



LMS Compliance Ltd

(Company Registration No.: 202225544C)

Annual Report 2023



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This annual report has been prepared by the Company and its contents have been reviewed by the Company's sponsor, ZICO Capital Pte. Ltd. (the "Sponsor") in accordance with Rule 226(2)(b) of the Singapore Exchange Securities Trading Limited ("SGX-ST") Listing Manual Section B: Rules of Catalyst. This annual report has not been examined or approved by the SGX-ST and the SGX-ST assumes no responsibility for the contents of this annual report including the correctness of any of the statements or opinions made or reports contained in this annual report. The contact person for the Sponsor is Mr. Alex Tan, Chief Executive Officer, ZICO Capital Pte. Ltd. at 77 Robinson Road, #06-03, Robinson 77, Singapore 068896, telephone (65) 6636 4201.



CORPORATE INFORMATION

BOARD OF DIRECTORS

Datuk Fadilah Binti Baharin
Independent Non-Executive Chairman

Dr. Ooi Shu Geok
Executive Director and Chief Executive Officer

Tan Sri Dato' (Dr.) Wee Hoe Soon @ Gooi Hoe Soon
Independent Non-Executive Director

Dr. Chong Juin Kuan
Non-Independent Non-Executive Director

Mr. Ong Beng Chye
Independent Non-Executive Director

Ms. Wong Wan Chin
Independent Non-Executive Director

Ms. Chong Moi Me
Executive Director and Chief Development Officer

AUDIT COMMITTEE

Mr. Ong Beng Chye (Chairman)
Tan Sri Dato' (Dr.) Wee Hoe Soon @ Gooi Hoe Soon
Dr. Chong Juin Kuan
Datuk Fadilah Binti Baharin

COMPANY SECRETARY

Mr. Chua Kern

NOMINATING COMMITTEE

Tan Sri Dato' (Dr.) Wee Hoe Soon @ Gooi Hoe Soon (Chairman)
Mr. Ong Beng Chye
Ms. Wong Wan Chin

REGISTERED OFFICE

138 Robinson Road
#26-03 Oxley Tower
Singapore 068906
Email: ir@lmscompliance.com
Website: <https://www.lmscompliance.com>

REMUNERATION COMMITTEE

Ms. Wong Wan Chin (Chairman)
Mr. Ong Beng Chye
Datuk Fadilah Binti Baharin

PRINCIPAL PLACE OF BUSINESS

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SPONSOR

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77 Robinson Road
#06-03 Robinson 77
Singapore 068896



AUDITOR

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Singapore 188778



SHARE REGISTRAR

B.A.C.S. Private Limited
77 Robinson Road
#06-03 Robinson 77
Singapore 068896



Mr. Yeo Siok Yong
Partner-in-charge
(a member of the Institute of Singapore Chartered Accountants)
Appointed since financial year ended 31 December 2022



OUR STORY

Since its founding in 2006 by Dr. Ooi Shu Geok and Ms. Chong Moi Me, LMS Compliance Ltd. (the "**Company**", and together with its subsidiaries, the "**Group**" or "**LMS Compliance**") has championed consumer trust in Malaysian brands with superior testing and certification services. From the establishment of our first laboratory to becoming a recognised leader in conformity assessment in Malaysia with a presence in strategic business hubs such as Kuala Lumpur, Shah Alam, Johor Bahru and Penang, our journey has been marked by a relentless pursuit of excellence and innovation.

Following our successful initial public offering ("**IPO**") on the Catalist Board of the Singapore Exchange in December 2022, we have leveraged on strategic investments in cutting-edge technologies such as data analytics and automation technologies to revolutionise our system infrastructure, which yielded superior decision-making capabilities and operational efficiencies. This technological evolution has notably reduced manual errors, thereby amplifying productivity, which uniquely positioned us to anticipate and fulfil our clients' evolving needs.

2023 marked a pivotal year as we integrated sustainability into our core business strategy, where we have launched the Environmental, Social and Governance ("**ESG**") reporting service. Accredited as a Licensed Provider from AccountAbility with the license of AA1000 assurance standard (AA1000AS), we offer a suite of ESG reporting services that adhere to international standards, including the sustainability reporting framework of Bursa Malaysia. Our comprehensive services facilitate clients' journey towards sustainable development, encompassing ESG data collection, impact analysis and strategic consultation.



BUSINESS OUTLOOK

Green Economy Transition:

ASEAN economies are forecasted to post relatively steady growth of above 4% in 2024¹. This stable growth is spearheaded by Southeast Asia's transition to the green economy with spending on this transition estimated to reach US\$1.5 trillion by 2030 according to the Southeast Asia's Green Economy 2023 Report². There is increased urgency to transition to a green economy given the startling increase in global temperatures recently; 2023 was the fourth warmest year for Singapore since record keeping started in 1929³. The rapid growth in the green technology sector has a direct correlation with the increased demand for laboratory testing services. As green initiatives proliferate, laboratory services are needed to ensure compliance with environmental standards, validate product safety and efficacy, and support research and development for innovative green solutions.

As the market leader in the provision of testing and assurance services, we take pride in being a part of a growing service segment that plays a critical role in facilitating Southeast Asia's transition to a green economy. Additionally, we are looking to capitalise on the advent in new technology, such as automation and Artificial Intelligence ("AI"), to enhance our testing accuracy and efficiency.

Increase in demand for ESG reporting:

This transition to a green economy is supplemented by an increased focus on Environmental, Social, and Governance ("ESG") reporting due to regulatory changes, increased investor interest, and a shift towards sustainable business practices.

For example, Singapore's approach to ESG is demonstrated through regulatory requirements, such as the Singapore Exchange's (SGX) mandate for listed companies to publish annual sustainability reports. These reports must address material ESG factors, including climate risks, and diversity policies.

Regionally, there's a growing recognition for the importance of ESG factors in corporate decision-making. According to a 2023 PWC report⁴, organizations in Asia-Pacific face pressure to provide transparent and meaningful ESG information, which is increasingly considered crucial for long-term financial performance and risk management.

The Group is seizing the momentum in the evolving landscape of corporate sustainability, recognizing that ESG reporting is not merely a compliance formality but a strategic differentiator. We have recently expanded our suite of services to offer comprehensive ESG reporting services via Internet of Thing (IoT) real-time and laboratory data collection, that include facilitating implementation, measurement, and reporting, that meet the growing demand for transparency and accountability. This new exciting business initiative is poised to deliver not just compliance, but value creation for businesses seeking to align with the principles of sustainable and ethical practices, ultimately enhancing long-term financial performance and establishing trust with stakeholders.

Digitalisation to increase value proposition:

Our strategic digital transformation harnesses cutting-edge technologies to amplify the value we deliver to our clients. By integrating advanced data analytics, we have significantly enhanced decision-making and unearthed deeper insights into customer needs. Moreover, AI is streamlining our assessment processes, yielding greater efficiency and ability to adapt to dynamic market conditions. We constantly evaluate emerging technologies to see if the implementation of such technologies would increase our value proposition to our clients.

Strategic initiatives to increase market share:

Given the backdrop of stable growth forecasted for ASEAN economies, we intend to expand inorganically through strategic alliances, partnerships and acquisitions in the coming years. This will allow us to rapidly increase our geographical footprint into countries like Singapore, Indonesia, and China, where the demand outlook is strong. This expansion is not just about scaling our presence, but also about further enhancing our portfolio of products and services in complementary areas to ensure that we deliver enhanced value to our clients.

Endnotes

- ¹ *The Business Times: ADB cuts ASEAN growth forecasts for 2023, 2024 on lacklustre manufacturing*
- ² *Bain: Southeast Asia's Green Economy 2023 Report*
- ³ *The Straits Times: 2023 was Singapore's 4th hottest year on record*
- ⁴ *PWC: Sustainability Counts II: State of sustainability reporting in Asia-Pacific 2023*

KEY MILESTONES

2006



Our Group was founded with the incorporation of MY CO2 Sdn. Bhd. ("MY CO2"), and establishment of our Group's first laboratory.

2007



Our Group launched the first version of "aikinz-LIMS", our laboratory information management system that we use as part of our testing and assessment services.

2008

Our Group achieved its first ISO/IEC 17025 accreditation across seven (7) test parameters in chemistry and microbiology.

2017

As part of the ongoing consolidation of our testing and assessment division, our Group established MY CO2 (PG) Sdn. Bhd. ("MY CO2 (PG)") to provide testing services, in addition to MY CO2 (KL) and MY CO2 (JB).

2016



- Our Group launched the first version of "aizenz", our cloudbased automated workflow ISO certification platform.
- Our Group incorporated MY CO2 Certification Sdn. Bhd. ("MY CO2 Certification"), which provides audit and management system certification services to our customers.

2018



To complement our testing and assessment services, our Group introduced its first electronic certificate of analysis (which allows test results to be accessed via an embedded QR code). This improves security and traceability of the certificates, as well as reduces costs and likelihood of forgery.

2020

- Our Group first conducted face mask testing that complies with ASTM 2100 and EN 14683:2019 specifications.
- After continually updating versions of "aikinz-LIMS" and "aizenz" over the years, our Group commercialised these digital systems and applications by licensing and/or selling these to third party users.

2010

We believe we are amongst the first local private laboratories in Malaysia to conduct toy safety testing that complies with the safety standards of the Ministry of Domestic Trade and Consumer Affairs (and such toys will be issued with the "Malaysian Conformity Mark").

2011



Our Group expanded to Kuala Lumpur in Central Malaysia with the setting up of a laboratory there.

2015



- MY CO2 (KL) Sdn. Bhd. ("MY CO2 (KL)") was incorporated to take over the provision of third party testing and assessment services, which was initially provided by MY CO2.
- Our Group expanded to Johor Bahru in South Malaysia, with the establishment of MY CO2 (JB) Sdn. Bhd. ("MY CO2 (JB)"). MY CO2 (JB) was incorporated to augment the testing services division of our Group.

2013



Empiric Science Sdn. Bhd. was incorporated to diversify into the trading of laboratory chemicals, laboratory equipment and laboratory solutions.

2021



Our Group began licensing our applications such as "aikinz-LIMS" and "aizenz" to third party laboratories operating in Kuching.

2022



- Our Group established a sales office in Kota Bahru to market and promote our services.
- Our Group launched a digital product, "aisinz", that provides global real-time surveillance and access to data (such as safety and hygiene information about products or premises) through QR code.

2023



Our Group introduces sustainability reporting, carbon accounting, and product carbon footprint measurement. We were also accredited as a Licensed Provider from AccountAbility with the license of AA1000 assurance standard, which empowered us to conduct independent assurance. Additionally, our Group has launched a product carbon footprint on the Certificate of Analysis (COA).

CHAIRMAN'S **STATEMENT**



Datuk Fadilah Binti Baharin
Independent Non-Executive Chairman

Dear Shareholders,

In 2023, our Group faced a dynamic and challenging macroeconomic landscape, marked by slower growth, rising interest rates and persistently high inflation. Despite these headwinds, I am proud to say that we not only sustained but also expanded our businesses, which is a testament to our resilience and strategic focus.

Steady Financial Performance

Group revenue climbed 11.9% year-on-year to RM20.9 million for the financial year ended 31 December 2023 ("FY2023"), fueled by an increase in demand for our laboratory testing services from customers in the food, medical devices, and environmental industries. As a result, the Group's net profit before tax increased by RM5.18 million or 214.9%, from RM2.41 million in FY2022 to RM7.59 million in FY2023. This led to a strong year-on-year growth of more than 100% in earnings per share to RM6.27 cents. At the same time, our overall financial position remains robust with positive operating cash flow of RM6.1 million for FY2023 and a net cash position of RM14.5 million as of 31 December 2023.

Advancing Towards a Sustainable Future

As Chairman, I am proud of our unwavering commitment to sustainability, integral to our journey to become a leader in the testing, assessment, and certification industry. Our vision is set on achieving net-zero carbon emissions by 2050, reflecting our dedication to environmental stewardship and societal well-being.

Central to our strategy is the reduction of Scope 1, 2, and 3 carbon emissions, adopting green energy and advanced management practices. Our governance framework integrates key metrics like RobecoSAM's economic dimension score, ensuring sustainability remains a priority at the management and board level. The board's regular engagements in sustainability discussions and training emphasize our commitment to this cause.

Our Sustainable Development Committee, led by the CEO and supported by C-suite executives, oversees the integration of sustainable practices into our operations and strategies. This committee is pivotal in promoting environmental, social, and economic well-being.

We also prioritize the well-being and development of our employees, aligning with our enhanced focus on social risk assessment, particularly in the areas of employment rights and workplace safety.

Future Outlook

Looking ahead, the Group is poised to capitalise on Malaysia's steady economic growth, especially within the burgeoning services sector, driven by a projected increase in foreign investments into the country and an anticipated decline in inflation. We are expanding our capabilities in testing and assessment, extending our certification reach, and advancing our conformity assessment technology to meet and exceed market demands. As we continue our business expansion and growth, we stay true to our core mission: empowering businesses and society with scientific leadership and robust technology.

The extraordinary outcomes that the Group achieved this year were only possible through the remarkable dedication, diligence and adaptability of both management and our employees. I would like to extend our heartfelt gratitude to all our shareholders for the overwhelming support and encouragement.

As I close this annual letter to shareholders, I would like to leave this comment: our Group stands at an exciting pivotal point of our growth trajectory. Our journey towards becoming the region's most esteemed testing and certification provider is well underway, and as we look forward to another year of achievements and progress, I am confident that our unwavering commitment to excellence will continue to generate sustainable value for all our stakeholders.

Datuk Fadilah Binti Baharin

Independent Non-Executive Chairman

CEO'S STATEMENT



2023 marks the second year of LMS Compliance's journey as a publicly listed company in Singapore. We remain extremely grateful for the support from our investors, which continues to inspire us to reach greater heights. Following our initial public offering, we have swiftly turned opportunities into stepping stones for growth. We seek to bring innovative testing, distribution of conformity assessment technology and product certification services to the market, benefiting both businesses and consumers. Since founding LMS Compliance, we have always made it our mission to pioneer innovation and drive progress in our industry.

Dr. Ooi Shu Geok

Executive Director and Chief Executive Officer

LEADING TRANSFORMATIVE CHANGE

2023 was a pivotal year in our journey towards integrating sustainability into our core business strategy. We launched a new Environmental, Social, and Governance (“ESG”) reporting service as part of our commitment to create transformative change. This service is available globally and aligns with global standards, including Bursa Malaysia’s and Singapore Exchange’s sustainability framework. It provides comprehensive ESG data collection, impact assessment, reporting and advisory services to help our clients meet evolving standards and targets.

Under this new offering, our certification division will oversee environmental and social impact reporting, in collaboration with legal experts responsible for assessing legal compliance and the adequacy of a company’s existing ESG practices. Our scope includes drafting, reviewing, and commenting on policies such as employee handbooks, personal data protection policy, whistleblowing policy, and anti-bribery policy. Additionally, a chartered accountant will assess ESG expenditure for the reporting year.

The testing division will provide relevant environmental testing data and workplace safety assessment data related to carbon footprint, water quality, air quality, noise pollution, workplace safety, and hygiene. We also offer solutions and recommendations to clients if the data fails to comply with relevant laws and requirements. Our digital solutions include real-time data acquisition systems and real-time self-surveillance systems.

Our certification division can also provide various ISO audits related to ESG compliance, such as ISO37001 (Anti-bribery), SA8000/SEDEX (Social audit) and SMETA (Supply chain audit). These reports can include the ESG certifications as a resource for companies to improve their sustainability standards.

DIGITALISATION AND MODERNISATION

During 2023, we have also made significant progress towards digitalisation, investing in technologies to modernise our systems. This has resulted in faster and more efficient service delivery. Implementing advanced data analytics has improved our decision-making abilities and provided deeper customer insights. Embracing automation has streamlined our processes, reduced manual errors, and increased productivity. Our digitalisation efforts have led to a more agile and responsive business model, better equipping us to meet our client’s needs and adapt quickly to market changes.

STRONG FINANCIAL PERFORMANCE

The financial year ended 31 December 2023 (“FY2023”) ended on a positive note for us, with the Group’s revenue registering a 11.9% year-on-year gain to RM20.9 million in FY2023, fueled by strong demand for our laboratory testing services from customers in the food, medical devices, and environmental industries. Our biggest revenue driver, laboratory testing services, posted a segmental revenue of RM20.0 million in FY2023, up from RM17.9 million in FY2022. Our committed efforts to drive growth have borne fruit, with our FY2023 earnings surging over 100% to RM6.27 cents per share. Based on these robust results, we were able to deliver positive operating cash flow of RM6.1 million for FY2023. With a net cash position of RM14.5 million as of 31 December 2023, we are now well-positioned to explore new markets and seize fresh opportunities on a broader scale.

ROBUST CORPORATE SOCIAL RESPONSIBILITY INITIATIVES

Our unwavering commitment to sustainability includes our goal of achieving net-zero carbon emissions by 2050 and strengthening our social responsibility initiatives. Combined with our digital transformation, we have enhanced our operational and environmental sustainability through resource efficiency and process optimisation. Our robust governance structures ensure adherence to global sustainability standards, underpinning our ethical business practices and accountability.

DRIVING GROWTH AND EXPANSION

Looking ahead to 2024 and beyond, we are excited about the opportunities that await. Our strategic positioning and expanded capabilities enable us to explore new markets and seize fresh opportunities to leverage our expertise and innovative solutions. Our management team continues to identify and assess potential growth opportunities, including synergistic acquisitions and collaborations in China, Singapore, and Indonesia. Despite the slowing global economy, the ASEAN economies are still forecast to post relatively steady growth of above 4% in 2024. This stable economic backdrop is expected to generate positive momentum, enabling us to tap new opportunities and explore potential markets. With a focus on sustainable growth and operational excellence, we look forward to creating lasting value for our stakeholders, as well as achieving sustained success in the year ahead.

Dr. Ooi Shu Geok

Executive Director and Chief Executive Officer

BOARD OF **DIRECTORS**



from left to right

Mr. Ong Beng Chye

Independent Non-Executive Director

Ms. Chong Moi Me

Executive Director and Chief Development Officer

Ms. Wong Wan Chin

Independent Non-Executive Director

Datuk Fadilah Binti Baharin

Independent Non-Executive Chairman

Dr. Chong Juin Kuan

Non-Independent Non-Executive Director

Dr. Ooi Shu Geok

Executive Director and Chief Executive Officer

Tan Sri Dato' (Dr.) Wee Hoe Soon @ Gooi Hoe Soon

Independent Non-Executive Director

PROFILE OF DIRECTORS



DATUK FADILAH BINTI BAHARIN
Independent Non-Executive Chairman

Datuk Fadilah was appointed to the Company's board of directors ("**Board**") on 26 September 2022. She served as the director general of the Department of Standards Malaysia under the Ministry of International Trade and Industry of Malaysia from 2006 to 2020, taking on responsibilities as prescribed in the Standards of Malaysia Act 1996 (Act 549), including the development of standards and promotion of standardisation and testing, inspection and certification ("**TIC**") activities at the national, regional and international levels, the provision of accreditation services at national level to, amongst others, certification bodies and testing laboratories, and representing Malaysia on accreditation matters at regional and international levels. She was elected at the General Assembly of the International Organisation for Standardisation ("**ISO**") from 2017 to 2019, to represent Malaysia at the ISO Council, the highest policy making committee in the ISO.

Datuk Fadilah graduated from the University of Salford, United Kingdom, with a Bachelor of Science in health physics and environmental physics in 1984. She is also a fellow of The Academy of Sciences Malaysia, since 2013.



DR. OOI SHU GEOK
Executive Director and Chief Executive Officer

Dr. Ooi is an Executive Director and the Chief Executive Officer of the Company. He joined the Group in 2009 and was appointed to the Board on 22 July 2022. In addition to his roles, he currently serves as the managing director of various subsidiaries within the Group, including MY CO2 (KL), MY CO2 (JB), MY CO2 (Certification MY), and MY CO2 (PG). His primary responsibilities include overseeing business development activities, operations and guiding the strategic direction of the Group.

Since January 2009, Dr. Ooi has served as the customer service manager at MY CO2, and since 2013, he has held the same position at Empiric Science. In these roles, he is responsible for promoting and marketing testing and assessment services at MY CO2, and trading and marketing laboratory equipment, solutions, and chemicals at Empiric Science.

Furthermore, Dr. Ooi was appointed as the president of the Malaysia Association of Accredited Laboratories. He also holds a membership on the National Negotiating Committee on Plastic Waste.

Dr. Ooi completed his postgraduate Diploma in Marketing from the Chartered Institute of Marketing (CIM, UK) in 1997. He earned his Master of Business Administration from the University of Portsmouth in 2002. Dr. Ooi obtained his Doctor of Business Administration from Universiti Sains Malaysia in 2022, where he was also awarded the gold medal and best student award.

PROFILE OF **DIRECTORS**



MS. CHONG MOI ME

Executive Director and Chief Development Officer

Ms. Chong is an Executive Director and the Chief Development Officer of the Company. She has been with the Group since 2006 and was appointed to the Board on 22 July 2022. As Chief Development Officer, Ms. Chong is responsible for the Group's business and strategies development, as well as exploring new opportunities for the Group.

Ms. Chong is currently the general manager of the Group's subsidiaries, namely MY CO2, Empiric Science, MY CO2 (JB), MY CO2 (Certification MY), and MY CO2 (PG). She is also an executive director at MY CO2 (KL) since November 2021. During her time in these subsidiaries (since as early as August 2006), she has worked on aligning the organisational objectives with the Group's mission, developed key operational initiatives and implemented operational strategies, with a view towards building customer and employee loyalty.

Ms. Chong graduated from the University of Malaya with a Bachelor of Science (Chemistry) (First Class Honours) in 1999 and obtained her Master of Science (Chemistry) from Universiti Sains Malaysia in 2006. She currently holds an associate membership with the Malaysian Institute of Chemistry under the Provision of the Chemists Act 1975 of Malaysia.



DR. CHONG JUIN KUAN

Non-Independent Non-Executive Director

Dr. Chong Juin Kuan was appointed to the Board on 22 July 2022. He is the Chief Data Officer for Nanyang Technological University since September 2023. He was an associate professor of marketing at the National University of Singapore ("NUS"), where he worked for over 30 years. From 2016 to 2019, he served as the Vice Dean of Research and PhD at NUS Business School.

Dr. Chong graduated from University of Canterbury, New Zealand in 1990 with a Bachelor of Science in Operations Research (First Class Honours). He obtained his Doctor of Philosophy in Management from the University of California in 1998.

PROFILE OF **DIRECTORS**



MR. ONG BENG CHYE
Independent Non-Executive Director

Mr. Ong was appointed to the Board on 26 September 2022. He has more than twenty-eight (28) years of experience in areas such as accounting, auditing, public listings, due diligence, mergers and acquisitions, and business advisory. He has been with Appleton Global Private Limited, a business management and consultancy services firm, since January 2007. He currently also serves as independent directors on a few other companies listed on the Singapore Exchange.

Mr. Ong graduated in 1990 with a Bachelor of Science with Honours in Economics and Accountancy, from City University of London. He is a Chartered Financial Analyst, a Fellow of the Institute of Singapore Chartered Accountants, and the Institute of Chartered Accountants in England and Wales.



**TAN SRI DATO' (DR.) WEE HOE SOON @
GOOI HOE SOON**
Independent Non-Executive Director

Tan Sri Dato' (Dr.) Gooi was appointed to the Board on 26 September 2022. He has over 38 years of experience in the fields of accounting and corporate finance. Tan Sri Dato' (Dr.) Gooi was instrumental in the successful implementation of several corporate exercises which included merger and acquisition, and corporate debt restructuring exercises. Tan Sri Dato' (Dr.) Gooi currently sits on the Board of Securities Commission, AIA Berhad, Yinson Holdings Bhd, Red Ideas Holdings Bhd. and Perusahaan Sadur Timah Malaysia Bhd. Tan Sri Dato' (Dr.) Gooi was also a Board member of Bank Negara Malaysia and a member of the National Debt and Liability Management Committee. Tan Sri Dato' (Dr.) Gooi was former Chairman of the Board of EON Bank Bhd from 2010 to 2011, Chairman of Amity Bond Sdn Bhd, and Deputy Chairman of Avenue Capital Resources Bhd. Tan Sri Dato' (Dr.) Gooi was also the CEO/Executive Director-Dealing of Avenue Securities Sdn Bhd.

Tan Sri Dato' (Dr.) Gooi is presently a member of the Investment Panel of EPF Malaysia. He is a member of the Malaysian Association of Certified Public Accountants, and a member of the Malaysian Institute of Accountants.

PROFILE OF **DIRECTORS**



MS. WONG WAN CHIN

Independent Non-Executive Director

Ms. Wong was appointed to the Board on 26 September 2022. She is the managing partner of the law firm, Wong & Loh, which has 7 offices in Malaysia, where she provides legal services to her clients, including mergers and acquisitions, initial public offerings and industrial land acquisitions. Prior to that, she was a partner at Lio & Partners from October 2009 to April 2017.

Ms. Wong serves as the Independent Non-Executive Chairman of Volcano Berhad (listed on Bursa Malaysia), an Independent Non-Executive Director of HHRG Berhad (listed on Bursa Malaysia), and as a Non-Executive Director of a trust company, JCCW Trustee (M) Berhad.

Ms. Wong graduated from the University of Malaya in 1999 with a Bachelor of Laws and was admitted as Advocate & Solicitor of the Bar Council Malaysia in 2000. Ms. Wong was awarded with a medal of honour (Darjah Johan Negeri) from the Penang State Governor in 2017.

KEY MANAGEMENT TEAM



MR. KUAN PIN SEAH

Financial Controller

Mr. Kuan joined the Group in 2021. He is responsible for the Group's finance and management reporting, accounting and taxation matters, and oversees the operations of the Group's finance team. Prior to joining the Group, Mr. Kuan was a senior finance manager at Abbott Medical Device Division from 2012 to 2019. Mr. Kuan's working experience includes serving as the site central service finance manager at Intel Technology Sdn Bhd. and as finance manager at Seagate Technology Sdn Bhd, between 1992 to 2004. Mr. Kuan obtained an Advanced Diploma in Accountancy from the Stamford Group Colleges in 1992, and graduated with a Master of Business Administration degree from the University of Portsmouth in the United Kingdom in 2004.

MS. OOI WAN KOON

Chief People Officer

Ms. Ooi joined the Group in 2011. She is responsible for developing and implementing human resource strategies of the Group. Prior to joining the Group, Ms. Ooi was a materials engineer at Intel Product Malaysia from 2007 to 2011. Ms. Ooi graduated from the Universiti Sains Malaysia with a Bachelor of Engineering (Hons) (Chemical Engineering) and is a certified hygiene technician II with the Department of Occupational Safety and Health, Malaysia.

MR. CHUA SIONG WEI

Chief Strategy Officer

Mr. Chua joined the Group in 2012. He is responsible for the Group's strategic planning (including developing primary goals and operating plans). Prior to joining the Group, Mr. Chua was a sales engineer at QC Scientific Sdn Bhd from 2010 to 2012. Mr. Chua graduated from the Universiti Putra Malaysia in 1999 with a Bachelor of Science (Hons) degree and a master's degree in business administration (general management from the Putra Business School, Malaysia in 2021). Mr. Chua is a registered chemical health risk assessor with the Department of Occupational Safety and Health, Malaysia, as well as a registered food analyst with the Council of Food Analysts of Malaysia. Mr. Chua is also a licentiate of the Malaysia Institute of Chemistry.

KEY

MANAGEMENT TEAM



MR. NYEOH YEONG SHENG

Chief Compliance Officer

Mr. Nyeoh is responsible for ensuring the Group's compliance with laws and regulations applicable to the testing division. He commenced his career with Chemical Laboratory (Malaysia) Sdn Bhd as a chemist in 2009 before joining the Group in 2012 as a senior analytical chemist. He subsequently left the Group in 2015 to join Samwoo Chemicals Ltd as laboratory manager, before returning to the Group as quality manager in 2016, and subsequently promoted to his current position in 2021. Mr. Nyeoh graduated from University Tunku Abdul Rahman (Utar) in 2009 with a Bachelor of Science (Hons) in Biotechnology. He is a registered member of the Malaysian Institute of Chemistry, as well as a registered food analyst with the Council of Food Analysts of Malaysia.



MR. POH TZE KYE

Chief Operation Officer

Mr. Poh joined the Group in 2013. He is responsible for overseeing and managing the day-to-day operations functions. Prior to joining the Group, Mr. Poh commenced his career as a chemist at Chemical Laboratory (M) Sdn Bhd in 2009. Mr. Poh graduated from University Tunku Abdul Rahman (Utar) in 2008 with a Bachelor of Science (Hons) in Chemistry. He is a registered member of the Malaysian Institute of Chemistry.



MR. TEH HUAT CHOOI

Chief Technology Officer

Mr. Teh joined the Group in 2017. He is responsible for resource planning and development, design, and support of all IT infrastructure for the Group's business operations. Prior to joining the Group, he was a senior system engineer at Keysight Technologies (formerly known as Agilent Technologies) from 2013 to 2017. Mr. Teh obtained a Diploma in Computer Studies from the Informatics College, Malaysia, in 2000. He graduated from the University of Bolton in 2005 with a Bachelor of Science in Computing.

FINANCIAL HIGHLIGHTS

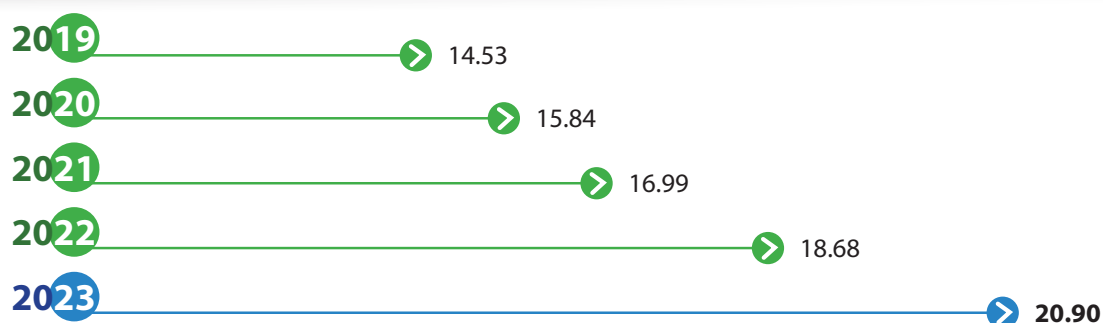
For the financial year ended 31 December ("FY")

Group	FY2019	FY2020	FY2021	FY2022	FY2023
Revenue (RM million)	14.53	15.84	16.99	18.68	20.90
Profit after tax (RM million)	3.95	4.69	4.95	0.72 ⁽¹⁾	5.48
Earnings per Share ("EPS") (RM cents)	5.44	6.46	6.92	0.98 ⁽¹⁾	6.27

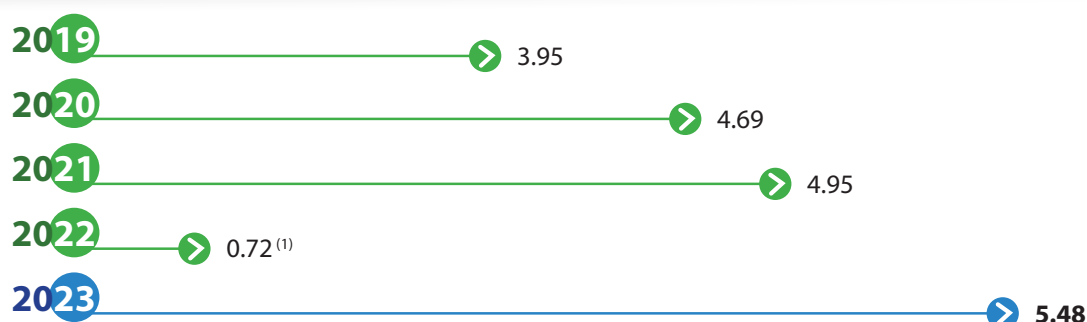
Note:

(1) Included one-off listing expenses of RM4.34 million in FY2022. If such listing expenses have been excluded, profit after income tax would have been RM5.06 million and EPS would be RM6.91 cents per share in FY2022.

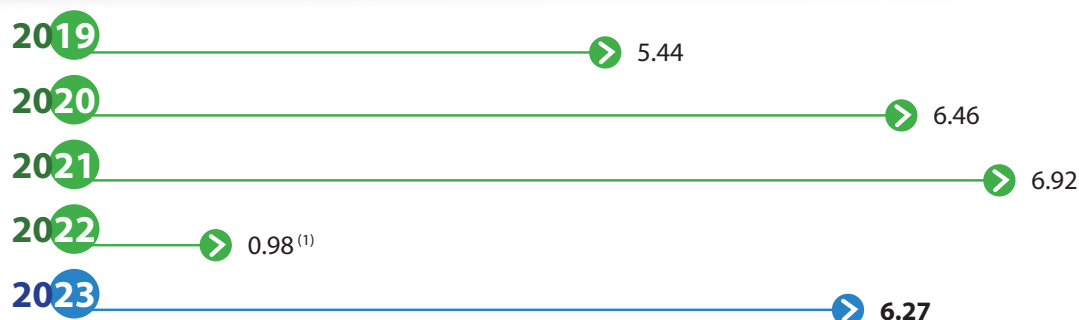
Revenue (RM million)



Profit after tax (RM million)



Earnings per Share (RM cents)



REVIEW OF THE GROUP'S PERFORMANCE

Review for the performance of the Group for the twelve months ended 31 December 2023 ("FY2023") as compared to twelve months ended 31 December 2022 ("FY2022").

REVENUE

Revenue increased by RM2.22 million or 11.9%, mainly due to an increase in revenue from laboratory testing services by RM2.11 million, and certification services by RM0.18 million, partially offset by decrease in revenue from sales of goods by RM0.05 million and distribution of conformity assessment technology by RM0.02 million.

The increase in revenue from laboratory testing services was mainly due to an increase in demand from the Group's customers in the food, medical devices and environmental industries.

INTEREST INCOME

The increase in interest income of RM0.16 million mainly resulted from dividends received from financial assets at fair value through profit or loss ("FVTPL").

OTHER INCOME

Other income increased by RM1.47 million, mainly due to increase in government grant income of RM0.85 million as a result of receiving the listing grant under the Grant for Equity Market Singapore (GEMS) scheme in connection with the Company's initial public offering on Singapore Exchange, an unrealised gain in foreign exchange of RM0.75 million, and gain on disposal of right-of-use assets of RM0.05 million, partially offset by decrease in government wage subsidy of RM0.09 million, decrease in fair value gain on financial assets at FVTPL of RM0.02 million, and a decrease in insurance claim for motor vehicle due to flooding of RM0.07 million.

MATERIALS, CONSUMABLES AND SUBCONTRACTOR COSTS

Material, consumables, and subcontractor costs decreased by RM0.08 million or 4.2%, mainly due to a reduction in maintenance costs related to laboratory machinery and equipment as there were lesser breakdowns during the year. Additionally, the acquisition of new tools and equipment during FY2023 played a role in reducing overall maintenance requirements.

DEPRECIATION EXPENSES

Depreciation expenses increased by RM0.06 million or 5.5%, mainly due to additional purchase of tools and equipment, computer and software, and motor vehicles in FY2023.

LOSS ALLOWANCE ON RECEIVABLES

The Group recorded a net loss allowance on receivables of RM0.12 million in FY2023, as compared to net loss allowance on receivables of RM0.02 million in FY2022, mainly due to an increase in trade debtors and a lower collection rate from trade debtors during FY2023.

EMPLOYEE BENEFIT EXPENSES

Employee benefit expenses increased by RM1.75 million or 26.2%, mainly due to bonuses payable to Executive Directors of the Company, increase in the headcount of employees, and increment of salaries in FY2023.

OTHER EXPENSES

Other expenses decreased by RM3.12 million or 46.4%, mainly due to the absence of listing expenses amounting to RM4.34 million incurred in FY2022. The decrease was partially offset by higher professional fees incurred after the Company's listing on the Singapore Exchange, along with increased advertisement fees, and expenses related to the upgrading of Information Technology (IT) facilities for laboratory operational purposes.

FINANCE COSTS

Finance costs decreased by RM0.03 million or 15.2%, mainly due to the full settlement of one term loan in October 2022 and the decrease in lease and borrowing interest expenses year-on-year.

PROFIT BEFORE TAX

As a result, the Group's net profit before tax increased by RM5.18 million or 214.8%, from RM2.41 million in FY2022 to RM7.59 million in FY2023.

REVIEW OF THE GROUP'S FINANCIAL POSITION

The comparative performance for both the assets and liabilities are based the Group's financial statements as at 31 December 2023 and 31 December 2022.

NON-CURRENT ASSETS

PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment increased from RM7.29 million as at 31 December 2022 to RM7.58 million as at 31 December 2023, mainly due to additions of assets, partially offset by an increase in depreciation and assets write-off during FY2023.

RIGHT-OF-USE ASSETS

Right-of-use assets decreased by RM0.24 million due to depreciation and lease modification during FY2023.

CURRENT ASSETS

TRADE AND OTHER RECEIVABLES

Trade and other receivables increased by RM0.30 million, mainly due to an increase in revenue and lower collection rate in FY2023, as compared to FY2022.

PREPAYMENTS

Prepayments increased by RM0.22 million, mainly due to additional prepaid amounts related to ongoing renovation cost.

CONTRACTS ASSETS

Contract assets arise when performance obligations have been satisfied but yet to bill customers. As at 31 December 2023, the Group's contract assets decreased by RM0.09 million, mainly due to the reduction of the requirement from a single customer for the compilation of jobs performed into one billing.

FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS ("FVTPL")

Financial assets at FVTPL increased by RM0.11 million as at 31 December 2023, mainly due to additional placements of money market funds with financial institutions, increased in interest income and fair value gain of approximately RM3.45 million, RM0.20 million and RM0.06 million respectively, partially offset by redemptions of RM3.60 million during the financial year.

CASH AND CASH EQUIVALENTS

Cash and cash equivalents amounted to RM17.23 million which accounted for 61.4% of the Group's total current assets as at 31 December 2023. The increase was mainly due to net cash generated from operating activities of RM6.08 million, partially offset by net cash used in investing activities and financing activities of RM0.97 million and RM0.95 million respectively.

NON-CURRENT LIABILITIES

BANK BORROWINGS

Non-current bank borrowings decreased from RM1.05 million as at 31 December 2022 to RM0.97 million as at 31 December 2023, due to repayment of loan during FY2023.

OTHER PAYABLES

Non-current other payables comprise of deferred grant income received from SME Corporation Malaysia and grant received from Malaysian Investment Development Authority during FY2023 for capital expenditure incurred for the purchases of laboratory related equipment. Non-current other payables decreased by RM0.04 million mainly due to the recognition to other income on a monthly basis.

LEASE LIABILITIES

Non-current lease liabilities decreased from RM1.62 million as at 31 December 2022 to RM1.40 million as at 31 December 2023, mainly due to lease payments made in FY2023.

DEFERRED TAX LIABILITIES

Deferred tax liabilities relate to temporary differences arising from the accelerated tax depreciation computed at Malaysia's income tax rate of 24%. Deferred tax liabilities amounted to RM0.41 million and RM0.41 million which accounted for 12.4% and 13.7% of the Group's total non-current liabilities as at 31 December 2022 and 31 December 2023 respectively.

REVIEW OF THE GROUP'S **FINANCIAL POSITION**

CURRENT LIABILITIES

TRADE AND OTHER PAYABLES

Current trade and other payables increased by RM0.76 million, mainly due to increase in accrued expenses related to Executive Directors' bonuses, audit fees, staff bonuses, and salaries.

CONTRACT LIABILITIES

Contract liabilities relate to goods or services (mainly laboratory testing services) for which the Group has received consideration in advance from customers, but has yet to provide such goods or services. Contract liabilities amounted to RM0.40 million and RM0.35 million which accounted for 19.1% and 11.9% of the Group's total current liabilities as at 31 December 2022 and 31 December 2023 respectively. The decrease in contract liabilities as at 31 December 2023 was due to decrease in payment in advance from customers for goods which have yet to be delivered as at 31 December 2023.

INCOME TAX PAYABLE

Income tax payable increased by RM0.12 million, from RM0.06 million as at 31 December 2022 to RM0.18 million as at 31 December 2023, mainly due to higher tax provisions made during FY2023.

WORKING CAPITAL

The Group recorded a positive working capital of RM25.13 million as at 31 December 2023, as compared to a positive working capital of RM20.52 million as at 31 December 2022.

REVIEW OF THE GROUP'S **CASH FLOWS**

Net cash from operating activities for FY2023 of RM6.08 million was mainly derived from operating cash flows before working capital changes of RM7.96 million and adjusted net working capital inflow of RM0.11 million, partially offset by income tax paid of RM1.99 million.

Net cash used in investing activities for FY2023 was approximately RM0.97 million, mainly due to purchases of property, plant and equipment of RM1.18 million and placement of financial assets at FVTPL of RM3.45 million, partially offset by redemption of financial assets at FVTPL of RM3.60 million, proceeds from disposal of right-of-use assets of RM0.05 million and interest income of RM0.01 million.

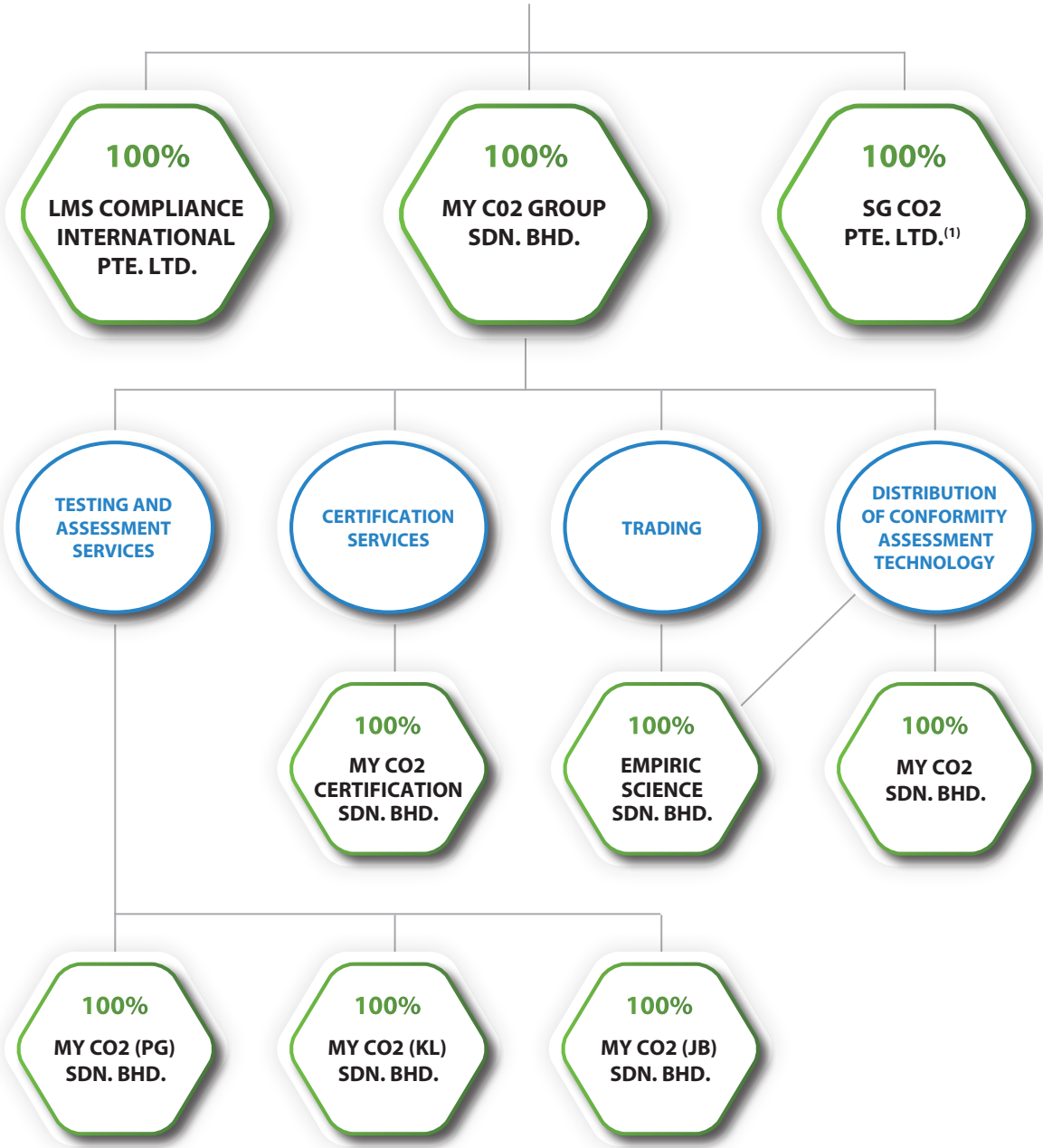
Net cash used in financing activities for FY2023 was RM0.95 million. This outflow was primarily driven by the repayment of bank borrowings amounting to RM0.13 million, repayment of lease liabilities of approximately RM0.37 million, and dividends paid in FY2023 of RM0.45 million.

GROUP STRUCTURE



LMS Compliance Ltd.

(Company Registration No: 202225544C)
(Incorporated in the Republic of Singapore)



Note:

(1) SG CO2 PTE. LTD. was incorporated on 19 March 2024.

SUMMARY OF SUSTAINABILITY REPORT

LMS Compliance will publish its standalone 2023 Sustainability Report (the “SR”) by 30 April 2024, disclosing the sustainability practices and performance of the Group from 1 January 2023 to 31 December 2023. LMS Compliance recognizes the importance of environmental, social, and governance considerations in generating value for its business and stakeholders. The SR will provide information on the Group’s sustainability governance structure, stakeholder engagement, and materiality process and results. The SR demonstrates the Group’s commitment in improving its sustainability efforts by disclosing how it measures performance, manages and monitors key sustainability risks and opportunities, as well as the goals set for the forthcoming year. The SR is prepared in accordance with the Global Reporting Initiative Standards and will comply with Rules 711A, 711B, and Practice Note 7F of the Singapore Exchange Securities Trading Limited Listing Manual Section B: Rules of Catalyst for sustainability reporting. Additionally, it adheres to recognized local and international reporting frameworks, including the Sustainability Accounting Standards Board, and the Task Force on Climate-Related Financial Disclosures. The SR will be publicly accessible through the Company's corporate website and SGXNET.

CORPORATE GOVERNANCE REPORT

The board of directors (the “**Board**” or the “**Directors**”) of LMS Compliance Ltd. (the “**Company**”, and together with its subsidiaries, the “**Group**”) is committed to maintain a high standard of corporate governance within the Group and places importance on its corporate governance and systems so as to enhance shareholders’ value, corporate performance, accountability and protection of stakeholders’ interests.

This corporate governance report outlines the Group’s corporate governance framework and practices that were in place during the financial year ended 31 December 2023 (“**FY2023**”), with specific reference made to the principles and the provisions set out in the Code of Corporate Governance 2018 (the “**Code**”) pursuant to Rule 710 of the Singapore Exchange Securities Trading Limited (“**SGX-ST**”) Listing Manual Section B: Rules of Catalist (“**Catalist Rules**”).

The Board confirms that during FY2023, the Group has complied in all material respects with the principles of the Code to the extent possible, as well as the provisions of the Code. Where there are deviations from any provision of the Code, an explanation has been provided for the variation, which includes the reason for the variation, as well as the practices adopted which are consistent with the relevant principle of the Code. The Board will continue to assess the needs of the Group and implement appropriate practices accordingly.

A. BOARD MATTERS

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 assumes responsibility for stewardship of the Group and is entrusted to lead, supervise and oversee the Company, with the fundamental principle to act in good faith and the best interests of the Company for the enhancement of long-term value and returns for the shareholders of the Company (“**Shareholders**”).

The Board regularly reviews the Group’s strategic business plans, and assesses key risks, operational and financial performance of the Group to enable the Group to meet its strategic objectives. The Board has the overall responsibility for establishing and maintaining a framework of good corporate governance in the Group, including the risk management systems and internal controls to safeguard Shareholders’ interests and the Group’s assets. In addition, the Board considers sustainability issues as part of its strategic formulation.

Apart from its statutory duties and responsibilities, the Board also oversees the business affairs and dealings of the Group, determines the Group’s corporate strategies and sets its directions and goals. It also monitors and evaluates the Group’s operating and financial performance, establishes targets for the management of the Company (the “**Management**”) and monitors the achievement of these targets. The Board works with the Management to achieve this and holds the Management accountable for performance.

In addition, the Board also identifies key stakeholder groups to gain their perceptions of the Group’s reputation and standing and sets the Group’s values and standards (including ethical standards) to ensure that obligations to Shareholders and other stakeholders are understood and met.

The Board’s role and matters which require the Board’s approval, include but not limited to the following:

- a. provide entrepreneurial leadership, set strategic objectives, and ensure that the necessary financial and human resources are in place for the Group to meet its objectives;
- b. establish a framework of prudent and effective controls which enables risks to be identified, assessed and managed, including safeguarding of Shareholders’ interests and the Group’s assets;
- c. monitor and review Management’s performance towards achieving the set organisational objectives and goals;
- d. review and approve corporate plans, annual budgets, investment and divestment proposals, major funding initiatives, merger and acquisition activities and financial plans of the Group;

CORPORATE GOVERNANCE REPORT

- e. set the Group's values and standards (including ethical standards), and ensure that obligations to shareholders and other stakeholders are understood and met;
- f. consider sustainability issues, e.g. environmental and social factors, as part of its strategic formulation;
- g. ensure accurate and timely release of information to Shareholders, in compliance with the requirements of the Catalist Rules;
- h. ensure the Group's compliance with laws, regulations, policies and guidelines; and
- i. review and approve interested persons transactions and material transactions, and announcement thereof, in compliance with the requirements of the Catalist Rules.

The Board is involved in the supervision of the management of the Group's operations. It reviews the Group's strategies, policies and financial performance and assesses key risks provided by Management as well as the adequacy and effectiveness of internal controls and risk management of the Group. Day-to-day management and implementation of business strategies are delegated to the Chief Executive Officer ("**CEO**"), Chief Development Officer ("**CDO**") and Management.

In addition, there is a formalised delegation of authority matrix that sets out financial approval limits for the Board and the Management regarding operational expenditure, capital expenditure, sales matters, finance matters and cheque signatory arrangements.

All other matters are delegated to Board Committees whose actions are reported to and monitored by the Board. The Board does not abdicate its responsibility for such delegations of authority.

All Directors are aware of their roles as fiduciaries and obligations to act in good faith, exercise due diligence and independent judgment in dealing with the business affairs of the Group, take objective decisions in the best interests of the Group and hold Management accountable for performance. The Board has put in place a code of conduct and ethics, sets an appropriate tone-from-the-top and desired organisational culture, and ensures proper accountability within the Group.

When a potential conflict of interest situation arises, prompt disclosure must be made by the conflicted Director to the Board, accompanied with details of the interest and nature of the conflict. The conflicted Director will recuse himself/herself from discussions and decisions involving the areas of potential conflict, unless the Board is of the opinion that his/her participation is necessary. Where such participation is permitted, the conflicted Director will recuse himself/herself from the decision-making.

For purposes of Section 156 of the Companies Act 1967 of Singapore ("**Companies Act**"), each Director has given notice to the Company of the entities in which he/she is an officer or member of, and which he/she should be regarded as being interested in with regards to any transaction made between the Group and such entity. The notice will assist to flag out any potential conflict of interest in transactions entered into by the Group. Each Director will periodically update the notice whenever there is any change in his/her interest in other entities.

Directors' Orientation, Induction, Training and Development

The Directors understand the Company's business as well as their directorship duties (including their roles as executive, non-executive and independent directors). Directors are provided with opportunities to develop and maintain their skills and knowledge at the Company's expense. Directors are also provided with updates on changing commercial risks in the Group's operating environment through regular presentations and meetings with Management to gain a better understanding of business operations. The Company works closely with its professional advisors to provide its Directors with updates on changes affecting the Group.

A formal letter of appointment will be issued to every newly-appointed Director setting out, amongst other matters, his/her roles, obligations, duties and responsibilities as a member of the Board. The Non-Executive Directors (including the Independent Directors) have each received a formal letter of appointment setting out his/her duties and responsibilities. Each of the Executive Directors also has an existing service agreement with the Company.

CORPORATE GOVERNANCE REPORT

The Company does not have a formal training program for new Directors. However, to assist the Board in discharging its duties, newly appointed Directors will be briefed on the business operations and regulatory issues relating to the Group to ensure that they are familiar with the Group's business and governance practices. Management keeps the Directors up to date on developments in the business, financial reporting standards and industry-related matters as well as performance of the various business divisions in the Group during Board meetings. The Directors may also attend other trainings, conferences, and seminars organised by the professional bodies, regulatory institutions and corporations, if required, which may have a bearing on their duties and contributions to the Board, and such training will be funded by the Company.

Directors who have no prior experience as a director of a company listed on the SGX-ST ("**First-time Director**") will also undergo training in the roles and responsibilities of a director of a listed company as prescribed by the SGX-ST under Practice Note 4D of the Catalist Rules. All Directors are encouraged to participate in seminars, conferences and receive training to improve themselves in discharging their duties as Directors.

During FY2023, Management has kept the Board up-to-date on all pertinent developments in the business of the Group during Board and/or Board Committee meetings to facilitate the discharge of duties by the Directors. From time to time, the Group's internal and external auditors, Sponsors and the Company Secretary updates the Board on changes to the Catalist Rules or changes to the laws and guidance pertaining to corporate governance practices, risk management, and changes to financial reporting standards so that the Directors may discharge their fiduciary duties effectively. In addition, articles, press releases and reports released by the SGX-ST and the Accounting and Corporate Regulatory Authority ("**ACRA**") which are relevant to the Group are circulated to the Board.

As set out in the Company's Offer Document dated 22 November 2022 ("**Offer Document**"), all Directors, save for Mr. Ong Beng Chye, are First-time Director. As at the end of FY2023, all First-time Director have attended and completed the trainings as prescribed by the SGX-ST pursuant to Practice Note 4D of the Catalist Rules. In addition, all Directors, save for Datuk Fadilah Binti Baharin, have completed the required training on sustainability as prescribed by the SGX-ST. Datuk Fadilah Binti Baharin has represented that she will attend the mandated sustainability training course organised by the Singapore Institute of Directors ("**SID**") in July 2024 (being the latest available course date published on the SID website as of the date of this report).

Board Processes

The Board has established three Board Committees, namely, the Audit Committee ("**AC**"), the Nominating Committee ("**NC**"), and the Remuneration Committee ("**RC**"), and delegated specific areas of responsibilities to these Board Committees. Each Board Committee make decisions on matters within its own clear written terms of reference (the "**TOR**"). The TOR sets out the relevant composition, authorities, duties, and various operating procedures. The TOR of each Board Committee is reviewed periodically and any change to the TOR will require the approval of the Board.

The Board Committees will report to the Board with their decisions and/or recommendations. Notwithstanding the delegation of authority to the Board Committees and Management on specific matters, the ultimate responsibility on all matters lies with the Board.

The schedule of all the Board and Board Committee meetings as well as the annual general meeting ("**AGM**") of the Company for the next calendar year is planned well in advance. The Board and the AC will meet at least twice yearly and additional meetings would be convened by the Board at such times as may be necessary to address any specific significant matters that may arise. Directors who are unable to meet physically may participate in the meeting through electronic means such as videoconferencing, teleconferencing or other similar means of communication. In addition to holding meetings, important matters regarding the Group are also put to the Board for decision making by way of written resolutions. The agenda for meetings usually include the Management's report, financial reports, strategic matters, governance, business risk issues and compliance, amongst other matters. Executive Officers of the Group may, from time to time, be invited to attend Board meetings to provide updates on operational matters.

CORPORATE GOVERNANCE REPORT

The number of Board and Board Committee meetings held during FY2023 and the attendance of each Board member at the meetings are as follows:

Name	Board		AC		NC		RC	
	No. of meetings held	No. of meetings attended	No. of meetings held	No. of meetings attended	No. of meetings held	No. of meetings attended	No. of meetings held	No. of meetings attended
Datuk Fadilah Binti Baharin (Independent Non-Executive Chairman)	3	3	2	2	1	-	1	1
Dr. Ooi Shu Geok (Executive Director and Chief Executive Officer)	3	3	2	2*	1	1*	1	1*
Ms. Chong Moi Me (Executive Director and Chief Development Officer)	3	3	2	2*	1	1*	1	1*
Dr. Chong Juin Kuan (Non-Independent Non-Executive Director)	3	3	2	2	1	-	1	-
Mr. Ong Beng Chye (Independent Non-Executive Director)	3	3	2	2	1	1	1	1
Tan Sri Dato' (Dr.) Wee Hoe Soon @ Gooi Hoe Soon (Independent Non-Executive Director)	3	3	2	2	1	1	1	1*
Ms. Wong Wan Chin (Independent Non-Executive Director)	3	3	2	2*	1	1	1	1

* *By invitation*

While some of the Directors have multiple boards representation, the NC is satisfied that the Directors have been able to allocate sufficient time and attention to the affairs of the Group and that they are able to discharge their duties as Directors to the Group diligently. Currently, the Board does not limit the maximum number of listed company board representations and principal commitments its Directors may hold, as long as each of the Director is able to commit his/her time and attention to the affairs of the Group and carry out his/her duties as a Director with diligence. The Board believes that each individual Director is best placed to determine and ensure that he/she is able to allocate sufficient time and attention to discharge his/her duties and responsibilities as a Director, bearing in mind his/her other commitments. The Board and the NC will review the requirement to determine the maximum number of listed company board representations and principal commitments as and when they deem fit.

Access to Information

Prior to each Board or Board Committees meeting, notice of the meeting containing the agenda for the meeting, which had been reviewed by the Chairman of the Board or the Chairmen of the respective Board Committees, is circulated to the Directors or the relevant Board Committees members. Management provides Directors with complete, adequate and timely information prior to meetings and on an on-going basis to enable them to make informed decisions and discharge their duties and responsibilities. Directors are entitled to request from Management and should be provided with such additional information as needed to make informed decisions so that they are equipped to play as full a part as possible in Board and Board Committees meetings. Detailed Board papers will be prepared for each meeting of the Board. The Board papers include sufficient information from Management on financial, business and corporate issues to enable Directors to be properly briefed on issues to be considered at Board and Board Committees meetings. Information provided includes background or explanatory information relating to matters to be brought before the Board and the Board Committees, copies of disclosure documents, budgets, forecasts and internal financial statements, including explanations for any material variance between projections and actual results.

CORPORATE GOVERNANCE REPORT

All Directors have unrestricted access to the Group's records and information and receive detailed financial and operational reports from Management during the year to enable them to carry out their duties. Directors also liaise with Management as required, and may consult with other employees and seek additional information on request.

All Directors have separate and independent access to Management, the Company Secretary and external advisers (where necessary) at the Company's expense. The appointment and the removal of the Company Secretary is a decision of the Board as a whole.

The Company Secretary will administer, attend and prepare minutes of the Board and the Board Committees meetings, assist each of the Board and the Board Committees Chairman in ensuring that the Board's and the Board Committees' procedures are followed and reviewed so that the Board and the Board Committees function effectively, and ensures that the Company's Constitution and relevant rules and regulations, including those of the Companies Act and the SGX-ST, are complied with. The Company Secretary ensures the quality, quantity and timeliness of the flow of information within the Board and the Board Committees, and between Management and Non-Executive Directors, and advises the Board on all corporate governance matters, facilitates orientation, and assists with professional development as and when required.

Should Directors, whether as a group or individually, need independent professional and expertise advice in the furtherance of their duties, the cost of such advice will be borne by the Company.

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.

The Board comprises seven (7) Directors, four (4) of whom (including the Chairman of the Board) are Independent and Non-Executive Directors. The Independent Directors and Non-Independent Non-Executive Director collectively make up more than half of the Board. The respective composition of the Board and the Board Committees are as follows:

Name of Director	Designation	Date of First Appointment	Date of Last Re-Appointment	Board Committee Membership		
				AC	NC	RC
Datuk Fadilah Binti Baharin	Independent Non-Executive Chairman	26 September 2022	26 April 2023 (To be re-elected at the upcoming AGM)	Member	-	Member
Dr. Ooi Shu Geok	Executive Director and Chief Executive Officer	22 July 2022	26 April 2023	-	-	-
Ms. Chong Moi Me	Executive Director and Chief Development Officer	22 July 2022	- (To be re-elected at the upcoming AGM)	-	-	-
Dr. Chong Juin Kuan	Non-Independent Non-Executive Director	22 July 2022	-	Member	-	-
Mr. Ong Beng Chye	Independent Non-Executive Director	26 September 2022	26 April 2023 (To be re-elected at the upcoming AGM)	Chairman	Member	Member
Tan Sri Dato' (Dr.) Wee Hoe Soon @ Gooi Hoe Soon	Independent Non-Executive Director	26 September 2022	26 April 2023	Member	Chairman	-
Ms. Wong Wan Chin	Independent Non-Executive Director	26 September 2022	26 April 2023	-	Member	Chairman

Key information on each Director is set out in the section entitled "Profile of Directors", and their respective shareholdings in the Company (if any) is set out in the section entitled "Directors' Statement" of the Company's Annual Report for FY2023.

CORPORATE GOVERNANCE REPORT

The Directors possess the right core competencies and diversity of experience which enabled them to effectively contribute to the Group. The size and composition of the Board and Board Committees are constantly reviewed by the NC, taking into consideration the scope of the business and nature of operations of the Group. This is to ensure that the size of the Board and Board Committees is adequate to provide for a diversity of views and to facilitate effective decision-making, and that the Board has an appropriate balance of executive, independent and non-independent Directors.

Board Independence

The independence of each Director is reviewed annually by the NC, based on the guidelines as provided in the Code and its Practice Guidance as well as Rule 406(3)(d) of the Catalist Rules, and any other salient factors. In its review, the NC considers all nature of relationships and circumstances that could influence the judgement and decisions of the Directors before tabling its findings and recommendations to the Board for approval. The Independent Directors are independent in conduct, character and judgement and they do not have any relationship with the Company, its related corporations, substantial shareholders or officers that could interfere, or be reasonably perceived to interfere with the exercise of the Director's independent business judgment in the best interest of the Company, and are able to exercise objective judgement on matters of the Group independently from Management. The NC has reviewed, determined and confirmed the independence of each Director for FY2023. None of the Independent Directors has served on the Board beyond nine years from the date of his or her first appointment.

For FY2023, the Independent Directors (namely Datuk Fadilah Binti Baharin, Mr. Ong Beng Chye, Tan Sri Dato' (Dr.) Wee Hoe Soon @ Gooi Hoe Soon, and Ms. Wong Wan Chin have confirmed that they and their immediate family members do not have any relationship with the Company or any of its related corporations, its substantial Shareholders or its officers that could interfere, or be reasonably perceived to interfere, with the exercise of the Directors' independent business judgment in the best interests of the Company, and do not fall under any of the circumstances pursuant to Rule 406(3)(d) of the Catalist Rules. The Independent Directors were not in a situation that could, or reasonably be perceived to, compromise their independence of thought and decision. The Non-Independent Non-Executive Director is neither part of Management nor an employee of the Group.

The Group had, from time to time, engaged Wong & Loh (which Ms. Wong Wan Chin is a partner of) to provide legal services to the Group (which comprised mainly the issuance of demand letters and applications for intellectual property). Ms. Wong Wan Chin was not the engagement partner involved in the provision of professional services by Wong & Loh to the Group (the "**Provision of Legal Services**").

The Executive Directors and Controlling Shareholders, Dr. Ooi Shu Geok and Ms. Chong Moi Me, had also engaged Wong & Loh for the provision of legal services in relation to the conveyance of properties in their personal capacities (the "**Provision of Conveyancing Services**"). Ms. Wong Wan Chin was not the engagement partner involved in the Provision of Conveyancing Services by Wong & Loh to Dr. Ooi Shu Geok and Ms. Chong Moi Me.

Furthermore, Wong & Loh had also entered into the following transactions with the Group during FY2021 to FY2023:

- a. Wong & Loh had entered into a subscription agreement with Empiric Science Sdn. Bhd. (a wholly-owned subsidiary of the Company) for the use of the Group's aizenz application system in 2021 and had renewed the subscription in 2022 and 2023 (the "**Aizenz Services**"); and
- b. Wong & Loh purchased COVID-19 test kits from the Group in 2021 (the "**Purchase of COVID Test Kits**").

Notwithstanding the above, the NC and the Board (other than Ms. Wong Wan Chin) have determined that Ms. Wong Wan Chin is considered independent for the following reasons:

- a. the aggregate fees paid by the Group to Wong & Loh for the Provision of Legal Services from FY2019 to FY2023 was approximately RM50,000, and were on an arm's length basis, in line with the standard market range of fees that Wong & Loh charges its other clients for such matters;

CORPORATE GOVERNANCE REPORT

- b. the aggregate fees charged by Wong & Loh to Dr. Ooi Shu Geok and Ms. Chong Moi Me for the Provision of Conveyancing Services in FY2019 and FY2020 were approximately RM32,000 and were on an arm's length basis, in line with the standard market range of fees that Wong & Loh charges its other clients for such matters;
- c. the aggregate fees charged by the Group to Wong & Loh for the Aizenz Services were approximately RM21,000, and were on an arm's length basis, in line with the fees that the Group charges unrelated third parties for similar services;
- d. the Purchase of COVID Test Kits was approximately RM4,000, and was at cost;
- e. Ms. Wong Wan Chin has undertaken to abstain from discussions and decisions relating to Wong & Loh by the Group and vice versa, including not being the engagement partner for professional services provided to the Group and/or the Controlling Shareholders by Wong & Loh; and
- f. Ms. Wong Wan Chin has confirmed that neither she nor her immediate family has been employed by the Company or its related corporations in the current or any of the last three (3) financial years.

Accordingly, the NC and the Board (other than Ms. Wong Wan Chin) are of the view that the appointment of Ms. Wong Wan Chin as an Independent Director is in compliance with Rule 406(3)(d) of the Catalist Rules, and Provision 2.1 and Practice Guidance 2 of the Code.

The Group had, from time to time, also engaged Appleton Global Private Limited (which Mr. Ong Beng Chye is a partner of) to provide professional services to the Group (which comprised the financial due diligence service). Mr. Ong Beng Chye is the sole shareholder and director of Appleton Global Private Limited. (the "**Provision of Professional Services**").

Notwithstanding the above, the NC and the Board (other than Mr. Ong Beng Chye) have determined that Mr. Ong Beng Chye is considered independent for the following reasons:

- a. the aggregate fees paid by the Group to Appleton Global Private Limited for the Provision of Professional Services for FY2023 was approximately RM31,330, and were on an arm's length basis, in line with the standard market range of fees that Appleton Global Private Limited charges its other clients for such matters.

Accordingly, the NC and the Board (other than Mr. Ong Beng Chye) are of the view that the appointment of Mr. Ong Beng Chye as an Independent Director is in compliance with Rule 406(3)(d) of the Catalist Rules, and Provision 2.1 and Practice Guidance 2 of the Code.

Board Diversity

The Board is committed to building diversity amongst its members. The Board has taken various initiatives to select and appoint its members that are suitable and qualified as Directors regardless of gender, age, ethnicity, religion, amongst others. The Board members are diverse in terms of expertise in different backgrounds such as finance, legal, business, marketing, and management fields. Having a diverse background of members is important as this will maintain the appropriate balance of perspectives, experience and expertise on the Board to support the long-term success of the Company.

The Company has a formal Board Diversity policy in place that sets out the approach to achieve diversity and provides the Company with the flexibility to select from a wide and diverse talent pool when shortlisting candidates for Board appointment. The NC considers diversity criteria such as gender, age, nationalities, experience, skills, knowledge, and independence, amongst other relevant criteria as part of Director candidate selection and nomination. The ultimate decision will be based on merit and contribution that the candidate will bring to the Board.

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The NC and the Board have reviewed the size of the current Board and Board Committees, and is of the opinion that there is an appropriate balance of industry knowledge, skills, background, experience, professional qualifications, age and gender on the Board. Accordingly, the NC and the Board are satisfied that the objectives of the Board Diversity Policy have been met the Board composition reflects the Company's commitment to Board diversity.

The NC will also continue to review the Board Diversity policy, as appropriate, to ensure its effectiveness, and will recommend appropriate revisions to the Board for consideration and approval. Any updates or progress made towards implementing the Board Diversity policy will be disclosed in the Company's Corporate Governance Report, as appropriate.

Chairman of the Board and CEO

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

The Chairman of the Board and the CEO are separate persons in order to ensure an appropriate balance of power and authority, increase accountability and greater capacity of the Board for independent decision-making. There is a clear division of responsibilities, as set out in writing and agreed by the Board, between the Chairman of the Board and the CEO. The Chairman of the Board, Datuk Fadilah Binti Baharin, an Independent Director, and the CEO, Dr. Ooi Shu Geok, are not related to each other.

The responsibilities of the Chairman of the Board include:

- (a) assuming the formal role of an independent leader and chairing all Board meetings;
- (b) leading the Board to ensure its effectiveness on all aspects of its role, in particular its oversight of the Management;
- (c) in consultation with the CEO, approving meeting schedules of the Board, setting the agenda for Board and Board Committee meetings and ensuring that adequate time is available for discussion of all agenda items, in particular strategic issues;
- (d) promoting a culture of openness and debate at the Board;
- (e) ensuring that the Directors receive complete, adequate and timely information;
- (f) ensuring effective communication by the Board and the Management with Shareholders;
- (g) encouraging constructive relations within the Board, and between the Board and the Management, and between the Executive Directors and the Non-Executive Directors;
- (h) facilitating the effective contribution of the Non-Executive Directors in particular; and
- (i) promoting high standards of corporate governance for the Group.

The CEO has full executive responsibilities in the business directions and operational efficiency of the Group. He oversees the execution of the Group's corporate and business strategies and is responsible for the day-to-day running of the business.

No lead Independent Director has been appointed, as the Chairman of the Board and the CEO are not related to each other and there is no business relationship between them. In respect of Provision 3.3 of the Code, the Chairman of the Board, who is an Independent Director, functions as a lead Independent Director and provides a channel of communication at email address fadilah@myco2.com.my through which Shareholders may raise any concerns in situations where the normal channels of communication with the CEO or Management are inappropriate or inadequate.

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.

The NC comprises three (3) members, all of whom (including the NC Chairman) are Independent Directors. The members of the NC are as follows:

- (a) Tan Sri Dato' (Dr.) Wee Hoe Soon @ Gooi Hoe Soon (Chairman)
- (b) Mr. Ong Beng Chye
- (c) Ms. Wong Wan Chin

The responsibilities of the NC as set out in its TOR include, amongst others, the following:

- a. to review and recommend the appointment of new Directors and Executive Officers (as defined in the Catalist Rules) and re-nomination of the Directors having regard to each Director's contribution, performance and ability to commit sufficient time, resources and attention to the affairs of the Group, and each Director's respective commitments outside the Group including his/her principal occupation and board representations on other companies, if any;
- b. to develop and maintain a formal and transparent process for the selection, appointment and re-appointment of Directors (including alternate Directors, if any), taking into account the need for progressive renewal of the Board;
- c. to determine annually, and as and when circumstances require, whether or not a Director is independent, in accordance with the Code;
- d. to decide whether or not a Director is able to and has been adequately carrying out his/her duties as a Director;
- e. to determine and recommend to Directors the maximum number of listed company board representations which any Director may hold and disclosing this in the Company's annual report;
- f. to decide how the Board's performance is to be evaluated and proposing objective performance criteria, subject to the approval of the Board, which address how the Board has enhanced long term Shareholders' value;
- g. to undertake a formal annual assessment of the Board's effectiveness as a whole and that of each of the Board Committees and individual Directors, and recommend for the Board's approval, the objective performance criteria and process for the evaluation of the effectiveness of the Board as a whole, and of each of the Board Committee separately, as well as the contribution of each individual Director to the Board;
- h. to review the structure, size and composition of the Board and Board Committees to ensure that these comprise an appropriate mix of skills, experience, core competencies and knowledge of the Group and other aspects of diversity such as gender and age, so as to avoid groupthink and foster constructive debate, and function competently and efficiently;
- i. to review succession plans for the Chairman of the Board, Directors, the CEO and key management personnel ("KMP");
- j. to review the training and professional development programs for the Board and its Directors;
- k. where a Director has multiple board representations, deciding whether the Director is able and has been adequately carrying out his/her duties as a Director, taking into consideration the Director's number of listed company board representations and other principal commitments, and establish guidelines on what a reasonable and maximum number of such directorships and principal commitments for each Director should be;

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- l. to ensure that the Directors submit themselves for re-nomination and re-election at the Company's annual general meeting, at least once every three (3) years;
- m. to review and approve the employment of persons related to the Directors, the CEO or Substantial Shareholders, and the proposed terms of their employment;
- n. to review the Board Diversity policy and progress made towards implementing the Board Diversity policy, including targets and objectives; and
- o. to undertake such other functions and duties as may be required by the Board under the Code, statute or Catalist Rules (where applicable).

The NC meets at least once a year and at other times as required, in accordance with its TOR. The Chairman of the NC reports formally to the Board on its proceedings after each meeting on all matters within its duties and responsibilities.

The NC reviews the nomination of Directors for re-election annually. Pursuant to Rule 720(4) of the Catalist Rules, all Directors must submit themselves for re-nomination and re-appointment at least once every three (3) years at the annual general meeting ("**AGM**") of the Company. The Company's Constitution also provides that one-third of the Directors, or if their number is not a multiple of three, the number nearest to one-third shall retire by rotation at every AGM of the Company. The NC takes into account the competencies, time commitments, contributions and performance of the Directors with reference to their attendance, participation and candour at meetings of the Board and the Board Committees, as well as the proficiency with which they have discharged their responsibilities, in recommending the Directors for re-election. In addition, the Company's Constitution also provides that newly-appointed Directors are required to submit themselves for re-nomination and re-election at the next AGM of the Company.

The NC had recommended to the Board that Ms. Chong Moi Me, Datuk Fadilah Binti Baharin and Mr. Ong Beng Chye shall retire pursuant to Regulation 100 of the Company's Constitution (the "**Retiring Directors**"), and they be nominated for re-election at the forthcoming AGM of the Company. The Board had accepted the NC's recommendation and the Retiring Directors had consented to act and offered themselves for re-election. The Retiring Directors had each abstained from the discussion and taking a decision in respect of their own nomination. The details of the Retiring Directors seeking for re-election as required under Rule 720(5) of the Catalist Rules are set out in the section entitled "**Information on Directors Nominated for Re-election – Appendix 7F of the Catalist Rules**" section on pages 54 to 60 of this report.

The NC determines annually, and as and when circumstances require, whether a Director is independent, taking into consideration the disclosures by the Directors of any relationships with the Company, its related corporations, its substantial Shareholders or its officers, and the confirmation of independence form completed by each Independent Director to confirm his or her independence. Such form is drawn up based on Principle 2 of the Code, as well as Rule 406(3)(d) of the Catalist Rules. Having completed its review, the NC is of the view that the Independent Directors have satisfied the criteria for independence.

The Board provides for the appointment of alternate Director only in exceptional cases such as when a Director has a medical emergency. The Board takes into consideration the same criteria for selection of alternate Directors, such as his/her qualifications, competencies and independence. The Company does not have any alternate director during FY2023.

When new Directors are appointed, the NC also ensures that they are aware of their duties and obligations. The NC also decides if a Director is able to and has been adequately carrying out his/her duties as a Director. Specifically, the NC will review and decide, on an annual basis (or more frequently as the NC deems fit), whether such Director with competing time commitments is able to and has been adequately carrying out his/her duties as a Director, having regard to the competing time commitments that are faced by the Director when serving on multiple boards and discharging his/her duties towards other principal commitments. The Company has not appointed any new Director to the Board since the Company's IPO up to the date of this report. The NC will consider criteria such as expertise, experience, gender, age and any other relevant attributes on the Board, amongst its diversity objectives, to make recommendations for the appointment of new Directors to the Board.

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Multiple Listed Companies Directorships and Other Principal Commitments

The Code and the Practice Guidance requires listed companies to fix the maximum number of board representations on other listed companies that a Company's Directors may hold and to disclose this in its annual report. The NC, with the concurrence of the Board, has not set the maximum number of listed company directorships which a Director may hold. The NC will continue to monitor and determine annually, on a case-by-case basis, whether the Directors have given sufficient time and attention to the affairs of the Company and adequately carry out his/her duties as a Director of the Company. The NC has reviewed and is satisfied that sufficient time and attention are being given by the Directors to the affairs of the Group, notwithstanding that some of the Directors have other board representations or principal commitments.

The directorships in other listed companies and principal commitments of each of the Directors as at the date of this report are set out below:

Name of Director	Directorship in Other Listed Companies		Other Principal Commitments
	Present	Past (Preceding 5 Years)	
Datuk Fadilah Binti Baharin	-	-	<ul style="list-style-type: none"> • Director at Konkordia Sdn. Bhd. • Director at Provekta Technologies Sdn. Bhd. • Director at IPEC Global Legacy Foundation • Director at NanoVerify Sdn. Bhd.
Dr. Ooi Shu Geok	-	-	<ul style="list-style-type: none"> • Director at Fitcorp Value Pte. Ltd. • Director at Louis May Pte. Ltd.
Ms. Chong Moi Me	-	-	<ul style="list-style-type: none"> • Director at Fitcorp Value Pte. Ltd. • Director at Louis May Pte. Ltd.
Dr. Chong Juin Kuan	-	-	<ul style="list-style-type: none"> • Director at LMS Compliance International Pte. Ltd. • Director at Fitcorp Value Pte. Ltd. • Director at Louis May Pte. Ltd. • Director at SG CO2 Pte. Ltd. • Non-Executive Director at KoverNow Pte. Ltd. • Chief Data Officer at Nanyang Technological University
Mr. Ong Beng Chye	<ul style="list-style-type: none"> • ES Group (Holdings) Limited • IPS Securex Holdings Limited • Hafary Holdings Limited • Alpina Holdings Limited 	<ul style="list-style-type: none"> • Geo Energy Resources Limited • CapAllianz Holdings Limited 	<ul style="list-style-type: none"> • Director at Appleton Global Private Limited • Director at Gem Corp Services Pte. Ltd.
Tan Sri Dato' (Dr.) Wee Hoe Soon @ Gooi Hoe Soon	<ul style="list-style-type: none"> • AIA Berhad • Red Ideas Holdings Bhd. • Yinson Holdings Bhd. • Perusahaan Sadur Timah Malaysia (Perstima) Bhd. 	-	<ul style="list-style-type: none"> • Director at Astra Ventures Sdn. Bhd. • Director at Astra Capital Sdn. Bhd. • Director at Georgia Attraction Sdn. Bhd. • Director at Liberty Vision Sdn. Bhd. • Director at Total Basic Sdn. Bhd. • Director at AP Focus Sdn. Bhd. • Director at PC Heritage Sdn. Bhd. • Director at Securities Commission of Malaysia • Director at Hong Leong Foundation
Ms. Wong Wan Chin	<ul style="list-style-type: none"> • Volcano Berhad • HHRG Berhad (f.k.a. Heng Huat Resources Group Berhad) 	-	<ul style="list-style-type: none"> • Non-Executive Director at JCCW Trustee (M) Berhad • Director at Polygold Avenue Sdn. Bhd. • Director at W&L Advisory Sdn. Bhd. • Director at Wong & Loh

Board Performance

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

The NC is responsible for deciding how the Board's performance may be evaluated and proposing objective performance criteria for the Board's approval and implementing corporate governance measures to achieve good stewardship of the Company. The NC has adopted processes for the evaluation of the performance and effectiveness of the Board as a whole, the Board Committees and individual Directors, based on the performance criteria approved by the Board. The objective of the annual evaluation is to identify areas for improvement and thereafter implement appropriate action.

The assessment of the contribution by each Director is specifically related to the individual Director's duties such as preparedness, contribution, and industry and business knowledge and experience which are crucial to the Group's business. The NC evaluates each Director's performance based on parameters such as attendance and participation at Board and Board Committees meetings, appropriate skills, experience and expertise, understanding business plans and strategies, and leadership to Management.

The NC also takes into account the Board's balance and mix in evaluating the performance and effectiveness of the Board as a whole. Factors taken into consideration for the assessment of the Board as a whole includes the contribution to the development of strategies and effective risk management, response to problems and crisis, and the evaluation that underpins the Board's effectiveness in providing timely information. The assessment of the contribution of the Chairman encompasses effective leadership and communication with Shareholders and the Board.

Each of the Board Committees is assessed for its effectiveness to address the matters and timely resolution of issues. The NC will review the performance evaluation results and where appropriate, propose new members to be appointed to the Board or seek the resignation of Directors. The NC has assessed the effectiveness of the current Board as a whole and the Board Committees, and contribution by each Director to the effectiveness of the Board. Results of the performance evaluation were reported to the Board.

The NC has in place an annual Board Performance Evaluation exercise, which is used to evaluate the effectiveness of the Board and facilitate discussion to enable Directors to discharge their duties more effectively. The evaluations are carried out by means of a questionnaire being completed by each Director. The results of the completed questionnaires are collated and the findings are analysed and discussed by the NC, and reported to the Board.

The Board performance evaluation exercise provides an opportunity to obtain constructive feedback from each Director on whether the Board's procedures and processes had allowed him/her to discharge his/her duties effectively. Directors are encouraged to propose changes to enhance effectiveness as a whole.

The Board evaluation questionnaire takes into consideration qualitative factors such as Board composition, information flow to the Board, Board process, Board accountability, matters concerning the Managing Director and top management and standards of conduct of Board members. The NC would review the need to set quantitative targets as performance criteria when appropriate.

The performance criteria will not be changed from year to year unless circumstances deem it necessary for any of the criteria to be changed, for example to align with changes to the Code and the onus should be on the Board to justify the decision.

The NC also has an annual performance evaluation exercise for each of the Board Committees. The performance evaluations of the AC, the NC and the RC are similarly carried out with questionnaires. The results are collated and the findings are analysed and discussed by the NC, with comparatives from the previous year's results, and reported to the Board.

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Individual Director evaluations are also conducted whereby each Director is evaluated on his/her contributions through proper guidance, diligent oversight and able leadership, and the support extended to Management in steering the Group.

The results of the Board, the Board Committees and Individual Director evaluations are compiled by the Company Secretary and reported to the NC. In discussing the results of the performance evaluations for FY2023, the Board and Board Committee members were able to identify areas for improving their effectiveness. No significant problems were identified.

Following the review in FY2023, the Board is of the view that the Board and its Board Committees operate effectively and that each Director contributes to the overall effectiveness of the Board and its Board Committees.

The Board has not engaged any external consultant to conduct an assessment of the performance of the Board, each Board Committee and each individual Director for FY2023. Where relevant and when the need arises, the NC will consider such an engagement.

The NC will continue to review the formal assessment processes for evaluating Board performance, its Board Committees, as well as the contribution of individual Directors to the effectiveness of the Board. Each member of the NC shall abstain from voting on any resolutions in respect of his/her re-nomination and assessment as a Director.

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 own remuneration.

The RC comprises three (3) members, all of whom, including the RC Chairman, are Independent and Non-Executive Directors. The members of the RC are as follows:

- (a) Ms. Wong Wan Chin (Chairman)
- (b) Mr. Ong Beng Chye
- (c) Datuk Fadilah Binti Baharin

The RC carries out its duties in accordance with its TOR which include, amongst others, the following:

- a. to review and submit its recommendations for endorsement by the entire Board, a general framework of remuneration for the Board, the specific remuneration packages, and terms of employment (where applicable) for each Director, the CEO (if CEO is not a Director) and KMP;
- b. to review, recommend and determine specific remuneration packages for each Director and KMP, including but not limited to Directors' fees, salaries, allowances, bonuses, options, share-based incentives and awards, and benefits-in-kind;
- c. to administer the LMS Performance Share Plan ("**LMS PSP**") and the LMS Employee Share Option Scheme ("**LMS ESOS**");

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- d. to review and approve any new employment of related employees (being employees that are related to the Directors, CEO and/or Substantial Shareholders) and the proposed terms of their employment, to ensure that their remuneration packages are in line with staff remuneration guidelines and commensurate with their respective job scopes and level of responsibilities. The RC will also review and approve any bonuses, pay increments and/or promotions for these related employees. Each RC member shall abstain from voting on any resolutions in respect of his/her remuneration package or that of employees related to him/her;
- e. in the case of service contracts, to review the obligations arising in the event of termination of an Executive Director or executive officer's service contract, to ensure that such service contracts contain fair and reasonable termination clauses which are not overly generous;
- f. to review and recommend to the Board the terms of share options, shares award plans or any long-term incentive schemes which may be set up from time to time, in particular to review whether Directors, KMP or such employee should be eligible for such schemes and also to evaluate the costs and benefits of such schemes and to do all acts necessary in connection therewith;
- g. to ensure the remuneration policies and systems of the Group, as approved by the Board, support the Group's objectives and strategies, and are consistently being administered and being adhered to within the Group; and
- h. to propose, for adoption by the Board, measurable, appropriate and meaningful performance targets for assessing the performance of the KMP, individual Directors and of the Board as a whole.

The RC reviews and recommends to the Board the remuneration packages or policies for the Directors, the CEO and the KMP based on the performance of the Group, the individual Director, CEO, and KMP. No Director individually decides or is involved in the determination of his or her own remuneration. Each member of the RC shall abstain from voting on any resolution in respect of his/her remuneration package and making any recommendations and/or participating in any deliberations of the RC in respect of his/her remuneration package. The RC's recommendations are submitted for endorsement by the Board.

The RC will also review the Company's obligations under the service agreement entered into with the Executive Directors and KMP that would arise in the event of termination of these service agreements. This is to ensure that such service agreements contain fair and reasonable termination clauses which are not overly generous. The RC aims to be fair and avoid rewarding poor performance.

During FY2023, the RC did not seek any external professional advice on fixing remuneration packages for the Directors and employees. Where relevant, the RC will consider such engagement and will review the suitability and independence of the external firm before engaging them.

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 Group recognises that a competitive remuneration and reward system based on individual performance is important to attract, retain and incentivise the best talent. The Group has adopted a remuneration structure for the Executive Directors and KMPs that promotes the long-term success of the Group. The RC ensures that the Executive Directors' and KMPs' remuneration are commensurate with their performance and that of the Group's, taking into consideration the prevailing financial and commercial health, contribution to value creation of the Group and business needs of the Group.

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In setting remuneration packages, the RC also ensures that the Executive Directors and KMPs are adequately but not excessively remunerated as compared to the industry and other comparable companies. The remuneration packages of the Executive Directors and KMPs consist of fixed, variable components and benefits. The fixed component mainly comprises the basic salary and statutory contributions. The variable component is linked to the Group's performance and individual's performance. Such performance-related remuneration is designed to align with the interests of Shareholders and other stakeholders and promote long-term success of the Group.

The remuneration packages of the Executive Directors and KMPs are based on service contracts. Dr. Ooi Shu Geok, the CEO and Executive Director, and Ms. Chong Moi Me, the CDO and Executive Director, each has a service agreement with the Company for an initial period of three (3) years commencing with effect from the date of admission of the Company to the Catalist of the SGX-ST.

Pursuant to the terms of the respective service agreements, Dr. Ooi Shu Geok and Ms. Chong Moi Me will each receive a monthly salary. In addition to their annual salaries, each of Dr. Ooi Shu Geok and Ms. Chong Moi Me are entitled to receive an annual incentive bonus (the "**Incentive Bonus**") of a sum calculated based on the audited consolidated profit before income tax of the Group (after deducting for the non-controlling interests) for the relevant financial year, before payment of the Incentive Bonus and excluding any gains or losses arising from extraordinary and exceptional items.

Dr. Ooi Shu Geok and Ms. Chong Moi Me are entitled to the Incentive Bonus in connection with their contribution to the Group in their roles as the CEO and Executive Director, and the CDO and Executive Director, respectively. The Incentive Bonus is subject to the discretion and periodic review by the Board and the RC at such interval(s) as the Board and the RC consider appropriate. The remuneration of the Executive Directors is subject to annual review by the Board and the RC, in line with the Company's annual year end salary review exercise.

Furthermore, the Executive Directors, along with the employees of the Group are paid an incentive bonus (the "**Executive Bonus**") pursuant to the incentive bonus scheme for the Group's employees. The amount of Executive Bonus awarded to each Executive Director and employee of the Group is calculated based on performance indicators which includes, amongst others, the profits of the department of such Executive Director or employee, customer complaint rate, productivity and other quantitative performance indicators.

Save as disclosed above, commissions and incentive payments payable to selected employees in the ordinary course of business, and the LMS Performance Share Plan and the LMS Employee Share Option Scheme, there are no bonus or profit-sharing plans or any other profit-linked agreements or arrangements between the Group and any of the Directors, Executive Officers or employees.

Independent Directors are paid quarterly in arrears and such fees, being an agreed amount, are subject to Shareholders' approval at the AGM of the Company. The proposed Directors' fees are determined in accordance with their contributions, taking into account factors such as effort, time spent and responsibilities of these Directors.

The Directors' fees are endorsed by the RC and recommended by the Board for Shareholders' approval at the AGM of the Company. Directors' fees of RM276,000 for the financial year ending 31 December 2024 ("**FY2024**") (to be paid quarterly in arrears), have been recommended by the Board and will be subject to the approval of Shareholders at the forthcoming AGM of the Company. The RC and the Board are of the view that the fees of the current Independent Directors and Non-Executive Director are adequate and not excessive. Each member of the RC shall abstain from voting on any resolutions and making any recommendations and/or participating in any deliberations of the RC in respect of his/her remuneration package.

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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.

On 2 September 2022, the Company entered into separate service agreements (“**Service Agreement**”) with each of (a) the CEO and Executive Director, Dr. Ooi Shu Geok; and (b) the CDO and Executive Director, Ms. Chong Moi Me. Each of the Service Agreements is for an initial period of three (3) years (“**Initial Term**”) commencing with effect from the date of admission of the Company to the Catalist of the SGX-ST, subject to renewal at the end of the Initial Term on such terms as may be agreed between the Company and the respective Executive Director, and (if necessary) approved by the Board, the RC, the NC and/or the Shareholders, unless otherwise agreed in writing between the Company and the Executive Directors or terminated in accordance with the Service Agreement.

Disclosure on Directors’ Fees and Remuneration

The breakdown of the total remuneration of Directors (including the CEO and the CDO) for FY2023 is set out below:

Name of Director	Directors’ fees (%)	Base salary ⁽¹⁾ (%)	Variable or Performance-related Income/ Bonus* (%)	Allowances & Benefits (%)	Total (%)
Below S\$200,000					
Dr. Ooi Shu Geok	-	62	38	-	100
Ms. Chong Moi Me ⁽²⁾	-	62	38	-	100
Below S\$50,000					
Dr. Chong Juin Kuan	100	-	-	-	100
Datuk Fadilah Binti Baharin	100	-	-	-	100
Mr. Ong Beng Chye	100	-	-	-	100
Tan Sri Dato’ (Dr.) Wee Hoe Soon @ Gooi Hoe Soon	100	-	-	-	100
Ms. Wong Wan Chin	100	-	-	-	100

Notes:

- (1) Amount inclusive of contribution to employees provident funds.
- (2) Ms. Chong Moi Me, the CDO and Executive Director, is the spouse of Dr. Ooi Shu Geok, the CEO and Executive Director.

After careful deliberation, the Board is of the view that full disclosure of the exact remuneration of each individual Director is not in the best interests of the Company and the disclosure made based on the above remuneration band is appropriate. In arriving at this decision, the Board took into consideration, *inter alia*, the confidential nature of remuneration matters, the relative size of the Group, the competitive business environment in which the Group operates in, and the negative impact such disclosures may have on the Group. After taking into account the aforesaid reasons for non-disclosure, the Board is of the view that the current disclosure of the remuneration presented herein in this report is sufficient to provide Shareholders with information on the Group’s remuneration policies, as well as the level and mix of remuneration. Accordingly, the Board is of the view that the Company complies with Principle 8 of the Code.

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Disclosure on KMP's Remuneration

For FY2023, the remuneration paid to the top five (5) KMP (who are not Directors or CEO and CDO) is as follows:

Name of KMP	Base salary ⁽¹⁾ (%)	Variable or Performance- related Income/ Bonus (%)	Allowances & Benefits (%)	Total (%)
Below S\$100,000				
Mr. Kuan Pin Seah	93	7	-	100
Ms. Ooi Wan Koon ⁽²⁾	93	7	-	100
Mr. Chua Siong Wei	94	6	-	100
Mr. Poh Tze Kye	90	8	2	100
Mr. Teh Huat Chooi	85	12	3	100

Notes:

(1) Amount inclusive of contribution to employee provident funds.

(2) Ms. Ooi Wan Koon, the Chief People Officer, is the sister of Dr. Ooi Shu Geok, Executive Director and CEO.

For FY2023, the aggregate total remuneration paid/payable to the abovementioned top five (5) KMP amounted to RM995,047 (equivalent to S\$292,816, based on an exchange rate of S\$1 to RM3.3982).

Save for Dr. Ooi Shu Geok and Ms. Chong Moi Me who are spouses, there were no employees who were Substantial Shareholders, or are immediate family members of a Director, the CEO or a Substantial Shareholder, and whose remuneration exceeds S\$100,000 in the Group's employment during FY2023.

The Company has in place, a performance share plan, the LMS PSP, and a share option scheme, the LMS ESOS, which are administered by the RC. Both the LMS PSP and the LMS ESOS form an integral and important component of the compensation plan and are designed primarily to reward and retain employees whose services are vital to the growth and performance of the Company and the Group.

The objectives of the LMS ESOS are as follows:

- i. to provide eligible participants with an opportunity to participate in the growth and equity of the Company, and to motivate them to optimise their performance standards and efficiency, and to maintain a high level of contribution to the Group;
- ii. to retain key employees and Directors whose contributions are essential to the long-term growth and profitability of the Group;
- iii. to instill loyalty to, and a stronger identification by participants with the long-term prosperity of the Group;
- iv. to attract business relationships and potential employees with the relevant skills to contribute to the Group and to create value for the Shareholders;
- v. to reward and retain Executive Directors, Non-Executive Directors and employees whose services are vital to the success of the Group; and
- vi. to align the interests of participants with the interests of the Shareholders.

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The LMS ESOS would provide the Group with greater flexibility in structuring the compensation packages of eligible participants and provide an additional tool to motivate and retain employees through the offering of compensation packages that are market-competitive.

As at the date of this report, no options have been granted under the LMS ESOS.

The objectives of the LMS PSP are as follows:

- i. foster an ownership culture within the Group which aligns the interests of participants with the interests of Shareholders;
- ii. motivate participants to achieve key financial and operational goals of the Company and/or their respective business divisions and encourage greater dedication and loyalty to the Group;
- iii. make total employee remuneration sufficiently competitive to recruit new participants and/or retain existing participants whose contributions are important to the long-term growth and profitability of the Group, and whose skills are commensurate with the Company's ambition to become a world class company; and
- iv. attract business relationships and potential employees with the relevant skills to contribute to the Group and to create value for the Shareholders.

The focus of the LMS PSP is principally to target selected Management and certain key employees who are able to drive the growth of the Company through creativity, firm leadership and excellent performance. The Company believes that it will be more effective than merely having pure cash bonuses in place to motivate executives to work towards determined goals and in addition to the LMS ESOS, the LMS PSP will further strengthen the Company's competitiveness in attracting and retaining talent.

The performance condition shall be determined at the absolute discretion of the RC, which may comprise factors such as (but not limited to) the market capitalisation or earnings of the Company at specified times.

As at the date of this report, no awards have been granted under the LMS PSP.

C. ACCOUNTABILITY AND AUDIT

Risk Management and Internal Controls

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

The Board has overall responsibility for the governance of risk. The Management is responsible to the Board for the design, implementation and monitoring of the Group's risk management and internal control systems, and to provide the Board with the basis to determine the Company's levels of risk tolerance and risk policies.

The Company has clear policies and guidelines on dealings in securities by Directors and employees. The Company imposes a trade embargo on its Directors and employees from trading in its securities for the period of one (1) month before the announcement of its half-yearly and full-year financial results.

The Board notes that all internal control systems contain inherent limitations and no sound system of internal controls could provide absolute assurance against the occurrence of material errors, poor judgment in decision making, human error losses, fraud or other irregularities. However, alternative procedures, policies, guidelines and compliance regulations are in place to mitigate any possible and/or suspected irregularities.

CORPORATE GOVERNANCE REPORT

To date, nothing has come to the attention of the AC and/or Board of any deficiency and/or dysfunction of the internal control implementation that has resulted in any significant loss and/ or material financial misstatement.

Risk Committee

As the Company does not have a risk management committee, the AC and the Management assume the responsibility of the risk management function. The AC and the Management review the Company's business and operational activities regularly to identify areas of significant risks as well as appropriate measures to control and mitigate these risks. The AC and the Management review and highlight all significant matters in relation to risk management and framework to the Board. Having considered the Company's business and operations as well as its existing internal control and risk management systems, the Board is of the view that a separate risk management committee is not required for the time being.

In FY2023, the Group's external auditors (to the extent as required by them to form an audit opinion on the statutory financial statements) and internal auditors conducted a review of the adequacy and effectiveness of the Group's internal control system and risk management system. Findings and recommendations for improvement were reported to the AC.

The AC also enquires and relies on reports from the Management and the internal auditors on any material non-compliance and internal control weaknesses. The AC oversees and monitors the implementation of any improvements thereto. The AC had reviewed with the Management and the internal auditors, their findings of the existence and adequacy of material accounting controls procedures as part of its audit for the financial year under review. The AC is of the view that the works carried out by the Management and internal auditors are adequate.

For FY2023, the Board has received assurance from the CEO and the Financial Controller:

- (a) that the financial records have been properly maintained and the financial statements give a true and fair view of the Group's operations and finances; and
- (b) on the adequacy and the effectiveness of the Group's risk management and internal control systems (including financial, operational, compliance and information technology controls).

Taking into account the Company's corporate structure and scope of operations, and based on the internal controls established and maintained by the Group, works performed by the external auditors and the internal auditors, and reviews performed by Management, the Board, with the concurrence of the AC, is of the opinion that the Group's internal controls (including financial, operational, compliance and information technology controls) and risk management systems were adequate and effective as at 31 December 2023.

Audit and Risk Committee

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

The AC comprises four (4) members, all of whom are Non-Executive Directors and the majority of whom, including the AC Chairman are Independent Directors. The member of the AC are as follows:

- (a) Mr. Ong Beng Chye (Chairman)
- (b) Tan Sri Dato' (Dr.) Wee Hoe Soon @ Gooi Hoe Soon
- (c) Dr. Chong Juin Kuan
- (d) Datuk Fadilah Binti Baharin

At least two members, including the AC Chairman, possess the necessary accounting or related financial management experience in discharging their duties. The Board is of the view that the AC consists of members who are appropriately qualified and that they have sufficient accounting or related financial management expertise and experience to discharge their duties and responsibilities to the AC.

CORPORATE GOVERNANCE REPORT

The AC does not comprise former partners or directors of the Company's existing auditing firm or auditing corporation:

- (a) within a period of two (2) years commencing on the date of their ceasing to be a partner of the auditing firm or director of the auditing corporation; and
- (b) in any case, for as long as they have any financial interest in the auditing firm or auditing corporation.

The AC will assist the Board in discharging its responsibility to safeguard assets, maintain adequate accounting records, develop and maintain effective systems of internal control, with the overall objective of ensuring that the Management creates and maintains an effective control environment in the Group.

The AC will provide a channel of communication between the Board, Management, internal auditors, and external auditors, on matters relating to audit. The AC also meets with the internal auditors and external auditors without the presence of Management.

The AC also has explicit authority to investigate any matters within its TOR, full access to and cooperation of the Management and also full discretion to invite any Director or key management personnel to attend its meetings, and has been given reasonable resources to enable it to discharge its functions. The AC can seek professional advice, where necessary, and at the Company's expense.

The AC carries out its duties in accordance with a set of TOR which include, amongst others, the following:

- (a) to assist the Board in discharging its responsibility to safeguard the Group's assets, maintain adequate accounting records, and develop and maintain effective systems of internal controls, with the overall objective of ensuring that Management creates and maintains an effective control environment in the Group;
- (b) to review, with the internal auditors and the external auditors, the audit plans, scope of work, their evaluation of the Group's system of internal controls, audit reports, their management letters and the management's response, and the results of audits compiled by the internal auditors and the external auditors, and will review at regular intervals with the Management the implementation by the Group of the internal control recommendations made by the internal auditors and external auditors;
- (c) to review the periodic consolidated financial statements and any formal announcements relating to the Group's financial performance before submission to the Board for approval, focusing in particular on changes in accounting policies and practices, major risk areas, significant adjustments arising from the audit, compliance with accounting standards, compliance with the Catalist Rules, and any other statutory and regulatory requirements, concerns and issues arising from their audits including any matters which the auditors may wish to discuss in the absence of the Management, where necessary, before submission to the Board for approval;
- (d) to review and report to the Board, at least annually, the adequacy and effectiveness of the Group's internal control procedures (including financial, operational, compliance and information technology controls) and risk management systems;
- (e) to commission and review findings of internal investigations (including to review and discuss with the internal auditors and the external auditors, any issues and concerns arising from the internal audits and the external audits) where there is any suspected fraud, irregularity, failure of internal controls or infringement of any relevant laws, rules and regulations, which has or is likely to have a material impact on the Group's financial performance or financial position, and the Management's response;

CORPORATE GOVERNANCE REPORT

- (f) to review the key financial risk areas, with a view to provide an independent oversight on the Group's financial reporting, the outcome of such review to be disclosed in the annual reports or if the findings are material, to be immediately announced via SGXNET;
- (g) to review and approve all hedging policies implemented by the Group (if any) and conduct periodic review of foreign exchange transactions, and hedging policies and procedures;
- (h) to meet with the internal auditors and the external auditors, and in each case, without the presence of Management, at least annually and review the co-operation given by the Management to the internal auditors and the external auditors, where applicable;
- (i) to review periodically, the adequacy, effectiveness, scope of the internal audits and the external audits, independence and objectivity of the internal auditors and the external auditors, as well as consider the appointment or re-appointment of the internal auditors and the external auditors, including approving the remuneration and terms of engagement of the internal auditors and the external auditors, and ensuring the internal audit function is adequately resourced and staffed with persons with the relevant qualifications and experience, and that the internal auditors comply with the standards set by internationally recognised professional bodies, where applicable;
- (j) to review and approve any interested person transactions falling within the scope of Chapter 9 of the Catalist Rules and review procedures thereof;
- (k) to review potential conflicts of interests (if any) and set out a framework to resolve or mitigate any potential conflicts of interests as well as monitor compliance with such framework;
- (l) to review and assess from time to time whether additional processes are required to be put in place to manage any material conflicts of interest with the controlling shareholders and propose, where appropriate, the relevant measures for the Management of such conflicts;
- (m) to review the procedures by which employees of the Group may, in confidence, report to the Chairman of the AC, possible improprieties in matters of financial reporting or other matters and ensure that there are arrangements in place for the receipt, retention and treatment of complaints received by the Group (including criminal offences involving the Group or its employees, questionable accounting, auditing, business, safety or other matters that impact negatively on the Group), the independent investigation and follow-up actions thereto;
- (n) to review transactions falling within the scope of Chapter 10 of the Catalist Rules, if any;
- (o) to review 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 financial performance;
- (p) to review the Group's compliance with such functions and duties as may be required under the relevant statutes or the Catalist Rules, including such amendments made thereto from time to time;
- (q) to review the whistle-blowing policy and procedures;
- (r) to monitor and have oversight on the Group's measures, and review such procedures and policies put in place to ensure compliance with the various applicable laws and regulations, such as (i) the Group's business licences and tax matters, including the appointment of legal advisers and qualified tax agents, and (ii) laws and regulations for which the Group had contravened in the past, at least annually to ensure that such procedures and policies are commensurate with the Group's operations and expansion plans from time to time;

CORPORATE GOVERNANCE REPORT

- (s) to assist the Board in the discharge of its statutory responsibilities on financial and accounting matters;
- (t) to assist the Board in fulfilling its responsibility for overseeing the integrity of the Group's system of accounting and financial reports and in maintaining a high standard of transparency and reliability in its corporate disclosures;
- (u) to review the risk profile of the Group and the appropriate steps to be taken to mitigate and manage risks at acceptable levels determined by the Board;
- (v) where applicable, to ensure that the internal audit function has unfettered access to all the Group's documents, records, properties and personnel, including the AC, and has appropriate standing within the Group;
- (w) to review the assurance from (1) the CEO and the Financial Controller (regardless of title, who performs or has the capacity to perform the finance function or responsibility equivalent to that of the foregoing person) on the financial records and financial statements; and (2) the CEO and other KMP who are responsible regarding the adequacy and effectiveness of the Group's risk management and internal control systems;
- (x) to appraise the performance of the Financial Controller on an annual basis;
- (y) to monitor the use of the proceeds raised from the Company's initial public offering on the Catalist of the SGX-ST;
- (z) to monitor the controlling shareholders and Ms Ooi Wan Koon's compliance with the relevant deeds/undertakings provided to the Group;
- (aa) to monitor and review the results obtained by the finance department pursuant to its quarterly review in ensuring compliance with bank covenants for the credit facilities of the Group;
- (bb) to undertake such other reviews and projects as may be requested by the Board, and report to the Board its findings from time to time on matters arising and requiring the attention of the AC; and
- (cc) to undertake generally such other functions and duties as may be required by law or the Catalist Rules, and by such amendments made thereto from time to time.

The number of meetings convened by the AC is set out in Provision 1.5 of this report. The Directors and the Company Secretary are invited to these meetings. Minutes of the AC meetings are submitted to the Board for information and review with such recommendations as the AC considers appropriate. The AC is kept abreast by the Management and external auditors of changes to accounting standards and by the Company Secretary and the Sponsor on the Catalist Rules, which could have an impact on the Group's business and financial statements.

In the AC's review of the financial statements of the Group for FY2023, the AC had discussed with the Management the accounting principles that were applied and their judgement of items that could affect the integrity of the financial statements and also considered the clarity of key disclosures in the financial statements. The AC has also reviewed the key audit matter disclosed in the independent auditors' report for FY2023 and is satisfied with the measures taken by the Company to address such issues were adequate and appropriate.

The AC is satisfied with the adequacy of the Group's financial statements and financial reporting resources and the performance of the Group's finance department.

CORPORATE GOVERNANCE REPORT

Whistle-blowing Policy

The Company has implemented a whistle-blowing policy which aims to provide an avenue for employees and external parties to raise concerns about misconducts or wrongdoing relating to the Group or any of its officers. The whistle-blower will be protected from victimisation and unfair treatment for whistle-blowing in good faith, and his/her identity will be kept confidential.

The Company's employees and any external parties may, in confidence, raise concerns about possible improprieties in matters of financial reporting or other matters by submitting a whistleblowing report to the AC via a dedicated secured email address to fadilah@myco2.com.my. Where a complaint has been made, a report will be submitted to the AC for investigation and follow-up. The AC is responsible for the oversight and monitoring of whistle-blowing. The whistle-blowing procedures and contact details of the AC have been made available to all employees. There were no whistle-blowing report received in FY2023.

External Audit

The external auditor of the Company is BDO LLP, and Mr. Yeo Siok Yong is the current audit partner-in-charge. The AC discussed with the external auditors the audit plan, and the report on the audit of the year-end financial statements; reviewed the external auditor's management letter and Management's responses thereto; and reviewed the external auditor's objectivity and independence from the Management and the Company.

The AC has considered the independence of BDO LLP and undertaken a review of all the non-audit services provided by the external auditor. The AC, with the concurrence of the Board is satisfied and is of the opinion that the non-audit fees incurred does not affect the independence and objectivity of BDO LLP. The aggregate amount of fees paid to BDO LLP for FY2023 amounted to RM387,000 for audit services and RM32,000 for non-audit services. A breakdown of the audit and non-audit fees paid to BDO LLP is disclosed on page 98 of the Company's Annual Report for FY2023.

The AC recommends to the Board on the proposals to the Shareholders on the appointment, re-appointment and removal of external auditor and approval of the remuneration of the external auditor. After considering the resources and experience of BDO LLP and the audit partner-in-charge assigned to the audit, the size and complexity of the audit for the Group, as well as the number and experience of the staff assigned by BDO LLP for the audit, the AC has recommended to the Board the nomination and re-appointment of BDO LLP as the external auditor for the Company's audit obligations for the FY2024, at the forthcoming AGM. The Company's external auditor, BDO LLP, has also confirmed its independence in this respect, and that BDO LLP is registered with the ACRA and approved under the Accountants Act 2004 of Singapore. The audit partner-in-charge assigned to the audit is a registered public accountant under the Accountants Act 2004 of Singapore. The Company confirms that Rule 712 and Rule 715 of the Catalist Rules have been complied with in appointing audit firms for the Group.

The AC has full access to the external auditors without the presence of Management and is authorised to have full and unrestricted access to Management and all personnel, records, operations, properties, and other informational sources of the Company as required or desirable to properly discharge its responsibilities.

CORPORATE GOVERNANCE REPORT

Internal Audit

The Company has outsourced its internal audit function to Baker Tilly Monteiro Heng Governance Sdn. Bhd. (“**Baker Tilly**”) to assist the Company in reviewing the effectiveness and efficiency of the process design and implementation of key internal controls in relation to financial, operational, administrative, compliance, and information technology process and risks, and review and assess the Company’s risk management policy and system as a whole. The internal auditors’ primary line of reporting is to the AC and the AC Chairman. The internal auditors have unfettered access to all the Group’s documents, records, properties and personnel, including access to the AC, and has appropriate standing within the Group. The internal auditors will report their findings and recommendations to the AC for its review. Management will update the AC on the implementation and status of action plans recommended by the internal auditors. For FY2023, there were no major internal control weaknesses highlighted by Baker Tilly.

The internal auditor prepares the annual internal audit plan based on a high-level risk assessment, and submit the said plan to the Management of the Company and the AC for review. The AC will review and approve the annual internal audit plan for execution. The internal auditors will execute the approved internal audit plan accordingly to the agreed area, detailed scope, and timeline.

For FY2023, the AC has assessed and is satisfied that Baker Tilly is independent, effective and adequately resourced, taking into consideration that Baker Tilly is staffed with persons with the relevant qualifications and experience, and carries out its function according to the standards set by nationally or internationally recognised professional bodies including the Standards for the Professional Practice of Internal Auditing set by The Institute of Internal Auditors.

The AC also decides and approves the appointment, termination, evaluation and fee of the accounting/auditing firm or corporation to which the internal audit function is outsourced.

Meeting with Internal Auditor and External Auditor

The AC will meet with the internal auditors and external auditors without the presence of the Management, at least once annually, and as and when necessary, to review the adequacy of the audit arrangement, with emphasis on the scope and quality of their audit, the independence, objectivity and observations of the internal auditors and the external auditors. In respect of FY2023, the AC has met with the internal auditors and the external auditors, without the presence of Management.

D. SHAREHOLDER RIGHTS AND ENGAGEMENT

Shareholder Rights and Conduct of General Meetings

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

The Company facilitates the exercise of ownership rights by all Shareholders. In particular, Shareholders have the right to be timely and sufficiently informed of changes in the Company or its business which would be likely to materially affect the price or value of the Company’s shares.

The Company provides Shareholders with the opportunity to participate effectively in and vote at general meetings of Shareholders. Shareholders are informed of the rules, including voting procedures, that govern general meetings of Shareholders.

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The Company tables separate resolutions at general meetings of Shareholders on each substantially separate issue unless the issues are interdependent and linked so as to form one significant proposal. Where the resolutions are “bundled”, the Company explains the reasons and material implications in the notice of meeting. Each item of special business included in the notice of the meeting is accompanied, where appropriate, by an explanation for the proposed resolution.

The Constitution of the Company currently allows a Shareholder of the Company to appoint up to two (2) proxies to attend and vote in his stead at general meetings, and Shareholders who are a “relevant intermediary” (as defined under section 181 of the Companies Act) may also appoint multiple proxies pursuant to the Companies Act. In order to have a valid registration of proxy, an instrument appointing a proxy must be deposited at such place or places specified in the notice convening the general meetings at least seventy-two (72) hours before the time appointed for the general meetings.

The Company held its AGM for FY2022 (“**FY2022 AGM**”) by electronic means pursuant to the COVID-19 (Temporary Measures) (Alternative Arrangements for Meetings for Companies, Variable Capital Companies, Business Trusts, Unit Trusts and Debenture Holders) Order 2020. Shareholders had participated in the FY2022 AGM by attending the “live” audio-visual webcast or “live” audio only stream. Textual questions were submitted in advance of and “live” during the FY2022 AGM. Shareholders had also appointed proxies to attend and vote on their behalf at the FY2022 AGM. The Company had addressed shareholders’ substantial and relevant questions submitted prior to the 2022 AGM, as well as those received “live” at the FY2022 AGM, and the Company’s responses were also published via SGXNET. The results of the votes casted on the resolutions as well as the name of the independent scrutineer were announced via SGXNET after the FY2022 AGM.

All Directors, Management as well as the Company’s External Auditors, Share Registrar, Sponsors, and the Company Secretary had attended the FY2022 AGM.

Following the legislative amendments and taking into account SGX guidance, the forthcoming AGM to be held in respect of FY2023 will be convened and held in a wholly-physical format. Shareholders will not be able to participate by way of electronic means at the forthcoming AGM. Further information regarding the arrangements for the forthcoming AGM are set out in the Notice of AGM on pages 113 to 120 of this Annual Report.

The notice of general meetings of Shareholders is despatched to Shareholders, together with explanatory notes or a circular on items of special business, at least 14 clear days (for ordinary resolutions) or 21 clear days (for special resolutions) before the meeting. The Board welcomes questions from Shareholders who have an opportunity to raise issues either informally or formally before or at the general meetings of Shareholders.

The chairpersons and/or members of the Board, the AC, the NC and the RC will be available at the AGM to address any relevant queries from Shareholders. The Company’s external auditors will also be present to assist the Directors in addressing queries by Shareholders about the conduct of audit and the preparation and content of the auditors’ report. For the FY2022 AGM, answers to the substantial and relevant questions received from the shareholders were released on SGXNet and published on the Company’s website before the AGM.

The Company Secretary prepares minutes of general meetings that include substantial and relevant comments or queries from Shareholders relating to the agenda of the general meeting and responses from the Board and Management thereto. These minutes are published on SGXNet as well as the Company’s corporate website as soon as practicable, and in any event no later than one (1) month from the date of AGM.

The Company puts all resolutions to vote by poll and makes an announcement of the detailed results showing the number of votes cast for and against each resolution and the respective percentages.

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The Constitution allows for absentia voting subject to Directors' approval and implementation. However, due to security issues including but not limited to the authentication of shareholder identity information, the Directors have not approved the implementation of absentia voting. Voting in absentia and by electronic mail may only be possible following careful study to ensure that integrity of the information and authentication of the identity of shareholders through the web is not compromised. An exception is made for the forthcoming AGM to be held in respect of FY2023, at which shareholders shall be allowed to submit their proxy forms via electronic means.

Dividend policy

The Company does not have a fixed dividend policy. The form, frequency and amount of dividends that the Directors may recommend or declare in respect of any particular financial year or period will be subject to the factors outlined below as well as any other factors deemed relevant by the Directors:

- (a) the level of cash and retained earnings;
- (b) actual and projected financial performance;
- (c) projected levels of capital expenditure and other investment plans;
- (d) working capital requirements and general financing condition;
- (e) restrictions on payment of dividends imposed on the Company by financing arrangements (if any); and
- (f) the general economic and business conditions in countries in which the Group operate.

The Board has recommended a tax-exempt (one-tier) first and final dividend of S\$0.0035 per share and a tax-exempt (one-tier) special dividend of S\$0.0097 per share, subject to approval by the Company's shareholders at the forthcoming AGM.

The Board would consider establishing a dividend policy when appropriate. In considering the payment of dividend, the Board shall consider factors such as the Company's profits, cash flows, working capital and capital expenditure requirements, investment plans and other factors that the Board may deem relevant.

ENGAGEMENT WITH SHAREHOLDERS

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

In line with continuous disclosure obligations of the Company, pursuant to the Catalist Rules and the Companies Act, the Board's policy is to ensure that Shareholders are informed of all major developments that impact the Group. In disclosing information, the Company will be as descriptive, detailed and forthcoming as possible and avoid boilerplate disclosures.

All financial results, as well as price-sensitive and trade-sensitive information, are released in a timely manner through various media, including disclosures via SGXNet and press releases posted on the Company's website. The Company's website is an important source of information for shareholders and the investing community. Relevant business updates, half-year and full-year results announcements, news releases, presentation slides, monthly operating statistics, annual reports, sustainability reports and other key facts and figures about the Company are available on the Company's website at <https://lmscompliance.com/investor.html>.

The Company encourages Shareholders to participate in the question-and-answer session during its AGM. The Board also welcomes questions and views from Shareholders on matters affecting the Company raised either informally or formally before or during the AGM. The Directors, including the Chairman of each Board Committee and the Management will be present at the AGM to address Shareholders' queries. The external auditors will also be present to address shareholders' queries on the conduct of the audit and the preparation and content of the auditors' report.

The Company does not have a standalone investor relations department, and there is no formal investor relations policy in place. However, the Company is supported by an external investor relations agency to communicate and engage with Shareholders, analysts and other stakeholders to provide balanced, clear and pertinent information on a regular basis, as well as to attend to their queries or concerns and to keep the investors public apprised of the Group's corporate developments and financial performance. To enhance and encourage communication with shareholders, investors and other stakeholders, the Company provides the contact details of its external investor relations agency in its press releases. Shareholders, investors and other stakeholders may also send their enquiries and concerns in writing through the Company's website. The Company will endeavour to address such queries as soon as practicable. Based on the current size and operations of the Group, the Board is of the view that the current practices and the disclosure of information to shareholders as set out above is in line with the intention of Principle 12. Where required, the Company may, on an ad-hoc basis, hold media and analysts' briefings and publish press releases of its financial results.

MANAGING STAKEHOLDERS' RELATIONSHIPS

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.

The Company has arrangements in place to identify and engage with its material stakeholder groups and to manage its relationship with such groups. It maintains a corporate website to communicate and engage with external stakeholders such as customers, shareholders and investors, and an intranet for employee stakeholder engagement. The Group has identified key stakeholders as those who are impacted by the Group's business and operations as well as those who have a material impact on the Group's business and operations such as customers, suppliers, employees, regulators, shareholders and investors.

The Company ensures engagement and communication with the relevant stakeholders through the various means to ensure that the business interests of the Group are balanced against the needs and interests of its stakeholders. Details of the areas of focus, methods of engagement and stakeholders' response can be found in the Company's Sustainability Report for FY2023, which can be found on the Company's corporate website and SGXNET.

The Company maintains a current corporate website at URL <https://lmscompliance.com/index.html> to communicate and engage with stakeholders.

DEALING IN SECURITIES

The Company has adopted an internal compliance code to provide guidance to the Directors, officers and all employees of the Group with regard to dealing in the Company's securities, pursuant to Rule 1204(19) of the Catalist Rules. The Company, Directors and its officers shall not deal in the Company's shares during the period commencing one (1) month prior to each announcement of the Group's half-year and full-year financial results by the Company, ending on the date of the announcement of the relevant results. Directors and officers are also expected to observe insider-trading laws at all times even when dealing in securities within permitted trading periods or when they are in possession of unpublished price-sensitive information, and they are not to deal in the Company's securities on short-term considerations.

The Board confirms that the Company has complied with Rule 1204(19) of the Catalist Rules.

CORPORATE GOVERNANCE REPORT

MATERIAL CONTRACTS

Save as disclosed in the section entitled “**Material Contracts**” and “**Interested Person Transactions**” in the Offer Document dated 22 November 2022, there were no material contracts (including loans) entered into by the Company or any of its subsidiaries involving the interest of the CEO, any Director or controlling Shareholders either still subsisting at the end of FY2023 or if not then subsisting, entered into since the end of FY2022.

INTERESTED PERSON TRANSACTIONS

The Company has established procedures to ensure that all transactions with interested persons are reported in a timely manner to the AC and that the transactions are carried out on normal commercial terms and will not be prejudicial to the interests of the Company and its minority Shareholders.

The Group does not have a general mandate from Shareholders for interested person transactions pursuant to Rule 920(1)(a)(i) of the Catalist Rules.

In FY2023, the Group has entered into and will continue to enter into certain interested person transactions, details of which were duly disclosed in the section entitled “**Interested Person Transactions - Present and Ongoing Interested Person Transactions**” in the Offer Document. Save as disclosed in the Offer Document and excluding any interested person transactions below S\$100,000, there were no other interested person transactions entered into during FY2023.

NON-SPONSORSHIP FEES

With reference to Rule 1204(21) of the Catalist Rules, there were no non-sponsor fees paid to the Company’s Sponsor, ZICO Capital Pte. Ltd. for FY2023.

CORPORATE GOVERNANCE REPORT

USE OF IPO PROCEEDS

Pursuant to the IPO of the Company on the Catalist of the SGX-ST on 1 December 2022, the Company raised total net proceeds (after deducting expenses incurred in connection with the IPO) amounting to S\$2.04 million (“**Net Proceeds**”). The use of the Net Proceeds is summarized as follows:

Use of Net Proceeds	Amount allocated (as disclosed in the Offer Document) (S\$'000)	Net Proceeds utilised as at 31 December 2023, as announced on 27 February 2024 (S\$'000)	Amount utilised from 1 January 2024 up to 31 March 2024 (S\$'000)	Balance of Net Proceeds as at 31 March 2024 (S\$'000)
Expansion of the Group's certification services segment and conformity assessment technology distribution segment	300	169	131	-
Acquisitions, joint ventures and strategic alliances to expand the business	1,200	-	-	1,200
General working capital	538	513	25 ⁽¹⁾	-
Total	2,038	682	156	1,200

Note:

⁽¹⁾ The breakdown of the use of Net Proceeds for general working capital purposes of the Group is as follows:

	S\$'000
Professional fee	11
Director fee	6
Audit fee	6
Advertisement	2
Total	25

The use of the Net Proceeds is in accordance with the intended uses and allocations as disclosed in the Offer Document. The Board will continue to provide periodic announcements on the utilisation of the balance of the Net Proceeds as and when such proceeds are materially disbursed or utilised, and whether such use is in accordance with the stated use and in accordance with the allocations.

CORPORATE GOVERNANCE REPORT

INFORMATION ON DIRECTORS NOMINATED FOR RE-ELECTION – APPENDIX 7F OF THE CATALIST RULES

Pursuant to Rule 720(5) of the Catalist Rules, the information as set out in Appendix 7F of the Catalist Rules on the Directors who are retiring in accordance with the Company's Constitution and seeking re-appointment as Directors at the forthcoming AGM is set out below:

Name of Director	Ms. Chong Moi Me	Datuk Fadilah Binti Baharin	Mr. Ong Beng Chye
Date of Appointment	22 July 2022	26 September 2022	26 September 2022
Date of last re-appointment	Not Applicable	26 April 2023	26 April 2023
Age	49	62	55
Country of principal residence	Malaysia	Malaysia	Singapore
The Board's comments on this appointment (including rationale, selection criteria, and the search and nomination process)	The re-election of Ms. Chong Moi Me (" Ms. Chong ") as a Director of the Company was recommended by the Nominating Committee and the Board of Directors has accepted the recommendation, after taking into consideration Ms. Chong Moi Me's qualifications, expertise, past experiences and overall contribution since she was appointed as a Director of the Company, as well as the size, composition and diversity of skillsets on the Board.	The re-election of Datuk Fadilah Binti Baharin (" Datuk Fadilah ") as a Director of the Company was recommended by the Nominating Committee and the Board of Directors has accepted the recommendation, after taking into consideration Datuk Fadilah Binti Baharin's qualifications, expertise, past experiences and overall contribution since she was appointed as a Director of the Company, as well as the size, composition and diversity of skillsets on the Board.	The re-election of Mr. Ong Beng Chye as a Director of the Company was recommended by the Nominating Committee and the Board of Directors has accepted the recommendation, after taking into consideration Mr. Ong Beng Chye's qualifications, expertise, past experiences and overall contribution since he was appointed as a Director of the Company, as well as the size, composition and diversity of skillsets on the Board.
Whether appointment is executive and if so, the area of responsibility	Executive. Ms. Chong is responsible for the Group's business and strategies development, as well as exploring new opportunities for the Group.	Non-Executive	Non-Executive
Job Title (e.g. Lead ID, AC Chairman, AC Member etc)	Chief Development Officer and Executive Director	Independent Non-Executive Chairman, Member of the Remuneration Committee and the Audit Committee	Independent Director, Chairman of the Audit Committee, Member of the Remuneration Committee and Nominating Committee
Professional qualifications	<ul style="list-style-type: none"> Bachelor of Science (Chemistry) (Honours Class I), University of Malaya Master of Science (Chemistry), Universiti Sains Malaysia 	Bachelor of Science in Health Physics and Environmental Physics, University of Salford, United Kingdom	<ul style="list-style-type: none"> Bachelor of Science with Honours in Economics and Accountancy, City, University of London Chartered Financial Analyst, Institute of Chartered Financial Analyst Fellow of the Institute of Singapore Chartered Accountants Fellow of the Institute of Chartered Accountants in England and Wales

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Name of Director	Ms. Chong Moi Me	Datuk Fadilah Binti Baharin	Mr. Ong Beng Chye
<p>Working experiences and occupation(s) during the past 10 years</p>	<p>July 2022 to present: Chief Development Officer and Executive Director of LMS Compliance Ltd</p> <p>August 2006 to present: General Manager of MY CO2 Sdn. Bhd.</p> <p>December 2013 to present: General Manager of Empiric Science Sdn. Bhd.</p> <p>August 2015 to November 2017: General Manager of MY CO2 (KL) Sdn. Bhd.</p> <p>November 2017 to present: Executive Director of MY CO2 (KL) Sdn. Bhd.</p> <p>August 2015 to present: General Manager of MY CO2 (JB) Sdn. Bhd.</p> <p>August 2016 to present: General Manager of MY CO2 Certification Sdn. Bhd.</p> <p>November 2017 to present: General Manager of MY CO2 (PG) Sdn. Bhd</p>	<p>October 2006 - February 2020: Director General of Department of Standards Malaysia ("DSM")</p>	<p>January 2007 – present: Director of Appleton Global Private Limited</p> <p>January 2007 to October 2014 - Group Financial Controller of Higson International Pte. Ltd.</p>
<p>Shareholding interest in the listed issuer and its subsidiaries</p>	<p>Yes.</p> <p>Indirect interest in 72,560,000 shares in the Company, of which 66,029,106 shares is held under Louis May Pte. Ltd. ("LMPL"), and 6,530,894 shares is held under Fitcorp Value Pte. Ltd. ("FVPL").</p> <p>Ms. Chong owns the entire issued and paid-up share capital of LMPL and FVPL together with Dr. Ooi Shu Geok, the Chief Executive Officer and Executive Director of the Company, and spouse of Ms. Chong. Accordingly, Ms. Chong is deemed to have an interest in the shares in the Company held by LMPL and FVPL by virtue of Section 7 of the Singapore Companies Act 1967.</p>	<p>Nil</p>	<p>Nil</p>

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Name of Director	Ms. Chong Moi Me	Datuk Fadilah Binti Baharin	Mr. Ong Beng Chye
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	<p>Yes.</p> <p>Dr. Ooi Shu Geok, the Chief Executive Officer and Executive Director of the Company, as well as a substantial shareholder of the Company, is the spouse of Ms. Chong.</p> <p>Mr. Chong Tze Kean, Assistant Compliance Advisory Manager in MY CO2 Sdn. Bhd. (a subsidiary of the Company) is the brother of Ms. Chong.</p> <p>Ms. Chong is also a substantial shareholder of the Company, details of which are set out above.</p> <p>Ms. Chong is also a director of the Company's subsidiaries, details of which are set out below.</p>	Nil	During the financial year 31 December 2023, Appleton Global Private Limited had provided professional services to the Group. Mr. Ong is a sole shareholder and director of Appleton Global Private Limited. Please refer to page 31 of Annual Report for further details. Save as disclosed, there is no other relationship between Mr. Ong and the Company or any existing Directors, substantial shareholder, executive officer or principal subsidiaries of the Company.
Conflict of interest (including any competing business)	No	No	No
Undertaking (in the format set out in Appendix 7H) under Rule 720(1) has been submitted to the listed issuer	Yes	Yes	Yes
Other Principal Commitment* Including Directorship# * "Principal Commitments" has the same meaning as defined in the Code. # These fields are not applicable for announcements of appointments pursuant to Listing Rules 704(8).			
Past (for the last 5 years)	<p>Principal Commitments:</p> <ul style="list-style-type: none"> • Nil <p>Directorships:</p> <ul style="list-style-type: none"> • Nil 	<p>Principal Commitments:</p> <ul style="list-style-type: none"> • Nil <p>Directorships:</p> <ul style="list-style-type: none"> • MY CO2 Sdn. Bhd. • International Organisation for Standardisation • Konkordia Sdn. Bhd. • Provekta Technologies Sdn. Bhd. 	<p>Principal Commitments:</p> <ul style="list-style-type: none"> • Nil <p>Directorships:</p> <ul style="list-style-type: none"> • Geo Energy Resources Limited • CapAllianz Holdings Limited • Gem Accounting Pte. Ltd. • Penta Power Investment Pte. Ltd.

CORPORATE GOVERNANCE REPORT

Name of Director	Ms. Chong Moi Me	Datuk Fadilah Binti Baharin	Mr. Ong Beng Chye
Present	<p>Principal Commitments:</p> <ul style="list-style-type: none"> • Nil <p>Directorship:</p> <p><u>Directorship of the Company's subsidiaries</u></p> <ul style="list-style-type: none"> • MY CO2 Sdn. Bhd. • MY CO2 (PG) Sdn. Bhd. • MY CO2 (JB) Sdn. Bhd. • MY CO2 (KL) Sdn. Bhd. • Empiric Science Sdn. Bhd. • MY CO2 Certification Sdn. Bhd. • LMS Compliance International Pte. Ltd. • MY CO2 Group Sdn. Bhd. <p>Directorships of other companies:</p> <ul style="list-style-type: none"> • Fitcorp Value Pte. Ltd. • Louis May Pte. Ltd. 	<p>Principal Commitments:</p> <ul style="list-style-type: none"> • Nil <p>Directorships:</p> <ul style="list-style-type: none"> • IPEC Global Legacy Foundation • NanoVerify Sdn. Bhd. 	<p>Principal Commitments:</p> <ul style="list-style-type: none"> • Nil <p>Directorships:</p> <ul style="list-style-type: none"> • ES Group (Holdings) Limited • IPS Securex Holdings Limited • Hafary Holdings Limited • Alpina Holdings Limited • Appleton Global Private Limited • Gem Corp Services Pte. Ltd.
<p>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.</p>			
(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 any time within 2 years from the date he ceased to be a partner	No	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	No

CORPORATE GOVERNANCE REPORT

Name of Director	Ms. Chong Moi Me	Datuk Fadilah Binti Baharin	Mr. Ong Beng Chye
(c) Whether there is any unsatisfied judgement against him?	No	No	No
(d) Whether he has ever been convicted of any offence, in Singapore or elsewhere, involving fraud or dishonestly 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	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 related 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	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 dishonestly 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	No
(g) Whether he has ever been convicted in Singapore or elsewhere of any offence in connection with the formation or management of any entity or business trust?	No	No	No

CORPORATE GOVERNANCE REPORT

Name of Director	Ms. Chong Moi Me	Datuk Fadilah Binti Baharin	Mr. Ong Beng Chye
(h) Whether he has ever been disqualified from acting as a director or an equivalent person of any (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	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	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 governing business trusts in Singapore or elsewhere; or (iv) any entity or business trust which has been investigated for a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, in connection with any matter occurring or arising during that period when he was so concerned with the entity or business trust?	No	No	No

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Name of Director	Ms. Chong Moi Me	Datuk Fadilah Binti Baharin	Mr. Ong Beng Chye
<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>	<p>No</p>	<p>Datuk Fadilah was investigated by the appeal panel of DSM sometime between 2017 and 2018 when she was the Director General in DSM. The investigation arose from allegations in a poison pen letter that Datuk Fadilah had interfered with accreditation processes and had deliberately approved the accreditation of certain companies within a shorter timeframe than the rest. It was concluded from the investigation that the allegations against Datuk Fadilah were false and no further action was taken against her. Datuk Fadilah remained in her position as the Director General of DSM subsequent to the conclusion of such investigations.</p>	<p>No</p>

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DIRECTORS' STATEMENT

The Directors of LMS Compliance Ltd. (the "Company") present their statement to the members together with the audited consolidated financial statements of the Company and its subsidiaries (the "Group") for the financial year ended 31 December 2023 and the statement of financial position of the Company as at 31 December 2023.

1. Opinion of the Directors

In the opinion of the Board of Directors,

- (a) the consolidated financial statements of the Group and the statement of financial position of the Company together with the notes thereon are drawn up so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2023, and of the financial performance, changes in equity and cash flows of the Group for the financial year then ended; and
- (b) at the date of this statement, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

2. Directors

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

Dr. Ooi Shu Geok	(Executive Director and Chief Executive Officer)
Ms. Chong Moi Me	(Executive Director and Chief Development Officer)
Datuk Fadilah Binti Baharin	(Independent Non-Executive Chairman)
Mr. Ong Beng Chye	(Independent Non-Executive Director)
Dr. Chong Juin Kuan	(Non-Executive Non-Independent Director)
Tan Sri Dato' (Dr.) Wee Hoe Soon @ Gooi Hoe Soon	(Independent Non-Executive Director)
Ms. Wong Wan Chin	(Independent Non-Executive Director)

3. Arrangements to enable Directors to acquire shares or debentures

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

4. Directors' interests in shares or debentures

The Directors of the Company holding office at the end of the financial year had no interests in the shares or debentures of the Company and its related corporations as recorded in the register of Directors' shareholdings kept by the Company under Section 164 of the Singapore Companies Act 1967 (the "Act"), except as follows:

DIRECTORS' STATEMENT

4. Directors' interests in shares or debentures (Continued)

	Shareholdings registered in the name of Directors		Shareholdings in which Directors are deemed to have an interest	
	Balance at 1 January 2023	Balance at 31 December 2023	Balance at 1 January 2023	Balance at 31 December 2023
	Number of ordinary shares			
The Company				
Dr. Ooi Shu Geok	-	-	72,560,000	72,560,000
Ms. Chong Moi Me	-	-	72,560,000	72,560,000
Ms. Wong Wan Chin	220,000	220,000	-	-

By virtue of Section 7 of the Act, Dr. Ooi Shu Geok and Ms. Chong Moi Me are deemed to have interests in the shares of all subsidiary corporations of the Company at the beginning and at the end of the financial year.

In accordance with the continuing listing requirements of the Singapore Exchange Securities Trading Limited ("SGX-ST"), the Directors of the Company state that, according to the register of Directors' shareholdings, the Directors' interest as at 21 January 2024 in the shares of the Company have not changed from those disclosed as at 31 December 2023.

5. Share options

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

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

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

Employee Share Option Scheme

The Company has implemented an Employee Share Option Scheme known as the LMS Employee Share Option Scheme ("Share Option Scheme"). The Share Option Scheme was approved and adopted by the shareholders at an Extraordinary General Meeting of the Company held on 15 November 2022. No options have been granted pursuant to the Share Option Scheme as at the date of this statement.

Performance Share Plan

The Company has implemented a Performance Share Plan known as the LMS Performance Share Plan ("Performance Share Plan"). The Performance Share Plan was approved and adopted by the shareholders at an Extraordinary General Meeting of the Company held on 15 November 2022. No shares have been granted pursuant to the Performance Share Plan as at the date of this statement.

6. Audit committee

The audit committee of the Company is chaired by Mr. Ong Beng Chye, an Independent Non-Executive Director, and includes Dr. Chong Juin Kuan, a Non-Executive Non-Independent Director, Datuk Fadilah Binti Baharin, an Independent Non-Executive Chairman and Tan Sri Dato' (Dr.) Wee Hoe Soon @ Gooi Hoe Soon, an Independent Non-Executive Director. The audit committee has carried out its functions in accordance with Section 201B(5) of the Act, including reviewing the following, where relevant, with the Executive Directors, internal and external auditors of the Company:

- a. assist the Board of Directors in discharging its responsibility to safeguard the Group's assets, maintain adequate accounting records and develop and maintain effective systems of internal controls, with the overall objective of ensuring that the management creates and maintains an effective control environment in the Group;
- b. review with the internal and external auditors, the audit plans, scope of work, their evaluation of the system of internal controls, audit reports, their management letters and the management's response, and the results of audits compiled by the internal and external auditors, and will review at regular intervals with the management the implementation by the Group of the internal control recommendations made by the internal and external auditors;
- c. review the periodic consolidated financial statements and any formal announcements relating to the Group's financial performance before submission to the Board of Directors for approval, focusing in particular on changes in accounting policies and practices, major risk areas, significant adjustments arising from the audit, compliance with accounting standards, compliance with the Catalist Rules, and any other statutory and regulatory requirements, concerns and issues arising from their audits including any matters which the auditors may wish to discuss in the absence of the Management, where necessary, before submission to the Board of Directors for approval;
- d. review and report to the Board of Directors, at least annually, the adequacy and effectiveness of the Group's internal control procedures (including financial, operational, compliance and information technology controls) and risk management systems;
- e. commission and review findings of internal investigations (including to review and discuss with the internal auditors and the external auditors, any issues and concerns arising from the internal audits and the external audits) where there is any suspected fraud, irregularity, failure of internal controls or infringement of any relevant laws, rules and regulations, which has or is likely to have a material impact on the Group's financial performance or financial position and the management's response;
- f. review the key financial risk areas, with a view to providing an independent oversight on the Group's financial reporting, the outcome of such review to be disclosed in the annual reports or if the findings are material, to be immediately announced via SGXNET;
- g. review and approve all hedging policies implemented by the Group (if any) and conduct periodic review of foreign exchange transactions and hedging policies and procedures;
- h. meeting with the internal and external auditors, and in each case without the presence of management, at least annually and review the co-operation given by the management to the internal and external auditors, where applicable;

6. Audit committee (Continued)

- i. review periodically, the adequacy, effectiveness, scope of the internal and external audit, independence and objectivity of the internal and external auditors as well as consider the appointment or re-appointment of the internal and external auditors, including approving the remuneration and terms of engagement of the internal and external auditors and ensuring the internal audit function is adequately resourced and staffed with persons with the relevant qualifications and experience and that the internal auditors comply with the standards set by internationally recognised professional bodies, where applicable;
- j. review and approve any interested person transactions falling within the scope of Chapter 9 of the Catalist Rules and review procedures thereof;
- k. review potential conflicts of interests (if any) and set out a framework to resolve or mitigate any potential conflicts of interests as well as monitor compliance with such framework;
- l. review and assess from time to time whether additional processes are required to be put in place to manage any material conflicts of interest with the controlling shareholders and propose, where appropriate, the relevant measures for the management of such conflicts;
- m. review the procedures by which employees of the Group may, in confidence, report to the chairman of the Audit Committee, possible improprieties in matters of financial reporting or other matters and ensure that there are arrangements in place for the receipt, retention and treatment of complaints received by the Group (including criminal offences involving the Group or its employees, questionable accounting, auditing, business, safety or other matters that impact negatively on the Group), the independent investigation and follow-up actions thereto;
- n. review transactions falling within the scope of Chapter 10 of the Catalist Rules, if any;
- o. review the significant financial reporting issues and judgements so as to ensure the integrity of the financial statements of the Company and any announcements relating to the financial performance;
- p. review the Group's compliance with such functions and duties as may be required under the relevant statutes or the Catalist Rules, including such amendments made thereto from time to time;
- q. review the whistle-blowing policy and procedures;
- r. monitor and have oversight on the Group's measures, and review such procedures and policies put in place to ensure compliance with the various applicable laws and regulations such as (i) its business licences and tax matters, including the appointment of legal advisers and qualified tax agents and (ii) laws and regulations for which the Group had contravened in the past, at least annually to ensure that such procedures and policies are commensurate with the Group's operations and expansion plans from time to time;
- s. assist the Board of Directors in the discharge of its statutory responsibilities on financial and accounting matters;
- t. assist the Board of Directors in fulfilling its responsibility for overseeing the integrity of the Group's system of accounting and financial reports and in maintaining a high standard of transparency and reliability in its corporate disclosures;
- u. review the risk profile of the Group and the appropriate steps to be taken to mitigate and manage risks at acceptable levels determined by the Board of Directors;
- v. where applicable, to ensure that the internal audit function has unfettered access to all the Group's documents, records, properties and personnel, including the Audit Committee, and has appropriate standing within the Group;

6. Audit committee (Continued)

- w. review the assurance from (1) the Chief Executive Officer (“CEO”) and Financial Controller (regardless of title, who performs or has the capacity to perform the finance function or responsibility equivalent to that of the foregoing person) on the financial records and financial statements; and (2) the CEO and other key management personnel who are responsible regarding the adequacy and effectiveness of the Group’s risk management and internal control systems;
- x. appraise the performance of the Financial Controller on an annual basis;
- y. monitor the use of the proceeds raise from the Company’s initial public offering on the Catalist of the SGX-ST;
- z. monitor the controlling shareholders and Ms. Ooi Wan Koon’s compliance with the relevant deeds/undertakings provided to the Group;
- aa. monitor and review the results obtained by the finance department pursuant to its quarterly review in ensuring compliance with bank covenants for the credit facilities of the Group;
- bb. undertake such other reviews and projects as may be requested by the Board of Directors, and report to the Board of Directors its findings from time to time on matters arising and requiring the attention of the Audit Committee; and
- cc. undertake generally such other functions and duties as may be required by law or the Catalist Rules, and by such amendments made thereto from time to time.

The Audit Committee confirmed that it has undertaken a review of all non-audit services provided by the external auditors to the Group and is satisfied that the nature and extent of such services would not affect the independence of the external auditors.

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

The Audit Committee has recommended to the Board of Directors the nomination of BDO LLP, for re-appointment as external auditors of the Company at the forthcoming Annual General Meeting.

7. Independent auditors

The independent auditors, BDO LLP, have expressed their willingness to accept re-appointment.

On behalf of the Board of Directors,

Dr. Ooi Shu Geok
Director

Chong Moi Me
Director

8 April 2024

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF LMS COMPLIANCE LTD.

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of LMS Compliance Ltd. (the "Company") and its subsidiaries (the "Group") as set out on pages 71 to 110 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;
- the consolidated statement of comprehensive income, consolidated statement of changes in equity, and consolidated statement of cash flows of the Group for the financial year then ended; and
- notes to the financial statements, including 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 financial year ended on that date.

Basis for Opinion

We conducted our audit in accordance with Singapore Standards on Auditing ("SSA"). Our responsibilities under those standards are further described in the *Auditors' 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 financial year. 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 AUDITORS' REPORT

TO THE MEMBERS OF LMS COMPLIANCE LTD. (Continued)

KEY AUDIT MATTER

AUDIT RESPONSE

Loss allowance on impairment of trade receivables and contract assets

As at 31 December 2023, the Group's trade receivables amounting to RM3,072,000, net of an allowance for impairment loss of RM273,000 and contract assets amounting to RM116,000, representing approximately 11% and 0.4% of the Group's total current assets respectively.

The Group determined expected credit losses ("ECL") on trade receivables and contract assets by using a provision matrix based on their historical credit loss experience, past due status and adjusted with forward looking estimates, as appropriate. In calculating the ECL rates, the Group considers historical loss rates for each aging bracket of customers and adjust for forward looking macroeconomic data that may affect the ability of the customers to settle receivables.

We focused on this area as a key audit matter as significant estimates are involved in determining the ECL on trade receivables and contract assets.

Refer to Notes 6, 17(b) and 29.1 to the accompanying financial statements.

We performed the following audit procedures, amongst others:

- Obtained an understanding of and assessed the inputs and information, including the aged trade receivables and contract assets report, used in designing the provision matrix;
- Evaluated the management's assessment of the ECL rates, including assumptions surrounding current conditions and forecast of future economic conditions;
- Reviewed management's credit risk assessment for customers, which include reviewing the historical payment pattern trend and on-going business relationship of significant customers;
- Reviewed the adequacy of the Group's disclosure in respect of credit risk in the financial statements.

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 auditors' report thereon.

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

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

Responsibilities of Management and Directors for the Financial Statements

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

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

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

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF LMS COMPLIANCE LTD.

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' 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 auditors' 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, related safeguards.

From the matters communicated with the Directors, we determine those matters that were of most significance in the audit of the financial statements of the current year and are therefore the key audit matters. We describe these matters in our auditors' 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.

INDEPENDENT
AUDITORS' REPORT

TO THE MEMBERS OF **LMS COMPLIANCE LTD.**

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 the subsidiary 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 auditors' report is Yeo Siok Yong.

BDO LLP

Public Accountants and
Chartered Accountants

Singapore
8 April 2024

STATEMENTS OF FINANCIAL POSITION

AS AT 31 DECEMBER 2023

	Note	Group		Company	
		2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
ASSETS					
Non-current assets					
Property, plant and equipment	3	7,580	7,287	-	-
Right-of-use assets	4	1,429	1,669	-	-
Investment in subsidiaries	5	-	-	160	160
		<u>9,009</u>	<u>8,956</u>	<u>160</u>	<u>160</u>
Current assets					
Trade and other receivables	6	3,206	2,905	6,660	5,300
Prepayments	7	437	215	130	110
Contract assets	17(b)	116	209	5	-
Financial assets at fair value through profit or loss ("FVTPL")	8	7,083	6,974	-	-
Cash and cash equivalents	9	17,231	12,313	14,105	10,652
		<u>28,073</u>	<u>22,616</u>	<u>20,900</u>	<u>16,062</u>
Total assets		<u>37,082</u>	<u>31,572</u>	<u>21,060</u>	<u>16,222</u>
EQUITY AND LIABILITIES					
Equity					
Share capital	10	11,292	11,292	11,292	11,292
Reserves	11	2,170	2,176	-	-
Retained earnings	12	17,719	12,689	5,081	500
Total equity		<u>31,181</u>	<u>26,157</u>	<u>16,373</u>	<u>11,792</u>
Non-current liabilities					
Other payables	13	186	233	-	-
Bank borrowings	14	970	1,052	-	-
Lease liabilities	15	1,397	1,622	-	-
Deferred tax liabilities	16	406	411	-	-
		<u>2,959</u>	<u>3,318</u>	<u>-</u>	<u>-</u>
Current liabilities					
Trade and other payables	13	2,074	1,310	4,609	4,430
Bank borrowings	14	89	87	-	-
Lease liabilities	15	246	242	-	-
Contract liabilities	17(b)	350	400	23	-
Income tax payables		183	58	55	-
		<u>2,942</u>	<u>2,097</u>	<u>4,687</u>	<u>4,430</u>
Total liabilities		<u>5,901</u>	<u>5,415</u>	<u>4,687</u>	<u>4,430</u>
Total equity and liabilities		<u>37,082</u>	<u>31,572</u>	<u>21,060</u>	<u>16,222</u>

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

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

	Note	Group 2023 RM'000	2022 RM'000
Revenue	17	20,902	18,676
Other items of income			
Interest income	21	208	51
Other income	18	1,794	321
Items of expense			
Materials, consumables and subcontractor costs		(1,823)	(1,902)
Depreciation expenses	19	(1,137)	(1,078)
Loss allowance on trade receivables, net	6	(119)	(24)
Employee benefits expense	20	(8,444)	(6,693)
Other expenses		(3,610)	(6,729)
Finance costs	21	(178)	(210)
Profit before income tax	22	7,593	2,412
Income tax expense	23	(2,112)	(1,692)
Profit for the financial year		5,481	720
Other comprehensive income:			
<i>Item that may be reclassified subsequently to profit or loss:</i>			
Exchange differences on translating foreign operation		(6)	(4)
Other comprehensive income for the financial year, net of tax		(6)	(4)
Total comprehensive income for the financial year		5,475	716
Profit attributable to owners of the Company			
		5,481	720
Total comprehensive income attributable to owners of the Company		5,475	716
Earnings per share			
- Basic and diluted (cents)	24	6.27	0.98

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

	Note	Share capital RM'000	Foreign currency translation reserve RM'000	Merger reserve RM'000	Retained earnings RM'000	Total equity RM'000
Group						
Balance as at 1 January 2023		11,292	(4)	2,180	12,689	26,157
Profit for the financial year		-	-	-	5,481	5,481
Other comprehensive income:						
<i>Item that may be reclassified subsequently to profit or loss:</i>						
Exchange differences on translating foreign operations, representing other comprehensive income for the financial year		-	(6)	-	-	(6)
Total comprehensive income for the financial year		-	(6)	-	5,481	5,475
Distribution to owners						
Dividend paid	25	-	-	-	(451)	(451)
Total transactions with owners		-	-	-	(451)	(451)
Balance as at 31 December 2023		11,292	(10)	2,180	17,719	31,181

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

	Note	Share capital RM'000	Foreign currency translation reserve RM'000	Merger reserve RM'000	Retained earnings RM'000	Total equity RM'000
Group						
Balance as at 1 January 2022		2,325	-	12	11,969	14,306
Profit for the financial year		-	-	-	720	720
Other comprehensive income:						
<i>Item that may be reclassified subsequently to profit or loss:</i>						
Exchange differences on translating foreign operations, representing other comprehensive income for the financial year		-	(4)	-	-	(4)
Total comprehensive income for the financial year		-	(4)	-	720	716
Contributions by owners						
Issuance of ordinary shares	10	12,718	-	-	-	12,718
Adjustment pursuant to restructuring exercise	10, 11	(2,325)	-	2,168	-	(157)
Share issue expenses	10	(1,426)	-	-	-	(1,426)
Total transactions with owners		8,967	-	2,168	-	11,135
Balance as at 31 December 2022		11,292	(4)	2,180	12,689	26,157

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

CONSOLIDATED STATEMENT OF
CASH FLOWS
 FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

	Group	
	2023	2022
	RM'000	RM'000
Operating activities		
Profit before income tax	7,593	2,412
Adjustments for:		
Bad debts written off	7	12
Depreciation of property, plant and equipment	879	809
Depreciation of right-of-use assets	258	269
Gain on disposal of right-of-use assets	(53)	-
Gain on unrealised foreign exchange differences	(751)	-
Loss allowance on receivables, net	119	24
Property, plant and equipment written off	6	22
Fair value gain on financial assets at FVTPL	(61)	(82)
Interest expense	178	210
Interest income	(208)	(51)
Initial public offering fee	-	612
Operating profit before changes in working capital	7,967	4,237
Changes in working capital		
Trade and other receivables	(426)	(285)
Contract assets	93	(209)
Prepayments	(222)	528
Trade and other payables	711	(298)
Contract liabilities	(50)	154
Cash generated from operations	8,073	4,127
Income tax paid, net	(1,993)	(1,639)
Net cash from operating activities	6,080	2,488
Investing activities		
Interest income	11	-
Purchase of property, plant and equipment	(1,178)	(790)
Proceeds from disposal of right-of-use assets	53	-
Placements of financial assets at FVTPL	(3,450)	(2,460)
Redemption of financial assets at FVTPL	3,599	2,831
Net cash used in investing activities	(965)	(419)

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

CONSOLIDATED STATEMENT OF
CASH FLOWS
 FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

	Group	
	2023	2022
	RM'000	RM'000
Financing activities		
Dividends paid	(451)	-
Proceeds from issuance of ordinary shares	-	10,523
Repayment of principal portion of bank borrowings	(80)	(930)
Repayment of interest portion of bank borrowings	(53)	(74)
Repayment of principal portion of lease liabilities	(239)	(245)
Repayment of interest portion of lease liabilities	(125)	(136)
Net cash (used in)/from financing activities	(948)	9,138
Net change in cash and cash equivalents	4,167	11,207
Cash and cash equivalents at beginning of financial year	12,313	1,106
Effect of exchange rate changes on cash and cash equivalents	751	-
Cash and cash equivalents at end of financial year	17,231	12,313

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

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

1. General corporate information

LMS Compliance Ltd. (the “Company”) is a public limited liability company, incorporated and domiciled in Singapore with its registered office at 138 Robinson Road, Oxley Tower #26-03 Singapore 068906. The Company does not have a place of business in Singapore at date of this report. The Company was listed on the Catalyst Board of the Singapore Exchange Securities Trading Limited (“SGX-ST”) on 1 December 2022.

The principal activity of the Company is that of investment holding and development of software and application pertaining to conformity assessment technology. The registration number of the Company is 202225544C. The Company’s ultimate holding company is Louis May Pte. Ltd., a company incorporated and domiciled in Singapore and the ultimate controlling parties are Dr. Ooi Shu Geok and Chong Moi Me.

The principal activities of the subsidiaries are set out in Note 5 to the financial statements.

The statement of financial position of the Company as at 31 December 2023 and the consolidated financial statements of the Company and its subsidiaries (the “Group”) for the financial year ended 31 December 2023 were authorised for issue in accordance with a Directors’ resolution dated 8 April 2024.

2. Basis of preparation of financial statements

The financial statements have been prepared in accordance with Singapore Financial Reporting Standards (International) (“SFRS(I)”) and are prepared under the historical cost convention, except as disclosed in the material policy information in the relevant notes to the financial statements.

Items included in the individual 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 consolidated financial statements of the Group and the statement of financial position of the Company are presented in Ringgit Malaysia, which is the functional currency of the Company and the presentation currency of the financial statements. The financial statements are expressed in Ringgit Malaysia (“RM”) and rounded to the nearest thousand (“RM’000”), unless otherwise stated.

The preparation of financial statements in compliance with SFRS(I)s requires management to make judgements, estimates and assumptions that affect the Group’s application of accounting policies and reported amounts of assets, liabilities, revenue and expenses. Although these estimates are based on management’s best knowledge of current events and actions, actual results may differ from those estimates. Estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are summarised below and detailed disclosures are included in the respective notes to the financial statements.

Management is of the opinion that there are no critical accounting judgements (other than those involving estimates) that have a significant effect on the amounts recognised in financial statements.

Significant accounting estimates and assumptions used:

- Loss allowance for trade and other receivables and contract assets (Note 6)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

2. Basis of preparation of financial statements (Continued)

Changes in accounting policies

New standards, amendments and interpretations effective from 1 January 2023

On 1 January 2023, the Group adopted the new or amended SFRS(I) and interpretations to SFRS(I) that are mandatory for application for the financial year. The adoption of these standards did not result in significant changes to the Group's accounting policies and had no material impact to the Group's financial statements, except as disclosed below:

Amendments to SFRS(I) 1-1 Presentation of Financial Statements: Disclosure of Accounting Policies and SFRS(I) Practice Statement 2

The amendments change the disclosure requirements with respect to accounting policies from 'significant accounting policies' to 'material accounting policy information'. The amendments provide guidance on when accounting policy is likely to be considered material.

Management has followed the guidance in the amendments to SFRS(I) 1-1 and SFRS(I) Practice Statement 2 in determining which accounting policy information is material.

Amendments to SFRS(I) 1-12 Income Taxes: Deferred Tax related to Assets and Liabilities arising from a Single Transaction

The amendments clarify whether the initial recognition exemption applies to certain transactions that result in both an asset and a liability being recognised simultaneously. The amendments introduce an additional criterion for the initial recognition exemption under paragraph 15 of SFRS(I) 1-12, whereby the exemption does not apply to the initial recognition of an asset or liability which at the time of transaction, gives rise to equal taxable and deductible temporary differences.

The amendment should be applied to transaction that occur on or after the beginning of the earliest comparative period presented. Deferred tax assets should be recognised to the extent that it is probable that they can be utilised and deferred tax liabilities should be recognised at the beginning of the earliest comparative period for all deductible and taxable temporary differences associated with the Group and the Company's right-of-use assets and lease liability in the scope of SFRS(I) 16.

The cumulative effect of recognising these adjustments is recognised during the current financial year as the amount is not material on the balance at the beginning of earliest comparative period presented. The relevant disclosure is included in Note 16 to the financial statements.

SFRS(I) issued but not yet effective

As at the date of authorisation of these financial statements, the Group and the Company have not adopted the following SFRS(I) that has been issued but not yet effective:

	Effective date (annual periods beginning on or after)
SFRS(I) 1-1 (Amendments) : Classification of Liabilities as Current or Non-current	1 January 2024*
SFRS(I) 16 (Amendments) : Lease Liability in a Sale and Leaseback	1 January 2024
Various : Amendments to SFRS(I) 1-1: Non-current liabilities with covenants	1 January 2024
SFRS(I) 1-7, SFRS(I) 7 (Amendments) : Supplier Finance Arrangements	1 January 2024
SFRS(I) 1-21, SFRS(I) 1 (Amendments) : Lack of Exchangeability	1 January 2025
SFRS(I) 10 and SFRS(I) 1-28 (Amendments) : Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	To be determined

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

2. Basis of preparation of financial statements (Continued)

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

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

Management expects that the adoption of the above SFRS(I)s, if applicable, will not have a material impact on the Group's and the Company's financial statements in the period of their initial adoption.

3. Property, plant and equipment

Group	Computer equipment RM'000	Buildings		Motor vehicles RM'000	Office equipment RM'000	Tools and equipment RM'000	Renovation RM'000	Construction work-in progress RM'000	Total RM'000
		Freehold land RM'000	on freehold land RM'000						
Cost									
Balance at 1 January 2023	346	2,976	1,418	552	724	3,009	1,852	12	10,889
Additions	271	-	-	52	11	603	7	234	1,178
Written off	(3)	-	-	-	(1)	(21)	(6)	-	(31)
Balance at 31 December 2023	614	2,976	1,418	604	734	3,591	1,853	246	12,036
Accumulated depreciation									
Balance at 1 January 2023	190	-	195	275	503	1,346	1,093	-	3,602
Depreciation for the financial year	69	-	30	111	77	373	219	-	879
Written off	(3)	-	-	-	-	(16)	(6)	-	(25)
Balance at 31 December 2023	256	-	225	386	580	1,703	1,306	-	4,456
Net carrying amount									
Balance at 31 December 2023	358	2,976	1,193	218	154	1,888	547	246	7,580

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

3. Property, plant and equipment (Continued)

Group Cost	Computer equipment RM'000	Buildings		Motor vehicles equipment RM'000	Office equipment RM'000	Tools and equipment RM'000	Renovation RM'000	Construction work-in progress RM'000	Total RM'000
		Freehold land RM'000	on freehold land RM'000						
Balance at 1 January 2022	376	2,976	1,418	527	710	2,664	1,685	21	10,377
Additions	28	-	-	114	14	348	274	12	790
Written off	(58)	-	-	(89)	-	(3)	(128)	-	(278)
Reclassification	-	-	-	-	-	-	21	(21)	-
Balance at 31 December 2022	346	2,976	1,418	552	724	3,009	1,852	12	10,889
Accumulated depreciation									
Balance at 1 January 2022	188	-	165	264	427	1,013	992	-	3,049
Depreciation for the financial year	55	-	30	100	76	335	213	-	809
Written off	(53)	-	-	(89)	-	(2)	(112)	-	(256)
Balance at 31 December 2022	190	-	195	275	503	1,346	1,093	-	3,602
Net carrying amount									
Balance at 31 December 2022	156	2,976	1,223	277	221	1,663	759	12	7,287

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

3. Property, plant and equipment (Continued)

Property, plant and equipment are stated at cost less accumulated depreciation and impairment losses. Depreciation is calculated using the straight-line method to allocate the depreciable amounts of the property, plant and equipment over their estimated useful lives as follows:

Computer equipment	10% - 20%
Buildings on freehold land	2%
Motor vehicles	20%
Office equipment	10% - 20%
Tools and equipment	10% - 20%
Renovation	10% - 20%

Freehold land has unlimited useful life and therefore is not depreciated. Construction work-in-progress represents items of assets under construction, which is stated at cost less any impairment losses, and it is not depreciated. Cost comprises the direct costs of construction during the period of construction. Construction work-in-progress is classified to the appropriate category of property, plant and equipment when the assets are completed and ready for use.

As at the end of the reporting period, the carrying amount of the Group's property, plant and equipment which have been pledged for the banking facilities as set out in Note 14 to the financial statements was as follows:

	Group	
	2023	2022
	RM'000	RM'000
Freehold land	1,404	1,404
Buildings on freehold land	562	576
	1,966	1,980

4. Right-of-use assets

	Balance at 1 January 2023 RM'000	Depreciation for the financial year RM'000	Lease modification RM'000	Balance at 31 December 2023 RM'000
Group				
Office premises	1,669	(258)	18	1,429

	Balance at 1 January 2022 RM'000	Depreciation for the financial year RM'000	Balance at 31 December 2022 RM'000
Group			
Motor vehicles	18	(18)	-
Office premises	1,920	(251)	1,669
	1,938	(269)	1,669

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

4. Right-of-use assets (Continued)

The right-of-use assets of the Group are depreciated over the useful life of the underlying assets as follows:

Office premises	10% - 12%
Motor vehicles	20%

The motor vehicle with carrying amount of RM Nil (2022: RM Nil) was disposed of by the Group for cash consideration amounted to RM53,000 (2022: RM Nil) during the financial year 31 December 2023.

The carrying amount of the Group's office premises amounted to RM1,201,000 (2022: RM1,412,000) as at 31 December 2023 is leased from certain Directors for a period of 10 years and has a remaining lease period of 6 (2022: 7) years.

5. Investment in subsidiaries

	Company	
	2023 RM'000	2022 RM'000
Unquoted equity investments, at cost		
Balance at beginning of financial year/date of incorporation	160	-
Additions during the financial year/period	-	160
Balance at end of financial year/period	160	160

In the previous financial year, the Company incorporated a wholly-owned subsidiary, MY CO2 Group Sdn. Bhd. ("MY CO2 Group"), a company incorporated in Malaysia with cash consideration of RM2,322 on 30 August 2022. The Company made additional contribution of RM157,000 to the subsidiary by way of issuing 50,635 ordinary shares of the Company at an approximate issue price of RM3.10 per share to Dr. Ooi Shu Geok and Chong Moi Me (collectively known as the "Vendors") as purchase consideration made on behalf of MY CO2 Group on 11 October 2022 for acquiring 1% of equity interest in My CO2 (PG) Sdn. Bhd., My CO2 (KL) Sdn. Bhd., My CO2 (JB) Sdn. Bhd., My CO2 Certification Sdn. Bhd., Empiric Science Sdn. Bhd. and My CO2 Sdn. Bhd. (collectively known as the "Malaysia subsidiaries").

The restructuring exercise involved acquisitions of companies which are under common control. These companies have been included in the consolidated financial statements of the Group in a manner similar to the "pooling-of-interest" method. Such manner of presentation reflects the economic substance of the combining companies as a single economic enterprise, although the legal parent-subsidiary relationship was not established until the completion of restructuring exercise on 15 November 2022.

In the previous financial year, the Company entered into a share purchase agreement to acquire the entire equity interest of LMS Compliance International Pte. Ltd. for a purchase consideration of S\$2, which approximate to RM6, by way of issuance of 2 new ordinary shares in the Company to Vendors on 15 November 2022.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

5. Investment in subsidiaries (Continued)

The details of the subsidiaries are as follows:

Name of company	Principal place of business	Principal activities	Proportion of ownership interest held by the Group	
			2023 %	2022 %
<u>Held by the Company</u>				
My CO2 Group Sdn. Bhd. ⁽¹⁾	Penang, Malaysia	Investment holding	100	100
LMS Compliance International Pte. Ltd. ⁽²⁾	Singapore	Dormant	100	100
<u>Held by MY CO2 Group</u>				
My CO2 (PG) Sdn. Bhd. ⁽¹⁾	Penang, Malaysia	Accredited laboratory providing testing services	100	100
My CO2 (KL) Sdn. Bhd. ⁽¹⁾	Kuala Lumpur, Malaysia	Accredited laboratory providing testing services	100	100
My CO2 (JB) Sdn. Bhd. ⁽¹⁾	Johor Bahru, Malaysia	Accredited laboratory providing testing services	100	100
My CO2 Certification Sdn. Bhd. ⁽¹⁾	Penang, Malaysia	International Organization for Standardization ("ISO") Certification, assessment, education and training services	100	100
Empiric Science Sdn. Bhd. ⁽¹⁾	Penang, Malaysia	Trading of scientific instrument, chemical, media and laboratory solutions. Promote and market software and online applications	100	100
My CO2 Sdn. Bhd. ⁽¹⁾	Penang, Malaysia	Headquarters ("HQ") functions, software and online application development	100	100

⁽¹⁾ Audited by BDO PLT, an overseas member firm of the BDO network in Malaysia.

⁽²⁾ Audited by BDO LLP, Singapore.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

6. Trade and other receivables

	Group		Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Trade receivables				
- Third parties	3,345	2,964	-	-
- Subsidiaries	-	-	1,160	-
Less: Loss allowance on receivables	(273)	(154)	-	-
	3,072	2,810	1,160	-
Other receivables				
- Third parties	67	29	-	-
- Dividend receivable	-	-	5,500	5,300
	67	29	5,500	5,300
Deposits	67	66	-	-
	134	95	5,500	5,300
	3,206	2,905	6,660	5,300

Trade receivables are non-interest bearing and the normal credit term granted by the Group ranges from 30 to 90 (2022: 30 to 90) days.

The non-trade amounts due from third parties and a subsidiary are unsecured, non-interest bearing, repayable on demand and are expected to be settled in cash.

Loss allowance for trade and other receivables and contract assets (Note 17(b))

Amount due from trade receivables and contract assets (Note 17(b))

The Group determines expected credit losses ("ECL") on trade receivables and contract assets (Note 17(b)) by using a provision matrix for trade receivables and contract assets that is based on historical credit loss experience, past due status of the balances and adjusted with forward looking assumptions, as appropriate.

In calculating the ECL rates, the Group considers historical loss rates for each aging bracket of customers and adjust for forward looking macroeconomic data that may affect the ability of the customers to settle receivables.

The carrying amounts of the Group's trade and other receivables and contract assets (Note 17(b)) as at 31 December 2023 were RM3,206,000 and RM116,000 (2022: RM2,905,000 and RM209,000) respectively. Loss allowance of receivables of RM119,000 (2022: RM24,000) were recognised in profit or loss for financial year ended 31 December 2023.

Amount due from non-trade receivables

The Group has assessed credit risk for other receivables amounts due from third parties based on 12-month expected loss basis which reflects the low credit risk of the exposures. Management is of the view that the amount of the allowance on remaining balances is insignificant.

Management determines whether there is significant increase in credit risk of the subsidiary since initial recognition. The Board of Directors has taken into account information that it has available internally about the past, current and expected operating performance and cash flow position of its subsidiary. The Board of Directors assessed the risk of default is considered to be minimal as the subsidiary is able to repay on demand. Therefore, amount due from a subsidiary has been measured based on 12-month expected credit loss model and subject to immaterial credit loss. The carrying amount of the non-trade receivables due from subsidiary was RM5,500,000 (2022: RM5,300,000) as at 31 December 2023.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

6. Trade and other receivables (Continued)

The Group recognises lifetime ECL for trade receivables based on the ageing of customers collectively. At the reporting period, the analysis of trade receivables and the carrying amount of allowances for impairment loss are as follows:

	ECL weightage %	Gross carrying amount RM'000	Loss allowance on receivables RM'000	Net carrying amount RM'000
Group				
2023				
Not past due	0.37	2,413	(9)	2,404
Past due 1 – 30 days	2.70	371	(10)	361
Past due 31 – 60 days	4.64	151	(7)	144
Past due 61 – 90 days	7.44	121	(9)	112
Past due 91 – 120 days	12.00	50	(6)	44
Past due 121 – 150 days	84.09	44	(37)	7
Past due more than 150 days	100.00	195	(195)	-
		3,345	(273)	3,072
2022				
Not past due	0.35	2,288	(8)	2,280
Past due 1 – 30 days	2.58	271	(7)	264
Past due 31 – 60 days	4.58	153	(7)	146
Past due 61 – 90 days	7.25	69	(5)	64
Past due 91 – 120 days	13.79	58	(8)	50
Past due 121 – 150 days	82.86	35	(29)	6
Past due more than 150 days	100.00	90	(90)	-
		2,964	(154)	2,810
Company				
2023				
Not past due	-	1,160	-	1,160

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

6. Trade and other receivables (Continued)

Movement in loss allowance on trade receivables was as follows:

	Group	
	2023	2022
	RM'000	RM'000
<i>Other customers collectively assessed</i>		
Balance at beginning of financial year	154	130
Loss allowance on receivables, net	119	24
Balance at end of financial year	273	154

Third party trade receivable written off was included in "Other expenses" line item in profit or loss amounted to RM7,000 (2022: RM12,000) for the financial year ended 31 December 2023 as management deemed the amount to be irrecoverable.

The currency profiles of trade and other receivables as at the end of the reporting period are as follows:

	Group		Company	
	2023	2022	2023	2022
	RM'000	RM'000	RM'000	RM'000
Malaysian ringgit	3,185	2,905	6,660	5,300
Singapore dollar	2	-	-	-
United States dollar	19	-	-	-
	3,206	2,905	6,660	5,300

7. Prepayments

Prepayments mainly comprise advance payment for renovation cost, professional fees and insurance.

The related capital commitment is disclosed in Note 26 to the financial statements.

8. Financial assets at fair value through profit or loss ("FVTPL")

	Group	
	2023	2022
	RM'000	RM'000
Money market funds		
Balance at beginning of financial year	6,974	7,212
Placements during the financial year	3,450	2,460
Redemptions during the financial year	(3,599)	(2,831)
Interest income	197	51
Fair value gain recognised through profit or loss	61	82
Balance at end of financial year	7,083	6,974

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

8. Financial assets at fair value through profit or loss ("FVTPL") (Continued)

The Group has invested in money market funds which the assets that do not meet the criteria for amortised cost or financial assets at fair value through other comprehensive income and are measured at FVTPL.

Financial assets at FVTPL are investments in money market funds on highly liquid investment. The Group intends to hold these investments for managing free cash flow and optimising working capital so as to provide a steady stream of income returns. The investments in money market funds have no fixed maturity date nor coupon rate. The fair values of these securities are based on closing quoted market prices on the last market day of the financial year.

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

The currency profile of the Group's financial assets at FVTPL as at the end of the reporting period is Malaysian ringgit.

9. Cash and cash equivalents

	Group		Company	
	2023	2022	2023	2022
	RM'000	RM'000	RM'000	RM'000
Cash on hand	9	10	-	-
Cash at bank	9,665	12,303	7,148	10,652
Short-term fixed deposits	7,557	-	6,957	-
	<u>17,231</u>	<u>12,313</u>	<u>14,105</u>	<u>10,652</u>

Cash and cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

The short-term fixed deposits mature on varying dates between 22 days to 29 days (2022: Nil) from the end of the financial year ended 31 December 2023. The effective interest rate on the fixed deposits ranges from 0.75% to 3.70% (2022: Nil) per annum.

The currency profiles of cash and cash equivalents at the end of the reporting period are as follows:

	Group		Company	
	2023	2022	2023	2022
	RM'000	RM'000	RM'000	RM'000
Malaysian ringgit	2,940	1,462	-	-
Singapore dollar	14,207	10,792	14,105	10,652
United States dollar	84	59	-	-
	<u>17,231</u>	<u>12,313</u>	<u>14,105</u>	<u>10,652</u>

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

10. Share capital

	Group		Company	
	2023	2022	2023	2022
	RM'000	RM'000	RM'000	RM'000
<u>Issued and fully-paid</u>				
Ordinary shares	11,292	11,292	11,292	11,292

	Group		Company	
	Number of ordinary shares	RM'000	Number of ordinary shares	RM'000
2023				
Balance at beginning and end of financial year	87,435,000	11,292	87,435,000	11,292
2022				
Balance at beginning of financial year/date of incorporation ⁽ⁱ⁾	2,325,000	2,325	-	-
Issuance of shares ⁽ⁱⁱ⁾	750	2	750	2
Issuance of shares ⁽ⁱⁱⁱ⁾	50,635	157	50,635	157
Adjustment pursuant to restructuring exercise ⁽ⁱⁱⁱ⁾	(2,325,000)	(2,325)	-	-
	51,385	159	51,385	159
Sub-division of shares ^(iv)	72,560,000	-	72,560,000	-
Issuance of sponsor fee shares ^(v)	875,000	739	875,000	739
Issuance of shares pursuant to an initial public offering exercise ^(vi)	14,000,000	11,820	14,000,000	11,820
Expenses related to share issuance ^(vii)	-	(1,426)	-	(1,426)
Balance at end of financial year	87,435,000	11,292	87,435,000	11,292

⁽ⁱ⁾ The share capital of the Group as at 31 December 2021 represented the aggregation of the Group's interest in the issued and paid up capital of all subsidiaries under common control.

⁽ⁱⁱ⁾ On 22 July 2022, the Company issued 750 ordinary shares for a total cash consideration of S\$750, which is approximately RM2,000.

⁽ⁱⁱⁱ⁾ On 11 October 2022, the Company issued 50,635 ordinary shares at an approximate issue price of RM3.10 per share for a total consideration of RM157,000 for the purpose of acquiring 1% equity interest of Malaysia subsidiaries on behalf of MY CO2 Group. Pursuant to the restructuring exercise, the Company acquired entire equity interest in Malaysia subsidiaries via MY CO2 Group.

^(iv) On 15 November 2022, the shareholders of the Company approved the sub-division of ordinary shares into 72,560,000 ordinary shares in the issued share capital of the Company.

^(v) On 30 November 2022, the Company increased its issued and fully paid-up share capital by way of allotment and issuance of 875,000 new ordinary shares at an issue price of S\$0.26, which is approximately RM0.84 per ordinary share amounting to RM739,000 as payment of professional fee, which RM127,000 was capitalised against the share capital of the Company.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

10. Share capital (Continued)

- (vi) On 30 November 2022, the Company increased its issued and fully paid-up share capital by way of allotment and issuance of 14,000,000 new ordinary shares at an issue price of RM0.84 per ordinary share for cash consideration of RM11,820,000 pursuant to an initial public offering.
- (vii) Share issuance expenses consist of, among others, an allocation portion of professional fees paid to the sponsor and auditors of the Company in respect of professional services rendered as professional service and independent reporting accountants respectively in connection with the Company's initial public offering. The allocation portion of professional fees paid to the sponsor and auditors of the Company amounted to RM225,000 and RM169,000 respectively.

The holders of ordinary shares are entitled to receive dividends as and when declared by the subsidiaries. All ordinary shares have no par value and carry one vote per ordinary share without restriction.

11. Reserves

	Group	
	2023	2022
	RM'000	RM'000
Merger reserve	2,180	2,180
Foreign currency translation reserve	(10)	(4)
	2,170	2,176

The merger reserve relates to the difference between the consideration paid to the controlling parties of the Group and the issued and fully paid share capital of subsidiaries acquired under common control that are accounted for by applying the "pooling-of-interest" method.

The foreign currency translation reserve comprises foreign currency differences arising from the translation of the financial statements of foreign operation whose functional currency is different from the Group's presentation currency and is non-distributable.

The movement of reserves of the Group is presented in consolidated statement of changes in equity.

12. Retained earnings

Movements in retained earnings of the Company were as follows:

	Company	
	2023	2022
	RM'000	RM'000
Balance at the beginning of the financial year/date of incorporation	500	-
Total comprehensive income for the financial year/period	5,032	500
Dividends paid (Note 25)	(451)	-
Balance at the end of the financial year/period	5,081	500

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

13. Trade and other payables

	Group		Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Non-current				
Deferred grant income	186	233	-	-
Current				
Trade payables				
- Third parties	154	116	-	-
- Subsidiaries	-	-	1	-
Other payables				
- Third parties	214	210	112	120
- Subsidiaries	-	-	3,749	4,095
Accrued expenses	1,282	572	747	215
Deferred grant income	38	38	-	-
Sales and service tax	386	374	-	-
	<u>2,074</u>	<u>1,310</u>	<u>4,609</u>	<u>4,430</u>
	<u>2,260</u>	<u>1,543</u>	<u>4,609</u>	<u>4,430</u>

Trade payables are unsecured, non-interest bearing and are normally settled within the credit terms of 30 to 60 (2022: 30 to 60) days.

The non-trade amounts due to third parties and subsidiaries are unsecured, non-interest bearing, repayable on demand and expected to be settled in cash.

Deferred grant income is a government grant received from SME Corporation Malaysia and Malaysian Investment Development Authority for capital expenditure incurred for purchase of laboratory related equipment. Government grant is recognised as income over the periods necessary to match them with the costs for which they intended to compensate, on a systematic basis.

The currency profiles of trade and other payables (excluding deferred grant income and sales and service tax) at the end of the reporting period are as follows:

	Group		Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Malaysian ringgit	1,239	544	4,228	4,095
Singapore dollar	411	354	381	335
	<u>1,650</u>	<u>898</u>	<u>4,609</u>	<u>4,430</u>

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

14. Bank borrowings

	Group	
	2023	2022
	RM'000	RM'000
Non-current		
Term loan	970	1,052
Current		
Term loan	89	87
	<u>1,059</u>	<u>1,139</u>
Effective interest rate per annum		
Term loan	4.37%	3.87%

The Term loan is repayable over 240 monthly instalments comprising principal and interest.

The Term loan is secured by freehold land and buildings as disclosed in Note 3 to the financial statements and is supported by a guarantee provided by the Executive Directors of the Group.

Term loan is arranged at floating rates, thus exposing the Group to interest rate risk as set out in Note 29.3 to the financial statements.

The currency profile of bank borrowings as at the end of the reporting date is Malaysian ringgit.

15. Lease liabilities

	Motor vehicles RM'000	Office premises RM'000	Total RM'000
Group			
At 1 January 2023	15	1,849	1,864
Lease modification	-	18	18
Interest expense (Note 21)	-	125	125
Lease payments			
- Principal portion	(15)	(224)	(239)
- Interest portion	-	(125)	(125)
At 31 December 2023	<u>-</u>	<u>1,643</u>	<u>1,643</u>
At 1 January 2022	48	2,061	2,109
Interest expense (Note 21)	1	135	136
Lease payments			
- Principal portion	(33)	(212)	(245)
- Interest portion	(1)	(135)	(136)
At 31 December 2022	<u>15</u>	<u>1,849</u>	<u>1,864</u>

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

15. Lease liabilities (Continued)

The maturity analysis of lease liabilities of the Group at end of the reporting date are as follows:

	Group	
	2023	2022
	RM'000	RM'000
Contractual undiscounted cash flows		
Within one financial year	351	362
After one financial year but within five financial years	1,394	1,388
More than five financial years	243	574
	1,988	2,324
Less: Future interest expense	(345)	(460)
Present value of lease liabilities	1,643	1,864
Presented in statements of financial position		
Non-current	1,397	1,622
Current	246	242
	1,643	1,864

As at 31 December 2023, the average incremental borrowing rate applied was 6.81% (2022: 5.94%). All leases are on a fixed repayment basis and no arrangements have been entered into for contingent rental payments.

As at 31 December 2023, the Group has disposed of one of the motor vehicles acquired under finance lease arrangements that was supported by a guarantee provided by a Director of the Group.

Rental of tools and equipment, machinery and office equipment of the Group qualifies as low value assets or short-term leases. The election of short-term leases is made by class of underlying assets with similar nature and use in the Group's operations whereas the low-value lease exemption is made on lease-by-lease basis.

The total cash outflows for all leases including low asset value and short-term leases were RM393,000 (2022: RM411,000) for the financial year ended 31 December 2023.

The currency profile of the lease liabilities as at the end of the reporting period is Malaysian ringgit.

16. Deferred tax liabilities

The movement in deferred tax liabilities position is as follows:

	Group	
	2023	2022
	RM'000	RM'000
Balance at beginning of financial year	411	320
(Credit)/Charge to profit or loss	(5)	91
Balance at end of financial year	406	411

Deferred tax liabilities are attributable to temporary differences arising from accelerated tax depreciation computed at Malaysia's income tax rate of 24% (2022: 24%).

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

16. Deferred tax liabilities (Continued)

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

	Deferred tax liabilities		Deferred tax assets	Net deferred tax liabilities
	Property, plant and equipment RM'000	Right-of-use assets RM'000	Lease liabilities RM'000	Total RM'000
Group				
As at 1 January 2022	397	737	(814)	320
(Credit)/Charge to profit or loss	106	(106)	91	91
As at 1 January 2023	503	631	(723)	411
(Credit)/Charge to profit or loss	(3)	(104)	102	(5)
As at 31 December 2023	500	527	(621)	406

17. Revenue

	Group	
	2023 RM'000	2022 RM'000
Type of goods or services		
Laboratory testing services	20,024	17,909
Certification services	422	237
Sale of goods	311	365
Distribution of conformity assessment technology	145	165
	20,902	18,676

	Group	
	2023 RM'000	2022 RM'000
Timing of transfer of goods and services		
Point-in-time	20,757	18,511
Over time	145	165
	20,902	18,676

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

17. Revenue (Continued)

(a) Material accounting policy

Rendering of services

The Group provides services including testing and assessment services ("Laboratory Testing Services"), management system and certification services ("Certification Services") and provision of conformity assessment technology services to its customers. Certain revenue contracts with customers consist of multiple services under one contract. The management assessed each contract and unbundled these services as distinct performance obligations. The Group allocated transaction price to each performance obligation based on its relative stand-alone selling price.

Revenue from rendering laboratory testing services and certification services, is recognised at a point in time upon services rendered. Revenue will only be recognised to the extent that it is highly probable that a significant reversal will not occur, net of discounts. A receivable is recognised upon billing net of deposits received.

Revenue from provision of conformity assessment technology services is satisfied over time because the customer simultaneously receives and consumes the benefits. Revenue is recognised over time over the service contract term. Limited judgement is needed to identify when the point of control passes to customers.

Sale of goods

Revenue from the sale of goods including analytical instruments, testing equipment and chemicals is recognised at a point in time when control of the goods is transferred to the customer, generally on delivery of the goods.

The amount of revenue recognised is based on the estimated transaction price which comprises the contractual price. The Group retains control of the good and satisfies its performance obligation only when the good is accepted by the customer.

There is limited judgement needed to identify when the point of control passes to customers. There is no element of financing component in the Group's revenue transactions as customers are required to pay within a credit term of 30 to 90 days. In situation where payments are collected prior to provision of goods, a contract liability is recognised.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

17. Revenue (Continued)

(b) Contract assets and contract liabilities

The information about contract assets and contract liabilities from contracts with customers is disclosed as follows:

	Group		Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Contract assets				
- Laboratory testing services	111	209	-	-
- Distribution of conformity assessment technology	5	-	5	-
	<u>116</u>	<u>209</u>	<u>5</u>	<u>-</u>
Contract liabilities				
- Laboratory testing services	240	270	-	-
- Certification services	34	37	-	-
- Sale of goods	1	-	-	-
- Distribution of conformity assessment technology	75	93	23	-
	<u>350</u>	<u>400</u>	<u>23</u>	<u>-</u>

Contract assets arises from the Group's and Company's rights to consideration for laboratory testing services and distribution of conformity assessment technology but not billed at the reporting date.

Contract liabilities arises from unsatisfied performance obligations when the Group and Company issue billing to customers. This liability is recognised as revenue upon satisfaction of each performance obligation.

The Group recognises lifetime ECL for contract assets based on the ageing of customers collectively. At the reporting period, the analysis of contract assets and the carrying amount of allowances for impairment loss are as follows:

	ECL weightage %	Gross carrying amount RM'000	Loss allowance on receivables RM'000	Net carrying amount RM'000
Group				
2023				
Not past due	0.37	<u>116</u>	*	<u>116</u>
2022				
Not past due	0.35	<u>209</u>	*	<u>209</u>
Company				
2023				
Not past due	-	<u>5</u>	-	<u>5</u>

* Amount is less than RM1,000

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

17. Revenue (Continued)

(b) Contract assets and contract liabilities (Continued)

Changes in contract assets and contract liabilities are highlighted as follows:

	Contract assets			
	Group		Company	
	2023	2022	2023	2022
	RM'000	RM'000	RM'000	RM'000
Balance at beginning of financial year	209	-	-	-
Transfer to trade receivables	(209)	-	-	-
Excess of revenue recognised over cash (or rights to cash)	116	209	5	-
Balance at end of financial year	116	209	5	-

	Contract liabilities			
	Group		Company	
	2023	2022	2023	2022
	RM'000	RM'000	RM'000	RM'000
Balance at beginning of financial year	400	246	-	-
Cash received in advance of performance and not recognised as revenue	345	373	23	-
Amount recognised as revenue	(395)	(219)	-	-
Balance at end of financial year	350	400	23	-

The vast majority of the Group's and Company's short term contracts are within the next 12 months hence, the allocation of aggregate transaction price to the remaining performance obligations and explanation on when the Group and Company expect the revenue to be recognised are not disclosed.

18. Other income

	Group	
	2023	2022
	RM'000	RM'000
Gain on disposal of right-of-use assets	53	-
Government grant income	894	38
Government wage subsidy	27	116
Fair value gain on financial assets at FVTPL	61	82
Gain on unrealised foreign exchange differences	751	-
Others	8	85
	1,794	321

Government grants are recognised at the fair value where there is reasonable assurance that the grant will be received and all attaching conditions will be complied with. Where the grants relate to expenditures, which are not capitalised, the fair value of grants are credited to profit or loss as and when the underlying expenses are included and recognised in profit or loss to match such related expenditures. Grants related to an asset is capitalised in the statements of financial position. It is recognised as income over the periods necessary to match them with the costs for which they intended to compensate, on a systematic basis.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

19. Depreciation expenses

	Group	
	2023 RM'000	2022 RM'000
Depreciation of property, plant and equipment	879	809
Depreciation of right-of-use assets	258	269
	<u>1,137</u>	<u>1,078</u>

20. Employee benefits expense

	Group	
	2023 RM'000	2022 RM'000
Directors' fee		
- Directors of the Company	289	156
- Directors of the subsidiaries	-	54
Salaries, bonuses and other staff benefits	7,276	5,767
Contributions to defined contribution plans	879	716
	<u>8,444</u>	<u>6,693</u>

Included in the employee benefits expense were the remuneration of Directors of the Company and Directors of the subsidiaries as disclosed in Note 27 to the financial statements.

21. Finance costs and interest income

	Group	
	2023 RM'000	2022 RM'000
<u>Finance costs</u>		
Lease liabilities interest	125	136
Bank borrowings interest	53	74
	<u>178</u>	<u>210</u>

	Group	
	2023 RM'000	2022 RM'000
<u>Interest income</u>		
Money market funds interest	197	51
Fixed deposits interest	11	-
	<u>208</u>	<u>51</u>

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

22. Profit before income tax

In addition to the charges disclosed elsewhere in the notes to the financial statement, the above includes the following charges:

	Group	
	2023	2022
	RM'000	RM'000
<i>Materials, consumables and subcontractor costs</i>		
Purchases	1,245	1,290
Outsourcing costs	386	448
Short-term and low asset value lease expenses		
- Tools and equipment	10	9
<hr/>		
<i>Other expenses</i>		
Audit fee		
- Auditors of the Company	285	260
- Auditors of the subsidiaries	102	86
Non-audit fee		
(i) Audit related services		
- Auditors of the Company	-	888
- Auditors of the subsidiaries	8	-
(ii) Non-audit related services		
- Auditors of the Company	-	8
- Auditors of the subsidiaries	24	30
Bad debt written off	7	12
Property, plant and equipment written off	6	22
Loss on realised foreign exchange difference	35	1
Professional fee	741	139
Short-term and low asset value lease expenses		
- Office equipment	19	21
Computer and information technology expenses	172	90
Courier and postages	35	31
Cleaning charges	56	51
Utilities	340	311
Insurance	165	103
Printing and stationery	127	77
Telephone charges	37	41
Upkeep of property, plant and equipment	180	203
Advertisement	222	87
Mileage claims	114	110
Petrol, toll and parking	105	90
Travelling and accommodation	159	91
Initial public offering fee ⁽ⁱ⁾	-	3,454
	<hr/>	

⁽ⁱ⁾ The initial public offering fee is excluding amount paid to auditors of the Company.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

23. Income tax expense

	Group	
	2023 RM'000	2022 RM'000
Current income tax expense		
- current year	2,078	1,651
- under/(over) provision of income tax expense in respect of prior financial years	39	(50)
	<u>2,117</u>	<u>1,601</u>
Deferred tax expenses		
- relating to origination and reversal of temporary differences	35	27
- (over)/under provision of deferred tax expense in respect of prior financial year	(40)	64
	<u>(5)</u>	<u>91</u>
	<u>2,112</u>	<u>1,692</u>

Reconciliation of effective income tax rate

	Group	
	2023 RM'000	2022 RM'000
Profit before income tax	<u>7,593</u>	<u>2,412</u>
Income tax calculated at Malaysia's statutory income tax rate of 24% (2022: 24%)	1,822	579
Tax effects in respect of		
- expenses not deductible for tax purposes	352	1,375
- income not subjected to tax	(321)	(82)
- different tax rate for the first RM600,000 of chargeable income (2022: RM600,000)	-	(159)
- effect of different tax rates in other countries	29	(35)
Deferred tax assets not recognised	175	-
(Over)/Under provision of deferred tax expenses in respect of prior financial years	(40)	64
Under/(Over) provision of income tax expenses in respect of prior financial years	39	(50)
Others	56	-
	<u>2,112</u>	<u>1,692</u>

Unrecognised deferred tax assets

	Group		Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Balance at beginning of financial year	-	-	-	-
Addition during the financial year	175	-	157	-
Balance at end of financial year	<u>175</u>	<u>-</u>	<u>157</u>	<u>-</u>

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

23. Income tax expense (Continued)

Unrecognised deferred tax assets are attributable to unutilised tax losses computed at statutory income tax rate of 24% for Group and 17% for Company.

As at 31 December 2023, the Group and Company have unrecognised deferred tax assets of approximately RM175,000 (2022: RM Nil) and RM157,000 (2022: RM Nil) respectively that are available to offset against future taxable profits of the Group and Company, subject to the agreement of the tax authority and compliance with certain provisions of the tax legislation. No deferred tax asset has been recognised on these tax losses and other deductible temporary differences as there is no certainty that there will be sufficient future taxable profits to realise these future benefits.

24. Earnings per share

The calculation for earnings per share is based on:

	Group	
	2023	2022
	RM'000	RM'000
Profit attributable to owners of the Company	5,481	720
Weighted average number of ordinary shares	87,435,000	73,234,343
Earning per share (in cents)		
- Basic and diluted	6.27	0.98

The calculation of basic earnings per share for the financial year ended 31 December 2023 is based on profit attributable to owners of the Company for the financial year divided by weighted average number of ordinary shares in issues for the financial year of 87,435,000 ordinary shares.

The calculation of basic earnings per share for financial year ended 31 December 2022 is based on profit attributable to owners of the Company for the financial year ended 2022 divided by weighted average number of ordinary shares in issue of 73,234,343 ordinary shares. The weighted average number of ordinary shares in issue is computed based on 750 issued and paid-up shares as at incorporation, adjusted for the issue of (i) 50,635 new ordinary shares pursuant to the Restructuring Exercise (but prior to the Share Split); (ii) 72,508,615 new ordinary shares pursuant to the share split exercise of sub-dividing 51,385 existing ordinary shares into 72,560,000 shares ("Share Split"); (iii) 14,000,000 new ordinary shares (post-Share Split) pursuant to the placement exercise in connection with the listing of the Company; and (iv) 875,000 new ordinary shares (post-Share Split) as part satisfaction of professional fees paid to the Company's Sponsor and Issue Manager in connection with the listing of the Company.

The diluted earnings per share for the relevant periods are same as the basic earnings per share as there were no dilutive potential ordinary shares for both financial years.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

25. Dividends

	Group	
	2023	2022
	RM'000	RM'000
Final tax exempt dividend of S\$0.0015 which approximate to RM0.00516 per ordinary share for the financial year ended 31 December 2022	451	-

Dividends are recognised when they become legally payable. Final and special dividends are recorded in the financial year which the dividends are approved by the shareholders.

The Board of Directors proposed a final tax exempt dividend of S\$0.0035, which approximate to RM0.0122 (2022: S\$0.0015 which approximate to RM0.0049) per ordinary share and special tax exempt dividend of S\$0.0097 which approximate to RM0.0337 (2022: RM Nil) per ordinary share amounting to S\$1,154,000 which approximate to RM4,016,000 (2022: S\$131,000 which approximate to RM430,000) to be paid for the financial year ended 31 December 2023. These dividends have not been recognised as a liability as at the end of the reporting period as it is subject to the approval of the shareholders at the Annual General Meeting.

26. Capital commitments

	Group	
	2023	2022
	RM'000	RM'000
Capital expenditure contracted but not provided for		
- commitments for the acquisition of property, plant and equipment	874	675

27. Significant related party transactions

For the purpose of these financial statements, parties are considered to be related to the Group if the Group and the Company have the ability, directly or indirectly, to control the party or exercise significant influence over the party in making financial and operating decisions, or *vice versa*, or where the Group and the Company and the party are subject to common control or common significant influence. Related parties may be individuals or other entities.

In addition to the information disclosed elsewhere in the financial statements, the following were significant related party transaction at rates and terms agreed between Group and Company and its related parties during the financial years ended 31 December 2023 and 31 December 2022.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

27. Significant related party transactions (Continued)

	Group		Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
With directors of the Group				
Payment of expenses on behalf of the Group	188	194	-	-
Payment of expenses on behalf by Group	-	5	-	-
Rental fee	294	294	-	-
With subsidiaries				
Dividend declared	-	-	5,500	5,300
Expenses paid on behalf of the Company	-	-	2,322	4,038
Management fee income	-	-	1,145	-
Hosting maintenance fee	-	-	396	-

Compensation of key management personnel

Key management personnel are Directors of the Group and those persons having authority and responsibility for planning, directing and controlling the activities of the Group directly and indirectly.

	Group		Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Directors of the Company				
- Directors' fees	289	156	289	30
- Short-term employee benefits	1,090	517	1,090	52
	1,379	673	1,379	82
Directors of subsidiaries				
- Directors' fees	-	54	-	-
- Short-term employee benefits	-	175	-	-
	-	229	-	-
Other key management personnel				
- Short-term employee benefits	1,167	726	-	-

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

28. Segment Information

An operating segment is a component of the Group that engages in business activities from which it may earn revenue and incur expenses (including revenue and expenses relating to transactions with other components of the Group) and whose operating results are regularly reviewed by the Group's chief operating decision maker to make decisions about resources to be allocated to the segment and assess its performance.

Business segment

The Group has four primary business segments, which are testing and assessment segment, trading segment, certification services segment and provision of conformity assessment technology segment.

1. Testing and assessment business segment provides product safety testing and industry compliance assessment.
2. Trading business segment provides supplies in all kinds of scientific products, salts, medical and chemical preparation.
3. Certification services business segment provides ISO application, ISO certification, ISO conformity assessment, ISO education and provide training and management consultancy activities.
4. Provision of conformity assessment technology business segment provides database hosting for the Group's cloud-based applications.

Management does not monitor the operating results of the segments separately as the contribution of trading, certification, and provision of conformity assessment technology segments to the Group's profit, net assets and total assets are less than 5% respectively. Accordingly, the results of business segments are not presented separately.

Geographical information

During the financial year ended 31 December 2023 and 31 December 2022, the Group operated mainly in Malaysia and all non-current assets were located in Malaysia. Accordingly, an analysis of non-current assets and revenue of the Group by geographical distribution has not been presented.

Major customers

The Group is not reliant on any individual or corporate customer for its revenue and no one single customer accounted for 10% or more of the Group's total revenue for each of the reporting period.

29. Financial instruments, financial risks and capital management

The Group's and the Company's activities expose them to credit risk, market risks (including interest rate risk and foreign currency risk) and liquidity risk arising in the ordinary course of business. The Group's and the Company's overall risk management strategy seeks to minimise adverse effects from the volatility of financial markets on the Group's and the Company's financial performance.

The Board of Directors is responsible for setting the objectives and underlying principles of financial risk management for the Group and the Company. The Group's and the Company's management then establishes the detailed process as risk identification and measurement, in accordance with the objectives and underlying principles approved by the Board of Directors.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

29. Financial instruments, financial risks and capital management (Continued)

There has been no change to the Group's and the Company's exposure to these financial risks or the manner in which the risks are managed and measured. The Group and the Company do not hold or issue derivative financial instruments for trading purposes or to hedge against fluctuations, if any, in interest rates and foreign exchange rates.

29.1 Credit risk

Credit risk refers to the risk that counterparty will default on its contractual obligations resulting in a loss to the Group and the Company. The Group and the Company have adopted a policy of only dealing with creditworthy counterparties as a means of mitigating the risk of financial loss from defaults. The Group and the Company perform ongoing credit evaluation of its counterparties' financial condition and generally do not require collaterals.

Trade receivables and contract assets

The Group and the Company do not have any significant credit risk exposure to any single counterparty or any group of counterparties having similar characteristics, except for the Company has outstanding other receivables from a subsidiary which represent 100% of the total other receivables balance as at 31 December 2023.

The carrying amounts of financial assets recorded in the financial statements, grossed up for any allowances for losses, represents the Group's and the Company's maximum exposure to credit risks. The Group and the Company do not hold any collateral.

The Group's and the Company's major classes of financial assets are trade and other receivables, financial assets at FVTPL and cash and cash equivalents.

As at 31 December 2023, the Group's and the Company's bank balances and fixed deposits held with banks are rated Aa1 or P-2 (2022: Aa1 or P-2), based on Moody's ratings.

The Board of Directors monitors the credit rating on regular basis and considers that its cash and cash equivalents have low credit risk based on the external credit ratings of the counterparties. The cash and cash equivalents are measured based on 12-month credit loss model and subject to immaterial credit loss.

29.2 Liquidity risk

Liquidity risk refers to the risk in which the Group and the Company encounter difficulties in meeting their short-term obligations. Liquidity risk is managed by matching the payment and receipt cycle.

The Group and the Company actively manage their operating cash flows so as to ensure that all payment needs are met. As part of its overall prudent liquidity management, the Group and the Company maintain sufficient levels of cash to meet their working capital requirements.

The following tables detail the Group's and the Company's remaining contractual maturity for its non-derivative financial instruments. The tables have been drawn up based on undiscounted cash flows of financial instruments based in the earlier of the contractual date or when the Group and the Company are expected to pay.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

29. Financial instruments, financial risks and capital management (Continued)

29.2 Liquidity risk (Continued)

	Within one financial year RM'000	After one financial year but within five financial years RM'000	More than five financial years RM'000	Total RM'000
Group				
2023				
Financial liabilities				
Trade and other payables (excluding deferred grant income and sales and service tax)	1,650	-	-	1,650
Bank borrowings	133	533	632	1,298
Lease liabilities	351	1,394	243	1,988
Total undiscounted financial liabilities	<u>2,134</u>	<u>1,927</u>	<u>875</u>	<u>4,936</u>
2022				
Financial liabilities				
Trade and other payables (excluding deferred grant income and sales and service tax)	898	-	-	898
Bank borrowings	132	527	747	1,406
Lease liabilities	362	1,388	574	2,324
Total undiscounted financial liabilities	<u>1,392</u>	<u>1,915</u>	<u>1,321</u>	<u>4,628</u>
Company				
2023				
Financial liabilities				
Trade and other payables, representing total undiscounted financial liabilities	<u>4,609</u>	-	-	<u>4,609</u>
2022				
Financial liabilities				
Trade and other payables, representing total undiscounted financial liabilities	<u>4,430</u>	-	-	<u>4,430</u>

29.3 Market risks

(i) Interest rate risk

The Group's exposure to market risks for changes in interest rates relates primarily to interest-bearing borrowings as shown in Note 14 to the financial statements.

The Group's results are affected in interest rates due to the impact of such changes on interest expenses from interest-bearing borrowings which are floating interest rates. It is the Group's policy to obtain quotes from reputable banks to ensure that the most favourable rates are available to the Group.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

29. Financial instruments, financial risks and capital management (Continued)

29.3 Market risks (Continued)

(i) Interest rate risk (Continued)

Interest rate sensitivity analysis

The sensitivity analysis below has been determined based on the exposure to interest rate risks for financial liabilities at the end of the reporting period. For floating liabilities, the analysis is prepared assuming the amount of liability outstanding at the end of the reporting period was outstanding for the whole year. The sensitivity analysis assumes an instantaneous 0.5% (2022: 0.5%) change in the interest rates from the end of each reporting period, with all variables held constant.

If the interest rate increases or decreases by 0.5%, the Group's profit or loss will decrease or increase by:

	Group	
	(Increase)/Decrease	
	2023	2022
	RM'000	RM'000
Bank borrowings	5	6

(ii) Foreign currency risk

The Group and the Company incur foreign currency risk on transactions and balances that are denominated in currencies other than the functional currency of entities within the Group and of the Company. The Group and the Company are exposed to foreign exchange risk mainly from Singapore dollar transactions.

As at the end of the reporting period, the carrying amounts of monetary assets and monetary liabilities denominated in currencies other than the functional currency of the Group and the Company are as follows:

	Group			
	Monetary assets		Monetary liabilities	
	2023	2022	2023	2022
	RM'000	RM'000	RM'000	RM'000
Singapore dollar	14,209	10,792	411	354
United States dollar	103	59	-	-
	14,312	10,851	411	354

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

29. Financial instruments, financial risks and capital management (Continued)

29.3 Market risks (Continued)

(ii) Foreign currency risk (Continued)

	Company			
	Monetary assets		Monetary liabilities	
	2023	2022	2023	2022
	RM'000	RM'000	RM'000	RM'000
Singapore dollar	14,105	10,652	381	335

Foreign currency sensitivity analysis

The Group's and the Company's exposure to foreign currency risks is mainly in the Singapore dollar.

The following table details the Group's and the Company's sensitivity to a 7% (2022: 1%) change in the Singapore dollar against the functional currencies respectively. The sensitivity analysis assumes an instantaneous change in the foreign currency exchange rates from the end of the reporting period, with all other variables held constant. The results of the model are also constrained by the fact that only monetary items, which are denominated in Singapore dollar are included in the analysis. Consequentially, reported changes in the values of some of the financial instruments impacting the results of the sensitivity analysis are not matched with the offsetting changes in the values of certain excluded items that those instruments are designed to finance or hedge.

	Profit or loss	
	Increase/(Decrease)	
	2023	2022
	RM'000	RM'000
Group		
<i>Singapore dollar</i>		
Strengthens against Malaysian ringgit	966	104
Weakens against Malaysian ringgit	(966)	(104)
Company		
<i>Singapore dollar</i>		
Strengthens against Malaysian ringgit	961	103
Weakens against Malaysian ringgit	(961)	(103)

The Company has investments in foreign subsidiary, whose net assets are exposed to currency translation risk. The Group does not currently designate its foreign currency denominated debt as a hedging instrument for the purpose of hedging the translation of its foreign operations.

Exposure to foreign currency risk is monitored on an ongoing basis in accordance with the Group's risk management policies to ensure that the net exposure is at an acceptable level.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

29. Financial instruments, financial risks and capital management (Continued)

29.4 Capital management policies and objectives

The Group and the Company manage capital to ensure that they are able to continue as a going concern and maintain an optimal capital structure so as to maximise shareholders' value.

Management reviews the capital structure to ensure that the Group and the Company are able to service any debt obligations (including principal repayment and interest) based on operating cash flows.

Overall strategy remains unchanged during the financial years ended 31 December 2023 and 31 December 2022.

The Group and the Company monitor capital based on a gearing ratio, which is net debt divided by total equity plus net debts. The Group's and the Company's net debt includes trade and other payables (excluding deferred grant income), bank borrowings and lease liabilities less cash and cash equivalents. Equity attributable to the owners of the Company comprises share capital, reserves and retained earnings.

The gearing ratio of the Group and the Company were not presented as the Group and the Company were in net cash position at 31 December 2023 and 31 December 2022.

The Group did not have externally imposed capital requirements for the financial years ended 31 December 2023 and 31 December 2022. The Company did not have externally imposed capital requirements for the financial year ended 31 December 2023 and financial period from 22 July 2022 (date of incorporation) to 31 December 2022.

29.5 Fair value of financial assets and financial liabilities

The fair values of financial assets and financial liabilities are determined as follows:

- the fair value of financial assets and financial liabilities with standard terms and conditions and traded on active liquid markets are determined with reference to quoted market prices; and
- the fair value of other financial assets and other financial liabilities are determined in accordance with generally pricing models based on discounted cash flow analysis.

Fair value hierarchy

The Group and the Company classify fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

- Level 1 - quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 - inputs other than quoted prices included within that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3 - inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Fair value of financial instruments carried at fair value

The fair value of financial asset carried at fair value in relation to financial assets at FVTPL is disclosed in Note 8 to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

29. Financial instruments, financial risks and capital management (Continued)

29.5 Fair value of financial assets and financial liabilities (Continued)

The following table shows an analysis of financial instruments carried at fair value by level of fair value hierarchy:

	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000
Group			
2023			
Financial asset at FVTPL	7,083	-	-
2022			
Financial asset at FVTPL	6,974	-	-

There were no transfers between levels during the financial years ended 31 December 2023 and 31 December 2022 and no changes in the valuation techniques of the various classes or financial assets and financial liabilities.

Fair value of financial instruments that are not carried at fair value and whose carrying amounts approximate their fair values.

The carrying amounts of current financial assets and financial liabilities approximate their respective fair values due to the relatively short-term maturity of these financial instruments.

The carrying amounts of the bank borrowings approximate their fair values as they are subjected to floating interest rates.

29.6 Categories of financial instruments

The following table sets out the financial instruments as at the end of the reporting period:

	Group		Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Financial assets				
At amortised cost	20,437	15,218	20,765	15,952
At FVTPL	7,083	6,974	-	-
	<u>27,520</u>	<u>22,192</u>	<u>20,765</u>	<u>15,952</u>
Financial liabilities				
At amortised cost	4,352	3,901	4,609	4,430

NOTES TO THE **FINANCIAL STATEMENTS**

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

30. Comparative figures

The financial statements of the Company for the current financial year covered a period of 12 months from 1 January 2023 to 31 December 2023 while the comparative figures cover the financial period from 22 July 2022 to 31 December 2022. Therefore, the amounts in the financial statements are not comparable.

31. Events subsequent to the reporting date

On 14 March 2024, My CO2 Sdn. Bhd., one of the subsidiaries of the Company, entered into a sale and purchase agreement to purchase one unit of office at Mukum 12, Daerah Barat Daya, Pulau Pinang. The consideration for the office unit amounted to RM400,000 was paid in cash.

STATISTICS OF SHAREHOLDINGS

AS AT 13 MARCH 2024

ISSUED AND FULLY PAID-UP CAPITAL	:	S\$3,918,885.00
NUMBER OF SHARES ISSUED	:	87,435,000
CLASS OF SHARES	:	ORDINARY SHARES
VOTING RIGHTS	:	ONE VOTE PER SHARE
NO. OF TREASURY SHARES AND SUBSIDIARY HOLDINGS	:	Nil

SIZE OF SHAREHOLDINGS	NO. OF SHAREHOLDINGS	%	NO. OF SHARES	%
1 – 99	0	0.00	0	0.00
100 – 1,000	4	16.67	1,700	0.00
1,001 – 10,000	10	41.67	53,400	0.06
10,001 – 1,000,000	8	33.33	826,700	0.95
1,000,001 & above	2	8.33	86,553,200	98.99
TOTAL	24	100.00	87,435,000	100.00

TOP TWENTY SHAREHOLDERS

NAME OF SHAREHOLDERS	NO. OF SHARES	% OF SHARES
1. DBS NOMINEES PTE LTD	72,580,000	83.01
2. CGS-CIMB SECURITIES (SINGAPORE) PTE LTD	13,973,200	15.98
3. YONG YUEN PUN MICHAEL	300,000	0.34
4. PHILLIP SECURITIES PTE LTD	158,300	0.18
5. ONG POH LIM @ ONG PAO LIM	126,000	0.14
6. LEONG FO SEONG	123,300	0.14
7. TAN SEE HONG	50,000	0.06
8. UOB KAY HIAN PTE LTD	32,600	0.04
9. YONG SUI LI ALYSSA	26,000	0.03
10. LOW MUI LENG	10,500	0.01
11. CHUA LEE MIN KEVIN (CAI LIMING)	10,000	0.01
12. NG WENG SUI HARRY	10,000	0.01
13. RAFFLES NOMINEES (PTE) LIMITED	10,000	0.01
14. CHNG MENG KIAH	5,000	0.01
15. WONG JOON SANG	5,000	0.01
16. ANG TIAN LIANG	3,000	0.00
17. HAH CHANG WAH	3,000	0.00
18. MOOMOO FINANCIAL SINGAPORE PTE. LTD.	2,900	0.00
19. BAY THIAM HOCK	2,500	0.00
20. CHUA KERN	2,000	0.00
	87,433,300	99.98

STATISTICS OF SHAREHOLDINGS

AS AT 13 MARCH 2024

SUBSTANTIAL SHAREHOLDERS

(as shown in the Company's register of Substantial Shareholders)

NAME OF SUBSTANTIAL SHAREHOLDER	DIRECT INTEREST		DEEMED INTEREST	
	No. of shares	%	No. of shares	%
1 Louis May Pte. Ltd. ⁽¹⁾	66,029,106	75.52	-	-
2 Fitcorp Value Pte. Ltd. ⁽¹⁾	6,530,894	7.47	-	-
3 Dr. Ooi Shu Geok ⁽¹⁾	-	-	72,560,000	82.99
4 Ms. Chong Moi Me ⁽¹⁾	-	-	72,560,000	82.99

Note:

- (1) Dr. Ooi and Ms. Chong each owns 50.00% of the issued and paid-up share capital of Louis May Pte. Ltd., and together, owns the entire issued and paid-up share capital of Louis May Pte. Ltd.. Dr. Ooi and Ms. Chong also each owns 50.00% of the issued and paid-up share capital of Fitcorp Value Pte. Ltd., and together, owns the entire issued and paid-up share capital of Fitcorp Value Pte. Ltd.. Accordingly, pursuant to Section 4 of the Securities and Futures Act 2001, both Dr. Ooi and Ms. Chong are deemed interested in all the shares of the Company held by Louis May Pte. Ltd. and Fitcorp Value Pte. Ltd..

Public Shareholdings

Based on the information available to the Company as at 13 March 2024, approximately 16.47% of the Company's issued ordinary shares are held in the hands of the public.

Accordingly, the Company has complied with Rule 723 of the Listing Manual Section B : Rules of Catalist of the Singapore Exchange Securities Trading Limited, which requires 10% of the equity securities (excluding preference shares and convertible equity securities) in a class that is listed to be in the hands of the public.

NOTICE OF ANNUAL GENERAL MEETING



LMS COMPLIANCE LTD.

(Company Registration No: 202225544C)

(Incorporated in the Republic of Singapore)

NOTICE IS HEREBY GIVEN that the Annual General Meeting (“**AGM**” or the “**Meeting**”) of LMS Compliance Limited (the “**Company**”, and together with its subsidiaries, the “**Group**”) will be convened and held at Training Room 1-1, 11 Eunos Road 8, #09-01, Lifelong Learning Institute, Singapore 408601 on Wednesday, 24 April 2024 at 11.00 a.m. for the purposes of transacting the following business:-

AS ORDINARY BUSINESS

1. To receive and adopt the Directors’ Statement and the Audited Financial Statements of the Company and of the Group for the financial year ended 31 December 2023 (“**FY2023**”), together with the Independent Auditors’ Report thereon. **(Resolution 1)**
2. To declare and approve the payment of a final tax exempt (one-tier) dividend of S\$0.0035 per ordinary share and a special tax exempt (one-tier) dividend of S\$0.0097 per ordinary share in respect of FY2023. **(Resolution 2)**
3. To re-elect the following Directors of the Company (the “**Directors**”), who are retiring by rotation pursuant to Regulation 100 of the Constitution of the Company (the “**Constitution**”) and who, being eligible, offer themselves for re-election, as Directors:-
 - (a) Ms. Chong Moi Me **(Resolution 3)**
[See Explanatory Note (i)]
 - (b) Datuk Fadilah binti Baharin **(Resolution 4)**
[See Explanatory Note (ii)]
 - (c) Mr. Ong Beng Chye **(Resolution 5)**
[See Explanatory Note (iii)]
4. To approve, ratify, and confirm the payment of additional Directors’ fees of RM8,368 for FY2023. **(Resolution 6)**

[See Explanatory Note (iv)]
5. To approve the payment of Directors’ fees of up to RM276,000 for the financial year ending 31 December 2024, to be paid quarterly in arrears (FY2023: RM237,490). **(Resolution 7)**
6. To re-appoint Messrs BDO LLP as the Independent Auditors of the Company to hold office until the next AGM and to authorise the Directors of the Company to fix their remuneration. **(Resolution 8)**
7. To transact any other ordinary business which may properly be transacted at an AGM.

NOTICE OF ANNUAL GENERAL MEETING

AS SPECIAL BUSINESS

To consider and, if thought fit, to pass the following as Ordinary Resolutions, with or without modifications:-

8. Authority to allot and issue shares in the capital of the Company (Resolution 9)

"That pursuant to Section 161 of the Companies Act 1967 of Singapore (the "**Companies Act**"), the Company's Constitution and Rule 806 of the Listing Manual Section B: Rules of Catalist (the "**Catalist Rules**") of the Singapore Exchange Securities Trading Limited (the "**SGX-ST**"), authority be and is hereby given to the Directors to:-

- (a) (i) allot and issue shares in the capital of the Company (the "**Shares**") whether by way of rights, bonus or otherwise; and/or
- (ii) make or grant offers, agreements or options (collectively, the "**Instruments**") that might or would require Shares to be issued, including but not limited to the creation and issue of (as well as adjustments to) options, warrants, debentures or other instruments convertible into Shares,

at any time and upon such terms and conditions and for such purposes and to such persons as the Directors may in their absolute discretion deem fit; and

- (b) (notwithstanding that the authority conferred by this Resolution may have ceased to be in force) issue Shares in pursuance of any Instrument made or granted by the Directors while this Resolution is in force,

provided that:-

- (1) the aggregate number of Shares to be issued pursuant to this Resolution (including Shares to be issued in pursuance of the Instruments, made or granted pursuant to this Resolution) shall not exceed one hundred per cent. (100%) of the Company's total number of issued Shares (excluding treasury shares and subsidiary holdings, if any) (as calculated in accordance with sub-paragraph (2) below), of which the aggregate number of Shares to be issued other than on a *pro-rata* basis to existing shareholders of the Company (the "**Shareholders**") (including Shares to be issued in pursuance of the Instruments, made or granted pursuant to this Resolution), shall not exceed fifty per cent. (50%) of the total number of issued Shares (excluding treasury shares and subsidiary holdings, if any) (as calculated in accordance with sub-paragraph (2) below) or any such other limit as may be prescribed by the Catalist Rules as at the date this Resolution is passed;
- (2) (subject to such manner of calculation as may be prescribed by the SGX-ST) for the purpose of determining the aggregate number of Shares (including Shares to be issued pursuant to the Instruments) that may be issued under sub-paragraph (1) above, the percentage of the total number of issued Shares (excluding treasury shares and subsidiary holdings, if any) shall be calculated based on the total number of issued Shares (excluding treasury shares and subsidiary holdings, if any) at the time of the passing of this Resolution, after adjusting for:-
 - (i) new Shares arising from the conversion or exercise of the Instruments or any convertible securities which are outstanding or subsisting at the time this Resolution is passed;

NOTICE OF ANNUAL GENERAL MEETING

(ii) (where applicable) new Shares arising from the exercise of share options or vesting of share awards, provided that such share options or share awards (as the case may be) 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 provided also that adjustments in accordance with sub-paragraph (2)(i) or sub-paragraph (2)(ii) above are only to be made in respect of new Shares arising from the Instruments, convertible securities, share options or share awards which were issued and outstanding or subsisting at the time of the passing of this Resolution;

(3) in exercising the authority conferred by this Resolution, the Company shall comply with the provisions the Catalist Rules (including supplemental measures hereto) for the time being in force (unless such compliance has been waived by the SGX-ST), all applicable legal requirements under the Companies Act and the Constitution of the Company for the time being in force; and

(4) (unless revoked or varied by the Company in general meeting) the authority conferred by this Resolution shall continue in force until (i) the conclusion of the next Annual General Meeting of the Company, or the date by which the next Annual General Meeting of the Company is required by law to be held, whichever is the earlier, or (ii) in the case of Shares to be issued in pursuance of the Instruments, made or granted pursuant to this Resolution, until the issuance of such Shares in accordance with the terms of the Instruments."

[See Explanatory Note (v)]

9. **Authority to offer and grant awards, and to allot and issue Shares under the LMS Performance Share Plan ("LMS PSP") (Resolution 10)**

"That pursuant to Section 161 of the Companies Act, the Directors be and are hereby authorised and empowered to offer and grant awards in accordance with the provisions of the LMS PSP, and to allot and issue from time to time such number of fully paid-up new Shares as may be required to be allotted and issued pursuant to the vesting of awards granted under the LMS PSP (including but not limited to the allotment and issuance of Shares at any time, whether during the continuance of this authority or thereafter, pursuant to awards made or granted by the Company whether granted during the subsistence of this authority or otherwise), provided that the total number of new Shares which may be allotted and issued pursuant to the LMS PSP when aggregated with the total number of Shares over which options and awards are granted under any other share option schemes, share award schemes or share incentive schemes of the Company then in force, shall not exceed fifteen per cent. (15%) of the total number of issued Shares (excluding treasury shares and subsidiary holdings, if any) from time to time. Such authority shall, unless revoked or varied by the Company in a general meeting, continue in force until the conclusion of the next Annual General Meeting of the Company or the date by which the next Annual General Meeting of the Company is required by law to be held, whichever is the earlier."

[See Explanatory Note (vi)]

NOTICE OF ANNUAL GENERAL MEETING

10. **Authority to offer and grant options, and to allot and issue Shares under the LMS (Resolution 11) Employee Share Option Scheme (“LMS ESOS”)**

“That pursuant to Section 161 of the Companies Act, the Directors be and are hereby authorised and empowered to offer and grant options in accordance with the provisions of the LMS ESOS, and to allot and issue from time to time such number of fully paid-up Shares as may be required to be allotted and issued pursuant to the exercise of the options under the LMS ESOS (including but not limited to the allotment and issuance of Shares at any time, whether during the continuance of this authority or thereafter, pursuant to options made or granted by the Company whether granted during the subsistence of this authority or otherwise), provided that the aggregate number of Shares to be allotted and issued pursuant to the LMS ESOS (including options granted under the LMS ESOS and all outstanding options or awards granted under the LMS PSP and such other share-based incentive schemes of the Company) shall not at any time exceed fifteen per cent. (15%) of the total number of issued Shares (including treasury shares and subsidiary holdings, if any) from time to time. Such authority shall, unless revoked or varied by the Company in a general meeting, continue in force until the conclusion of the next Annual General Meeting of the Company or the date by which the next Annual General Meeting of the Company is required by law to be held, whichever is the earlier.”

[See Explanatory Note (vii)]

BY ORDER OF THE BOARD

Chua Kern
Company Secretary

Singapore,
9 April 2024

NOTICE OF ANNUAL GENERAL MEETING

Explanatory Notes:

- (i) Chong Moi Me (“**Ms. Chong**”) will, upon re-election as a Director of the Company, remain as the Chief Development Officer and Executive Director of the Company. Detailed information on Ms. Chong can be found under the sections entitled “Board of Directors” and “Corporate Governance Report” in the Company’s Annual Report 2023.
- (ii) Datuk Fadilah Binti Baharin (“**Datuk Fadilah**”) will, upon re-election as a Director of the Company, remain as the Independent Non-Executive Chairman of the Company and a member of the Audit Committee and the Remuneration Committee. There are no relationships (including family relationship) between Datuk Fadilah and the other Directors, the Company, its related corporations, its officers or its substantial shareholders, which may affect her independence. The Board of Directors (the “**Board**”) considers Datuk Fadilah to be independent for the purpose of Rule 704(7) of the Catalyst Rules. Detailed information on Datuk Fadilah can be found under the sections entitled “Board of Directors” and “Corporate Governance Report” in the Company’s Annual Report 2023.
- (iii) Mr. Ong Beng Chye (“**Mr. Ong**”) will, upon re-election as a Director of the Company, remain as an Independent Director, the Chairman of the Audit Committee and a member of the Nominating Committee and the Remuneration Committee. There are no relationships (including family relationship) between Mr. Ong and the other Directors, the Company, its related corporations, its officers or its substantial shareholders, which may affect his independence. The Board considers Mr. Ong to be independent for the purpose of Rule 704(7) of the Catalyst Rules. Detailed information on Mr. Ong can be found under the sections entitled “Board of Directors” and “Corporate Governance Report” in the Company’s Annual Report 2023.
- (iv) **Ordinary Resolution 6** in item 4 above is to ratify the payment of additional Directors’ fees of RM8,368 paid for FY2023. The excess of the Directors’ fee paid was due to the appreciation of Singapore Dollar against Malaysian Ringgit during FY2023.
- (v) **Ordinary Resolution 9** proposed in item 8 above, if passed, will empower the Directors of the Company from the date of this AGM until the date of the next AGM of the Company, or the date by which the next AGM of the Company is required by law to be held or such authority is varied or revoked by the Company in a general meeting, whichever is earlier, to allot and issue Shares, make or grant Instruments convertible into Shares and to issue Shares pursuant to such Instruments, up to a number not exceeding, in total, one hundred per cent. (100%) of the total number of issued Shares (excluding treasury shares and subsidiary holdings, if any), of which up to fifty per cent. (50%) of the total number of issued Shares (excluding treasury shares and subsidiary holdings, if any) may be issued other than on a *pro-rata* basis to existing Shareholders.

For the purpose of determining the aggregate number of Shares that may be issued, the percentage of issued Shares will be calculated based on the total number of issued Shares (excluding treasury shares and subsidiary holdings, if any) at the time this Resolution is passed after adjusting for new Shares arising from the conversion or exercise of the Instruments or any convertible securities, the exercise of share options or the vesting of share awards which are outstanding or subsisting at the time when this Resolution is passed and any subsequent bonus issue, consolidation or subdivision of Shares.

- (vi) **Ordinary Resolution 10** proposed in item 9 above, if passed, will empower the Directors of the Company, from the date of this AGM until the date of the next AGM of the Company, or the date by which the next AGM of the Company is required by law to be held, or such authority is varied or revoked by the Company in a general meeting, whichever is earlier, to grant share awards under the LMS PSP in accordance with the provisions of the LMS PSP and to allot and issue from time to time such number of fully paid Shares as may be required to be issued pursuant to the vesting of the share awards subject to the maximum number of Shares prescribed under the terms and conditions of the LMS PSP. The aggregate number of Shares which may be issued pursuant to the LMS PSP and any other share-based schemes (if applicable) shall not exceed, in total (for the entire duration of the scheme), fifteen per cent. (15%) of the total number of issued Shares (excluding treasury shares and subsidiary holdings, if any) from time to time.
- (vii) **Ordinary Resolution 11** proposed in item 10 above, if passed, will empower the Directors of the Company, from the date of this AGM until the date of the next AGM of the Company, or the date by which the next AGM of the Company is required by law to be held, or such authority is varied or revoked by the Company in a general meeting, whichever is earlier, to offer and grant options, and to allot and issue Shares pursuant to the exercise of options granted, under the LMS ESOS. The maximum number of new Shares to be issued under the LMS ESOS (including options granted under the LMS ESOS and all outstanding options or awards granted under such other share-based incentive schemes of the Company) shall not exceed, in aggregate (for the entire duration of the scheme), fifteen per cent. (15%) of the total number of issued Shares (excluding treasury shares and subsidiary holdings, if any) from time to time.

NOTICE OF ANNUAL GENERAL MEETING

Notes:

The AGM will be held in a wholly physical format at Training Room 1-1, 11 Eunos Road 8, #09-01, Lifelong Learning Institute, Singapore 408601 on Wednesday, 24 April 2024 at 11.00 a.m. for considering and, if thought fit, passing the resolutions set out in the Notice of AGM. There will be no option for members to participate virtually.

Printed copies of the Notice of AGM, the accompanying Proxy Form and the Request Form will be sent by post to members and published on the Company's corporate website at the URL: <https://lmscompliance.com/investor.html>, and the SGXNet at the URL: <https://www.sgx.com/securities/company-announcements>.

Members who wish to request for a printed copy of the Annual Report 2023 may do so by completing and submitting the Request Form, which is available on the Company's website at the URL: <https://lmscompliance.com/investor.html>. The duly completed Request Form may be submitted via post to the Company's Share Registrar, B.A.C.S. Private Limited, at 77 Robinson Road #06-03 Robinson 77, Singapore 068896, or via email to account@myco2.com.my by 17 April 2024.

Members should take note of the following arrangements for the AGM:-

(a) Physical Participation in the AGM

Members of the Company (including Supplementary Retirement Scheme investors ("SRS Investors")), may participate in the AGM by:-

- (i) attending the AGM in person;
- (ii) submitting questions in relation to any agenda item in this Notice of AGM in advance of, or at the AGM; and/or
- (iii) voting at the AGM by (1) themselves personally; or (2) through duly appointed proxy(ies).

SRS Investors who wish to appoint the Chairman of the AGM (and not third-party proxy(ies)) as proxy should approach their respective SRS Operators to submit their votes by **11.00 a.m. on Friday, 12 April 2024**, being at least seven (7) working days before the AGM. Please refer to Proxy Voting under item (c) below for details.

Members, including SRS Investors, or, where applicable, their appointed proxy(ies) who are attending the AGM in person should bring along their NRIC/passport to enable the Company to verify your identity. Members are requested to arrive early to facilitate the registration process and are advised not to attend the AGM if they are feeling unwell. Members who are unwell are strongly encouraged to exercise social responsibility to rest at home and to consider appointing a proxy(ies) to attend the Meeting. We encourage members to mask up when attending the AGM.

(b) Submission of Questions

Members may raise questions at the AGM or submit questions in advance of the AGM via the following means by **11.00 a.m. on Wednesday, 17 April 2024**, in the following manner:-

- (i) by email, to connect@gem-comm.com; or
- (ii) by post, to be deposited with the Company's Share Registrar, B.A.C.S. Private Limited, at 77 Robinson Road #06-03 Robinson 77, Singapore 068896.

For verification purpose, when submitting any questions by post or via email, members MUST provide the Company with their particulars (comprising full name (for individuals)/company name (for corporates), email address, contact number, NRIC/passport number/company registration number, shareholding type and number of shares held), failing which the Company shall be entitled to regard the submission as invalid.

Members are strongly encouraged to submit their questions by email in advance of the AGM. The Company will publish its responses to the substantial and relevant questions submitted by members prior to the abovementioned deadline, by **Thursday, 18 April 2024**, which is at least 48 hours before the proxy form deadline.

For questions received after 11.00 a.m. on 17 April 2024, the Company will endeavour to address all substantial and relevant questions submitted by members prior to or during the AGM. Where substantially similar questions are received, the Company will consolidate such questions and consequently not all questions may be individually addressed. For questions addressed during the AGM, the Company will publish the responses to such questions together with the minutes of the AGM on SGXNet and the Company's website within one (1) month after the date of the AGM.

NOTICE OF ANNUAL GENERAL MEETING

(c) Proxy Voting

Members will be able to vote at the AGM in person, or by appointing proxy(ies) to vote on their behalf. A member can appoint the Chairman of the AGM as his/her/its proxy but this is not mandatory. A proxy need not be a member of the Company.

Duly completed Proxy Forms must be submitted in the following manner:-

- (i) by email, to main@zicoholdings.com; or
- (ii) by post, to be deposited with the Company's Share Registrar, B.A.C.S. Private Limited, at 77 Robinson Road #06-03 Robinson 77, Singapore 068896,

in either case, by **11.00 a.m. on Sunday, 21 April 2024** (being not less than seventy-two (72) hours before the time appointed for holding the AGM) (or at any adjournment thereof) and in default the instrument of proxy shall not be treated as valid.

A member who wishes to submit an instrument appointing proxy(ies) can either use the printed copy of the Proxy Form which is sent to him/her/it by post, or download a copy of the Proxy Form from the SGXNet at the URL: <https://www.sgx.com/securities/company-announcements> or from the Company's corporate website at the URL: <https://lmscompliance.com/investor.html>, and subsequently, to complete and sign the Proxy Form before submitting it by (i) post to the address provided above, or (ii) scanning and sending it to the email address provided above.

If a member wishes to appoint the Chairman of the AGM as proxy, such member (whether individual or corporate) must give specific instructions as to voting for, voting against, or abstentions from voting on, each resolution in the instrument appointing the Chairman of the AGM as proxy. If no specific direction as to voting or abstentions from voting in respect of a resolution in the form of proxy, the appointment of the Chairman of the AGM as proxy for that resolution will be treated as invalid.

Where a member appoints proxy(ies), he/she/it may give specific instructions as to voting, or abstentions from voting, in respect of the resolutions in the Proxy Form, failing which the proxy(ies) will vote or abstain from voting at his/her/its discretion, as he/she/it may on any other matter arising at the AGM.

Completion and submission of the instrument appointing a proxy(ies) by a member will not prevent him/her from attending, speaking and voting at the AGM if he/she so wishes. The appointment of a proxy(ies) for the AGM shall be deemed to be revoked if the member attends the AGM in person, and in such event, the Company reserves the right to refuse to admit any person or persons appointed under the relevant instrument appointing a proxy(ies), to the AGM.

Please refer to the detailed instructions set out in the Proxy Form.

Persons who hold Shares through relevant intermediaries, other than SRS investors, and who wish to participate in the AGM should contact the relevant intermediary through which they hold such Shares as soon as possible. Persons who hold Shares through relevant intermediaries, other than SRS investors, may (i) vote at the AGM if they are appointed as proxies by their respective relevant intermediaries; or (ii) specify their voting instructions to/arrange for their votes to be submitted with their respective relevant intermediaries, and should contact their respective relevant intermediaries as soon as possible in order for the necessary arrangements to be made.

In addition, SRS investors may (a) vote at the AGM if they are appointed as proxies by their respective SRS Operators, and should contact their respective SRS Operators if they have any queries regarding their appointment as proxies; or (b) specify their voting instructions to/arrange for their votes to be submitted with their respective SRS Operators, and should approach their respective SRS Operators by **11.00 a.m. on Friday, 12 April 2024**, being at least seven (7) working days before the date of the AGM, to ensure their votes are submitted.

A member who is not a relevant intermediary (as defined below) and entitled to attend and vote at the AGM is entitled to appoint one or two proxies to attend and vote in his/her/its stead. Where a member appoints more than one proxy, the appointments shall be invalid unless he/she/it specifies the proportion of his/her/its shareholding (expressed as a percentage of the whole) to be represented by each proxy.

NOTICE OF ANNUAL GENERAL MEETING

A member who is a relevant intermediary and entitled to attend and vote at the AGM is entitled to appoint more than two proxies to attend and vote instead of the member, but each proxy must be appointed to exercise the rights attached to a different Share or Shares held by such member. Where such member appoints more than one proxy, the appointments shall be invalid unless the member specifies the number of Shares in relation to which each proxy has been appointed in the Proxy Form.

“Relevant intermediary” has the meaning ascribed to it in Section 181 of the Companies Act 1967:

- (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; or
- (b) a person holding a capital market 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 the subsidiary legislation.

Personal Data Privacy

“Personal data” in this notice of AGM has the same meaning as “personal data” in the Personal Data Protection Act 2012 of Singapore, which includes his/her name, address and NRIC/Passport number.

By attending the AGM and/or any adjournment thereof or submitting an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the AGM and/or any adjournment thereof, a member of the Company:-

- (i) consents to the collection, use and disclosure of the member’s personal data by the Company (or its agents) for the purpose of the processing and administration by the Company (or its agents) of proxies and representatives 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) 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), 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) of the personal data of such proxy(ies) and/or representative(s) for the Purposes;
- (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; and
- (iv) agrees and consents to such photographic, sound and/or video recordings of the AGM as may be made by the Company (or its respective agents or service providers) for record keeping and to ensure the accuracy of the minutes prepared of the AGM. Accordingly, the personal data of the member (such as his/her/its name, his/her/its presence at the AGM and any questions he/she/it may raise or motions he/she/it may propose and/or second) may be recorded by the Company (or its respective agents or service providers) for such purpose.

This notice has been reviewed by the Company’s sponsor, ZICO Capital Pte. Ltd. (the “Sponsor”), in accordance with Rule 226(2)(b) of the Singapore Exchange Securities Trading Limited (“SGX-ST”) Listing Manual Section B: Rules of Catalyst.

This notice has not been examined or approved by the SGX-ST and the SGX-ST assumes no responsibility for the contents of this notice, including the correctness of any of the statements or opinions made or reports contained in this notice.

The contact person for the Sponsor is Mr. Alex Tan, Chief Executive Officer, ZICO Capital Pte. Ltd. at 77 Robinson Road, #06-03 Robinson 77, Singapore 068896, telephone (65) 66364201.



PROXY FORM - ANNUAL GENERAL MEETING

(Please see notes overleaf before completing this form)

IMPORTANT

1. The Annual General Meeting (“AGM” or the “Meeting”) will be held in a wholly physical format at Training Room 1-1, 11 Eunos Road 8, #09-01, Lifelong Learning Institute, Singapore 408601 on Wednesday, 24 April 2024 at 11.00 a.m.. There will be no option to participate virtually. The Notice of AGM dated 9 April 2024 and printed copies of this Proxy Form will be sent by post to members.
2. Relevant intermediaries (as defined in Section 181 of the Companies Act 1967 of Singapore) may appoint more than two (2) proxies to attend, speak and vote at the AGM.
3. For SRS investors who have used their SRS monies to buy shares in the Company, this Proxy Form is not valid for use and shall be ineffective for all intents and purposes if used or purported to be used by them. SRS investors should contact their respective SRS Operators if they have any queries regarding their appointment as proxies or appointment of the Chairman of the Meeting as proxy.
4. Please read the notes to this Proxy Form.

PERSONAL DATA PRIVACY

By submitting this proxy form, the member of the Company accepts and agrees to the personal data privacy terms set out in the Notice of AGM dated 9 April 2024.

I/We* _____(Name) _____(NRIC/Passport Number/Company Registration No.* _____) of _____(Address)

being a Member / Members* of LMS COMPLIANCE LTD. (the “Company”, and together with its subsidiaries, the “Group”), hereby appoint:-

Name	NRIC/Passport No.	Email Address	Proportion of Shareholdings	
			No. of Shares	%
Address				

*and / or

Name	NRIC/Passport No.	Email Address	Proportion of Shareholdings	
			No. of Shares	%
Address				

or failing him / her / them*, the Chairman of the AGM as my / our* proxy / proxies* to attend and vote on my / our* behalf, at the AGM of the Company, to be held at Training Room 1-1, 11 Eunos Road 8, #09-01, Lifelong Learning Institute, Singapore 408601 on Wednesday, 24 April 2024 at 11.00 a.m. and at any adjournment thereof.

I / We* direct my / our* proxy / proxies* to vote for or against, or abstain from voting on the Resolutions to be proposed at the AGM as indicated hereunder. If no specific direction as to voting is given or in the event of any other matter arising at the AGM and at any adjournment thereof, the proxy / proxies* will vote or abstain from voting at his / her / their* discretion. Where the Chairman of the AGM is appointed as proxy and the absence of specific directions as to voting, the appointment of Chairman of the Meeting as your proxy for that resolution will be treated as invalid.

The Resolutions proposed at the AGM as indicated hereunder will be put to vote at the AGM by way of poll.



If you wish to exercise all your votes “For” or “Against”, or “Abstain” the relevant resolutions, please mark an “X” in the appropriate box provided. Alternatively, please indicate the number of votes “For” or “Against”, or “Abstain” for each Resolution in the boxes provided as appropriate. If you mark an “X” in the abstain box for a particular Resolution, you are directing your proxy, not to vote on that Resolution.

No.	Resolutions relating to:	By way of poll		
		For	Against	Abstain
AS ORDINARY BUSINESS				
1.	Adoption of the Directors’ Statement and the Audited Financial Statements of the Company and of the Group for the financial year ended 31 December 2023 (“FY2023”), together with the Independent Auditors’ Report thereon			
2.	Declaration and approval of the payment of a final tax exempt (one-tier) dividend of S\$0.0035 per ordinary share, and a special tax exempt (one-tier) dividend of S\$0.0097 per ordinary share in respect of FY2023			
3.	Re-election of Ms. Chong Moi Me as a Director of the Company (“Director”) retiring under Regulation 100 of the Constitution of the Company			
4.	Re-election of Datuk Fadilah binti Baharin as a Director retiring under Regulation 100 of the Constitution of the Company			
5.	Re-election of Mr. Ong Beng Chye as a Director retiring under Regulation 100 of the Constitution of the Company			
6.	Approval and ratification of the payment of additional Directors’ fees of RM8,368 for FY2023			
7.	Approval of the payment of Directors’ fees of up to RM276,000 for the financial year ending 31 December 2024, to be paid quarterly in arrears			
8.	Re-appointment of Messrs BDO LLP as the Independent Auditors of the Company to hold office until the next AGM, and to authorise the Directors to fix their remuneration			
AS SPECIAL BUSINESS				
9.	Authority for Directors to allot and issue shares in the capital of the Company			
10.	Authority to offer and grant awards, and to allot and issue shares under the LMS Performance Share Plan			
11.	Authority to offer and grant options, and to allot and issue shares under the LMS Employee Share Option Scheme			

Dated this _____ day of _____ 2024.

Total number of Shares in:	No. of Shares
(a) CDP Register	
(b) Register of Members	

Signature(s) of member(s) and/or
Common Seal of corporate member

* delete if not applicable



IMPORTANT: PLEASE READ NOTES ON THE REVERSE CAREFULLY BEFORE COMPLETING THIS PROXY FORM

NOTES:

1. Please insert the total number of ordinary shares in the capital of the Company ("**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 of Singapore, 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 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, this instrument appointing a proxy shall be deemed to relate to all the Shares held by you.
2. The Proxy Form appointing the Chairman of the Meeting (or any person other than the Chairman of the Meeting) as proxy to vote on the Member's behalf at the AGM, duly executed, must be submitted through any of the following means to the Company in the following manner:-
 - (a) if submitted by email, to be received by the Company's Share Registrar, B.A.C.S Private Limited, at main@zicoholdings.com; or
 - (b) if sent by post, to be deposited with the Company's Share Registrar, B.A.C.S. Private Limited, at 77 Robinson Road, #06-03 Robinson 77, Singapore 068896,

in either case, by **11.00 a.m. on Sunday, 21 April 2024** (being not less than seventy-two (72) hours before the time appointed for holding the AGM) (or at any adjournment thereof) and in default the instrument of proxy shall not be treated as valid. A member who wishes to submit an instrument appointing proxy(ies) can either use the printed copy of the Proxy Form which is sent to him / her / it by post or download a copy of the Proxy Form from the SGXNet or the Company's corporate website, and subsequently complete and sign the Proxy Form before submitting it by post to the address provided above, or scanning and sending it to the email address provided above.
3. Completion and submission of the instrument appointing a proxy(ies) by a member will not prevent him / her from attending, speaking and voting at the AGM if he / she so wishes. The appointment of a proxy(ies) for the AGM shall be deemed to be revoked if the member attends the AGM in person, and in such event, the Company reserves the right to refuse to admit any person or persons appointed under the relevant instrument appointing a proxy(ies), to the AGM.
4. This proxy form must be under the hand of the appointor or of his / her / its attorney duly authorised in writing.
 - (a) Where this proxy form is executed by a corporation, it must be executed either under its common seal (or otherwise in accordance with its constitution) or under the hand of an officer or attorney duly authorised.
 - (b) Where this proxy form is executed by an attorney on behalf of the appointor, the letter or the power of attorney or a duly certified true copy thereof must be lodged with this proxy form, failing which the instrument of proxy may be treated as invalid.
5. A member of the Company entitled to attend and vote at the AGM of the Company is entitled to appoint one (1) or two (2) proxies to attend and vote in his / her stead. A proxy need not be a member of the Company. Where a member appoints two (2) proxies, the appointments shall be invalid unless he / she specifies the proportion of his / her shareholding (expressed as a percentage of the whole) to be represented by each proxy. A proxy need not be a member of the Company.
6. A member who is a relevant intermediary entitled to attend and vote at the AGM of the Company is entitled to appoint more than one (1) proxy to attend and vote instead of the member, but each proxy must be appointed to exercise the rights attached to a different Share or Shares held by such member. Where such member appoints more than one (1) proxy, the appointments shall be invalid unless the member specifies the number of Shares in relation to which each proxy has been appointed. "**Relevant intermediary**" has the meaning ascribed to it in Section 181 of the Companies Act 1967 of Singapore.
7. A corporation which is a member of the Company may authorise, by resolution of its directors or other governing body, such person as it thinks fit to act as its representative at the AGM, in accordance with Section 179 of the Companies Act 1967 of Singapore, the person so authorised shall upon production of a copy of such resolution certified by a director of the corporation to be a true copy, be entitled to exercise the powers on behalf of the corporation so represented as the corporation could exercise in person if it was an individual.
8. SRS Investors may attend and vote at the AGM if they are appointed as proxies by their SRS Operators and should contact their SRS Operators if they have any queries regarding their appointment as proxies. For SRS investors who wish to appoint the Chairman of the Meeting as their proxy, they should approach their SRS Operators to submit their votes no later than **11.00 a.m. on Friday, 12 April 2024** (being not less than seven (7) working days before the AGM).



General

The Company shall be entitled to reject this proxy form if it is incomplete, improperly completed, illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified in this 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 / her / its name in the Depository Register as at seventy-two (72) hours before the time appointed for holding the AGM (or at any adjournment thereof), as certified by The Central Depository (Pte) Limited to the Company.

Personal Data Privacy

By submitting this proxy form, the member accepts and agrees to the personal data privacy terms as set out in the Notice of Annual General Meeting dated 9 April 2024.

Annual Report



LMS COMPLIANCE LTD. (SGX:LMS)
202225544C

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