience as directors of an issuer listed on the SGX to undergo the mandatory SGX prescribed training on their roles and responsibilities within one (1) year of their appointment unless the NC otherwise at its discretion waives the need for the newly-appointed Director to attend the mandatory SGX prescribed training.

The Directors also have the opportunity to visit the Group's operating facilities and meet with the Management to gain a better understanding of the Group's business operations and governance practices. The Directors may join institutes and group associations of specific interests, and attend relevant training seminars or informative talks from time to time to apprise themselves of legal, financial and other regulatory developments at the Company's expense. As an ongoing exercise, the Directors will also be briefed by professionals during Board meetings or at separate seminars on amendments and requirements of the Catalist Rules and other statutory and regulatory changes which may have an important bearing on the Company and the Directors' obligations to the Company, from time to time. As at the date of this annual report, all Directors have attended or will be attending the mandated sustainability training as required by the SGX-ST. The Directors have also attended briefings by the external auditor on the changes and amendments to the accounting standards for FY2023.

BOARD COMPOSITION AND GUIDANCE (PRINCIPLE 2)

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

Board Composition and Independence

Provision 2.2 of the 2018 Code provides that where the Chairman is not an Independent Director, the Independent Directors should make up majority of the Board and Provision 2.3 of the 2018 Code states that Non-Executive Directors should make up a majority of the Board. In FY2023, notwithstanding the foregoing provisions, although the Chairman was not an Independent Director, the Board comprised six Directors, of whom three were Independent Directors and three were Executive Directors. The Independent Directors were Mr Chan Cher Boon, Mr Francis Yau Thiam Hwa and Mr Tham Hock Chee. After considering the independence of the Independent Directors as well as how they have always constructively challenged the Management on business decisions and remained objective in the discharge of their duties and responsibilities the Board believes that even though Independent Directors only made up 50% (and not the majority) of the Board in FY2023, there was still a sufficiently strong and independent element in the Board to maintain appropriate checks and balances and avoid undue influence of the Management on the Board's decision making process. The Company believes that the Board composition was consistent with Principle 2 of the 2018 Code as the Independent Directors were, for the purposes of Provision 2.1 of the 2018 Code, considered independent and able to provide the appropriate level of independence and diversity of thought and background and to make decisions in the best interests of the Company.

Following the appointment of Ms Lai Chin Yee, Mr Lum Tain Fore and Mr Ong Soon Teik as Independent Directors with effect from 1 February 2024 and the resignation of Mr Shi Jianguang as Director and Executive Chairman on 27 March 2024, the Board comprises five Directors, of whom three are Independent Directors and two are Executive Directors, resulting in the Independent Directors forming the majority of the Board.

The NC reviews annually the independence of each Director based on the definition and criteria set out in the 2018 Code and the Catalist Rules. Pursuant to Provision 2.1 of the 2018 Code, an independent director is one who is independent in conduct, character and judgement, and has no relationship with the Company, its related corporations, its 5% shareholders or its officers that could interfere, or be reasonably perceived to interfere, with the exercise of the director's independent business judgement in the best interests of the Company. Under Rule 406(3)(d) of the Catalist Rules, a director will not be considered independent (i) if he is employed or has been employed by the Company or any of its related corporations for the current or any of the past three financial years; (ii) if he has an immediate family member who is employed or has been employed by the Company or any of its related corporations for the current or any of the past three financial years, and whose remuneration is determined by the remuneration committee of the Company; or (iii) if he has been a director of the issuer for an aggregate period of more than nine (9) years (whether before or after listing). Each Independent Director is required to complete a confirmation of independence form drawn up based on the guidelines provided in the 2018 Code and Rule 406(3)(d). Thereafter, the NC reviews the confirmations and recommends its assessment to the Board.

None of the Independent Directors have any relationship with the Company, its related corporations, its substantial shareholders or its officers that could interfere, or be reasonably perceived to interfere, with the exercise of their independent business judgments with a view to the best interests of the Company.

The NC and the Board have determined that each of the Company's Independent Directors is independent based on the definition and criteria set out in the 2018 Code and the Catalist Rules. Pursuant to Provision 2.1 of the 2018 Code, no individual dominates the Board's decision-making process, taking into consideration whether the Director is independent in character and judgement and whether there are relationships or circumstances which are likely to affect, or could appear to affect, the Director's judgement. Each Director is required to disclose to the Board any such relationships or circumstances as and when they arise.

In addition, having reviewed the size and composition of the Board and Board Committees to ensure that the size of the Board and Board Committees is conducive for effective discussions and decision-making and that the Board comprises of directors who have the appropriate mix of expertise and experience and diversity (including age) as well as an appropriate balance of Independent Directors, the NC, with the concurrence of the Board, is of the view that:

- the current Board size of five Directors, of which three are Independent Directors, is appropriate and effective;
- the current Board Committee size is appropriate and effective;
- the Board has the appropriate mix of expertise and experience and diversity (including age), taking into account the nature and scope of the Group's operations, and collectively possesses the necessary core competencies for effective functioning and informed decision-making; and
- the Board is able to exercise independent judgement on corporate matters and issues and to encourage constructive debate whilst avoiding domination by any individuals or small groups of individuals in its decision-making process.

As a group, the Executive Directors possess intimate knowledge of the Group's business and the industry in which the Group operates. The Independent Directors provide a broad range of expertise in areas such as business and management experience, human resource, finance, legal and strategic planning experience. The diversity of the Directors' experience allows for useful exchange of ideas and views and is necessary and critical to meet the Group's objectives for an effective Board. A description of the background of each Director is presented in the "Board of Directors" section of this annual report, as set out on page 7 to page 10.

The Independent Directors contribute to the Board process by monitoring and reviewing the Management's performance against goals and objectives. Their views and opinions provide alternative perspectives to the Group's business. When challenging Management proposals or decisions, the Independent Directors bring independent judgment to bear on business activities and transactions including conflicts of interest or other complexities. Ad-hoc meetings of the Independent Directors (without presence of Management) will also be convened as and when required to address issues or provide feedback that may arise in-between the scheduled meetings. The chairman of such meetings provides feedback to the Board and/or Chairman as appropriate.

Details of the appointment of each Director, including the date of initial appointment and the date of last re-election as a Director of the Company, as well as their directorships in other listed companies and other principal commitments, both current and for the preceding three (3) years, are set out below:

Name	Date of Appointment	Date of last re-election	Past Directorships in Listed Companies in the preceding 3 years	Present Directorships in Listed Companies	Other Principal Commitments
Sam Kok Yin	25 September 2014	27 April 2021	Nil	Nil	Mr Sam has interests in various companies involved in <i>inter alia</i> , tyre sales, waste management and trading, but is not involved in the day-to-day operations of these companies. Each business has employed manager(s) to run the day-to-day business.
Jiang Hao	16 August 2017	27 April 2023	Nil	Nil	General Manager of Shanghai Orient-Salt Chemicals Co., Ltd.
Lai Chin Yee	1 February 2024	-	Qian Hu Corporation Limited	<ul style="list-style-type: none"> • Micro-Mechanics (Holdings) Ltd. • Singapore Paincare Holdings Limited 	<ul style="list-style-type: none"> • Institute of Singapore Chartered Accountants (Council Member) • Chua Chu Kang Town Council (Town Councilor and Vice Chairman of Finance Committee)

Name	Date of Appointment	Date of last re-election	Past Directorships in Listed Companies in the preceding 3 years	Present Directorships in Listed Companies	Other Principal Commitments
Lum Tain Fore	1 February 2024	-	Nil	Nil	<ul style="list-style-type: none"> • Corona Asset Management Pte Ltd (Director) • Emfore Capital Partners Pte Ltd (Director) • Fuseq Pte Ltd (Director) • 3DSense Media School (Member of the Examinations Board)
Ong Soon Teik	1 February 2024	-	Nil	OKH Global Ltd.	Nil

CHAIRMAN AND MANAGING DIRECTOR (PRINCIPLE 3)

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

In FY2023, the positions of the Chairman and the Managing Director were separate to ensure an appropriate balance of power, increased accountability and greater capacity of the Board for independent decision-making. The Chairman and the Managing Director are not related to each other.

The Chairman, Mr Shi Jiangang, assisted by the Managing Director, Mr Sam Kok Yin, was responsible for the effective working of the Board such as ensuring that Board meetings are held when necessary, assisting in compliance with the Company's guidelines on corporate governance, acting as a facilitator at Board meetings and maintaining regular dialogue with the Management on all operational matters. The Managing Director, Mr Sam Kok Yin is responsible for the overall business operations and management of the Group's business, particularly in the Group's new chemical and investment businesses. Minutes of the Board meetings are circulated to all Directors for their review. The Company Secretaries assist the Chairman in scheduling the Board and Board Committee meetings respectively in consultation with the Group Financial Controller. The Chairman, assisted by the Managing Director, Mr Sam Kok Yin, reviewed Board papers before they were presented to the Board and ensured that Board members were provided with adequate and timely information. The Company has not appointed a Chief Executive Officer and the roles and responsibilities typically taken on by a chief executive officer are being fulfilled by Mr Sam Kok Yin, the Managing Director.

All major decisions relating to the operations and management of the Company are jointly and collectively made by the Board after taking into account the opinion of all the Directors. In addition, all major decisions and policy changes are conducted through the respective Board or Board Committees. As such, there is a clear division of responsibilities between the Board and the Management and there is balance of power and authority and therefore no individual controls or dominates the decision-making process of the Company.

In line with the 2018 Code, since the Chairman was not an Independent Director during FY2023, the Company appointed an Independent Director, Mr Chan Cher Boon, to be the Lead Independent Director. His role was to enhance the independence of the Board and to assist the Chairman in the discharge of his duties when the need arises. He was also available to address shareholders' concerns on issues that cannot be appropriately or adequately dealt with by the Chairman, the Managing Director (equivalent to the Chief Executive Officer) or the Group Financial Controller (equivalent to the Chief Financial Officer). With effect from 1 February 2024, the Lead Independent Director is Ms. Lai Chin Yee.

BOARD MEMBERSHIP (PRINCIPLE 4)

The Board has a formal and transparent process for the appointment and re-appointment of directors, taking into account the need for progressive renewal of the Board.

Nominating Committee

The NC comprises the following Independent Directors, one of whom is the Lead Independent Director:

Ong Soon Teik (Chairman)
Lai Chin Yee
Lum Tain Fore

The NC meets at least once during each financial year. Attendances at NC meetings are provided on page 15.

The principal functions of the NC based on its terms of reference are:

- reviewing the Board structure, size and composition and making recommendations to the Board, where appropriate;

- determining the process for search, nomination, selection and appointment of new Board members and assessing nominees or candidates for appointment and re-election to the Board;
- reviewing Board succession plans for directors, in particular, the Chairman and the Managing Director and key management personnel;
- making recommendations to the Board on the nomination of retiring Directors and those appointed during the year standing for re-election at the Company's annual general meeting ("AGM"), having regard to the Director's contribution and performance and ensuring that all Directors submit themselves for re-election at regular intervals;
- identifying suitable candidates and reviewing all nominations for appointment and re-appointment to the Board;
- implementing the process and criteria and assessing the effectiveness of the Board as a whole, the Board committees and the contributions of each individual Director to the effectiveness of the Board;
- deciding how the Board's and Board Committee's performance as well as the contribution of the Chairman and individual director of the Board may be evaluated and to propose objective performance criteria for Board approval;
- determining annually whether a Director is independent, bearing in mind the circumstances set forth in the 2018 Code and the Catalist Rules, and any other salient factors;
- reviewing training and professional development programmes for the Board; and
- determining whether or not a Director is able to and has been adequately carrying out his/her duties as a Director of the Company, particularly when he/she has multiple Board representations.

Procedure for the Selection and Appointment of New Directors and the Re-appointment of Directors

The NC has in place a process for the selection of new Directors and the re-appointment of Directors to increase transparency of the nominating process in identifying and evaluating nominees or candidates for appointment or re-appointment. The search for new directors is conducted through contacts and recommendations. In selecting potential new Directors, the NC will take into consideration the qualifications, skills, knowledge, experience, character, independence, existing directorships and other principal commitments of the candidates, and the NC will also seek to identify the competencies and expertise required to enable the Board to fulfil its responsibilities.

The Board's and the Board Committees' structure, size and composition are reviewed annually by the NC. The NC, with the concurrence of the Board, is of the view that the Board's and the Board Committees' current size is appropriate and has the right mix of skills and experience given the nature and scope of the Group's operations. The Directors as a group provide a diversity of skills, knowledge, as well as extensive experience in business management, strategic planning, and knowledge in accounting and finance, all of which are crucial in steering the Group towards the direction of growth and in avoiding group think and fostering constructive debate.

In reviewing the appointments of new Directors (including any future appointments of new Directors), the Board together with the NC ensures that it sets the relevant objectives to promote and achieve diversity on the Board. In discharging its duties, the Board and the NC shall give due regard to the benefits of all aspects of diversity and strive to ensure that the Board is appropriately balanced to support the long-term success of the Company. The main objective is to continue to maintain the appropriate balance of perspectives, skills and experience on the Board to support the long-term success of the Company. The Board and the

NC will also as far as possible, take into consideration female representation as and when the Company is looking to appoint new Directors.

The Company has adopted a board diversity policy which recognises the importance of having an effective and diverse Board, taking into consideration the benefits of all aspects of diversity, including diversity of skills, experience, background, gender, age, ethnicity and other relevant factors. The main objective of the board diversity policy is to maintain an appropriate balance and diversity of experience, skills, gender, knowledge and attributes among the directors.

In reviewing the board composition, the NC will take into consideration criteria such as age, gender, cultural and educational background, ethnicity, professional experience, skills, knowledge and length of service and other factors that the Board may consider relevant and applicable from time to time. Strong emphasis is placed on ensuring a balanced composition of skills and experience at the Board level in order to provide a range of perspectives, insights and challenge that enable the Board to discharge its duties and responsibilities effectively, support good decision making in view of the core businesses and strategy of Group, and support succession planning and development of the Board. The current Board consists of individuals with various qualifications and backgrounds. Their professions include accountant, lawyer, consultant and senior management of financial institutions and multi-national corporations. The varied qualifications, skills, experience and gender diversity of the Board serves the needs and plans of the Company, provides effective direction of the Group and provides the necessary range of perspectives, experience and expertise for the benefit of the Company.

With regard to the succession planning for the Board, the NC aims to maintain an optimal Board composition by considering the Company's strategic priorities, reviewing the skills needed on the Board, and identifying the gaps on the then-existing Board. Further to this, the Board and NC will also continue to take into consideration the need for diversity on the Board in the appointment of new Directors in line with the intent of Principle 2 of the Code.

The Board understands and embraces the benefits of having diversity and views board diversity as important to achieving the Company's business objectives. Differences in background, skills, experience, knowledge, gender and other relevant qualities will be taken into consideration in determining the composition of the Board. The Board consists of directors with ages ranging from late 40s to early 70s, who have served on the Board for different tenures. The Board is of the view that gender is an important aspect of diversity and will strive to ensure that we have at least one female director on our board and will target to maintain at least one female representation going forward. The NC shall endeavour to ensure that female candidates are included for consideration when identifying candidates to be appointed as new Directors with the aim of having at least one (1) female Director on the Board. The Company is pleased to note that the Company has achieved its target of having at least one (1) female Director on the Board, and that the appointment of Ms Lai Chin Yee since February 2024 has broadened the composition and diversity of the Board.

Before making its recommendation to the Board, the NC will evaluate the suitability of the nominee or candidate based on his/her qualifications, business and related experience, commitment, ability to contribute to the Board process and such other qualities and attributes that may be required by the Board. The NC will also determine if the nominee or candidate would be able to commit time to his/her appointment having regard to his/her other Board appointments and principal commitments, and if he /she is independent.

The evaluation process will also involve an interview or meeting with the nominee or candidate. Recommendations of the NC are then put to the Board for consideration. Any appointments to Board Committees are reviewed and approved at the same time. Upon such appointments, the NC will ensure that the new Director is briefed of his/her duties and obligations.

Pursuant to its terms of reference, the NC also determines on an annual basis whether or not a Director is able to and has been adequately carrying out his/her duties as a Director and particularly, where a Director has multiple board representations. As a guide, Directors of the Company should not have more than six

listed company board representations and other principal commitments. In view of this and having considered the confirmations received from Ms Lai Chin Yee and Mr Lum Tain Fore in respect of FY2024, the NC has concluded that any such multiple Board representations and other principal commitments had not hindered each Director from carrying out his/her duties as a Director of the Company and is satisfied that each of these Directors is able to devote adequate time and attention to fulfil his/her duties as Director of the Company, despite having multiple board representations and other principal commitments.

In recommending a candidate for re-appointment to the Board, the NC considers, amongst other things, his/her contributions to the Board (including attendance and participation at meetings, time and effort accorded to the Company's or Group's business and affairs) and his/her independence. The Board has the discretion to accept or reject the NC's recommendation and its decision is final.

Regulation 91 of the Company's Constitution provides for one-third of the directors to retire from office by rotation at each AGM and Regulation 97 provides for all newly-appointed Directors to retire at the next AGM following their appointments by the Board. Pursuant to Rule 720(4) of the Catalist Rules, the Company will also ensure that all directors (including managing directors) submit themselves for re-nomination and re-appointment at least once every three years. Currently, all Directors of the Company are subject to retirement by rotation at least once every three years under the Company's Constitution except for Mr Sam Kok Yin as under the Company's Constitution, the Managing Director is not subject to retirement by rotation. The Company will pursuant to Rule 720(4) of the Catalist Rules, ensure that Mr Sam Kok Yin, the Managing Director of the Company, retires and submits himself for re-election at a general meeting of the Company at least once every three years.

The NC is responsible for the nomination of retiring Directors for re-election. In recommending a candidate for re-appointment to the Board, the NC considers, amongst other things, his/her contributions to the Board (including attendance and participation at meetings, time and effort accorded to the Company's or Group's business and affairs) and his/her independence.

Accordingly, the Board has accepted the NC's nomination of Mr Sam Kok Yin who is retiring pursuant to Rule 720(4) of the Catalist Rules for re-election at the Company's forthcoming AGM. It is further noted that the re-election of Ms Lai Chin Yee, Mr Lum Tain Fore and Mr Ong Soon Teik who are retiring pursuant to Regulation 97 of the Company's Constitution will also be proposed at the Company's forthcoming AGM.

Pursuant to Provision 4.4. of the 2018 Code, the NC had also reviewed the independence of Board members with reference to the guidelines set out in Provision 2.1 of the 2018 Code and the Catalist Rules. The NC is of the view that Ms Lai Chin Yee, Mr Lum Tain Fore and Mr Ong Soon Teik are independent based on the definition and criteria set out in the 2018 Code and the Catalist Rules. Each of the Independent Directors has also confirmed his/her independence.

BOARD PERFORMANCE (PRINCIPLE 5)

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

The Board has, on the recommendation of the NC, established a set of objective performance criteria and process for evaluating the effectiveness of the Board and the Board Committees, as well as the contribution of each individual Director.

The NC has in place an annual Board performance evaluation to assess the effectiveness of the Board and to facilitate discussion to enable the Board to discharge its duties more effectively. The annual Board performance evaluation is carried out by means of a questionnaire relating to the size and composition of the Board, information flow to the Board, Board procedures and accountability, matters concerning the Chairman/Key Management Personnel and standards of conduct of Board members being completed by the NC. The Board did not engage an external facilitator to conduct an assessment of the performance of the Board, the Board Committees and each Director for FY2023.

The results of the completed questionnaires are collated and the findings analysed and discussed by the NC, before reporting to the Board for discussion, evaluation and approval. Following such discussion and evaluation by the NC and Board, recommendations to further enhance the effectiveness of the Board are implemented, as appropriate.

An evaluation of the Board performance is conducted annually. The evaluation exercise provided feedback from each NC member, his/her views on the Board, procedures, processes and effectiveness of the Board as a whole. The results of the evaluation exercise were reported to the Board for discussion and approval. The NC and the Board were satisfied with the overall results of the Board performance evaluation. The NC would also continue to review its procedures and effectiveness from time to time.

The NC evaluates the performance of the Directors annually. To assess the contribution of each individual Director, the factors evaluated by the NC include but are not limited to:

- (a) his/her participation at the meetings of the Board;
- (b) his/her ability to contribute to the discussions conducted by the Board and to constructively challenge and contribute effectively to the Board;
- (c) his/her ability to evaluate the Company's strength and weaknesses and make informed business decisions;
- (d) his/her ability to interpret the Company's financial reports and contribute to the formulation of strategies, budgets and business plans that are compatible with the Group's vision and existing business strategy;
- (e) his/her compliance with the policies and procedures of the Group;
- (f) his/her performance of specific tasks delegated to him/her;
- (g) his/her disclosure of any related person transactions or conflicts of interest; and
- (h) for Independent Directors, his/her independence from the Group and the Management.

The results of the evaluation of the individual directors by the NC was compiled and reported to the Board for discussion and approval. The Board, together with the NC, have considered the performance of each individual Director and the Board to be satisfactory. For the avoidance of doubt, each member of the NC abstained from voting on any resolution in respect of the assessment of his/her performance or re-nomination as Director.

The Board evaluates the performance of the AC, NC and RC annually. To assess the performance of each committee, the factors evaluated by the Board include but are not limited to:

- (a) the AC/NC/RC's ability to function properly and to discharge its responsibility effectively;
- (b) the AC/NC/RC's meetings are conducted in a manner that allows a frank and candid exchange of views;
- (c) there is strong support from Management in the preparation and submission of papers for discussion;
- (d) papers for meetings are distributed to members in advance and they do contain adequate details on issues for discussion;
- (e) members do have sufficient expertise and knowledge to ask searching questions and challenge Management on its judgement and findings on issues for discussion; and

- (f) AC/NC/RC will not hesitate to seek outside third party professional and expert advice as and when the need arises.

The Board considered the performance of the AC, NC and RC to be satisfactory.

B. REMUNERATION MATTERS

PROCEDURES FOR DEVELOPING REMUNERATION POLICIES (PRINCIPLE 6)

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

Remuneration Committee

The RC comprises the following Independent Directors:

Lum Tain Fore (*Chairman*)
Lai Chin Yee
Ong Soon Teik

The RC members (including the Chairman) are Independent Directors.

The RC meets at least once during each financial year. Attendances at RC meetings are provided on page 15.

The principal functions of the RC based on its terms of reference are:

- reviewing and recommending to the Board a framework of remuneration for the Board and Key Management Personnel, including employees related to the Executive Directors and controlling shareholders, and to ensure that the framework is competitive and sufficient to attract, retain and motivate Key Management Personnel of the required calibre to run the Company effectively;
- considering what compensation commitments in the Directors' contracts of service, if any, would entail in the event of early termination with a view to be fair and avoid rewarding poor performance;
- reviewing and recommending the remuneration of the Non-Executive Directors, taking into account factors such as their effort, time spent and their responsibilities;
- reviewing and recommending the specific remuneration packages for each Director as well as for the Key Management Personnel;
- reviewing whether the Executive Directors and Key Management Personnel should be eligible for benefits under any long-term incentive schemes which may be set up from time to time and to do all acts necessary in connection therewith; and
- carrying out other duties as may be agreed by the RC and the Board, subject always to any regulations or restrictions that may be imposed upon the RC by the Board of Directors from time to time.

In reviewing and determining the remuneration packages, including termination terms, of the Executive Directors and Key Management Personnel, the RC shall consider, amongst other things, their responsibilities, skills, expertise and contribution to the Company's performance and if the remuneration packages are competitive and sufficient to ensure that the Company is able to attract and retain the best available executive talent. The RC makes its recommendation to the Board which has the discretion to accept or vary the recommendations.

If necessary, the RC may seek expert advice inside and/or outside the Company on remuneration of the Directors and Key Management Personnel. The RC ensures that in the event of such advice being sought, existing relationships, if any, between the Company and its appointed remuneration consultants will not affect the independence and objectivity of the remuneration consultants. The Company has not appointed any remuneration consultants for FY2023.

LEVEL AND MIX OF REMUNERATION (PRINCIPLE 7)

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

The remuneration structure of the Executive Directors and Key Management Personnel includes where applicable, a direct performance-based variable component which forms a significant and appropriate proportion of their remuneration. This is in line with both market and best practices of structuring a proportion of Key Management Personnel's remuneration to be directly linked to corporate and individual performance. The variable bonus is aligned with the interests of shareholders and other stakeholders and promotes the long term success of the Company.

The Company had entered into service agreements with Mr Shi Jiangang and Mr Sam Kok Yin in respect of their appointment as Executive Chairman and Managing Director of the Company respectively whilst the service agreement with Mr Jiang Hao in respect of his appointment as Executive Director was entered into via the Company's wholly-owned subsidiary, Orient-Salt Chemicals Pte. Ltd. (each a "**Service Agreement**"). A "claw-back clause" is included in the Service Agreement for Mr Shi Jiangang and Mr Sam Kok Yin to be in line with the recommendations under the 2018 Code, to allow the Company to deduct from the remuneration payable under each Service Agreement any sum due to the Company including, but not limited to, any damage or loss to the Company caused by the respective appointee. As at the date of this Annual Report, Mr Jiang Hao's Service Agreement does not contain any "claw-back clause" and the Company will undertake a review of Mr Jiang Hao's Service Agreement at an appropriate time in the future to determine if any "claw-back clause" should be included. Following Mr Shi Jiangang's cessation as Director and Executive Chairman of the Company with effect from 27 March 2024, his service agreement has been terminated.

Annually, the Board submits a proposal for payment of Directors' fees as a lump sum for shareholders' approval at the Company's AGM. The payment of Directors' fees takes into account individual contribution including attendance at various meetings and time spent and responsibilities held at the Board Committees level. This sum is paid to the Non-Executive Directors with those having additional responsibilities as members of Board Committees or Lead Independent Director receiving a higher portion of the approved fees, and the remuneration of Non-Executive Directors is appropriate to the level of contribution, taking into account factors such as effort, time spent, and responsibilities.

The Board has proposed Directors' fees amounting to approximately S\$99,000 for FY2023 (FY2022: S\$99,000). RC members abstain from deliberation in respect of their own remuneration.

The Company ensures that its remuneration structure is appropriate to attract, retain and motivate the Directors to provide good stewardship of the Company and Key Management Personnel to successfully manage the Company for the long term.

DISCLOSURE ON REMUNERATION (PRINCIPLE 8)

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

Remuneration of Directors

Provision 8.1 requires disclosure of the policy and criteria for setting remuneration, as well as names, amounts and breakdown of remuneration of: (i) each individual director and the CEO; and (ii) at least the top five key management personnel (who are not directors or the CEO) in bands no wider than S\$250,000

and in aggregate the total remuneration paid to these key management personnel. The policy and criteria used in setting the level of remuneration is based on various factors including performance of the Group, industry practices and the individual's performance and contributions towards achievement of corporate objectives and targets.

In respect of the amounts and breakdown of the remuneration, after careful deliberation and taking into consideration the confidential nature and sensitivity of remuneration matters, the relative size of the Group as well as the competitive business environment in which the Group operates in, the total remuneration of each Director has not been disclosed in dollar terms. Further, as the disadvantages which would be caused to the Group's business interest would far outweigh the benefits of such disclosure and in view of the sensitivity of remuneration matters as well as to avoid recruitment and talent retention issues and to maintain the confidentiality of the remuneration package of the Key Management Personnel, the aggregate remuneration of the Key Management Personnel (who are not Directors) has not been disclosed in dollar terms. In view of the aforementioned reasons, the Company believes that the interest of shareholders will not be prejudiced as a result of such non-disclosure of the total remuneration in dollar terms for the Directors as well as for Key Management Personnel.

Details of the remuneration paid/payable by the Company and the Group to the Directors for FY2023 in bands no wider than S\$250,000 are approximately as follows:

	Name of Directors	FY2023				Total
		Salary (Including CPF)	Fees	Bonus (Including CPF)	Allowances & Benefits ⁽¹⁾	
Below S\$500,000 but above S\$250,000	Shi Jiangang ⁽²⁾	93.1%	-	6.9%	-	100%
	Sam Kok Yin ⁽²⁾	77.0%	-	6.7%	16.3%	100%
	Jiang Hao	74.2%	-	3.1%	22.7%	100%
Below S\$250,000	Lai Chin Yee ⁽³⁾	-	-	-	-	-
	Lum Tain Fore ⁽³⁾	-	-	-	-	-
	Ong Soon Teik ⁽³⁾	-	-	-	-	-
	Chan Cher Boon ⁽⁴⁾	-	100%	-	-	100%
	Francis Yau Thiam Hwa ⁽⁴⁾	-	100%	-	-	100%
	Tham Hock Chee ⁽⁴⁾	-	100%	-	-	100%

Note:

- (1) Allowances and benefits include car allowances, car benefits and contributions to CPF where applicable.
- (2) Mr Shi Jiangang and Mr Sam Kok Yin's remuneration comprises a performance based variable component. Mr Shi Jiangang has stepped down as Director and Executive Chairman of the Company with effect from 27 March 2024.
- (3) Ms Lai Chin Yee, Mr Lum Tain Fore and Mr Ong Soon Teik were appointed as Independent Directors of the Company on 1 February 2024 and did not receive any remuneration for FY2023.
- (4) Mr Chan Cher Boon, Mr Francis Yau Thiam Hwa and Mr Tham Hock Chee have stepped down as Independent Directors of the Company with effect from 1 February 2024.

Remuneration of top Key Management Personnel (who are not Directors)

In addition to the Executive Directors, the Company had two Key Management Personnels (who are not Directors) during FY2023. The breakdown of their remuneration paid/payable by the Company and the Group in bands no wider than S\$250,000 is set out below:

Remuneration below S\$250,000	FY2023			
	Salary (Including CPF)	Bonus (Including CPF)	Other Benefits	Total
Tan Pei Shan	84.9%	15.1%	-	100%
Lim Hui Kee (from 16 June 2023)	81.3%	18.7%	-	100%

The remuneration of the Key Management Personnel (who are not Directors) did not exceed S\$250,000.

Remuneration of Employees who are Immediate Family Members of a Director or the CEO

Remuneration above S\$250,000 and up to S\$300,000	FY2023			
	Salary (Including CPF)	Bonus (Including CPF)	Other Benefits	Total
Jiang Jie	100%	-	-	100%

During FY2023, there was one employee who is related to a Director and who was in the employment of Touen Japan Co., Ltd, a subsidiary of Orient-Salt Chemicals Pte. Ltd, a subsidiary of the Company. Mr Jiang Jie is a director of Touen Japan Co., Ltd, and is Mr Jiang Hao's brother. Mr Jiang Jie's remuneration exceeded S\$250,000 but not S\$300,000 for FY2023.

Save as above, the Company does not have any employees who are substantial shareholders of the Company, or are immediate family members of a director, the CEO or a substantial shareholder of the company, and whose remuneration exceeds S\$100,000 during the year.

The remuneration of this employee has not been disclosed in dollar terms given the sensitivity of remuneration matters and to maintain the confidentiality of the remuneration package of this employee.

The Company currently does not have any long-term incentive scheme or employee share option scheme.

C. ACCOUNTABILITY AND AUDIT

The Board endeavours to ensure that the annual audited financial statements and half-yearly announcements of the Group's results present a balanced and understandable assessment of the Group's position and prospects. The Board embraces openness and transparency in the conduct of the Company's affairs, whilst preserving the commercial interests of the Company. Financial and other price sensitive information are disseminated to shareholders through announcements via SGXNET.

RISK MANAGEMENT SYSTEM AND INTERNAL CONTROLS (PRINCIPLE 9)

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

The Board determines the nature and extent of the significant risks which the Company is willing to take in achieving its strategic objectives and value creation. The Board is responsible for ensuring that there is a sound internal control system (including financial, operational, compliance and information technology controls) and effective risk management system to provide reasonable assurance to safeguard shareholders' investments and the Group's assets.

The Group's control environment provides the foundation upon which all other components of internal controls are built upon. It provides discipline and structure, setting the tone of the organisation and

influencing the control consciousness of its staff. A weak control environment foundation hampers the effectiveness of even the best designed internal control procedure.

The Board, with the assistance of the AC, is responsible for overseeing the internal controls and risk management of the Group and the Board of Directors, with the assistance of the internal and external auditors, reviews the adequacy of the Company's internal control systems, including financial controls, operational control, IT controls and compliance controls, and risk management policies and systems established by the Management on an annual basis.

The internal auditors and external auditors have, during the course of their audit, carried out a review of the effectiveness of key internal controls within the scope of their audit. Non-compliance and internal control weaknesses noted during their respective audits and their recommendations are reported to the AC. It was noted that there were no systemic issues to be highlighted. The internal and external auditors, pursuant to their respective terms of appointment, report to the AC any audit findings relating to internal controls, and the AC reviews the adequacy of the actions taken by the Management to address the recommendations of the internal and external auditors. The AC has reviewed the internal auditors and external auditors' comments and findings to ensure that there are adequate internal controls in the Group and follow up on actions implemented in their next audit review.

In line with the 2018 Code, the AC, with the concurrence of the Board, had adopted a Management Assurance Confirmation Statement ("**Management Assurance Statement**") since May 2013, confirming that the financial records of the Company have been properly maintained, the Company's financial statements give a true and fair view of the Company's operations and finances and an adequate and effective risk management and internal control system has been put in place. The Management Assurance Statement would be signed by the Managing Director (equivalent of the Chief Executive Officer) and the Group Financial Controller (equivalent of the Chief Financial Officer) of the Company and tabled at each full year meeting. Consequent to the above, the AC had reviewed and the Board had received the duly signed Management Assurance Statement for FY2023 from the Managing Director (equivalent of the Chief Executive Officer) and the Group Financial Controller (equivalent of the Chief Financial Officer) of the Company.

The Board has also received assurance from the Managing Director (equivalent of the Chief Executive Officer) and Group Financial Controller (equivalent of the Chief Financial Officer) of the Company, being the key management personnel responsible, regarding the adequacy and effectiveness of the Company's risk management and internal control systems.

In view of the above and as required under Rule 1204(10) of the Catalist Rules, based on the internal controls established and maintained by the Group, work performed by the internal and external auditors, and reviews carried out by the Management, various Board Committees and the Board in respect of the internal controls (including financial, operational, compliance and information technology controls) and the risk management system, the Board with the concurrence of the AC is satisfied with the adequacy and effectiveness of the Group's internal controls (including financial, operational, compliance and information technology control) and risk management systems in the Group for FY2023.

The Board recognises that no internal control system will preclude all errors and irregularities, as a system is designed to manage rather than eliminate the risk of failure to achieve business objectives, and can only provide reasonable and not absolute assurance against material misstatement or loss. The review of the Group's internal control systems is a concerted and continuing process.

On a half-yearly basis, the AC reviews interested person transactions ("**IPTs**").

Risk Management Policies and Processes

The Board currently does not have in place a Risk Management Committee. However, the Board considers risk management as an ongoing process and reviews the Group's business and operational activities on a regular basis to identify areas of significant business risks as well as appropriate measures to control and mitigate these risks to safeguard the assets of the Company and its business viability. The Management reviews all significant control policies and procedures and highlights all significant matters to the Directors and the AC.

The key risks which have been identified and are monitored and managed by the AC and Management and the Board as a whole include, without limitation, the following:

(i) Fluctuations in prices of inventories

Chemicals costs are also subject to fluctuations determined by supply and demand for the material in the global market. To the extent possible, the Group tries to mitigate such risks by passing on this risk to its customers through entering into contracts with suppliers and customers.

(ii) Foreign currency risk

The Group is exposed to foreign exchange fluctuations as a significant percentage of its sales are exports and denominated in foreign currencies. To mitigate adverse fluctuations in exchange rates, the Group monitors its foreign currencies transactions to determine if an appropriate functional currency for each entity of the Group has been used and whether an appropriate presentation currency has been used for the Group. The Group also utilises currency futures to hedge foreign currency transactions.

(iii) Credit risk

The Group is subject to intense competition in securing new orders and is exposed to credit risk arising from trade receivables. To minimise exposure to bad debts, the Group monitors receivables on an ongoing basis and where possible, uses factoring and credit insurance, request customers for letters of credit or advance payment to mitigate credit risk.

(iv) Price risk

The Group's marketable and non-marketable equity securities are subject to a wide variety of market-related risks that could substantially increase or reduce the fair value of the investments. To manage the price risk arising from its investments, the Group diversifies its portfolio across different markets and industries, where appropriate.

More information on the Group's risk management policies is provided in 'Notes to the Financial Statements' on page 110 to 115 of this annual report.

AUDIT COMMITTEE (PRINCIPLE 10)

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

The AC comprises the following Independent Directors:

Lai Chin Yee (*Chairman*)
Lum Tain Fore
Ong Soon Teik

The Chairman of the AC, Ms Lai Chin Yee, has extensive background in financial and risk management and is currently the Finance Director of another SGX-listed company and a council member of the Institute of Singapore Chartered Accountants. All the AC members, having recent accounting or related financial

and business management expertise or experience, are appropriately qualified to discharge their responsibilities. None of the members of the AC are a former partner or director of the Company's existing auditing firm or auditing corporation.

The AC is required by its own terms of reference to meet at least twice a year. Attendances at AC meetings are provided on page 15. The AC meets separately with the internal and external auditors without the presence of Management at least once each year.

Based on its terms of reference, the AC carried out the following functions:

- reviewing with the internal and external auditors their audit plan, evaluation of the system of internal controls, audit report, letter to the Management and the Management's response thereto;
- reviewing the significant financial reporting issues and judgements so as to ensure the integrity of the financial statements of the Company and any announcements relating to the Company's financial performance;
- reviewing the Company's half-year and full year financial statements and announcements including audited financial statements before submission to the Board for approval, focusing in particular on changes in accounting policies and practices, major risk areas, significant adjustments resulting from the audit, going concern statement, compliance with accounting standards and compliance with the Catalist Rules and any other relevant statutory or regulatory requirements;
- reviewing the internal control procedures, ensure co-ordination between the internal and external auditors, co-operation from the Management and assistance given to facilitate their respective audits;
- discussing issues and concerns, if any, arising from the interim and final audits, and any matters which the internal and external auditors may wish to discuss in the absence of the Management, where necessary;
- reviewing and discussing with the external auditors any suspected fraud irregularity or suspected infringement of any relevant laws, rules or regulations which has or is likely to have a material impact on the Group's operating results or financial position and the Management's response thereto;
- ensuring that the internal audit function is adequately resourced and staffed with persons who have the relevant qualifications and experience;
- reviewing annually the adequacy, scope and results and cost effectiveness of the audit, independence, objectivity and performance of the external auditors and internal audit function;
- reviewing the internal controls and risk management of the Company and assessing annually the scope and results of the internal controls and risk management system including the adequacy and effectiveness of the internal audit function;
- reviewing the assurance from the Managing Director and the Group Financial Controller on the financial records and financial statements;
- reviewing the scope and results of the internal audit function and ensuring co-ordination between the internal and external auditors and the Management;
- making recommendations to the Board on the appointment, re-appointment, resignation and removal of the internal and/or external auditors, including approving the remuneration and terms of engagement of the external auditors;
- reviewing interested person transactions in accordance with the Catalist Rules;

- reviewing potential conflicts of interests, if any;
- reviewing whistle-blowing arrangements by which, staff of the Company or of the Group or any other persons may, in confidence, raise concerns about possible improprieties in matters of financial reporting or any other matters, and to conduct an independent investigation of such matters for appropriate follow up action;
- undertaking such other reviews and projects as may be requested by the Board, and reporting to the Board its findings from time to time on matters arising and requiring the attention of the AC; and
- generally undertaking such other functions and duties as may be required by statute or Catalist Rules, or by such amendments as may be made from time to time.

The AC has the authority to investigate any matter within its terms of reference. The AC has full access to the Management and also has full discretion to invite any director or executive officer to attend its meetings or be provided with reasonable resources to enable it to discharge its functions properly.

The AC meets with the Group's internal auditors and Foo Kon Tan LLP ("**FKT**"), the external auditors, and the Management, to review accounting, auditing and financial reporting matters so as to ensure that an effective system of control is maintained in the Group.

For FY2023, the AC had:

- (i) reviewed the internal and external audit plans, including the nature and scope of work before commencement of these audits;
- (ii) met up with the internal and external auditors, without the presence of the Management, to review and discuss the findings set out in their respective reports to the AC. Both the internal and external auditors confirmed that they had received the full cooperation of the Management and no restrictions were placed on the scope of audit;
- (iii) reviewed and approved the consolidated statement of comprehensive income, statements of financial position, consolidated statement of changes in equity, consolidated cash flows and auditors' reports;
- (iv) conducted an annual review of the performance of FKT and reviewed the non-audit services provided by FKT. Audit fees amounting to S\$123,400 are to be paid to FKT for FY2023. The non-audit fees of S\$1,000 were paid to FKT for the provision of non-audit services to the Group during FY2023. FKT had also confirmed their independence in this respect. Based on its evaluation of the external auditors for FY2023 and review of all non-audit services provided by the external auditors, and taking into consideration the external auditors' confirmation of independence, the AC was of the view that the level of non-audit services provided and the non-audit fees received in FY2023 would not prejudice the independence and objectivity of the external auditors;
- (v) confirmed that the Company had complied with Rule 712 of the Catalist Rules in relation to the appointment of a suitable auditing firm to meet its audit obligations.

FKT, the appointed auditors of the Group, is registered with the Accounting and Corporate Regulatory Authority in Singapore. With twelve partners, FKT currently has total staff strength of about 150. Mr Toh Kim Teck is the audit partner in charge of the Group for FY2023.

Having considered the Quality Indicators Disclosure Framework published by the Accounting and Corporate Regulatory Authority and the various factors including, amongst others, the adequacy of the resources and experience of FKT and the audit engagement partner assigned to the audit, FKT's other audit engagements, the size and complexity of the Group, and the number and experience of supervisory and professional staff who were assigned to the audit of the Group, the AC was satisfied

that the resources and experience of FKT, the Audit Engagement Partner and his team assigned to the team were adequate; and

- (vi) confirmed that the Company had complied with Rule 715 of the Catalist Rules in relation to the appointment of the same auditing firm based in Singapore to audit its accounts, and its Singapore-incorporated subsidiaries. The Group's subsidiaries are disclosed under Note 4 of the Notes to the Financial Statements on page 80 to page 81 this annual report.

The AC is kept abreast of the changes to accounting standards and issues which have a direct impact on financial statements by way of updates given by the external auditors at every AC meeting.

In the review of the financial statements, the AC discussed with the Management and the external auditors on significant issues and assumptions that impact the financial statements. The most significant matter had also been included in the external auditors' report under "Key Audit Matters", namely, the valuation of financial asset at fair value through other comprehensive income, and the valuation of the Company's and Group's buildings. Based on its review as well as discussion with the Management and the external auditors, the Audit Committee is satisfied that those matters, including the two key audit matters, have been properly dealt with and recommended the Board to approve the financial statements for FY2023 and the Board has approved the same.

The AC, with the concurrence of the Board, is satisfied with the standard and quality of work performed by the external auditors, taking into consideration the Audit Quality Indicators Disclosure Framework published by the Accounting and Corporate Regulatory Authority, and had recommended the re-appointment of FKT as external auditors of the Company at the Company's forthcoming AGM.

The Company has a whistle-blowing policy, which was adopted in May 2007 and which comes under the purview of the AC, to provide well-defined and accessible channels in the Group through which employees of the Group may in confidence, raise their concerns about possible improprieties, fraudulent activities and malpractices within the Group in a responsible and effective manner in matters of financial reporting or other matters ("**Whistle Blowing Policy**"). The Whistle Blowing Policy had been updated in November 2013 to extend to "any other persons" in addition to all employees of the Group, in line with the 2018 Code, and further updated again in August 2021. The objective of the Whistle Blowing Policy is to ensure that arrangements and processes are in place to facilitate independent investigation of such concerns and for appropriate follow-up action, and that employees or external parties making any reports in good faith will be able to do so with the confidence that they will be treated fairly and, to the extent possible, be protected from reprisal. There were no whistle blowing reports received in FY2023.

INTERNAL AUDIT (RULE 719(3) OF THE CATALIST RULES)

The company must establish and maintain on an ongoing basis, an effective internal audit function that is adequately resourced and independent of the activities it audits.

The Company has established and maintains on an ongoing basis, an effective internal audit function that is adequately resourced and independent of the activities it audits. The Company has outsourced its internal audit functions to an independent consulting firm, One e-Risk Services Pte. Ltd ("**One e-Risk**"). The internal auditors ("**IA**") carry out their functions under the direction of the AC, and report their findings and recommendations directly to the AC.

One e-Risk is headed by Mr Chen Yeow Sin, who is a Fellow practising member of The Institute of Singapore Chartered Accountants and non-practising Fellow member of The Institute of Chartered Accountants in England and Wales. Prior to heading One e-Risk internal audit, he was the South-East Asia internal audit manager for three years for a US energy and resource company. The South-East Asia subsidiaries employed over 4,000 staff. He was responsible for the financial, operational, joint ventures, compliance and conflicts of interest audit of the Southeast Asia business units.

One e-Risk is a member of The Institute of Internal Auditors ("**IIA**") and meets the standards set by internationally recognised professional bodies such as the Standards for the Professional Practice of

Internal Auditing set by IIA. It is a full-resourced service provider of internal audit, corporate governance and risk management services supported by the team manager who has 20 years of auditing and accounting experience. The team manager is a Certified Internal Auditor, Certified Risk Management Assurance and Chartered IIA Practitioner. One e-Risk's industry experience includes, building & construction property development & management, leisure and hospitality, manufacturing & engineering, oil & gas, trading, distribution and retailing, logistics management, mining & forestry, etc. One e-Risk is currently serving clients primarily listed on SGX-ST and a few privately held entities, ranging from multi-national companies to local small medium enterprises in a wide range of industries.

The IA has unfettered access to all the Company's documents, records, properties and personnel, including access to the AC and has appropriate standing within the Company.

The role of the IA is to support the AC in ensuring that the Company maintains a sound system of internal controls by monitoring and assessing the effectiveness of the key controls and procedures, conducting in-depth audits of high-risk areas and undertaking investigation as directed by the AC.

The IA shall remain independent of management and shall report directly to the Chairman of the AC. The IA shall be responsible for the preparation of internal audit plans to be reviewed and approved by the AC.

The AC meets at least once annually to ensure the adequacy of the internal audit functions. The AC reviewed and approved the internal audit plan proposed by the IA.

For FY2023, the AC had reviewed the adequacy of the IA and is satisfied with the IA independence and is also satisfied that the internal audit function is effective, adequately resourced and independent for FY2023.

D. SHAREHOLDERS RIGHTS AND RESPONSIBILITIES

SHAREHOLDER RIGHTS AND CONDUCT OF GENERAL MEETINGS (PRINCIPLE 11)

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

The shareholders are treated fairly and equitably to facilitate the exercise of their ownership rights. In line with the continuous disclosure obligations of the Company pursuant to the Catalist Rules and the Act, the Board's policy is that all shareholders should be informed regularly and on a timely basis of all major developments that impact the Group.

The Group believes in encouraging shareholder participation at general meetings by providing them with the opportunity to participate effectively in and vote at general meetings and informing them of the rules governing general meetings of shareholders. As such, shareholders are given the opportunity to express their views and to raise queries to the Board and the Management regarding the proposed resolutions and on matters relating to the operations of the Group during these meetings. The Chairman of each of the AC, NC, and RC are also present at the meetings to attend to questions raised by shareholders. The Company's external auditors are invited to attend the Company's AGMs and will assist the Directors in addressing relevant queries relating to the conduct of the audit and the preparation and content of the external auditors' report. The attendance of the Directors of the Company at the Company's general meetings held during FY2023 are reflected in the table below:

Name of Director	General Meetings
Number of meetings held:	1
Number of meetings attended:	
Mr Shi Jiangang ⁽¹⁾	1

Name of Director	General Meetings
Mr Sam Kok Yin	1
Mr Jiang Hao	1
Mr Chan Cher Boon ⁽²⁾	1
Mr Francis Yau Thiam Hwa ⁽²⁾	1
Mr Tham Hock Chee ⁽²⁾	1

Note:

- ⁽¹⁾ Mr Shi Jiangang has stepped down as Director and Executive Chairman of the Company with effect from 27 March 2024.
- ⁽²⁾ Mr Chan Cher Boon, Mr Francis Yau Thiam Hwa and Mr Tham Hock Chee have stepped down as Independent Directors of the Company with effect from 1 February 2024.

The Board encourages shareholder participation at AGMs and welcomes constructive views on matters affecting the Company. The Board (including the Chairman of the respective Board Committees) and the Management endeavours to attend the Company's AGMs to address any questions that shareholders may have.

Each distinct issue is proposed as a separate resolution at the general meeting unless the issues are interdependent and linked so as to form one significant proposal. The Company will ensure that where the resolutions are linked, the reasons and material implications will be stated in the notice of meeting.

Shareholders are invited to attend shareholders' meetings to put forth any questions they may have on the motions to be debated and decided upon. If any shareholder is unable to attend these meetings, he/she (save for Relevant Intermediaries (as defined under the Act) who are entitled to appoint multiple proxies) is allowed to appoint up to two proxies to vote on his/her behalf at the meeting through proxy forms which are made available on SGXNet and the Company's website with the Company's annual report or circulars. The duly completed and original proxy form is required to be submitted not less than 72 hours before the shareholders' meeting and deposited at the registered office of the Company or designated email address provided by the Company.

In line with the Catalist Rules, the Company conducts its voting by poll at its general meetings.

The Company Secretaries prepare minutes of general meetings that include substantial and relevant comments or queries from shareholders relating to the agenda of the meeting and the corresponding responses from the Board and the Management. Such minutes are available to shareholders upon their written requests. These minutes are published on the Company's corporate website as soon as practicable. Results of the general meeting are also released as an announcement via SGXNET, detailing the number of votes cast for and against each resolution as well as the respective percentages.

The Company does not have a fixed dividend policy. The form, frequency and amount of dividends will depend on the Company's earnings, general financial condition, results of operations, capital requirements, cash flow, general business condition, development plans and other factors as the Directors may deem appropriate. In compliance with Rule 704(24) of the Catalist Rules, in the event that the Board decides not to declare or recommend a dividend, the Company will expressly disclose the reason(s) for the decision together with the announcement of the relevant financial statements. Notwithstanding the foregoing, any pay-out of dividends would be clearly communicated to shareholders via announcements released on SGXNET.

ENGAGEMENT WITH SHAREHOLDERS (PRINCIPLE 12)

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

The Board is mindful of its obligation to provide full, accurate and timely disclosure of material information in accordance with the Catalist Rules. Half-yearly and full-year financial results are announced to shareholders and the public through SGXNET. The annual report or circular(s) are published and sent to all shareholders on a timely basis. The notice of AGM is made available on SGXNet and the Company's website to shareholders with the annual report (together with explanatory notes or a circular/letter to shareholders on items of special business, if applicable) at least 14 days before the AGM if ordinary resolutions are to be transacted at the meeting or at least 21 days before a general meeting if special resolutions are to be transacted at such general meeting. Notices of the Company's AGMs are released on the Company's website and SGXNET. The Company will also be uploading electronic copies of the FY2023 Annual Report, Notice of AGM and Proxy Form for the forthcoming AGM via SGXNET and on the Company's website for Shareholders viewing. The Company will not be despatching printed copies of the Annual Report to Shareholders. The Company does not practice selective disclosure. In the event that there is any inadvertent disclosure made to a select group, the Company would also make the same disclosure publicly to all others as promptly as possible via an announcement on SGXNET.

In addition, the Company endeavours to maintain constant and effective communication with Shareholders through timely and comprehensive announcements of material and price-sensitive information that are disseminated through SGXNET. Question and Answer sessions are also held at AGMs and extraordinary general meetings ("EGMs") to address shareholders' questions and at the same time, understand their views. In summary, the Group's material development and information are disclosed in:

- (i) the Company's announcement of periodic financial results on SGXNET;
- (ii) notices of and explanatory memoranda for AGMs and EGMs; and
- (iii) circular or letters to shareholders to provide the shareholders with more information on its major transactions.

Provision 12.2 requires the implementation of an investor relations policy which allows for an ongoing exchange of views so as to actively engage and promote regular, effective and fair communication with shareholders. However, after taking into account the relative size and operations of the Company, the Company has not and currently does not have an investor relations policy but considers advice from its corporate lawyers and professionals on appropriate disclosure requirements before announcing material information to shareholders. Although the Company has not adopted a formal investor relations policy to regularly convey pertinent information to the shareholders, the Board recognises the need to furnish timely information to shareholders and keeping in line with the intent of Principle 12, the Board ensures full disclosure of material information at all times so as to allow shareholders to form a view of the Company's developments as well as to actively engage and promote effective and fair communication with shareholders, and to facilitate their participation during general meetings and other dialogues. The Company will consider the appointment of a professional investor relations officer to manage the function should the need arise in the future.

Shareholders of the Company may contact the Company at the email address and contact number set out in the section entitled "Corporate Information" of this Annual Report to express any concerns and views on matters relating to the Company. The Company also maintains a website (<https://abundance.com.sg/>) which allows the public to be aware of the Group's latest development and businesses.

E. MANAGING STAKEHOLDERS RELATIONSHIPS

ENGAGEMENT WITH STAKEHOLDERS (PRINCIPLE 13)

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

In the execution of its duties, the Board does not only consider the Company's obligations to its shareholders but also the interests of its material stakeholders. The relationships with material stakeholders may have an impact on the Company's long term sustainability. In this regard, the Company has liaised with management and key stakeholders including employees, government and regulators, investors and shareholders, business partners, customers and bankers to determine the material sustainability factors. The Company also ensures that the Group's business objectives are in line with its sustainability commitment.

The Company relies on the sustainability report to engage stakeholders, and the information on the Company's arrangements to identify and engage with its material stakeholder groups and to manage its relationships with such groups, as well as its strategy and key areas of focus in relation to the management of stakeholder relationships will also be set out in the sustainability report. The Company's sustainability report for FY2023 will be published on or before 30 April 2024. The Company also maintains its corporate website which may be accessed by stakeholders at: <https://abundance.com.sg/>.

The Company's investor relations policy provides that shareholders are welcome to contact the Company at the email contact@abundance.com.sg with questions, where the Company may respond to such questions.

Dealings in the Company's Securities

The Company had adopted a Code of Best Practice on Securities Transactions to provide guidance to its directors, officers and employees with regard to dealings in the Company's securities and implications of Insider Trading in compliance with Rule 1204(19) of the Catalist Rules. Under the provisions of the Code of Best Practice on Securities Transactions, the window period for dealing in the Company's securities is closed before the release of the results announcement.

As the Company does not fall within any of the categories in Rule 705(2) of the Catalist Rules, it is not required to announce quarterly results. As such, the "closed window period" only applies before the release of half-yearly and full-year results announcement.

Directors, officers and employees are not permitted to deal in the securities of the Company during the "closed window period", which is one month before the release of half-yearly and full-year results, or when they are in possession of price-sensitive information. Dealing may resume a day after the release of the said announcement.

In addition, the Directors, key officers and employees of the Group are discouraged from dealing in the Company's securities on short-term considerations. The Group confirmed that it had adhered to its Code of Best Practice on Securities Transactions.

INTERESTED PERSON TRANSACTIONS

The Company has established procedures to ensure that transactions with interested persons are carried out on normal commercial terms and will not be prejudicial to the interests of the Company and its minority shareholders.

The AC and the Board had reviewed all interested person transactions for FY2023 and were satisfied that the transactions were conducted at arm's length. The Company did not obtain a general mandate for FY2023 from shareholders for interested person transactions. It was noted that save as described in the table below, the IPTs entered into by the Company in FY2023 were within the threshold limits set out under Chapter 9 of the Catalist Rules and no announcements or shareholders' approval was, therefore, required.

Details of the IPTs (excluding transactions less than S\$100,000) of the Group for FY2023 are as follows:

Name of interested person	Nature of relationship	Aggregate value of all interested person transactions during the financial year under review (excluding transactions less than S\$100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920)	Aggregate value of all interested person transactions conducted under shareholders' mandate pursuant to Rule 920 (excluding transactions less than S\$100,000)
Shanghai Orient-Salt Chemicals Co., Ltd (上海东盐化工有限公司) - Rental of office	A company owned by Mr Jiang Hao, a Director of the Company	S\$143,000	-

MATERIAL CONTRACTS

There were no material contract entered into by the Company and its subsidiaries which involved the interests of any director or controlling shareholder during FY2023 save for the transactions set out in the “Interested Person Transactions” section above.

CORPORATE SOCIAL RESPONSIBILITY

The Group advocates good environmental practices. In line with the concerns of global warming, the Group has undertaken environmentally-friendly measures to reduce energy usage and office consumables. We strive to reduce paper usage by encouraging employees to print on both sides of the paper and print documents only when necessary. We also encourage employees to recycle all used paper and use recycled materials where possible.

Employees are also encouraged to reduce power consumption. Electrical devices are required to be switched off when not in use and lights in the premises appropriately dimmed or switched off after office hours.

We are working to raise the level of awareness of good environmental practices amongst employees and will continue to step up recycling and energy conservation efforts in our operations and business.

In accordance with the Catalist Rules, the Group will issue its Sustainability Report on or before 30 April 2024 and upload the full Sustainability Report on SGXNET and on the Company’s website.

CATALIST SPONSOR

The Company is currently under the SGX-ST Catalist sponsor-supervised regime. Stamford Corporate Services Pte. Ltd. (“**Stamford**”) is the current continuing sponsor of the Company. In compliance with Rule 1204(21) of the Catalist Rules, there was no non-sponsor fee paid to Stamford for FY2023.

SUMMARY OF DISCLOSURES – CORPORATE GOVERNANCE

Rule 710 of the Catalyst Rules requires Singapore-listed companies to describe their corporate governance practices with specific reference to the 2018 Code in their annual reports for the financial years commencing on or after 1 January 2019. This summary of disclosures describes our corporate governance practices with specific reference to the disclosure requirements in the principles and provisions of the 2018 Code.

Board Matters

The Board's Conduct of Affairs

Principle 1

Provision 1.1	Page 13
Provision 1.2	Page 16
Provision 1.3	Page 13-14
Provision 1.4	Page 21-22, 26, and 31-32
Provision 1.5	Page 15 and 22-24
Provision 1.6	Page 15
Provision 1.7	Page 15

Board Composition and Guidance

Principle 2

Provision 2.1	Page 17
Provision 2.2	Page 17
Provision 2.3	Page 17
Provision 2.4	Page 17-18
Provision 2.5	Page 18

Chairman and Chief Executive Officer

Principle 3

Provision 3.1	Page 21
Provision 3.2	Page 21
Provision 3.3	Page 21

Board Membership

Principle 4

Provision 4.1	Page 21-22
Provision 4.2	Page 21
Provision 4.3	Page 22-23
Provision 4.4	Page 17
Provision 4.5	Page 16, 22 and 19-20

Board Performance

Principle 5

Provision 5.1	Page 24-26
Provision 5.2	Page 24-26

Remuneration Matters

Procedures for Developing Remuneration Policies

Principle 6

Provision 6.1	Page 26
Provision 6.2	Page 26
Provision 6.3	Page 26
Provision 6.4	Page 27

Level and Mix of Remuneration

<u>Principle 7</u>	
Provision 7.1	Page 27
Provision 7.2	Page 27
Provision 7.3	Page 27

Disclosure on Remuneration

<u>Principle 8</u>	
Provision 8.1	Page 28-29
Provision 8.2	Page 29
Provision 8.3	Page 28-29

Accountability and Audit

Risk Management and Internal Controls

<u>Principle 9</u>	
Provision 9.1	Page 29
Provision 9.2	Page 30

Audit Committee

<u>Principle 10</u>	
Provision 10.1	Page 32-33
Provision 10.2	Page 31-32
Provision 10.3	Page 32
Provision 10.4	Page 34-35
Provision 10.5	Page 32

Shareholder Rights and Engagement

Shareholder Rights and Conduct of General Meetings

<u>Principle 11</u>	
Provision 11.1	Page 35
Provision 11.2	Page 36
Provision 11.3	Page 35-36
Provision 11.4	Page 36
Provision 11.5	Page 36
Provision 11.6	Page 36

Engagement with Shareholders

<u>Principle 12</u>	
Provision 12.1	Page 37
Provision 12.2	Page 37
Provision 12.3	Page 37

Managing Stakeholders Relationships

Engagement with Stakeholders

<u>Principle 13</u>	
Provision 13.1	Page 37-38
Provision 13.2	Page 37-38
Provision 13.3	Page 38

Directors' statement for the financial year ended 31 December 2023

We are pleased to present this statement to the members together with the audited financial statements of Abundance International Limited (“the Company”) and its subsidiaries (“the Group”) and the statement of financial position of the Company for the financial year ended 31 December 2023.

In our opinion,

- (a) the consolidated financial statements of the Group and statement of the financial position of the Company are drawn up so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2023 and the consolidated financial performance, consolidated changes in equity and consolidated cash flows of the Group for the financial year ended on that date in accordance with the provisions of the Singapore Companies Act 1967 (the “Act”) and Singapore Financial Reporting Standards (International); and
- (b) at the date of this statement, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

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

Directors

The directors of the Company in office at the date of this statement are:

Shi Jiangan (Executive Chairman) – resigned on 27 March 2024
Sam Kok Yin (Managing Director)
Jiang Hao (Executive Director)
Lai Chin Yee (Lead Independent Director) – appointed on 1 February 2024
Ong Soon Teik (Independent Director) – appointed on 1 February 2024
Lum Tain Fore (Independent Director) – appointed on 1 February 2024
Chan Cher Boon (Lead Independent Director) – resigned on 1 February 2024
Francis Yau Thiam Hwa (Independent Director) – resigned on 1 February 2024
Tham Hock Chee (Independent Director) – resigned on 1 February 2024

Arrangements to enable directors to acquire shares and debentures

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

Directors' interests in shares or debentures

According to the register of directors' shareholdings kept by the Company under Section 164 of the Act, none of the directors holding office at the end of the financial year had any interest in the shares or debentures of the Company or its related corporations, except as follows:

Directors' statement for the financial year ended 31 December 2023

Directors' interests in shares or debentures (Cont'd)

	<u>Holdings registered in the name of director</u>		<u>Holdings in which director is deemed to have an interest</u>	
	<u>As at 1.1.2023</u>	<u>As at 31.12.2023</u>	<u>As at 1.1.2023</u>	<u>As at 31.12.2023</u>
The Company				
<u>Number of ordinary shares</u>				
Shi Jiangang ⁽¹⁾	-	-	476,811,412	476,811,412
Sam Kok Yin ⁽²⁾	253,746,900	254,746,900	10,718,000	10,718,000
Jiang Hao	235,200,000	235,200,000	-	-

Notes:

- (1) Mr. Shi Jiangang, the Executive Chairman of the Company, is deemed to have an interest in 476,811,412 ordinary shares held by his daughter, Ms Shi Minyuan.
- (2) Mr. Sam Kok Yin, the Managing Director of the Company, is to have an interest in 10,718,000 ordinary shares held by his wife, Ms. Tan Hui Har.

Mr. Shi Jiangang, Mr. Sam Kok Yin and Mr. Jiang Hao, by virtue of the provisions of Section 7 of the Act, is deemed to have an interest in shares of the Company and its related corporations.

There was no change to any of the above-mentioned directors' interests in the Company between the end of the financial year and 21 January 2024.

Share Options

No options to take up unissued shares of Company or of the its subsidiaries were granted during the financial year.

There were no unissued shares of the Company or of its subsidiaries under option as at 31 December 2023.

No shares were issued during the financial year to which this report relates by virtue of the exercise of options to take up unissued shares of the Company or its subsidiaries.

Call option over subsidiary's shares

On 14 March 2018, the Company entered into a put and call option agreement (the "PCOA") with Mr. Shi Jiangang, the Executive Chairman of the Company, in relation to newly incorporated subsidiary, Zhangjiagang Orient-hill Microorganisms Technology Co., Ltd. ("Orient-hill") in conjunction with the RMB2.4 million interest-free loan granted by Mr. Shi Jiangang to the Company (the "interest-free loan") on the same date. The loan was repayable on 13 March 2022.

Pursuant to the PCOA, Mr. Shi Jiangang was granted a call option to convert the interest-free loan into 40% equity interest in the shares of Orient-hill (the "Subsidiary Shares") held by the Company at any time between 13 March 2019 and 13 March 2022 (the "Option Period"), and the Company was granted a right to put the Subsidiary Shares to Mr. Shi Jiangang over the Option Period subject to the terms and conditions of the PCOA. Refer to Note 4, 17(a) and 27(a) of the financial statements for further details.

Audit Committee

The Audit Committee at the end of the financial year comprises the following members:

Francis Yau Thiam Hwa (Chairman)
Chan Cher Boon
Tham Hock Chee

The Audit Committee performs the functions specified in Section 201B (5) of the Act, the Singapore Exchange ("SGX") Listing Manual and the Code of Corporate Governance including following:

- (i) reviewed the overall scope of both the internal and external audits and the assistance given by the Company's officers to the auditor. It met with the Company's internal and external auditors to discuss the results of their respective examinations and their evaluation of the Company's system of internal accounting controls;
- (ii) reviewed the audit plan of the Company's independent auditor and any recommendations on internal accounting controls arising from the statutory audit;
- (iii) reviewed the half yearly financial information and the statement of financial position of the Company and the consolidated financial statements of the Group for the financial year ended 31 December 2023 as well as the auditor's report thereon;
- (iv) reviewed effectiveness of the Company's material internal controls, including financial, operational, compliance controls and information technology controls and risk management system via reviews carried out by the internal auditors;
- (v) met with the external auditors, other committees, and management in separate executive sessions to discuss any matters that these groups believe should be discussed privately with the Audit Committee;
- (vi) reviewed legal and regulatory matters that may have a material impact on the financial statements, related compliance policies and programmes and any reports received from regulators;
- (vii) reviewed the cost effectiveness and the independence and objectivity of the external auditor;
- (viii) reviewed the nature and extent of non-audit services provided by the external auditor;
- (ix) recommended to the Board of Directors the external auditor to be nominated, approved the compensation of the external auditor, and reviewed the scope and results of the audit;
- (x) reported actions and minutes of the Audit Committee to the Board of Directors with such recommendations as the Audit Committee considered appropriate; and
- (xi) reviewed interested person transactions (as defined in Chapter 9 of the Listing Manual of the SGX).

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

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

Audit Committee (Cont'd)

Based on the internal controls established and maintained by the Group, work performed by the internal and external auditors, and reviews carried out by Management, various Board Committees and the Board, the Board with the concurrence of the Audit Committee are of the opinion that the Group's internal controls addressing financial, operational, information technology, compliance risks and risk management systems, were adequate and effective as at 31 December 2023.

Full details regarding the Audit Committee are provided in the Report on Corporate Governance.

In appointing our auditor for the Company and subsidiaries, Rules 712, 715 and 716 of the Listing Manual issued by SGX-ST have been complied.

Sponsorship

The Company is currently under the Singapore Exchange Securities Trading Limited ("SGX-ST") Catalyst sponsor-supervised regime. The continuing sponsor of the Company is Stamford Corporate Services Pte. Ltd.

There are no non-sponsor fees paid to the sponsor by the Company for the financial year ended 31 December 2023.

Independent auditor

The independent auditor, Foo Kon Tan LLP, has expressed its willingness to accept re-appointment.

On behalf of the Directors

.....
Sam Kok Yin

.....
Jiang Hao

Dated: 2 April 2024

Independent auditor's report to the members of Abundance International Limited

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Abundance International Limited (the “Company”) and its subsidiaries (the “Group”), which comprise the consolidated statement of financial position of the Group and the statement of financial position of the Company as at 31 December 2023, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows of the Group for the year then ended, and notes to the financial statements, including material accounting policy information.

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

Basis for Opinion

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

Key Audit Matters

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

Independent auditor's report to the members of Abundance International Limited (Cont'd)

Key Audit Matters (Cont'd)

Valuation of financial asset at fair value through other comprehensive income	Audit Response/ Procedures
<p><u>Risk Identified</u></p> <p>As stated in Note 6 to the accompany financial statements, the Group's financial asset classified at fair value through other comprehensive income – investment in Shanghai Sunrise Polymer Material Co. Ltd. ("Sunrise") amounted to US\$8,090,000 and is measured at fair value as at 31 December 2023.</p> <p>Management engaged an independent professional valuer (the "Independent Valuer") in determining the fair value of Sunrise.</p> <p>We have identified the valuation of the investment in Sunrise as a Key Audit Matter as the valuation requires significant management judgement and estimation.</p>	<p>We read the terms of engagement of the Independent Valuer to consider the objectivity and independence of the Independent Valuer, and also considered the qualification and competency of the Independent Valuer.</p> <p>We engaged the auditor's expert and evaluated that the auditor's expert has the necessary competence, capabilities and objectivity for our purposes. Through our appointed auditor's expert, we evaluated the appropriateness of the valuation methodologies, assumptions and reasonableness of inputs used by the Independent Valuer.</p> <p>We assessed the adequacy of disclosure in relation to the investment in Sunrise in the financial statements including estimation uncertainty and key assumptions used by management.</p>

Independent auditor's report to the members of Abundance International Limited (Cont'd)

Key Audit Matters (Cont'd)

Valuation of the Company's and Group's buildings	Audit Response/Procedures
<p><u>Risk Identified</u></p> <p>As stated in Note 8 to the accompany financial statements, the buildings of the Company and the Group (the "Buildings"), classified as property, plant and equipment with a carrying value of US\$13,493,000 as at 31 December 2023, are measured at fair value which are material to the financial statements.</p> <p>The valuation process involves significant judgement and estimation in determining the appropriate valuation methodology to be used, and in evaluating the underlying assumptions to be applied.</p>	<p>We read the terms of engagement of the Independent Valuer to consider the objectivity and independence of the Independent Valuer, and also considered the qualification and competency of the Independent Valuer.</p> <p>We engaged an auditor's expert and evaluated that the auditor's expert had the necessary competence, capabilities and objectivity for our purposes.</p> <p>We considered the appropriateness of the valuation methodology used by the Independent Valuer.</p> <p>We, with the support of the auditor's expert, held discussions with the Independent Valuer and challenged the appropriateness of the inputs and assumptions adopted by the Independent Valuer in estimating the fair value of the Buildings.</p> <p>We also considered the adequacy of the disclosure in the financial statements, regarding the inherent degree of subjectivity and key assumptions in the estimates.</p>

Independent auditor's report to the members of Abundance International Limited (Cont'd)

Other Information

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

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

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

Responsibilities of Management and Directors for the Financial Statements

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

Independent auditor's report to the members of Abundance International Limited (Cont'd)

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

Independent auditor's report to the members of Abundance International Limited (Cont'd)

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

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

Report on Other Legal and Regulatory Requirements

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

The engagement partner on the audit resulting in this independent auditor's report is Toh Kim Teck.

Foo Kon Tan LLP
Public Accountants and
Chartered Accountants

Singapore, 2 April 2024

Statements of financial position as at 31 December 2023

	Note	The Group		The Company	
		31 December 2023 US\$'000	31 December 2022 US\$'000	31 December 2023 US\$'000	31 December 2022 US\$'000
ASSETS					
Non-current Assets					
Subsidiaries	4	-	-	7,243	7,243
Associate	5	-#	-	-#	-
Financial asset at fair value through other comprehensive income ("FVTOCI")	6	8,090	9,784	-	-
Financial assets at fair value through profit or loss ("FVTPL")	7	1,229	-	-	-
Property, plant and equipment	8	14,188	14,049	14,153	13,965
Right-of-use assets	9	1,956	1,963	1,726	1,776
Deferred tax assets	10	312	21	-	-
		25,775	25,817	23,122	22,984
Current Assets					
Inventories	11	13,273	10,253	-	-
Trade receivables	12	7,531	9,172	-	-
Other receivables and deposits	13	787	1,623	29	57
Advances and prepayments	14	14,941	15,956	26	16
Amounts due from subsidiaries	15	-	-	3,375	5,535
Financial assets at amortised cost	16	-	1,000	-	-
Financial assets at fair value through profit or loss ("FVTPL")	7	96	104	-	-
Derivative financial instrument	17	-	348	-	348
Cash and bank balances	18	6,661	8,627	130	230
		43,289	47,083	3,560	6,186
Total assets		69,064	72,900	26,682	29,170
EQUITY					
Share capital	19	44,868	44,868	44,868	44,868
Reserves	20	(8,739)	(6,631)	(21,523)	(20,500)
Equity attributable to owners of the Company		36,129	38,237	23,345	24,368
Non-controlling interests		7	(42)	-	-
Total equity		36,136	38,195	23,345	24,368
LIABILITIES					
Non-current Liabilities					
Borrowings	22	405	1,180	-	-
Lease liabilities	23	2,052	2,021	1,912	1,918
Deferred tax liabilities	10	2,143	2,352	1,137	1,119
		4,600	5,553	3,049	3,037
Current Liabilities					
Trade payables	24	18,217	18,337	2	2
Other payables and accruals	25	2,299	1,462	249	374
Advances from customers	26	6,318	7,122	-	-
Loans from directors	27	-	822	-	348
Amounts due to a subsidiary	15	-	-	-	993
Derivative financial instrument	17	1	-	-	-
Borrowings	22	1,217	1,045	-	-
Lease liabilities	23	130	134	37	48
Income tax liabilities		146	230	-	-
		28,328	29,152	288	1,765
Total liabilities		32,928	34,705	3,337	4,802
Total equity and liabilities		69,064	72,900	26,682	29,170

Amount less than US\$1,000

The annexed notes form an integral part of and should be read in conjunction with these financial statements.

Consolidated statement of profit or loss and other comprehensive income

for the financial year ended 31 December 2023

	Note	Year ended 31 December 2023 US\$'000	Year ended 31 December 2022 US\$'000
Revenue	28	623,360	569,283
Other income	29	1,531	1,872
Changes in inventories and purchases of inventories	11	(602,170)	(542,997)
Amortisation of right-of-use assets	9	(163)	(168)
Depreciation of property, plant and equipment	8	(583)	(517)
Employee benefits expenses	30	(3,069)	(3,271)
Freight and handling charges		(13,694)	(16,962)
Other expenses		(5,051)	(5,003)
Finance costs	31	(441)	(385)
(Loss)/Profit before tax	32	(280)	1,852
Tax expense	33.1	(19)	(435)
(Loss)/Profit for the year		(299)	1,417
Other comprehensive income/(loss) after tax			
Items that will not be subsequently reclassified to profit or loss			
- Revaluation gain on buildings	20(b)	524	1,286
- Net gain on financial asset at FVTOCI (equity investment)	20(c)	(1,604)	(224)
Items that may be subsequently reclassified to profit or loss			
- Currency translation differences arising from consolidation of foreign operations		(32)	(796)
- Reclassification of currency translation differences to profit or loss on deconsolidation of a subsidiary	4	(49)	-
Other comprehensive (loss)/income for the year, net of tax		(1,161)	266
Total comprehensive (loss)/income for the year		(1,460)	1,683
(Loss)/Profit for the year attributable to:			
- Owners of the Company		(300)	1,425
- Non-controlling interests		1	(8)
Total (loss)/profit for the year		(299)	1,417
Total comprehensive (loss)/income attributable to:			
- Owners of the Company		(1,462)	1,687
- Non-controlling interests		2	(4)
Total comprehensive (loss)/income for the year		(1,460)	1,683
(Loss)/Earnings per share attributable to owners of the Company			
Basic and diluted (cents)	34	(0.02)	0.11

The annexed notes form an integral part of and should be read in conjunction with these financial statements.

Consolidated statement of changes in equity

for the financial year ended 31 December 2023

The Group	Attributable to owners of the Company							Discount/ (premium) paid on acquisition of non- controlling interests US\$'000	Equity attributable to owners US\$'000	Non- controlling interests US\$'000	Total equity US\$'000
	Share capital US\$'000	Translation reserve US\$'000	Asset revaluation reserve US\$'000	Fair value reserve US\$'000	Statutory reserve US\$'000	Accumulated losses US\$'000					
At 1 January 2022	44,868	(809)	11,199	5,742	460	(25,834)	1,386	37,012	(38)	36,974	
Total comprehensive income/ (loss) for the year											
Profit for the year	-	-	-	-	-	1,425	-	1,425	(8)	1,417	
Other comprehensive income/ (loss) for the year	-	(796)	1,286	(224)	-	(4)	-	262	4	266	
	-	(796)	1,286	(224)	-	1,421	-	1,687	(4)	1,683	
Transactions with owners, recorded directly in equity											
Dividend paid (Note 21)	-	-	-	-	-	(462)	-	(462)	-	(462)	
Transfer to statutory reserve	-	-	-	-	112	(112)	-	-	-	-	
	-	-	-	-	112	(574)	-	(462)	-	(462)	
At 31 December 2022	44,868	(1,605)	12,485	5,518	572	(24,987)	1,386	38,237	(42)	38,195	
Total comprehensive income/ (loss) for the year											
Loss for the year	-	-	-	-	-	(300)	-	(300)	1	(299)	
Other comprehensive income/ (loss) for the year	-	(82)	524	(1,604)	-	-	-	(1,162)	1	(1,161)	
	-	(82)	524	(1,604)	-	(300)	-	(1,462)	2	(1,460)	
Deconsolidation of a subsidiary (Note 4)	-	-	-	-	-	-	-	-	47	47	
Transactions with owners, recorded directly in equity											
Dividend paid (Note 21)	-	-	-	-	-	(646)	-	(646)	-	(646)	
	-	-	-	-	-	(646)	-	(646)	-	(646)	
At 31 December 2023	44,868	(1,687)	13,009	3,914	572	(25,933)	1,386	36,129	7	36,136	

The annexed notes form an integral part of and should be read in conjunction with these financial statements.

Consolidated statement of cash flows for the financial year ended 31 December 2023

	Note	Year ended 31 December 2023 US\$'000	Year ended 31 December 2022 US\$'000
Cash Flows from Operating Activities			
(Loss)/Profit before tax		(280)	1,852
Adjustments for:			
Gain on deconsolidation of a subsidiary	4,29	(655)	-
Fair value loss on keyman insurance contract	7(a),32	271	-
Amortisation and depreciation	8,9	746	685
Dividend income from financial assets at FVTPL	29	(3)	(12)
Fair value loss on financial assets at FVTPL	7(b),29	16	122
Gain on disposal of financial assets at FVTPL	29	(1)	(81)
Unrealised loss from futures contract		1	-
Interest income	29	(85)	(24)
Interest expense	31	441	385
Inventories write-down/(reversal), net	29,32	45	(62)
Inventories writte-off	32	464	-
(Reversal)/Impairment loss on trade receivables	12,32	(23)	209
(Reversal)/Impairment loss on other receivables	13,32	(4)	41
Operating cashflow before working capital changes		933	3,115
Change in inventories		(3,781)	2,292
Change in trade and other receivables and deposits		2,510	5,143
Change in advances and prepayments		654	(980)
Change in trade and other payables and accruals		1,120	(2,819)
Change in advances from customers		(630)	179
Cash generated from operations		806	6,930
Interest income received		43	9
Interest paid		(120)	(41)
Income tax paid		(380)	(1,899)
Net cash generated from operating activities		349	4,999
Cash Flows from Investing Activities			
Purchase of property, plant and equipment	8	(26)	(550)
Acquisition of keyman insurance contract	7(a)	(1,500)	-
Purchase of financial assets at amortised cost		(4,700)	(1,000)
Redemption of financial assets at amortised cost		5,700	-
Purchase of financial assets at FVTPL	A	(134)	(970)
Proceeds from disposal of financial assets at FVTPL		127	1,039
Dividend received from financial assets at FVTPL	A	2	11
Interest income received from financial assets at FVTPL		42	-
Advances to associate		(35)	-
Deconsolidation of a subsidiary	4	(27)	-
Net cash used in investing activities		(551)	(1,470)
Cash Flows from Financing Activities			
Loans from directors		-	435
Repayment of loan to directors		-	(697)
Proceeds from bank borrowings		424	-
Repayment of principal portion of bank borrowings		(1,038)	(2,117)
Interest paid for bank borrowings		(53)	(115)
Repayment of principal portion of lease liabilities		(237)	(241)
Final dividend paid to owners of the Company	21	(646)	(462)
Payment of factoring interest		(152)	(87)
Fixed deposit pledged		-	(500)
Net cash used in financing activities		(1,702)	(3,784)
Net decrease in cash and cash equivalents		(1,904)	(255)
Effect of changes in currency translation		(62)	(90)
Cash and cash equivalents at beginning of year		8,127	8,472
Cash and cash equivalents at end of year	18	6,161	8,127

Consolidated statement of cash flows (Cont'd)

for the financial year ended 31 December 2023

Other supplementary note A.

Total purchase consideration of US\$135,000 (2022: US\$971,000) comprised additions of US\$1,000 (2022: US\$1,000) in the form of scrip dividend and net cash purchase of financial asset at fair value through profit or loss of US\$134,000 (2022: US\$970,000). Net dividend received in cash was US\$2,000 (2022: US\$11,000).

Reconciliation of liabilities arising from financing activities

The following is the disclosure of the reconciliation of items for which cash flows have been, or would be, classified as financing activities, excluding equity items:

	1 January 2023 US\$'000	Cash flows		Non-cash changes				31 December 2023 US\$'000
		Receipt US\$'000	Principal and interest payments US\$'000	New leases US\$'000	Currency translation differences US\$'000	Interest expense US\$'000	Others US\$'000	
Interest free loan from a director	348	-	-	-	(3)	-	(345)	-
Loans from directors	474	-	-	-	(12)	11	(473)	-
Bank borrowings	2,225	424	(1,091)	-	11	53	-	1,622
Lease liabilities	2,155	-	(237)	137	22	105 ⁽²⁾	-	2,182

	1 January 2022 US\$'000	Cash flows		Non-cash changes				31 December 2022 US\$'000
		Receipt US\$'000	Principal and interest payments US\$'000	New leases US\$'000	Currency translation differences US\$'000	Interest expense US\$'000	Others US\$'000	
Interest free loan from a director	365	-	-	-	(26)	9 ⁽¹⁾	-	348
Loans from directors	749	435	(697)	-	(43)	30	-	474
Bank borrowings	4,539	-	(2,232)	-	(197)	115	-	2,225
Lease liabilities	2,122	-	(241)	180	(9)	103 ⁽²⁾	-	2,155

Notes:

⁽¹⁾ This represents the imputed interest expense of the interest-free loan from a director.

⁽²⁾ This represents imputed interest expense under SFRS(I) 16 *Leases*.

Notes to the financial statements

for the financial year ended 31 December 2023

1 General information

Abundance International Limited (the “Company”) (Registration No. 197501572K) is a limited liability company, incorporated and domiciled in Singapore, and listed on the Singapore Exchange Securities Trading Limited (“SGX-ST”) Catalyst. The registered office of the Company is located at 9 Joo Koon Circle, Singapore 629041.

The principal activities of the Company are those of print and paper management related activities and investment holding. The principal activities of the subsidiaries are those of trading of commodity chemical products, provision of water treatment solutions using microbial and/or chemicals in the People’s Republic of China (“PRC”), print and paper management related activities and in investment and trading of securities.

The consolidated financial statements of the Group and statement of financial position of the Company for the financial year ended 31 December 2023 were authorised for issue by the Board of Directors on the date of the directors’ statement.

2 Basis of preparation

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

The financial statements have been presented in United States dollar (“USD” or “US\$”) while the Company’s functional currency remain in Singapore dollar (“SGD” or “S\$”). As the Group’s chemical businesses are traded mainly in USD, the directors are of the view that a USD financial reporting provides more relevant presentation of the Group’s financial performance and cashflows.

All financial information presented in USD have been rounded to the nearest thousand, unless otherwise stated.

The preparation of financial statements in conformity with SFRS(I) requires management to exercise its judgement in the process of applying the Group’s accounting policies. It also requires the use of certain critical accounting estimates and assumptions. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 3.

Notes to the financial statements for the financial year ended 31 December 2023

2 Basis of preparation (Cont'd)

2.1 Adoption of new and revised SFRS(I) effective in 2023

On 1 January 2023, the Group and the Company have adopted all the new and revised SFRS(I), SFRS(I) interpretations (“SFRS(I) INT”) and amendments to SFRS(I), effective for the current financial year that are relevant to them.

Reference	Description
SFRS(I) 17	<i>Insurance Contracts</i>
Amendments to SFRS(I) 1-1 and SFRS(I) Practice Statement 2	<i>Disclosure of Accounting Policies</i>
Amendments to SFRS(I) 1-8	<i>Definition of Accounting Estimates</i>
Amendments to SFRS(I) 1-12	<i>Deferred Tax related to Assets and Liabilities arising from a Single Transaction</i>
Amendments to SFRS(I) 1-12	<i>International Tax Reform - Pillar Two Model Rules</i>

The adoption of these new and revised SFRS(I) pronouncements did not result in significant changes to the Group’s and the Company’s accounting policies and has no material effect on the amounts or the disclosures reported for the current or prior reporting periods.

2.2 New and revised SFRS(I) in issue but not yet effective

At the date of authorisation of these financial statements, the Group and the Company have not adopted the new and revised SFRS(I), SFRS(I) INT and amendments to SFRS(I) that have been issued but are not yet effective to them. Management anticipates that the adoption of these new and revised SFRS(I) pronouncements in future periods will not have a material impact on the Group’s and the Company’s accounting policies in the period of their initial application.

Reference	Description	Effective date (Annual periods beginning on or after)
Amendments to SFRS(I) 1-1	<i>Classification of Liabilities as Current or Non-current</i>	1 January 2024
Amendments to SFRS(I) 1-1	<i>Non-current Liabilities with Covenants</i>	1 January 2024
Amendments to SFRS(I) 16	<i>Lease Liability in a Sale and Leaseback</i>	1 January 2024
Amendments to SFRS(I) 1-7 and SFRS(I) 7	<i>Supplier Finance Arrangements</i>	1 January 2024
Amendments to SFRS(I) 1-21	<i>Lack of Exchangeability</i>	1 January 2025
Amendments to SFRS(I) 10 and SFRS(I)1-28	<i>Sale or Contribution of Assets between an Investor and its Associate or Joint Venture</i>	Yet to be determined

2.3 Summary of material accounting policies

Consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at the end of the reporting period. The financial statements of the subsidiaries used in the preparation of the consolidated financial statements are prepared for the same reporting date as the Company. Consistent accounting policies are applied to like transactions and events in similar circumstances. Information on its subsidiaries is given in Note 4 to the financial statements.

All intra-group balances, income and expenses and unrealised gains and losses resulting from intra-group transactions and dividends are eliminated in full.

2.3 Summary of material accounting policies (Cont'd)

Consolidation (Cont'd)

Subsidiaries are consolidated from the date of acquisition, being the date on which the Group obtains control and continue to be consolidated until the date that such control ceases.

Losses and other comprehensive income are attributable to the non-controlling interest even if that results in a deficit balance.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. If the Group loses control over a subsidiary, it:

- de-recognises the assets (including goodwill) and liabilities of the subsidiary at their carrying amounts as at that date when control is lost;
- de-recognises the carrying amount of any non-controlling interest;
- de-recognises the cumulative translation differences recorded in equity;
- recognises the fair value of the consideration received;
- recognises the fair value of any investment retained;
- recognises any surplus or deficit in profit or loss; and
- reclassifies the Group's share of components previously recognised in other comprehensive income to profit or loss or retained earnings, as appropriate.

A subsidiary is an investee that is controlled by the Group. The Group controls an investee when it is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

Thus, the Group controls an investee if and only if the Group has all of the following:

- power over the investee;
- exposure, or rights or variable returns from its involvement with the investee; and
- the ability to use its power over the investee to affect its returns.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

When the Group has less than a majority of the voting rights of an investee, it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The Group considers all relevant facts and circumstances in assessing whether or not the Group's voting rights in an investee are sufficient to give it power, including:

- the size of the Group's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- potential voting rights held by the Group, other vote holders or other parties;
- rights arising from other contractual arrangements; and
- any additional facts and circumstances that indicate that the Group has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

A change in the ownership interest

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

2.3 Summary of material accounting policies (Cont'd)

Consolidation (Cont'd)

A change in the ownership interest (Cont'd)

When the Group loses control of a subsidiary, a gain or loss is recognised in profit or loss and is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interest. All amounts previously recognised in other comprehensive income in relation to that subsidiary are accounted for as if the Group had directly disposed of the related assets or liabilities of the subsidiary (i.e. reclassified to profit or loss or transferred to another category of equity as specified/permitted by applicable SFRS(I)). The fair value of any investment retained in the former subsidiary at the date when the control is lost is regarded as the fair value on the initial recognition for subsequent accounting under SFRS(I) 9, or when applicable, the cost on initial recognition of an investment in an associate or a joint venture.

Business combination

Business combination is accounted for using the acquisition method when the acquired set of activities and assets meets the definition of a business and control is transferred to the Group. In determining whether a particular set of activities and assets is a business, the Group assesses whether it includes, at a minimum, an input and substantive process, and whether the acquired set has the ability to produce outputs.

The Group has an option to apply a 'concentration test' that permits a simplified assessment of whether an acquired set of activities and assets is not a business. The optional 'concentration test' is met, and the acquired set of activities and assets is not a business, if substantially all of the fair value of the gross assets acquired is concentrated in a single identifiable asset or group of similar identifiable assets.

The consideration for each acquisition is measured at the aggregate of the acquisition date fair values of assets given, liabilities incurred by the Group to the former owners of the acquiree, and equity interests issued by the Group in exchange for control of the acquiree. Acquisition-related costs are recognised in profit or loss as incurred.

Where applicable, the consideration for the acquisition includes any asset or liability resulting from a contingent consideration arrangement, measured at its acquisition-date fair value. Subsequent changes in such fair values are adjusted against the cost of acquisition where they qualify as measurement period adjustments. The subsequent accounting for changes in the fair value of the contingent consideration that do not qualify as measurement period adjustments depends on how the contingent consideration is classified. Contingent consideration that is classified as equity is not remeasured at subsequent reporting dates and its subsequent settlement is accounted for within equity. Contingent consideration that is classified as an asset or a liability is remeasured at subsequent reporting dates at fair value, with changes in fair value recognised in profit or loss.

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

The acquiree's identifiable assets, liabilities and contingent liabilities that meet the conditions for recognition are recognised at their fair value at the acquisition date, except that:

- deferred tax assets or liabilities and liabilities or assets related to employee benefit arrangements are recognised and measured in accordance with SFRS(I) 1-12 *Income Taxes* and SFRS(I) 1-19 *Employee Benefits* respectively;

2.3 Summary of material accounting policies (Cont'd)

Consolidation (Cont'd)

Business combination (Cont'd)

- liabilities or equity instruments related to share-based payment transactions of the acquiree or the replacement of an acquiree's share-based payment awards transactions with share-based payment awards transactions of the acquirer in accordance with the method in SFRS(I) 2 *Share-based Payment* at the acquisition date; and
- disposal groups that are classified as held for sale in accordance with SFRS(I) 5 *Non-current Assets Held for Sale and Discontinued Operations* are measured in accordance with that standard.

Non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation may be initially measured either at fair value or at the non-controlling interests' proportionate share of the recognised amounts of the acquiree's identifiable net assets. The choice of measurement basis is made on a transaction-by-transaction basis.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period, or additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed as of the acquisition date that, if known, would have affected the amounts recognised as of that date.

The measurement period is the period from the date of acquisition to the date the Group obtains complete information about facts and circumstances that existed as of the acquisition date and is subject to a maximum of one year from acquisition date.

Disposals

When a change in the Group's ownership interest in a subsidiary result 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.

Transactions with non-controlling interest

Non-controlling interest represents the equity in subsidiaries not attributable, directly or indirectly, to owners of the Company, and are presented separately in the consolidated statement of comprehensive income and within equity in the consolidated statement of financial position, separately from equity attributable to owners of the Company.

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

2.3 Summary of material accounting policies (Cont'd)

Associates

Associates are entities over which the Group has significant influence, but not control, generally accompanied by a shareholding giving rise to voting rights of 20% and above.

Investments in associates are accounted for in the consolidated financial statements using the equity method of accounting less impairment losses, if any.

Acquisition

Investments in associates are initially recognised at cost. The cost of an acquisition is measured at the fair value of the assets given, equity instruments issued or liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition. Goodwill on associates and joint ventures represents the excess of the cost of acquisition of the associates over the Group's share of the fair value of the identifiable net assets of the associates and is included in the carrying amount of the investments.

Equity method of accounting

Under the equity method of accounting, the investments are initially recognised at cost and adjusted thereafter to recognise Group's share of its associates' post-acquisition profits or losses of the investee in profit or loss and its share of movements in other comprehensive income of the investee's other comprehensive income. Dividends received or receivable from the associates are recognised as a reduction of the carrying amount of the investments. When the Group's share of losses in an associate equals to or exceeds its interest in the associates, the Group does not recognise further losses, unless it has legal or constructive obligations to make, or has made, payments on behalf of the associates or joint venture. If the associates subsequently reports profits, the Group resumes recognising its share of those profits only after its share of the profits equals the share of losses not recognised. Interest in an associates includes any long-term loans for which settlement is never planned nor likely to occur in the foreseeable future.

Unrealised gains on transactions between the Group and its associates are eliminated to the extent of the Group's interest in the associates. Unrealised losses are also eliminated unless the transactions provide evidence of impairment of the assets transferred. The accounting policies of associates are changed where necessary to ensure consistency with the accounting policies adopted by the Group.

Disposals

Investments in associates are derecognised when the Group loses significant influence. If the retained equity interest in the former associates is a financial asset, the retained equity interest is measured at fair value. The difference between the carrying amount of the retained interest at the date when significant influence is lost, and its fair value and any proceeds on partial disposal, is recognised in profit or loss.

Subsidiaries and associate

In the Company's separate financial statements, investments in subsidiaries and associates are stated at cost less allowance for any impairment losses on an individual subsidiary or associate basis. On disposal of such investments, the difference between disposal proceeds and the carrying amounts of the investments is recognised in profit or loss.

2.3 Summary of material accounting policies (Cont'd)

Property, plant and equipment and depreciation

Property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses, if any (except for the buildings which are measured at fair value and accounted for under SFRS(I) 1-16). Depreciation on property, plant and equipment is calculated using the straight-line method to allocate their depreciable amounts over their estimated useful lives as follows:

Buildings	Shorter of useful life and lease term
Power generating equipment	25 years
Furniture, fittings and office equipment	3 - 15 years
Motor vehicles	4 - 10 years
Plant and machinery	5 - 15 years
Electrical installation and equipment	10 years

Buildings are initially recognised at cost and subsequently stated at their revalued amounts. The revalued amount is the fair value at the date of revaluation less any subsequent accumulated depreciation and impairment losses. Revaluations are carried out with sufficient regularity such that the carrying amount of these assets does not differ materially from that which would be determined using fair values at the end of the reporting period.

When an asset is revalued, any increase in the carrying amount is credited directly to revaluation surplus unless it reverses a previous revaluation decrease relating to the same asset which was previously recognised in profit or loss, in which case the increase is recognised in profit or loss to the extent of the previous write down.

When an asset's carrying amount is decreased as a result of a revaluation, the decrease is recognised as an expense unless it reverses a previous increment relating to that asset, in which case it is charged against any related revaluation surplus, to the extent that the decrease does not exceed the amount held in the revaluation surplus in respect of that same asset. Any balance remaining in the revaluation surplus in respect of an asset, is transferred directly to retained earnings when the asset is de-recognised.

The cost of property, plant and equipment includes expenditure that is directly attributable to the acquisition of the items. Dismantlement, removal or restoration costs are included as part of the cost of property, plant and equipment if the obligation for dismantlement, removal or restoration is incurred as a consequence of acquiring or using the asset. Cost may also include transfers from equity of any gains/losses on qualifying cash flow hedges of foreign currency purchases of property, plant and equipment.

Subsequent expenditure relating to property, plant and equipment that have been recognised is added to the carrying amount of the asset when it is probable that future economic benefits, in excess of the standard of performance of the asset before the expenditure was made, will flow to the Group and the cost can be reliably measured. Other subsequent expenditure is recognised as an expense during the financial year in which it is incurred.

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

For acquisitions and disposals during the financial year, depreciation is provided from the month of acquisition and to the month before disposal respectively. Fully depreciated property, plant and equipment are retained in the books of accounts until they are no longer in use.

Depreciation methods, useful lives and residual values are reviewed, and adjusted as appropriate, at each reporting date as a change in estimates.

2.3 Summary of material accounting policies (Cont'd)

Impairment of non-financial assets

The carrying amounts of the Group's and Company's non-financial assets, excluding inventories, subject to impairment are reviewed at the end of each reporting period to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated.

If it is not possible to estimate the recoverable amount of the individual asset, then the recoverable amount of the cash-generating unit ("CGU") to which the assets belong will be identified.

For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (CGUs). As a result, some assets are tested individually for impairment and some are tested at CGU level. Goodwill is allocated to those CGUs that are expected to benefit from synergies of the related business combination and represent the lowest level within the company at which management controls the related cash flows.

Individual assets or CGUs that include goodwill and other intangible assets with an indefinite useful life or those not yet available for use are tested for impairment at least annually. All other individual assets or CGUs are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

An impairment loss is recognised for the amount by which the asset's or CGU's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of fair value, reflecting market conditions less costs to sell and value-in-use ("VIU"), based on an internal discounted cash flow evaluation. Impairment losses recognised for CGUs, to which goodwill has been allocated are credited initially to the carrying amount of goodwill. Any remaining impairment loss is charged pro rata to the other assets in the CGU. With the exception of goodwill, all assets are subsequently reassessed for indications that an impairment loss previously recognised may no longer exist.

Any impairment loss is charged to profit or loss unless it reverses a previous revaluation in which case it is charged to equity.

With the exception of goodwill,

- An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount or when there is an indication that the impairment loss recognised for the asset no longer exists or decrease.
- An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined if no impairment loss had been recognised.
- A reversal of an impairment loss on a revalued asset is credited directly to equity. However, to the extent that an impairment loss on the same revalued asset was previously recognised as an expense in profit or loss, a reversal of that impairment loss is recognised as income in profit or loss.

An impairment loss in respect of goodwill is not reversed, even if it relates to impairment loss recognised in an interim period that would have been reduced or avoided had the impairment assessment been made at a subsequent reporting or end of the reporting period.

Inventories

Inventories are carried at the lower of cost and net realisable value. Cost of chemical products is determined on weighted average basis respectively. The cost comprises all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition.

Provision is made for obsolete, slow-moving and defective inventories in arriving at the net realisable value.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs necessary to make the sale.

2.3 Summary of material accounting policies (Cont'd)

Financial assets

Classification and measurement

The Group classifies its financial assets in the following measurement categories:

- Amortised cost;
- Fair value through other comprehensive income (FVTOCI); and
- Fair value through profit or loss (FVTPL).

The classification depends on the Group's business model for managing the financial assets as well as the contractual terms of the cash flows of the financial asset.

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

The Group reclassifies debt instruments when and only when its business model for managing those assets changes.

At initial recognition

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, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are expensed in profit or loss.

At subsequent measurement

(i) Debt instruments

Debt instruments mainly comprise cash and cash equivalents, trade and other receivables, amount due from subsidiaries and listed and unlisted debt securities.

There are three subsequent measurement categories, depending on the Group's business model for managing the asset and the cash flow characteristics of the asset:

- **Amortised cost:** Debt instruments that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. A gain or loss on a debt instrument that is subsequently measured at amortised cost and is not part of a hedging relationship is recognised in profit or loss when the asset is derecognised or impaired. Interest income from these financial assets is included in interest income using the effective interest rate method.
- **FVTOCI:** Debt instruments that are held for collection of contractual cash flows and for sale, and where the assets' cash flows represent solely payments of principal and interest, are classified as FVTOCI. Movements in fair values are recognised in Other Comprehensive Income ("OCI") and accumulated in fair value reserve, except for the recognition of impairment gains or losses, interest income and foreign exchange gains and losses, which are recognised in profit or loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss and presented in "other income or other expenses". Interest income from these financial assets is recognised using the effective interest rate method and presented in "other income"
- **FVTPL:** Debt instruments that are held for trading as well as those that do not meet the criteria for classification as amortised cost or FVTOCI are classified as FVTPL. Movement in fair values and interest income is recognised in profit or loss in the period in which it arises and presented in "other income and other expenses"

2.3 Summary of material accounting policies (Cont'd)

Financial assets (Cont'd)

Classification and measurement (Cont'd)

At subsequent measurement (Cont'd)

(ii) *Equity investments*

The Group subsequently measures all its equity investments at their fair values. Equity investments are classified as FVTPL with movements in their fair values recognised in profit or loss in the period in which the changes arise and presented in “other income or other expense”, except for those equity securities which are not held for trading. The Group has elected to recognise changes in fair value of equity securities not held for trading in other comprehensive income as these are strategic investments and the Group considers this to be more relevant. Movements in fair values of investments classified as FVTOCI are presented as “fair value gains/ losses” in OCI. The election is made on an investment-by-investment basis.

Dividend income from equity investments is presented in profit or loss as “other income”.

Impairment of financial assets

The Group recognises an allowance for expected credit losses (“ECLs”) for all debt instruments not held at fair value through profit or loss and financial guarantee contracts. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is recognised for credit losses expected over the remaining life of the exposure, irrespective of timing of the default (a lifetime ECL).

For trade receivables, the Group applies a simplified approach in calculating ECLs. Therefore, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

For debt instruments at FVTOCI, the Group applies the low credit risk simplification. At every reporting date, the Group evaluates whether the debt instrument is considered to have low credit risk using all reasonable and supportable information that is available without undue cost or effort. In making that evaluation, the Group reassesses the internal credit rating of the debt instrument.

The Group consider a financial asset in default when contractual payments are 90 days past due unless the trade receivable is within the trade financing facilities term or within the product quality warranty period. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

2.3 Summary of material accounting policies (Cont'd)

Financial assets (Cont'd)

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. Any amount previously recognised in other comprehensive income relating to that asset is reclassified to profit or loss.

On disposal of an equity investment, the difference between the carrying amount and sales proceeds is recognised in profit or loss if there was no election made to recognise fair value changes in other comprehensive income. If there was an election made, any difference between the carrying amount and sales proceeds amount would be recognised in other comprehensive income and transferred to retained profits along with the amount previously recognised in other comprehensive income relating to that asset.

Trade receivables that are factored out to banks and other financial institutions with recourse to the Group are not derecognised until the recourse period has expired and the risks and rewards of the receivables have been fully transferred.

Keyman insurance contract

Keyman insurance contract relate to the key management personnel of the Group is initially recognised at premium paid and is measured subsequently at the amount that could be realised under the insurance. The change in cash surrender or contract value is recognised in profit or loss and presented in "other income or other expenses".

Cash and cash equivalents

Cash and cash equivalents comprise cash balances, bank deposits with financial institution and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

For the purpose of the consolidated statement of cash flows, cash and cash equivalents are presented net of the pledged fixed deposits.

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.

Dividends

Final dividends proposed by the directors are not accounted for in shareholders' equity as an appropriation of retained profit, until they have been approved by the shareholders in a general meeting. When these dividends have been approved by the shareholders and declared, they are recognised as a liability.

Interim dividends are simultaneously proposed and declared, because the articles of association of the Company grant the directors the authority to declare interim dividends. Consequently, interim dividends are recognised directly as a liability when they are proposed and declared.

2.3 Summary of material accounting policies (Cont'd)

Financial guarantees

The Company has issued a corporate guarantee to banks for bank facilities of its subsidiaries. This guarantee is a financial guarantee contract as it requires the Company to reimburse the bank if the subsidiary fail to make principal or interest payments when due in accordance with the terms of their facilities. Intra-group transactions are eliminated on consolidation.

Financial guarantee contracts are initially measured at fair value plus transaction costs and subsequently measured at the higher of:

- (a) premium received on initial recognition less the cumulative amount of income recognised in accordance with the principles of SFRS(I) 15; and
- (b) the amount of expected loss computed using the impairment methodology under SFRS(I) 9.

Financial liabilities

The Group's and the Company's financial liabilities include trade payables, other payables and accruals, borrowings, lease liabilities, loan from a director, amount due to a subsidiary and derivative financial instruments.

Financial liabilities are recognised when the Group becomes a party to the contractual agreements of the instrument. The Group determines its classification of its financial liabilities at initial recognition.

All financial liabilities are recognised initially at fair value in the case of financial liabilities not at fair value through profit or loss, directly attributable transaction costs.

After the initial recognition, financial liabilities that are not carried at fair value through profit or loss are subsequently measured at amortised cost using the effective interest method. Gain and losses are recognised in profit or loss when the liabilities are derecognised, and through the amortisation process.

Financial liabilities are derecognised when the obligations specified in the contract are discharged or cancelled or they expire.

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.

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.

(a) Borrowings

Borrowings are initially recognised at fair value (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.

2.3 Summary of material accounting policies (Cont'd)

Borrowings (Cont'd)

(b) *Interest-free loan from a director*

The loan proceeds arose from the incorporation of a subsidiary and provides a director with the option (“call option”) to convert the loan into certain equity interest in the shares of a subsidiary held by the Company during the option period. Simultaneously, the director has granted an option (“put option”) for the Company to put certain equity interest in the shares of a subsidiary to the director during the option period. The initial carrying amount of the loan is the residual amount after separating the embedded derivatives (i.e.: put and call options).

The loan amount is recorded as a financial liability and subsequently measured at amortised cost until it is extinguished on conversion or maturity of the loan. The discount on the value of the loan is amortised over the option period of 4 years and charged to profit or loss using the effective interest rate method.

Derivative financial instruments

Derivatives are initially recognised at fair value at the date the derivative contract is entered into and are subsequently remeasured to their fair value at the end of the reporting period. The resulting gain or loss is recognised in profit or loss immediately.

Put and call options are derecognised when the option holder exercised the option or when the option is expired.

Leases

(i) Where the Group is the lessee

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.

- **Right-of-use (“ROU”) assets**

The Group recognised a ROU asset and lease liability at the date which the underlying asset is available for use. ROU 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 ROU assets.

The ROU asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the ROU asset or the end of the lease term which is determined on the same basis as property, plant and equipment.

- **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.

2.3 Summary of material accounting policies (Cont'd)

Leases (Cont'd)

(i) Where the Group is the lessee (Cont'd)

- **Lease liabilities (Cont'd)**

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.

For contract that contain both lease and non-lease components, the Group allocates the consideration to each lease component on the basis of the relative stand-alone price of the lease and non-lease component.

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 ROU asset, or is recorded in profit or loss if the carrying amount of the ROU asset has been reduced to zero.

- **Short term and low value leases**

The Group has elected to not recognise ROU assets and lease liabilities for short-term leases that have lease terms of 12 months or less and leases of low value leases, except for sublease arrangements. Lease payments relating to these leases are expensed to profit or loss on a straight-line basis over the lease term.

- **Variable lease payments**

Variable lease payments that are not based on an index or a rate are not included as part of the measurement and initial recognition of the lease liability. The Group shall recognise those lease payments in profit or loss in the periods that triggered those lease payments.

(ii) Where the Group is the lessor

In classifying a sublease, the Group as an intermediate lessor classifies the sublease as a finance or an operating lease with reference to the right-of-use asset arising from the head lease, rather than the underlying asset.

When the sublease is assessed as a finance lease, the Group derecognises the ROU asset relating to the head lease that it transfers to the sublessee and recognised the net investment in the sublease within "Trade and other receivables". Any differences between the ROU asset derecognised and the net investment in sublease is recognised in profit or loss. Lease liability relating to the head lease is retained in the balance sheet, which represents the lease payments owed to the head lessor.

2.3 Summary of material accounting policies (Cont'd)

Leases (Cont'd)

(ii) Where the Group is the lessor (Cont'd)

When the sublease is assessed as an operating lease, the Group recognise lease income from sublease in profit or loss within "Other income". The ROU asset relating to the head lease is not derecognised.

For contract which contains lease and non-lease components, the Group allocates the consideration based on a relative stand-alone selling price basis.

Current and non-current classification

The Group presents assets and liabilities in the statement of financial position based on current or non-current classification. An asset is current when it is:

- expected to be realised or intended to be sold or consumed in the normal operating cycle;
- held primarily for the purpose of trading;
- expected to be realised within twelve months after the reporting period; or
- cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

A liability is current when:

- it is expected to be settled in the normal operating cycle;
- it is held primarily for the purpose of trading;
- it is due to be settled within twelve months after the reporting period; or
- there is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

The terms of the liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification. The Group classifies all other liabilities as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

Revenue recognition

Revenue is measured based on the consideration to which the Group expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third parties.

Revenue is recognised when the Group satisfied a performance obligation ("PO") by transferring a promised good or service to the customer, which is when the customer obtains control of the good or service. A PO may be satisfied at a point in time or over time. The amount of revenue recognised is the amount allocated to the satisfied PO.

(i) Sales of chemical products

The Group sells a range of chemical products in the marketplace. Revenue is recognised when the control of the goods has been transferred to the customer. The goods are usually sold without the right of return, volume discounts or warranty. No element of financing is deemed present as the sales made are usually completed within 3 months.

Revenue is recognised at a point in time when the goods are delivered to the customer or the customer has taken physical delivery according to the agreed sales term and all criteria for acceptance have been satisfied.

2.3 Summary of material accounting policies (Cont'd)

Revenue recognition (Cont'd)

(ii) Printing related management services

Revenue from sheeting, slitting and rewinding of paper rolls are recognised at the point when such services are rendered.

Revenue from paper storage services are recognised over time based on usage period.

(iii) Provision of water treatment solution services

Revenue from provision of water treatment solution services using microbial and/or chemicals are recognised at the point when such services are rendered.

(iv) Fair value gains or losses from financial assets at fair value through profit or loss

Trading gains or losses from investments in quoted equity investments classified as financial assets at fair value through profit or loss are recorded using the trade date method.

(v) Interest income

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

(vi) Dividend income

Dividend income is recognised when the right to receive payment is established, it is probable that the economic benefits associated with the dividend will flow to the Group, and the amount of the dividend can be reliably measured.

Government grant

Government grants are recognised when there is reasonable assurance that the grant will be received and the Group will comply with the conditions associated with the grant.

Government grants relating to assets are deducted against the carrying amount of the assets, and released to profit or loss over the expected useful life of the relevant asset or over the benefits received by the Group related to the assets.

Government grants relating to expenses incurred are recognised as other income in the period which they become receivable.

Employee benefits

Short-term employee benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided. A liability is recognised for the amount expected to be paid under short-term cash bonus if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee, and the obligation can be estimated reliably.

Defined contribution plans

The Group and the Company participate in the defined contribution national pension schemes as provided by the laws of the countries in which it has operations. The Company and its Singapore incorporated subsidiaries makes contribution to the Central Provident Fund, a defined contribution plan regulated and managed by the Government of Singapore. The subsidiary incorporated in the PRC contributes to certain staff pension benefits, a defined contribution plan regulated and managed by PRC regulations. The subsidiary incorporated in Japan contributes to the Employees' Pension Insurance, a defined contribution plan regulated and managed by the Government of Japan.

The contributions to national pension scheme are charged to profit or loss in the period to which the contributions relate.

2.3 Summary of material accounting policies (Cont'd)

Employee benefits (Cont'd)

Employee leave entitlements

Employee entitlements to annual leave are recognised when they accrue to employees. Accrual is made for the unconsumed leave as a result of services rendered by employees up to the end of the reporting year.

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 end of the reporting year. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes tax liabilities, where appropriate, on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is recognised for all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements except when the deferred income tax arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and affects neither accounting or taxable profit or loss at the time of the transaction.

A deferred income tax liability is recognised on temporary differences arising on investments in subsidiaries, associates and joint ventures, 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 end of the reporting period; and
- (ii) based on the tax consequence that will follow from the manner in which the Group expects, at the end of the reporting period, 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 either in other comprehensive income or directly in equity. Deferred tax arising from a business combination is adjusted against goodwill on acquisition.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets and they relate to income taxes levied by the same tax authorities on the same taxable entity, or on different tax entities, provided they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

2.3 Summary of material accounting policies (Cont'd)

Goods and service tax and value-added tax

Revenues, expenses and assets are recognised net of the amount of goods and service tax (“GST”) and value-added tax (“VAT”), except where the GST or VAT incurred on a purchase of assets or services is not recoverable from the taxation authorities, in which case the GST or VAT is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable, and except that trade receivables and trade payables are recorded with the amount of GST or VAT included. The net amount of GST or VAT recoverable from or payable to the taxation authorities are included as part of other receivables or other payables in the statement of financial position.

Operating segments

An operating segment is a component of the Group that engages in business activities from which it may earn revenue and incur expenses, including revenues and expenses that relate to transactions with any of the Group’s other components. Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker has been identified as the Managing Director who makes strategic resources allocation decisions.

Related parties

A related party is defined as follows:

- (a) A person or a close member of that person’s family is related to the Group if that person:
 - (i) has control or joint control over the Group;
 - (ii) has significant influence over the Group; or
 - (iii) is a member of the key management personnel of the Group.

- (b) An entity is related to the Group if any of the following conditions applies:
 - (i) the entity and the Group are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others);
 - (ii) one entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member);
 - (iii) both entities are joint ventures of the same third party;
 - (iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity;
 - (v) the entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group. If the Group is itself such a plan, the sponsoring employers are also related to the Group;
 - (vi) the entity is controlled or jointly controlled by a person identified in (a);
 - (vii) a person identified in (a) (i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity); or
 - (viii) the entity, or any member of a group of which it is a part, provides key management personnel services to the reporting entity or to the parent of the reporting entity.

Key management personnel

Key management personnel are those persons having the authority and responsibility for planning, directing and controlling the activities of the entity. Directors and certain management executives are considered key management personnel.

2.3 Summary of material accounting policies (Cont'd)

Functional currencies

Functional and presentation currency

Items included in the 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 financial statements of the Group and the Company are presented in USD, while the Company’s functional currency remain in SGD.

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 date of the transactions. Currency translation differences 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 end of the reporting period are recognised in profit or loss. However, in the consolidated financial statements, currency translation differences arising from net investment in foreign operations, are recognised in other comprehensive income and accumulated in the currency translation reserve.

When a foreign operation is disposed of, a proportionate share of the accumulated translation differences is reclassified to profit or loss, as part of the gain or loss on disposal.

Non-monetary items that are measured at fair values in foreign currencies are translated using the exchange rates at the date when the fair values are determined.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the date of the transactions.

Conversion of foreign currencies

Group entities

The results and financial position of all the 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:

- (i) Assets and liabilities are translated at the closing exchange rates at the end of the reporting period;
- (ii) Income and expenses are translated at average exchange rates (unless the average 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 using the exchange rates at the dates of the transactions); and
- (iii) All resulting currency translation differences are recognised in other comprehensive income and accumulated in the translation reserve.

Contingencies

A contingent liability is:

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

2.3 Summary of material accounting policies (Cont'd)

Contingencies (Cont'd)

- (b) a present obligation that arises from past events but is not recognised because:
- (i) it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or
 - (ii) the amount of the obligation cannot be measured with sufficient reliability.

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

3 Critical accounting estimates, assumptions and judgements

The preparation of the financial statements in conformity with SFRS(I) requires the use of estimates, assumptions and judgements that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the financial year. Estimates, assumptions 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. Although these estimates are based on management's best knowledge of current events and actions, actual results may differ from those estimates. The areas involving significant judgement and critical accounting estimates and assumptions used are described below.

3.1 Significant judgements used in applying accounting policies

The following are the critical judgements, apart from those involving estimations (which are presented separately below), that have been made in the process of applying the Group's accounting policies and that have the most significant effect on the amounts recognised in financial statements.

Determination of functional currency

The functional currency of the Company is SGD. Items included in the 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"). Notwithstanding the Singapore dollar functional currency of the Company, the financial statements of the Group and the Company have been presented in USD in order to best represent the core business performance and its underlying exposures from an operational perspective as the Group carries out chemical trading in mainly USD. The determination of the functional currency involves significant judgment.

The Company reconsiders its functional currency if there is a change in the underlying transactions, events and conditions which determine their primary economic environment. The determination of functional currency affects the carrying value of non-current assets included in the statement of financial position and, as a consequence, the amortisation of those assets included in the profit or loss. It also impacts exchange gains and losses included in the profit or loss.

The Group measures foreign currency transactions in the respective functional currencies of the Company and its subsidiaries. In determining the functional currencies of the entities in the Group, judgment is required to determine the currency that mainly influences sales prices for goods and services and of the country whose competitive forces and regulations mainly determines the sales prices of its goods and services. The functional currencies of the entities in the Group are determined based on management's assessment of the economic environment in which the entities operate and the entities' process of determining sales prices.

3 Critical accounting estimates, assumptions and judgements (Cont'd)

3.1 Significant judgements used in applying accounting policies (Cont'd)

Income tax (Notes 10 and 33)

The Group has exposures to income taxes in Singapore, Japan and China. Significant judgment is involved in determining the group-wide provision for income taxes. There are certain transactions and computations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognises liabilities for expected tax issue based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recognised, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

Deferred tax assets are recognised for all unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Management judgements are required to determine the amount of deferred tax assets that can be recognised based upon the likely timing and the level of future taxable profits together with future tax planning strategies. The carrying amount of the Group's deferred tax assets as at 31 December 2023 is US\$312,000 (2022: US\$21,000).

3.2 Key sources of estimation uncertainty

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

Impairment of investments in subsidiaries (Note 4)

Determining whether investments in subsidiaries are impaired requires an estimation to the recoverable amounts of the investments in subsidiaries. The recoverable amount of the investment in subsidiaries are determined using the of VIU calculation. The VIU calculation is based on a discounted cash flow ("DCF") model. The cash flows are derived from the budget for the next five years and do not include restructuring activities that the Group is not yet committed to or significant future investments that will enhance the performance of the assets in the CGUs being tested. The recoverable amount is sensitive to the discount rate used for the DCF model as well as the expected future cash inflows and the growth rate used for extrapolation purposes.

The carrying amount of the investments in subsidiaries is disclosed in Note 4. Other than the subsidiary that was fully impaired in prior financial year, there are no impairment indicators noted for the financial year ended 31 December 2023.

Fair value measurement and valuation of financial asset at FVTOCI (Note 6)

The fair value of the financial asset at FVTOCI is determined based on the valuation performed by an independent professional valuer appointed by the Group who has adopted the Guideline Publicly-traded Comparable Method (2022: Prior Transaction Method) under the market approach. Significant judgement is required to ascertain the appropriateness of the assumptions made on valuation of the financial asset at FVTOCI in determining its fair value. The change in the accounting estimate method during the current financial year is considered to be the most appropriate in view of the limited relevant comparable transaction during the past one year prior to the valuation date. The events leading to the outcome of the effect on the valuation may have possible impact on the changes to the valuation of the financial asset at FVTOCI. The carrying amount of the financial asset at FVTOCI is disclosed in Note 6.

3 Critical accounting estimates, assumptions and judgements (Cont'd)

3.2 Key sources of estimation uncertainty (Cont'd)

Fair value measurement and valuation of financial asset at FVTOCI (Note 6) (Cont'd)

31 December 2023

A 1% change in DLOM would result in the increase/decrease to the fair value of the financial asset at FVTOCI by approximately US\$1,254,000.

A 0.1 multiple change in Enterprise Value to Revenue (“EV/R”) would result in the increase/decrease to the fair values of the financial asset at FVTOCI by approximately US\$621,000.

31 December 2022

A 5% change in the transacted price would result in the increase/decrease to the fair values of the financial asset at FVTOCI by approximately US\$489,000.

Fair value measurement and valuation of buildings (Note 8)

The fair value of buildings is determined based on the valuation performed by an independent professional valuer appointed by the Group who has adopted the Direct Comparison Method under the market approach. The carrying amount of buildings is disclosed in Note 8 to the financial statements.

If the market value of the comparables used to estimate the fair value of the buildings increases/decreases by 5% from management’s estimates, its fair value for the year will increase/decrease by approximately US\$675,000 (2022: US\$664,000).

Impairment of plant and equipment and ROU assets (Notes 8 and 9)

Plant and equipment and ROU assets are tested for impairment whenever there is any objective evidence or indication that they may be impaired. In performing the impairment assessment of the plant and equipment and ROU assets, as disclosed in Note 8, the recoverable amounts of the CGU in which plant and equipment and ROU assets, have been attributable to, are determined based on the higher of fair value less costs of disposal, and value-in-use.

When fair value less costs of disposal is used, management uses the value estimated by an independent professional valuer to determine the fair values using valuation techniques which involve the use of estimates and assumptions which are reflective of current market conditions. When value-in-use calculation is undertaken, management estimates the expected future cash flows from the CGU (or group of CGUs) and also to use many estimates and assumptions such as future market growth, forecast revenue and costs, useful lives of utilisation of the assets, discount rates and other factors. The specific estimates are disclosed in Note 8.

The carrying amounts of the Group’s plant and equipment and ROU assets at the reporting date are set out in Notes 8 and 9 to the financial statements. If the fair value less costs of disposal decrease by 5%, will not lead to further impairment loss recognised on these non-financial assets.

Carrying value of inventories (Note 11)

The Group reviews the ageing analysis of inventories at each reporting date, and makes provision for obsolete and slow-moving inventory items identified that are no longer suitable for sale. The net realisable value for such inventories are estimated based primarily on the latest invoice prices and current market conditions. Possible changes in these estimates could result in revisions to the valuation of inventories.

No sensitivity analysis is disclosed as the impact is not considered material.

The carrying amount of the inventories is disclosed in Note 11 to the financial statements.

3 Critical accounting estimates, assumptions and judgements (Cont'd)

3.2 Key sources of estimation uncertainty (Cont'd)

Allowances for expected credit losses of trade and other receivables (Notes 12 and 13)

Allowance for expected credit losses (“ECL”) of trade and other receivables are 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 ECL calculation, based on the Group’s past collection history, existing market conditions as well as forward looking estimates at each reporting date. Probability of default constitutes a key input in measuring ECL. Probability of default is an estimate of the likelihood of default over a given time horizon, the calculation of which includes historical data, assumptions and expectations of future conditions.

The Group uses a provision matrix to calculate ECL for trade receivables. The provision matrix is based on the Group’s historical default rates taking into consideration reasonable and supportable forward-looking information that is available without undue costs or effort. At every reporting date, the historical observed default rates are reassessed and changes in the forward-looking information are considered. In addition, trade receivables which are credit impaired are assessed for ECL individually. The provision of ECL is sensitive to changes in estimates. A 5% increase in the default rates at the reporting date from management’s estimates would not have a material impact on the financial statements.

The Group and the Company apply the 3-stage general approach to determine ECL for non-trade amounts due from external parties and related parties. ECL is measured as an allowance equal to 12-month ECL for stage-1 assets, or lifetime ECL for stage-2 or stage-3 assets. An asset moves from stage-1 to stage-2 when its credit risk increases significantly and subsequently to stage-3 as it becomes credit-impaired. In assessing whether credit risk has significantly increased, the Group and the Company consider qualitative and quantitative reasonable and supportable forward-looking information. Lifetime ECL represents ECL that will result from all possible default events over the expected life of a financial instrument whereas 12-month ECL represents the portion of lifetime ECL expected to result from default events possible within twelve months after the reporting date. The information about the ECLs on the Group’s trade receivables is disclosed in Note 38.5.

The carrying amount of the Group’s and the Company’s trade and other receivables are disclosed in Notes 12 and 13. For the financial year ended 31 December 2023, a decrease of 1% in the ECL rate will not lead to further allowance for impairment on the Group’s trade and other receivables. For the financial year ended 31 December 2022, a decrease of 1% in the ECL rate will lead to further allowance for impairment on the Group’s trade and other receivables of US\$16,000.

Estimation of the incremental borrowing rate (Notes 9 and 23)

For the purpose of calculating the right-of-use asset and lease liability, an entity applies the interest rate implicit in the lease (“IRIIL”) and, if the IRIIL is not readily determinable, the entity shall use its incremental borrowing rate (“IBR”) applicable to the lease asset. The IBR is the rate of interest that the entity would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. For most of the leases whereby the Group is the lessee, the IRIIL is not readily determinable. Therefore, the Group estimates the IBR relevant to each lease asset by using observable inputs (such as market interest rate and asset yield) when available, and then making certain lessee specific adjustments (such as a group entity’s credit rating). The carrying amount of the Group’s ROU assets and lease liabilities are disclosed in Notes 9 and 23 respectively. An increase/decrease of 50 basis points in the estimated IBR will decrease/increase the Group’s ROU assets and lease liabilities by approximately US\$109,000 and US\$105,000 (2022: US\$97,000 and US\$107,000) respectively.

Notes to the financial statements for the financial year ended 31 December 2023

4 Subsidiaries

The Company	31 December 2023 US\$'000	31 December 2022 US\$'000
Cost of investments		
Unquoted equity shares, at cost		
At beginning of the year	7,893	7,893
Deconsolidation	(625)	-
At end of the year	7,268	7,893
Less: Impairment losses		
At beginning of the year	650	650
Deconsolidation	(625)	-
At end of the year	25	650
	7,243	7,243

Details of the subsidiaries are as follows:

<u>Name</u>	<u>Country of incorporation/ principal place of business</u>	<u>Proportion of ownership interest held</u>		<u>Principal activities</u>
		2023 %	2022 %	
<u>Held by the Company</u>				
Abundance Resources Pte. Ltd. ("ARPL") ⁽¹⁾	Singapore	100	100	Print and paper management related activities
Orient-Salt Chemicals Pte. Ltd. ("OSC") ⁽¹⁾	Singapore	100	100	Chemical business
Abundance Investments Pte. Ltd. ("AIPL") ⁽¹⁾	Singapore	100	100	Investment holding
Zhangjiagang Orient-hill Microorganisms Technology Co., Ltd. ("Orient-hill") ⁽⁴⁾	PRC	-	70	Research, screening and cultivation of microbes
<u>Held through Orient-Salt Chemicals Pte. Ltd. ("OSC")</u>				
Orient-Salt Chemicals (Shanghai) Co., Ltd. ⁽²⁾	PRC	100	100	Chemical business
Touen Japan Co., Ltd. ⁽³⁾	Japan	99.41	99.41	Chemical business

⁽¹⁾ Audited by Foo Kon Tan LLP

⁽²⁾ Audited by HLB Shanghai ThinkBridge CPAs (2022: HLB Liaoning Zhongheng CPAs Co., Ltd.)

⁽³⁾ Audited by Kasumigaseki International Accounting Office, Japan

⁽⁴⁾ Audited by Foo Kon Tan LLP for consolidation purposes

Non-controlling interests

The non-controlling interests related to the Group's non-100% owned subsidiary is considered not material to the reporting entity. Therefore, summarised financial information in respect of non-controlling interests is not presented.

De-recognition of a subsidiary, Orient-hill, upon loss of control

As disclosed in Notes 17(a) and 27(a), the Company had on 11 March 2022 exercised the put option under the PCOA in respect of the Subsidiary Shares. However, due to the COVID lockdowns imposed by the Chinese government, the transfer of the Subsidiary Shares was delayed and was completed on 29 May 2023. Arising therefrom, the Company's equity interest in Orient-hill reduced from 70% to 30%. The Company ceased to have control over Orient-hill which was deconsolidated on 29 May 2023 and became an associate of the Company and the Group.

4 Subsidiaries (Cont'd)

De-recognition of a subsidiary, Orient-hill, upon loss of control (Cont'd)

The fair values of identifiable assets and liabilities were as follows:

	<u>As at 29 May 2023</u> US\$'000
<u>Effects on de-recognition</u>	
Plant and equipment	38
Inventories	8
Other receivables	6
Prepayments	6
Cash and bank equivalents	27
Trade payables	(40)
Other payables and accruals	(224)
Amount due to a director	(474)
Amount due to a fellow subsidiary	(594)
Net identifiable liabilities de-recognised	(1,247)
Amount due to a fellow subsidiary, previously impaired (Note 13)	594
Non-controlling interest	47
Fair value of retained equity interest	_#
Cumulative exchange reclassified from currency translation reserve to profit or loss	(49)
Net	(655)
Gain on deconsolidation	655
	-
Cash and cash equivalents disposed of	(27)
Net cash outflow from the de-recognition upon loss of control	(27)

Orient-hill contributed revenue of US\$59,000 and net loss, representing total comprehensive loss, of US\$24,000 to profit or loss for the period from 1 January 2023 to 29 May 2023.

Gain on deconsolidation of US\$655,000 is included in "Other Income" as disclosed in Note 29.

Amount less than US\$1,000

Notes to the financial statements for the financial year ended 31 December 2023

5 Associate

	The Group		The Company	
	31 December 2023 US\$'000	31 December 2022 US\$'000	31 December 2023 US\$'000	31 December 2022 US\$'000
Cost of investments	-	-	-	-
At beginning of the year	-	-	-	-
Additions	- #	-	- #	-
At end of year	-	-	-	-

Amount less than US\$1,000

Details of the associate is as follows:

Name	Country of incorporation/ principal place of business	Proportion of ownership interest held		Principal activities
		2023 %	2022 %	
<u>Held by the Company</u>				
Zhangjiagang Orient-hill Microorganisms Technology Co., Ltd. ("Orient-hill")	PRC	30	* (Note 4)	Research, screening and cultivation of microbes

* The Group's equity interests held in Orient-hill was 70% as at 31 December 2022 (classified as a subsidiary).

Orient-hill became an associate of the Group upon the Group's loss of control over this former subsidiary on 29 May 2023. The Group's retained interest in Orient-hill was remeasured to fair value at the date of recognition of the Group's remaining 30% equity interest in Orient-hill, as investment in associate. Further details are set out in Note 4.

6 Financial asset at fair value through other comprehensive income ("FVTOCI")

	The Group		The Company	
	31 December 2023 US\$'000	31 December 2022 US\$'000	31 December 2023 US\$'000	31 December 2022 US\$'000
<u>Unquoted equity investment:</u>				
At beginning of year	9,784	9,824	-	-
Fair value (loss)/gain recognised in other comprehensive income (Note 20(c))	(1,202)	716	-	-
Foreign exchange differences recognised in OCI (Note 20(c))	(648)	(822)	-	-
Sub-total	(1,850)	(106)	-	-
Currency translation differences	156	66	-	-
At end of year	8,090	9,784	-	-

The Group holds 12.74% (2022: 12.74%) equity interest in Shanghai Sunrise Polymer Material Co., Ltd. ("Sunrise"). This non-held for trading equity investment was designated at inception as "Financial asset at FVTOCI".

At the reporting date, the fair value of the financial asset at FVTOCI is determined by an independent professional valuer.

The financial asset at FVTOCI is denominated in Renminbi.

Notes to the financial statements for the financial year ended 31 December 2023

7 Financial assets at fair value through profit or loss (“FVTPL”)

	Note	The Group		The Company	
		31 December 2023 US\$'000	31 December 2022 US\$'000	31 December 2023 US\$'000	31 December 2022 US\$'000
Non-current					
Investment in keyman insurance contract	7(a)	1,229	-	-	-
Current					
Investment in quoted equity shares	7(b)	96	104	-	-
		1,325	104	-	-

7(a) Investment in keyman insurance contract

	Note	The Group		The Company	
		31 December 2023 US\$'000	31 December 2022 US\$'000	31 December 2023 US\$'000	31 December 2022 US\$'000
At beginning of year		-	-	-	-
Premium paid during the year		1,500	-	-	-
Fair value loss	32	(271)	-	-	-
At end of year		1,229	-	-	-

The Group has entered into a life insurance policy with an insurance company to insure a director of the Company. The Group paid upfront premiums for this policy and may surrender any time to receive cash based on the surrender value of the policy at the date of withdrawal, as determined by the insurer.

The change in surrender value of US\$271,000 is presented as fair value loss in “Other expenses”.

7(b) Investment in quoted equity shares

	Note	The Group		The Company	
		31 December 2023 US\$'000	31 December 2022 US\$'000	31 December 2023 US\$'000	31 December 2022 US\$'000
Held for trading					
At beginning of year		104	248	-	-
Additions		135	971	-	-
Disposals		(126)	(958)	-	-
Fair value losses recognised					
in profit or loss	29	(16)	(122)	-	-
Currency translation differences		(1)	(35)	-	-
At end of year		96	104	-	-

Fair value losses on investment in quoted equity shares of US\$16,000 (2022: US\$122,000) is included in “Other income”.

Notes to the financial statements for the financial year ended 31 December 2023

8 Property, plant and equipment

The Group	Buildings US\$'000	Furniture, fittings and office equipment US\$'000	Plant and machinery US\$'000	Electrical installation and equipment US\$'000	Motor vehicles US\$'000	Power generating equipment US\$'000	Total US\$'000
Cost or valuation:	At valuation	At cost					
At 1 January 2022	12,377	93	951	71	58	-	13,550
Additions	-	55	-	-	24	471	550
Elimination of accumulated depreciation on revaluation	(453)	-	-	-	-	-	(453)
Revaluation surplus (Note 20(b))	1,286	-	-	-	-	-	1,286
Currency translation differences	71	(8)	(58)	(4)	-	-	1
At 31 December 2022	13,281	140	893	67	82	471	14,934
Additions	-	26	-	-	-	-	26
Elimination of accumulated depreciation on revaluation	(515)	-	-	-	-	-	(515)
Revaluation surplus (Note 20(b))	524	-	-	-	-	-	524
Deconsolidation of a subsidiary	-	(22)	(675)	(45)	(8)	-	(750)
Currency translation differences	203	(6)	(14)	(1)	1	8	191
At 31 December 2023	13,493	138	204	21	75	479	14,410
Accumulated depreciation and impairment loss:							
At 1 January 2022	-	58	763	52	11	-	884
Depreciation	453	23	20	2	11	8	517
Elimination of accumulated depreciation on revaluation	(453)	-	-	-	-	-	(453)
Currency translation differences	-	(5)	(54)	(4)	-	-	(63)
At 31 December 2022	-	76	729	50	22	8	885
Depreciation	515	14	20	2	13	19	583
Elimination of accumulated depreciation on revaluation	(515)	-	-	-	-	-	(515)
Deconsolidation of a subsidiary	-	(21)	(641)	(43)	(7)	-	(712)
Currency translation differences	-	(4)	(15)	-	-	-	(19)
At 31 December 2023	-	65	93	9	28	27	222
Net book value:							
At 31 December 2023	13,493	73	111	12	47	452	14,188
At 31 December 2022	13,281	64	164	17	60	463	14,049

Notes to the financial statements for the financial year ended 31 December 2023

8 Property, plant and equipment (Cont'd)

The Company	Buildings US\$'000	Furniture, fittings and office equipment US\$'000	Plant and machinery US\$'000	Electrical installation and equipment US\$'000	Motor vehicles US\$'000	Power generating equipment US\$'000	Total US\$'000
Cost or valuation:	At valuation	At cost					
At 1 January 2022	12,377	9	199	21	50	-	12,656
Additions	-	16	-	-	24	471	511
Elimination of accumulated depreciation on revaluation	(453)	-	-	-	-	-	(453)
Revaluation surplus (Note 20(b))	1,286	-	-	-	-	-	1,286
Currency translation differences	71	-	2	-	-	-	73
At 31 December 2022	13,281	25	201	21	74	471	14,073
Additions	-	23	-	-	-	-	23
Elimination of accumulated depreciation on revaluation	(515)	-	-	-	-	-	(515)
Revaluation surplus (Note 20(b))	524	-	-	-	-	-	524
Currency translation differences	203	1	3	-	1	8	216
At 31 December 2023	13,493	49	204	21	75	479	14,321
Accumulated depreciation:							
At 1 January 2022	-	3	49	5	3	-	60
Depreciation	453	6	20	2	11	8	500
Elimination of accumulated depreciation on revaluation	(453)	-	-	-	-	-	(453)
Currency translation differences	-	-	1	-	-	-	1
At 31 December 2022	-	9	70	7	14	8	108
Depreciation	515	2	20	2	14	19	572
Elimination of accumulated depreciation on revaluation	(515)	-	-	-	-	-	(515)
Currency translation differences	-	-	3	-	-	-	3
At 31 December 2023	-	11	93	9	28	27	168
Net book value:							
At 31 December 2023	13,493	38	111	12	47	452	14,153
At 31 December 2022	13,281	16	131	14	60	463	13,965

8 Property, plant and equipment (Cont'd)

The Group's and the Company's property, plant and equipment as at 31 December 2023 consists mainly of buildings of US\$13,493,000 (2022: US\$13,281,000), stated at fair value, determined based on the properties' highest and best use as at year end. The fair value of buildings on leasehold land is determined by an independent professional valuer who have the appropriate recognised professional qualification and recent experience in the location and category of the buildings on leasehold land being valued. A description of the valuation technique and the valuation processes of the Group are provided in Note 39.

If the buildings were measured using the cost model, the net carrying amount would be:

	2023	2022
	US\$'000	US\$'000
The Group and The Company		
Net carrying value	206	209

Details of property at the reporting date are as follows:

The Group and The Company				
Description of property	Tenure	Unexpired lease term (year)	Existing use	Gross floor area (sq. metres)
9 Joo Koon Circle, Singapore 629041	Leasehold	25.75 (2022: 26.75)	Industrial and office	8,842

At the reporting date, buildings with a carrying amount of approximately US\$13,493,000 (2022: US\$13,281,000) were pledged to a bank for banking facilities (trade facilities) granted to the Group's subsidiary, Orient-Salt Chemicals Pte. Ltd.

Impairment testing for plant and equipment and ROU assets

Excluding the buildings stated at fair value, the management performed an impairment assessment on the Group's plant and equipment with a carrying amount of US\$695,000 (2022: US\$768,000) and ROU assets with a carrying amount of US\$1,956,000 (2022: US\$1,963,000).

The Group carried out a review of the recoverable amount in respect of the printing related cash generating unit. In view of the declining operating performance by printing related segment, it reported a loss of US\$611,000 (2022: US\$443,000), which served as an indicator of impairment.

The fair value of the printing related cash generating unit (excluding power generating equipment) is determined by an independent professional valuer who have appropriate recognised professional qualification and recent experience in the category of the assets being valued. The fair value is based on a combination of direct comparison method and cost method. The comparison method considers prices recently paid for similar assets, with adjustments made to the indicated market prices to reflect the condition and utility of the appraised assets relative to the market comparative. The cost approach provides an indication of value using the economic principle that a buyer will pay no more for an asset than the cost to obtain an asset of equal utility, whether by purchase or by construction, unless undue time, inconvenience, risk or other factors are involved. The approach provides an indication of value by calculating the current replacement or reproduction cost of an asset and making deductions for physical deterioration and all other relevant forms of obsolescence.

No impairment loss was required as the recoverable amount was higher than the carrying amount. The recoverable amount based on fair value less costs of disposal as determined by the combination of sales prices in recent transactions for similar assets and costs of replacement or reproduction under new condition with current market prices for similar assets, which is a fair value hierarchy Level 3 measurement.

Notes to the financial statements for the financial year ended 31 December 2023

9 Right-of-use assets

The Group leases the land for its buildings, office, office equipment, motor vehicle and forklift equipment for operations purpose. The average lease term is 2 years to 30 years (2022: 2 years to 30 years).

The Group	Leasehold land US\$'000	Office US\$'000	Office equipment US\$'000	Motor vehicle US\$'000	Forklift equipment US\$'000	Total US\$'000
Cost:						
At 1 January 2022	1,929	273	31	140	16	2,389
Additions	57	-	5	118	-	180
Write off	-	(120)	-	-	(16)	(136)
Currency translation differences	13	(33)	(3)	(2)	-	(25)
At 31 December 2022	1,999	120	33	256	-	2,408
Additions	-	130	7	-	-	137
Write off	-	(112)	-	(140)	-	(252)
Currency translation differences	32	(8)	(3)	(3)	-	18
At 31 December 2023	2,031	130	37	113	-	2,311
Accumulated amortisation:						
At 1 January 2022	169	138	6	96	16	425
Amortisation	63	60	4	41	-	168
Write off	-	(120)	-	-	(16)	(136)
Currency translation differences	3	(16)	-	1	-	(12)
At 31 December 2022	235	62	10	138	-	445
Amortisation	66	56	6	35	-	163
Write off	-	(112)	-	(140)	-	(252)
Currency translation differences	4	(4)	-	(1)	-	(1)
At 31 December 2023	305	2	16	32	-	355
Carrying amount:						
At 31 December 2023	1,726	128	21	81	-	1,956
At 31 December 2022	1,764	58	23	118	-	1,963

Notes to the financial statements for the financial year ended 31 December 2023

9 Right-of-use assets (Cont'd)

The Company	Leasehold land US\$'000	Motor vehicle US\$'000	Total US\$'000
Cost:			
At 1 January 2022	1,929	140	2,069
Additions	57	-	57
Currency translation differences	13	-	13
At 31 December 2022	1,999	140	2,139
Written-off	-	(140)	(140)
Currency translation differences	32	-	32
At 31 December 2023	2,031	-	2,031
Accumulated amortisation:			
At 1 January 2022	169	96	265
Amortisation	63	31	94
Currency translation differences	3	1	4
At 31 December 2022	235	128	363
Amortisation	66	12	78
Written-off	-	(140)	(140)
Currency translation differences	4	-	4
At 31 December 2023	305	-	305
Carrying amount:			
At 31 December 2023	1,726	-	1,726
At 31 December 2022	1,764	12	1,776

10 Deferred tax

Deferred 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 carrying amounts of deferred tax assets and liabilities, determined after appropriate offsetting, are shown on the statement of financial position, as follows:

	The Group		The Company	
	31 December 2023 US\$'000	31 December 2022 US\$'000	31 December 2023 US\$'000	31 December 2022 US\$'000
Deferred tax assets				
- To be recovered after one year	312	21	-	-
Deferred tax liabilities				
- To be settled after one year	2,143	2,352	1,137	1,119

10 Deferred tax (Cont'd)

The movement in deferred tax assets are as follows:

The Group	Note	Tax losses US\$'000	Total US\$'000
At 1 January 2022		47	47
Recognised in profit or loss	33.1	(23)	(23)
Currency translation differences		(3)	(3)
At 31 December 2022		21	21
Recognised in profit or loss	33.1	291	291
At 31 December 2023		312	312

As at 31 December 2023, the Group has unutilised tax losses amounting to approximately US\$2,264,000 (2022: US\$3,624,000) and temporary differences amounting to approximately US\$364,000 (2022: Nil), which are available for offset against future taxable profits, for which no deferred tax asset has been recognised due to uncertainty of its recoverability. The use of these unutilised tax losses and temporary differences are subject to the agreement of Inland Revenue Authority of Singapore and compliance with certain provisions of the Singapore Income Tax Act. The tax losses have no expiry date.

The movement in deferred tax liabilities are as follows:

The Group	Note	Revaluation gain - buildings US\$'000	Fair value gain - financial assets at FVTOCI US\$'000	Total US\$'000
At 1 January 2022		1,111	1,108	2,219
Tax charged to fair value reserve	20(c)	-	118	118
Currency translation differences		8	7	15
At 31 December 2022		1,119	1,233	2,352
Tax reversed from fair value reserve	20(c)	-	(246)	(246)
Currency translation differences		18	19	37
At 31 December 2023		1,137	1,006	2,143

The Company	Revaluation gains - buildings US\$'000	Total US\$'000
At 1 January 2022	1,111	1,111
Currency translation differences	8	8
At 31 December 2022	1,119	1,119
Currency translation differences	18	18
At 31 December 2023	1,137	1,137

Unrecognised temporary differences relating to investment in subsidiaries

At the reporting date, the aggregate amount of temporary differences associated with undistributed earnings of subsidiaries and associates for which deferred tax liabilities have not been recognised is US\$1.0 million (2022: US\$1.8 million).

As at 31 December 2023 and 2022, no deferred tax liabilities have been recognised for the taxes that would be payable on the distributable earnings of certain subsidiaries as the management does not expect the subsidiaries to distribute its earnings in the foreseeable future.

Notes to the financial statements for the financial year ended 31 December 2023

11 Inventories

	The Group		The Company	
	31 December 2023 US\$'000	31 December 2022 US\$'000	31 December 2023 US\$'000	31 December 2022 US\$'000
Finished goods	13,273	10,253	-	-
	Year ended 31 December 2023 US\$'000	Year ended 31 December 2022 US\$'000	Year ended 31 December 2023 US\$'000	Year ended 31 December 2022 US\$'000
Recognised in profit or loss:				
Changes in inventories	3,020	3,025	-	-
Purchases of inventories	599,150	539,972	-	-
	602,170	542,997	-	-

Inventories comprise chemical products for trading purposes.

Finished goods include goods in transit of US\$3,029,000 (2022: US\$2,785,000).

During the financial year ended 31 December 2023, write-down of inventories to net realisable value of US\$45,000 was included in "Other expenses" (2022: reversal of write-down of inventories: \$62,000 included in "Other income").

During the financial year ended 31 December 2023, write-off of inventories of US\$464,000 (2022: US\$ Nil) due to loss of inventories was included in "Other expenses".

12 Trade receivables

	The Group		The Company	
	31 December 2023 US\$'000	31 December 2022 US\$'000	31 December 2023 US\$'000	31 December 2022 US\$'000
External parties	7,701	9,410	-	-#
Less: Loss allowance	(185)	(238)	-	-
	7,516	9,172		
Related parties	15	-	-	-
Associate	28	-	-	-
Less: Loss allowance	(28)	-	-	-
	15	-	-	-
Net trade receivables	7,531	9,172	-	-

The movement in allowance for expected credit losses of trade receivables from external parties was as follows:

	Note	The Group		The Company	
		31 December 2023 US\$'000	31 December 2022 US\$'000	31 December 2023 US\$'000	31 December 2022 US\$'000
At beginning of year		238	486	-	388
Amount (reversed)/recognised	32	(51)	209	-	-
Amount utilised		-	(445)	-	(380)
Currency translation differences		(2)	(12)	-	(8)
At end of year		185	238	-	-

Amount less than US\$1,000

Notes to the financial statements for the financial year ended 31 December 2023

12 Trade receivables (Cont'd)

The movement in allowance for expected credit losses of trade receivables from associate was as follows:

	Note	The Group		The Company	
		31 December 2023 US\$'000	31 December 2022 US\$'000	31 December 2023 US\$'000	31 December 2022 US\$'000
At beginning of year		-	-	-	-
Amount recognised	32	28	-	-	-
At end of year		28	-	-	-

As at 1 January 2023, the Group's gross trade receivables related to revenue from contracts with customers due from non-related parties amounted to US\$9,410,000 (2022: US\$16,397,000).

Sales are made to customers on cash term or credit terms up to 90 (2022: 90) days. They are recognised at their original invoice amounts which represent their fair values on initial recognition.

At the reporting date, external trade receivables of US\$230,000 (2022: US\$906,000) have been factored with a bank with recourse.

At the end of the reporting period, trade receivables arising from Chemical trading amounting to US\$3,808,000 (2022: US\$6,432,000) are arranged to be settled via letters of credit issued by reputable banks in countries where the customers are based.

Credit risks exposure

The Group uses a provision matrix to measure the lifetime expected credit loss allowance for trade receivables. The Group determines the expected credit losses on these items by using a provision matrix, estimated based on historical credit loss experience, past due status of the debtors, adjusted as appropriate to reflect current conditions and estimates of future economic conditions.

The expected credit losses on these financial assets are estimated using a provision matrix based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date.

At the reporting date, the Group's and the Company's credit risk exposure in relation to trade receivables is as follows:

	Current US\$'000	Past due				Total US\$'000
		Within 30 days US\$'000	31 to 60 days US\$'000	61 to 90 days US\$'000	More than 90 days US\$'000	
The Group						
31 December 2023						
<u>Chemicals Trading</u>						
<i>ECL rate</i>	0%	0%	0%	0%	100%	
Trade receivables - Gross	4,844	2,624	-	-	213	7,681
Loss allowance	-	-	-	-	(213)	(213)
<u>Printing related services</u>						
<i>ECL rate</i>	0%	0%	0%	0%	0%	
Trade receivables - Gross	41	12	3	2	5	63
Loss allowance	-	-	-	-	-	-

Notes to the financial statements for the financial year ended 31 December 2023

12 Trade receivables (Cont'd)

	Current US\$'000	Past due				Total US\$'000
		Within 30 days US\$'000	31 to 60 days US\$'000	61 to 90 days US\$'000	More than 90 days US\$'000	
The Group						
31 December 2022						
<u>Chemicals Trading</u>						
<i>ECL rate</i>	0.1%	0%	0%	0%	21.9%	
Trade receivables - Gross	8,311	-	-	-	1,010	9,321
Loss allowance	(9)	-	-	-	(221)	(230)
<u>Printing related services</u>						
<i>ECL rate</i>	0%	0%	0%	0%	88.9%	
Trade receivables - Gross	50	24	1	5	9	89
Loss allowance	-	-	-	-	(8)	(8)
The Company						
31 December 2023						
<u>Printing services</u>						
<i>ECL rate</i>	0%	0%	0%	0%	0%	
Trade receivables - Gross	-	-	-	-	-	-
Loss allowance	-	-	-	-	-	-
31 December 2022						
<u>Printing services</u>						
<i>ECL rate</i>	0%	0%	0%	0%	0%	
Trade receivables - Gross	-#	-	-	-	-	-
Loss allowance	-	-	-	-	-	-

Amount less than US\$1,000

Significant concentration of credit risks

Concentrations of credit risk exist when changes in economic, industry or geographical factors similarly affect groups of counterparties whose aggregate credit exposure is significant in relation to the Group's total exposure. The Group determines concentrations of credit risk by monitoring the country of its trade receivables.

The credit risk concentration profile of the Group's trade receivables at the reporting data is as follows:

	The Group	
	31 December 2023 US\$'000	31 December 2022 US\$'000
<u>By geographical areas</u>		
PRC	2,791	5,429
Vietnam	-	64
Japan	635	-
Singapore	63	82
Indonesia	2,969	3,382
Asia - Others	1,073	215
	7,531	9,172

Significant concentration of credit risks (Cont'd)

As of 31 December 2023, the Group's trade receivables included 3 debtors (2022: 2 debtors) that represented 74.6% (2022: 70.1%) of trade receivables. Apart from this, there are no significant concentrations of credit risk, whether through exposure to individual customers, business segment and/or geographical regions. There is no concentration of customers' credit risk at the Company level.

Notes to the financial statements for the financial year ended 31 December 2023

13 Other receivables and deposits

	The Group		The Company	
	31 December 2023 US\$'000	31 December 2022 US\$'000	31 December 2023 US\$'000	31 December 2022 US\$'000
Other receivables:				
- External parties	185	635	7	39
- Less: Loss allowance	-	(40)	-	-
	185	595	7	39
- Related party	4	-	4	-
- Associate #	629	-	-	-
- Less: Loss allowance	(629)	-	-	-
	4	-	4	-
GST and VAT receivables	474	964	-	-
Deposits	124	64	18	18
Net other receivables	787	1,623	29	57

This relates to Orient-hill, a former subsidiary, which became an associate on 29 May 2023 (Note 4).

The movement in allowance for expected credit losses of other receivables from external parties was as follows:

	Note	The Group		The Company	
		31 December 2023 US\$'000	31 December 2022 US\$'000	31 December 2023 US\$'000	31 December 2022 US\$'000
At beginning of the year		40	-	-	-
Amount (reversed)/recognised	32	(39)	41	-	-
Currency translation differences		(1)	(1)	-	-
At end of the year		-	40	-	-

The movement in allowance for expected credit losses of other receivables from associate was as follows:

	Note	The Group		The Company	
		31 December 2023 US\$'000	31 December 2022 US\$'000	31 December 2023 US\$'000	31 December 2022 US\$'000
At beginning of the year		-	-	-	-
Transfer from amount due from Orient-hill, former subsidiary	4	594	-	-	-
Amount recognised	32	35	-	-	-
Currency translation differences		*	-	-	-
At end of the year		629	-	-	-

* Amount less than US\$1,000

Other receivables are non-interest bearing and are generally on 0 to 30 (2022: 0 to 30) days' term.

The amount due from a related party comprise mainly rental receivables, is unsecured, non-interest bearing and have credit terms of 30 days.

The amount due from an associate bears interest at 6% per annum, is unsecured and repayable within one year from the loan drawdown dates. However, the loan repayment dates may be subject to extension with mutual agreement from the parties. The loan is repayable with twelve months from the reporting date.

Notes to the financial statements for the financial year ended 31 December 2023

14 Advances and prepayments

	The Group		The Company	
	31 December 2023 US\$'000	31 December 2022 US\$'000	31 December 2023 US\$'000	31 December 2022 US\$'000
Advances to suppliers	14,908	15,924	-	-
Prepayments	33	32	26	16
	14,941	15,956	26	16

15 Amounts due from/ (to) subsidiaries

The Company	31 December 2023 US\$'000	31 December 2022 US\$'000
<u>Amount due from subsidiaries</u>		
- Trade	814	822
- Non-trade	3,308	5,448
	4,122	6,270
<u>Less: Loss allowances</u>		
At beginning of year	735	733
Reversal	-	(2)
Currency translation differences	12	4
At end of year	747	735
	3,375	5,535

The Company

Amount due to a subsidiary

- Non-trade	-	993
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Non-trade amounts due from subsidiaries, comprising mainly advances granted to AIPL for its investment in Sunrise (Note 6), are unsecured, interest-free and repayable on demand and are to be settled in cash.

16 Financial asset at amortised cost

At 31 December 2022, financial asset at amortised cost relates to investment in a United States Dollar denominated debt instrument issued by a bank, bearing interest at 4.441% per annum with a maturity date of 17 February 2023. On 17 February 2023, the debt instrument was redeemed by the issuer.

Notes to the financial statements for the financial year ended 31 December 2023

17 Derivative financial instruments

	Note	The Group		The Company	
		31 December 2023 US\$'000	31 December 2022 US\$'000	31 December 2023 US\$'000	31 December 2022 US\$'000
Derivative asset/(liability)					
Put option	17(a)	-	348	-	348
Currency futures contract	17(b)	(1)	-	-	-
		(1)	348	-	348

17(a) Put option

	31 December 2023 US\$'000	31 December 2022 US\$'000
The Group and The Company		
At beginning of the year	348	368
Derecognition upon deconsolidation of a subsidiary	(345)	-
Currency translation differences	(3)	(20)
At end of year	-	348

On 14 March 2018, the Company entered into a put and call option agreement (the “PCOA”) with Mr. Shi Jiangang (“SJG”), the Executive Chairman of the Company, in relation to newly incorporated subsidiary, Orient-hill in conjunction with the RMB2.4 million interest-free loan granted by Mr. Shi Jiangang to the Company (the “interest-free loan”) on the same date. The interest-free loan is repayable on 13 March 2022.

Pursuant to the PCOA, SJG was granted a call option to convert the interest-free loan into 40% equity interest in the shares of Orient-hill (the “Subsidiary Shares”) held by the Company at any time between 13 March 2019 and 13 March 2022 (the “Option Period”), and the Company was granted a right to put the Subsidiary Shares to SJG over the Option Period subject to the terms and conditions of the PCOA.

On 11 March 2022, the Company exercised the put option under the PCOA in respect of the Subsidiary Shares. However, due to the COVID lockdowns imposed by the Chinese government, the transfer of the Subsidiary Shares was delayed. The transfer of the Subsidiary Shares was completed on 29 May 2023. Arising therefrom, the Company’s equity interest in Orient-hill reduced from 70% to 30%. The Company ceased to have control over Orient-hill which was deconsolidated on 29 May 2023 and became an associate of the Company and the Group.

The put option (derivative asset) and the call option (derivative liability) were valued by an independent professional valuer upon the exercised date.

As disclosed in Notes 4 and 27(a), following the completion of transfer of the Subsidiary Shares during the financial year, the derivative asset was derecognised accordingly.

17(b) Currency futures contract

The Group uses currency futures to hedge its foreign currency risk on mainly USD and RMB currencies to limit its exposure to significant currency fluctuations. As at 31 December 2023, the outstanding currency futures were as follows (2022: Nil):

	Contractual notional amount US\$'000	Assets US\$'000	Liabilities US\$'000
The Group			
Currency futures contract	3,500	-	(1)

Notes to the financial statements for the financial year ended 31 December 2023

18 Cash and bank balances

	The Group		The Company	
	31 December 2023 US\$'000	31 December 2022 US\$'000	31 December 2023 US\$'000	31 December 2022 US\$'000
Cash on hand	1	1	1	1
Cash at banks	6,148	6,826	129	229
Short-term deposit	-	1,300	-	-
Fixed deposit	512	500	-	-
	6,661	8,627	130	230

At 31 December 2022, short-term deposit had a maturity of within 1 month from the acquisition date with an average nominal interest rate of 4.07% per annum

Fixed deposit of US\$500,000 (2022: US\$500,000) has been pledged to a financial institution to obtain trade facilities. It has a maturity within 1 year from the end of the financial year with a nominal interest rate of 2.00% (2022: 1.09%) per annum.

For the purpose of the consolidated statement of cash flows, cash and cash equivalents comprises the following:

	31 December 2023 US\$'000	31 December 2022 US\$'000
The Group		
Cash and bank balances, as above	6,661	8,627
Less: Fixed deposit pledged	(500)	(500)
Cash and cash equivalents	6,161	8,127

Cash and cash equivalents include an amount of US\$197,000 (2022: US\$2,326,000) held in PRC which is subject to certain local routine procedural requirements on conversion of the RMB into foreign currencies and the remittance of currency out of China.

19 Share capital

	No. of shares		Amount	
	31 December 2023 '000	31 December 2022 '000	31 December 2023 US\$'000	31 December 2022 US\$'000
The Group and The Company				
Issued and fully paid ordinary shares with no par value:				
At beginning and at end of the year	1,281,689	1,281,689	44,868	44,868

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at shareholders' meetings. All shares rank equally with regard to the Company's residual assets.

Notes to the financial statements for the financial year ended 31 December 2023

20 Reserves

	Note	The Group		The Company	
		31 December 2023 US\$'000	31 December 2022 US\$'000	31 December 2023 US\$'000	31 December 2022 US\$'000
Translation reserve	20(a)	(1,687)	(1,605)	(1,081)	(1,300)
Asset revaluation reserve	20(b)	13,009	12,485	13,009	12,485
Fair value reserve	20(c)	3,914	5,518	-	-
Statutory reserve	20(d)	572	572	-	-
Accumulated losses		(25,933)	(24,987)	(33,451)	(31,685)
Discount paid on acquisition of non-controlling interests	20(e)	1,386	1,386	-	-
		(8,739)	(6,631)	(21,523)	(20,500)

20(a) Translation reserve comprises foreign exchange differences arising from the translation of the financial statements of foreign operations whose functional currencies are different from the presentation currency of the Group.

20(b) Asset revaluation reserve is used to record increases in the fair value of buildings and decreases to the extent that such decrease relates to an increase on the same asset previously recognised in equity. The movements in the asset revaluation reserve are as follows:

The Group and The Company	Note	31 December 2023 US\$'000	31 December 2022 US\$'000
At beginning of year		12,485	11,199
Surplus on revaluation of buildings	8	524	1,286
At end of year		13,009	12,485

The tax exposure of the Group and the Company in respect of the fair value gains on buildings is restricted to the amount of tax allowances that are utilised for income tax purpose.

20(c) Fair value reserve relates to the changes in fair values gain of financial asset at FVTOCI as disclosed in Note 6.

The Group	Note	31 December 2023 US\$'000	31 December 2022 US\$'000
At beginning of year		5,518	5,742
Fair value (loss)/gain	6	(1,202)	716
Foreign exchange differences recognised in OCI	6	(648)	(822)
Reversed/(Charge) of deferred tax liabilities	10, 33.2	246	(118)
Sub-total		(1,604)	(224)
At end of year		3,914	5,518

20(d) In accordance with the relevant regulations prevailing in the PRC, the subsidiaries established in the PRC are required to allocate 10% of their after-tax profits to the statutory reserve until the cumulative total of the reserve reaches 50% of the subsidiaries' registered capital. Subject to approval from the relevant PRC authorities, the statutory reserve may be used to offset any accumulated losses or increase the registered capital of the subsidiaries. The statutory reserve is not available for dividend distribution to shareholders of the PRC subsidiaries.

20(e) Discount on acquisition of non-controlling interests represents the difference between the consideration paid and the carrying amount of additional equity interest of a subsidiary acquired from non-controlling interests.

Notes to the financial statements for the financial year ended 31 December 2023

21 Dividend

	31 December 2023	31 December 2022
	\$	\$
The Group and The Company		
Final dividend paid of 0.07 (2022: 0.05) Singapore cents per shares	646	462

A final one-tier tax exempt ordinary dividend of 0.07 (2022: 0.05) Singapore cents per share, totalling US\$646,000 (US\$462,000) was paid in respect of the previous financial year ended 31 December 2022 and 31 December 2021 respectively.

22 Borrowings

	The Group	
	31 December 2023	31 December 2022
	US\$'000	US\$'000
Non-current		
SGD-denominated bank loan	405	1,180
	405	1,180
Current		
RMB-denominated bank loan	425	290
SGD-denominated bank loan	792	755
	1,217	1,045
Total	1,622	2,225

SGD-denominated bank loan

Temporary Bridging Loan of SGD5 million under Singapore Enterprise Financing Scheme, bearing interest at 3.00% (2022: 3.00%) per annum, is secured by corporate guarantee of the Company and repayable over 5 years from year 2020.

RMB-denominated bank loans

The bank loans bear interest rates at 3.1% (2022: 3.60%) per annum and are secured over certain trade receivables, personal guarantee from a director and his spouse. The loans are repayable within the next 12 months from the reporting date.

Fair value of non-current borrowings

The fair value is determined from the cash flow analysis, discounted at market borrowing rate of an equivalent instrument at the end of reporting year end date which the directors expect to be available to the Group:

	The Group	
	31 December 2023	31 December 2022
	US\$'000	US\$'000
Bank loan	337	1,083

Notes to the financial statements for the financial year ended 31 December 2023

23 Lease liabilities

The Group leases land for its buildings, office and motor vehicle. The average lease term is 2 years to 30 years (2022: 2 to 30 years). Lease liabilities are payable as follows:

	The Group		The Company	
	31 December 2023 US\$'000	31 December 2022 US\$'000	31 December 2023 US\$'000	31 December 2022 US\$'000
Non-Current				
Between two to five years	309	260	169	158
More than five years	1,743	1,761	1,743	1,760
	2,052	2,021	1,912	1,918
Current				
Within one year	130	134	37	48
	2,182	2,155	1,949	1,966

Interest expense on lease liabilities of US\$105,000 (2022: US\$103,000) is included in "Finance Costs" as disclosed in Note 31.

Short-term lease expenses of US\$150,000 (2022: US\$183,000) not capitalised in lease liabilities but recognised in profit or loss as disclosed in Note 32.

As at 31 December 2023, the Group's short-term lease commitments at the reporting date are not substantially dissimilar to those giving rise to the Group's short-term lease expense for the year.

The Group's lease liabilities are secured by the lessors' title to the leased assets.

Total cash outflows for all leases in the year amounted to US\$387,000 (2022: US\$424,000).

The maturity analysis of lease liabilities is disclosed in Note 38.4.

24 Trade payables

	The Group		The Company	
	31 December 2023 US\$'000	31 December 2022 US\$'000	31 December 2023 US\$'000	31 December 2022 US\$'000
Trade payables	18,217	18,337	2	2

Trade payables are non-interest bearing and have credit terms of between 0 and 90 (2022: 0 and 90) days.

25 Other payables and accruals

	The Group		The Company	
	31 December 2023 US\$'000	31 December 2022 US\$'000	31 December 2023 US\$'000	31 December 2022 US\$'000
GST and VAT payable	14	14	11	13
Accrued operating expenses	227	188	141	132
Accrued employee benefits	206	503	76	206
Other payables	1,852	757	21	23
	2,299	1,462	249	374

Other payables are non-interest bearing and normally settled on 0 to 60 (2022: 0 to 60) days' terms.

Notes to the financial statements for the financial year ended 31 December 2023

26 Advances from customers

	The Group		The Company	
	31 December 2023 US\$'000	31 December 2022 US\$'000	31 December 2023 US\$'000	31 December 2022 US\$'000
Advances from customers	6,318	7,122	-	-

As at 1 January, the Group's advances from customer related to revenue from contracts with customers amounted to US\$7,122,000 (2022: US\$7,445,000). The advances from customers were made in relation to the sales of chemical supplies in respect of OSC's chemical trading business. There are no significant changes in the contract liabilities balances during the reporting period.

Revenue recognised in current period that was included in the advances from customers at the beginning of the financial year was US\$7,122,000 (2022: US\$7,445,000).

As permitted under SFRS(I) 15 *Revenue from Contracts with Customers*, the aggregated transaction prices allocated to unsatisfied contracts of periods one year or less, or are billed based on time incurred, are not disclosed.

27 Loans from directors

	Note	The Group		The Company	
		31 December 2023 US\$'000	31 December 2022 US\$'000	31 December 2023 US\$'000	31 December 2022 US\$'000
Current					
Interest-free loan from a director	27(a)	-	348	-	348
Loans from a director	27(b)	-	474	-	-
		-	822	-	348

27(a) Interest-free loan from a director

Pursuant to a PCOA entered on 14 March 2018, Mr. Shi Jiangan ("SJG") granted the Company an interest-free loan of RMB2.4 million that is repayable on 13 March 2022. SJG was granted a call option with the right to convert the interest free loan into 40% equity interest in the shares of Orient-hill (the "Subsidiary Shares") held by the Company at any time between 13 March 2019 to 13 March 2022 (the "Option Period"), and the Company was granted a put option with the right to sell the Subsidiary Shares to SJG over the Option Period, in settlement of the RMB2.4 million interest-free loan payable to SJG.

The fair value of the interest-free loan was determined by an independent professional valuer at inception.

As disclosed in Note 17, following the completion of share transfer of the Subsidiary Shares during the financial year, the Option Price payable by SJG (or such party as he may nominate) has been fully settled by the extinguishment of the interest-free loan granted to the Company.

27(b) Loans from a director

The loan from a director was granted to the Group by SJG, in respect of the water treatment business under the chemicals segment (Note 36). The loan bears interest at 6% per annum, and is unsecured and repayable in one year from the loan drawdown date, subject to extension. The loan was derecognised during the year upon Orient-hill ceased to be a subsidiary of the Group.

Notes to the financial statements for the financial year ended 31 December 2023

28 Revenue

	Year ended 31 December 2023 US\$'000	Year ended 31 December 2022 US\$'000
The Group		
Chemicals	622,913	568,650
Printing related management services	447	633
	623,360	569,283

Disaggregation of revenue from contracts with customers

The Group derives revenue from the transfer of goods and services over time and at a point in time in the following major product lines and geographical regions. Revenue is attributed to countries by location of customers.

	<u>Chemicals</u> At point in time US\$'000	<u>Printing related</u> At point in time US\$'000		Over time US\$'000	Total US\$'000
2023					
- PRC	455,435	-	-	-	455,435
- Indonesia	36,602	-	-	-	36,602
- Japan	26,824	-	-	-	26,824
- Thailand	23,420	-	-	-	23,420
- Singapore	22,880	246	-	201	23,327
- Vietnam	22,234	-	-	-	22,234
- Taiwan	17,732	-	-	-	17,732
- Other countries in Asia	10,742	-	-	-	10,742
- Others	7,044	-	-	-	7,044
	622,913	246	201	201	623,360
2022					
- PRC	374,971	-	-	-	374,971
- Indonesia	27,271	-	-	-	27,271
- Japan	33,059	-	-	-	33,059
- Thailand	26,211	-	-	-	26,211
- Singapore	27,216	313	-	320	27,849
- Vietnam	26,539	-	-	-	26,539
- Taiwan	19,138	-	-	-	19,138
- Other countries in Asia *	14,484	-	-	-	14,484
- Others	19,761	-	-	-	19,761
	568,650	313	320	320	569,283

* Chemical revenue from "India" of US\$2,009,000 was included under "Other countries in Asia".

The Group applies the practical expedient in SFRS(I) 15 and does not disclose information about its remaining performance obligation as the performance obligation is part of contracts that have original expected duration of one year or less.

Notes to the financial statements for the financial year ended 31 December 2023

29 Other income

The Group	Note	Year ended 31 December 2023 US\$'000	Year ended 31 December 2022 US\$'000
Bad debt recovered		-	67
Commission income		-	472
Compensation for contract cancellation		181	-
Dividend income from financial assets at FVTPL		3	12
Exchange gain, net		-	947
Fair value loss on financial assets at FVTPL	7(b)	(16)	(122)
Gains on disposal of financial assets at FVTPL		1	81
Gain on deconsolidation of a subsidiary	4	655	-
Government grants		345	16
Interest income		85	24
Realised gain from futures contract		-	82
Income from subleasing		50	43
Reversal of write-down of inventories	11	-	62
Others		227	188
		1,531	1,872

30 Employee benefits expenses

The Group	Year ended 31 December 2023 US\$'000	Year ended 31 December 2022 US\$'000
Salaries, bonuses and other costs	2,613	2,837
Employer's contribution to defined contribution plans	456	434
	3,069	3,271

Included in the above is key management personnel compensation, excluding fees paid to non-executive directors, which is included in Note 35.

31 Finance costs

The Group	Year ended 31 December 2023 US\$'000	Year ended 31 December 2022 US\$'000
Interest expense		
- Non-cash interest expenses of interest-free loan from a director	-	9
- Non-cash interest expenses on lease liabilities	105	103
- Letter of credit	120	41
- Factoring interest	152	87
- Interest expenses on loan from a director	11	30
- Interest expenses on bank borrowing	53	115
	441	385

Notes to the financial statements for the financial year ended 31 December 2023

32 (Loss)/Profit before tax

In addition to the charges and credits disclosed elsewhere in the financial statements, (loss)/profit before tax is arrived at after charging/(crediting) the following:

The Group	Note	Year ended 31 December 2023 US\$'000	Year ended 31 December 2022 US\$'000
Auditors' remuneration:			
- auditor of the company		108	88
- other auditors		28	29
Commission expense		320	518
Directors' fee		74	72
Exchange loss, net		241	-
Legal and professional fee		247	217
Inventory written down	11	45	-
Inventory written off	11	464	-
(Reversal)/Impairment loss on trade receivables, net	12	(23)	209
(Reversal)/Impairment loss on other receivables, net	13	(4)	41
Realised and unrealised loss from futures contract		62	-
Fair value loss on investment in keyman insurance contract	7(a)	271	-
Storage fees*		1,264	1,766
Short-term leases	23	150	183

*Storage fees was included under "short-term leases" in 2022.

33 Tax expense

33.1 Tax recognised in profit or loss

The Group	Note	Year ended 31 December 2023 US\$'000	Year ended 31 December 2022 US\$'000
Current tax expense			
- Current year		332	568
- Adjustment for prior year		(22)	(156)
		310	412
Deferred taxation			
- Current year		(146)	390
- Adjustment for prior year		(145)	(367)
	10	(291)	23
		19	435

33 Tax expense (Cont'd)

33.1 Tax recognised in profit or loss (Cont'd)

Reconciliation of effective tax rate

The tax expense on the results of the financial year varies from the amount of income tax determined by applying each entity's domestic rates of income tax on the Group's results as a result of the following:

The Group	Year ended 31 December 2023 US\$'000	Year ended 31 December 2022 US\$'000
(Loss)/Profit before tax	(280)	1,852
Tax calculated at tax rate of 17%	(48)	315
Different tax rates in other countries	67	192
Non-deductible expenses ⁽¹⁾	323	196
Non-taxable income ⁽²⁾	(117)	(22)
Tax exemption	(16)	(5)
Utilisation of prior year tax losses	(85)	(60)
Deferred tax assets on current year losses not recognised	-	342
Deferred tax on temporary differences not recognised	62	-
Deferred taxation – adjustment for prior year	(145)	-
Current year tax expense - adjustment for prior year	(22)	(523)
	19	435

⁽¹⁾ Non-deductible expenses comprise mainly fair value loss on financial assets at FVTPL, disallowed expenditure incurred in the ordinary course of business and corporate expenses which are not allowable for tax purposes (2022: disallowed expenditure incurred in the ordinary course of business).

⁽²⁾ Non-taxable income for the current financial year comprises mainly gain on deconsolidation of a subsidiary.

33.2 Tax recognised in other comprehensive loss

The tax credit/(charge) relating to each component of other comprehensive income is as follows:

The Group	Before tax US\$'000	Tax expense US\$'000	Net of tax US\$'000
31 December 2023			
Asset revaluation reserve	524	-	524
Fair value reserve	1,850	(246)	1,604
Translation reserve	(82)	-	(82)
	2,292	(246)	2,046
31 December 2022			
Asset revaluation reserve	1,286	-	1,286
Fair value reserve	(106)	(118)	(224)
Translation reserve	(796)	-	(796)
	384	(118)	266

Notes to the financial statements for the financial year ended 31 December 2023

34 (Loss)/Earnings per share

Basic and diluted (loss)/earnings per share are calculated by dividing the net (loss)/profit for the year attributable to owners of the Company by the weighted average number of ordinary shares outstanding during the financial year.

	Year ended 31 December 2023	Year ended 31 December 2022
The Group		
Net (loss)/profit attributable to owners of the Company (US\$'000) (A)	(300)	1,425
Weighted average number of ordinary shares outstanding (‘000) (B)	1,281,689	1,281,689
Basic/ Diluted (loss)/earnings per share (cents per share) (A)/(B)	(0.02)^(a)	0.11 ^(a)

(a) The effect of the put option in Orient-hill, a subsidiary, was anti-dilutive. Hence, it was disregarded in the calculation of dilutive (loss)/earnings per share calculation at Group.

35 Related party transactions

Other than as disclosed elsewhere in the financial statements, significant transactions with related parties on terms agreed between the parties are as follows:

	31 December 2023 US\$'000	31 December 2022 US\$'000
The Group		
Loans from directors	-	435
Advances to associate	(35)	-
Sales to related parties	12	-
Purchases from related parties	(830)	(369)
Other income from related parties	38	-
Rental income from related parties	51	3
Rental expense for office space	(106)	(112)
Rental expense for factory	-	(22)
Rental expense for vehicles	(31)	(53)

During the financial year ended 31 December 2023, the Company charged management fees of US\$384,000 (2022: US\$394,000) and US\$416,000 (2022: US\$517,000) to two subsidiaries respectively.

Key management personnel compensation

	The Group		The Company	
	31 December 2023 US\$'000	31 December 2022 US\$'000	31 December 2023 US\$'000	31 December 2022 US\$'000
Short-term employee benefits	669	812	601	675
Employer's contribution to defined contribution plans	53	58	37	44
	722	870	638	719

35 Related party transactions (Cont'd)

Remuneration paid to employees who are family members of the directors

	The Group		The Company	
	31 December 2023 US\$'000	31 December 2022 US\$'000	31 December 2023 US\$'000	31 December 2022 US\$'000
Short-term employee benefits	148	158	-	-
Employer's contribution to defined contribution plans	12	13	-	-
	160	171	-	-

36 Operating segments

Business segments

For management reporting purposes, the Group is organised into the following reportable operating segments which are the Group's strategic business units as follows:

- (i) Chemicals - covers the chemical trading business and provision of water treatment solutions using microbial and/or chemicals.
- (ii) Printing related - covers the printing management and paper management related activities.
- (iii) Investment - covers the investment business.

There are no operating segments that have been aggregated to form the above reportable operating segments.

Sales to external customers disclosed in geographical segments are based on the geographical location of the customers.

The Managing Director monitors the operating results of its operating segments for the purpose of making decisions on resource allocation and performance assessment. Segment performance is evaluated based on operating profit or loss.

Group financing and income taxes are managed on a group basis and are not allocated to operating segments. Sales between operating segments are carried out at arm's length.

Notes to the financial statements for the financial year ended 31 December 2023

36 Operating segments (Cont'd)

	Chemicals		Printing related		Investment		Unallocated		Consolidated	
	Year ended 31 December 2023 US\$'000	Year ended 31 December 2022 US\$'000	Year ended 31 December 2023 US\$'000	Year ended 31 December 2022 US\$'000	Year ended 31 December 2023 US\$'000	Year ended 31 December 2022 US\$'000	Year ended 31 December 2023 US\$'000	Year ended 31 December 2022 US\$'000	Year ended 31 December 2023 US\$'000	Year ended 31 December 2022 US\$'000
Sales to external customers	622,913	568,650	447	633	-	-	-	-	623,360	569,283
Segment revenue	622,913	568,650	447	633	-	-	-	-	623,360	569,283
Segment results										
(LBITDA)/EBITDA*	458	3,345	138	248	(5)	36	231	(731)	822	2,898
Depreciation and amortisation	(97)	(92)	(649)	(593)	-	-	-	-	(746)	(685)
Interest income	24	7	-	-	61	17	-	-	85	24
Interest expenses	(340)	(273)	(100)	(98)	-	-	(1)	(14)	(441)	(385)
(Loss)/Profit before tax	45	2,987	(611)	(443)	56	53	230	(745)	(280)	1,852
Tax expense	(17)	(488)	-	-	(2)	-	-	53	(19)	(435)
(Loss)/ Profit for the year	28	2,499	(611)	(443)	54	53	230	(692)	(299)	1,417
Other material items:										
Gain on deconsolidation of a subsidiary	-	-	-	-	-	-	655	-	655	-
Reversal/(Impairment loss) on trade and other receivables, net	20	(243)	7	(7)	-	-	-	-	27	(250)
Inventories written off	(464)	-	-	-	-	-	-	-	(464)	-
Fair value loss on keyman insurance contract	(271)	-	-	-	-	-	-	-	(271)	-
Storage fees	(1,264)	(1,766)	-	-	-	-	-	-	(1,264)	(1,766)

Notes:

* EBITDA – Earnings Before Interest, Taxation, Depreciation and Amortisation.

* LBITDA – Losses Before Interest, Taxation, Depreciation and Amortisation.

Notes to the financial statements for the financial year ended 31 December 2023

36 Operating segments (Cont'd)

	Chemicals		Printing related		Investment		Elimination		Consolidated	
	31 December 2023 US\$'000	31 December 2022 US\$'000	31 December 2023 US\$'000	31 December 2022 US\$'000	31 December 2023 US\$'000	31 December 2022 US\$'000	31 December 2023 US\$'000	31 December 2022 US\$'000	31 December 2023 US\$'000	31 December 2022 US\$'000
Segment assets	44,214	45,597	26,767	29,308	8,391	12,231	(10,620)	(14,257)	68,752	72,879
Deferred tax assets	312	21	-	-	-	-	-	-	312	21
Consolidated total assets	44,526	45,618	26,767	29,308	8,391	12,231	(10,620)	(14,257)	69,064	72,900
Segment liabilities	26,858	27,345	2,980	4,178	3,301	5,459	(4,122)	(7,906)	29,017	29,076
Interest-free loan from a director	-	-	-	348	-	-	-	-	-	348
Loan from a director	-	474	-	-	-	-	-	-	-	474
Borrowings	1,622	2,225	-	-	-	-	-	-	1,622	2,225
Income tax liabilities	144	230	-	-	2	-	-	-	146	230
Deferred tax liabilities	-	-	1,137	1,119	1,006	1,233	-	-	2,143	2,352
Consolidated total liabilities	28,624	30,274	4,117	5,645	4,309	6,692	(4,122)	(7,906)	32,928	34,705
Capital expenditure	3	39	23	511	-	-	-	-	26	550
Investment in keyman insurance contract	1,500	-	-	-	-	-	-	-	1,500	-
Investment in financial assets at amortised cost	-	-	-	-	4,700	1,000	-	-	4,700	1,000
Investment in financial asset at FVTPL	-	-	-	-	135	971	-	-	135	971

Notes to the financial statements for the financial year ended 31 December 2023

36 Operating segments (Cont'd)

Geographical information

The Group's three business segments operate in six main geographical areas:

- PRC - the operations in this area are principally the chemical trading business, provision of water treatment solutions using microbial and/or chemicals;
- Japan, Taiwan, Indonesia, India, Thailand – the operations in this area are principally the chemical trading business;
- Singapore - the Company is headquartered and has operations in Singapore. The operations in this area are principally the chemical trading business, print and paper management related activities and in investment and trading of securities;
- Other countries in Asia – the operations include chemical trading sale in Vietnam, Malaysia, Korea; and
- Others - the operations include the chemical trading sale in America, European and middle east countries.

Revenue is attributed to geographical areas based on the geographical location of the Group's customers. The Group acts as a principal in the trading of chemical products because it has the primarily responsibility for providing the goods to the customers or for fulfilling the order. In addition, the Group bears the inventory risk, credit risk and has latitude in establishing prices. The chemical products are sourced from numerous suppliers and the Group resell to its customers mainly based on Freight on Board ("FOB") or Cost and Freight ("CFR") terms. The Group earned a spread of 3.1% (2022: 4.5%) for trading in chemical products.

The Group's revenue by geographical areas is disclosed under Note 28.

There is no customer with 10% or more of the entity's revenue except for 1 customer (2022: 1 customer) from chemicals segment who has contributed 12.7% (2022: 13.0%) of the entity's revenue in year 2023.

37 Financial instruments

Accounting classifications of financial assets and financial liabilities

The carrying amounts of financial assets and financial liabilities in each category are as follows:

	The Group		The Company	
	31 December 2023 US\$'000	31 December 2022 US\$'000	31 December 2023 US\$'000	31 December 2022 US\$'000
Financial assets at amortised cost:				
Trade receivables	7,531	9,172	-	-
Other receivables and deposits *	313	659	29	57
Amounts due from subsidiaries	-	-	3,375	5,535
Financial assets at amortised cost	-	1,000	-	-
Cash and bank balances	6,661	8,627	130	230
Financial asset at FVTOCI:				
Equity investment at FVTOCI	8,090	9,784	-	-
Financial assets at FVTPL:				
Financial assets at FVTPL	1,325	104	-	-
Derivative asset	-	348	-	348
	23,920	29,694	3,534	6,170

37 Financial instruments (Cont'd)

Accounting classifications of financial assets and financial liabilities (Cont'd)

	The Group		The Company	
	31 December 2023 US\$'000	31 December 2022 US\$'000	31 December 2023 US\$'000	31 December 2022 US\$'000
Financial liabilities at amortised cost:				
Trade payables	18,217	18,337	2	2
Other payables and accruals *	2,285	1,448	238	361
Interest-free loan from a director	-	348	-	348
Loan from a director	-	474	-	-
Amount due to a subsidiary	-	-	-	993
Borrowings	1,622	2,225	-	-
Lease liabilities	2,182	2,155	1,949	1,966
Financial liabilities at FVTPL:				
Currency futures contract	1	-	-	-
	24,307	24,987	2,189	3,670

* Exclude GST and VAT receivables/payable

38 Financial risk management objectives and policies

The Group and the Company have documented financial risk management policies. These policies set out the Group's and the Company's overall business strategies and their risk management philosophy. The Group and the Company are exposed to financial risks arising from their operations. The key financial risks included market risk (including interest rate risk, foreign currency risk and price risk), credit risk and liquidity risk. The Group's and the Company's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise adverse effects from the unpredictability of financial markets on the Group's and the Company's financial performance.

Risk management is carried out by the Finance Division under policies approved by the Board of Directors. The Finance Division identifies and evaluates financial risks in close co-operation with the Group's and the Company's operating units. The Board provides written principles for overall risk management, as well as written policies covering specific areas, such as credit risk and liquidity risk.

There has been no change to the Group's and Company's exposure to these financial risks or the manner in which they manage and measure the risk. Market risk exposures are measured using sensitivity analysis indicated below.

38.1 Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of the Group's and the Company's financial instruments will fluctuate because of changes in market interest rates.

The Group's and the Company's exposure to interest rate risk arises primarily from its bank balances and borrowings. The Group and the Company do not enter into derivative financial instruments contracts to hedge interest rate risk. The Group's policies are to obtain the most favourable interest rates available without increasing their foreign currency exposure. The Group and the Company are not exposed to significant interest rate risk as it does not have significant monetary financial instruments with variable interest rates.

Notes to the financial statements for the financial year ended 31 December 2023

38 Financial risk management objectives and policies (Cont'd)

38.2 Foreign currency risk

Currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates. Currency risk arises when transactions are denominated in foreign currencies.

The Group and the Company are exposed to currency risk on sales, purchases and borrowings that are denominated in a currency other than the respective functional currencies of the Group entities. The currencies in which these transactions primarily are denominated are the Singapore dollar, United States dollar and Renminbi.

There is no formal hedging policy with respect to foreign currency exposure. Exposure to foreign currency risk is monitored on an on-going basis and the Group endeavours to keep the net exposure at an acceptable level. The Group uses currency futures to hedge its foreign currency risk on mainly USD and RMB currencies to limit its exposure to significant currency fluctuations. These contracts are classified as derivative financial liabilities at FVTPL. Please refer to Note 17(b) for further details.

The Group's and the Company's material exposure from foreign currency denominated financial assets and financial liabilities as at the end of the reporting period are as follows:

	Singapore Dollar		US Dollar		Renminbi	
	31 December 2023 US\$'000	31 December 2022 US\$'000	31 December 2023 US\$'000	31 December 2022 US\$'000	31 December 2023 US\$'000	31 December 2022 US\$'000
The Group						
Financial Assets						
Trade receivables	-	-	569	-	-	-
Other receivables and deposit*	-	-	-	15	60	-
Financial assets at amortised cost	-	-	-	1,000	-	-
Derivative asset	-	-	-	-	-	348
Cash and bank balances	91	342	108	2,066	293	288
	91	342	677	3,081	353	636
Financial Liabilities						
Trade payables	-	-	-	53	-	-
Other payables and accruals*	24	20	16	188	-	9
Derivative liability	-	-	-	-	1	-
Interest-free loan from a director	-	-	-	-	-	348
Borrowing	1,197	1,935	-	-	-	-
	1,221	1,955	16	241	1	357
Net currency exposure to profit or loss	(1,130)	(1,613)	661	2,840	352	279
Financial assets at FVTOCI	-	-	-	-	8,090	9,784
Net currency exposure to equity	(1,130)	(1,613)	661	2,840	8,442	10,063

Notes to the financial statements for the financial year ended 31 December 2023

38 Financial risk management objectives and policies (Cont'd)

38.2 Foreign currency risk (Cont'd)

The Company	US Dollar		Renminbi	
	31 December 2023 US\$'000	31 December 2022 US\$'000	31 December 2023 US\$'000	31 December 2022 US\$'000
Financial Assets				
Derivative asset	-	-	-	348
Amount due from subsidiaries	145	2,300	-	-
Cash and bank balances	81	-	-	-
	226	2,300	-	348
Financial Liabilities				
Other payables and accruals*	-	189	-	-
Interest-free loan from a director	-	-	-	348
Amounts due to a subsidiary	-	1,010	-	-
	-	1,199	-	348
Net currency exposure	226	1,101	-	-

* Exclude GST and VAT receivables/payable

Sensitivity analysis for foreign currency risk

A 5% (2022: 5%) strengthening of the above currencies against the respective functional currencies of the Group entities at year ended would have increased/(decreased) (loss)/profit before tax and decreased/increased equity by the amounts shown below. Similarly, a 5% (2022: 5%) weakening would have the comparable impacts in the opposite direction. This analysis has not taken into account the associated tax effects and assumes that all other variables, in particular interest rates, remain constant.

The Group	Increase/(Decrease)			
	Year ended -----31 December 2023----- (Loss)/ Profit before tax US\$'000		Year ended -----31 December 2022----- (Loss)/ Profit before tax US\$'000	
	Equity US\$'000	Equity US\$'000	Equity US\$'000	Equity US\$'000
Singapore dollar	57	(57)	(81)	(81)
United States dollar	(33)	33	142	142
Renminbi	(18)	422	14	503
The Company				
United States dollar	(11)	11	(55)	55
Renminbi	-	-	-	-

38.3 Price risk

Price risk is the risk that the value of a financial instrument will fluctuate due to changes in market prices. The Group is exposed to market price risks arising from its investment in equity investments quoted on the SGX-ST in Singapore classified as financial asset at fair value through profit or loss.

Market price sensitivity

At the end of reporting period, if the equity share price had been 5% higher/lower with all other variables held constant, the Group's (loss)/profit before of tax would have been US\$5,000 (2022: US\$5,000) lower/higher, arising as a result of higher/lower fair value gains on financial assets at FVTPL in quoted equity instruments.

Notes to the financial statements for the financial year ended 31 December 2023

38 Financial risk management objectives and policies (Cont'd)

38.4 Liquidity risk

Liquidity risk is the risk that the Group and the Company will encounter difficulty in raising funds to meet commitments associated with financial instruments that are settled by delivering cash or other financial assets. Liquidity risk may result from an inability to sell a financial asset quickly at close to its fair value.

The Group's and the Company's exposure to liquidity risk arises primarily from mismatches of the maturities of financial assets and financial liabilities. The Group's and the Company's objective is to maintain sufficient cash and continues funding through an adequate amount of credit facilities.

The table below analyses the maturity profile of the Company's and the Group's non-derivative financial liabilities based on contractual undiscounted cash flows:

The Group	Carrying amount US\$'000	-----Contractual undiscounted cash flows-----				Total US\$'000
		Within 1 year US\$'000	Within 2 to 5 years US\$'000	Over 5 years US\$'000		
As at 31 December 2023						
Trade payables	18,217	18,217	-	-		18,217
Other payables and accruals *	2,285	2,285	-	-		2,285
Borrowings	1,622	1,255	408	-		1,663
Lease liabilities	2,182	235	693	2,851		3,779
	24,306	21,992	1,101	2,851		25,944
As at 31 December 2022						
Trade payables	18,337	18,337	-	-		18,337
Other payables and accruals *	1,448	1,448	-	-		1,448
Interest-free loan from a director	348	348	-	-		348
Loans from a director	474	502	-	-		502
Borrowings	2,225	1,105	1,206	-		2,311
Lease liabilities	2,155	239	662	2,943		3,844
	24,987	21,979	1,868	2,943		26,790
The Company						
As at 31 December 2023						
Trade payables	2	2	-	-		2
Other payables and accruals *	238	238	-	-		238
Lease liabilities	1,949	137	550	2,851		3,538
Corporate guarantee contracts	14,367	14,367	-	-		14,367
	16,556	14,744	550	2,851		18,145
As at 31 December 2022						
Trade payables	2	2	-	-		2
Other payables and accruals *	361	361	-	-		361
Interest-free loan from a director	348	348	-	-		348
Amount owing to a subsidiary	993	993	-	-		993
Lease liabilities	1,966	149	555	2,942		3,646
Corporate guarantee contracts	12,233	12,233	-	-		12,233
	15,903	14,086	555	2,942		17,583

* Exclude GST and VAT payable

38 Financial risk management objectives and policies (Cont'd)

38.5 Credit risk

Credit risk refers to the risk that one party to a financial instrument will fail to discharge an obligation and cause the Group or the Company to incur a financial loss. The Group's exposure to credit risk arises primarily from trade and other receivables. For trade receivables, the Group and the Company adopt the policy dealing only with customers of appropriate credit history, and obtaining sufficient security where appropriate to mitigate credit risk. The Group closely monitors and avoids any significant concentration of credit risk. In addition, receivable balances and payment profile of the debtors are monitored on an ongoing basis. The Group also uses factoring or request customers' letters of credit to mitigate credit risk. For other financial assets, the Group and the Company adopt policy dealing only with high credit quality counterparties.

The Group's objective is to seek continual growth while minimising losses arising from credit risk exposure.

Exposure to credit risk

As the Group and the Company do not hold any collateral, the maximum exposure to credit risk for each class of financial instruments is the carrying amount of that class of financial instruments presented on the statements of financial position, except as follow:

The Company	31 December 2023 US\$'000	31 December 2022 US\$'000
Corporate guarantees provided to banks on subsidiaries' credit facilities	14,367	12,233

The Group's current credit risk grading framework comprises the following categories:

Category	Description	Basis for recognising expected credit losses (ECL)
Performing	The counterparty has a low risk of default and does not have any past-due amounts.	12-month ECL
Doubtful	Amount is >30 days past due or there has been a significant increase in credit risk since initial recognition.	Lifetime ECL – not credit-impaired
In default	Amount is >90 days past due or there is evidence indicating the asset is credit-impaired.	Lifetime ECL – credit-impaired
Write-off	There is evidence indicating that the debtor is in severe financial difficulty and the group has no realistic prospect of recovery.	Amount is written off

The Group's and the Company's major classes of financial assets are bank deposits and trade and other receivables.

The trade and other receivables are due from creditworthy counterparties with good track record of credit history. Other than as disclosed in Notes 12, 13 and 15 to the financial statements, management believes that no additional credit risk lies in the Group's trade and other receivables.

38 Financial risk management objectives and policies (Cont'd)

38.5 Credit risk (Cont'd)

Loss allowance for other receivables is measured at an amount equal to lifetime expected credit losses (“ECL”), which is consistent with the approach adopted for trade receivables. The ECL on other receivables are estimated by reference to track record of the counterparties, their business and financial conditions where information is available, and knowledge of any events or circumstances impeding recovery of the amounts. There has been no change in the estimation techniques or significant assumptions made during the current reporting period in assessing the loss allowance for other receivables.

Cash is held with reputable financial institutions of high credit ratings. Other financial assets are subject to immaterial credit loss.

As the Group and the Company do not hold any collateral, the maximum exposure to credit risk for each class of financial instruments is the carrying amount of that class of financial instruments presented on the statements of financial position except for corporate guarantees provided to banks. These guarantees are subject to the impairment requirements of SFRS(I) 9. The Company has assessed that the subsidiary (which it has provided corporate guarantees) has strong financial capacity to meet the contractual cash flow obligations in the near future and hence, does not expect significant credit losses arising from these guarantees.

39 Fair values measurement of assets and liabilities

The Group does not account for any fixed rate financial assets and liabilities at fair value through profit or loss, therefore a change in interest rates at the reporting date would not affect profit or loss.

- (i) Financial instruments that are not carried at fair value and whose carrying amounts are a reasonable approximation of fair value

The carrying amounts of current financial assets and financial liabilities with a maturity of less than 12 months approximate their fair values because of the short period to maturity.

The Group does not account for any fixed rate financial liabilities at fair value through profit or loss, therefore a change in interest rates at the reporting date would not affect profit or loss.

- (ii) Buildings (Level 3)

The Group engages an independent professional property valuer to determine the fair value of the Group’s buildings at the end of every financial year. The valuation is based on the assets’ highest and best use using the Direct Comparison Method which involves the analysis of comparable sales of similar properties and adjusting the sale prices to that reflective of the subject buildings.

- (iii) Financial asset at FVTOCI (Level 3)

As at 31 December 2023, the Group has 12.74% (2022: 12.74%) unquoted equity investment in Shanghai Sunrise Polymer Material Co., Ltd. The fair value is determined based on the Guideline Publicly-traded Comparable Method (2022: Prior Transaction Method).

- (v) Financial asset at FVTPL - quoted equity securities (Level 1)

The fair values of the quoted equity securities are determined by reference to the exchange quoted market bid prices at the close of business at the end of the reporting period.

Notes to the financial statements for the financial year ended 31 December 2023

39 Fair values measurement of assets and liabilities (Cont'd)

(iv) Financial asset at FVTPL - Keyman insurance contract (Level 3)

The fair value of the keyman insurance contract purchased for a key management personnel of the Group is determined based on the cash surrender value in accordance with the keyman insurance contract which is not an observable input. Management estimates the fair value based on the latest policy quarterly statement of the keyman insurance contract provided by the insurance company.

The unobservable input is the cash surrender value quoted by the insurance company according to the keyman insurance contract. When the cash surrender value is higher, the fair value of the keyman insurance contract will be higher.

(vi) Derivative financial instruments (Level 3)

The fair value of call and put option was determined based on fair value of the option shares of the investee using the Binomial Model, adjusted for the effect of the non-marketability and non-controllability.

(vii) Derivative financial instruments (Level 1)

The fair value of the currency futures contract is based on the exchange-quoted futures price.

The table below presents assets and liabilities recognised and measured at fair value and classified by level of the following fair value measurement hierarchy:

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

	Note	Level 1 US\$'000	Level 2 US\$'000	Level 3 US\$'000	Total US\$'000
31 December 2023					
<u>Non-financial assets</u>					
Buildings	8	-	-	13,493	13,493
<u>Financial assets</u>					
Financial asset at FVTOCI	6	-	-	8,090	8,090
Financial assets at FVTPL	7	96	-	1,229	1,325
<u>Financial liabilities</u>					
Derivative financial instruments	17(b)	(1)	-	-	(1)
31 December 2022					
<u>Non-financial assets</u>					
Buildings	8	-	-	13,281	13,281
<u>Financial assets</u>					
Financial asset at FVTOCI	6	-	-	9,784	9,784
Financial assets at FVTPL	7	104	-	-	104
Derivative financial instruments	17(a)	-	-	348	348

For fair value movement, refer to Notes 6, 7, 8 and 17 on financial assets at FVOCI, financial assets at FVTPL, buildings, and derivatives financial instruments respectively.

There were no transfers between Level 1, Level 2 and Level 3 of fair value hierarchy during the financial years ended 31 December 2023 and 2022.

Notes to the financial statements for the financial year ended 31 December 2023

39 Fair values measurement of assets and liabilities (Cont'd)

Valuation inputs and relationship to fair value (Level 3)

The following table summarises the quantitative information about the significant unobservable inputs used in the Level 3 fair value measurements.

<u>Description</u>	<u>Significant unobservable inputs</u>	<u>Range of inputs</u>		<u>Relationship of unobservable inputs and fair value</u>
		2023	2022	
Non-financial assets				
Buildings on leasehold land	Adjusted market price (per square metre)	US\$638 - US\$1,867	US\$1,038 - US\$1,970	The higher the adjusted market price, the higher the fair value of the buildings.
Financial assets				
Financial asset at FVTOCI	Enterprise Value to Revenue ("EV/R")	2.16 multiple	Not applicable	Higher the multiple, higher the fair Value 0.1 increase (decrease) in the multiple would (decrease) increase the fair value by US\$621,000.
	Discount for lack of marketability ("DLOM")	16%	Not applicable	Higher the discount rate, lower the fair value. 1% increase (decrease) in the discount would decrease (increase) the fair value by US\$1,254,000.
Financial asset at FVTOCI	Transacted price per share	Not applicable	RMB7.35	Higher the transacted price, higher the fair value. 5% increase (decrease) in the transacted price would decrease (increase) the fair value by US\$489,000.
Derivative financial instruments	Discount for lack of control	Not applicable	22.2%	Higher the discount rate would decrease fair value of call option and increase the fair value of put option; lower the discount rate would increase fair value of call option and decrease the fair value of put option.
	Discount for lack of marketability	Not applicable	10%	Higher the discount rate would decrease fair value of call option and increase the fair value of put option; lower the discount rate would increase fair value of call option and decrease the fair value of put option.
Financial asset at FVTPL	Net surrender value	Higher of US\$1,227,828 and US\$1,229,208	Not applicable	Higher the surrender value, higher the fair value. 5% increase (decrease) in the surrender value would decrease (increase) the fair value by US\$61,000

Notes to the financial statements for the financial year ended 31 December 2023

39 Fair values measurement of assets and liabilities (Cont'd)

There are no significant inter-relationships between unobservable inputs that materially affect fair values in 2023 and 2022.

40 Capital management

The Group's objectives when managing capital are:

- (a) To safeguard the Group's ability to continue as a going concern;
- (b) To support the Group's stability and growth;
- (c) To provide capital for the purpose of strengthening the Group's risk management capability; and
- (d) To provide an adequate return to shareholders.

The Group reviews and manages its equity and debt capital structure to ensure optimal capital management and shareholder returns, taking into consideration the future capital requirements of the Group and capital efficiency, prevailing and projected profitability, projected operating cash flows, projected capital expenditures and projected strategic investment opportunities. The Group and the Company currently do not adopt any formal dividend policy.

The Group manages their equity and debt capital structure and make adjustments to them, whenever necessary, in the light of changes in economic conditions. No changes were made in the objectives, policies or processes during the financial years ended 31 December 2023 and 2022.

Other than as disclosed in Note 22, the Company and its subsidiaries are not subject to any externally imposed capital requirements.

The Group monitors capital using Gearing Ratio, which is total liabilities (excluding income tax liabilities and deferred tax liabilities) divided by total equity.

The Group	31 December 2023 US\$'000	31 December 2022 US\$'000
Total liabilities (A)	30,639	32,123
Total equity (B)	36,136	38,195
Gearing ratio (times) (A)/(B)	0.85	0.84

STATISTICS OF SHAREHOLDINGS AS AT 15 MARCH 2024

Number of shares issued	:	1,281,688,706 ordinary shares
Class of shares	:	Ordinary shares
Voting rights	:	One vote per share
Treasury Shares and Subsidiary Holdings	:	Nil

DISTRIBUTION OF SHAREHOLDINGS

Size of Shareholdings	Number of Shareholders	%	Number of Shares	%
1 - 99	0	0.00	0	0.00
100 - 1,000	741	51.03	715,775	0.06
1,001 - 10,000	268	18.46	1,460,500	0.11
10,001 - 1,000,000	407	28.03	65,679,415	5.12
1,000,001 and above	36	2.48	1,213,833,016	94.71
	<u>1,452</u>	<u>100.00</u>	<u>1,281,688,706</u>	<u>100.00</u>

SUBSTANTIAL SHAREHOLDERS AS AT 15 MARCH 2024

(As recorded in the Register of Substantial Shareholders)

	Direct Interest	%	Deemed Interest	%
Shi Jiangang	-	-	476,811,412 ⁽¹⁾	37.20
Shi Minyuan	476,811,412	37.20	-	-
Jiang Hao	235,200,000	18.35	-	-
Sam Kok Yin	254,746,900	19.88	10,718,000 ⁽²⁾	0.84

Notes:

- ⁽¹⁾ Mr Shi Jiangang, the Executive Chairman of the Company, is deemed to be interested in 476,811,412 Shares held by his daughter, Ms Shi Minyuan.
- ⁽²⁾ Mr Sam Kok Yin is deemed to be interested in Ms Tan Hui Har's shareholdings in the Company as they are spouses. Ms Tan Hui Har holds 10,718,000 Shares.

STATISTICS OF SHAREHOLDINGS AS AT 15 MARCH 2024 (CONT'D)

TWENTY LARGEST SHAREHOLDERS

No.	Name of Shareholders	Number of Shares	%
1.	Phillip Securities Pte Ltd	773,018,312	60.31
2.	Sam Kok Yin (Shen Guoxian)	254,746,900	19.88
3.	UOB Kay Hian Pte Ltd	46,687,700	3.64
4.	OCBC Securities Private Ltd	31,528,904	2.46
5.	Ong Swee Whatt	12,395,900	0.97
6.	Tan Hui Har	10,718,000	0.84
7.	Lum Tain Fore	8,700,000	0.68
8.	Tiger Brokers (Singapore) Pte. Ltd.	7,788,600	0.61
9.	iFast Financial Pte Ltd	6,426,500	0.50
10.	Koh Boon Tong	6,420,000	0.50
11.	Citibank Nominees Singapore Pte Ltd	5,954,900	0.46
12.	DBS Nominees Pte Ltd	5,243,300	0.41
13.	Raffles Nominees (Pte) Limited	3,898,000	0.30
14.	Koh Yong Chai	3,800,000	0.30
15.	Loong Chay Wan	3,266,500	0.25
16.	Thio Seng Tji	2,960,000	0.23
17.	Jacqueline Joelle Ng Su-Yun (Jacqueline Joelle Wu Shuyun)	2,334,900	0.18
18.	United Overseas Bank Nominees Pte Ltd	2,311,000	0.18
19.	Chin Kuen Yoke	1,900,000	0.15
20.	Tay Twan Lee	1,899,900	0.15
	Total	1,191,999,316	93.00

PERCENTAGE OF SHAREHOLDING IN PUBLIC'S HANDS

As at 15 March 2024, approximately 23.74% of the issued ordinary shares of the Company is held in the hands of the public as defined in the Listing Manual Section B: Rules of Catalist of the Singapore Exchange Securities Trading Limited (the "Catalist Rules"). Accordingly, Rule 723 of the Catalist Rules is complied with.

NOTICE OF ANNUAL GENERAL MEETING

ABUNDANCE INTERNATIONAL LIMITED
(Incorporated in Singapore with limited liability)
(Co. Reg. No: 197501572K)

NOTICE IS HEREBY GIVEN that the Annual General Meeting (“**AGM**”) of ABUNDANCE INTERNATIONAL LIMITED (the “**Company**”) will be convened and held at 9 Joo Koon Circle, Singapore 629041 on Wednesday, 24 April 2024 at 10.00 a.m. for the purpose of transacting the following businesses as set out below.

This Notice has been made available on SGXNet and the Company’s website at the URL <https://abundance.com.sg/web/AGM>.

AS ORDINARY BUSINESS

1. To receive and adopt the Directors’ Statement and the Audited Financial Statements of the Company for the financial year ended 31 December 2023 together with the Auditors’ Report thereon.

(Resolution 1)

2. To re-elect the following Director retiring pursuant to Rule 720(4) of Section B of the Listing Rules of the Singapore Exchange Securities Trading Limited:

Mr Sam Kok Yin

(Resolution 2)

Mr Sam Kok Yin, upon re-election as a Director of the Company, will remain as the Managing Director of the Company.

3. To re-elect the following Directors retiring pursuant to Regulation 97 of the Company’s Constitution:

Ms Lai Chin Yee

(Resolution 3)

Mr Lum Tain Fore

(Resolution 4)

Mr Ong Soon Teik

(Resolution 5)

Ms Lai Chin Yee, upon re-election as Director of the Company, will remain as an Independent Director, the Chairman of the Audit Committee and a member of the Remuneration Committee and the Nominating Committee.

Mr Lum Tain Fore, upon re-election as Director of the Company, will remain as an Independent Director, the Chairman of the Remuneration Committee and a member of the Audit Committee and the Nominating Committee.

Mr Ong Soon Teik, upon re-election as Director of the Company, will remain as an Independent Director, the Chairman of the Nominating Committee and a member of the Audit Committee and the Remuneration Committee.

4. To approve the payment of Directors’ fees of S\$99,000 for the period ended 31 December 2023 (FY2022: S\$99,000).

(Resolution 6)

5. To re-appoint Foo Kon Tan LLP as the Company’s Auditors and to authorise the Directors to fix their remuneration.

(Resolution 7)

6. To transact any other ordinary business which may be transacted at an AGM.

AS SPECIAL BUSINESS

To consider and if thought fit, to pass the following resolutions as an Ordinary Resolution:

7. SHARE ISSUE MANDATE

That pursuant to Section 161 of the Companies Act 1967 (the “**Act**”) and Rule 806 of the Catalist Rules of the Singapore Exchange Securities Trading Limited (“**SGX-ST**”), authority be given to the Directors of the Company to issue shares (“**Shares**”) whether by way of rights, bonus or otherwise, and/or make or grant offers, agreements or options (collectively, “**Instruments**”) that might or would require Shares to be issued, including but not limited to the creation and issue of (as well as adjustments to) warrants, debentures or other instruments convertible into Shares at any time and upon such terms and conditions and to such persons as the Directors may, in their absolute discretion, deem fit provided that:

- (a) the aggregate number of Shares (including Shares to be issued in pursuance of Instruments made or granted pursuant to this Resolution) does not exceed hundred percent (100%) of the total number of issued shares (excluding treasury shares and subsidiary holdings) (as calculated in accordance with sub-paragraph (b) below) in the capital of the Company at the time of the passing of this Resolution, of which the aggregate number of Shares and convertible securities to be issued other than on a pro rata basis to all existing shareholders of the Company (including Shares to be issued in pursuance of Instruments made or granted pursuant to this Resolution) shall not exceed fifty percent (50%) of the total number of issued shares (excluding treasury shares and subsidiary holdings) in the capital of the Company (as calculated in accordance with sub-paragraph (b) below);
- (b) (subject to such manner of calculation and adjustments as may be prescribed by the SGX-ST) for the purpose of determining the aggregate number of Shares that may be issued under sub-paragraph (a) above, the total number of issued Shares (excluding treasury shares and subsidiary holdings) shall be based on the total number of issued Shares (excluding treasury shares and subsidiary holdings) of the Company as at the date of the passing of this Resolution, after adjusting for:
 - (i) new shares arising from the conversion or exercise of convertible securities;
 - (ii) new shares arising from exercising share options or vesting of Share awards, provided the options or awards granted were granted in compliance with Part VIII of Chapter 8 of the Catalist Rules; and
 - (iii) any subsequent bonus issue, consolidation or subdivision of shares,

and in sub-paragraph (a) above and this sub-paragraph (b), “subsidiary holdings” has the meaning given to it in the Listing Manual of the SGX-ST, Section B: Rules of Catalist.

Adjustments in accordance with (b)(i) or (b)(ii) above are only to be made in respect of new shares arising from convertible securities, share options or Share awards which were issued and outstanding or subsisting at the time this Resolution is passed; and

- (c) and that such authority shall, unless revoked or varied by the Company in general meeting, continue in force (i) until the conclusion of the Company’s next AGM or the date by which the next AGM of the Company is required by law to be held, whichever is earlier or (ii) in the case of shares to be issued in accordance with the terms of convertible securities issued, made or granted pursuant to this Resolution, until the issuance of such shares in accordance with the terms of such convertible securities.

[See Explanatory Note (i)]

(Resolution 8)

By Order of the Board

Ong Beng Hong/Tan Swee Gek
Company Secretaries
Singapore, 9 April 2024

Explanatory Notes on Resolutions to be passed:

- (i) The Ordinary Resolution 8 proposed in item 7 above, if passed, will empower the Directors from the date of the above Meeting until the date of the next AGM, to allot and issue Shares and convertible securities in the Company up to an amount not exceeding one hundred percent (100%) of the total number of issued shares (excluding treasury shares and subsidiary holdings) in the capital of the Company, of which up to fifty percent (50%) may be issued other than on a pro rata basis.

Notes:

1. The AGM will be held in a wholly physical format, at 9 Joo Koon Circle, Singapore 629041 on Wednesday, 24 April 2024 at 10.00 a.m. There will be no option for shareholders to participate virtually. This Notice of AGM and the Proxy Form may be accessed at the Company's website at the URL <https://abundance.com.sg/AGM> and has also been made available on SGXNet.
2. In addition to asking questions at the AGM, members may also submit questions related to the resolutions to be tabled for approval at the AGM. To do so, all questions must be submitted by 10.00 a.m. on 16 April 2024:
 - (a) in hard copy by sending by post and lodging the same at the Registered Office of the Company at 9 Joo Koon Circle Singapore 629041; or
 - (b) by email to peishan@abundance.com.sg.

Members will need to identify themselves when posing questions by email or by mail by providing the following details:

- (a) the member's full name as it appears on his/her/its CDP/CPF share records;
- (b) the member's NRIC/Passport/UEN number;
- (c) the member's contact number and email address; and
- (d) the manner in which the member holds his/her/its shares in the Company (e.g. via CDP or CPF).

The Company will not be able to answer questions from persons who provide insufficient details to enable the Company to verify his/her/its shareholder status.

The Company will endeavour to address all substantial and relevant questions relating to the resolutions to be tabled for approval at the AGM as received from Shareholders by publishing the responses to such questions on the Company's website at the URL <https://abundance.com.sg/AGM> and SGXNet prior to the AGM by 18 April 2024. The Company will also address any subsequent clarifications sought, or follow-up questions, prior to, or at, the AGM in respect of substantial and relevant matters.

3.
 - (a) A member who is not a relevant intermediary is entitled to appoint not more than two proxies. Where such member's instrument appointing a proxy(ies) appoints more than one proxy, the proportion of the shareholding concerned to be represented by each proxy shall be specified in the instrument.
 - (b) A member who is a relevant intermediary is entitled to appoint more than two proxies, but each proxy must be appointed to exercise the rights attached to a different share or shares held by such member. Where such member's instrument appointing a proxy(ies) appoints more than two proxies, the number and class of shares in relation to which each proxy has been appointed shall be specified in the instrument. Where the number and class of shares in relation to each proxy is not specified, it will be assumed that each proxy is appointed in relation to an equal number of shares divided amongst the proxies.

"Relevant intermediary" means:

- (a) a banking corporation licensed under the Banking Act 1970 or a wholly-owned subsidiary of such a banking corporation, whose business includes the provision of nominee services and who holds shares in that capacity;
- (b) a person holding a capital markets services licence to provide custodial services for securities under the Securities and Futures Act 2001 and who holds shares in that capacity; or
- (c) the Central Provident Fund Board established by the Central Provident Fund Act 1953, in respect of shares purchased under the subsidiary legislation made under that Act providing for the making of investments from the contributions and interest standing to the credit of members of the Central Provident Fund, if the Board holds those shares in the capacity of an intermediary pursuant to or in accordance with that subsidiary legislation.

4. A proxy need not be a member of the Company.
5. Where the instrument appointing the proxy(ies) is signed or, as the case may be, authorised on behalf of the appointer by an attorney, the letter or power of attorney or other authority, if any, or a duly certified copy thereof shall (failing previous registration with the Company), if required by law, be stamped and:
 - (a) if sent by post, be deposited at the Registered Office of the Company at 9 Joo Koon Circle Singapore 629041; or
 - (b) if submitted by email, be received by the Company at peishan@abundance.com.sg,in either case, by 10.00 a.m. on 21 April 2024 (not less than 72 hours before the time for holding the AGM) and in default the instrument of proxy shall not be treated as valid.

A member who wishes to submit an instrument of proxy must first download, complete and sign the proxy form, before submitting it by post to the address provided above, or before scanning and sending it by email to the email address provided above.
6. The instrument appointing a proxy(ies) must be signed by the appointor or his attorney duly authorised in writing. Where the instrument appointing a proxy(ies) is executed by a corporation, it must be either under its common seal or signed on its behalf by a duly authorised officer or attorney.
7. In the case of a member whose shares are entered against his/her/its name in the Depository Register, the Company may reject any instrument appointing a proxy(ies) lodged if such member, being the appointor, is not shown to have shares entered against his/her/its name in the Depository Register as at 72 hours before the time appointed for holding the AGM as certified by the The Central Depository (Pte) Limited to the Company.
8. Persons who hold shares through Relevant intermediaries by (a) voting at the AGM if they are appointed as proxies by their respective CPF Agent Banks or SRS Operators; or (b) appointing the Chairman of the AGM as proxy to vote on their behalf at the AGM, should contact the relevant intermediary (which would include, in the case of CPF and SRS investors, their respective CPF Agent Banks and SRS Operators) through which they hold such shares as soon as possible in order to facilitate the necessary arrangements for them to participate in the AGM. CPF or SRS investors who wish to appoint the Chairman of the AGM as proxy should approach their respective CPF Agent Banks or SRS Operators to submit their votes at least seven (7) working days before the AGM (i.e., by 5.00 p.m. on 12 April 2024).
9. The Annual Report for the financial year ended 31 December 2023 may be accessed at the Company's website at the URL <https://abundance.com.sg/AR>, under "Abundance Annual Report 2023". The Annual Report has also been made available on SGXNet. Shareholders may request for printed copies of the Annual Report by submitting the request via email to peishan@abundance.com.sg no later than 16 April 2024, and indicate in the same email their name, identification number and mailing address.

Personal Data Privacy:

By attending the AGM and/or any adjournment thereof or submitting an instrument appointing a proxy(ies) to attend, speak and vote at the AGM and/or any adjournment thereof or submitting any details of the proxy(ies) and/or representative(s) in connection with the AGM, a member of the Company (i) consents to the collection, use and disclosure of the member's personal data by the Company (or its agents or service providers) for the purpose of the processing, administration and analysis by the Company (or its agents or service providers) of proxy(ies) and/or representative(s) appointed for the AGM (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the AGM (including any adjournment thereof), and in order for the Company (or its agents or service providers) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the "**Purposes**"), (ii) warrants that where the member discloses the personal data of the member's proxy(ies) and/or representative(s) to the Company (or its agents or service providers), the member has obtained the prior consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by the Company (or its agents or service providers) of the personal data of such proxy(ies) and/or representative(s) for the Purposes, and (iii) agrees that the member will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the member's breach of warranty.

ADDITIONAL INFORMATION ON DIRECTORS SEEKING RE-ELECTION

Mr Sam Kok Yin, Ms Lai Chin Yee, Mr Lum Tain Fore and Mr Ong Soon Teik are the Directors seeking re-election at the forthcoming annual general meeting of the Company to be convened on 24 April 2024 (“AGM”) (collectively, the “Retiring Directors” and each a “Retiring Director”).

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

	Mr Sam Kok Yin	Mr Ong Soon Teik
Date of Appointment	25 September 2014	1 February 2024
Date of last re-appointment	27 April 2021	Not applicable
Age	48	64
Country of principal residence	Singapore	Singapore
The Board’s comments on this appointment (including rationale, selection criteria, and the search and nomination process)	The Board, having considered the recommendation of the Nominating Committee and having reviewed and assessed Mr Sam Kok Yin’s qualifications and experience, is of the view that he has the requisite experience and capabilities to assume the duties and responsibilities as an Executive Director.	The Board, having considered the recommendation of the Nominating Committee and having reviewed and assessed Mr Ong Soon Teik’s qualifications and experience, is of the view that he has the requisite experience and capabilities to assume the duties and responsibilities as an Independent Director.
Whether appointment is executive, and if so, the area of responsibility	Executive. Mr Sam Kok Yin is the managing director of the Company.	Non-Executive
Job Title (e.g. Lead ID, AC Chairman, AC Member etc.)	Managing Director	Independent Director Chairman of Nominating Committee Member of the Audit Committee Member of the Remuneration Committee
Professional qualifications	Bachelor of Laws	<ul style="list-style-type: none"> • Chartered Accountant, (Singapore) • Certified Public Accountant, (Australia) • Chartered Financial Analyst, (CFA Institute, USA) • Master of Applied Finance (Macquarie University) • Master of Accounting (Curtin University)

	Mr Sam Kok Yin	Mr Ong Soon Teik
		<ul style="list-style-type: none"> Bachelor of Soc. Sc. (Hons. 2nd Upper), National University of Singapore LLB (Hons), University of London (Bachelor of Laws Degree)
Working experience and occupation(s) during the past 10 years	Mr Sam Kok Yin was a practicing Advocate and Solicitor from 2001 to 2007, and subsequently from 2009 to July 2010. From February 2011 to December 2011, Mr Sam Kok Yin was the Deputy Chairman and chief executive officer of Sun East Group Limited, a company listed on the mainboard of the SGX-ST. Mr Sam has been involved in various listings, merger and acquisitions, white knight rescues and other corporate exercises.	Jan 2014 – present: Engaged as a corporate finance free-lance consultant to financially restructure a Canadian-owned aluminium business based in the middle east for the purpose of an IPO on the SGX; advise on acquisition and fund-raising strategies for a SGX-listed company; and advise a Malaysian listed companies on spinning-off its subsidiary for a listing on SGX. Currently advising companies on an ad hoc basis.
Shareholding interest in the listed issuer and its subsidiaries	<p>Shares</p> <p>Direct Interest: 254,746,900 shares</p> <p>In-direct Interest: 10,718,000 shares</p>	No
Any relationship (including immediate family relationships with any existing director, existing executive officer, the issuer and/or substantial shareholder of the listed issuer or of any of its principal subsidiaries	No	No
Conflict of Interest (including any competing business)	No	No
Undertaking (in the format set out in Appendix 7H) under Rule 720(1) has been submitted to the listed issuer	Yes	Yes
Other Principal Commitments Including Directorships		
Past (for the last 5 years)	Gem Accounting Pte. Ltd. T3 Resources Pte Ltd	Victoria Limited, non-executive director

	Mr Sam Kok Yin	Mr Ong Soon Teik
Present	<u>Abundance Group subsidiaries:</u> - Abundance Investments Pte. Ltd. - Abundance Resources Pte. Ltd. - Orient-Salt Chemicals Pte. Ltd. CBH Resources Pte. Ltd. CBH Tyres and Batteries Pte. Ltd. Emfore Capital Partners Pte Ltd Gem Corp Services Pte. Ltd.	OKH Global Ltd.
Disclose the following matters concerning an appointment of director, chief executive officer, chief financial officer, chief operating officer, general manager or other officer of equivalent rank. If the answer to any question is “yes”, full details must be given.		
(a) Whether at any time during the last 10 years, an application or a petition under any bankruptcy law of any jurisdiction was filed against him or against a partnership of which he was a partner at the time when he was a partner or at any time within 2 years from the date he ceased to be a partner?	No	No
(b) Whether at any time during the last 10 years, an application or a petition under any law of any jurisdiction was filed against an entity (not being a partnership) of which he was a director or an equivalent person or a key executive, at the time when he was a director or an equivalent person or a key executive of that entity or at any time within 2 years from the date he ceased to be a director or an equivalent person or a key executive of that entity, for the winding up or dissolution of that entity or, where that entity is the trustee of a business trust, that business trust, on the ground of insolvency?	No	No

	Mr Sam Kok Yin	Mr Ong Soon Teik
(c) Whether there is any unsatisfied judgment against him?	No	No
(d) Whether he has ever been convicted of any offence, in Singapore or elsewhere, involving fraud or dishonesty which is punishable with imprisonment, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he is aware) for such purpose?	No	No
(e) Whether he has ever been convicted of any offence, in Singapore or elsewhere, involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he is aware) for such breach?	No	No
(f) Whether at any time during the last 10 years, judgment has been entered against him in any civil proceedings in Singapore or elsewhere involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or a finding of fraud, misrepresentation or dishonesty on his part, or he has been the subject of any civil proceedings (including any pending civil proceedings of which he is aware) involving an allegation of fraud, misrepresentation or dishonesty on his part?	No	No

	Mr Sam Kok Yin	Mr Ong Soon Teik
(g) Whether he has ever been convicted in Singapore or elsewhere of any offence in connection with the formation or management of any entity or business trust?	No	No
(h) Whether he has ever been disqualified from acting as a director or an equivalent person of any entity (including the trustee of a business trust), or from taking part directly or indirectly in the management of any entity or business trust?	No	No
(i) Whether he has ever been the subject of any order, judgment or ruling of any court, tribunal or governmental body, permanently or temporarily enjoining him from engaging in any type of business practice or activity?	No	No
(j) Whether he has ever, to his knowledge, been concerned with the management or conduct, in Singapore or elsewhere, of the affairs of: <ul style="list-style-type: none"> (i) any corporation which has been investigated for a breach of any law or regulatory requirement governing corporations in Singapore or elsewhere; or (ii) any entity (not being a corporation) which has been investigated for a breach of any law or regulatory requirement governing such entities in Singapore or elsewhere; or (iii) any business trust which has been investigated for a breach of any law or regulatory requirement 	No	No

	Mr Sam Kok Yin	Mr Ong Soon Teik
<p>governing business trusts in Singapore or elsewhere; or</p> <p>(iv) any entity or business trust which has been investigated for a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere in connection with any matter occurring or arising during that period when he was so concerned with the entity or business trust?</p>		
<p>(k) Whether he has been the subject of any current or past investigation or disciplinary proceedings, or has been reprimanded or issued any warning, by the Monetary Authority of Singapore or any other regulatory authority, exchange, professional body or government agency, whether in Singapore or elsewhere?</p>	No	No
<p>Disclosure applicable to the appointment of Director only</p>		
<p>Any prior experience as a director of a listed company?</p> <p>If yes, please provide details of prior experience.</p> <p>If no, please state if the director has attended or will be attending training on the roles and responsibilities of a director of a listed issuer as prescribed by the Exchange.</p> <p>Please provide details of relevant experience and the nominating committee's reasons for not requiring the director to undergo training as prescribed by the Exchange (if applicable).</p>	<p>N/A as Mr Sam Kok Yin is a Retiring Director seeking re-election</p>	<p>N/A as Mr Ong Soon Teik is a Retiring Director seeking re-election</p>

	Ms Lai Chin Yee	Mr Lum Tain Fore
Date of Appointment	1 February 2024	1 February 2024
Date of last re-appointment	Not applicable	Not applicable
Age	58	70
Country of principal residence	Singapore	Singapore
The Board's comments on this appointment (including rationale, selection criteria, and the search and nomination process)	The Board, having considered the recommendation of the Nominating Committee and having reviewed and assessed Ms Lai Chin Yee's qualifications and experience, is of the view that she has the requisite experience and capabilities to assume the duties and responsibilities as the Lead Independent Director.	The Board, having considered the recommendation of the Nominating Committee and having reviewed and assessed Mr Lum Tain Fore's qualifications and experience, is of the view that he has the requisite experience and capabilities to assume the duties and responsibilities as an Independent Director.
Whether appointment is executive, and if so, the area of responsibility	Non-Executive	Non-Executive
Job Title (e.g. Lead ID, AC Chairman, AC Member etc.)	Lead Independent Director Chairman of the Audit Committee Member of the Nominating Committee Member of the Remuneration Committee	Independent Director Chairman of Remuneration Committee Member of Audit Committee Member of Nominating Committee
Professional qualifications	<ul style="list-style-type: none"> • Bachelor's degree in Accountancy, National University of Singapore • Fellow Chartered Accountant (FCA) of the Institute of Singapore Chartered Accountants (ISCA) • Member of the Singapore Institute of Directors (SID) 	<ul style="list-style-type: none"> • MBA from London Business School • BSC (Hons) in Naval Architecture & Shipbuilding from Newcastle University, United Kingdom

	Ms Lai Chin Yee	Mr Lum Tain Fore
Working experience and occupation(s) during the past 10 years	<ul style="list-style-type: none"> • May 2000 – November 2004: Financial Controller of Qian Hu Corporation Limited (“QHCL”) • November 2004 – present: Finance Director of QHCL • July 2001 – present: Company Secretary of QHCL 	<ul style="list-style-type: none"> • December 2021 to present: Corona Asset Management Pte Ltd (previously known as EGVI Capital Pte Ltd) – Executive Director • April 2020 to May 2021: Nextpower III Singapore Holdco Pte Ltd – Executive Director • April 2020 to May 2021: Nextpower III Singapore TopCo Pte Ltd – Executive Director • November 2018 to January 2021: EGVI Capital Pte Ltd (n.k.a. Corona Asset Management Pte Ltd) – Executive Director • August 2012 to July 2017: Emfore Capital Partners Pte Ltd – Executive Director • April 2008 to July 2012: Emfore Capital Partners Pte Ltd – Executive Director and CEO
Shareholding interest in the listed issuer and its subsidiaries	No	8,700,000 shares in Abundance International Ltd
Any relationship (including immediate family relationships with any existing director, existing executive officer, the issuer and/or substantial shareholder of the listed issuer or of any of its principal subsidiaries	No	Mr Lum is a shareholder of the Company. Mr Lum is also a director and shareholder of Emfore Capital Partners Pte Ltd, a company in which Mr Sam Kok Yin, the Managing Director of the Company, is also a director and shareholder. Notwithstanding the above, the Nominating Committee is of the opinion that Mr Lum is an independent director.
Conflict of Interest (including any competing business)	No	No
Undertaking (in the format set out in Appendix 7H) under Rule 720(1) has been submitted to the listed issuer	Yes	Yes

	Ms Lai Chin Yee	Mr Lum Tain Fore
Other Principal Commitments Including Directorships		
Past (for the last 5 years)	Ryobi Kiso Holdings Ltd Qian Hu Corporation Limited Accounting and Corporate Regulatory Authority	Nextpower III Singapore Holdco Pte Ltd Nextpower III Singapore TopCo Pte Ltd EGVI Capital Pte Ltd (n.k.a. Corona Asset Management Pte Ltd) Analytix-Online Pte Ltd AGI.LI Pte Ltd Analytix-Online Pte Ltd
Present	Micro-Mechanics (Holdings) Ltd. Institute of Singapore Chartered Accountants Chua Chu Kang Town Council Singapore Paincare Holdings Limited Livingpath Private Limited	Corona Asset Management Pte Ltd (previously known as EGVI Capital Pte Ltd) Emfore Capital Partners Pte Ltd Fuseq Pte Ltd 3DSense Media School
Disclose the following matters concerning an appointment of director, chief executive officer, chief financial officer, chief operating officer, general manager or other officer of equivalent rank. If the answer to any question is “yes”, full details must be given.		
(a) Whether at any time during the last 10 years, an application or a petition under any bankruptcy law of any jurisdiction was filed against him/her or against a partnership of which he/she was a partner at the time when he/she was a partner or at any time within 2 years from the date he/she ceased to be a partner?	No	No

	Ms Lai Chin Yee	Mr Lum Tain Fore
(b) Whether at any time during the last 10 years, an application or a petition under any law of any jurisdiction was filed against an entity (not being a partnership) of which he/she was a director or an equivalent person or a key executive, at the time when he/she was a director or an equivalent person or a key executive of that entity or at any time within 2 years from the date he/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?	<p>Yes.</p> <p>Ms Lai was the independent director of Ryobi Kiso Holdings Ltd. (“RKH”) which was placed under judicial management in May 2019. Ms Lai, together with all the independent directors of RKH, stepped down as its independent director following the judicial management orders made on RKH, where all powers conferred and duties imposed on the directors by the Companies Act of Singapore or the Constitution of the company shall be exercised or performed by the judicial managers.</p> <p>As an independent director of RKH, Ms Lai was not involved in the day-to-day operation of RKH.</p>	No
(c) Whether there is any unsatisfied judgment against him/her?	No	No
(d) Whether he/she has ever been convicted of any offence, in Singapore or elsewhere, involving fraud or dishonesty which is punishable with imprisonment, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he/she is aware) for such purpose?	No	No
(e) Whether he/she has ever been convicted of any offence, in Singapore or elsewhere, involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or has been the subject of any criminal proceedings (including any	No	No

	Ms Lai Chin Yee	Mr Lum Tain Fore
pending criminal proceedings of which he/she is aware) for such breach?		
(f) Whether at any time during the last 10 years, judgment has been entered against him/her in any civil proceedings in Singapore or elsewhere involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or a finding of fraud, misrepresentation or dishonesty on his/her part, or he/she has been the subject of any civil proceedings (including any pending civil proceedings of which he/she is aware) involving an allegation of fraud, misrepresentation or dishonesty on his/her part?	No	No
(g) Whether he/she has ever been convicted in Singapore or elsewhere of any offence in connection with the formation or management of any entity or business trust?	No	No
(h) Whether he/she has ever been disqualified from acting as a director or an equivalent person of any entity (including the trustee of a business trust), or from taking part directly or indirectly in the management of any entity or business trust?	No	No
(i) Whether he/she has ever been the subject of any order, judgment or ruling of any court, tribunal or governmental body, permanently or temporarily enjoining him/her from engaging in any type of business practice or activity?	No	No

	Ms Lai Chin Yee	Mr Lum Tain Fore
<p>(j) Whether he/she has ever, to his/her knowledge, been concerned with the management or conduct, in Singapore or elsewhere, of the affairs of:</p> <p>(i) any corporation which has been investigated for a breach of any law or regulatory requirement governing corporations in Singapore or elsewhere; or</p> <p>(ii) any entity (not being a corporation) which has been investigated for a breach of any law or regulatory requirement governing such entities in Singapore or elsewhere; or</p> <p>any business trust which has been investigated for a breach of any law or regulatory requirement governing business trusts in Singapore or elsewhere; or</p> <p>(iii) any entity or business trust which has been investigated for a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere in connection with any matter occurring or arising during that period when he/she was so concerned with the entity or business trust?</p>	No	No

	Ms Lai Chin Yee	Mr Lum Tain Fore
(k) Whether he/she has been the subject of any current or past investigation or disciplinary proceedings, or has been reprimanded or issued any warning, by the Monetary Authority of Singapore or any other regulatory authority, exchange, professional body or government agency, whether in Singapore or elsewhere?	No	No
Disclosure applicable to the appointment of Director only		
<p>Any prior experience as a director of a listed company?</p> <p>If yes, please provide details of prior experience.</p> <p>If no, please state if the director has attended or will be attending training on the roles and responsibilities of a director of a listed issuer as prescribed by the Exchange.</p> <p>Please provide details of relevant experience and the nominating committee's reasons for not requiring the director to undergo training as prescribed by the Exchange (if applicable).</p>	N/A as Ms Lai Chin Yee is a Retiring Director seeking re-election	N/A as Mr Lum Tain Fore is a Retiring Director seeking re-election

PROXY FORM

(Please see notes overleaf before completing this Form)

ABUNDANCE INTERNATIONAL LIMITED

(Incorporated in Singapore with limited liability)

(Co. Reg. No: 197501572K)

This form of proxy has been made available on SGXNet and the Company's website at the URL <https://abundance.com.sg/AGM>.

IMPORTANT:

1. This Proxy Form is not valid for use by CPF/SRS investors and shall be ineffective for all intents and purposes if used or purported to be used by them. CPF investors who wish to vote should contact their CPF Approved Nominees.
2. CPF/SRS investors who wish to vote should contact their CPF Agent Banks or SRS Operators to submit their votes by 5.00 p.m. on 12 April 2024.
3. Relevant intermediaries (as defined in Section 181 of the Companies Act 1967 may appoint more than two (2) proxies to attend, speak, and vote at the Annual General Meeting.

*I/We, _____ (Name) _____ (NRIC/PP/UEN No.)
of _____ (Address)
being a member/members of **ABUNDANCE INTERNATIONAL LIMITED** (the "Company"), hereby appoint:

Name	Address	NRIC/Passport Number	Proportion of Shareholdings	
			No. of Shares	%
and/or failing him/her (delete as appropriate):				

or, the Chairman of the Annual General Meeting, as my/our proxy to attend, speak and to vote for me/us on my/our behalf at the Annual General Meeting of the Company to be convened and held at 9 Joo Koon Circle, Singapore 629041 on 24 April 2024 at 10.00 a.m. and at any adjournment thereof.

I/We direct my/our proxy(ies) to vote for or against the Resolutions, or to abstain from voting on the Resolutions, to be proposed at the Annual General Meeting as indicated hereunder.

(Voting will be conducted by poll. If you wish for your proxy(ies) to exercise all your votes "For" or "Against" a resolution, please indicate your vote "For" or "Against" with "X" within the box provided. Alternatively, please indicate the number of votes as appropriate. If you wish for your proxy(ies) to abstain from voting on the resolutions, please indicate with "X" in the "Abstain" box provided. In the absence of specific directions, the proxy(ies) will vote or abstain from voting at his/her discretion.)

No.	Resolutions relating to:	For	Against	Abstain
1	Directors' Statement and Audited Financial Statements for the financial year ended 31 December 2023			
2	Re-election of Mr Sam Kok Yin as a Director			
3	Re-election of Ms Lai Chin Yee as a Director			
4	Re-election of Mr Lum Tain Fore as a Director			
5	Re-election of Mr Ong Soon Teik as a Director			
6	Approval of Directors' fees amounting to S\$99,000 for the financial year ended 31 December 2023			
7	Re-appointment of Foo Kon Tan LLP as Auditors			
8	Authority to allot and issue new shares			

*Delete where inapplicable

Dated this _____ day of April 2024

Total number of Shares in:	No. of Shares
(a) CDP Register	
(b) Register of Members	

Signature of Shareholder(s)/
and, Common Seal of Corporate Shareholder

Notes:

1.
 - (a) A member who is not a relevant intermediary (as defined in Section 181 of the Companies Act 1967) is entitled to appoint not more than two proxies. Where such member's instrument appointing a proxy(ies) appoints more than one proxy, the proportion of the shareholding concerned to be represented by each proxy shall be specified in the Proxy Form. If no proportion is specified, the Company shall be entitled to treat the first named proxy as representing the entire number of shares entered against his name in the Depository Register and any second named proxy as alternate to the first named proxy.
 - (b) A member who is a relevant intermediary is entitled to appoint more than two proxies, but each proxy must be appointed to exercise the rights attached to a different share or shares held by such member. Where such member's instrument appointing a proxy(ies) appoints more than two proxies, the number and class of shares in relation to which each proxy has been appointed shall be specified in the instrument. Where the number and class of shares in relation to each proxy is not specified, it will be assumed that each proxy is appointed in relation to an equal number of shares divided amongst the proxies.
2. Please insert the total number of Shares held by you. If you have Shares entered against your name in the Depository Register (as defined in Section 81SF of the Securities and Futures Act 2001), you should insert that number of Shares. If you have Shares registered in your name in the Register of Members, you should insert that number of Shares. If you have Shares entered against your name in the Depository Register and Shares registered in your name in the Register of Members, you should insert the aggregate number of Shares entered against your name in the Depository Register and registered in your name in the Register of Members. If no number is inserted, the instrument appointing a proxy shall be deemed to relate to all the Shares held by you.
3. A proxy need not be a member of the Company.
4. The instrument appointing a proxy must:
 - (a) if sent by post, be deposited at the registered office of the Company at 9 Joo Koon Circle, Singapore 629041; or
 - (b) if submitted by email, be received by the Company at peishan@abundance.com.sg.in either case by 10.00 a.m. on 21 April 2024 (not less than 72 hours before the time appointed for the Annual General Meeting), and in default the instrument of proxy shall not be treated as valid.

A member who wishes to submit an instrument of proxy must first download, complete and sign the proxy form, before submitting it by post to the address provided above, or before scanning and sending it by email to the email address provided above.
5. If sent by post, the instrument appointing a proxy(ies) of an individual must be under the hand of the appointor or of his/her attorney duly authorised in writing and the instrument appointing a proxy(ies) of a corporation must be executed either under its seal or under the hand of an officer or attorney duly authorised.
6. Where the instrument appointing a proxy(ies) is submitted by email, it must be authorised in the following manner:
 - (a) by way of the affixation of an electronic signature by the appointor or his/her duly authorised attorney or, as the case may be, an officer or duly authorised attorney of a corporation; or
 - (b) by way of the appointor or his duly authorised attorney or, as the case may be, an officer or duly authorised attorney of a corporation signing the instrument under hand and submitting a scanned copy of the signed instrument by email.
7. Where the instrument appointing a proxy(ies) is signed or, as the case may be, authorised on behalf of the appointor by an attorney, the letter or power of attorney or a duly certified copy thereof must (failing previous registration with the Company) be lodged with the instrument appointing a proxy(ies), failing which the instrument may be treated as invalid.

General:

The Company shall be entitled to reject the Proxy Form if it is incomplete, improperly completed or illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified in the Proxy Form. In addition, in the case of Shares entered in the Depository Register, the Company may reject any Proxy Form lodged if the member, being the appointor, is not shown to have Shares entered against his name in the Depository Register as at 72 hours before the time appointed for holding the Meeting, as certified by The Central Depository (Pte) Limited to the Company.

Personal Data Privacy:

By attending the Meeting and/or any adjournment thereof or submitting an instrument appointing a proxy, the member accepts and agrees to the personal data privacy terms set out in the Notice of Annual General Meeting.



ABUNDANCE INTERNATIONAL LIMITED

(Company Registration Number 197501572K)

9 Joo Koon Circle, Singapore 629041

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