



MultiChem
The Hole Solution Provider



WORKING TOWARDS A
CYBERSECURE **FUTURE WITH US**

Annual Report 2023

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THE MULTI-CHEM GROUP'S BUSINESS

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

Multi-Chem, through the M.Tech Group, has been engaged in the distribution of IT products since 2002. The M.Tech Group is a leading regional cyber security and

network performance products value added distributor, carrying best-of-breed products from industry leading vendors and with a presence in 27 cities in 14 countries. Today, this is the main business for the Group and contributes more than 99% to the Group's revenue.

DEFINITIONS

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

"Group"	The Company and its subsidiaries
"Multi-Chem" or "Company"	Multi-Chem Limited
"M.Tech"	One or more of the M.Tech / M-Security / E-Secure companies
"E-Secure"	One or more of the E-Secure companies

SUBSIDIARIES

"E-Secure Thailand"	E-Secure Asia Co., Ltd.
"M.SaaS Solutions"	M.SaaS Solutions Pte. Ltd.
"M.SaaS Lanka"	M.SaaS Lanka (Private) Limited
"M.Tech Australia"	M.Tech Products Aust Pty Limited
"M.Tech Holdings"	M.Tech Holdings Pte. Ltd.
"M.Tech Hong Kong"	M.Tech Products (HK) Pte Limited
"M.Tech India"	M.Tech Solutions (India) Private Limited
"M.Tech Indochina"	M-Security Technology Indochina Pte. Ltd.
"M.Tech Indonesia"	PT. M.Tech Products
"M.Tech Japan"	M.Tech Products Japan Kabushiki Kaisha
"M.Tech Korea"	M.Tech Products Korea Limited Liability Company
"M.Tech Malaysia"	M-Security Technology Sdn. Bhd.
"M.Tech New Zealand"	M.Tech Products New Zealand Limited
"M.Tech Philippines"	M.Tech Products Philippines, Inc.
"M.Tech Shanghai"	M.Tech (Shanghai) Co., Ltd.
"M.Tech Singapore"	M.Tech Products Pte Ltd
"M.Tech Taiwan"	M.Tech Products TW Pte. Ltd.
"M.Tech Thailand"	M-Solutions Technology (Thailand) Co., Ltd.
"M.Tech UK"	M.Tech Products (UK) Pte Ltd
"M.Tech Vietnam"	M-Security Technology Vietnam Company Limited
"M-Security Philippines"	M-Security Tech Philippines Inc.
"SecureOneAsia"	SecureOneAsia Pte. Ltd.
"SecureOne India"	SecureOne India Holding Pte. Ltd.

OTHER TERMS

"ARMC"	Audit and Risk Management Committee
"Board"	Board of Directors
"CNC"	Computer numeric controlled
"FY"	Financial year
"IT"	Information technology
"M"	Million
"NC"	Nominating Committee
"PAT"	Profit after tax
"PBT"	Profit before tax
"PCB"	Printed circuit board
"RC"	Remuneration Committee
"WAN"	Wide area network

CORPORATE PROFILE

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

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

We started IT training business in Singapore in late second quarter of 2004 to complement the IT distribution business. We are currently authorised to conduct training for Check Point course.

Today, the Group comprises the Company, 23 subsidiaries, 2 representative offices, 6 branches and 6 offices, with a staff strength of over 700.



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

CORPORATE DATA

BOARD OF DIRECTORS

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

COMPANY SECRETARY

Chan Lai Yin

AUDIT AND RISK MANAGEMENT COMMITTEE

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

NOMINATING COMMITTEE

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

REMUNERATION COMMITTEE

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

CORPORATE DATA

REGISTERED OFFICE

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

PRINCIPAL BANKERS

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

SHARE REGISTRAR

Tricor Barbinder Share Registration Services
9 Raffles Place
#26-01 Republic Plaza
Singapore 048619

IR CONTACT

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

SHARE LISTING

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

GENERAL

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

INDEPENDENT AUDITOR

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

E-mail:

salesmultichem@multichem.com.sg
sales@mtechpro.com

Websites:

<http://www.multichem.com.sg>
<http://www.mtechpro.com>

INTERNAL AUDITOR

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



LIM KENG JIN



FOO SUAN SAI



HAN JUAT HOON

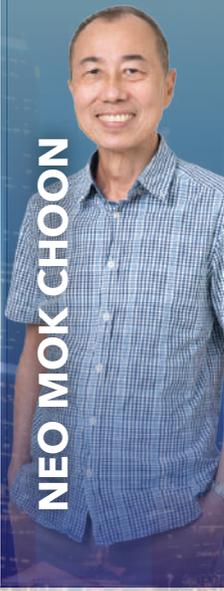
BOARD OF DIRECTORS



WONG MENG YENG



FOO FANG YONG



NEO MOK CHOON



FOO MAW SHEN

BOARD OF DIRECTORS

LIM KENG JIN

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

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

FOO SUAN SAI

Chief Executive Officer and Member of NC

Mr Foo, one of the founding shareholders of Multi-Chem, has more than 30 years of experience in the PCB industry, of which the last 35 years were spent building up the Company. Mr Foo is currently responsible for the overall direction and development of the Group. He holds a Diploma in Chemical Process Technology from the Singapore Polytechnic and a Diploma in Management Studies from the Singapore Institute of Management.

HAN JUAT HOON

Chief Operating Officer

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

WONG MENG YENG

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

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

and solicitor in Singapore for 40 years, with the past 34 years spent as a corporate lawyer. He holds a Bachelor of Law (Hons) degree from the National University of Singapore. He is currently a director in Alliance LLC, a law corporation he co-founded.

NEO MOK CHOON (DECEASED)

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

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

FOO MAW SHEN

Independent Director, Member of ARMC, NC and RC

Mr Foo was appointed as a Director in July 2014. He has 31 years of extensive experience in commercial litigation, with particular emphasis on restructuring, insolvency litigation, shareholders' disputes, commercial fraud, trust laws and international trade disputes. He is currently the Managing Director at FC Legal Asia LLC.

FOO FANG YONG

Executive Director, General Manager

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

MANAGEMENT TEAM

KOH HENRY

Director - Business Operations

Mr Koh holds a Bachelor's degree in Mechanical & Production Engineering from the Nanyang Technological University. He joined the Company as a Service Engineer in May 2000 after completing his university education. He was promoted from QA & Process Manager to Senior Manager (Operations) in November 2005, overseeing the operation in the Manufacturing Services Division, which include quality assurance and production. He is currently involved in the Business Development for the IT business in Singapore.



PUI BOON TIONG EUGENE

Regional Director

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



GOH TIAN KEONG WINSTON

Regional Director of China

Mr Goh has been responsible for the IT business development of M.Tech business in China for the past 19 years. He was promoted to Regional Director of China and is responsible for the IT business development in China. Prior to joining Multi-Chem in Year 2004, he worked in various IT companies for 6 years. He started as Senior Network Specialist and progressed to Senior Business Development Manager.



ZHANG XIAOWEN AMANDA

Financial Controller

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



LETTER TO SHAREHOLDERS

DEAR SHAREHOLDERS

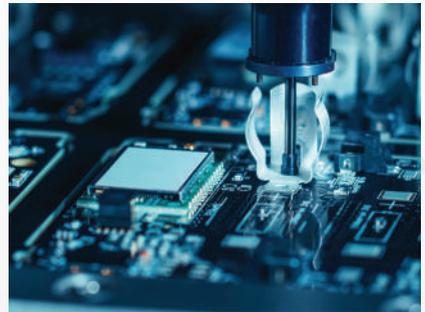
Over the past few years, cyber security has become a major concern for businesses around the globe. However, despite growing attention and budgets for cyber security in recent years, attacks have only become more common and more severe. While threat actors are becoming increasingly sophisticated and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

The Group's Financial Performance

We are pleased to announce that notwithstanding the pandemic and the associated challenges, the Group recorded revenue of \$658.4M in 2023, which was 6.7% more than \$617.0M achieved in 2022. The increase in Group's revenue for the year was mainly due to the positive contributions from IT business, arising from the increased reliance on digital technologies affected by the COVID-19 pandemic and the increase in customer demand.

Revenue from the PCB business accounted for less than 1% of Group's revenue in 2023. The PCB business decreased by 11.6% or \$232,000 as compared to 2022, primarily due to lower customer demand in 2023.

The Group's revenue achieved new heights in year 2023 as we brought in \$658.4M in revenue, an increase of \$41.4M, as compared to \$617.0M in year 2022. This boost in the Group's performance was mainly due to the continued expansion of the Group's IT arm, the increase in spending by corporations and government on cyber security products in year 2023.



LETTER TO SHAREHOLDERS

As of 31 December 2023, the Group had 7 CNC drilling machines in Singapore.

Comparing revenue by geographical segments, 46% of the Group's revenue in 2023 was derived from Singapore, an increase from 44% in 2022. Of the remaining 54%, Australia accounted for 8%, Greater China accounted for 6%, India accounted for 6% and the rest of the regions accounted for the remaining 34%.

The Group recorded a profit before tax of \$36.5M in 2023 compared to \$25.6M in 2022, an increase of 42.6%. On an after-tax basis, the Group recorded a profit of \$27.1M in 2023 as compared to \$20.0M in 2022. On a weighted average basis, the Group's earnings per share increased from 22.20 cents in 2022 to 30.10 cents in 2023. The increase in profit was mainly due to the increase in gross profit, decrease in allowance made for inventory obsolescence, increase in interest income and net foreign exchange gain, net off the loss allowance on third party trade receivables and increase in profit share.

Financial Position

As of 31 December 2023, the net working capital of the Group stood at \$120M, compared to \$119M as at 31 December 2022. This included cash and bank balances of \$73M. Shareholders' funds and net asset value per share stood at approximately \$144M and 160 cents respectively as at 31 December 2023.

Business Outlook

The IT business was the Group's main business in 2023, accounting for 99% of the Group's revenue. This business commenced in 2002 and is marketed under the M.Tech brand. We expect the IT business to remain the Group's main business in the near future as corporations and policy makers increasingly recognize the need to strengthen their cybersecurity infrastructure. We are optimistic that this will augur well for the Group, given our wide geographical coverage and strategy of promoting cutting edge IT products.

The Directors are pleased to recommend a final tax exempt (one-tier) dividend of 15.50 cents (Singapore) per ordinary share for 2023.

The Group will continue to focus on growing the IT business. Economic and political conditions are still key factors in determining the level of IT spending. The Group will continue to focus on the distribution of only the top names in IT security products, and will continue to look for suitable products to add to its range.

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

The Group has a presence in 27 cities in 14 countries in Asia Pacific Region and Europe. The M.Tech regional offices are expected to contribute positively to the Group's business in 2024.

Sustainability Matters

We reaffirm our commitment to sustainability with the publication of our sustainability report prepared in accordance with the Global Reporting Initiative ("GRI") Standards and Singapore Exchange Securities Trading Limited ("SGX-ST") listing rules 711 (A) and 711 (B), rules of Mainboard of the SGX-ST. As part of our continual efforts to align our sustainability reporting with relevant market standards, we mapped our sustainability efforts to the 2030 Agenda for Sustainable Development which is adopted by all United Nations Member States in 2015 ("UN Sustainability Agenda"), which provides a shared blueprint for peace and prosperity for people and the planet, now and into the

LETTER TO SHAREHOLDERS

future. Our climate-related disclosures are produced based on the 11 recommendations of Task Force on Climate-related Financial Disclosures (“TCFD”). This sustainability report provides insights into the way we do business, while highlighting our key sustainability factors under the economic, environmental, social and governance pillars.

With inflation and interest rates rising and geo-political conflicts, the global economic outlook remains uncertain. On the backdrop of these macroeconomic and geopolitical issues, while we remain committed to create sustainable value for our key stakeholders, we will be keeping vigilant on global developments and to stay nimble in response to these challenges. We believe that our proactive business initiatives, operational track record and financial position will collectively tide us over these uncertain times and allow us to stay on course in our sustainability journey.

Qualified Opinion on Financial Statements

We would like to make reference to the qualified opinion by the independent auditor.

The auditor have given the basis for their qualified opinion in the consolidated financial statements and have opined that except for the possible effects of that, “the accompanying consolidated financial statements of the Group and the statement of financial position of the Company are properly drawn up in accordance with the provisions of the Companies Act 1967 (the “Act”) and Singapore Financial Reporting

Standards (International) (“SFRS(I)s”) so as to give a true and fair view of the consolidated financial position of the Group and the financial position of the Company as at 31 December 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.”

The Board of Directors has engaged the law firm of Shook Lin & Bok to conduct an independent inquiry regarding the matter and the Board will make further announcements if and when there are any material developments which warrant a disclosure.

Appreciation

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

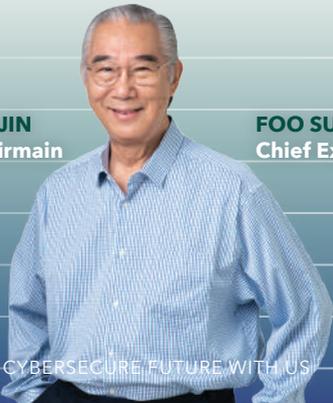
We aspire to the Group achieving greater heights in 2024.

Lim Keng Jin

Group Chairman

Foo Suan Sai

Chief Executive Officer



LIM KENG JIN
Group Chairman



FOO SUAN SAI
Chief Executive Officer

SUSTAINABILITY REPORT

1. Board Statement

We reaffirm our commitment to sustainability with the publication of this sustainability report (“**Report**”). For this Report, we provide insights into the way we do business, while highlighting our key sustainability factors under the economic, environmental, social and governance pillars (collectively as “**Sustainability Factors**”).

We are committed to strike a balance between growth, profit, governance, environment, the development of our people and well-being of our communities to secure a long-term future of Multi-Chem Limited (“**MCL**” or the “**Company**”) and its subsidiaries (the “**Group**” or “**We**”). In line with our commitment, the Board of Directors (“**Board**”) having considered the Group’s sustainability issues as part of its strategic formulation and business strategies, determined the key Sustainability Factors and overseen the management and monitoring of the key Sustainability Factors.

Our sustainability framework communicates our commitment towards supporting the United Nations’ Sustainable Development Goals (“**SDGs**”) and is primarily driven by the concerns of our key stakeholders. We work closely with stakeholders in our value chain and their inputs drive our sustainability focus on our key Sustainability Factors and the SDGs as follows:



SUSTAINABILITY REPORT

2. Sustainability Performance At A Glance

An overview of our key sustainability performance for the financial year ended 31 December 2023 (“**FY2023**” or “**Reporting Period**”) is as follows:

Sustainability Pillar	Performance indicator	Sustainability performance	
		FY2023	FY2022
Economic	Number of product brands under distribution	More than 70	More than 70
	Economic value generated ¹	\$661 million	\$619 million
	Operating costs ²	\$581 million	\$544 million
	Employee benefits expenses	\$40 million	\$40 million
	Payments to providers of capital ³	\$19 million	\$13 million
	Tax to governments	\$8 million	\$10 million
Environmental	Percentage of technological equipment for disposal that is handled by licensed waste collectors	100%	100%
	GHG emissions (tonnes CO ₂ e) ⁴	378	378
	GHG emissions intensity (tonnes CO ₂ e/square foot)	0.006	0.006
	Water consumption intensity (Cu M/ total number of employees)	4	4 ⁵
Social	Number of reported incidents of unlawful discrimination against employees ⁶	-	-
	Number of workplace fatalities	-	-
	Number of high-consequence work-related injuries ⁷	-	-
	Overall turnover rate	17%	23%
Governance	Number of incidents of serious offence ⁸	-	-

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

² Operating costs include cost of sales, selling and distribution expenses, administrative expenses, other expenses, net of depreciation of property, plant and equipment, amortisation of land use rights, right-of-use assets and tangible assets, inventories written down, net foreign exchange loss, allowance for inventory obsolescence and employee-related costs.

³ Payments to providers of capital include interest payments made to providers of financing and dividends to shareholders (if any).

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

⁵ Figure has been restated as a correction.

⁶ Unlawful discrimination refers to an incident whereby the relevant authority has commenced investigation and resulted in a penalty to a company.

⁷ A high-consequence work-related injury refer to an injury from which the worker cannot recover or cannot recover fully to pre-injury health status within 6 months.

⁸ A serious offence is defined as one that involves fraud or dishonesty of an amount not less than S\$100,000 and is punishable by imprisonment for a term of not less than 2 years, which is being or has been committed against a company by officers or employees of the company.

SUSTAINABILITY REPORT

3. Our Business

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

3.1 Value Chain

IT business

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

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



Our Vendors

We procure the following products from our vendors:

- Cybersecurity solutions across network, cloud and application;
- Network performance software;
- Solutions for enterprise data centre; and
- Unified endpoint management software.



Our Operations

We are involved in:

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



Our Customers

We sell to:

- Resellers; and
- End-users.

PCB business

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



Our Suppliers

We purchase from suppliers of PCB-related products and materials (“PCB Products and Materials”).



Our Operations

We are involved in:

- Distribution of PCB Products and Materials; and
- Machine rental.



Our Customers

We sell to PCB manufacturers.

SUSTAINABILITY REPORT

3.2 People

As at 31 December 2023, the Group had a workforce of 594 permanent full-time employees (FY2022: 618 permanent full-time employees) with breakdown as follows:

Singapore	Greater China ⁹	Australia	India	Others	Total
Full-time employees ¹⁰					
197	41	10	108	238	594

4. Reporting Framework

This Report is prepared in accordance with 711A and 711B of the Listing Manual: Rules of Mainboard of the Singapore Exchange Securities Trading Limited ("**SGX-ST**"). This Report is also prepared in accordance with the Global Reporting Initiative ("**GRI**") Standards for the Reporting Period. We chose to report using the GRI framework as it is an internationally recognised reporting framework. The GRI content index can be found in pages 46 to 49.

As part of our continual efforts to align our sustainability reporting with relevant market standards, we mapped our sustainability efforts to the 2030 Agenda for Sustainability Development which was adopted by all United Nations Members States in 2015 ("**UN Sustainability Agenda**"). The UN Sustainability Agenda provides a shared blueprint for peace and prosperity for people and the planet, now and into the future. At its heart are the 17 SDGs, which form an urgent call for action by all countries - developed and developing - in a global partnership. We incorporated the SDGs, where appropriate, as a supporting framework to shape and guide our sustainability strategy.

Our climate-related disclosures are prepared based on the 11 recommendations of Task force on Climate-related Financial Disclosures ("**TCFD**").

We relied on internal data monitoring and verification to ensure accuracy for this Report. Internal review on the sustainability reporting process is incorporated as part of our internal audit review cycle and we will work towards external assurance for our future sustainability reports.

5. Reporting Scope

This Report is applicable for the Reporting Period and a report is published annually in accordance with our sustainability policy ("**SR Policy**").

⁹ Greater China includes the People's Republic of China and Hong Kong.

¹⁰ Entities covered in this Report did not employ part-time employees.

SUSTAINABILITY REPORT

This Report covers the following key operating entities within the IT business, our core business, which contributed to approximately 91% (FY2022: 92%) of the total revenue for the Reporting Period:

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

6. Feedback

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

7. Stakeholder Engagement

Through an internal stakeholder mapping exercise, we identified key stakeholder groups which we prioritise our engagements with.

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

We actively engage our key stakeholders through the following channels:

S/N	Key stakeholder	Engagement channel	Frequency of engagement	Key concern raised by stakeholder
1	Communities	<ul style="list-style-type: none"> Community campaigns Annual report 	Ongoing	<ul style="list-style-type: none"> Social inclusion Environmental initiatives
2	Customers	<ul style="list-style-type: none"> Meetings and visits Events such as exhibitions Phone calls 	Ongoing	<ul style="list-style-type: none"> Product diversity Customer service

SUSTAINABILITY REPORT

S/N	Key stakeholder	Engagement channel	Frequency of engagement	Key concern raised by stakeholder
3	Employees	<ul style="list-style-type: none"> Meetings and talks held by the Management Emails 	Ongoing	<ul style="list-style-type: none"> Career development and training opportunities Work-life balance Job security Remuneration Workplace health and safety
		Staff evaluation sessions	Yearly	
4	Regulators	Consultations and briefings organised by key regulatory bodies such as SGX-ST and relevant government agencies/ bodies	As and when required	<ul style="list-style-type: none"> Corporate governance Workplace health and safety
5	Shareholders	<ul style="list-style-type: none"> Annual general meeting Annual reports 	Annually	<ul style="list-style-type: none"> Sustainable business performance Market valuation Dividend payment Corporate governance
		Results announcement	Half-yearly	
		Dedicated email account for investor relations	Ongoing	
6	Vendors	<ul style="list-style-type: none"> Meetings and visits Email communications Phone calls Events such as vendor conferences 	Ongoing	<ul style="list-style-type: none"> Ability to distribute products Maintain and expand brand presence Maximise end customers' satisfaction

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

8. Policy, Practice and Performance Reporting

A SR Policy covering our sustainability strategies, reporting structure, materiality assessment and processes in identifying and monitoring key Sustainability Factors is in place and serves as a point of reference in the conduct of our sustainability reporting. Under this SR Policy, we will continue to monitor, review and update our key Sustainability Factors from time to time, taking into account the feedback that we receive from our engagement with our stakeholders, organisational and external developments.

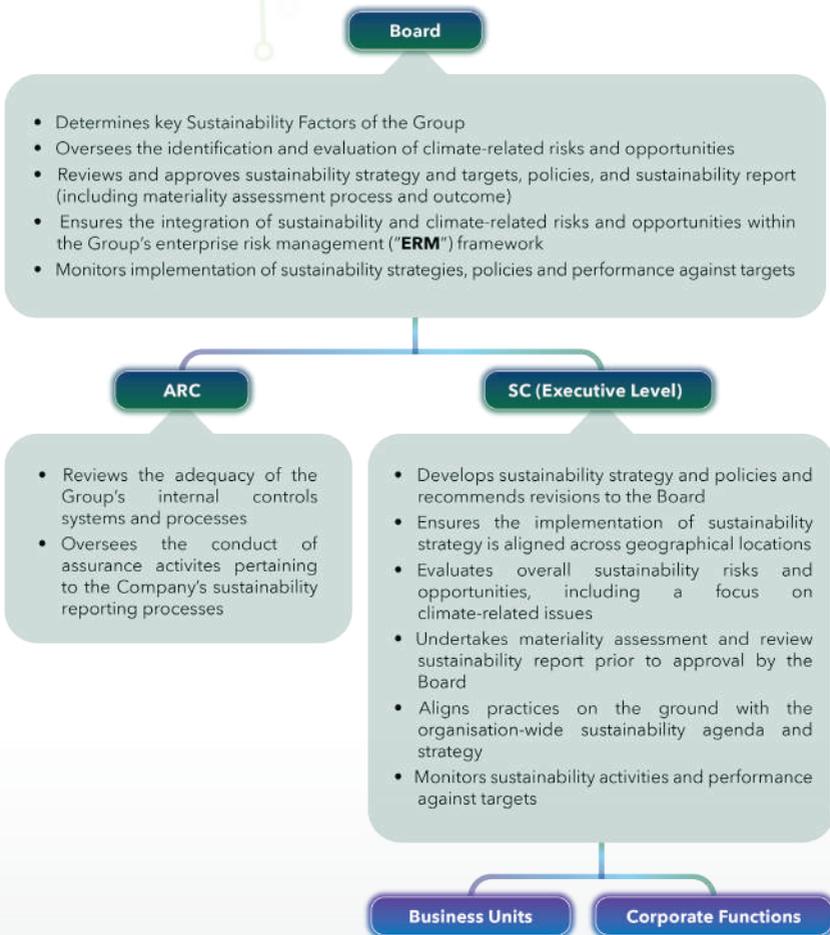
8.1 Sustainability Governance Structure

The Board advises and supervises the development of our sustainability strategy and performance targets. As part of our continual efforts to upgrade the knowledge of our directors on sustainability reporting and to meet the requirement of listing rule 720 (7) of SGX-ST, we confirm that all Directors have attended one of the approved sustainability training courses.

SUSTAINABILITY REPORT

Our sustainability strategy is spearheaded by the Sustainability Committee (“**SC**”), which is led by our Chief Operating Officer and Director - Business Operations and assisted by the Financial Controller. The SC comprises representatives from key Group functions which include Human Resources and Administration, Procurement and Logistics, Finance and Credit Control, Technical, as well as Country Heads from our different geographical locations. The SC is primarily responsible for performing materiality assessment, considering stakeholders’ priorities, setting targets, as well as collecting, verifying, monitoring and reporting performance data for this Report.

Besides the SC, the Board is also supported by the Audit and Risk Management Committee (“**ARC**”) on specific sustainability matters that fall under its terms of reference. Our sustainability governance structure and the responsibilities of component parties are detailed as follows:



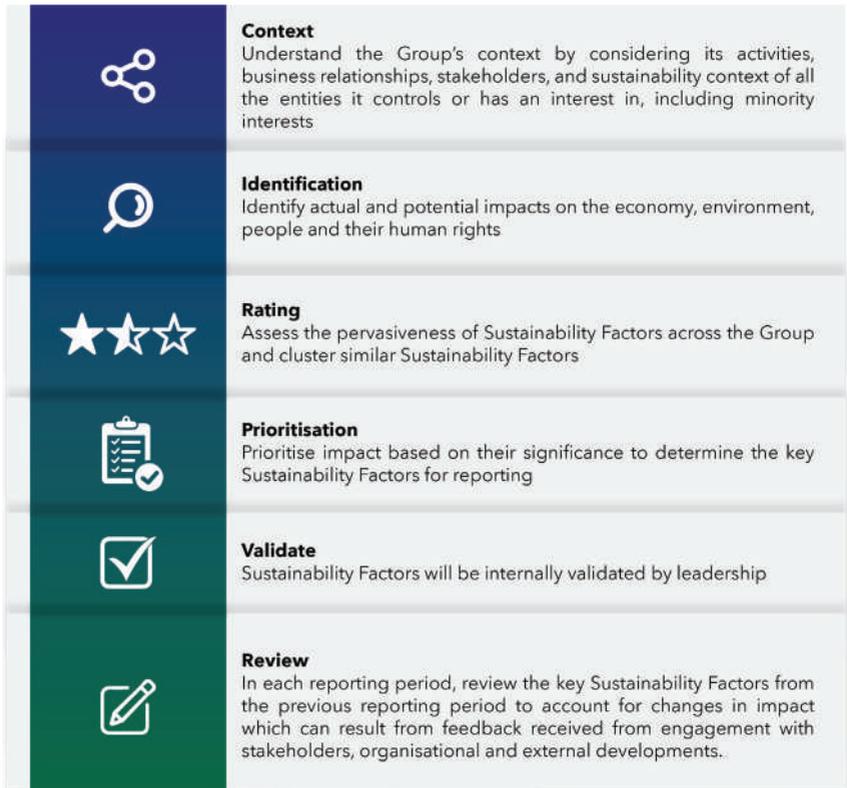
SUSTAINABILITY REPORT

As we are still refining our sustainability related metrics measuring, tracking and target setting mechanism, we will link the key executives' remuneration to sustainability performance when the mechanism is more mature and stable.

8.2 Sustainability Reporting Processes

Our sustainability process begins with an understanding of the Group's context. This is followed by the ongoing identification and assessment of the Group's impacts. The most significant impacts are prioritised for reporting, and the result of this process is a list of key Sustainability Factors disclosed in this Report.

Processes involved are shown in the chart below:



SUSTAINABILITY REPORT

8.3 Materiality Assessment

We constantly refine our management approach to adapt to changes in the business landscape. The Group performs an annual materiality assessment to ensure that issues disclosed in our sustainability reports remain current, material, and relevant. From the assessment, we identify key areas that impact our ability to create value for our stakeholders.

Positive and negative, actual and potential impact, is assessed based on: (i) the likelihood of occurrence of actual and potential negative and positive impacts; and (ii) their significance on the economy, environment, people and their human rights and contribution to sustainable development.

8.4 Performance Tracking and Reporting

We track the progress of our key Sustainability Factors by identifying the relevant performance indicators, measuring and monitoring them. In addition, we set performance targets that are aligned with our strategy to ensure that we remain focused in our path to sustainability. We will consistently enhance our performance-monitoring processes and improve our data capture systems.

9. Key Sustainability Factors

In FY 2023, a stakeholder engagement session¹¹ and a materiality assessment were conducted by the SC to understand the concerns and expectations of our stakeholders. Through the materiality assessment, factors with significant impact on the economy, environment, people and their human rights were updated. In this Report, we also reported our progress in managing these factors and set related targets to improve our sustainability performance.

The key Sustainability Factors applicable to the Group are as follows:

S/N	Key Sustainability Factor	SDG	Key stakeholder
Economic			
1	Total customer satisfaction	Decent work and economic growth	<ul style="list-style-type: none">• Customers• Vendors
2	Sustainable business performance	Decent work and economic growth	<ul style="list-style-type: none">• Employees• Regulators• Shareholders
Environmental			
3	Responsible waste management	Responsible consumption and production	<ul style="list-style-type: none">• Communities• Regulators• Shareholders
4	Energy conservation and GHG emissions reduction	Affordable and clean energy	<ul style="list-style-type: none">• Communities• Shareholders
5	Water conservation	Clean water and sanitation	<ul style="list-style-type: none">• Communities• Shareholders

¹¹ We conducted an online survey to engage both internal and external stakeholders of employees, suppliers and customers to gather perspectives on the most important sustainability topics for our business.

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S/N	Key Sustainability Factor	SDG	Key stakeholder
Social			
6	Equal employment opportunity	Reduced inequalities	Employees
7	Employee safety and well-being	Good health and well-being	<ul style="list-style-type: none"> • Employees • Regulators
8	Employee retention and development	Quality education	Employees
9	Ongoing community engagement	Sustainable cities and communities	Communities
Governance			
10	Corporate governance and code of ethics	Peace, justice and strong institutions	<ul style="list-style-type: none"> • Regulators • Shareholders

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

9.1 Total Customer Satisfaction

Our Commitment

Customers form the foundation of our business. Therefore, it is imperative to manage their needs and expectations, as well as providing them with good customer experience. We acknowledge that customer satisfaction enhances customer’s trust in us and is a key factor in achieving our long-term success. We strive to enhance customer satisfaction by obtaining insights from customer engagement and continually improving our services.

Our Approach

Our strategies towards customer satisfaction are as follows:

[Offer an extensive and comprehensive product range that meets market’s needs](#)

We believe that offering a comprehensive product range is crucial in achieving customer satisfaction as it allows them to select products that better meet their needs. To ensure that we continue to offer a comprehensive range of products, we constantly seek to identify new synergistic products and maintain a robust relationship with our vendors through the following:

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

SUSTAINABILITY REPORT

Key brands under distribution



Maintain presence and proximity to our customers

We strive to maintain an extensive network of operating locations, providing on-site sales, marketing as well as technical support to our reseller partners (customers). Such a network brings us closer to the markets we serve and more importantly, closer to our customers. As at 31 December 2023, we operate in 27 cities of 14 countries.

Nurture a team of highly trained and experienced employees to serve our customers

Our geographical footprint is driven by a core regional team and experienced professional staff that support our operations in the development and delivery of solutions to our customers. You may refer to section 9.8 for details on employee retention and development.

Our Performance

During the Reporting Period, we continued to maintain a comprehensive range of more than 70 product brands (FY2022: more than 70 product brands).

9.2 Sustainable Business Performance

Our Commitment

We believe in the creation of long-term economic value and consistent economic performance for the Group. We are committed to provide value to various stakeholders through relevant and meaningful ways.

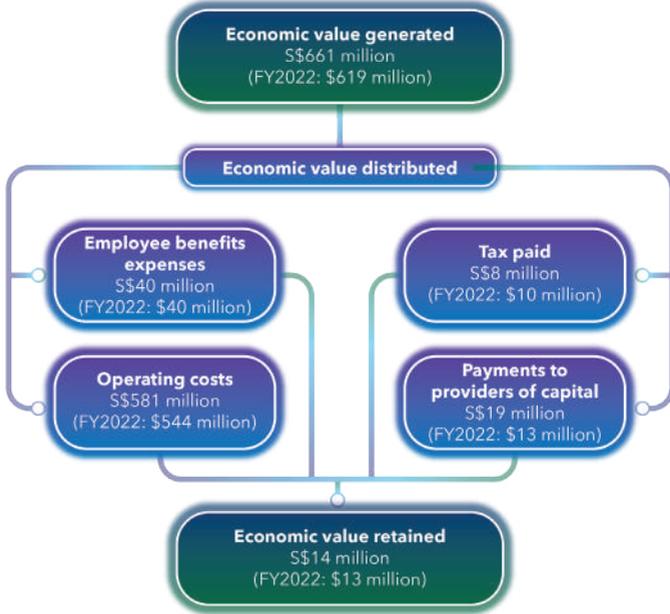
Our Approach

We strive to generate and distribute economic value via our business strategy, which includes staying abreast with market trends, maintaining a healthy balance sheet and strong cash flow, mitigating relevant business risks identified.

SUSTAINABILITY REPORT

Our Performance

In line with this commitment, value created in FY2023 is distributed to various key stakeholders as follows to enable a more sustainable future:



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

9.3 Responsible Waste Management

Our Commitment

We recognise that environmental preservation through efficient waste management such as reusing and recycling allows us to operate in a conducive and sustainable environment. It also helps us in achieving both short and long-term cost savings which enhance returns to our shareholders.

Our Approach

Our key initiatives on this front are as follows:

[Moving towards a paperless working environment](#)

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

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[Proper waste management and disposal](#)

We recognise that technological equipment distributed by us often contain components such as plastics and heavy metals, which may cause environmental damage if not properly disposed. Proper disposal of equipment is both environmentally responsible and often required by law.

Our Performance

During the Reporting Period, the total weight of technological equipment waste generated by the Group was 6 tonnes (FY2022: 1 tonnes), of which 100% (FY2022:100%) of the Group's disposal of technological equipment was handled by licensed waste collectors.

The increase in total weight of technological equipment waste generated was mainly due to a Group-wide exercise conducted during the Reporting Period to identify and clear equipment waste held by the entities covered.

9.4 Energy Conservation and GHG Emissions Reduction

Our Commitment

Energy use and the resulting carbon emissions cause heat to be trapped in the atmosphere, leading to climate change and global warming. Accordingly, we are committed to conserving energy and reducing our carbon footprint whilst open to capitalise on opportunities that may arise as we transit to become a low-carbon organisation.

Our Approach

We aim to reduce our environmental footprint and at the same time, establish operational resilience to deliver long-term and sustainable value to our stakeholders of communities, shareholders, employees, customers and suppliers. We adopt a balanced approach in effectively managing and minimising the impacts arising from our business operations.

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To achieve our decarbonisation goals, we have set up a seven (7)-step continuous circular process for our decarbonization efforts as follows:



This year, we conducted a GHG emission profiling exercise for our Scope 1, 2 and 3 GHG emissions based on defined organisational boundaries. To run our operations, we rely mainly on purchased electricity to operate equipment at our premises such as for lighting, office work and cooling, which generates indirect GHG emissions (Scope 2). We do not generate material direct GHG emissions (Scope 1) from our operations and therefore, no separate disclosure is made on direct GHG emissions (Scope 1). Nonetheless, we will continue to monitor such emissions and to disclose in future, as and when applicable.

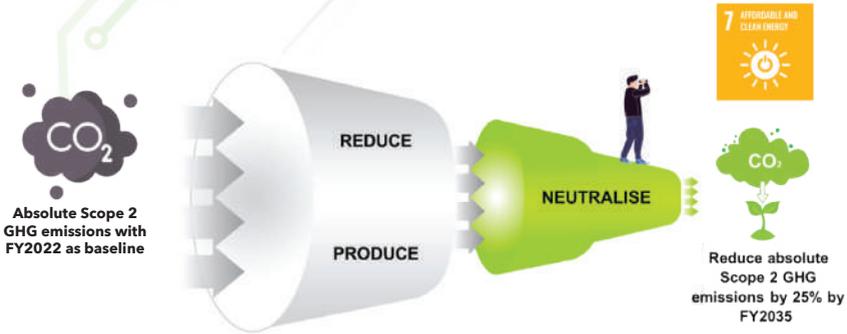
We track and monitor our Scope 2 and certain categories of Scope 3 GHG emissions closely and are developing mechanisms to track our other categories of our scope 3 GHG emissions, where relevant and practicable. We also developed a climate change transition plan and will refine and improve our climate change transition plan as we progressively implement the plan, by considering changes in business operations, environment and market trends. Progress updates and performance will be provided in our future sustainability reports with assurance on the reporting process covered by an internal review.

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Climate change transition plan

Our climate change transition plan steers us on our decarbonisation journey. Under this plan, we commit to reduce our absolute Scope 2 GHG emission by 25% and by FY2035, with FY2022 as our baseline. Our climate change transition plan is focused on three (3) strategic levers of reduce, produce and neutralise as follows:

Climate change transition plan



Details of our strategic levers are as follows:

Lever	Reduce	Produce	Neutralise
Description	Reduce absolute emissions first within our operations and followed by our supply chain	On-site generation of green or renewable energy	Neutralise unavoidable residual emissions
Focus area	Energy efficiency <ul style="list-style-type: none"> • Lighting • Cooling • Clean energy 	Solar energy	<ul style="list-style-type: none"> • Renewable energy certificates (“REC”) • Carbon credits

SUSTAINABILITY REPORT

We continuously strive to improve our energy use and efficiency through the following initiatives:

Lever	Key initiative	Description
Reduce	Energy efficiency	Our initiatives on this front include: <ul style="list-style-type: none"> • We track and review spending on energy consumption regularly to control usage and corrective actions are taken when there are unusual consumption patterns; and • We constantly remind our staff on basic and socially responsible habits at their workplaces such as adopting greener work ethics, switching off appliances if not in use and enabling power saving mode.
	Lighting	Our initiatives on this front include: <ul style="list-style-type: none"> • Switch to energy-efficient LED lightings wherever possible; and • Install light sensors in toilets.
	Cooling	We schedule regular maintenance and servicing work for our air-conditioning systems to ensure that there are running efficiently.
	Clean energy	We are constantly exploring opportunities to source for clean and/or renewable energy where we operate in.
Produce	Solar energy	We plan to explore the generation of solar energy onsite where practicable.
Neutralise	<ul style="list-style-type: none"> • REC • Carbon credits 	We plan to explore the use of REC and carbon credits to offset unavoidable residual emissions when the relevant markets mature.

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

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Our Performance

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

Performance indicator	Unit of measurement	FY2023	FY2022
Energy consumption			
Electricity consumption	kWh	695,274	683,664
Electricity consumption intensity	kWh/ square foot of office space	11	11
GHG emissions			
Indirect GHG emissions (Scope 2)	tonnes CO ₂ e	378	378
GHG emissions intensity	tonnes CO ₂ e/ square foot of office space	0.006	0.006

During the Reporting Period, we started tracking selected Scope 3 GHG emissions of our operations in Singapore as follows:

Category	Coverage	Entity	Unit of Measurement	FY2023 ¹²
Category 1: Purchased goods and services	Potable water	<ul style="list-style-type: none"> • MCL • MTHD • MTSG 	tonnes CO ₂ e	2
Category 7: Employee commuting	Transportation of employees between their homes and their worksites		tonnes CO ₂ e	26

9.5 Water Conservation

Our Commitment

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

Our Approach

We use water resources for cleaning purposes, in our premises' restrooms and pantries. We mainly source our water supply from municipal water suppliers. Key initiatives to reduce our water consumption are as follows:

- Placing notes within the premises to remind staff to save water;
- Turning off taps and repairing leaks promptly; and
- Tracking and reviewing spending on water consumption regularly to control usage and corrective actions are taken when there are unusual consumption patterns.

¹² No comparative data is available as we have only started tracking Scope 3 GHG emissions in FY2023. Scope 3 GHG emissions were calculated using emission factor published by "Life cycle assessment of water supply in Singapore - A water-scarce urban city with multiple water sources", as well as calculation tools comprising International Civil Aviation Organisation Carbon Emissions Calculator and Carbon and Emissions Recording Tool.

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Our Performance

Key statistics on water consumption during the Reporting Period are as follows:

Resource	Water consumption (Cu M)		Water consumption intensity (Cu M/ total number of employees)	
	FY2023	FY2022	FY2023	FY2022
Water	1,811	1,912 ⁵	4	4 ⁵

9.6 Equal Employment Opportunity

Our Commitment

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

Our Approach

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

[Integrating flexible work arrangements](#)

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

Such arrangements are also aligned with the Singapore government's objective of improving the country's total fertility rate as well as the Tripartite Standard on Flexible Work Arrangements¹³.

[Made for Families](#)

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

[Adopting fair employment practices](#)

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

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

¹³ The Tripartite Standard on Flexible Work Arrangements specifies practices that employers should implement at the workplace to help their employees better manage their work-life needs.

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Our Performance

The total number of full-time employees covered as at 31 December 2023 is 594 (as at 31 December 2022: 618). Key statistics on employee demographics are as follows:

Gender diversity (%)

We view gender diversity in the Board as an essential element in supporting sustainable development. We have a female representation of one Director (FY2022: one) in the Board or 15% (FY2022: 15%) of the Board. Key statistics on gender diversity of our employees are as follows:

Disclosure	FY2023		FY2022	
	Male	Female	Male	Female
Overall	58%	42%	57%	43%
Employee category				
Management	55%	45%	57%	43%
Non-management	59%	41%	57%	43%

Age diversity (%)

As compared to the other industries, workers engaged in the IT industry tend to be younger. Key statistics on age diversity of our employees are as follows:

Disclosure	FY2023			FY2022		
	Below 30	30 - 50	Above 50	Below 30	30 - 50	Above 50
Overall	19%	75%	5%	19%	77%	4%
Employee category						
Management	-	77%	23%	2%	85%	13%
Non-management	21%	75%	4%	22%	75%	3%

Educational diversity (%)

Our employees are from different educational background and we seek to create an inclusive environment for them. Due to the nature of the business covered, our workforce is predominantly tertiary educated (with a diploma and above). Such employees contribute 90% (as at 31 December 2022: 91%) of our employees covered as at 31 December 2023. Upon joining us, employees are assessed and rewarded primarily based on merit.

During the Reporting Period, there was no (FY2022: zero) reported incident of unlawful discrimination against employees.

9.7 Employee Safety and Well-being

Our Commitment

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

SUSTAINABILITY REPORT

Our Approach

In line with our commitment to promote a healthy and safe work environment with a strong workplace safety culture, new employees are briefed on safety procedures during orientation, workplace accidents are tracked and monitored regularly, and related corrective procedures are followed through.

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

To celebrate the team's achievements and to show appreciation of their efforts, we gathered employees from Singapore, for Lunar New Year Lou-Hei dinner and team-bonding at the Singapore Zoo, and together with our employees based in Johor Bahru, for a staff incentive trip to Korea and our dinner and dance ("**DND**") event.



Team bonding at Singapore Zoo on 10 February 2023



Staff incentive trip to Korea from 31 May to 5 June 2023

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DND night on 10 November 2023

Our Performance

During the Reporting Period, we recorded no (FY2022: zero) workplace fatalities, no (FY2022: zero) high-consequence work-related injuries, no (FY2022: zero) recordable work-related injuries and no (FY2022: zero) work-related ill health cases during the Reporting Period. We will continuously work towards maintaining zero workplace accidents.

9.8 Employee Retention and Development

Our Commitment

We recognise the importance of providing equitable and quality education for our employees. We believe that having a strong team is critical in supporting customers for the products we distribute.

Our Approach

We place a high priority on the competency development of our engineers as we believe that an effective employee training programme is vital to employee retention and the long-term success of any business. The training programme includes training courses on cyber security engineering, administration and troubleshooting for our engineers.

In addition, we have a regional team of certified pre-sales and post-sales engineers in place to educate and support our customer-facing employees on the technical aspects of the products that we distribute. Each regional team is led by a senior engineer with extensive years of field experience and each individual engineer is trained, certified and qualified to install, implement and maintain the assigned products.

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

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

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Our Performance

Parental leave

Key statistics on maternity leave and paternity leave (collectively as “**Parental Leave**”) taken by eligible employees are as follows:

Disclosure	FY2023		FY2022	
	Male	Female	Male	Female
Number of employees entitled to Parental Leave	7	10	9	12
Number of employees who took Parental Leave	7	10	9	12
Number of employees who returned to work after Parental Leave ended	7	10	9	12
Return to work rate of employees who took Parental Leave	100%	100%	100%	100%
Retention rate of employees 12 months after they returned to work from Parental Leave ¹⁴	100%	75%	67%	100%

New hires

During the Reporting Period, our hiring rate was 13% (FY2022: 26%). Detailed statistics on new employee hires are as follows:

Disclosure	FY2023		FY2022	
	Number	Percentage	Number	Percentage
Overall new hires	78	13%	158	26%
Gender				
Male	56	16%	89	25%
Female	22	9%	69	26%
Age				
Above 50	2	6%	5	19%
30 to 50	31	7%	79	17%
Below 30	45	39%	74	63%

¹⁴ Retention rate is calculated based on employees who took Parental Leave in the preceding reporting period.

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Turnover

During the Reporting Period, our overall turnover rate was 17% (FY2022: 23%). Detailed statistics on employee turnover are as follows:

Disclosure	FY2023		FY2022	
	Number	Percentage	Number	Percentage
Overall turnover	102	17%	141	23%
Gender				
Male	62	18%	83	24%
Female	40	16%	58	22%
Age				
Above 50	9	28%	6	22%
30 to 50	73	16%	102	22%
Below 30	20	17%	33	28%

Overall hiring and turnover rates decreased in FY2023 mainly due to better market conditions post COVID-19 pandemic.

Employee training

During the Reporting Period, the average training hours per employee was 56 (FY2022: 93). Detailed statistics on employee training are as follows:

Disclosure	FY2023	FY2022
Overall		
Total training hours	3,431	3,169
Average training hours per employee	56	93
Gender (Male)		
Total training hours	2,656	3,089
Average training hours per employee	49	103
Gender (Female)		
Total training hours	774	80
Average training hours per employee	111	20

The decrease in average training hours per employee from 93 to 56 was mainly due to a significant increase in the number of engineers hired of which training has yet to be scheduled or conducted at the end of the Reporting Period. We place a high priority on the competency development of our engineers. The training programme includes training courses on cybersecurity, engineering, pre-sales courses and troubleshooting.

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[Performance appraisal](#)

Key statistics on employees who received performance and career development reviews are as follows:

Disclosure	FY2023 ¹⁵	
	Number	Percentage
Overall	556	94%
Gender		
Male	320	92%
Female	236	96%
Employee category		
Management	43	91%
Non-management	513	94%

Employees who did not receive performance appraisal or career development reviews relate to those who were still under probation and their performance would be reviewed upon confirmation of their employment.

9.9 Ongoing Community Engagement

Our Commitment

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

Our Approach

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

[Nurture financially challenged but deserving undergraduates](#)

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

The above initiative demonstrates our support for the academic and personal growth of deserving and needy individuals from our community.

¹⁵ No comparative data is available on performance appraisals as it was not tracked previously.

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Support worthy causes of charities

During the Reporting Period, we donated over SGD 96,500 to various community campaigns such as Metta Welfare Association, Society for the Physically Disabled, PAP Community Foundation and ITE Education Fund.



Sponsor for Metta Charity Golf on 12 May 2023

Football With A Heart (“FWAH”)

FWAH is the largest executive football charity fundraiser where teams from various corporations, together with celebrity teams, come together for a friendly football tournament. All proceeds from the event went towards 49 unique charities and social enterprises in areas such as sports, youth development, sustainability, strengthening of family and community bonds, and enabling the charity sector. During the Reporting Period, we donated SGD 41,000 to the FWAH fundraiser and participated in its “Football With a Heart 2023” fundraising event.



Sponsor for FWAH on 12 August 2023

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

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

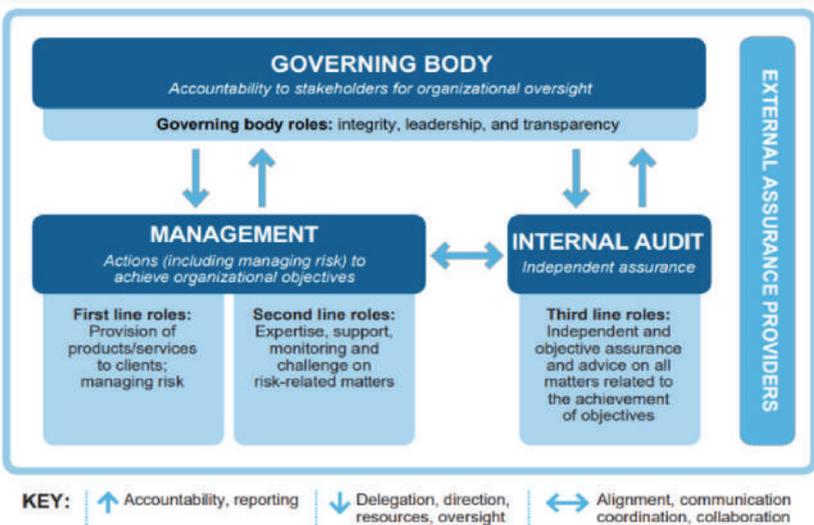
9.10 Corporate Governance and Code of Ethics

Our Commitment

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

Our Approach

We aligned our corporate governance and risk management approach with the Three Lines Model issued by the Institute of Internal Auditors ("IIA"). The Three Lines Model serves to identify structures and processes that best assist the achievement of organisational objectives and facilitate strong governance and risk management. Under the Three Lines Model, the roles and responsibilities of governing body, management (first- and second-line roles), internal audit (third line roles) and the relationship among them are defined as follows:



Source: Three Lines Model issued by the IIA

We established an enterprise risk management ("ERM") framework to track and manage the risks in which we are exposed. We regularly assess and review our businesses and operational environment to identify and manage emerging and strategic risks that may

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impact our sustainability. With a positive and proactive attitude, we believe that risks faced by the Group could be converted into opportunities and favourable results.

We have an independent whistle blowing mechanism administered by a third-party service provider and overseen by the ARC for employees to raise concerns through accessible confidential disclosure channels about possible improprieties in matters of financial reporting and others without fear of reprisals.

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

Our Performance

In FY2023, there was no incident of serious offence reported (FY2022: zero incident). Our overall Singapore Governance and Transparency Index (“**SGTI**”) score assessed by National University of Singapore Business School is 87 for the year 2023 (Year 2022: 86). We will continuously work towards improving our SGTI score.

10. Targets and Progress

To measure our ongoing sustainability performance and drive continuous improvement, we developed a set of targets related to our key Sustainability Factors. Our progress against these targets is reviewed and reported on annual basis with details as follows:

S/N	Key Sustainability Factor	Target ¹⁶	Performance in FY2023
Economic			
1	Total customer satisfaction	<u>On-going</u> Maintain a comprehensive range of products	● ● ●
2	Sustainable business performance	<u>On-going and long-term</u> Maintain or improve economic value generated subject to market conditions	● ● ●
Environmental			
3	Responsible waste management	<u>Short-term</u> Maintain or improve total waste diverted from disposal	● ● ●
4	Energy conservation and GHG emissions reduction	<u>Short-term</u> Maintain or reduce GHG emissions intensity by FY2025, with FY2022 as our baseline <u>Medium-term</u> Reduce absolute Scope 2 GHG emissions by 25% by FY2035, with FY2022 as our baseline	● ● ● ○ ○ ○

¹⁶ Time horizons for target setting are (1) short-term: before FY2025; (2) medium-term: FY2025 – FY2035; (3) long-term: after FY2035; and (4) On-going: continuous time horizon.

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S/N	Key Sustainability Factor	Target ¹⁶	Performance in FY2023
Environmental			
5	Water conservation	<u>Short-term</u> Maintain or reduce water consumption intensity (Cu M/ total number of employees)	● ● ●
Social			
6	Equal employment opportunity	<u>On-going and long-term</u> Maintain zero reported incident of unlawful discrimination against employees	● ● ●
7	Employee safety and well-being	<u>On-going and long-term</u> Maintain zero work-related injuries and ill health cases	● ● ●
8	Employee retention and development	<u>On-going</u> <ul style="list-style-type: none"> • Maintain or improve employee retention rate subject to market condition • Continue to provide training opportunities for development and growth to keep our employees motivated and engaged 	● ● ●
9	Ongoing community engagement	<u>On-going and long-term</u> Initiate various campaigns to help the communities	● ● ●
Governance			
10	Corporate governance and code of ethics	<u>On-going and long-term</u> Maintain zero incident of serious offence	● ● ●

Legend: Progress tracking

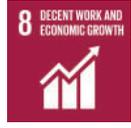
- ○ ○ New target
- ● ● Target achieved
- ● ○ On track to meet target
- ○ ○ Not on track, requires review

For certain key Sustainability Factors identified above, we are still in the process of setting the related medium and long-term targets as their historical data trends have yet to stabilize. We will disclose such targets in our future sustainability report when the data trends have stabilized and subject to market trends.

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11. Supporting the SDGs

The UN Sustainability Agenda provides a shared blueprint for peace and prosperity for people and the planet, now and into the future. At its heart are the 17 SDGs, which form an urgent call for action by all countries - developed and developing - in a global partnership. We believe that everyone plays an important part in advancing sustainable development and we identified the relevant SDGs which we can contribute to sustainability development through our business practices, products and services. The SDGs that we focus on and the related Sustainability Factors are as follows:

SDGs	Our effort (Sustainability Factor)
 <p>3 GOOD HEALTH AND WELL-BEING</p>	<p>Ensure healthy lives and promote well-being for all at all ages</p> <p><u>Section 9.7 Employee safety and well-being</u> We implement measures to ensure a safe and secure working environment for our employees.</p>
 <p>4 QUALITY EDUCATION</p>	<p>Ensure inclusive and equitable quality education and promote lifelong learning opportunities</p> <p><u>Section 9.8 Employee retention and development</u> We invest in training, education and development of our people to enhance our business competencies.</p>
 <p>6 CLEAN WATER AND SANITATION</p>	<p>Ensure availability and sustainable management of water and sanitation for all</p> <p><u>Section 9.5 Water conservation</u> We implement checks and measures to reduce water wastage in our business operations, which in turn help us to work towards achieving sustainable management and efficient use of natural resources.</p>
 <p>13 CLIMATE ACTION</p>	<p>Take urgent action to combat climate change and its impact</p> <p><u>Section 9.4 Energy conservation and GHG emissions reduction</u> We implement measures to reduce our energy consumption as not only does it help to improve energy efficiency and reduce GHG emissions, but they also help us in reducing costs incurred to support our business operations.</p>
 <p>8 DECENT WORK AND ECONOMIC GROWTH</p>	<p>Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all</p> <p><u>Section 9.1 Total customer satisfaction</u> We are determined to bring outstanding products and services to our customers through providing a comprehensive product range, being attentive and responsive to customer feedback and maintaining a team of highly trained and experienced employees.</p> <p><u>Section 9.2 Sustainable business performance</u> We contribute to economic growth through creating long-term value for our stakeholders.</p>

SUSTAINABILITY REPORT

SDGs	Our effort (Sustainability Factor)
 <p>Reduce inequality within and among countries</p>	<p><u>Section 9.6 Equal employment opportunity</u> We create a diverse and inclusive workplace that will bring new perspectives to our business and strengthen our ability to overcome new challenges.</p>
 <p>Make cities and human settlements inclusive, safe, resilient and sustainable</p>	<p><u>Section 9.9 Ongoing community engagement</u> We engage in various initiatives to help the communities.</p>
 <p>Ensure sustainable consumption and production patterns</p>	<p><u>Section 9.3 Responsible waste management</u> We constantly enhance our operating systems to move towards a paperless working environment and ensure proper disposal of technological equipment requiring special disposal.</p>
 <p>Promote peaceful and inclusive societies for sustainable development, provide access to justice for all and build effective, accountable and inclusive institutions at all levels</p>	<p><u>Section 9.10 Corporate governance and code of ethics</u> We maintain a high standard of corporate governance to safeguard our shareholders' interest and maximise long-term shareholders' value and carry out business with integrity by avoiding corruption in any form.</p>

12. Our Disclosures Based on TCFD Recommendations

We are committed to supporting the recommendations by the TCFD and have disclosed our climate-related disclosures in the following areas as recommended by the TCFD:

Governance

a. Describe the board's oversight of climate-related risks and opportunities.

The Board oversees the management and monitoring of the Sustainability Factors and consider climate-related issues in determining the Group's strategic direction and policies.

b. Describe management's role in assessing and managing climate-related risks and opportunities.

Our sustainability strategy is developed and directed by the senior management in consultation with the Board. The Board is ultimately responsible for the oversight of the Group's sustainability matters and is primarily supported by the SC. The SC is led by our Chief Operating Officer and Director - Business Operations and assisted by the Financial Controller. It also comprises senior management executive and representatives from key Group functions, as well as selected Country Heads from our different geographical locations. The responsibilities of the SC include performing materiality assessment, considering stakeholders' priorities, setting targets, as well as collecting, verifying, monitoring and reporting performance data.

SUSTAINABILITY REPORT

Strategy

- a. Describe the climate-related risks and opportunities the organisation has identified over the short, medium, and long term.
- b. Describe the impact of climate-related risks and opportunities on the organisation's businesses, strategy, and financial planning.

The climate-related risks and opportunities identified by the Group during a climate-related risk assessment exercise include the following:

- **Increased severity of extreme weather events** - Adverse changes in climate patterns such as rising temperatures and extreme weather events (such as floods and droughts) may disrupt supply chains and consequently cause procurement delays and lead to general price increases and when vendors pass on regulatory costs such as carbon tax to the Group. As a result, the Group may face adverse impacts on financial performance. Conversely, this risk presented an opportunity for the Group to review and assess its value chain to reduce operating costs; and
- **Enhanced emissions-reporting obligations** - With rising concerns over the effects of climate change, key stakeholders such as the regulators and shareholders are demanding climate-related information. Failure to comply with the relevant climate reporting requirements may lead to adverse impacts on the Group's reputation and financial performance. On the other hand, enhanced emissions reporting obligations raise climate awareness among our employees and with more defined job responsibilities and training, the Group will be in a better positioned to use energy resources responsibly and meet the rising needs and expectations of regulators and our shareholders on the environment.

The Group's assessment on potential implications of the above climate-related risks was undertaken based a range of climate scenarios using the Representative Concentration Pathway ("**RCP**") adopted by the Intergovernmental Panel on Climate Change ("**IPCC**"):

Scenario	Description
IPCC RCP 2.6/1.5°C	This scenario is in line with the Paris Agreement to limit global warming to below 2°C by 2100 as a result of efficiency enhancements and behaviour changes as key mitigation strategy.
IPCC RCP 8.5/4°C	The "business-as-usual" scenario assumes that emissions continue to rise with significant increases in global temperatures, as no concerted efforts are made to reduce emissions.

We selected 1.5°C and > 4 °C warming scenarios for the purpose of our inaugural qualitative climate scenario analysis. The impact of the climate-related risks is analysed on group-wide activities in the short term (before FY2025), medium term (FY2025 - FY2035) and long term (after FY2035) with details as follows:

SUSTAINABILITY REPORT

Warming scenario 1: 1.5°C warming (RCP 2.6)

Risk	Significance of financial impact		
	Short Term	Medium Term	Long Term
Key transition risk identified			
Enhanced GHG with emissions-reporting obligations	●	●	●
Key physical risk identified			
Increased severity of extreme weather events	●	●	●

Warming scenario 2: > 4°C warming (RCP 8.5)

Risk	Significance of financial impact		
	Short Term	Medium Term	Long Term
Key transition risk identified			
Enhanced GHG with emissions-reporting obligations	NA ¹⁷	NA ¹⁷	●
Key physical risk identified			
Increased severity of extreme weather events	NA ¹⁷	NA ¹⁷	●

Legend:

● Minor ● Moderate ● Major

In terms of our business strategy and financial planning based on the scenarios above, we will continue to formulate adaptation and mitigation plans and explore allocating resources towards transitioning to low-carbon practices. We strive to minimise the climate risks associated with our business and will seize opportunities in an effective manner such as expanding collaboration and partnership with key stakeholders to innovate and develop low carbon goods and services for the market.

Strategy

c. Describe the resilience of the organisation's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario.

The resilience of an organisation's strategy is dependent on its ability to adapt and thrive in the face of changing circumstances and emerging risks. The climate scenario analysis is crucial in providing insights on the potential extent of the climate-related risk exposure to our businesses as well as the potential opportunities.

¹⁷ Not applicable as this scenario is unlikely in the short and medium term.

SUSTAINABILITY REPORT

Through our climate scenario analysis, we concluded that unmitigated climate risks (under warming scenario > 4°C warming) may result in a severe financial impact by 2050. Under the warming scenario 1.5, the vast majority of the impact will be attributable to transition risks from the cost increase from enhanced emissions-reporting obligations. To address the risks and capitalise on opportunities associated with climate change, we will continuously build on our strategy to remain resilient as we progress in our sustainability journey.

Risk Management

- a. *Describe the organisation's processes for identifying and assessing climate-related risks*
- b. *Describe the organisation's processes for managing climate-related risks.*
- c. *Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the organisation's overall risk management.*

We acknowledge that maintaining a sound system of climate-related risk management is imperative to safeguarding the interests of the Group and fostering trust with our stakeholders. To keep abreast of any changes in existing regulatory requirements and maintain good corporate governance, we proactively identify any major climate-related risks relevant to your business, as well as reviewing key climate-related risk performance regularly.

Climate-related risk management is covered under our ERM framework whereby potential climate-related risks are identified, assessed, monitored and managed. Under the framework, business units and functions are responsible for identifying and documenting their relevant climate-related risk exposures that might hinder their progress towards contributing to the Group's business objectives. Climate-related risks and opportunities, along with their treatment plans, are reviewed and updated during the ERM assessment exercise and are subsequently presented to the ARC along with the other key enterprise-wide risks. Climate-related risks are also monitored based on the trend of climate-related performance indicators.

Metrics and Targets

- a. *Disclose the metrics used by the organisation to assess climate-related risks and opportunities in line with its strategy and risk management process.*

We track, measure and report on our environmental performance, including energy, GHG emissions, water and waste management and disclose related metrics this Report. Monitoring and reporting these metrics help us in identifying areas with material climate-related risks and enabling us to be more targeted in our efforts.

- b. *Disclose Scope 1, Scope 2 and, if appropriate, Scope 3 greenhouse gas (GHG) emissions and the related risks.*

To support the climate change agenda, we disclose our Scope 2 and selected Scope 3 GHG emissions in the Report and set climate-related targets such as those related to energy, GHG emissions, water and waste management. Other than indirect GHG emissions (Scope 2), we do not generate material direct GHG emissions (Scope 1) from our operations. Therefore, no separate disclosure is made on direct GHG emissions (Scope 1) but we will continue to monitor such emissions and to disclose in future, as and when applicable.

SUSTAINABILITY REPORT

We will continue to monitor our emissions and expand the disclosure of our Scope 3 GHG emissions wherever applicable and practicable. Our disclosure on indirect Scope 3 emissions includes purchased goods and services (category 1) and employee commuting (category 7) in FY2023.

c. Describe the targets used by the organisation to manage climate-related risks and opportunities and performance against targets.

As a commitment towards mitigating climate change, we have set climate-related targets related to GHG emissions, energy consumption, water consumption, and waste management. Refer to pages 38 to 39 for further details.

SUSTAINABILITY REPORT

Appendix 1 GRI Content Index

Statement of use	Multi-Chem Limited has reported in accordance with the GRI Standards for the period 1 January 2023 to 31 December 2023.
GRI 1 used	GRI 1: Foundation 2021
Applicable GRI Sector Standard(s)	-

GRI standard	Disclosure	Location and Omissions
General Disclosures		
GRI 2: General Disclosures 2021	2-1 Organizational details	2 - 5, 55, 95 - 97, 116, 127 - 134, 206
	2-2 Entities included in the organisation's sustainability reporting	16
	2-3 Reporting period, frequency and contact point	13, 15 - 16
	2-4 Restatements of information	13, 29
	2-5 External assurance	15
	2-6 Activities, value chain and other business relationships	3, 14 - 15, 22, 127 - 134
	2-7 Employees	15, 29 - 35
	2-8 Workers who are not employees	None
	2-9 Governance structure and composition	6 - 7, 17 - 19
	2-10 Nomination and selection of the highest governance body	74 - 78
	2-11 Chair of the highest governance body	6 - 7
	2-12 Role of the highest governance body in overseeing the management of impacts	18, 67
	2-13 Delegation of responsibility for managing impacts	18
	2-14 Role of the highest governance body in sustainability reporting	18
	2-15 Conflicts of interest	67
	2-16 Communication of critical concerns	37 - 38, 87 - 89
	2-17 Collective knowledge of the highest governance body	32 - 35, 67 - 68
	2-18 Evaluation of the performance of the highest governance body	78
	2-19 Remuneration policies	79 - 82
	2-20 Process to determine remuneration	79 - 82
	2-21 Annual total compensation ratio	The Company will not be providing this information due to confidentiality constraints

SUSTAINABILITY REPORT

GRI standard	Disclosure	Location and Omissions
General Disclosures		
GRI 2: General Disclosures 2021	2-22 Statement on sustainable development strategy	12
	2-23 Policy commitments	37 - 38, 40 - 45
	2-24 Embedding policy commitments	37 - 38
	2-25 Processes to remediate negative impacts	16 - 17, 37 - 38
	2-26 Mechanisms for seeking advice and raising concerns	16 - 17
	2-27 Compliance with laws and regulations	37 - 38
	2-28 Membership associations	None
	2-29 Approach to stakeholder engagement	16 - 17, 20
2-30 Collective bargaining agreements	None of our employees are covered by collective bargaining agreements	
Material Topics		
GRI 3: Material Topics 2021	3-1 Process to determine material topics	17 - 21
	3-2 List of material topics	20 - 38
Economic Performance		
GRI 3: Material Topics 2021	3-3 Management of material topics	22 - 23
GRI 201: Economic Performance 2016	201-1 Direct economic value generated and distributed	22 - 23
	201-2 Financial implications and other risks and opportunities due to climate change	41 - 45
	201-3 Defined benefit plan obligations and other retirement plans	-
	201-4 Financial assistance received from government	-
Energy		
GRI 3: Material Topics 2021	3-3 Management of material topics	24 - 28
GRI 302: Energy 2016	302-1 Energy consumption within the organization	24 - 28
	302-2 Energy consumption outside of the organization	24 - 28
	302-3 Energy intensity	24 - 28
	302-4 Reduction of energy consumption	24 - 28
	302-5 Reductions in energy requirements of products and services	Not applicable due to business nature

SUSTAINABILITY REPORT

GRI standard	Disclosure	Location and Omissions
Water and Effluents		
GRI 3: Material Topics 2021	3-3 Management of material topics	28 - 29
GRI 303: Water and Effluents 2018	303-1 Interactions with water as a shared resource	28 - 29
	303-2 Management of water discharge-related impacts	Not applicable due to business nature
	303-3 Water withdrawal	28 - 29
	303-4 Water discharge	Not applicable due to business nature
	303-5 Water consumption	28 - 29
Emissions		
GRI 3: Material Topics 2021	3-3 Management of material topics	24 - 28
GRI 305: Emissions 2016	305-1 Direct (Scope 1) GHG emissions	24 - 28
	305-2 Energy indirect (Scope 2) GHG emissions	24 - 28
	305-3 Other indirect (Scope 3) GHG emissions	24 - 28
	305-4 GHG emissions intensity	24 - 28
	305-5 Reduction of GHG emissions	24 - 28
Waste		
GRI 3: Material Topics 2021	3-3 Management of material topics	23 - 24
GRI 306: Waste 2020	306-1 Waste generation and significant waste-related impacts	23 - 24
	306-2 Management of significant waste-related impacts	23 - 24
	306-3 Waste generated	23 - 24
	306-4 Waste diverted from disposal	23 - 24
	306-5 Waste directed to disposal	23 - 24
Employment		
GRI 3: Material Topics 2021	3-3 Management of material topics	29 - 35
GRI 401: Employment 2016	401-1 New employee hires and employee turnover	32 - 34
	401-2 Benefits provided to full-time employees that are not provided to temporary or part-time employees	29
	401-3 Parental leave	32 - 33
Occupational Health and Safety		
GRI 3: Material Topics 2021	3-3 Management of material topics	30 - 32
GRI 403: Occupational Health and Safety 2018	403-1 Occupational health and safety management system	30 - 32

SUSTAINABILITY REPORT

GRI standard	Disclosure	Location and Omissions
Occupational Health and Safety		
GRI 403: Occupational Health and Safety 2018	403-2 Hazard identification, risk assessment, and incident investigation	30 - 32
	403-3 Occupational health services	Not applicable due to business nature
	403-4 Worker participation, consultation, and communication on occupational health and safety	Not applicable due to business nature
	403-5 Worker training on occupational health and safety	Not applicable due to business nature
	403-6 Promotion of worker health	30 - 32
	403-7 Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	30 - 32
	403-8 Workers covered by an occupational health and safety management system	30 - 32
	403-9 Work-related injuries	30 - 32
	403-10 Work-related ill health	30 - 32
	Training and Education	
GRI 3: Material Topics 2021	3-3 Management of material topics	32 - 35
GRI 404: Training and Education 2016	404-1 Average hours of training per year per employee	32 - 35
	404-2 Programs for upgrading employee skills and transition assistance programs	32 - 35
	404-3 Percentage of employees receiving regular performance and career development reviews	32 - 35
Diversity and Equal Opportunity		
GRI 3: Material Topics 2021	3-3 Management of material topics	29 - 30
GRI 405: Diversity and Equal Opportunity 2016	405-1 Diversity of governance bodies and employees	29 - 30
	405-2 Ratio of basic salary and remuneration of women to men	The Company will not be providing this information due to confidentiality constraints.
Non-discrimination		
GRI 406: Non-discrimination 2016	406-1 Incidents of discrimination and corrective actions taken	29 - 30
Local Communities		
GRI 413: Local Communities 2016	413-1: Operations with local community engagement, impact assessments, and development programs	35 - 37
	413-2: Operations with significant actual and potential negative impacts on local communities	35 - 37



OPERATIONS REVIEW

IT Business

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

In FY2023, the Group added more leading products, including Avepoint, Ekahau, Firecompass, Nozomi, Quantea, RunZero, Sysdig, and Zimperium to its product suite during the year. Of the products that it carries, the Group is also the sole distributor for several leading products in selected regions.

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

systems integrators and resellers in Singapore and the regions.

The IT Business of the Group currently has a presence in 27 cities in 14 countries and carries internet security products from industry leading vendors.

PCB Business

Revenue for PCB Business of the Group decreased from \$2.0M in FY2022 to \$1.8M in FY2023, mainly due to lower customer demand in year 2023.

The revenue growth in PCB division is expected to be limited in 2024.

As at 31 December 2023, the Group has 7 CNC drilling machines.

PROSPECTS AND FUTURE PLAN

The IT business through Singapore and the regional offices achieved a year-on-year revenue growth of 6.8% on a full year basis.

IT Business

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

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

As at 31 December 2023, the Group's IT business had a presence in 27 cities in 14 countries in the Asia Pacific region and Europe. M.Tech offices in countries that are already mature in operations are expected



to contribute more to the Group's performance.

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

For growth, the Group will focus on its best-of-breed products and will continue to look out for opportunities for regional

PROSPECTS AND FUTURE PLAN

expansion. The Group will also be selective of the products we carry so as to be able to do the best for the principals that the M.Tech companies represent. The Group will also promote the M.Tech brand name and intends to work closely with key partners to further promote the products.

PCB Business

Revenue in PCB division remained relatively unchanged when compared with the corresponding periods in year 2022. The revenue growth in PCB division is expected to be limited in Year 2024.

As at 31 December 2023, the Group had 7 mechanical drilling machines in Singapore.

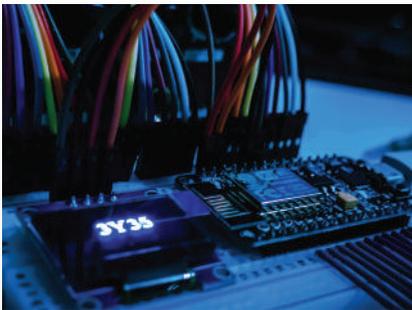
Risk Factors

The Group's primary business risk is in its IT business. In the area of IT business, the Group is subject to risk of reliance on a few key vendors, with respect to their channel

strategies, as well as product roadmap. The Group is also exposed to the risks of product obsolescence with respect to the hardware carried. To mitigate such risk, the Group has taken steps to align with the leading names in the IT arena. The Group monitors its inventories on a quarterly basis and will make allowances where necessary.

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

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



SIGNIFICANT EVENTS

1st Quarter 2023

M.Tech distributes Avepoint in New Zealand.

M.Tech distributes Sysdig in Australia, China, Hong Kong, India, Indonesia, Malaysia, New Zealand, Philippines, Singapore, Taiwan, Thailand and Vietnam.

2nd Quarter 2023

M.Tech distributes Quantea in Singapore.

Multi-Chem's indirect subsidiary, E-Secure Asia Pte. Ltd. completed striking off process.

3rd Quarter 2023

M.Tech held Security Exchange 2023.

M.Tech distributes Nozomi in China.

M.Tech distributes Zimperium in Philippines, Thailand and Vietnam.

M.Tech distributes Firecompass in India and SAARC.

4th Quarter 2023

M.Tech participated in GovWare 2023 as a Platinum Plus Sponsor in Singapore.

M.Tech distributes Ekahau in Hong Kong, India, Indonesia, Malaysia, Philippines, Singapore, Taiwan, Thailand and Vietnam.

M.Tech held M.Appreciation Night 2023 in Singapore and Thailand.

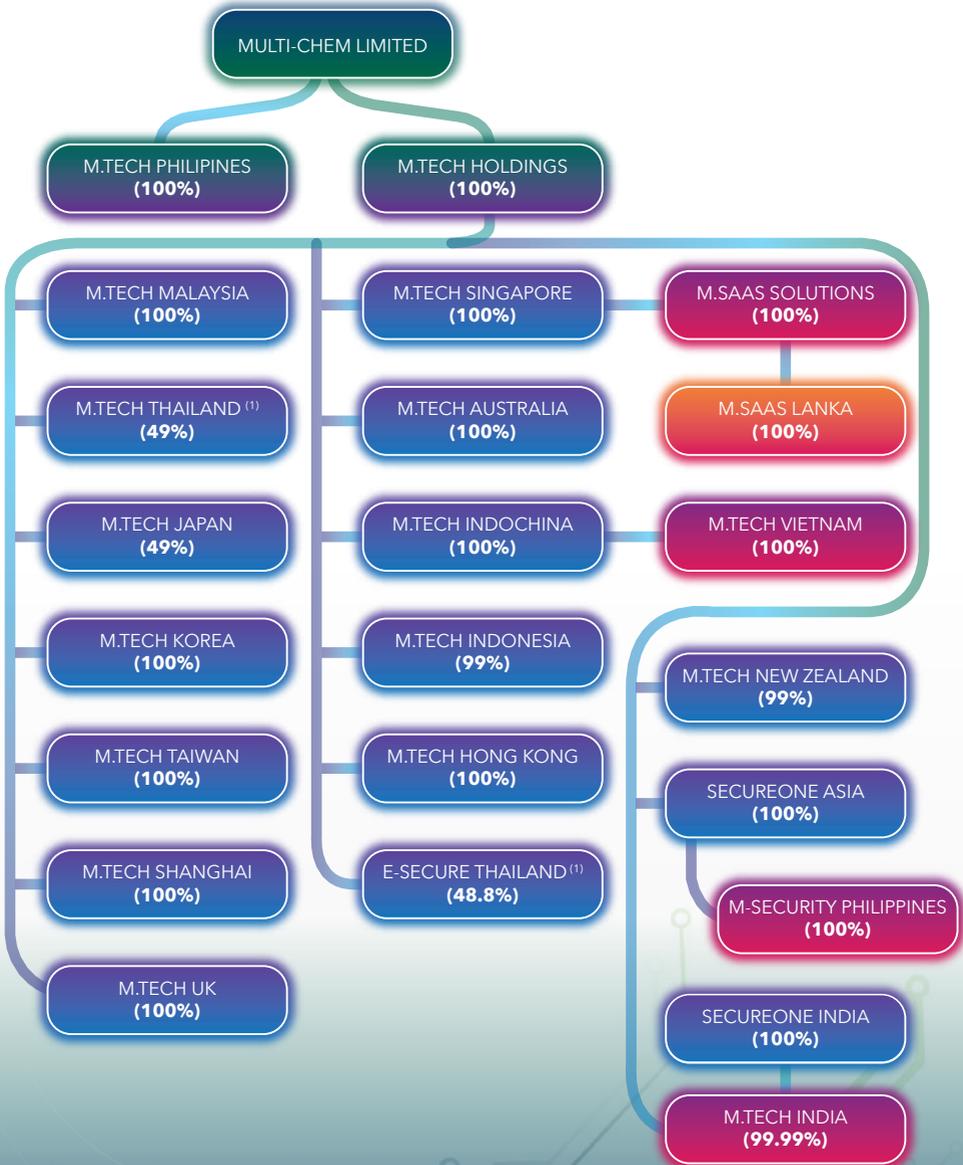
M.Tech distributes RunZero in Australia, China, Hong Kong, India, Indonesia, Malaysia, New Zealand, Philippines, Singapore, Taiwan, Thailand and Vietnam.

Multi-Chem's indirect subsidiary, M.Tech Products Myanmar Limited completed liquidation process.

FINANCIAL CALENDAR



GROUP STRUCTURE



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

FINANCIAL HIGHLIGHTS

GROUP BALANCE SHEET

As At 31 December (\$'000)	2023	2022	2021	2020	2019
Property, plant and equipment	8,098	9,019	9,298	9,922	10,169
Investment in life insurance plan	4,813	4,749	4,628	4,384	4,333
Other non-current assets	27,366	21,911	20,709	11,948	11,540
Current assets	341,331	293,623	263,810	247,154	239,890
Current liabilities	(221,127)	(174,913)	(152,885)	(140,555)	(144,644)
Net current assets	120,204	118,710	110,925	106,599	95,246
Long term borrowings	-	(417)	(1,500)	-	(410)
Long term trade payables	(9,524)	(11,267)	(8,089)	-	-
Deferred tax liabilities	(1,423)	(1,114)	(1,097)	(717)	(673)
Other non-current liability	(5,330)	(4,495)	(4,674)	(5,305)	(5,747)
	144,204	137,096	130,200	126,831	114,458
Share capital	37,288	37,288	37,288	37,288	37,288
Foreign currency translation account	(3,589)	(1,644)	(871)	(2,364)	(1,413)
Other reserves	(1,145)	(977)	(801)	473	2,531
Retained earnings	111,650	102,429	94,584	79,129	65,209
	144,204	137,096	130,200	114,526	103,615
Non-controlling interest	-	-	-	12,305	10,843
	144,204	137,096	130,200	126,831	114,458

FINANCIAL HIGHLIGHTS

GROUP PROFIT & LOSS

Year Ended (\$'000)	2023	2022	2021	2020	2019
		Restated			
Turnover	658,421	616,980	603,640	479,714	455,795
Gross profit	94,791	87,009	85,510	71,642	65,907
Other income	5,235	3,160	4,989	7,153	3,457
Earnings before interest, tax, depreciation & amortisation (EBITA)	39,617	28,668	38,893	28,988	18,260
Depreciation & amortisation	(2,246)	(2,615)	(2,615)	(2,776)	(2,777)
Interest expense	(843)	(457)	(327)	(388)	(923)
Profit before income tax (PBT)	36,528	25,596	35,951	25,824	14,560
Income tax expense	(9,405)	(5,599)	(8,617)	(6,256)	(4,808)
Net profit	27,123	19,997	27,334	19,568	9,752
Non-controlling interests	-	-	(2,375)	(1,792)	(1,916)
Equity holders of the Company	27,123	19,997	24,959	17,776	7,836

ANALYSIS (%)

Year	2023	2022	2021	2020	2019
Gross profit margin	14.4	14.1	14.2	14.9	14.5
PBT margin	5.5	4.1	6.0	5.4	3.2
Turnover increase	6.7	2.2	25.8	5.2	5.7
PBT increase/(decrease)	42.7	(28.8)	39.2	77.4	22.4
Net profit increase/(decrease)	35.6	(26.8)	39.7	100.7	46.1

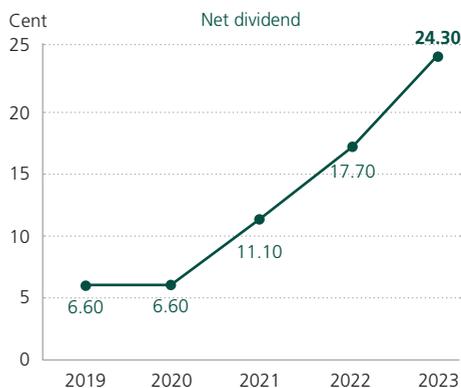
FINANCIAL HIGHLIGHTS

PER SHARE DATA

(cents, unless otherwise stated)

	2023	2022	2021	2020	2019
Net earnings (basic) ¹	30.10	22.20	27.70	19.73	8.70
Net earnings (fully diluted) ²	30.10	22.20	27.70	19.73	8.70
Net dividend	24.30	17.70	11.10	6.60	6.60
Net dividend payout (times)	0.81	0.80	0.40	0.33	0.76
Net assets value ³	160.06	152.17	144.51	127.12	115.01
Gross dividend	24.30	17.70	11.10	6.60	6.60
Gross dividend yield (%) ⁴	12.46	10.41	6.03	4.85	8.46

1 Numbers of shares used in the above computation (M)	90.1	90.1	90.1	90.1	90.1
2 Numbers of shares used in the above computation (M)	90.1	90.1	90.1	90.1	90.1
3 Numbers of shares used in the above computation (M)	90.1	90.1	90.1	90.1	90.1
4 Based on the closing share price as at the last market day of the year	195.0	170.0	184.0	136.0	78.0



FINANCIAL RATIOS

	2023	2022	2021	2020	2019
Current ratio (times)	1.54	1.68	1.73	1.76	1.66
Return on shareholder's funds (%)	18.81	14.59	19.17	15.52	7.56
Return on assets employed (%)	7.11	6.07	8.36	6.50	2.95
Debt equity ratio	0.01	0.01	0.02	0.04	0.20
Debt interest cover	24.32	19.68	47.03	5.63	0.77

FINANCIAL HIGHLIGHTS

SEGMENTAL INFORMATION

BY BUSINESS SEGMENTS

Year Ended (\$'000)	PCB Business		IT Business		Total	
	2023	2022	2023	2022	2023	2022
Turnover						
1st Quarter	488	638	166,397	142,607	166,885	143,245
2nd Quarter	400	428	145,862	158,188	146,262	158,616
3rd Quarter	461	478	173,254	176,733	173,715	177,211
4th Quarter	443	480	171,116	137,428	171,559	137,908
	1,792	2,024	656,629	614,956	658,421	616,980
Segment results						
1st Quarter	1,923	2,717	7,907	5,867	9,830	8,584
2nd Quarter	(365)	(207)	6,078	4,655	5,713	4,448
3rd Quarter	(1,787)	(577)	13,012	5,790	11,225	5,213
4th Quarter	(2,965)	(2,790)	12,725	10,141	9,760	7,351
	(3,194)	(857)	39,722	26,453	36,528	25,596

BY GEOGRAPHICAL SEGMENTS

Year Ended (\$'000)	Singapore		Greater China		Australia		India		Others		Total	
	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022
1st Quarter	82,931	65,882	10,171	11,029	9,240	7,785	11,846	14,057	52,697	44,492	166,885	143,245
2nd Quarter	57,256	71,261	6,847	15,203	16,746	14,286	11,074	19,105	54,339	38,761	146,262	158,616
3rd Quarter	90,498	96,791	11,503	13,951	12,536	12,740	7,854	9,615	51,324	44,114	173,715	177,211
4th Quarter	69,843	37,746	9,483	12,197	16,772	13,605	9,999	17,235	65,462	57,125	171,559	137,908
	300,528	271,680	38,004	52,380	55,294	48,416	40,773	60,012	223,822	184,492	658,421	616,980



FINANCIAL REVIEW

REVENUE

The Group achieved revenue of \$345.3m for the six months ended 31 December 2023 ("2H2023"), an increase of 9.6% or \$30.2m compared to the revenue of \$315.1m for the six months ended 31 December 2022 ("2H2022"). For the twelve months ended 31 December 2023 ("12M2023"), the Group achieved revenue of \$658.4m, a year-on-year increase of 6.7% or \$41.4m, compared to revenue of \$617.0m achieved for the twelve months ended 31 December 2022 ("12M2022").

Comparing 2H2023 to 1H2023, revenue increased by 10.3% or \$32.2m, from \$313.1m in 1H2023 to \$345.3m in 2H2023.

IT Business

The IT Distribution business achieved revenue of \$344.4m in 2H2023, an increase of 9.6% or \$30.2m, from \$314.2m in 2H2022. On a twelve months basis, this division

grew by 6.8% or \$41.6m, from \$615.0m in 12M2022 to \$656.6m in 12M2023.

Comparing 2H2023 to 1H2023, revenue in IT business increased by 10.3% or \$32.2m, from \$312.2m in 1H2023 to \$344.4m in 2H2023.

The increase in revenue for 12M2023 was mainly due to the increase in customer demand and some significant transactions closed during 12M2023.

PCB Business

Revenue in this Division remained at \$0.9m in 2H2022 and 2H2023. On a twelve months basis, revenue in this division decreased by 11.6% or \$232,000, from \$2.0m in 12M2022 to \$1.8m in 12M2023. The decrease in revenue was mainly due to lower customer demand during 12M2023.

FINANCIAL REVIEW

Comparing 2H2023 to 1H2023, revenue in this Division remained at \$0.9m in 1H2023 and 2H2023.

PROFIT BEFORE TAX (“PBT”)

The Group registered a PBT of \$21.0m in 2H2023, as compared to \$12.6m in 2H2022.

The increase in PBT was mainly due to the following:

- (1) An increase in gross profit of \$8.4m mainly due to the increase in gross profit margin and the decrease in allowance for inventory obsolescence of \$2.1m from \$2.6m in 2H2022 to \$493,000 in 2H2023 based on the review of inventory obsolescence performed as at 31 December 2023;
- (2) A decrease in net foreign exchange loss of \$2.5m from \$2.6m in 2H2022 to \$153,000 in 2H2023, mainly due to depreciation of United States dollar against Singapore dollar and local currencies in 2H2023. Excluding net foreign exchange differences, the Group reported a PBT of \$21.1m in 2H2023, compared to a PBT of \$15.2m in 2H2022;
- (3) An increase in interest income of \$799,000 from \$628,000 in 2H2022 to \$1.4m in 2H2023, mainly due to the increase in fixed deposits placed with the financial institutions, interest income for the time value of money associated with the contractual terms of trade receivables and tax refunds received in 2H2023; and
- (4) A decrease in staff costs of \$443,000 mainly due to the decrease in headcount in 2H2023.

The increase in PBT was however pared by the following:

- (1) Loss allowance on third party trade receivables of \$745,000 in 2H2023, as

compared to reversal of loss allowance on third party trade receivables of \$872,000 in 2H2022, based on the impairment review performed as at 31 December 2023 in accordance to SFRS(I) 9;

- (2) An increase in sales commission and profit share of \$1.6m mainly due to the increase in revenue and PBT; and
- (3) An increase in marketing and promotion expenses of \$736,000 mainly due to the increase in revenue.

Comparing 2H2023 to 1H2023, the Group PBT stood at \$21.0m in 2H2023 as compared to \$15.5m in 1H2023. The increase was mainly due to higher gross profit margin, lower allowance for inventory obsolescence and staff cost in 2H2023, offset by loss allowance on third party trade receivables in 2H2023 as compared to reversal of allowance on third party trade receivables in 1H2023.

PROFIT AFTER TAX (“PAT”)

In 2H2023, the Group achieved PAT of \$15.7m as compared to \$10.3m in 2H2022, mainly due to the increase in PBT offset by the increase in income tax expenses. The increase in income tax expenses from \$2.2m in 2H2022 to \$5.3m in 2H2023 was mainly due to higher profit attained in 2H2023.

Comparing 2H2023 to 1H2023, Group PAT increased by 37.7% or \$4.3m, from \$11.4m in 1H2023 to \$15.7m in 2H2023. The increase was mainly due to the increase in PBT offset by the increase in income tax expenses. The increase in income tax expenses due to higher profit attained in 2H2023.

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

FINANCIAL REVIEW

STATEMENTS OF FINANCIAL POSITION REVIEW

Presented below is a review of material changes in the key statements of financial position items as at 31 December 2023 compared to 31 December 2022.

Property, plant and equipment decreased by \$921,000 at the Group level mainly due to depreciation charge and disposal of plant and equipment, net of purchase of plant and equipment in Year 2023. At the Company level, property, plant and equipment decreased from \$869,000 to \$589,000 due to depreciation charge in Year 2023.

Deferred tax assets increased by \$418,000 at the Group level mainly due to recognition of deferred tax assets in Year 2023 based on the assessment on the probability of realising the related tax benefits of temporary difference through future taxable profits. There were no deferred tax assets at Company level.

Financial asset, at FVOCI refers to financial asset at fair value through other comprehensive income and the Group has elected to classify equity investments, which are not accounted for as subsidiary, associate or jointly controlled entity, as financial asset at fair value through other comprehensive income. This decreased by \$172,000 at the Group level due to fair value change in Year 2023. There was no financial asset, at FVOCI at the Company level.

Cash and cash equivalents at the Group level increased by \$3.5m from \$69.5m to \$73.0m. The increase was mainly due to increase in cash generated from operations and interest received, decrease in income tax paid, net of increase in dividends paid to shareholders. At the Company level, cash and cash equivalents increased by \$13.3m from \$14.3m to \$27.6m mainly due to dividends received from subsidiaries and repayment from

a subsidiary, net of dividends paid to shareholders.

Trade and other receivables of the Group increased by \$30.4m from \$159.3m to \$189.7m, mainly due to higher revenue attained in Year 2023 and increase in value added tax receivables. At the Company level, trade and other receivables decreased by \$10.0m from \$33.5m to \$23.5m mainly due to repayments from a subsidiary, net of advances to a subsidiary.

Prepayments decreased by \$423,000 from \$3.0m to \$2.6m at the Group level was mainly due to realisation of expenses in Year 2023. Prepayments at Company level decreased by \$90,000 from \$260,000 to \$170,000.

Inventories at the Group level increased by \$17.5m from \$69.3m to \$86.8m mainly due to increased purchases to cater for contracts not yet fulfilled. At the Company level, inventories decreased by \$110,000 from \$445,000 to \$335,000.

Contract assets increased by \$1.1m from \$Nil to \$1.1m at the Group level. The contract assets arise from distribution of IT products due to partial performance of the contracts with customers ahead of billing. There was no contract asset at the Company level.

Current income tax recoverable increased by \$702,000 from \$5.9m to \$6.7m at the Group level mainly due to increase in tax deducted at source in Year 2023. There was no current income tax recoverable at the Company level.

Trade and other payables increased by \$38.3m from \$153.5m to \$191.8m at the Group level mainly due to increased purchases corresponding with the increase in revenue in Year 2023. Non-current trade payables refer to trade payables on schedule billing arrangement. At the Company level, trade

FINANCIAL REVIEW

and other payables increased by \$2.2m from \$5.2m to \$7.4m mainly due to the increase in accrued operating expenses in Year 2023.

Contract liabilities increased by \$4.5m from \$30.5m to \$35.0m at the Group level mainly due to increase in advance billings and rebate to customers. There was no contract liability at the Company level.

Bank borrowings decreased by \$631,000 from \$1.4m to \$786,000 at the Group level mainly due to repayments made to the financial institutions. There was no bank borrowing at the Company level.

Foreign currency translation account increased by \$2.0m from \$1.6m to \$3.6m at the Group level mainly due to depreciation of United States dollar against Singapore dollar.

Other reserves increased by \$168,000 from \$977,000 to \$1.1m at the Group level mainly due to fair value change in financial asset, at FVOCI in Year 2023.

bank balances, net of the increase in trade and other payables, contract liabilities and current income tax payable.

At the Company level, working capital stood at \$44.1M and \$43.1M as at 31 December 2023 and 31 December 2022 respectively. Current assets at the Company level as at 31 December 2023 comprised mainly trade and other receivables of \$23.5M, and this decreased by 29.9% from \$33.5M as at 31 December 2022 mainly due to repayments from a subsidiary, net of advances to a subsidiary. Cash and bank balances increased by \$13.3M from \$14.3M as at 31 December 2022 to \$27.6M as at 31 December 2023 mainly due to dividends received from subsidiaries and repayment from a subsidiary, net of dividends paid to shareholders. Current liabilities comprised mainly trade and other payables.

INDEBTEDNESS

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

Year Ended (\$'000)	2023	2022
Due within 1 year:		
Bank borrowings	786	1,000
Due after 1 year:		
Bank borrowings	-	417
Total debt	786	1,417
Debt equity ratio	0.01	0.01
Debt interest cover	24.32	19.68

Working capital of the Group stood at \$120.2M and \$118.7M as at 31 December 2023 and 31 December 2022 respectively. The increase was mainly due to the increase in trade and other receivables, contract assets, inventories and cash and

FINANCIAL REVIEW

CASH FLOW ANALYSIS

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

Year Ended (\$'000)	2023	2022
Cash flows generated from operating activities	25,189	12,122
Cash flows used in investing activities	(304)	(939)
Cash flows used in financing activities	(20,348)	(14,496)
Net change in cash and cash equivalents	4,537	(3,313)
Cash and cash equivalents at beginning of the financial year	69,493	74,363
Effect of exchange rate changes on cash and cash equivalents	(1,031)	(1,557)
Cash and cash equivalents at end of the financial year	72,999	69,493

Net cash of \$25.2m was generated from operating activities in 12M2023, as compared to net cash of \$12.1m generated in 12M2022. This was mainly due to higher profit before income tax, increase in trade and other payables, and contract liabilities, net of increase in trade and other receivables, and contract assets owing to higher business volume.

Net cash of \$304,000 was used in investing activities in 12M2023, as compared to \$939,000 used in investing activities in 12M2022. The change was mainly due to purchase of plant and equipment of \$348,000, net of proceeds from disposal of plant and equipment of \$44,000 in 12M2023, as compared to purchase of plant and equipment of \$856,000 and purchase of club memberships of \$296,000, net of proceeds from disposal of plant and equipment of \$213,000 in 12M2022.

Net cash of \$20.3m was used in financing activities in 12M2023, as compared to net cash of \$14.5m used in financing activities in 12M2022. This was mainly due to repayment of bank borrowings of \$1.5m, payment of dividend of \$17.9m, repayment of lease liabilities of \$1.0m and interest paid of \$843,000, net of proceeds from bank borrowings of \$942,000 in 12M2023, as compared to repayment of bank borrowings of \$5.5m, payment of dividend of \$12.2m and repayment of lease liabilities of \$1.3m, net of proceeds from bank borrowings of \$4.9m in 12M2022.

Cash and cash equivalents stood at \$73.0m as at end of 31 December 2023, up from \$69.5m as at end of 31 December 2022.

VALUE ADDED STATEMENT

Year Ended	2023	2022
	\$'000	\$'000
Sales	658,421	616,980
Purchase of goods & services	(583,574)	(547,267)
Gross value added from operations	74,847	69,713
Other operating income	5,080	3,160
Exchange gain/(loss)	155	(3,964)
Total value added	80,082	68,909
Distribution:		
To employees in salaries & other staff related costs	40,465	40,241
To government in corporate and other taxes	9,405	5,599
To providers of capital		
– Finance costs	843	457
Retained in the business		
– Depreciation and amortisation	2,246	2,615
– Non-controlling interests	-	-
– Retained earnings	27,123	19,997
Total distribution	80,082	68,909
Productivity Data		
Average numbers of employees	721	718
Sales per employee (\$'000)	913	859
Value added per employee (\$'000)	111	96
Value added per \$ employment cost	1.98	1.71
Value added per \$ net sales	0.12	0.11



INVESTOR RELATIONS

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

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

The Company has its own corporate website www.multichem.com.sg while its

IT security arm has its own website www.mtechpro.com to provide information on its products and services.

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

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

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

CORPORATE GOVERNANCE REPORT

Corporate governance refers to the processes and structure by which the business and affairs of the Company are directed and managed. The Board recognises that sound corporate governance is an essential part of good business practices and corporate accountability. For the financial year ended 31 December 2023, the Company has adhered to the core of principles of the Code of Corporate Governance 2018 (“**2018 Code**”) for its corporate governance practices. To the extent the Company’s practices may vary from any Provisions of the 2018 Code, the Company will explain how its practices are consistent with the intent of the relevant Principles of the 2018 Code.

BOARD MATTERS

The Board’s Conduct of Affairs

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

Provision 1.1 – Principal functions of the Board

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

All Directors have objectively discharged their duties and responsibilities at all times as fiduciaries in the interests of the Company for the financial year ended 31 December 2023.

Provision 1.2 – Directors’ orientation and training

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

CORPORATE GOVERNANCE REPORT

development from the Chief Executive Officer (“**CEO**”). The Board also receives relevant updates, if required, on changes in the business environment, relevant new laws, regulations and changing commercial risk.

All Directors had completed the course on sustainability matters organised by the Singapore Institute of Directors (“**SID**”) as required under Rule 720 of the Listing Manual and they have been equipped with basic knowledge on sustainability matters.

Any newly appointed Director will be given briefings on the business activities of the Group, its strategic directions, governance practices and Director’s duties and obligations. He/she will be given the opportunity to visit the Group’s operational facilities to gain a better understanding of the Group’s business operations. Upon appointment of a Director, the Company provides a formal letter of appointment to the Director. Where the Company appoints a new director who does not have any prior experience as a director of a listed company, the new appointee would be required to attend the Listed Company Director Programme conducted by the Singapore Institute of Directors. No new Director was appointed in FY2023.

Provision 1.3 - Matters requiring Board’s approval

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

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

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

Provision 1.4 - Delegation by the Board

Provision 1.5 - Board meetings, attendance and multiple commitments

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

CORPORATE GOVERNANCE REPORT

board meetings held in FY2023 and attendance of every Director at the Board meetings and respective Board Committees meetings are disclosed as follows:

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

*Passed away on 29 March 2024

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

Provision 1.6 - Access to information

Timely communication with members of the Board is effected through electronic means which include electronic mail and teleconferencing. Directors can request information from Management and would be provided with such additional information, as needed. Management circulates reports relating to operational and financial performance of the Group and Company prior to the Board meetings with complete, adequate and timely

CORPORATE GOVERNANCE REPORT

information and on an ongoing basis. Information provided includes internal financial statements, budgets and forecasts with explanation for any material variances. The information enables Directors to engage in meaningful discussions to make informed decisions. Additional reports are also available upon request. Monthly management accounts are also provided to the Directors.

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

A calendar of meetings is scheduled for the Board at the beginning of the year. All Directors have unrestricted access to the Group's records and information. The Directors have also been provided with the phone numbers and email particulars of the key management personnel and Company Secretary for separate and independent access. The Company Secretary works with the Chairman of the Board and Board Committees in preparing the agenda for meetings and/or reviewing the relevance of the items in the proposed agenda. The role of the Company Secretary includes responsibility for ensuring Board procedures are followed and that applicable rules and regulations, including requirements of the Companies Act 1967 (the "Act") and the Listing Manual of the SGX-ST ("**Listing Manual**") are complied with and provides the Board with regular updates of the latest governance and listing policies. The Company Secretary attends all Board and Board Committees Meetings. The appointment and the removal of the Company Secretary is a matter for the Board as a whole.

Board Composition and Guidance

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

Provision 2.1 - Board Independence

Provision 2.2 - Majority Independent Directors where Chairman is not independent

Provision 2.3 - Majority Non-Executive Directors in a Board

During FY2023, the Board consists of seven members, out of whom four are non-executive and independent Directors. There is a strong and independent element on the Board with independent and non-executive Directors making up a majority of the Board in FY2023. Independent Directors made up one-third of the Board.

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

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

CORPORATE GOVERNANCE REPORT

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

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

- (a) a director who is being employed by the Company or any of its related corporations for the current or any of the past three financial years;
- (b) a director who has an immediate family member who is, or has been in any of the past three financial years, employed by the Company or any of its related corporations and whose remuneration is determined by the RC; or
- (c) if he has been a director for an aggregate period of more than nine years (whether before or after listing) which such director may continue to be considered independent until the conclusion of the next annual general meeting for the financial year ending 31 December 2023 (effective 11 January 2023).

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

The NC and the Board have determined that Mr Wong Meng Yeng, Mr Lim Keng Jin, Mr Foo Maw Shen and the late Mr Neo Mok Choon remained objective and independent-minded in Board deliberations during FY2023. Their vast experience enabled them to provide the Board and the various Board Committees on which he serves, with pertinent experience and competence to facilitate sound decision-making and that their length of service do not in any way interfere with his exercise of independent judgement nor hinder his ability to act in the best interest of the Company. More importantly, the Board trusts that they are able to continue to discharge their duties independently with integrity and competency. The Board is of the view that all Independent Directors remain independent in the exercise of their judgement on Board matters.

Board renewal is carried out progressively with the addition of carefully selected new members. The Board, with guidance of the NC is proposing the appointment of three new Directors at the forthcoming Annual General Meeting ("**AGM**").

CORPORATE GOVERNANCE REPORT

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

Provision 2.4 - Board composition and diversity

During FY2023, the Board comprised seven (7) Directors as follow:

Lim Keng Jin - Chairman, Non-executive and Independent Director

Foo Suan Sai - Chief Executive Officer

Han Juat Hoon - Chief Operating Officer

Foo Fang Yong - Executive Director

Wong Meng Yeng - Non-executive and Independent Director

Neo Mok Choon (deceased) - Non-executive and Independent Director

Foo Maw Shen - Non-executive and Independent Director

The Board of Directors expresses its deepest sorrow over the demise of Mr Neo Mok Choon on 29 March 2024 and conveys its condolences to his family. The Board also records its gratitude and appreciation to the late Mr Neo for his invaluable contributions to the Company during his tenure as Independent Director of the Company.

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

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

The next diversity characteristics are diversity in terms of skills and knowledge with experiences in different industries. In FY2023, the Board comprised Directors who come from various professions which include accounting or finance, legal, business or management experience and engineering. Specific expertise and experience of Directors are set out in the Board of Directors section.

Diversity in the average tenure of service for independent directors is the focus recently following changes in the Listing Manual effective 11 January 2023 while the Board had sought to strike an appropriate balance between tenure of service, continuity of experience and refreshment of the Board. Such refreshment process of the Board will be with the appointment of independent directors at the forthcoming AGM. While the Company aims to have a greater representation of woman on the Board, it will also keep a focus on qualifications, experience and capabilities. The final selection was made in a fair and non-discriminatory manner.

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

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

The Board acknowledges the important contribution of non-executive directors. Non-executive directors are independent of the management and business or other relationships which could materially interfere with the exercise of independent judgement. Non-executive directors constantly challenge and provide a different perspective or wider view of external factors affecting the Company and its business environment. Non-executive directors also review the performance of management, especially relating to the progress of achieving agreed goals and objectives and monitor the reporting of performance to the Board. In FY2023, the non-executive Directors led by the Independent Chairman have met (without presence of Management) on several occasions.

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

Chairman and Chief Executive Officer ("CEO")

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

Provision 3.1 - Separation of the role of the Chairman and the CEO

Provision 3.2 - Role of the Chairman and the CEO

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

As Chairman of the Board, Mr Lim Keng Jin's role includes:

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

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

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

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

Provision 3.3 - Lead Independent Director

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

Board Membership

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

Provision 4.1 and 4.2 - Roles and composition of the NC

Board membership is under the purview of NC which comprises Mr Wong Meng Yeng as Chairman. Mr Lim Keng Jin, Mr Foo Suan Sai, Mr Foo Maw Shen and the late Mr Neo Mok Choon are members of NC in FY2023. A majority of the NC is non-executive and independent, including the NC Chairman.

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

- (a) make recommendations to the Board on all board appointments;
- (b) assess the effectiveness of the Board as a whole and the effectiveness and contribution of each Director to the Board;
- (c) determine annually whether or not a Director is independent;
- (d) recommend of re-nomination and re-election of Directors;
- (e) review of training and professional development programmes for the Board and its Directors; and
- (f) review of succession plans for Directors, in particular the appointment and/or replacement of the Chairman, the CEO and key management personnel;

Provision 4.3 - Board Renewal

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

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

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

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

Mr Wong Meng Yeng, Mr Lim Keng Jin and Mr Foo Maw Shen retires at the forthcoming AGM pursuant to Rule 210(5)(d)(iv) of the Listing Manual as each of them has been a director for an aggregate period of more than 9 years. The Board would like to thank their valuable contributions to the Company.

The Board had identified new directors to be appointed at the forthcoming AGM. The NC has a process for selection and appointment of new Directors which includes identification of potential candidates, evaluation of candidates' skills, knowledge and experience, assessment of candidates' suitability. The curriculum vitae and other particulars/documents of the nominee or candidate will be reviewed and evaluated by the NC based on his/her qualifications, business and related experience, commitment, ability to contribute to the Board process, such qualities and attributes that may be required by the Board, before making its recommendation to the Board. The criteria for identifying candidates and reviewing nominations for appointments include diversity of gender, skills and experience in the pool of candidates evaluated for new appointment to the Board.

Provision 4.4 : Independence review of Directors

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

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business, law and engineering enables them to exercise objective judgement on corporate affairs independently.

Provision 4.5 - Duties and obligations of Directors

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

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

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

The Company has no alternate director.

Key information regarding the Directors of the Company in office during FY2023 are disclosed as follows:

Name of Directors	Date of first appointment	Date of last re-election	Nature of Appointment	Membership of Board Committee	Directorship/ Chairmanship both present and those held over the preceding five years in other listed company
Foo Suan Sai	30 September 1988	27 April 2022	Chief Executive Officer	Member of Nominating Committee	None
Han Juat Hoon	16 May 1987	21 April 2023	Chief Operating Officer	None	None
Foo Fang Yong	28 May 2015	27 April 2022	Executive Director	None	None

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Name of Directors	Date of first appointment	Date of last re-election	Nature of Appointment	Membership of Board Committee	Directorship/ Chairmanship both present and those held over the preceding five years in other listed company
Wong Meng Yeng	5 January 2000	21 April 2023	Independent Director	Chairman of Nominating Committee, Member of Audit and Risk Management Committee and Remuneration Committee	Keong Hong Holdings Limited (Retired on 21 January 2020) Baker Technology Limited
Lim Keng Jin	29 April 2005	21 April 2023	Independent Director and Chairman	Chairman of Remuneration Committee, Member of Audit and Risk Management Committee and Nominating Committee	None
Neo Mok Choon (deceased)	1 August 2012	29 April 2021	Independent Director	Chairman of Audit and Risk Management Committee, Member of Nominating Committee and Remuneration Committee	None
Foo Maw Shen	31 July 2014	27 April 2022	Independent Director	Member of the Audit and Risk Management Committee, Nominating Committee and Remuneration Committee	Sakae Holdings Ltd. (Resigned on 16 October 2019)

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

Summary of activities of the NC is set out below:

- Reviewed structure, size and composition of the Board and Board Committees.
- Reviewed independence and time commitment of Directors.
- Reviewed training for directors.

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

Board Performance

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

Provisions 5.1 and 5.2 – Board Evaluation Process

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

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

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

During FY2023, there was no change to the criteria used to evaluate the performance and effectiveness of the Board as a whole and its Board Committees and for assessing the contribution of the Chairman and contribution by each individual Director to the effectiveness of the Board. The NC is of the opinion that the above performance evaluation criteria are currently adequate. Each director continues to contribute effectively and demonstrate commitment to the appointed role.

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REMUNERATION MATTERS

Procedures for developing remuneration policies

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

Provisions 6.1 and 6.2 - Composition of the RC

The RC comprised four members, who are all non-executive and Independent Directors. The RC is chaired by Mr Lim Keng Jin, an Independent Director. Mr Wong Meng Yeng, Mr Foo Maw Shen and the late Mr Neo Mok Choon were members of the RC in FY2023. The RC meets at least once a year. The RC has a written terms of reference that describe its objectives, duties and responsibilities. The objectives of the RC are to facilitate appropriate transparency and accountability to shareholders and make recommendations to the Board on remuneration matters of the Director, CEO and key management personnel.

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

- (a) a framework of remuneration for the Board and the key management personnel of the Group covering all aspects of remuneration, including but not limited to Directors' fees, salaries, allowances, bonuses, share options, benefits-in-kind;
- (b) specific remuneration packages for each Director and key management personnel;
- (c) reviewing the remuneration packages with the aim of building capable and committed management teams through competitive compensation and focused management and progressive policies and considering long-term incentives.

Provision 6.3 - Remuneration framework

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

Provision 6.4 - Remuneration consultant

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

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Level and Mix of Remuneration

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

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

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

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

Remuneration packages of the Executive Directors and key management personnel are structured to focus on achieving sustainable performance and create value in the short, medium, and long term taking into account strategic objectives and business model of the Group. With sustainable creation of value for the Company's key stakeholders, comprising communities, customers, employees, regulators, shareholders and vendors, these performance-related remuneration ensure the Company remains focused on the path to achieving long-term success. For example, the Board's implementation of strategy towards customer satisfaction through the offer of extensive and comprehensive product range (developed by employees under the guidance of key management personnel) that meet the market's needs benefit our customers and vendors. With performance-related remuneration of executive directors and key management personnel structured to link rewards to corporate and individual performance, the long-term success of the Company becomes sustainable.

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

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

Provision 7.3 – Long Term incentives

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

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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.

Provision 8.1 – Disclosure of remuneration

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

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

Remuneration Bands (in Singapore Dollars)	2022	2022
\$3.75M to below \$4.0M	1	-
\$2.75M to below \$3.0M	1	1
\$2.0M to below \$2.25M	-	1
\$1.5M to below \$1.75M	1	-
\$1.0M to below \$1.25M	-	1
Below \$250,000	4	4
Total	7	7

The annual remuneration bands (in Singapore Dollars) of the Executive Directors and the key management personnel as at 31 December 2023 are set out below:

FY2023	Base Salary%	Variable Bonus%	Profit Sharing %	Benefits %	Fees %	Total %
Directors						
\$3.75M to below \$4.0M						
Foo Suan Sai	22	-	77	1	-	100
\$2.75M to below \$3.0M						
Han Juat Hoon	20	-	79	1	-	100
\$1.5M to below \$1.75M						
Foo Fang Yong	28	-	71	1	-	100
Key management personnel						
\$500,000 to below \$750,000						
Pui Boon Tiong Eugene	51	45	-	4	-	100
\$250,000 to below \$500,000						
Koh Henry	65	29	-	6	-	100
Below \$250,000						
Goh Tian Keong Winston	73	-	-	27	-	100
Zhang Xiaowen Amanda	83	17	-	-	-	100

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The annual remuneration of Independent Directors as at 31 December 2023 are set out below:

FY2023	Base Salary \$	Variable Bonus \$	Profit Sharing \$	Benefits \$	Fees \$	Total \$
Wong Meng Yeng	-	-	-	-	*54,450.00	54,450.00
Lim Keng Jin	-	-	-	-	*72,600.00	72,600.00
Neo Mok Choon (deceased)	-	-	-	-	*63,525.00	63,525.00
Foo Maw Shen	-	-	-	-	*50,668.75	50,668.75

* The amounts of Directors' fees proposed to the Non-Executive Directors (including the Independent Directors) for FY2023 are subject to the approval of shareholders at the forthcoming AGM.

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

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

Provision 8.2 - Remuneration of related employees

There are three employees who are immediate family members of a Director or the CEO. However, their remuneration did not exceed \$100,000 during FY2023.

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

The Company does not have any employee share scheme.

Summary of activities of RC in FY2023 is as follow:

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

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ACCOUNTABILITY AND AUDIT

Risk Management and Internal Controls

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

Provision 9.1 - Nature and extent of risks

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

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

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

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

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

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

Under the ERM Framework:

- (a) Risks identified are aligned with the objectives of the Group;
- (b) A risk reporting structure is defined to identify the risk owners, approvers, champions and their respective risk responsibilities;
- (c) A risk reporting process is established which includes the identification, analysis and evaluation of risks, implementation of risk treatment plans and continuous monitoring of risks; and

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

An ERM exercise was performed in FY2023 involving middle and senior managers of the Group, including the C-Suite executives. Key risks identified, arising from the ERM exercise, are as follows:

S/N	Risk title and description	Risk treatment
1	<p><u>Adverse changes in operating environment and market conditions</u></p> <p>A deterioration in economic and market conditions may arise due to events such as geo-political conflicts, new pandemic and climate changes. Such events may bring about dampening of market demand and cause supply chain disruptions leading to general price increases. Suppliers may also pass on climate related regulatory costs such as carbon tax to the Group by way of price increase. Should the deterioration persist, the business and financial performance of the Group may be adversely impacted.</p> <p>For related climate-related risks and responses, refer to our disclosures based on Taskforce on Climate-related Financial Disclosures (“TCFD”) recommendations in our sustainability report.</p>	<p>The Group seeks to minimise adverse effects from deterioration in economic conditions and market conditions due to external events such as the pandemic outbreak, geo-political situations and climate changes.</p> <p>Key mitigating controls in place include maintaining a competent and experienced team, putting in place an effective IT system and close monitoring of financial performance.</p>
2	<p><u>Dependency on key distributor rights</u></p> <p>The Group is principally involved in the distribution of IT security products for vendors. Distribution rights may be lost due to: (i) change in ownership structure of vendors, resulting in termination of business relationships; (ii) inability to meet sales targets set by the vendors; (iii) non or late repayment of balances due to vendors for purchases; (iv) non compliance with the terms of distributorship agreements with the vendors: and (v) changes in strategic direction of vendors.</p>	<p>The Group focuses on building sustainable relationships with its key vendors to retain distribution rights.</p> <p>Key mitigating controls in place include maintaining a competent and experienced team, implementing adequate, effective policy and procedures, putting in place an effective IT system, regular business review with vendor and regular review of financial performance.</p>
3	<p><u>Dependency on key managers and staff</u></p> <p>The Group’s operations are dependent on the management and support staff. If the Group is unable to retain, attract and hire competent and experienced staff, the ability to run the operations may be adversely affected.</p>	<p>The Group focuses on building and maintaining a conducive, fulfilling and rewarding work environment to address the risk of staff turnover.</p> <p>Key mitigating controls in place include maintaining a competent and experienced team, implementing adequate, effective policy and procedures and maintaining formal performance tracking, evaluation and feedback controls.</p>

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S/N	Risk title and description	Risk treatment
4	<p><u>Foreign exchange losses</u> The Group operates in multiple countries in which some are developing countries with volatile currencies. Given that sales are typically transacted in local currencies and should there be a sudden currency devaluation, the Group may suffer significant exchange losses that will adversely affect its financial performance.</p>	<p>The Group seeks to minimise adverse effects from the volatility of foreign exchange rates through adequate and effective tracking and planning.</p> <p>Key mitigating controls in place include maintaining a competent and experienced team, implementing adequate, effective policy and procedures, maintaining an effective IT system, close monitoring of foreign exchange positions.</p>
5	<p><u>IT system failure leading to business disruptions</u> The Group is reliant on various systems to support its operations. System failures due to accidents such as fire, power failure, cyber-attacks or unauthorised intrusions may result in the loss of key operating data and operational disruptions.</p>	<p>The Group focuses on building and maintaining a robust and secured information technology infrastructure.</p> <p>Key mitigating controls in place include maintaining a competent and experienced team to support business operations, performing regular backup procedures and adopting sufficient security controls for systems in place.</p>
6	<p><u>Inability of customers to meet their obligations</u> Customers comprise mainly re-sellers that are mostly system integrators installing IT systems for end users such as financial institutions or governmental bodies. Non payment of overdue balances will affect the Group's financial performance and cash flows.</p>	<p>The Group follows up closely with its customers to minimise the adverse effects on financial performance and cash flows from non-collectable customer balances.</p> <p>Key mitigating controls in place include maintaining a competent and experienced team, implementing adequate, effective policy and procedures, establishing credit limit, putting in place an effective IT system and regular review of financial performance.</p>
7	<p><u>Fraud and irregularities</u> The Group is exposed to the risk of fraud, bribery and irregularities such as: (i) misstatements in the financial statements; (ii) misappropriation of assets, such as cash and inventory; and (iii) acceptance of bribes by employees in return for favor in purchases and awards of contracts.</p>	<p>The Group is committed to maintain high standards of corporate governance.</p> <p>Key mitigating controls in place include maintaining a competent and experienced team, implementing adequate, effective policy and procedures, putting in place an effective IT system and whistle-blowing mechanism.</p>

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S/N	Risk title and description	Risk treatment
8	<p><u>Non-compliance with laws, regulations and legal disputes</u></p> <p>In the course of running its operations, the Group has to comply with relevant laws and regulations, such as SGX-ST Listing Rules, local tax laws/ regulations and climate reporting requirements. Separately, disputes with counterparties, in which contractual relationships have been established, may arise due to reasons such as disagreements over scope of responsibilities and specification of products/ services.</p> <p>In the event that the disputes cannot be resolved satisfactorily or there is a failure to comply with the applicable laws and regulations, the Group's reputation may be adversely affected and the Group may suffer financial losses arising from fines or penalties imposed by the relevant authorities.</p> <p>For related climate-related risks and responses, refer to our disclosures based on TCFD recommendations in our sustainability report.</p>	<p>The Group focuses on ensuring compliance with contracts to avoid disputes with counterparties.</p> <p>Key mitigating controls in place include maintaining a competent and experienced team, implementing adequate, effective policy and procedures, including clauses in contracts to limit risk exposure, implementing a centralised filing system for contracts and obtaining advice from professional service providers.</p>

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

Management presented its annual report to the ARMC and the Board on the Group's risk profile, status of risk mitigation action plans and results of various assurance activities carried out during FY2023 on the adequacy and effectiveness of the Group's risk management and internal controls including financial, operational, compliance and information technology controls. Such assurance activities include control self-assessments performed by Management, internal and external audits performed by internal and external auditors. For FY2023, control self-assessment was performed using the Orion ERM system.

Save in respect of the exceptions set out below, based on the Risk Management Framework and internal controls established and maintained by the Group, work performed by the internal and external auditors and reviews performed by the management, various Board Committees and the Board, the ARMC and the Board are satisfied that the Group's risk management and internal control systems (including financial, operational, compliance and information technology controls) were adequate and effective for the financial year ended 31 December 2023 to address financial, operational, compliance and information technology risks.

CORPORATE GOVERNANCE REPORT

In FY2023, M.Tech Products Pte Ltd, a subsidiary of the Company, made 7 payments amounting to S\$2,137,000 (approximately equivalent to US\$1,598,000) for marketing and promotional purposes via the personal bank accounts of two employees of the subsidiary. The employees then on-paid these amounts to one employee of one of the vendors of M.Tech Products Pte Ltd. The Group's statutory auditor were unable to obtain sufficient appropriate audit evidence to support the payments for its intended purpose. Such payments into the personal bank accounts of the two employees, and the inability to provide audit evidence to satisfy the statutory auditor of the Group, may represent non-compliance with the internal control procedures of the Group, and/or an internal control weakness. The ARMC had upon being informed of the same instructed management that with immediate effect any payment for marketing expenses relating to this vendor will require the ARMC's consent and that no payments were to be made via personal bank accounts of employees. In addition, the ARMC had commissioned the law firm of Shook Lin & Bok to conduct an independent inquiry regarding the matter and will provide updates to the ARMC.

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

Provision 9.2 - Assurance from the CEO and Financial Controller

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

- (a) that the financial records have been properly maintained and the financial statements give a true and fair view of the Group's operations and finances; and
- (b) regarding the adequacy and effectiveness of the Group's risk management and internal control systems (including financial, operational, compliance and information technology controls). The CEO and Financial Controller have obtained assurance from the respective risk and control owners.

Audit and Risk Management Committee

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

Provisions 10.1, 10.2 and 10.3 - Composition of the ARMC

The ARMC comprised four members, all are non-executive and Independent Directors. During FY2023, the ARMC was chaired by the late Mr Neo Mok Choon. Mr Lim Keng Jin is the Acting Chairman of ARMC in the absence of the late Mr Neo Mok Choon. The other ARMC members are Mr Wong Meng Yeng and Mr Foo Maw Shen. The ARMC members have accounting or related financial management expertise and experience. The NC is of the view that the members of the ARMC have the necessary expertise and experience to discharge its functions. None of the ARMC members nor the ARMC Chairman are former partners or Directors of the Company's existing auditing firm or auditing corporation.

CORPORATE GOVERNANCE REPORT

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

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

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

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

During the review of all audit and non-audit services provided by the external auditors, Messrs BDO LLP during the year, the ARMC was satisfied that the non-audit services provided by Messrs BDO LLP would not affect the objectivity and independence of the external auditor. The amount of fees paid to external auditors for audit and non-audit services for the financial year ended 31 December 2023 are set out on page 173 of the Annual Report. During the year, the ARMC also reviewed the scope and quality of the audits and independence and objectivity of the external auditors. The ARMC is satisfied that the external auditor, Messrs BDO LLP is able to meet the audit requirements and statutory

CORPORATE GOVERNANCE REPORT

obligation of the Company. The ARMC shall continue to review the scope and results of the external audit, its cost effectiveness and the independence and objectivity of the external auditors. The ARMC is satisfied with the independence of the external auditors. The ARMC has recommended to the Board the re-appointment of Messrs BDO LLP as the Company's external auditor at the forthcoming AGM.

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

The ARMC meets at least two times a year. The ARMC meetings are attended by external auditors and where required, internal auditors and appropriate members of the executive management are invited to attend its meetings. In FY2023, the ARMC carried out the activities as set out above. The ARMC meets the external auditors and internal auditors without the presence of Management at least once annually. The ARMC received updates on changes in accounting standards and corporate governance from the external and internal auditors periodically. The ARMC is kept abreast of changes to accounting standards and issues which have a direct impact on financial statements by the external auditors.

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

Other information pertaining to the ARMC is disclosed on page 101 of the Annual Report.

In FY2023, the ARMC received the Audit Quality Indicators Disclosure Framework from the external auditor. The external auditor has reported to the ARMC on the Key Audit Matters ("KAM") in respect of FY2023 following completion of the audit of the Company's financial statements. The ARMC agreed with the rationale and determination of recoverability and expected credit loss ("ECL") of trade receivables from third parties as KAM by the external auditor. The ARMC has considered the approach and methodology used by the external auditor and Management. The ARMC has reviewed the reasonableness and approach of the Management's assessment of the respective KAM and agreed with the opinion of the external auditors.

Provision 10.4 - Internal audit function

The Group outsources its internal audit function to Messrs Yang Lee & Associates ("YLA" or "IA"). YLA is a professional service firm that specialises in the provision of Internal Audit, Enterprise Risk Management and Sustainability Reporting advisory services. The firm was set up in the year 2005 and currently maintains a diverse outsourced internal audit portfolio of SGX-ST listed companies across different industries including distribution, manufacturing, services, food & beverage, trading, retail and property development

CORPORATE GOVERNANCE REPORT

industries. YLA is a corporate member of the Institute of Internal Auditors Singapore and is staffed with professionals with sufficient expertise in corporate governance, risk management, internal controls and other relevant disciplines.

The Group's engagement with YLA stipulates that its work shall be guided by the International Standards for the Professional Practice of Internal Auditing ("IIA Standards") issued by the Institute of Internal Auditors.

The IA completed two reviews during the financial year ended 31 December 2023 in accordance with the risk-aligned internal audit plan approved by the ARMC. The Board has adopted the recommendations of the internal auditors set out in the internal audit report.

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

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

The ARMC is satisfied that the internal audit function is independent, effective and adequately resourced (being outsourced to a reputable professional service firm). Hence, it has an appropriate standing within the Company.

Provision 10.5 - ARMC activities during the year

Summary of activities of the ARMC in FY2023:

- Reviewed risk assessments and technology risks including new projects;
- Reviewed internal controls addressing financial, operational, compliance and information technology;
- Discussed key risks;
- Monitored risk profile and keep abreast of changes in the external and internal environment;
- Reviewed and assessed the adequacy and effectiveness of risk management and internal control systems (including financial, operational, compliance and information technology);
- Reviewed and approved risk management framework;
- Reviewed and assessed the risk management capabilities and resources of the Company;
- Reviewed the assurance provided by the CEO and key management personnel responsible regarding the adequacy and effectiveness of evaluation the adequacy and effectiveness of risk management and internal control systems (including financial, operational, compliance and information technology);

CORPORATE GOVERNANCE REPORT

- Reviewed legal and regulatory matters that may have material impact on the Company;
- Conducted special investigations relating to risk assessment and technology risks and internal control systems;
- Reviewed half-yearly and annual financial statements and recommend to the Board;
- Reviewed financial and operating performance of the Group;
- Reviewed budget and forecasts as presented by Management;
- Reviewed interested person and related party transactions, where available;
- Reviewed the audit report from the external auditor, including areas of audit emphasis and key audit matters, findings and progress of Management's actions as well as update on new accounting standards with status of Management's implementations;
- Evaluated and recommended the re-appointment of the external auditors including Audit Quality Indicators, review of fees, provision of non-audit, objectivity and independence and review of audit plan;
- Reviewed internal audit plan (including progress, implementation of management actions, changes to the plan and auditable entity) and follow-up on internal audits which include IT audit;
- Reviewed the adequacy and effectiveness of the internal controls (including financial, operations, compliance and information technology) and risk management systems;
- Reviewed the adequacy and effectiveness, independence and scope of the internal audit function including audit resources and its appropriate standing within the Group;
- Reviewed investigations within the Group and ensuring appropriate follow-up actions, where required; and
- Meeting with the external auditor and internal auditor without presence of Management.

SHAREHOLDER RIGHTS AND ENGAGEMENT

Shareholder Rights and Conduct of General Meetings

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

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

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

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

The Company ensures that there are separate resolutions at general meetings on each distinct issue. Each item of special business included in the notice of the meeting will

CORPORATE GOVERNANCE REPORT

be accompanied by a full explanation of the effects of a proposed resolution. Separate resolutions are proposed for substantially separate issues at the meeting and the Chairman declares the number of proxy votes received both for and against each separate resolution.

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

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

The AGM held on 21 April 2023 was conducted physically with shareholders given the opportunity to submit questions in advance prior to the AGM and voting at the AGM personally or through duly appointed proxies. Shareholders could appoint the Chairman as proxy. The Company had on 15 April 2023 replied to the relevant and substantial questions submitted in advance by shareholders prior to the AGM and Securities Investors Association (Singapore) ("**SIAS**").

Provision 11.5 - Minutes of general meetings

Minutes of general meetings include substantial comments or queries from shareholders and responses from the Board and management relating to the agenda of the meeting. These minutes are made available to shareholders upon their request. The Company published minutes of AGM via SGXNET on 12 May 2023.

Provision 11.6 - Dividend policy

The Company does not have a policy on dividends. However, declaration of dividends is with the objective of maximising value with the balance of current dividend and future growth and will be published in the financial results and dividend announcements via SGXNET. The Company paid a final tax exempt (1-tier) dividend of 11.10 cents per ordinary share for FY2022 and an interim tax exempt (1-tier) dividend of 8.80 cents per ordinary share for FY2023. Subject to approval of members at the forthcoming AGM, the Directors have recommended a final tax exempt (1-tier) dividend of 15.50 cents per ordinary share for FY2023.

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Engagement with Shareholders

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

Provisions 12.1, 12.2 and 12.3 - Stakeholder engagement

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

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

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

Engagement with Stakeholders

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

Provisions 13.1, 13.2 and 13.3 - Stakeholder engagement

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

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

CORPORATE GOVERNANCE REPORT

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

For more information on the Company's approach to stakeholder engagement and materiality assessment, please refer to the Company's Sustainability Report 2023 of this annual report.

DEALINGS IN SECURITIES

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

- (a) when in possession of unpublished material price sensitive information;
- (b) on short term considerations; and
- (c) during the period commencing one month before the announcement of the Company's half year and full year results and ending on the date of the particular announcement.

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

INTERESTED PERSON TRANSACTIONS

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

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

MATERIAL CONTRACTS

There were no material contracts entered into by the Company or any of its subsidiaries involving the interest of the CEO, any Director or controlling shareholder, either still subsisting at the end of FY2023.

CORPORATE DIRECTORY

Chief Executive Officer

Foo Suan Sai

Chief Operating Officer

Han Juat Hoon

Executive Director

Foo Fang Yong

Finance, HR & Administration

Zhang Xiaowen Amanda

Siow Mee Lin

Purchasing & Logistics

Goh Kie Soon Geraldine

Distribution Division

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M-SECURITY TECHNOLOGY
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DIRECTORS' STATEMENT

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

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

3. Arrangements to enable Directors to acquire shares or debentures

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

DIRECTORS' STATEMENT

4. Directors' interests in shares or debentures

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

	Direct Interest		Deemed Interest	
	Balance as at 1 January 2023	Balance as at 31 December 2023	Balance as at 1 January 2023	Balance as at 31 December 2023
	Number of ordinary shares			
Company				
Foo Suan Sai	37,016,525	37,016,525	25,345,125	25,345,125
Han Juat Hoon	25,345,125	25,345,125	37,016,525	37,016,525
Wong Meng Yeng	8,500	8,500	-	-
Foo Fang Yong	162,400	162,400	-	-

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

In accordance with the continuing listing requirement of the Singapore Exchange Securities Trading Limited, the Directors of the Company state that, according to the register of Directors' shareholding, the Directors' interests as at 21 January 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 options as at the end of the financial year.

DIRECTORS' STATEMENT

6. Audit and Risk Management Committee

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

Lim Keng Jin (Acting Chairman)
Wong Meng Yeng
Foo Maw Shen

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

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

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

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

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

DIRECTORS' STATEMENT

7. Independent auditor

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

On behalf of the Board of Directors

Foo Suan Sai
Director

Han Juat Hoon
Director

Singapore
5 April 2024

INDEPENDENT AUDITOR'S REPORT

To the Members Of Multi-Chem Limited

Report on the Audit of the Financial Statements

Qualified Opinion

We have audited the financial statements of Multi-Chem Limited (the "Company") and its subsidiaries (the "Group"), as set out on pages 108 to 204, 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 income statement, consolidated statement of comprehensive income, consolidated statement of changes in equity, and consolidated statement of cash flows of the Group for the financial year then ended; and
- notes to the financial statements, including a summary of material accounting policy information.

In our opinion, except for the possible effects of the matter described in the Basis for Qualified Opinion section of our report, the accompanying consolidated financial statements of the Group and the statement of financial position of the Company are properly drawn up in accordance with the provisions of the Companies Act 1967 (the "Act") and Singapore Financial Reporting Standards (International) ("SFRS(I)s") so as to give a true and fair view of the consolidated financial position of the Group and the financial position of the Company as at 31 December 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 Qualified Opinion

During the financial year, a subsidiary of the Company, M.Tech Products Pte Ltd, made payments totalling S\$2,137,000 via two employees of the subsidiary, who purportedly paid this amount to an employee of a vendor for marketing and promotional expenses on behalf of the subsidiary.

We were unable to obtain sufficient appropriate audit evidence to support the payments for its intended purpose. Consequently, we were unable to determine whether any adjustments to Group's financial statements were necessary.

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

INDEPENDENT AUDITOR'S REPORT

Key Audit Matters

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

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

Key Audit Matter

As at 31 December 2023, the Group had current and non-current trade receivables from third parties amounting to \$178,051,000, net of loss allowance of \$4,646,000. The recoverability of trade receivables from third parties is a key element of the Group's working capital management, which is managed on an ongoing basis by the Group's management which include customer credit control check.

The Group first assessed for credit impaired trade receivables from third parties that are aged more than 5 months per the Group's ECL policy. The assessment will be based on indicators of financial difficulties faced by the third parties.

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

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

Related Disclosures

Refer to Notes 11 and 33.1 of the accompanying financial statements.

Audit Response

Our procedures included, amongst others:

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

INDEPENDENT AUDITOR'S REPORT

Other Information

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

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

As described in the Basis for Qualified Opinion section of our report, we were unable to obtain sufficient appropriate evidence about the payments for its intended purpose. Accordingly, we are unable to conclude whether or not the other information is materially misstated with respect to this matter.

Responsibilities of Management and Directors for the Financial Statements

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

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

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

INDEPENDENT AUDITOR'S REPORT

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

INDEPENDENT AUDITOR'S REPORT

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

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

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

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

Report on Other Legal and Regulatory Requirements

In our opinion, except for the possible effects of the matter described in the Basis for Qualified Opinion section of our Report, the accounting and other records required by the Act to be kept by the Company and by those subsidiary corporations incorporated in Singapore of which we are the auditor have been properly kept in accordance with the provisions of the Act.

The engagement partner on the audit resulting in this independent auditor's report is Lee Kuang Hon.

BDO LLP

Public Accountants and
Chartered Accountants

Singapore
5 April 2024

STATEMENTS OF FINANCIAL POSITION

AS AT 31 DECEMBER 2023

	Note	Group		Company	
		2023 \$'000	2022 \$'000	2023 \$'000	2022 \$'000
Non-current assets					
Property, plant and equipment	3	8,098	9,019	589	869
Investment properties	4	-	-	2,246	2,302
Investments in subsidiaries	5	-	-	-	-
Club memberships	6	990	1,010	374	374
Right-of-use assets	7	1,768	1,688	142	81
Deferred tax assets	8	5,974	5,556	-	-
Financial asset, at FVOCI	9	7	179	-	-
Financial asset, at FVPL	10	4,813	4,749	4,813	4,749
Trade receivables	11	17,533	11,821	-	-
Prepayments	12	1,094	1,657	55	141
		40,277	35,679	8,219	8,516
Current assets					
Inventories	13	86,847	69,318	335	445
Trade and other receivables	11	172,149	147,465	23,495	33,538
Contract assets	23	1,148	-	-	-
Prepayments	12	1,490	1,350	115	119
Current income tax recoverable		6,650	5,948	-	-
Fixed deposits	14	34,276	36,805	23,447	13,245
Cash and bank balances	14	38,771	32,737	4,110	1,104
		341,331	293,623	51,502	48,451
Less:					
Current liabilities					
Trade and other payables	15	182,244	142,206	7,373	5,198
Contract liabilities	23	31,434	27,559	-	-
Lease liabilities	16	786	1,048	48	49
Bank borrowings	17	786	1,000	-	-
Current income tax payable		5,877	3,100	-	103
		221,127	174,913	7,421	5,350
Net current assets		120,204	118,710	44,081	43,101

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

STATEMENTS OF FINANCIAL POSITION

AS AT 31 DECEMBER 2023

	Note	Group		Company	
		2023 \$'000	2022 \$'000	2023 \$'000	2022 \$'000
Less:					
Non-current liabilities					
Trade payables	15	9,524	11,267	-	-
Contract liabilities	23	3,571	2,989	-	-
Lease liabilities	16	1,122	952	99	33
Bank borrowings	17	-	417	-	-
Provision for post-employee benefits	18	637	554	-	-
Deferred tax liabilities	8	1,423	1,114	7	-
		16,277	17,293	106	33
Net assets		144,204	137,096	52,194	51,584
Equity					
Share capital	19	37,288	37,288	37,288	37,288
Foreign currency translation account	20	(3,589)	(1,644)	-	-
Other reserves	21	(1,145)	(977)	-	-
Retained earnings	22	111,650	102,429	14,906	14,296
Total equity		144,204	137,096	52,194	51,584

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

CONSOLIDATED INCOME STATEMENT

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

	Note	2023 \$'000	2022 \$'000 (Restated)
Revenue	23	658,421	616,980
Cost of sales		(563,630)	(529,971)
Gross profit		94,791	87,009
Other items of income			
Interest income		2,729	1,016
Other income	24	2,506	2,144
Other items of expense			
Selling and distribution costs		(35,988)	(36,323)
Administrative and other expenses		(26,292)	(28,068)
(Loss allowance)/reversal of allowance on third party trade receivables and contract assets		(375)	275
Finance costs	25	(843)	(457)
Profit before income tax	26	36,528	25,596
Income tax expense	27	(9,405)	(5,599)
Profit for the financial year		27,123	19,997
Profit attributable to:			
Owners of the Company		27,123	19,997
Earnings per share			
- Basic and diluted	28	30.10 cents	22.20 cents

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

CONSOLIDATED INCOME STATEMENT AND STATEMENT OF COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

	Note	2023 \$'000	2022 \$'000 (Restated)
Profit for the financial year		27,123	19,997
Other comprehensive income:			
<i>Item that may be reclassified subsequently to profit or loss</i>			
Foreign currency differences on translation of foreign operations		(1,945)	(773)
<i>Items that will not be reclassified subsequently to profit or loss</i>			
Fair value change in financial asset at FVOCI	9	(168)	(176)
Remeasurements of post-employee benefits	18	27	11
Other comprehensive income for the financial year, net of tax		(2,086)	(938)
Total comprehensive income for the financial year		25,037	19,059
Total comprehensive income attributable to:			
Owners of the Company		25,037	19,059

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 \$'000	Foreign currency translation account \$'000	Premium on acquisition of non-controlling interests \$'000	Fair value reserve \$'000	Statutory reserve \$'000	Retained earnings \$'000	Total equity \$'000
Balance at 1 January 2023	37,288	(1,644)	(1,043)	(264)	330	102,429	137,096
Profit for the financial year	-	-	-	-	-	27,123	27,123
Other comprehensive income for the financial year							
Foreign currency differences on translation of foreign operations	-	(1,945)	-	-	-	-	(1,945)
Fair value change in financial asset, FVOCI	9	-	-	(168)	-	-	(168)
Remeasurements of post-employee benefits	18	-	-	-	-	27	27
Total comprehensive income for the financial year	-	(1,945)	-	(168)	-	27,150	25,037
Distributions to the owners of the Company							
Dividends	29	-	-	-	-	(17,929)	(17,929)
Total transactions with the owners of the Company	-	-	-	-	-	(17,929)	(17,929)
Balance at 31 December 2023	37,288	(3,589)	(1,043)	(432)	330	111,650	144,204

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 \$'000	Foreign currency translation account \$'000	Premium on acquisition of non-controlling interests \$'000	Fair value reserve \$'000	Statutory reserve \$'000	Retained earnings \$'000	Total equity \$'000
Balance at 1 January 2022	37,288	(871)	(1,043)	(88)	330	94,584	130,200
Profit for the financial year	-	-	-	-	-	19,997	19,997
Other comprehensive income for the financial year							
Foreign currency differences on translation of foreign operations	-	(773)	-	-	-	-	(773)
Fair value change in financial asset, FVOCI	9	-	-	(176)	-	-	(176)
Remeasurements of post-employee benefits	18	-	-	-	-	11	11
Total comprehensive income for the financial year	-	(773)	-	(176)	-	20,008	19,059
Distributions to the owners of the Company							
Dividends	29	-	-	-	-	(12,163)	(12,163)
Total transactions with the owners of the Company	-	-	-	-	-	(12,163)	(12,163)
Balance at 31 December 2022	37,288	(1,644)	(1,043)	(264)	330	102,429	137,096

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

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

	Note	2023 \$'000	2022 \$'000
Operating activities			
Profit before income tax		36,528	25,596
Adjustments for:			
Loss allowance/(reversal of allowance) on third party trade receivables and contract assets		375	(275)
Allowance made for inventory obsolescence	26	2,483	4,592
Third party trade receivables written off	11	77	43
Fair value change in financial asset, at FVPL	10	(150)	(155)
Depreciation of property, plant and equipment	3	1,149	1,314
Loss/(gain) on disposal of property, plant and equipment	24, 26	1	(155)
Amortisation of club memberships	6	10	10
Depreciation of right-of-use assets	7	1,087	1,291
Gain on lease modifications	24	(292)	-
Interest expense	25	843	457
Interest income		(2,729)	(1,016)
Inventories written off	26	43	81
Property, plant and equipment written off	26	-	1
Third party trade and other payables written off	24	(575)	(221)
Unrealised foreign exchange (gain)/loss		(841)	3,042
Operating cash flows before working capital changes		38,009	34,605
Working capital changes:			
Inventories		(21,945)	(24,420)
Trade and other receivables, and contract assets		(36,662)	(22,961)
Prepayments		372	(1,912)
Trade and other payables, and contract liabilities		50,189	35,611
Provision for post-employee benefits		121	(57)
Cash generated from operations		30,084	20,866
Interest received		2,729	1,016
Income tax paid		(7,624)	(9,760)
Net cash generated from operating activities		25,189	12,122
Investing activities			
Proceeds from disposal of property, plant and equipment		44	213
Purchase of property, plant and equipment	3	(348)	(856)
Purchase of club memberships	6	-	(296)
Net cash used in investing activities		(304)	(939)

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

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

	Note	2023 \$'000	2022 \$'000
Financing activities			
Proceeds from bank borrowings (Note A)		942	4,887
Repayments of bank borrowings (Note A)		(1,536)	(5,496)
Repayments of lease liabilities (Note A)		(982)	(1,267)
Interest paid		(843)	(457)
Dividends paid to owners of the Company	29	(17,929)	(12,163)
Net cash used in financing activities		(20,348)	(14,496)
Net change in cash and cash equivalents		4,537	(3,313)
Cash and cash equivalents at beginning of financial year		69,493	74,363
Effects of exchange rate changes on cash and cash equivalents		(1,031)	(1,557)
Cash and cash equivalents at end of financial year	14	72,999	69,493

Note A: Reconciliation of liabilities arising from financing activities

	Non-cash changes				2023 \$'000
	2022 \$'000	Net Cash flows \$'000	Additions and modifications of right-of-use assets under lease liabilities \$'000	Foreign exchange differences \$'000	
Bank borrowings	1,417	(594)	-	(37)	786
Lease liabilities	2,000	(982)	917	(27)	1,908
	3,417	(1,576)	917	(64)	2,694

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

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

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 financial statements.

1. General corporate information

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

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

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

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

The statement of financial position of the Company and the consolidated financial statements of the Group for the financial year ended 31 December 2023 were authorised for issue in accordance with a Directors' resolution dated 5 April 2024.

2. Basis of preparation

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

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

2. Basis of preparation (Continued)

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

Critical accounting judgements and key sources of estimate uncertainty used that are significant to the financial statements are disclosed in Note 5, Note 11, Note 13 and Note 15 to the financial statements respectively.

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 Statements 2

Management has followed the guidance to the amendments to SFRS(I) 1-1 and SFRS(I) Practice Statement 2 in determining which accounting policy information is material. For the preparation of financial statements for the financial year ended 31 December 2023, the material accounting policy information have been included in the respective notes to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

2. **Basis of preparation** (Continued)

Changes in accounting policies (Continued)

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 Group has previously accounted for the deferred taxes on leases. Therefore, the amendments have no effect on the financial statements of the Group for the year ended 31 December 2023 and relevant disclosure is included in Note 8 to the financial statements.

New standards, amendments and interpretations issued by not yet effective

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

3. Property, plant and equipment

	Building	Freehold property	Leasehold properties	Office plant and equipment	Plant and machinery	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Group						
Cost						
Balance at 1 January 2023	323	2,298	5,172	10,327	1,516	19,636
Additions	-	-	-	348	-	348
Disposals	-	-	-	(266)	-	(266)
Written off	-	-	-	(41)	-	(41)
Currency translation adjustment	(3)	(18)	(42)	(185)	-	(248)
Balance at 31 December 2023	320	2,280	5,130	10,183	1,516	19,429
Accumulated depreciation						
Balance at 1 January 2023	44	-	1,071	8,408	1,094	10,617
Depreciation for the financial year	10	-	100	939	100	1,149
Disposals	-	-	-	(221)	-	(221)
Written off	-	-	-	(41)	-	(41)
Currency translation adjustment	-	-	(11)	(162)	-	(173)
Balance at 31 December 2023	54	-	1,160	8,923	1,194	11,331
Carrying amount						
Balance at 31 December 2023	266	2,280	3,970	1,260	322	8,098

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

3. Property, plant and equipment (Continued)

	Building	Freehold property	Leasehold properties	Office plant and equipment	Plant and machinery	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Group						
Cost						
Balance at 1 January 2022	349	2,481	5,187	9,929	1,516	19,462
Reclassification (Note 7)	-	-	-	637	-	637
Additions	-	-	-	856	-	856
Disposals	-	-	-	(548)	-	(548)
Written off	-	-	-	(272)	-	(272)
Currency translation adjustment	(26)	(183)	(15)	(275)	-	(499)
Balance at 31 December 2022	323	2,298	5,172	10,327	1,516	19,636
Accumulated depreciation						
Balance at 1 January 2022	36	-	975	8,160	993	10,164
Reclassification (Note 7)	-	-	-	122	-	122
Depreciation for the financial year	11	-	101	1,101	101	1,314
Disposals	-	-	-	(490)	-	(490)
Written off	-	-	-	(271)	-	(271)
Currency translation adjustment	(3)	-	(5)	(214)	-	(222)
Balance at 31 December 2022	44	-	1,071	8,408	1,094	10,617
Carrying amount						
Balance at 31 December 2022	279	2,298	4,101	1,919	422	9,019

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

3. Property, plant and equipment (Continued)

	Office plant and equipment \$'000	Plant and machinery \$'000	Total \$'000
Company			
Cost			
Balance at 1 January 2023	2,380	1,516	3,896
Written off	(38)	-	(38)
Balance at 31 December 2023	<u>2,342</u>	<u>1,516</u>	<u>3,858</u>
Accumulated depreciation			
Balance at 1 January 2023	1,933	1,094	3,027
Depreciation for the financial year	180	100	280
Written off	(38)	-	(38)
Balance at 31 December 2023	<u>2,075</u>	<u>1,194</u>	<u>3,269</u>
Carrying amount			
Balance at 31 December 2023	<u>267</u>	<u>322</u>	<u>589</u>
Cost			
Balance at 1 January 2022	1,952	1,516	3,468
Reclassification (Note 7)	325	-	325
Additions	108	-	108
Disposals	(4)	-	(4)
Written off	(1)	-	(1)
Balance at 31 December 2022	<u>2,380</u>	<u>1,516</u>	<u>3,896</u>
Accumulated depreciation			
Balance at 1 January 2022	1,690	993	2,683
Reclassification (Note 7)	65	-	65
Depreciation for the financial year	183	101	284
Disposals	(4)	-	(4)
Written off	(1)	-	(1)
Balance at 31 December 2022	<u>1,933</u>	<u>1,094</u>	<u>3,027</u>
Carrying amount			
Balance at 31 December 2022	<u>447</u>	<u>422</u>	<u>869</u>

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

3. Property, plant and equipment (Continued)

Property, plant and equipment is recognised at cost less accumulated depreciation. Depreciation is calculated using the straight-line method to allocate their depreciable amounts over their estimated useful lives, on the following bases:

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

Freehold property which comprises freehold land is not depreciated.

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

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

3. **Property, plant and equipment** (Continued)

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

Location	Description	Tenure
18 Boon Lay Way #04-108 TradeHub 21, Singapore 609966	General office unit	60 years leasehold from 10 December 2003
18 Boon Lay Way #04-110 TradeHub 21, Singapore 609966	General office unit	60 years leasehold from 10 December 2003
18 Boon Lay Way #04-111 TradeHub 21, Singapore 609966	General office unit	60 years leasehold from 10 December 2003
18 Boon Lay Way #05-113 TradeHub 21, Singapore 609966	General office unit	60 years leasehold from 10 December 2003
18 Boon Lay Way #05-114 TradeHub 21, Singapore 609966	General office unit	60 years leasehold from 10 December 2003
18 Boon Lay Way #06-109 TradeHub 21, Singapore 609966	General office unit	60 years leasehold from 10 December 2003
18 Boon Lay Way #06-110 TradeHub 21, Singapore 609966	General office unit	60 years leasehold from 10 December 2003
18 Boon Lay Way #06-111 TradeHub 21, Singapore 609966	General office unit	60 years leasehold from 10 December 2003

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

4. Investment properties

	Company	
	2023 \$'000	2022 \$'000
Cost		
Balance at beginning and end of financial year	2,791	2,791
Accumulated depreciation		
Balance at beginning of financial year	489	433
Depreciation for the financial year	56	56
Balance at end of financial year	545	489
Carrying value		
At end of financial year	2,246	2,302

The following amounts are recognised in profit or loss:

	Company	
	2023 \$'000	2022 \$'000
Rental income from investment properties	149	149
Direct operating expenses (including repairs and maintenance) arising from rental-generating investment property	20	24

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

4. Investment properties (Continued)

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

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

The Company leased out its investment properties to its subsidiaries, M.Tech Holdings Pte. Ltd. and M.Tech Products Pte Ltd, under cancellable operating leases. At Group level, these investment properties are accounted for as leasehold properties in Note 3 to the financial statements.

The fair value of the Company's investment properties as at 31 December 2023 was approximately \$2,792,000 (2022: \$3,068,000). The fair value was determined based on the management's estimation using the Direct Sale Comparison approach by making reference to market evidence of transacted prices per square metre for comparable properties in similar locations. In estimating the fair value of the investment properties, the highest and best use of the properties has been considered. Management considers that the fair value of the investment properties is sensitive to these unobservable adjustments made for differences in size, tenure and type used to determine the price per square metre.

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

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

5. Investments in subsidiaries

	Company	
	2023 \$'000	2022 \$'000
Unquoted equity investments, at cost	317	317
Allowance for impairment losses	(317)	(317)
Carrying amount	-	-

Movements in allowance for impairment losses are as follows:

	Company	
	2023 \$'000	2022 \$'000
Balance at beginning of financial year	317	212
Allowance made during the financial year	-	105
Balance at end of financial year	317	317

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

5. Investments in subsidiaries (Continued)

The details of the subsidiaries are as follows:

Name of company (Country of incorporation and principal place of business)	Proportion of ownership interest held		Proportion of ownership interest held by non-controlling interests		Principal activities
	2023	2022	2023	2022	
	%	%	%	%	
<i>Held by the Company</i>					
M.Tech Products Philippines, Inc. ^(g) (Philippines)	100	100	-	-	Distribution of hardware and software relating to internet and network products, and provision of maintenance services for such products
M.Tech Holdings Pte. Ltd. ^(a) (Singapore)	100	100	-	-	Investment holding, distribution of hardware and software relating to internet and network products and the provision of management and administration of the business functions and affairs of its subsidiaries and related company.
<i>Held by M.Tech Holdings Pte. Ltd.</i>					
M.Tech Products Pte Ltd ^(a) (Singapore)	100	100	-	-	Distribution of hardware and software relating to internet and network products, and provision of maintenance services for such products
M-Solutions Technology (Thailand) Co., Ltd. ^{(d),(e)} (Thailand)	49	49	51	51	Distribution of hardware and software relating to internet and network products, and provision of maintenance services for such products

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

5. Investments in subsidiaries (Continued)

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

Name of company (Country of incorporation and principal place of business)	Proportion of ownership interest held		Proportion of ownership interest held by non-controlling interests		Principal activities
	2023	2022	2023	2022	
	%	%	%	%	
Held by M.Tech Holdings Pte. Ltd. (Continued)					
M-Security Technology Sdn. Bhd. ^(b) (Malaysia)	100	100	-	-	Distribution of information technology products and related services
SecureOneAsia Pte. Ltd. ^(a) (Singapore)	100	100	-	-	Distribution of hardware and software relating to internet and network products, the provision of maintenance services for such products and provision of management services
M-Security Technology Indochina Pte. Ltd. ^(a) (Singapore)	100	100	-	-	Distribution of hardware and software relating to internet and network products, and provision of maintenance services for such products
M.Tech (Shanghai) Co., Ltd. ^(c) (People's Republic of China)	100	100	-	-	Distribution of hardware and software relating to internet and network products, and provision of maintenance services for such products
PT. M.Tech Products ^(f) (Indonesia)	99	99	1	1	Distribution of hardware and software relating to internet and network products, and provision of maintenance services for such products

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

5. Investments in subsidiaries (Continued)

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

Name of company (Country of incorporation and principal place of business)	Proportion of ownership interest held		Proportion of ownership interest held by non-controlling interests		Principal activities
	2023	2022	2023	2022	
	%	%	%	%	
<i>Held by M.Tech Holdings Pte. Ltd.</i> (Continued)					
M.Tech Products (HK) Pte Limited ^(h) (Hong Kong)	100	100	-	-	Distribution of hardware and software relating to internet and network products, and provision of maintenance services for such products
M.Tech Products TW Pte. Ltd. ^(a) (Singapore)	100	100	-	-	Distribution of hardware and software relating to internet and network products, and provision of maintenance services for such products
M. Tech Products Aust Pty Limited ⁽ⁱ⁾ (Australia)	100	100	-	-	Distribution of hardware and software relating to internet and network products, and provision of maintenance services for such products
SecureOne India Holding Pte. Ltd. ^(a) (Singapore)	100	100	-	-	Distribution of hardware and software relating to internet and network products, and provision of maintenance services for such products
M.Tech Products Japan Kabushiki Kaisha ^(j) (Japan)	100	100	-	-	Distribution of hardware and software relating to internet and network products and provision of maintenance services for such products

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

5. Investments in subsidiaries (Continued)

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

Name of company (Country of incorporation and principal place of business)	Proportion of ownership interest held		Proportion of ownership interest held by non-controlling interests		Principal activities
	2023	2022	2023	2022	
	%	%	%	%	
<i>Held by M.Tech Holdings Pte. Ltd.</i> (Continued)					
M.Tech Products New Zealand Limited ⁽ⁱ⁾ (New Zealand)	100	100	-	-	Distribution of hardware and software relating to internet and network products and provision of maintenance services for such products
M.Tech Products Korea Limited Liability Company ⁽ⁱ⁾ (South Korea)	100	100	-	-	Distribution of hardware and software relating to internet and network products and provision of maintenance services for such products
M.Tech Products (UK) Pte Ltd ⁽ⁱ⁾ (United Kingdom)	100	100	-	-	Distribution of hardware and software relating to internet and network products and provision of maintenance services for such products
E-Secure Asia Pte. Ltd. ^(a) (Singapore)	-	100	-	-	Distribution of hardware and software relating to internet and network products, and provision of maintenance services for such products
E-Secure Asia Co., Ltd. ^{(d),(e)} (Thailand)	48.80	48.80	51.20	51.20	Distribution of IT products and maintenance services
<i>Held by M.Tech Products Pte Ltd</i>					
M.SaaS Solutions Pte. Ltd. ^(a) (Singapore)	100	100	-	-	Software consultancy and implementation services

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

5. Investments in subsidiaries (Continued)

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

Name of company (Country of incorporation and principal place of business)	Proportion of ownership interest held		Proportion of ownership interest held by non-controlling interests		Principal activities
	2023	2022	2023	2022	
	%	%	%	%	
<i>Held by SecureOneAsia Pte. Ltd.</i>					
M-Security Tech Philippines Inc. ^(g) (Philippines)	100	100	-	-	Distribution of hardware and software relating to internet and network products, and provision of maintenance services for such products
M.Tech Products Myanmar Ltd. ^(f) (Republic of the Union of Myanmar)	-	100	-	-	Provision of installation and maintenance services for internet and network products
<i>Held by SecureOne India Holding Pte. Ltd.</i>					
M.Tech Solutions (India) Private Limited ^(h) (India)	99.99	99.99	0.01	0.01	Distribution of hardware and software relating to internet and network products, and provision of maintenance services for such products
<i>Held by M-Security Technology Indochina Pte. Ltd.</i>					
M-Security Technology Vietnam Company Limited ^(k) (Vietnam)	100	100	-	-	Provision of installation and related technical service of hardware and software relating to internet and network products and distribution of such products

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

5. Investments in subsidiaries (Continued)

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

Name of company (Country of incorporation and principal place of business)	Proportion of ownership interest held		Proportion of ownership interest held by non-controlling interests		Principal activities
	2023	2022	2023	2022	
	%	%	%	%	
Held by M.SaaS Solutions Pte. Ltd.					
M.SaaS Lanka (Private) Limited ⁽ⁱ⁾ (Sri Lanka)	100	100	-	-	Provision of IT services, software license sales and hardware sales

Notes:

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

5. Investments in subsidiaries (Continued)

Basis of consolidation

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

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

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

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

Liquidation of subsidiaries

During the financial year, the Company's wholly-owned indirect subsidiaries, E-Secure Asia Pte. Ltd. ("E-Secure Asia") incorporated in Singapore and M.Tech Products Myanmar Ltd. ("M.Tech Myanmar") incorporated in Republic of the Union of Myanmar had been wound up under member's voluntary liquidation on 5 June 2023 and 13 December 2023 respectively. Accordingly, E-Secure Asia and M.Tech Myanmar ceased to be wholly-owned indirect subsidiaries of the Company. The cost of investment in E-Secure Asia and M.Tech Myanmar recognised in previous financial year which amounted to \$4,000 and \$32,000 respectively, has been written off upon liquidation of the subsidiaries.

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

5. Investments in subsidiaries (Continued)

Investments in Thailand subsidiaries

The Company's subsidiary, M.Tech Holdings Pte. Ltd., holds 49% and 48.80% of all shares in its indirect subsidiaries, M-Solutions Technology (Thailand) Co., Ltd ("MTTH") and E-Secure Asia Co., Ltd. ("ESTH") respectively.

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

The terms of these pledge agreements include, inter alia:

- (a) the Borrowers agree to allow the Lenders to receive the dividends arising from the pledged shares; and
- (b) the Borrowers agree to appoint the Lenders to have rights to vote in the shareholders' meetings in place of the Borrowers.

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

Significant restriction

Cash and bank balances of \$751,000 (2022: \$1,788,000), equivalent to RMB4,068,000 (2022: RMB9,321,000), held with subsidiaries in the People's Republic of China are subject to local exchange control regulations. These regulations place restrictions on exporting capital out of the country other than through dividends and thus significantly affect the Group's ability to access or use assets, and settle liabilities, of the Group.

Non-coterminous year-end

The financial statements of M.Tech Solutions (India) Private Limited are made up to 31 March each year. This was the financial reporting date established when the subsidiary was incorporated, and a change of reporting date is not permitted/made because of local regulations. For the purpose of consolidation, the financial statements of M.Tech Solutions (India) Private Limited for the year ended 31 March 2023 have been used, and appropriate adjustments have been made for the effects of significant transactions between that date and 31 December 2023.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

6. Club memberships

	Group		Company	
	2023 \$'000	2022 \$'000	2023 \$'000	2022 \$'000
Cost				
Balance at beginning of financial year	1,107	822	374	374
Addition	-	296	-	-
Currency translation adjustment	(13)	(11)	-	-
Balance at end of financial year	1,094	1,107	374	374
Accumulated amortisation				
Balance at beginning of financial year	97	88	-	-
Amortisation for the financial year	10	10	-	-
Currency translation adjustment	(3)	(1)	-	-
Balance at end of financial year	104	97	-	-
Carrying value				
Balance at end of financial year	990	1,010	374	374

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

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

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

Club memberships comprise memberships for golf clubs in Singapore. Club memberships of subsidiaries with carrying amount of \$153,000 (2022: \$165,000) which are subject to amortisation over their useful lives have remaining amortisation periods of 17 (2022: 18) years.

As at 31 December 2023, the Group and the Company had club memberships held in trust by employees and Directors of the Group and the Company with carrying amount of \$990,000 and \$374,000 (2022: \$1,010,000 and \$374,000) respectively.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

7. Right-of-use assets

	Properties \$'000	Office equipment \$'000	Total \$'000
Group			
Cost			
Balance at 1 January 2023	4,516	39	4,555
Additions	1,604	13	1,617
Written-off	(933)	-	(933)
Modification to lease terms	(1,022)	-	(1,022)
Currency translation adjustment	(93)	(2)	(95)
Balance at 31 December 2023	<u>4,072</u>	<u>50</u>	<u>4,122</u>
Accumulated depreciation			
Balance at 1 January 2023	2,858	9	2,867
Depreciation for the financial year	1,077	10	1,087
Written-off	(933)	-	(933)
Modification to lease terms	(614)	-	(614)
Currency translation adjustment	(53)	-	(53)
Balance at 31 December 2023	<u>2,335</u>	<u>19</u>	<u>2,354</u>
Carrying amount			
Balance at 31 December 2023	<u>1,737</u>	<u>31</u>	<u>1,768</u>

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

7. Right-of-use assets (Continued)

	Properties \$'000	Office equipment \$'000	Total \$'000
Group			
Cost			
Balance at 1 January 2022	5,042	670	5,712
Additions	474	-	474
Reclassification (Note 3)	-	(637)	(637)
Written-off	(638)	-	(638)
Modification to lease terms	(4)	-	(4)
Currency translation adjustment	(358)	6	(352)
Balance at 31 December 2022	<u>4,516</u>	<u>39</u>	<u>4,555</u>
Accumulated depreciation			
Balance at 1 January 2022	2,468	44	2,512
Depreciation for the financial year	1,204	87	1,291
Reclassification (Note 3)	-	(122)	(122)
Written-off	(638)	-	(638)
Currency translation adjustment	(176)	-	(176)
Balance at 31 December 2022	<u>2,858</u>	<u>9</u>	<u>2,867</u>
Balance at 31 December 2022	<u>1,658</u>	<u>30</u>	<u>1,688</u>

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

7. Right-of-use assets (Continued)

	Properties \$'000	Office equipment \$'000	Total \$'000
Company			
Cost			
Balance at 1 January 2023	146	-	146
Additions	112	-	112
Written-off	(94)	-	(94)
Balance at 31 December 2023	<u>164</u>	<u>-</u>	<u>164</u>
Accumulated depreciation			
Balance at 1 January 2023	65	-	65
Depreciation for the financial year	51	-	51
Written-off	(94)	-	(94)
Balance at 31 December 2023	<u>22</u>	<u>-</u>	<u>22</u>
Carrying amount			
Balance at 31 December 2023	<u>142</u>	<u>-</u>	<u>142</u>
Cost			
Balance at 1 January 2022	146	325	471
Reclassification (Note 3)	-	(325)	(325)
Balance at 31 December 2022	<u>146</u>	<u>-</u>	<u>146</u>
Accumulated depreciation			
Balance at 1 January 2022	16	27	43
Depreciation for the financial year	49	38	87
Reclassification (Note 3)	-	(65)	(65)
Balance at 31 December 2022	<u>65</u>	<u>-</u>	<u>65</u>
Carrying amount			
Balance at 31 December 2022	<u>81</u>	<u>-</u>	<u>81</u>

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

7. Right-of-use assets (Continued)

In the previous financial year, carrying amounts of motor vehicles classified within office equipment have been reclassified to property, plant and equipment (Note 3) due to full settlement of the related lease liabilities (Note 16).

The right-of-use assets are depreciated over the lease term of the right-of-use assets.

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

8. Deferred tax assets/(liabilities)

	Group		Company	
	2023 \$'000	2022 \$'000	2023 \$'000	2022 \$'000
Deferred tax assets	5,974	5,556	-	-
Deferred tax liabilities	(1,423)	(1,114)	(7)	-

Movements in deferred tax assets are as follows:

	Group		Company	
	2023 \$'000	2022 \$'000	2023 \$'000	2022 \$'000
Balance at beginning of financial year	5,556	5,173	-	-
Credit to profit or loss	599	691	-	-
Currency translation adjustment	(181)	(308)	-	-
Balance at end of financial year	5,974	5,556	-	-

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

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

Movements in deferred tax liabilities are as follows:

	Group		Company	
	2023 \$'000	2022 \$'000	2023 \$'000	2022 \$'000
Balance at beginning of financial year	(1,114)	(1,097)	-	-
Charge to profit or loss	(309)	(17)	(7)	-
Balance at end of financial year	(1,423)	(1,114)	(7)	-

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

	Provisions	Unutilised tax losses	Other temporary differences	Total
	\$'000	\$'000	\$'000	\$'000
Group				
At 1 January 2023	5,018	225	313	5,556
Credit/(charge) to profit or loss	995	(145)	(251)	599
Currency translation adjustment	(165)	(3)	(13)	(181)
At 31 December 2023	5,848	77	49	5,974
At 1 January 2022	4,828	-	345	5,173
Credit/(charge) to profit or loss	476	238	(23)	691
Currency translation adjustment	(286)	(13)	(9)	(308)
At 31 December 2022	5,018	225	313	5,556

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

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

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

	Other temporary differences \$'000	Total \$'000
Group		
At 1 January 2023	(1,114)	(1,114)
Charge to profit or loss	(309)	(309)
At 31 December 2023	<u>(1,423)</u>	<u>(1,423)</u>
At 1 January 2022	(1,097)	(1,097)
Charge to profit or loss	(17)	(17)
At 31 December 2022	<u>(1,114)</u>	<u>(1,114)</u>

At the end of the financial year, the aggregate amount of temporary differences mainly associated with undistributed earnings of subsidiaries for which deferred tax liabilities have been recognised.

9. Financial asset, at FVOCI

	Group		Company	
	2023 \$'000	2022 \$'000	2023 \$'000	2022 \$'000
Balance at beginning of financial year	179	373	-	-
Fair value recognised in OCI (Note 21)	(168)	(176)	-	-
Currency translation adjustment	(4)	(18)	-	-
Balance at end of financial year	<u>7</u>	<u>179</u>	<u>-</u>	<u>-</u>

Details of the instruments are as follows:

	Group		Company	
	2023 \$'000	2022 \$'000	2023 \$'000	2022 \$'000
Quoted equity instruments	7	179	-	-
Unquoted equity instruments	-	-	-	-
	<u>7</u>	<u>179</u>	<u>-</u>	<u>-</u>

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

9. Financial asset, at FVOCI (Continued)

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

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

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

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

The currency of the Group's investments in quoted equity instruments as at 31 December 2023 and 31 December 2022 is denominated in Australian dollar.

10. Financial asset, at FVPL

	Group and Company	
	2023	2022
	\$'000	\$'000
Investment in life insurance plan, at fair value	4,813	4,749

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

	Group and Company	
	2023	2022
	\$'000	\$'000
Balance at beginning of financial year	4,749	4,628
Fair value change recognised in profit or loss	150	155
Exchange differences charged to profit or loss	(86)	(34)
Balance at end of financial year	4,813	4,749

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

10. Financial asset, at FVPL (Continued)

Debt instrument that do not meet the criteria for classification as amortised cost or FVOCI are classified as FVPL. Movement in fair values and interest income is recognised in profit or loss in the period in which it arises and presented in “other income”. The investment in life insurance plan pertains to the Jade Ultra Global Generations Universal Life Insurance Policy (the “Policy”) purchased by the Company for a Director with a sum insured of US\$8,500,000 with a guaranteed return of 4.2% per annum within the 1 year lock-in period, after which, a variable return will be received, as determined by the insurer. On initial recognition, the single premium paid on the Policy amounted to US\$703,000, equivalent to approximately \$922,000 (Note 12). The investment is measured at fair value and changes therein are recognised in profit or loss.

The currency of the Group’s and the Company’s financial asset, at FVPL as at 31 December 2023 and 31 December 2022 is denominated in United States dollar.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

11. Trade and other receivables

	Group		Company	
	2023 \$'000	2022 \$'000	2023 \$'000	2022 \$'000
Non-current assets				
Trade receivables – third parties	17,533	11,821	-	-
Current assets				
Trade receivables				
- third parties	165,164	140,213	445	526
Loss allowance on third party trade receivables	(4,646)	(5,160)	(5)	(3)
	160,518	135,053	440	523
Non-trade receivables				
- third parties	8,116	11,155	151	25
- a subsidiary	-	-	22,889	32,979
	168,634	146,208	23,480	33,527
Deposits	539	485	15	11
Value added tax	2,976	772	-	-
Total current trade and other receivables	172,149	147,465	23,495	33,538
Total trade and other receivables	189,682	159,286	23,495	33,538

Non-current trade receivables due from third parties are unsecured, non-interest bearing and expected to be settled within 2 to 5 years (2022: 2 to 5 years). The fair value of non-current trade receivables is computed based on cash flows discounted at market borrowing rates ranging from 1.20% to 15.40% (2022: 1.20% to 9.50%) and approximates its carrying amounts.

Current trade receivables due from third parties are unsecured, non-interest bearing and generally on 30 to 120 (2022: 30 to 120) days credit terms.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

11. Trade and other receivables (Continued)

The amount due from a subsidiary is unsecured, repayable on demand and bears an average interest rate of 5.2% (2022: 2.6%) per annum.

Trade receivables

The Group and the Company recognise a trade receivable in their statement of financial position from the provision of goods and services to customers. The trade receivables are initially recognised at fair value and are subsequently carried at amortised cost using effective interest rate method, less provision for impairment. Interest income from these trade receivables is included in interest income using the effective interest rate method.

Loss allowance for impairment of trade and other receivables

Trade receivables from third parties

As at 31 December 2023, the carrying amount of the Group's trade receivables comprise of current and non-current trade receivables from third parties amounting to \$178,051,000 (2022: \$146,874,000), net of loss allowance of \$4,646,000 (2022: \$5,160,000). The recoverability of trade receivables from third parties is a key element of the Group's working capital management, which is managed on an ongoing basis by the Group's management which include customer credit control check.

The Group first assessed for credit impaired trade receivables from third parties that are aged more than 5 months per the Group policy. The assessment will be based on signs of financial difficulties faced by the trade receivables from third parties.

Management applied the "simplified approach" for assessing ECL for trade receivables from third parties. Under the simplified approach, the Group's management developed a provision matrix using historical credit loss rates adjusted with forward looking information to reflect the effects of the current and future economic conditions in each geographical region and credit rating in each geographical region. On confirmation that the trade receivable will not be collectable, the gross carrying value of the asset is written off in profit or loss.

The Group's exposure to loss allowance for impairment of trade receivables are mainly customers operating in Australia, Singapore, Greater China, India and rest of Southeast Asia. The following table details the Group's loss allowance sensitivity ranging from 1.5% to 5.6% (2022: 0.5% to 3.5%) change on the ECL rates of those regions. If the ECL rate had been 1.5% to 5.6% (2022: 0.5% to 3.5%) (higher)/lower than management's estimates, the Group would have recognised (higher)/lower loss allowance for impairment in the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

11. Trade and other receivables (Continued)

Trade receivables (Continued)

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

Trade receivables from third parties (Continued)

	Group	
	2023	2022
	\$'000	\$'000
<hr/>		
<i>Australia</i>		
ECL rate increase by 2.5% (2022: 0.5%)	(372)	(59)
ECL rate decrease by 2.5% (2022: 0.5%)	372	59
	<hr/>	<hr/>
<i>Singapore</i>		
ECL rate increase by 1.6% (2022: 2.0%)	(1,430)	(1,273)
ECL rate decrease by 1.6% (2022: 2.0%)	1,430	1,273
	<hr/>	<hr/>
<i>Greater China</i>		
ECL rate increase by 2.4% (2022: 1.5%)	(207)	(171)
ECL rate decrease by 2.4% (2022: 1.5%)	207	171
	<hr/>	<hr/>
<i>India</i>		
ECL rate increase by 5.6% (2022: 3.5%)	(692)	(770)
ECL rate decrease by 5.6% (2022: 3.5%)	692	770
	<hr/>	<hr/>
<i>Rest of Southeast Asia</i>		
ECL rate increase by 1.5% (2022: 1.5%)	(742)	(531)
ECL rate decrease by 1.5% (2022: 1.5%)	742	531
	<hr/>	<hr/>

Non-trade receivables due from a subsidiary

Management determines whether there is significant increase in credit risk of the amount of non-trade receivables due from the subsidiary since initial recognition. Management considers various operating performance ratios as well as liquidity ratios of the subsidiary. There is no significant increase in credit risk as at 31 December 2023. The carrying amounts of the non-trade receivables due from subsidiary was \$22,889,000 (2022: \$32,979,000) as at 31 December 2023.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

11. Trade and other receivables (Continued)

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

	Group	
	2023 \$'000	2022 \$'000
Balance at beginning of financial year	5,160	5,635
Loss allowance made during the financial year		
- made for lifetime expected credit loss, not credit impaired	1,078	251
- reversed for lifetime expected credit loss, credit impaired	(722)	(526)
Receivable written off as uncollectible	(800)	(8)
Currency translation adjustment	(70)	(192)
Balance at end of financial year	4,646	5,160

As at 31 December 2023, trade receivables of \$817,000 (2022: \$2,352,000) had been fully impaired. These receivables were due from customers located in various geographical areas and the debts were past due more than 5 months. Therefore, there was significant uncertainty over the recoverability of the debts.

Trade receivables are written off when there is no reasonable expectation of recovery such as debtor is under financial difficulties. When receivables are written off, the Group continues to engage in enforcement activity in order to recover the receivables due. If the receivables are subsequently recovered, such recovery is recognised in profit or loss as "other income". Trade receivables of \$800,000 (2022: \$8,000) were written off during the year.

During the financial year, trade receivables of \$77,000 (2022: \$43,000) were written off as bad debts and charged to profit or loss as there is no reasonable expectation of recovery.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

11. Trade and other receivables (Continued)

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

	Group		Company	
	2023 \$'000	2022 \$'000	2023 \$'000	2022 \$'000
Singapore dollar	5,498	3,562	6,842	19,066
United States dollar	125,212	103,203	16,653	14,472
Chinese renminbi	3,583	5,527	-	-
Thailand baht	7,359	6,935	-	-
Indian rupee	9,159	8,295	-	-
Ringgit Malaysia	12,570	10,206	-	-
New Taiwan dollar	2,169	1,542	-	-
Australian dollar	10,603	7,743	-	-
Indonesian rupiah	8,222	7,651	-	-
Philippine peso	2,019	1,322	-	-
Vietnamese dong	2,699	2,725	-	-
Others	589	575	-	-
	189,682	159,286	23,495	33,538

12. Prepayments

	Group		Company	
	2023 \$'000	2022 \$'000	2023 \$'000	2022 \$'000
Non-current	1,094	1,657	55	141
Current	1,490	1,350	115	119
	2,584	3,007	170	260

As at 31 December 2023, the Group's and the Company's prepayment of \$1,045,000 (2022: \$1,524,000) classified as non-current assets represent prepaid license fee. The remaining of \$49,000 (2022: \$133,000) classified as non-current assets represent prepaid insurance premium in relation to the life insurance plan purchased for a Director of the Company (Note 10).

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

13. Inventories

	Group		Company	
	2023 \$'000	2022 \$'000	2023 \$'000	2022 \$'000
Trading goods	86,847	69,318	335	445

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

The cost of inventories recognised as an expense are included in "cost of sales" line item in profit or loss (Note 26).

Allowance for inventory obsolescence

Inventories are stated at the lower of cost and net realisable value. The management determines cost of inventories using the weighted average method for chemicals and other PCB related products and specific identification method for IT products. The management estimates the net realisable value of inventories based on assessment of receipt or committed sales prices and provides for excess and obsolete inventories based on historical and estimated future demand and related pricing. In determining excess quantities, the management considers recent sales activities, related margin and market positioning of the products. However, factors beyond its control, such as demand levels and pricing competition, could change from period to period. Such factors may require the Group and the Company to reduce the value of their inventories.

During the financial year, the Group carried out a review of the realisable values of its inventories and the review led to the recognition of an allowance for inventory obsolescence and inventories written off have been included in "cost of sales" line item in profit or loss (Note 26).

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

14. Cash and bank balances

	Group		Company	
	2023 \$'000	2022 \$'000	2023 \$'000	2022 \$'000
Bank balances	38,771	32,737	4,110	1,104
Fixed deposits	34,236	36,765	23,447	13,245
Cash and bank balances	73,007	69,502	27,557	14,349
Fixed deposits with maturity >3 months	40	40		
	73,047	69,542		
Fixed deposits pledged with banks	(48)	(49)		
Cash and cash equivalents as per consolidated statement of cash flows	72,999	69,493		

Fixed deposits mature on varying dates between 2 days to 5 months (2022: 2 days to 5 months) from the end of the reporting period. The effective interest rates on the fixed deposits range from 0.01% to 6.5% (2022: 0.01% to 4.61%) per annum.

As at 31 December 2023, the fixed deposits of the Group amounting to \$48,000 (2022: \$49,000) were pledged to banks as security for certain banking facilities in foreign operations.

The currency profiles of the Group's and the Company's cash and bank balances at each reporting date are as follows:

	Group		Company	
	2023 \$'000	2022 \$'000	2023 \$'000	2022 \$'000
Singapore dollar	13,585	15,224	9,653	8,932
United States dollar	44,926	41,459	17,867	5,389
Chinese renminbi	682	3,286	-	-
Ringgit Malaysia	1,147	42	-	-
Thailand baht	2,261	1,835	-	-
Indian rupee	2,445	1,529	-	-
Australian dollar	2,444	1,715	-	-
Indonesian rupiah	1,811	2,181	-	-
Philippine peso	1,896	1,019	-	-
Vietnamese dong	975	166	-	-
Others	875	1,086	37	28
	73,047	69,542	27,557	14,349

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

15. Trade and other payables

	Group		Company	
	2023 \$'000	2022 \$'000	2023 \$'000	2022 \$'000
Non-current payables				
Trade payables – third parties	9,524	11,267	-	-
Current payables				
Trade payables				
- third parties	138,429	105,761	49	57
Non-trade payables				
- third parties	23	2,349 ⁽¹⁾	16	61
Provision for post-sales technical support	25,107	18,336	-	-
Accrued operating expenses	16,286	14,437	7,235	5,013
Value added tax	2,399	1,323	73	67
Total current trade and other payables	182,244	142,206	7,373	5,198
Total trade and other payables	191,768	153,473	7,373	5,198

⁽¹⁾ Comparative has been reclassified to align with current period

Trade and other payables

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

Trade and non-trade payables are unsecured, non-interest bearing and are generally on 30 to 90 (2022: 30 to 90) days credit terms except for non-current trade payables which will be repayable within 2 to 4 years (2022: 2 to 4 years). The fair value of the non-current trade payables is computed based on cash flows discounted at market borrowing rates and approximates its carrying amount.

Provision for post-sales technical support

Provisions are recognised when the Group has a constructive obligation as a result of a past event, it is probable that the Group will be required to settle the obligation, a reliable estimate can be made of the amount of the obligation.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

15. Trade and other payables (Continued)

Provision for post-sales technical support (Continued)

Movements in provision for post-sales technical support were as follows:

	Group	
	2023 \$'000	2022 \$'000
Balance at beginning of financial year	18,336	18,106
Provisions made	35,733	24,550
Provisions utilised	(26,807)	(21,068)
Provisions written off	(1,536)	(2,502)
Currency translation adjustment	(619)	(750)
Balance at end of financial year	25,107	18,336

The provision for post-sales technical support claims represents management's best estimate of the present value of the future economic outflows that will be required for the IT products sold. Provision for post-sales technical support is based on the volumes of IT products sold along with the utilisation trend for the past three financial years to establish an estimate of the costs to resolve various potential post-sales technical support requests from customers. Changes in the utilisation rate could consequently impact the Group's results and financial position.

If the utilisation rate had been 0.5% (2022: 0.5%) higher than management's estimates, the Group would have recognised an additional provision for warranties of \$3,214,000 (2022: \$3,004,000) in the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

15. Trade and other payables (Continued)

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

	Group		Company	
	2023 \$'000	2022 \$'000	2023 \$'000	2022 \$'000
Singapore dollar	13,030	9,228	7,324	5,142
United States dollar	150,136	113,490	43	56
Chinese renminbi	2,017	2,857	-	-
Ringgit Malaysia	4,715	10,629	-	-
Thailand baht	2,133	2,451	-	-
Australian dollar	9,792	5,683	-	-
New Taiwan dollar	837	921	-	-
Indonesian rupiah	1,925	2,238	-	-
Indian rupee	5,022	4,081	-	-
Philippine peso	421	416	-	-
Vietnamese Dong	1,313	1,312	-	-
Others	427	167	6	-
	191,768	153,473	7,373	5,198

16. Lease liabilities

Group	Properties	Office equipment	Total
	\$'000	\$'000	\$'000
Balance at 1 January 2023	1,971	29	2,000
Additions	1,605	12	1,617
Modification to lease terms	(700)	-	(700)
Interest expense	166	1	167
Lease payments			
- Principal portion	(972)	(10)	(982)
- Interest portion	(166)	(1)	(167)
Currency translation adjustment	(27)	-	(27)
Balance at 31 December 2023	1,877	31	1,908

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

16. Lease liabilities (Continued)

	Properties \$'000	Office equipment \$'000	Total \$'000
Group			
Balance at 1 January 2022	2,849	163	3,012
Additions	467	-	467
Modification to lease terms	(4)	-	(4)
Interest expense	191	2	193
Lease payments			
- Principal portion	(1,133)	(134)	(1,267)
- Interest portion	(191)	(2)	(193)
Currency translation adjustment	(208)	-	(208)
Balance at 31 December 2022	<u>1,971</u>	<u>29</u>	<u>2,000</u>
Company			
Balance at 1 January 2023	82	-	82
Additions	112	-	112
Interest expense	4	-	4
Lease payments			
- Principal portion	(47)	-	(47)
- Interest portion	(4)	-	(4)
Balance at 31 December 2023	<u>147</u>	<u>-</u>	<u>147</u>
Balance at 1 January 2022	130	59	189
Interest expense	2	1	3
Lease payments			
- Principal portion	(48)	(59)	(107)
- Interest portion	(2)	(1)	(3)
Balance at 31 December 2022	<u>82</u>	<u>-</u>	<u>82</u>

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

16. Lease liabilities (Continued)

The maturity analysis of lease liabilities of the Group and the Company at each reporting date was as follows:

	Group		Company	
	2023 \$'000	2022 \$'000	2023 \$'000	2022 \$'000
Contractual undiscounted cash flows				
- Within one year	915	1,173	54	50
- After one year but within five years	1,293	1,076	104	34
	2,208	2,249	158	84
Less: Future interest expense	(300)	(249)	(11)	(2)
Present value of lease liabilities	1,908	2,000	147	82
Presented in statements of financial position				
- Current	786	1,048	48	49
- Non-current	1,122	952	99	33
	1,908	2,000	147	82

The Group and the Company lease a number of properties (i.e. offices) and the Group leases office equipment (i.e. copier machines and motor vehicles) with fixed payments over the lease term.

Certain office equipment of the Group are qualified for low value assets and the Group also leases certain properties on the short-term basis (i.e. 12 months or less). The election of short-term leases is made by class of underlying assets with similar nature and use in the Group's operation whereas the low-value lease exemption is made on lease-by-lease basis.

The total cash outflows for all leases including low value and short-term leases for the Group and the Company were \$1,244,000 and \$51,000 (2022: \$1,509,000 and \$110,000) respectively.

Certain leases of the Group are secured over the right-of-use assets. The right-of-use office equipment with a carrying amount of \$31,000 (2022: \$30,000) are secured over the lease liabilities of \$31,000 (2022: \$29,000). These assets will be seized and returned to lessor in the event of default by the Group. In the previous financial year, these leases pertaining to office equipment were fully repaid and are reclassified from right-of-use assets (Note 7) to property, plant and equipment (Note 3).

As at 31 December 2023, the Group has approximately \$71,000 (2022: \$17,000) respectively of aggregate undiscounted commitments for short-term leases.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

16. Lease liabilities (Continued)

As at 31 December 2023, the average incremental borrowing rate applied in the lease liabilities measurement was 6.37% (2022: 4.71%).

The currency profiles of the Group's and the Company's lease liabilities at each reporting date are as follows:

	Group		Company	
	2023 \$'000	2022 \$'000	2023 \$'000	2022 \$'000
Singapore dollar	179	112	147	82
United States dollar	47	92	-	-
Chinese renminbi	173	378	-	-
Ringgit Malaysia	60	110	-	-
Thailand baht	38	189	-	-
Indonesian rupiah	285	94	-	-
Indian rupee	900	916	-	-
Philippine peso	50	4	-	-
Others	176	105	-	-
	1,908	2,000	147	82

17. Bank borrowings

	Group	
	2023 \$'000	2022 \$'000
Current liabilities		
Term loan I	417	1,000
Short-term loan	369	-
	786	1,000
Non-current liabilities		
Term loan I	-	417
	786	1,417

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

17. Bank borrowings (Continued)

The average effective interest rates per annum of the bank borrowings are as follows:

	Group	
	2023 %	2022 %
Term loan I	2.02	2.02
Short-term loan	3.97	-

Term loan I from a financial institution under Enterprise Financing Scheme is repayable over 24 months commencing from July 2022 and secured by corporate guarantees provided by the Company as disclosed in Note 30.2. The interest rate is fixed at 2% per annum.

Short-term loan from a financial institution is repayable by 16 January 2024 secured by corporate guarantees provided by the Company as disclosed in Note 30.2. The interest rate is fixed ranging from 3.85% to 4.00% per annum.

As at the end of the reporting period, the Group and the Company have banking facilities as follows:

	Group		Company	
	2023 \$'000	2022 \$'000	2023 \$'000	2022 \$'000
Banking facilities granted	143,120	144,387	77,500	77,500
Banking facilities utilised	2,369	2,000	-	-

The currency profiles of the Group's bank borrowings at each reporting date are as follows:

	Group	
	2023 \$'000	2022 \$'000
Singapore dollar	417	1,417
Chinese renminbi	369	-
	786	1,417

The carrying amounts of non-current bank borrowings approximate their fair values as at the reporting.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

18. Provision for post-employee benefits

The Group recognises provision for post-employment benefits for all its permanent employees in Indonesia in accordance with Indonesian Labour Law No. 13/2003. The program is not funded by the Group. The provision is based on an actuarial calculation by an independent actuary using the "Projected Unit Credit Method".

	Group	
	2023 \$'000	2022 \$'000
Provision for employee service entitlement benefits		
- Post-employment benefit program ("Plan A")	606	519
- Other long-term employee benefit program ("Plan B")	31	35
	637	554

	Group	
	2023 \$'000	2022 \$'000
Present value of provision for post-employee benefits	656	616
Currency alignment	(19)	(62)
Net benefit liability	637	554

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

18. Provision for post-employee benefits (Continued)

The amounts recognised in profit or loss in respect of these employee benefits are as follows:

	Group	
	2023 \$'000	2022 \$'000
Current services costs	110	103
Past services costs	-	(58)
Interest costs	40	33
Adjustment due to change in attribution method	-	(68)
Actuarial gain	(1)	4
Foreign exchange rate effect	(1)	3
	148	17

Changes in the present value of the provision for post-employee benefits are as follows:

	Group	
	2023 \$'000	2022 \$'000
Balance at beginning of financial year	554	624
Charge to profit or loss	148	17
Net remeasurements of post-employee benefits recognised in other comprehensive income	(27)	(11)
Repayment made during the financial year	(19)	(14)
Currency realignment	(19)	(62)
Balance at end of financial year	637	554

Defined benefit costs comprise the following:

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

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

18. Provision for post-employee benefits (Continued)

Net interest on the net defined benefit liability or asset is the change during the period in the net defined benefit liability or asset that arises from the passage of time which is determined by applying the discount rate as disclosed in Note 18 to the financial statements to the net defined benefit liability or assets. Net interest on the net defined benefit liability or asset is recognised as expense or income in profit or loss.

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

The cost of providing for employee benefits is calculated by independent actuaries. The actuarial valuations were carried out using the following key assumptions:

	Group	
	2023	2022
Financial assumptions:		
Annual discount rate		
- Plan A	6.75%	7.50%
- Plan B	4.15%	4.05%
Annual salary growth rate	10%	10%
Demographic assumptions:		
Retirement age	56 years	56 years

The weighted average duration of the post-employee benefits at the end of the reporting period is 17.73 years (2022: 17.09 years).

Significant actuarial assumptions for the determination of the defined obligation are annual discount rate and annual salary growth. No sensitivity analysis is disclosed as the effect of a reasonably possible change to one actuarial assumption, holding all other assumptions constant, will not have a significant effect on the defined obligation valuations.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

19. Share capital

	Group and Company			
	2023	2022	2023	2022
	Number of ordinary shares			
	'000	'000	\$'000	\$'000
Issued and fully-paid				
Balance at beginning and end of financial year	90,095	90,095	37,288	37,288

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

20. Foreign currency translation account

Foreign currency translation account comprises all foreign exchange differences arising from the translation of the financial statements of foreign operations whose functional currency is different from that of the Group's presentation currency and is not distributable.

21. Other reserves

	Group	
	2023	2022
	\$'000	\$'000
Premium on acquisition of non-controlling interests	(1,043)	(1,043)
Fair value reserve	(432)	(264)
China statutory reserve	289	289
Thailand statutory reserve	41	41
	(1,145)	(977)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

21. Other reserves (Continued)

Premium on acquisition of non-controlling interests

Premium on acquisition of non-controlling interests is the effect of transactions with non-controlling interests if there are no changes in control and the transactions will no longer result in goodwill or gains or losses.

Fair value reserve

Fair value reserve represents the cumulative fair value changes, net of tax, of financial assets measured at FVOCI until they are derecognised. Upon derecognition, the cumulative fair value changes will be transferred to retained earnings.

China statutory reserve

According to the relevant regulations in the People's Republic of China ("PRC") and the Articles of Association of the PRC subsidiaries, they are required to transfer 10% of their profit after income tax to the statutory reserve until the reserve balance reaches 50% of their registered capital. The transfer of this reserve must be made before the distribution of dividends to shareholders. Statutory reserve can be used to make good previous years' losses, if any, and may be converted into paid-in capital in proportion to the existing interests of owners, provided that the balance after conversion is not less than 25% of the registered capital.

Thailand statutory reserve

Under the provisions of the Civil and Commercial Code of Thailand, the subsidiary in Thailand is required to set aside as legal reserve at least 5% of its profit at each dividend declaration until the reserve reaches 10% of authorised capital. The reserve is not available for dividend distribution. The subsidiary in Thailand had already appropriated retained earnings as legal reserve amounting to Thailand baht 1,000,000 (or \$41,000) equivalent to 10% of the authorised capital.

The movements of the other reserves of the Group are presented in the consolidated statement of changes in equity.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

22. Retained earnings

Movements of retained earnings of the Company are as follows:

	Company	
	2023	2022
	\$'000	\$'000
Balance at beginning of financial year	14,296	9,919
Total comprehensive income for the financial year	18,539	16,540
Dividends (Note 29)	(17,929)	(12,163)
Balance at end of financial year	14,906	14,296

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

23. Revenue

Disaggregation of revenue

The Group has disaggregated revenue into various categories in the following table:

	At a point time		Group Over time		Total	
	2023 \$'000	2022 \$'000	2023 \$'000	2022 \$'000	2023 \$'000	2022 \$'000
IT business						
- Distribution of IT products	642,724	600,801	-	-	642,724	600,801
- In-house maintenance services	-	-	9,207	9,562	9,207	9,562
- Professional services	4,529	4,378	-	-	4,529	4,378
- Training services	161	208	-	-	161	208
PCB business						
- PCB services	864	948	-	-	864	948
- Distribution of PCB related products	460	589	-	-	460	589
	648,738	606,924	9,207	9,562	657,945	616,486
Rental						
IT					8	7
PCB					468	487
					658,421	616,980

IT business

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

23. Revenue (Continued)

Disaggregation of revenue (Continued)

IT business (Continued)

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

The Group’s revenue from IT business professional services is derived from the following areas:

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

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

The products sold to certain customers are subject to volume rebates based on aggregate sales over a specific period. Revenue from these sales is recognised based on the price specified in the contract, net of estimated volume rebate. Accumulated experience is applied to estimate and provide for the volume rebate, using the expected value method and revenue is only recognised to the extent that it is highly probable that a significant reversal will not occur. The balances are included in contract liabilities as ‘rebate to customers’ as disclosed in Note 23 to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

23. Revenue (Continued)

Disaggregation of revenue (Continued)

IT business (Continued)

i) Distribution of IT products (Continued)

There is also an element of significant financing component in the Group's revenue transactions as customers as disclosed in Note 11 to the financial statements. Other than financing given to customers, the Group will bill the customers in advance when the customers is new to the Group or has exceeded their credit limits. These balances are presented as 'deposits received' within contract liabilities as disclosed in Note 23 to the financial statements.

Included in certain contracts with customers, there are IT products with zero sales value being bundled together, hence management allocates the transaction price to all items included in the contracts based on expected cost-plus margin approach. When the value of goods delivered to customer exceeds the invoiced amount, a contract asset is recognised. When the invoiced amount exceeds the value of goods delivered, 'advance billings' are recognised and presented within contract liabilities as disclosed in Note 23 to the financial statements.

Deferred revenue represents unrecognised revenue from maintenance contracts expiring in future financial periods and presented within contract liabilities as disclosed in Note 23 to the financial statements.

The Group offers volume rebates to certain distribution contracts in IT business and presented within contract liabilities as disclosed in Note 23 to the financial statements. Revenue is presented net of rebates accrued.

All products sold by the Group includes standard warranty which are the responsibility of the Group's suppliers who owns the intellectual property rights of the products distributed. However, the Group has the obligation through its business practice to provide post-sales technical support with the expertise and oversight by the Group's suppliers to ensure the IT products will function as intended and comply with the agreed-upon specifications by the customers. The provision for post-sales technical support is disclosed in Note 15 to the financial statements.

ii) In-house maintenance services

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

23. Revenue (Continued)

Disaggregation of revenue (Continued)

IT business (Continued)

iii) Professional services

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

iv) Rental services

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

v) Training services

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

PCB business

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

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

i) PCB related services

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

ii) Distribution of PCB related products

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

iii) Rental of machines

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

23. Revenue (Continued)

Contract assets and contract liabilities

	Group	
	2023 \$'000	2022 \$'000
Contract assets		
Contract assets	1,167	-
Less: Loss allowance	(19)	-
	1,148	-
Contract liabilities		
Advance billings	13,077	9,365
Deposits received	7,309	8,737
Deferred revenue	9,138	8,029
Rebate to customers	5,481	4,417
Total contract liabilities	35,005	30,548
Presented in statements of financial position		
- Current	31,434	27,559
- Non-current	3,571	2,989
	35,005	30,548

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

23. Revenue (Continued)

Contract assets and contract liabilities (Continued)

- a) Significant changes in contract assets and contract liabilities

	Group			
	Contract assets		Contract liabilities	
	2023	2022	2023	2022
	\$'000	\$'000	\$'000	\$'000
Balance at beginning of financial year	-	-	30,548	26,743
Excess of revenue recognised over cash (or rights to cash)	1,187	-	-	-
Loss allowance recognised	(19)	-	-	-
Balance recognised as revenue during the financial year	-	-	(24,781)	(12,644)
Invoice issued during the year and not recognised as revenue	-	-	29,916	17,111
Currency translation adjustment	(20)	-	(678)	(662)
Balance at end of financial year	1,148	-	35,005	30,548

- b) Remaining performance obligations

Certain delivery of IT products and in-house maintenance services have been entered into for which both:

- the Group's right to consideration does not correspond directly with the performance; and
- the original contractual period was greater than 12 months.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

23. Revenue (Continued)

Contract assets and contract liabilities (Continued)

b) Remaining performance obligations (Continued)

The amount of revenue that will be recognised in future periods on these contracts when those remaining performance obligations will be satisfied is analysed as follows:

	2023	2024	2025	2026	2027	2028	2029	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
2023								
Advance billings	20,386	-	-	-	-	-	-	20,386
Deferred revenue	5,567	1,980	923	406	209	53	9,138	
	25,953	1,980	923	406	209	53	29,524	
2022								
Advance billings	18,102	-	-	-	-	-	-	18,102
Deferred revenue	5,040	1,601	780	433	157	16	2	8,029
	23,142	1,601	780	433	157	16	2	26,131

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

24. Other income

	Group	
	2023 \$'000	2022 \$'000
Commission income	270	197
Fair value change in financial asset, FVPL	150	155
Freight income	290	464
Foreign exchange gain, net	155	-
Gain on disposal of property, plant and equipment	-	155
Gain on lease modifications	292	-
Government grant		
- Jobs Growth Incentive	6	376
- Others	384	242
Third party trade and other payables written off	575	221
Scrap sales	2	1
Service fee income	324	241
Others	58	92
	2,506	2,144

Commission income

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

Grants

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

25. Finance costs

	Group	
	2023 \$'000	2022 \$'000
Interest expenses:		
- bank borrowings	35	67
- lease liabilities	167	193
- interest accretion on non-current payables	641	197
	843	457

26. Profit before income tax

In addition to the charges and credits disclosed elsewhere in the notes to the financial statements, the above includes the following charges:

	Group	
	2023 \$'000	2022 \$'000 (Restated)
<i>Cost of sales</i>		
Cost of inventories	561,005	520,971
Allowance made for inventory obsolescence	2,483	4,592
Inventories written off	43	81
Depreciation of property, plant and equipment	99	99
<i>Selling and distribution costs</i>		
Marketing and promotion ⁽¹⁾	4,385	5,066
Entertainment	2,132	2,216
Sales commission	4,452	4,407
Travelling	468	168

⁽¹⁾ Out of \$4,385,000 for the marketing and promotion expenses, \$2,137,000 was for the purpose of purchasing Capitaland vouchers for marketing and promotional purposes on behalf of a vendor of the Group. The sum had been paid into the personal bank accounts of two employees of the Group, who then on-paid this money to one employee of the vendor.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

26. Profit before income tax (Continued)

	Group	
	2023 \$'000	2022 \$'000 (Restated)
<i>Administrative and other expenses</i>		
Amortisation of club memberships	10	10
Depreciation of property, plant and equipment	1,050	1,215
Depreciation of right-of-use assets	1,087	1,291
Foreign exchange loss, net	-	3,964
Third party trade receivables written off	77	43
Directors' fees		
– Directors of the Company	263	219
Audit fees		
- auditor of the Company	182	163
- other auditors – network firms	60	62
- other auditors – non-network firms	67	83
Non-audit fees		
(i) Non-audit related services		
- auditor of the Company	3	-
- other auditors – network firms	4	4
- other auditors – non-network firms	30	18
Lease expenses		
- short-term leases	84	36
- low value assets	11	10
Loss on disposal of property, plant and equipment	1	-
Property, plant and equipment written off	-	1

There are no audit related services provided by BDO LLP and its network member firms and other auditors for the financial year ended 31 December 2023 and 31 December 2022.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

26. Profit before income tax (Continued)

The profit before income tax also includes:

	Group	
	2023	2022
	\$'000	\$'000
Employee benefits expense		
- salaries and other short term benefits	36,687	36,253
- post-employment benefits	3,778	3,988
	40,465	40,241

The employee benefits expense is recognised in the following line items of profit or loss:

	Group	
	2023	2022
	\$'000	\$'000
Cost of sales	176	178
Selling and distribution costs	28,750	28,635
Administrative and other expenses	11,539	11,428
	40,465	40,241

Included in the employee benefits expense were key management remuneration as disclosed in Note 32 to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

27. Income tax expense

	Group	
	2023	2022
	\$'000	\$'000
Current income tax		
- current financial year	8,593	5,654
- under/(over) provision in prior financial years	155	(71)
- withholding tax	947	690
	9,695	6,273
Deferred tax		
- current financial year	(291)	(676)
- under provision in prior financial years	1	2
	(290)	(674)
Total income tax expense recognised in profit or loss	9,405	5,599

Domestic income tax is calculated at 17% (2022: 17%) of the estimated assessable profit for the financial year. Taxation for other jurisdictions is calculated at the rates prevailing in the relevant jurisdictions.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

27. Income tax expense (Continued)

The income tax expense varied from the amount of income tax expense determined by applying the Singapore income tax rate of 17% (2022: 17%) to profit before income tax as a result of the following differences:

	Group	
	2023 \$'000	2022 \$'000
Profit before income tax	36,528	25,596
Income tax calculated at applicable income tax rate of 17%	6,210	4,351
Effect of different income tax rates in other countries	787	448
Effect of expenses not deductible for income tax purposes	1,040	315
Effect of partial tax exemption and tax relief	(174)	(177)
Deferred tax assets not recognised	478	116
Utilisation of deferred tax assets not recognised previously	(39)	(47)
Under/(over) provision of current income tax in prior financial years	155	(71)
Under provision of deferred tax in prior financial years	1	2
Withholding tax	947	690
Others	-	(28)
	9,405	5,599

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

Unrecognised deferred tax assets

	Group	
	2023 \$'000	2022 \$'000
Balance at beginning of financial year	376	349
Utilised during the financial year	(39)	(47)
Amount not recognised during the financial year	478	116
Reassessment of unrecognised deferred tax assets in prior financial years	(67)	57
Currency translation adjustment	31	(99)
Balance at end of financial year	779	376

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

27. Income tax expense (Continued)

Unrecognised deferred tax assets (Continued)

Unrecognised deferred tax assets are attributable to:

	Group	
	2023	2022
	\$'000	\$'000
Unutilised tax losses	520	284
Other temporary differences	259	92
	779	376

As at 31 December 2023, the Group had unrecognised tax losses of approximately \$2,009,000 (2022: \$1,284,000) available for offset against future taxable profits subject to the agreement by the tax authorities and provisions of the tax legislations of the respective countries in which the Group operates. No deferred tax assets have been recognised in respect of such losses as the management is not confident that there will be sufficient future taxable profits to realise these future benefits. Accordingly, these deferred tax assets have not been recognised in the consolidated financial statements of the Group in accordance with its accounting policy.

28. Earnings per share

The calculation for earnings per share is based on:

	Group	
	2023	2022
Profit after income tax attributable to owners of the Company (\$'000)	27,123	19,997
Actual number of ordinary shares in issue during the financial year applicable to basic earnings per share ('000)	90,095	90,095
Earnings per share (in cents)		
- Basic and diluted	30.10	22.20

Basic earnings per share is calculated by dividing the net profit for the financial year attributable to owners of the Company by the actual number of ordinary shares in issue during the financial year. As the Group has no dilutive potential ordinary shares, the diluted earnings per share is equivalent to basic earnings per share for the financial year.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

29. Dividends

	Group and Company	
	2023 \$'000	2022 \$'000
Interim tax-exempt dividends paid of \$0.088 per share in respect of financial year ended 31 December 2023	7,928	-
Final tax-exempt dividends paid of \$0.111 per share in respect of financial year ended 31 December 2022	10,001	-
Interim tax-exempt dividends paid of \$0.066 per share in respect of financial year ended 31 December 2022	-	5,946
Final tax-exempt dividends paid of \$0.069 per share in respect of financial year ended 31 December 2021	-	6,217
	17,929	12,163

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

The Directors of the Company recommend a final tax-exempt (one tier) dividends of \$0.155 (2022: \$0.111) per ordinary share amounting to approximately \$13,965,000 (2022: \$10,001,000) be paid in respect of current financial year. The dividends have not been recognised as a liability as at the end of the reporting period as it is subject to approval by shareholders at the Annual General Meeting of the Company.

30. Commitments and contingent liabilities

30.1 Lease commitments

The Group and the Company as lessors

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

30. Commitments and contingent liabilities (Continued)

30.1 Lease commitments (Continued)

The Group and the Company as lessors (Continued)

The Group and the Company have entered into lease commitment on its machineries. These non-cancellable leases have remaining lease terms of between 6 to 9 (2022: 6 to 9) months.

As at the end of the reporting period, the undiscounted rentals receivable under non-cancellable leases for plant and machinery are as follows:

	Group	
	2023	2022
	\$'000	\$'000
Within one year	276	284

30.2 Contingent liabilities

Corporate guarantees

As at 31 December 2023, the Company had given guarantees amounting to \$786,000 (2022: \$1,417,000) to certain banks in respect of banking facilities granted to the subsidiaries. Such guarantees are in the form of a financial guarantee as they require the Company to reimburse the respective banks if the respective subsidiaries to which the guarantees were extended fail to make principal or interest repayments when due in accordance with the terms of the borrowings.

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

- premium received on initial recognition less the cumulative amount of income recognised in accordance with the principles of SFRS(I) 15; and
- the amount of loss allowance determined in accordance with SFRS(I) 9.

The Company has considered the fair values of the corporate guarantees and the consequential liabilities derived from its guarantees to the banks with regards to the subsidiaries are insignificant. The subsidiaries for which the guarantees were provided are in favourable equity position and are profitable, with no default in the repayment of borrowings and credit facilities.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

30. Commitments and contingent liabilities (Continued)

30.2 Contingent liabilities (Continued)

Uncertainty over income tax treatments

As disclosed in Note 35 to the financial statements, the probability of the additional tax payable amounting to \$12,257,000 is remote based on the preliminary legal advice provided by the Philippines subsidiary's legal counsel. Consequently, no provision for such contingent liability was recognised as at the end of the reporting period.

31. Segment information

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

Management has determined the operating segments based on the reports reviewed by the chief operating decision maker.

Management considers the business from both a geographic and business segment perspective. Geographically, management manages and monitors the business in these primary geographic areas: Singapore, Greater China (including Hong Kong and Taiwan), Australia, India and other countries. These locations are engaged in the distribution of PCB and distribution of IT products.

The Group has two reportable segments being PCB business and IT business.

The PCB business segment provides PCB related services to PCB fabricators and distributes specialty chemicals and other PCB-related products and equipment to PCB manufacturers and rental of machines.

The IT business segment relates to the distribution of hardware and software relating to internet and network products and the provision of maintenance services for such products.

The Group's reportable segments are strategic business units that are organised based on their function and targeted customer groups. They are managed separately because each business unit requires different skill sets and marketing strategies.

Management monitors the operating results of the segments separately for the purpose of making decisions about resources to be allocated and of assessing performance. Segment performance is evaluated based on operation profit or loss which is similar to the accounting profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

31. Segment information (Continued)

Income taxes are managed on a Group basis.

The accounting policies of the operating segments are the same of those described in the summary of significant accounting policies. There is no asymmetrical allocation to reportable segments. Management evaluates performance on the basis of profit or loss from operation before tax expense not including non-recurring gains and losses.

There is no change from prior periods in the measurement methods used to determine reported segment profit or loss from 2022.

The Group accounts for intersegment sales and transfer as if the sales or transfers were to third parties, which approximate market prices. These intersegment transactions are eliminated on consolidation.

	← Singapore →		Greater China	Australia	India	Others	Elimination and adjustments	Total
	IT business	PCB business	IT business	IT business	IT business	IT business		
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000		
2023								
Revenue								
- External sales	372,590	1,792	34,955	54,600	40,558	153,926	-	658,421
- Inter-segment sales	187	-	-	-	-	-	(187)	-
Total revenue	372,777	1,792	34,955	54,600	40,558	153,926	(187)	658,421

	← Singapore →		Greater China	Australia	India	Others	Elimination and adjustments	Total
	IT business	PCB business	IT business	IT business	IT business	IT business		
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000		
2022								
Revenue								
- External sales	314,074	2,024	51,285	47,705	59,013	142,879	-	616,980
- Inter-segment sales	1	-	-	-	15	-	(16)	-
Total revenue	314,075	2,024	51,285	47,705	59,028	142,879	(16)	616,980

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

31. Segment information (Continued)

	IT business \$'000	PCB business \$'000	Elimination and adjustments \$'000	Total \$'000
2023				
Segment results				
Interest income	1,954	775	-	2,729
Interest expense	(839)	(4)	-	(843)
Depreciation of property, plant and equipment	(813)	(336)	-	(1,149)
Other non-cash items:				
- Loss on disposal of property, plant and equipment	(1)	-	-	(1)
- Amortisation of club memberships	(10)	-	-	(10)
- Depreciation of right-of-use assets	(1,036)	(51)	-	(1,087)
- Third party trade receivables written off	(77)	-	-	(77)
- Inventories written off	(43)	-	-	(43)
- Unrealised foreign exchange gain/(loss)	1,315	(474)	-	841
- Allowance (made)/reversed for inventory obsolescence	(2,492)	9	-	(2,483)
- Loss allowance on third party trade receivables	(372)	(3)	-	(375)
- Fair value change in financial asset, at FVPL	-	150	-	150
Segment profit/(loss)	39,722	(3,194)	-	36,528

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

31. Segment information (Continued)

	IT business \$'000	PCB business \$'000	Elimination and adjustments \$'000	Total \$'000
2022				
Segment results				
Interest income	817	199	-	1,016
Interest expense	(454)	(3)	-	(457)
Depreciation of property, plant and equipment	(974)	(340)	-	(1,314)
Other non-cash items:				
- Gain on disposal of property, plant and equipment	155	-	-	155
- Amortisation of club memberships	(10)	-	-	(10)
- Depreciation of right-of-use assets	(1,204)	(87)	-	(1,291)
- Third party trade receivables written off	(43)	-	-	(43)
- Property, plant and equipment written off	(1)	-	-	(1)
- Inventories written off	(81)	-	-	(81)
- Unrealised foreign exchange loss	(2,662)	(380)	-	(3,042)
- Allowance made for inventory obsolescence	(4,588)	(4)	-	(4,592)
- Reversal of allowance on third party trade receivables	275	-	-	275
- Fair value change in financial asset, at FVPL	-	155	-	155
Segment profit/(loss)	26,453	(857)	-	25,596

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

31. Segment information (Continued)

Geographical information

The Group's two business segments operate in four main geographical areas. Revenue is based on the country in which the customer is located.

Revenue from external customers

	Singapore \$'000	Greater China \$'000	Australia \$'000	India \$'000	Others \$'000	Group \$'000
2023						
Revenue from external customers	<u>300,528</u>	<u>38,004</u>	<u>55,295</u>	<u>40,773</u>	<u>223,821</u>	<u>658,421</u>
2022						
Revenue from external customers	<u>271,680</u>	<u>52,381</u>	<u>48,415</u>	<u>60,012</u>	<u>184,492</u>	<u>616,980</u>

Location of non-current assets

	Singapore \$'000	Greater China \$'000	Australia \$'000	India \$'000	Others \$'000	Group \$'000
2023						
Non-current assets	<u>6,623</u>	<u>344</u>	<u>2,632</u>	<u>1,089</u>	<u>1,262</u>	<u>11,950</u>
2022						
Non-current assets	<u>7,460</u>	<u>610</u>	<u>2,674</u>	<u>1,004</u>	<u>1,626</u>	<u>13,374</u>

Non-current assets consist of property, plant and equipment, right-of-use assets, club memberships and prepayments as presented in the consolidated statement of financial position of the Group.

Major customers

Revenue derived from one customer (2022: one customer) of the Group's IT business was approximately \$117,055,000 (2022: \$103,286,000) which contributed 10 percent or more of the Group's revenue in the financial year.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

32. Significant related party transactions

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

In addition to the related party information disclosed elsewhere in the financial statements, the following were significant related party transactions between the Group and Company and its related parties during the financial year at rates and terms agreed between the parties:

	Company	
	2023 \$'000	2022 \$'000
With subsidiaries		
Advances made to a subsidiary	4,156	5,981
Interest on advances made to a subsidiary	1,666	870
Payment on behalf for	270	3,696
Dividend income	19,925	16,599
Rental income	149	149
Service fee	6,613	6,920

As at 31 December 2023 and 2022, the outstanding balances in respect of the above related party transactions are disclosed in Note 11 to the financial statements.

Compensation of key management personnel

The remuneration of Directors and other members of the key management personnel of the Group and the Company during the financial year was as follows:

	Group		Company	
	2023 \$'000	2022 \$'000	2023 \$'000	2022 \$'000
Salaries and other short-term benefits (other than fees)	9,346	7,257	8,969	6,689
Post-employment benefits	91	117	87	95
Directors' fees	263	219	263	219
	9,700	7,593	9,319	7,003

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

32. Significant related party transactions (Continued)

Compensation of key management personnel (Continued)

The above includes the following remuneration to the Directors of the Company:

	Group	
	2023	2022
	\$'000	\$'000
Salaries and other short-term benefits (other than fees)	8,089	5,916
Post-employment benefits	39	46
Directors' fees	263	219
	8,391	6,181

33. Financial instruments, financial risks and capital management

The Group's and the Company's activities expose them to credit risk, market risk (including interest rate risk and foreign exchange risk), and liquidity risk. The Group's and the Company's overall risk management strategy seek to minimise adverse effects from the volatility of financial markets on the Group's and the Company's financial performance.

The Board of Directors of the Company is responsible for setting the objectives and underlying principles of financial risk management for the Group and the Company. The Group's and the Company's management then establish the detailed policies such as risk identification and measurement, exposure limits and hedging strategies, in accordance with the objectives and underlying principles approved by the Board of Directors.

There has been no change to the Group's and the Company's exposures to these financial risks or the manner in which they manage and measure these risks.

33.1 Credit risk

Credit risk refers to the risk that counterparty will default on its contractual obligations resulting in a loss to the Group and the Company. The Group and the Company are mainly exposed to credit risk from credit sales. It is the Group policy, to assess the credit risk of new customers before entering contracts. Such credit ratings are taken into account by local business practices.

The management has established a credit policy under which each new customer is reviewed for creditworthiness before the Group's payment and delivery terms and conditions are offered. The Group's review includes external ratings, and customers' financials, when available. Credit limits are established for each customer.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

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

33.1 Credit risk (Continued)

The management determines concentrations of credit risk through a monthly review of the trade receivables' ageing analysis. In monitoring the customers' credit risk, customers are grouped according to their geography and ageing. Within each group, geographical economics and geographical credit rating are analysed. The average historical loss rate is computed for each group. Customers are assessed individually for any period-end receivables if specific information is available and the expected credit losses are estimated to be 100%. A customer is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that customer have occurred. Evidence that a customer is credit-impaired includes observable data such as significant financial difficulty of the customer, breach of contract such as a default or past due event or it is becoming probable that the customer will enter bankruptcy or other financial reorganisation.

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

	Company	
	2023	2022
	\$'000	\$'000
Corporate guarantees provided to banks for subsidiaries' banking facilities utilised as at the end of financial year	786	1,417

For the corporate guarantee issued, the Company has assessed that these subsidiaries have sufficient financial capabilities to meet their contractual cash flows obligation in the near future hence, does not expect any material loss allowance under 12-month expected credit loss model.

The Group and the Company do not have any significant credit exposure to any single counterparty or any group of counterparties having similar characteristics except for the top three trade receivables from third parties amounting to approximately \$60,574,000 and \$432,000 (2022: \$36,974,000 and \$508,000) respectively as at 31 December 2023.

The Group's and the Company's major classes of financial assets are bank deposits and trade and other receivables. The bank deposits are held in financial institutions which are independently rated parties with minimum rating "BBB" and above.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

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

33.1 Credit risk (Continued)

The credit risk for trade receivables and contract assets based on the information provided to the Group's and the Company's management as at the end of the reporting period was as follows:

	Group		Company	
	2023 \$'000	2022 \$'000	2023 \$'000	2022 \$'000
IT business				
- Current	145,994	114,790	-	-
- Past due 0 to 1 month	19,400	15,900	-	-
- Past due over 1 to 2 months	6,025	9,605	-	-
- Past due over 2 to 5 months	8,927	7,442	-	-
- Past due over 5 months	3,073	3,771	-	-
	183,419	151,508	-	-
PCB business				
- Current	1	195	1	195
- Past due 0 to 1 month	172	146	172	146
- Past due over 1 to 2 months	105	80	105	80
- Past due over 2 to 5 months	164	101	164	101
- Past due over 5 months	3	4	3	4
	445	526	445	526
	183,864	152,034	445	526

Trade receivables and contract assets that are neither past due nor impaired are substantially companies with good collection track record with the Group and the Company.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

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

33.1 Credit risk (Continued)

As at each financial year end, the lifetime expected loss provision, excluding credit impaired balances, for the Group's and the Company's trade receivables and contract assets are as follows:

	Australia \$'000	Singapore \$'000	Greater China \$'000	India \$'000	Rest of Southeast Asia \$'000	Others \$'000	Total \$'000
2023							
Group							
<u>IT business</u>							
Expected loss rate	4.9%	1.1%	2.1% to 5.2%	7.7%	0.5% to 5.0%	0.0% to 0.5%	
Gross carrying amount							
- Trade receivables	14,896	89,383	8,630	12,358	49,445	6,726	181,438
- Contract assets	-	1,012	24	9	122	-	1,167
	14,896	90,395	8,654	12,367	49,567	6,726	182,605
Loss allowance							
- Trade receivables	730	983	282	955	843	34	3,827
- Contract assets	-	11	1	1	6	-	19
<u>PCB business</u>							
Expected loss rate	-	0.5%	-	-	-	-	
Gross carrying amount							
- Trade receivables	-	442	-	-	-	-	442
Loss allowance	-	2	-	-	-	-	2
<u>Total</u>							
Gross carrying amount							
- Trade receivables	14,896	89,825	8,630	12,358	49,445	6,726	181,880
- Contract assets	-	1,012	24	9	122	-	1,167
	14,896	90,837	8,654	12,367	49,567	6,726	183,047
Loss allowance							
- Trade receivables	730	985	282	955	843	34	3,829
- Contract assets	-	11	1	1	6	-	19
	730	996	283	956	849	34	3,848
Net carrying amount							
- Trade receivables	14,166	88,840	8,348	11,403	48,602	6,692	178,051
- Contract assets	-	1,001	23	8	116	-	1,148
	14,166	89,841	8,371	11,411	48,718	6,692	179,199

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

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

33.1 Credit risk (Continued)

	Australia \$'000	Singapore \$'000	Greater China \$'000	India \$'000	Rest of Southeast Asia \$'000	Others \$'000	Total \$'000
2023							
Company							
<u>PCB business</u>							
Expected loss rate	-	0.5%	-	-	-	-	
Gross carrying amount							
- Trade receivables	-	442	-	-	-	-	442
Loss allowance	-	2	-	-	-	-	2
Net carrying amount							
- Trade receivables	-	440	-	-	-	-	440

	Australia \$'000	Singapore \$'000	Greater China \$'000	India \$'000	Rest of Southeast Asia \$'000	Others \$'000	Total \$'000
2022							
Group							
<u>IT business</u>							
Expected loss rate	0.0%	2.0%	0.0% to 3.0%	3.5%	0.0% to 3.0%	0.0% to 2.0%	
Gross carrying amount							
- Trade receivables	11,754	63,650	11,409	21,992	35,374	4,980	149,159
Loss allowance	-	1,273	176	770	565	24	2,808
<u>PCB business</u>							
Expected loss rate	-	0.0%	-	-	-	-	
Gross carrying amount							
- Trade receivables	-	523	-	-	-	-	523
Loss allowance	-	-	-	-	-	-	-
<u>Total</u>							
Gross carrying amount							
- Trade receivables	11,754	64,173	11,409	21,992	35,374	4,980	149,682
Loss allowance	-	1,273	176	770	565	24	2,808
Net carrying amount							
- Trade receivables	11,754	62,900	11,233	21,222	34,809	4,956	146,874

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

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

33.1 Credit risk (Continued)

	Australia \$'000	Singapore \$'000	Greater China \$'000	India \$'000	Rest of Southeast Asia \$'000	Others \$'000	Total \$'000
2022							
Company							
<u>PCB business</u>							
Expected loss rate	-	0.0%	-	-	-	-	-
Gross carrying amount							
- Trade receivables	-	523	-	-	-	-	523
Loss allowance	-	-	-	-	-	-	-
Net carrying amount							
- Trade receivables	-	525	-	-	-	-	523

For amount due from a subsidiary (Note 11), management has taken into account the available internal information on the subsidiary's past, current and expected operating performance and cash flow position. The management monitors and assesses at each reporting date on any indicator of significant increase in credit risk on the amount due from the subsidiary, by considering their performance ratio and any default in external debts. The risk of default is considered to be minimal as the subsidiary has sufficient liquid assets to repay its debt. Therefore, amount due from a subsidiary has been measured based on 12-month expected credit loss model and subject to insignificant credit loss.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

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

33.1 Credit risk (Continued)

Cash and bank balances

The cash and bank balances are held with the financial institutions with the following credit ratings:

	Group			Company		
	Rating	Bank balance \$'000	Fixed deposits \$'000	Rating	Bank balance \$'000	Fixed deposits \$'000
2023						
International banks	AA/A	38,561	34,274	AA/A	4,110	23,447
Domestic banks	BAA/BBB	210	2		-	-
	Note 14	<u>38,771</u>	<u>34,276</u>		<u>4,110</u>	<u>23,447</u>
2022						
International banks	AAA	32,566	36,803	AAA	1,104	13,245
Domestic banks	BAA/BBB	171	2		-	-
	Note 14	<u>32,737</u>	<u>36,805</u>		<u>1,104</u>	<u>13,245</u>

The credit rating above are derived from Moody's and Fitch ratings. The management monitors the credit ratings of counterparties regularly. Impairment of cash and bank balances has been measured based on 12-month expected credit loss model. At the reporting date, the Group and the Company did not expect any credit losses from non-performance by the counterparties.

33.2 Market risk

(i) Foreign exchange risk management

Currency risk arises from transactions denominated in currencies other than the functional currencies of the entities within the Group and the Company. The currencies that give rise to this risk are primarily United States dollar, Singapore dollar, Chinese renminbi and Indonesian rupiah.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

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

33.2 Market risk (Continued)

(i) Foreign exchange risk management (Continued)

The Group and the Company monitor their foreign currency exchange risks closely and maintain funds in various currencies to minimise currency exposure due to timing differences between sales and purchases. Currency translation risk arises when commercial transactions, recognised assets and liabilities and net investment in foreign operations are denominated in a currency that is not the entity's functional currency.

It is not the Group's and the Company's policy to take speculative positions in foreign currencies. Where appropriate, the Group and the Company enter into foreign currency forward contracts with its principal bankers to mitigate the foreign currency risks (mainly export sales and import purchases).

The carrying amounts of the Group's and the Company's foreign currency denominated monetary assets and monetary liabilities at the end of the reporting period were as follows:

	Assets		Liabilities	
	2023 \$'000	2022 \$'000	2023 \$'000	2022 \$'000
Group				
United States dollar	56,064	50,120	156,424	156,500
Singapore dollar	9,273	10,594	13,153	24,717
Chinese renminbi	-	1,610	18	-
Indonesian rupiah	10,033	9,832	2,210	2,332
Others	216	110	167	174
Company				
United States dollar	34,520	19,861	43	56
Others	37	28	6	-

Foreign currency sensitivity analysis

The Group's exposure to foreign currency risk are mainly United States dollar, Singapore dollar, Chinese renminbi and Indonesian rupiah. The Company's exposure to foreign currency risk is mainly in United States dollar, Chinese renminbi and Indonesian rupiah.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

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

33.2 Market risk (Continued)

(i) *Foreign exchange risk management (Continued)*

Foreign currency sensitivity analysis (Continued)

The following table details the Group's and the Company's sensitivity to a 4% (2022: 7%) change in United States dollar, Singapore dollar, Chinese renminbi and Indonesian rupiah against the functional currencies respectively. The sensitivity analysis assumes an instantaneous 4% (2022: 7%) change in the foreign currency exchange rates from the end of the reporting period, with all other variables held constant. The results of the model are also constrained by the fact that only monetary items denominated in United States dollar, Singapore dollar, Chinese renminbi and Indonesian rupiah are included in the analysis.

	Profit or loss	
	2023 \$'000	2022 \$'000
Group		
<i>United States dollar</i>		
Strengthens against functional currencies*	(4,014)	(7,447)
Weakens against functional currencies*	4,014	7,447
<i>Singapore dollar</i>		
Strengthens against functional currencies#	(155)	(989)
Weakens against functional currencies#	155	989
<i>Chinese renminbi</i>		
Strengthens against functional currencies^	(1)	113
Weakens against functional currencies^	1	(113)
<i>Indonesian rupiah</i>		
Strengthens against functional currencies#	313	525
Weakens against functional currencies#	(313)	(525)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

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

33.2 Market risk (Continued)

(i) *Foreign exchange risk management (Continued)*

Foreign currency sensitivity analysis (Continued)

	Profit or loss	
	2023 \$'000	2022 \$'000
Company		
<i>United States dollar</i>		
Strengthens against Singapore dollar	1,379	1,386
Weakens against Singapore dollar	(1,379)	(1,386)

* Primarily Singapore dollar and Indian rupee

Primarily United States dollar

^ Primarily Singapore dollar and United States dollar

(ii) *Interest rate risk management*

The Group's exposure to market risk for changes in interest rates relates primarily to bank borrowings as shown in Note 17 to the financial statements.

The Group's financial performance are affected by changes in interest rates due to the impact of such changes on interest expenses from bank borrowings which are at floating interest rates. It is the Group's policy to obtain quotes from banks to ensure that the most favourable rates are made available to the Group.

The sensitivity analysis for changes in interest rates is deemed not necessary as the Group's bank borrowings are at fixed interest rates.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

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

33.3 Liquidity risk

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

The Group and the Company actively manage their operating cash flows so as to finance the Group's and the Company's operations. As part of their overall prudent liquidity management, the Group and the Company minimise liquidity risk by ensuring the availability of funding through an adequate amount of committed credit facilities from financial institutions and maintain sufficient levels of cash to meet their working capital requirement.

Contractual maturity analysis

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

	Within one year \$'000	After one year but within five years \$'000	Total \$'000
Group			
2023			
Financial liabilities			
Non-interest bearing			
- Trade and other payables ⁽¹⁾	154,738	-	154,738
Interest bearing			
- Trade payables	-	10,572	10,572
- Bank borrowings	789	-	789
- Lease liabilities	915	1,293	2,208
	1,704	11,865	13,569
	156,442	11,865	168,307

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

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

33.3 Liquidity risk (Continued)

Contractual maturity analysis (Continued)

	Within one year \$'000	After one year but within five years \$'000	Total \$'000
Group			
2022			
Financial liabilities			
Non-interest bearing			
- Trade and other payables ⁽¹⁾	122,547	-	122,547
Interest bearing			
- Trade payables	-	11,820	11,820
- Bank borrowings	1,021	420	1,441
- Lease liabilities	1,173	1,076	2,249
	<u>2,194</u>	<u>13,316</u>	<u>15,510</u>
	<u>124,741</u>	<u>13,316</u>	<u>138,057</u>

Company

2023

Financial liabilities

Non-interest bearing

- Trade and other payables ⁽¹⁾

7,300 - 7,300

Interest bearing

- Lease liabilities

54 104 158

7,354 104 7,458

Financial guarantee contracts

786 - 786

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

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

33.3 Liquidity risk (Continued)

Contractual maturity analysis (Continued)

	Within one year \$'000	After one year but within five years \$'000	Total \$'000
Company			
2022			
Financial liabilities			
Non-interest bearing			
- Trade and other payables ⁽¹⁾	5,131	-	5,131
Interest bearing			
- Lease liabilities	50	34	84
	<u>5,181</u>	<u>34</u>	<u>5,215</u>
Financial guarantee contracts	<u>1,417</u>	-	<u>1,417</u>

⁽¹⁾ Excludes value added tax and provision for post-sales technical support

The disclosed amounts for the financial guarantee contracts represent the maximum amount of issued financial guarantees in the earliest period for which the guarantees could be called upon in the contracted maturity analysis.

The Group's operations are financed mainly through equity, retained earnings, lease liabilities and bank borrowings. Adequate lines of credits are maintained to ensure the necessary liquidity is available when required.

33.4 Capital management policies and objectives

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

The management constantly reviews the capital structure to ensure the Group and the Company are able to service any debt obligations (include principal repayment and interests) based on their operating cash flows. The Group's and the Company's overall strategy remains unchanged from 2022.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

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

33.4 Capital management policies and objectives (Continued)

The management monitors capital based on gearing ratio. The gearing ratio is calculated as net debt divided by equity attributable to owners of the Company plus net debt. The Group and the Company include within net debt, trade and other payables, lease liabilities and bank borrowings less cash and bank balances. Equity attributable to owners of the Company consists of share capital, foreign currency translation account, other reserves and retained earnings.

	Group		Company	
	2023 \$'000	2022 \$'000	2023 \$'000	2022 \$'000
Trade and other payables	191,768	153,473	7,373	5,198
Lease liabilities	1,908	2,000	147	82
Bank borrowings	786	1,417	-	-
Less: Cash and bank balances	(73,047)	(69,542)	(27,557)	(14,349)
Net debt	121,415	87,348	(20,037)	(9,069)
Equity attributable to owners of the Company	144,204	137,096	52,194	51,584
Total capital	265,619	224,444	32,157	42,515
Gearing ratio (%)	46	39	N/M	N/M

*N/M: Not meaningful

The Group and the Company are in compliance with all borrowing covenants, including consolidated net worth, current assets to current liabilities ratio and debt service cover, imposed by the financial institutions for the financial years ended 31 December 2023 and 2022.

As disclosed in Note 21 to the financial statements, certain subsidiaries of the Group are required by the People's Republic of China and Civil and Commercial Code of Thailand to contribute to and maintain a non-distributable statutory reserve fund whose utilisation is subject to approval by the relevant authorities. The Group is in compliance with all statutory reserve fund capital requirement for the financial years ended 31 December 2023 and 2022.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

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

33.5 Fair value of financial assets and financial liabilities

The carrying amounts of the Group's and the Company's current financial assets and current financial liabilities approximate their respective fair values due to the relative short term maturity of these financial instruments. The fair values of non-current trade receivables, non-current trade payables and bank borrowings are disclosed in the respective notes to the financial statements.

Financial instruments by category

	Group		Company	
	2023 \$'000	2022 \$'000	2023 \$'000	2022 \$'000
Financial assets				
<i>Fair value through other comprehensive income</i>				
Financial asset, at FVOCI	7	179	-	-
<i>Fair value through profit or loss</i>				
Financial asset, at FVPL	4,813	4,749	-	4,749
<i>Amortised cost</i>				
Trade and other receivables ⁽¹⁾	180,287	148,870	23,495	33,538
Fixed deposits	34,276	36,805	23,447	13,245
Cash and bank balances	38,771	32,737	4,110	1,104
	253,334	218,412	51,052	47,887
Financial liabilities				
<i>Amortised cost</i>				
Trade and other payables ⁽²⁾	164,262	133,814	7,300	5,131
Bank borrowings	786	1,417	-	-
Lease liabilities	1,908	2,000	147	82
	166,956	137,231	7,447	5,213

⁽¹⁾ Excludes value added tax receivables and advances to suppliers

⁽²⁾ Excludes value added tax payables and provision for post-sales technical support

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

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

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

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

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

Fair value hierarchy

The Group and the Company classify fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The table below analyses financial instruments carried at fair value by the valuation method. The fair value hierarchy has the following levels:

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

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

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

Fair value hierarchy (Continued)

The table below analyses financial instruments carried at fair value, by valuation method. The different levels are defined as follows:

	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
Group				
2023				
Financial assets				
Financial asset, at FVOCI	7	-	-	7
Financial asset, at FVPL	-	-	4,813	4,813
2022				
Financial assets				
Financial asset, at FVOCI	179	-	-	179
Financial asset, at FVPL	-	-	4,749	4,749
Company				
2023				
Financial assets				
Financial asset, at FVPL	-	-	4,813	4,813
2022				
Financial assets				
Financial asset, at FVPL	-	-	4,749	4,749

There were no transfers between Levels 1 and 2 during the financial year.

The financial instruments included in Level 1 are traded in active markets and their fair values are based on quoted market prices at the reporting date.

The fair value measurements categorised within Level 3 for financial asset, at FVPL includes unobservable inputs that are not developed by the Group and the Company.

The fair value of the financial asset, at FVPL is based on the cash value provided by the insurer without adjustment.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

34. Restatement of comparatives

During the financial year, the Group classified certain non-sales related costs from cost of sales to selling and distribution expenses.

Accordingly, the prior year's comparative figures have been restated to enhance the comparability with current financial year's financial statements.

The line items have been amended in the consolidated income statement as set out below.

	Group	
	Previously reported 2022 \$'000	After restatement 2022 \$'000
CONSOLIDATED INCOME STATEMENT		
Cost of sales	(535,117)	(529,971)
Selling and distribution expenses	(31,177)	(36,323)

35. Events subsequent to reporting date

(a) M-Security Tech Philippines Inc Tax dispute

M-Security Tech Philippines Inc (M-Security Philippines), an indirect, wholly-owned subsidiary of the Company, has received two documents, namely a "Final Assessment Notice" together with a "Formal Letter of Demand" (collectively, the "Tax Documents") from the Office of the Regional Director (Revenue Region No. 8A-Makati City), Bureau of Internal Revenue, Department of Finance, Republic of the Philippines (the "Philippines Tax Authority").

The Tax Documents further state that the Philippines Tax Authority has assessed the tax obligations M-Security Philippines for the taxable year 2022 (being the period from 1 January 2022 to 31 December 2022) at an amount of approximately PHP 511,833,000 (approximately SGD 12,257,000). The Tax documents further state that M-Security Philippines can choose to either pay the aforementioned amount by 15 March 2024 or if M-Security Philippines disagree with the assessment, file a protest in writing within 30 days from receipt of the Tax Documents.

M-Security Philippines has engaged Philippines legal counsel and disputes the aforesaid tax liability. Based on the preliminarily legal advice provided by the Philippines legal counsel, the probability of the imposed tax obligations is uncertain as there is uncertainty on the tax treatments prescribed by the Philippines Tax Authority. M-Security Philippines assessed that no contingency liability to be recognised as at 31 December 2023. M-Security Philippines had filed a letter of appeal on 21 March 2024.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

35. Events subsequent to reporting date (Continued)

(b) Appointment of an Independent Reviewer

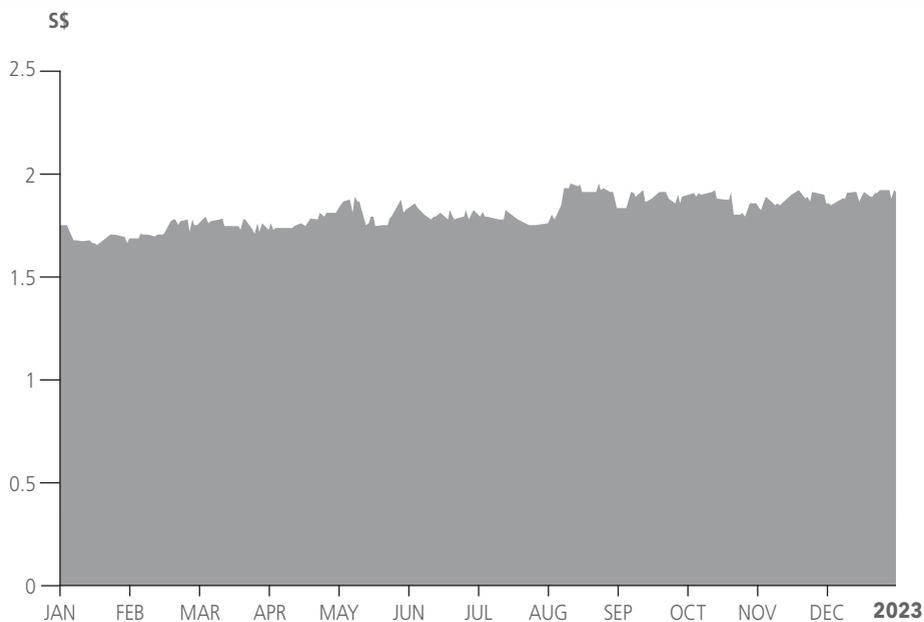
Separately, the Company wishes to update that it has, as of the date of these financial statements, appointed a law firm, Shook Lin & Bok LLP, to conduct an independent inquiry regarding the matter disclosed in Note 26 to the financial statements. If and when there are any material developments which warrant a disclosure, the Board will make a further announcement on the SGX-ST in accordance with the listing rules of the SGX-ST.

As at the date of these financial statements, the independent inquiry has not commenced.

ADDITIONAL INFORMATION FOR SHAREHOLDERS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

Share Price Chart



	In 2023		
	Highest	Lowest	Average
Share Price (S\$)	2.000	1.630	1.828
Share Volume	71,000	100	8,934

STATISTICS OF SHAREHOLDERS

AS AT 22 MARCH 2024

ANALYSIS OF SHAREHOLDINGS AS AT 22 MARCH 2024

Total number of issued shares excluding treasury shares- and subsidiary holdings	90,095,268
Number of treasury shares held	- NIL
Number of subsidiary holdings held	- NIL
Class of Shares	- Ordinary shares
Voting Rights	- One Vote per share

DISTRIBUTION OF SHAREHOLDERS BY SIZE OF SHAREHOLDINGS

Size of Shareholdings	No. of Shareholders	% of Shareholders	No. of Shares	% of Shareholdings
1 – 99	178	3.98	9,926	0.01
100 - 1,000	3,181	71.05	1,465,318	1.63
1,001 – 10,000	914	20.41	2,975,318	3.30
10,001 – 1,000,000	200	4.47	11,437,299	12.69
1,000,001 and above	4	0.09	74,207,407	82.37
TOTAL	4,477	100.00	90,095,268	100.00

LIST OF TWENTY LARGEST SHAREHOLDERS AS AT 22 MARCH 2024

(as shown in the Register of Members)

No.	Name of Shareholder	No. of Shares	% of Shareholdings
1	FOO SUAN SAI	37,016,525	41.09
2	HAN JUAT HOON	25,112,625	27.87
3	CITIBANK NOMINEES SINGAPORE PTE LTD	10,975,732	12.18
4	DBS NOMINEES PTE LTD	1,102,525	1.22
5	RAFFLES NOMINEES (PTE) LIMITED	852,462	0.95
6	UNITED OVERSEAS BANK NOMINEES PTE. LTD.	566,300	0.63
7	MOH TSER LOONG ALVIN	447,800	0.50
8	MAYBANK SECURITIES PTE LTD	374,825	0.42
9	YAP YOONG LOK	357,000	0.40
10	HSBC (SINGAPORE) NOMINEES PTE LTD	351,499	0.39
11	ABN AMRO CLEARING BANK N.V.	338,100	0.38
12	IAN HAROLD HOLLAND	310,000	0.34
13	CHONG SIEW LEE MICHELE (ZHANG SHULI MICHELE)	270,500	0.30
14	OCBC NOMINEES SINGAPORE PTE LTD	259,050	0.29
15	PHILLIP SECURITIES PTE LTD	232,225	0.26
16	QUEK KOK KWANG (GUO GUO GUANG)	212,000	0.24
17	NEO THUA TEE	191,950	0.21
18	FOO CHIK HEE @ FOO CHIK ENG	189,500	0.21
19	TAN KOK CHING	181,200	0.20
20	DBS VICKERS SECURITIES (SINGAPORE) PTE LTD	167,375	0.19
TOTAL		79,509,193	88.27

SUBSTANTIAL SHAREHOLDERS

AS AT 22 MARCH 2024

(as shown in the Register of Substantial Shareholders)

No.	Name of Shareholder	Direct Interest		Deemed Interest	
		No. of Shares	%	No. of Shares	%
1.	Foo Suan Sai ⁽¹⁾	37,016,525	41.086	25,345,125	28.131
2.	Han Juat Hoon ⁽¹⁾	25,345,125 ⁽²⁾	28.131	37,016,525	41.086
3.	Yaowalak Phoowarachai	10,668,000 ⁽³⁾	11.841	-	-

Notes :

- ⁽¹⁾ Mr Foo Suan Sai and Mdm Han Juat Hoon are husband and wife and they are each deemed to be interested in the shares held by the other.
- ⁽²⁾ Mdm Han Juat Hoon has direct interest in the 232,500 ordinary shares registered in the name of United Overseas Bank Nominees Pte Ltd.
- ⁽³⁾ Mdm Yaowalak Phoowarachai has direct interest in the 10,668,000 ordinary shares registered in the name of Citibank Nominees Singapore Pte Ltd.

COMPLIANCE WITH RULE 723 OF THE SGX-ST LISTING MANUAL

As at 22 March 2024, based on the registers of shareholders and to the best knowledge of the Company, the percentage of shareholding held in the hands of the public is 18.34%. The Company is therefore in compliance with Rule 723 of the SGX-ST Listing Manual.

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the Annual General Meeting of the Company will be held at 18 Boon Lay Way, #04-110 Tradehub 21, Singapore 609966 on 30 April 2024 at 11.30 a.m. for the purpose of transacting the following businesses:

As Ordinary Business

1. To receive and adopt the Audited Financial Statements of the Company for the financial year ended 31 December 2023 together with the Directors' Statement and the Auditor's Report thereon. **(Resolution 1)**
2. To re-elect Mr Foo Fang Yong who is retiring by rotation pursuant to Regulation 106 of the Constitution of the Company. (See Explanatory Note 1) **(Resolution 2)**
3. To record the retirement of the following directors retiring in accordance with Rule 210(5)(d)(iv) of the Listing Manual:
(i) Mr Wong Meng Yeng
(ii) Mr Lim Keng Jin; and
(iii) Mr Foo Maw Shen
(See Explanatory Note 2) **(Resolution 3)**
4. To approve the appointment of Mr Chan Wan Hong as a Director of the Company. (See Explanatory Note 3) **(Resolution 3)**
5. To approve the appointment of Mr Chong Teck Sin as a Director of the Company. (See Explanatory Note 3). **(Resolution 4)**
6. To approve the appointment of Mr Neo Bock Cheng as a Director of the Company. (See Explanatory Note 3) **(Resolution 5)**
7. To approve a final tax exempt (one-tier) dividend of SGD0.155 per ordinary share for the financial year ended 31 December 2023. **(Resolution 6)**
8. To approve the payment of Directors' fees of SGD241,243.75 for the financial year ended 31 December 2023. **(Resolution 7)**
9. To re-appoint Messrs BDO LLP as Auditor of the Company and to authorise the Directors to fix their remuneration. **(Resolution 8)**
10. To transact any other business which may be properly transacted at an Annual General Meeting.

NOTICE OF ANNUAL GENERAL MEETING

As Special Business

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

11. Authority to issue shares **(Resolution 9)**

“That, pursuant to Section 161 of the Companies Act 1967 and Rule 806(2) of the Listing Manual of the Singapore Exchange Securities Trading Limited (“SGX-ST”), authority be and is hereby given to the Directors of the Company to:-

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

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

- (b) (notwithstanding the authority conferred by this Resolution may have ceased to be in force) issue shares in pursuance of any Instrument made or granted by the Directors while this Resolution was in force, provided that:
 - (1) the aggregate number of shares to be issued pursuant to this Resolution (including shares to be issued in pursuance of Instruments made or granted pursuant to this Resolution) does not exceed fifty per cent. (50%) of the Company's total number of issued shares excluding treasury shares and subsidiary holdings (as calculated in accordance with sub-paragraph (2) below), of which the aggregate number of shares to be issued other than on a pro-rata basis to existing shareholders of the Company (including shares to be issued in pursuance of Instruments made or granted pursuant to this Resolution) does not exceed twenty per cent. (20%) of the Company's total number of issued shares excluding treasury shares and subsidiary holdings (as calculated in accordance with sub-paragraph (2) below).

NOTICE OF ANNUAL GENERAL MEETING

- (2) (subject to such manner of calculation as may be prescribed by the SGX-ST) for the purpose of determining the aggregate number of shares that may be issued under sub-paragraph (1) above, the total number of issued shares (excluding treasury shares and subsidiary holdings) is based on the Company's total number of issued shares (excluding treasury shares and subsidiary holdings) at the time this Resolution is passed, after adjusting for:
- (i) new shares arising from the conversion or exercise of any convertible securities or share options or vesting of share awards; and
 - (ii) any subsequent bonus issue, consolidation or subdivision of shares;

Adjustments in accordance with (i) and (ii) above are only to be made in respect of new shares arising from convertible securities, share options or share awards which were issued and outstanding or subsisting at the time of the passing of this resolution.

- (3) in exercising the authority conferred by this Resolution, the Company shall comply with the provisions of the Listing Manual of the SGX-ST for the time being in force (unless such compliance has been waived by the SGX-ST) and the Constitution for the time being of the Company; and

(unless revoked or varied by the Company in general meeting) the authority conferred by this Resolution shall continue in force until the conclusion of the next Annual General Meeting of the Company or the date by which the next Annual General Meeting of the Company is required by law to be held, whichever is the earlier." (See Explanatory Note 4)

BY ORDER OF THE BOARD
Chan Lai Yin
Company Secretary
Singapore, 15 April 2024

NOTICE OF ANNUAL GENERAL MEETING

Explanatory Notes on Businesses to be Transacted

- Detailed information of Mr Foo Fang Yong can be found under Directors' Profile section of the Company's Annual Report and Additional information on Directors seeking re-election.
- Mr Wong Meng Yeng, upon his retirement, will cease to be Independent Non-Executive Director, Chairman of the Nominating Committee, member of the Audit and Risk Management Committee and Remuneration Committee.
 - Mr Lim Keng Jin, upon his retirement, will cease to be Independent Non-Executive Director, Chairman of the Board and Remuneration Committee and member of the Audit and Risk Management Committee and Nominating Committee.
 - Mr Foo Maw Shen, upon his retirement, will cease to be Independent Non-Executive Director, member of the Remuneration Committee, Nominating Committee and Audit and Risk Management Committee.
- Detailed information of Mr Chan Wan Hong, Mr Chong Teck Sin and Mr Neo Bock Cheng can be found under Additional information on Directors seeking appointment.
- The Ordinary Resolution no. 9 proposed in item 11 above, if passed, will empower the Directors from the date of the above Meeting until the date of the next Annual General Meeting, to allot and issue shares and convertible securities in the Company. The aggregate number of shares (including any shares issued pursuant to the convertible securities) which the Directors may allot and issue under this Resolution will not exceed fifty per cent. (50%) of the Company's total number of issued shares excluding treasury shares and subsidiary holdings of the Company. For issues of shares other than on a pro rata basis to all shareholders, the aggregate number of shares to be issued will not exceed twenty per cent. (20%) of Company's total number of issued shares excluding treasury shares and subsidiary holdings of the Company. This authority will, unless previously revoked or varied at a general meeting, expire at the next Annual General Meeting of the Company or the date by which the next Annual General Meeting of the Company is required by law to be held, whichever is earlier. However, notwithstanding the cessation of this authority, the Directors are empowered to issue shares pursuant to any Instrument made or granted under this authority.

Notes:

- The Annual General Meeting of the Company ("AGM") is being convened, and will be held, physically. This Notice will be sent to members by electronic means via publication on the Company's website at the URL www.multichem.com.sg. This Notice will also be made available on the SGX website at the URL <https://www.sgx.com/securities/company-announcements>. Please complete the Request Form attached and return by post or by email to salesmultichem@multichem.com.sg no later than 19 April 2024 to receive the Annual Report in time for the upcoming AGM. A printed copy of the Annual Report will be mailed to you within 5 working days upon receiving your request.
- Members (including investors who holds shares under the Central Provident Fund and Supplementary Retirement Scheme ("CPF and SRS Investors")) may participate in the AGM by:
 - Attending the AGM in person;
 - Asking questions at the AGM or submitting questions in advance of the AGM; and/or
 - Voting at the AGM (i) personally; or (ii) through duly appointed proxy(ies).
- In view of the guidance note issued by the Singapore Exchange Regulation, a member may ask questions relating to the items on the agenda of the AGM by:
 - Submitting question via mail to the registered office of the Company at 18 Boon Lay Way #05- 113, Tradehub 21, Singapore 609966, or send electronic mail to finance@multichem.com.sg in advance of the AGM latest by 22 April 2024 at 11.30 a.m.; or
 - "live Question and Answer" at the physical AGM.

When sending questions, members should also provide their full name (for individuals)/company name (for corporate), NRIC/Passport No./Company Registration number, email address, contact number, shareholding type and number of shares held for verification.

NOTICE OF ANNUAL GENERAL MEETING

Shareholders are encouraged to submit their questions latest by 22 April 2024 at 11.30 a.m. The Company will endeavour to address all substantial and relevant questions submitted prior to the AGM by 25 April 2024 at 11.30 a.m. (at least 48 hours prior to the closing date and time for the lodgment of the proxy forms). The Company's response will be published on (i) the SGX-ST's website; and (ii) the Company's corporate website.

4. A member entitled to attend and vote at the Annual General Meeting is entitled to appoint not more than two proxies to attend and vote instead of him. A proxy need not be a member of the Company.
5. The Chairman of the meeting, as proxy, need not be a member of the Company. A member may appoint the Chairman of the meeting as his/her/its proxy. If a member wishes to appoint the Chairman of the meeting as proxy, such member (whether individual or corporate) must give specific instructions as to voting, or abstentions from voting, in the form of proxy, failing which the appointment will be treated as invalid.
6. A member who is a Relevant Intermediary* entitled to attend the meeting and vote is entitled to appoint more than two (2) proxies to attend and vote instead of the member, but each proxy must be appointed to exercise the rights attached to a different share or shares held by each member. Where such member appoints more than two (2) proxies, the appointments shall be invalid unless the member specifies the number of shares in relation to which each proxy has been appointed.
7. The instrument appointing a proxy must be deposited:
 - (a) at the registered office of the Company at 18 Boon Lay Way #05- 113, Tradehub 21, Singapore 609966; or
 - (b) be sent via electronic mail to finance@multichem.com.sg enclosing signed PDF copy of the Proxy Form;

not less than seventy-two (72) hours before the time set for the AGM.

8. CPF and SRS Investors who wishes to vote at the AGM should approach their respective agent banks to submit their votes at least seven (7) working days before the date of the AGM (i.e. by 11.30 a.m. on 19 April 2024). CPF and SRS Investors are requested to contact their respective agent banks for any queries they may have with regard to the appointment of proxy/proxies for the AGM.
9. In the case of Shares entered in the Depository Register, the Company may reject any instrument appointing the Chairman of the AGM as proxy lodged if the member, being the appointor, is not shown to have Shares entered against his name in the Depository Register as at seventy-two (72) hours before the time appointed for holding the AGM (i.e. by 11.30 a.m. on 27 April 2024), as certified by The Central Depository (Pte) Limited to the Company.
10. If the appointor is a corporation, the proxy must be executed under seal or the hand of its duly authorised officer or attorney.

*"A Relevant Intermediary means:

- a. a banking corporation licensed under the Banking Act 1970, or a wholly-owned subsidiary of such a banking corporation, whose business includes the provision of nominee services and who holds shares in that capacity
- b. a person holding a capital markets services licence to provide custodial services for securities under the Securities and Futures Act 2001, and who holds shares in that capacity; or
- c. the Central Provident Fund Board established by the Central Provident Fund Act 1953, in respect of shares purchased under the subsidiary legislation made under that Act providing for the making of investments from the contributions and interest standing to the credit of members of the Central Provident Fund, if the Board holds those shares in the capacity of an intermediary pursuant to or in accordance with that subsidiary legislation.

NOTICE OF ANNUAL GENERAL MEETING

RECORD DATE

Subject to members' approval to the proposed final dividend at the forthcoming Annual General Meeting, the Share Transfer Books and Register of Members of the Company will be closed on 14 May 2024 for preparation of dividend warrants to a final tax exempt (one-tier) dividend of 15.50 cents per Ordinary Share for the financial year ended 31 December 2023 (the "Proposed Final Dividend").

Duly completed registrable transfers received by the Company's Share Registrar, Tricor Barbinder Share Registration Services, 9 Raffles Place, #26-01 Republic Plaza, Singapore 048691 by 5.00 p.m. on 13 May 2024 ("Record Date") will be registered to determine Members' entitlements to the Proposed Final Dividend. Members whose securities accounts with The Central Depository (Pte) Limited are credited with shares of the Company as at 5.00 p.m. on the Record Date will be entitled to the Proposed Final Dividend.

The Proposed Final Dividend, if approved at the forthcoming Annual General Meeting, will be paid on 24 May 2024.

PERSONAL DATA PRIVACY

By (a) submitting an instrument appointing the Chairman of the Annual General Meeting as proxy to vote at the Annual General Meeting and/or any adjournment thereof, and/or (b) by registering to attend the AGM via electronic means, and/ or (c) submitting any question prior to the AGM in accordance with this Notice of AGM, a member of the Company consents to the collection, use and disclosure of the member's personal data by the Company (or its agents or service providers) for the following purposes:

- (i) the processing and administration by the Company (or its agents or service providers) of proxy forms appointing the "Chairman of the Annual General Meeting" as proxy for the AGM (including any adjournment thereof);
- (ii) processing the pre-registration forms for purposes of granting access to members (or their corporate representatives in the case of members who are legal entities) to view the live webcast of the AGM proceedings and providing viewers with any technical assistance, where necessary;
- (iii) addressing selected questions from members received before the AGM and if necessary, following up with the relevant members in relation to such questions;
- (iv) the preparation and compilation of the attendance lists, minutes and other documents relating to the AGM (including any adjournment thereof); and
- (v) enabling the Company (or its agents or service providers) to comply with any applicable laws, listing rules, regulations and/or guidelines.

DISCLOSURE OF INFORMATION ON DIRECTORS SEEKING RE-ELECTION

Mr Foo Fang Yong will be seeking re-election at the forthcoming Annual General Meeting of the Company to be convened on 30 April 2024 ("**AGM**") (the "**Retiring Director**"). Mr Chan Wan Hong, Mr Chong Teck Sin and Mr Neo Bock Cheng are proposed for appointment as Directors of the Company at the forthcoming AGM ("**New Directors**").

Pursuant to Rule 720(6) of the Listing Manual of the SGX-ST, the following is the information relating to the Retiring Director and New Directors as set out in Appendix 7.4.1 to the Listing Manual of the SGX-ST:

MR FOO FANG YONG	
Date of Appointment	28 May 2015
Date of last re-election	27 April 2022
Age	37
Country of principal residence	Singapore
The Board's comments on this appointment (including rationale, selection criteria, and the search and nomination process)	The Board of Directors of the Company has considered, among others, the recommendation of the Nominating Committee and has reviewed and considered the contribution and performance, attendance, preparedness, participation, candour and suitability of Mr Foo Fang Yong for re-appointment as Executive Director of the Company. The Board have reviewed and concluded that Mr Foo Fang Yong possess the experience, expertise, knowledge and skills to contribute towards the core competencies of the Board.
Whether appointment is executive, and if so, the area of responsibility	Executive Mr Foo Fang Yong is responsible for the Group's business operations and strategic planning.
Job Title (e.g. Lead ID, AC Chairman, AC Member etc.)	Executive Director
Professional qualifications	RSA SecurID Certified Systems Engineer and Blue Coat Certified ProxySG Professional, Sourcefire Certified Expert (SFCE) v5 and Riverbed Certified Solutions Professional WAN Optimization.

DISCLOSURE OF INFORMATION ON DIRECTORS SEEKING RE-ELECTION

MR FOO FANG YONG

Working experience and occupation(s) during the past 10 years August 2011 to October 2011: i-Security Engineer of M.Tech Products Pte Ltd

November 2011 to February 2013: Product Manager of M.Tech Products (HK) Pte Ltd

November 2013 to May 2014: Regional Product Manager of M.Tech Products Pte Limited

March 2013 to Present: Director of M.Tech Products Aust Pty Limited

June 2014 to Present: General Manager of Multi-Chem Limited

Shareholding interest in the listed issuer and its subsidiaries Direct interest: 162,400 ordinary shares

Any relationship (including immediate family relationships) with any existing director, existing executive officer, the issuer and/or substantial shareholder of the listed issuer or of any of its principal subsidiaries Mr Foo Fang Yong is the son of Mr Foo Suan Sai, Chief Executive Officer of the Company and Mdm Han Juat Hoon, Chief Operating Officer of the Company. Mr Foo Suan Sai and Mdm Han Juat Hoon are substantial shareholders of the Company.

Conflict of Interest (including any competing business) No

Undertaking (in the format set out in Appendix 7.7) under Rule 720(1) has been submitted to the listed issuer Yes

Other Principal Commitments* Including Directorships# Past (for the last 5 years) None

Present None

DISCLOSURE OF INFORMATION ON DIRECTORS SEEKING RE-ELECTION

MR FOO FANG YONG

Disclose the following matters concerning an appointment of director, chief executive officer, chief financial officer, chief operating officer, general manager or other officer of equivalent rank. If the answer to any question is "yes", full details must be given.

- a) Whether at any time during the last 10 years, an application or a petition No
under any bankruptcy law of any jurisdiction was filed against him or against
a partnership of which he was a partner at the time when he was a partner or
at any time within 2 years from the date he ceased to be a partner?
- b) Whether at any time during the last 10 years, an application or a petition under No
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?
- c) Whether there is any unsatisfied judgment against him? No
- d) Whether he has ever been convicted of any offence, in Singapore or elsewhere, No
involving fraud or dishonesty which is punishable with imprisonment, or has been the
subject of any criminal proceedings (including any pending criminal proceedings of
which he is aware) for such purpose?
- e) Whether he has ever been convicted of any offence, in Singapore or elsewhere, No
involving a breach of any law or regulatory requirement that relates to the securities
or futures industry in Singapore or elsewhere, or has been the subject of any criminal
proceedings (including any pending criminal proceedings of which he is aware) for
such breach?
- f) Whether at any time during the last 10 years, judgment has been entered against No
him in any civil proceedings in Singapore or elsewhere involving a breach of any
law or regulatory requirement that relates to the securities or futures industry in
Singapore or elsewhere, or a finding of fraud, misrepresentation or dishonesty
on his part, or he has been the subject of any civil proceedings (including any
pending civil proceedings of which he is aware) involving an allegation of fraud,
misrepresentation or dishonesty on his part?
- g) Whether he has ever been convicted in Singapore or elsewhere of any offence No
in connection with the formation or management of any entity or business
trust?
- h) Whether he has ever been disqualified from acting as a director or an equivalent No
person of any entity (including the trustee of a business trust), or from taking
part directly or indirectly in the management of any entity or business trust?
- i) Whether he has ever been the subject of any order, judgment or ruling of any No
court, tribunal or governmental body, permanently or temporarily enjoining him
from engaging in any type of business practice or activity?

DISCLOSURE OF INFORMATION ON DIRECTORS SEEKING RE-ELECTION

MR FOO FANG YONG

- j) Whether he has ever, to his knowledge, been concerned with the management or conduct, in Singapore or elsewhere, of the affairs of:– No
- 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?
- k) Whether he has been the subject of any current or past investigation or disciplinary proceedings, or has been reprimanded or issued any warning, by the Monetary Authority of Singapore or any other regulatory authority, exchange, professional body or government agency, whether in Singapore or elsewhere? No

Disclosure applicable to the appointment of Director only

Any prior experience as a director of a listed company? Not applicable

If yes, please provide details of prior experience.

If no, please state if the director has attended or will be attending training on the roles and responsibilities of a director of a listed issuer as prescribed by the Exchange.

Please provide details of relevant experience and the nominating committee's reasons for not requiring the director to undergo training as prescribed by the Exchange (if applicable).

DISCLOSURE OF INFORMATION ON DIRECTORS SEEKING RE-ELECTION

MR CHAN WAN HONG	
Date of Appointment	30 April 2024
Age	51
Country of principal residence	Singapore
The Board's comments on this appointment (including rationale, selection criteria, and the search and nomination process)	The Board of Directors of the Company has considered, among others, the recommendation of the Nominating Committee and has reviewed the qualifications, working experience, expertise and independence of Mr Chan Wan Hong, and was of the view that he will be able to contribute towards the core competences of the Board and approved his appointment as an Independent Non-Executive Director of the Company, Chairman of Nominating Committee and member of Audit and Risk Management Committee and Remuneration Committee with effect from 30 April 2024.
Whether appointment is executive, and if so, the area of responsibility	Non-Executive
Job Title (e.g. Lead ID, AC Chairman, AC Member etc.)	Independent Non-Executive Director, Chairman of Nominating Committee and member of Audit and Risk Management Committee and Remuneration Committee
Professional qualifications	Bachelor of Laws from National University of Singapore Advocate and Solicitor, Singapore Member, Law Society of Singapore Member, Singapore Academy of Law
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	None
Conflict of Interest (including any competing business)	None

DISCLOSURE OF INFORMATION ON DIRECTORS SEEKING RE-ELECTION

MR CHAN WAN HONG

Working experience and occupation(s) during the past 10 years	August 2022 to present: Senior Director, FC Legal Asia LLC August 2019 to July 2022: Director, Atlas Asia Law Corporation July 2011 to July 2019: Partner/Senior Partner, Dentons Rodyk LLP (formerly Rodyk & Davidson LLP)
Undertaking (in the format set out in Appendix 7.7) under Rule 720(1) has been submitted to the listed issuer	Yes
Shareholding interest in the listed issuer and its subsidiaries	None
Other Principal Commitments* Including Directorships#	
Past (for the last 5 years)	Director, Atlas Asia Law Corporation Partner, Ernst & Young Solutions LLP
Present	Independent Non-executive Director, Centurion Corporation Limited Senior Director, FC Legal Asia LLC

Disclose the following matters concerning an appointment of director, chief executive officer, chief financial officer, chief operating officer, general manager or other officer of equivalent rank. If the answer to any question is "yes", full details must be given.

- a) Whether at any time during the last 10 years, an application or a petition under any bankruptcy law of any jurisdiction was filed against him or against a partnership of which he was a partner at the time when he was a partner or at any time within 2 years from the date he ceased to be a partner? No
- b) Whether at any time during the last 10 years, an application or a petition under any law of any jurisdiction was filed against an entity (not being a partnership) of which he was a director or an equivalent person or a key executive, at the time when he was a director or an equivalent person or a key executive of that entity or at any time within 2 years from the date he ceased to be a director or an equivalent person or a key executive of that entity, for the winding up or dissolution of that entity or, where that entity is the trustee of a business trust, that business trust, on the ground of insolvency? No
- c) Whether there is any unsatisfied judgment against him? No
- d) Whether he has ever been convicted of any offence, in Singapore or elsewhere, involving fraud or dishonesty which is punishable with imprisonment, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he is aware) for such purpose? No

DISCLOSURE OF INFORMATION ON DIRECTORS SEEKING RE-ELECTION

MR CHAN WAN HONG

- e) Whether he has ever been convicted of any offence, in Singapore or elsewhere, No involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he is aware) for such breach?
- f) Whether at any time during the last 10 years, judgment has been entered against No him in any civil proceedings in Singapore or elsewhere involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or a finding of fraud, misrepresentation or dishonesty on his part, or he has been the subject of any civil proceedings (including any pending civil proceedings of which he is aware) involving an allegation of fraud, misrepresentation or dishonesty on his part?
- g) Whether he has ever been convicted in Singapore or elsewhere of any offence No in connection with the formation or management of any entity or business trust?
- h) Whether he has ever been disqualified from acting as a director or an equivalent No person of any entity (including the trustee of a business trust), or from taking part directly or indirectly in the management of any entity or business trust?
- i) Whether he has ever been the subject of any order, judgment or ruling of any No court, tribunal or governmental body, permanently or temporarily enjoining him from engaging in any type of business practice or activity?
- j) Whether he has ever, to his knowledge, been concerned with the management No or conduct, in Singapore or elsewhere, of the affairs of:-
- i. any corporation which has been investigated for a breach of any law or regulatory requirement governing corporations in Singapore or elsewhere; or
 - ii. any entity (not being a corporation) which has been investigated for a breach of any law or regulatory requirement governing such entities in Singapore or elsewhere; or
 - iii. any business trust which has been investigated for a breach of any law or regulatory requirement governing business trusts in Singapore or elsewhere; or
 - iv. any entity or business trust which has been investigated for a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere
- in connection with any matter occurring or arising during that period when he was so concerned with the entity or business trust?
- k) Whether he has been the subject of any current or past investigation or disciplinary No 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?

DISCLOSURE OF INFORMATION ON DIRECTORS SEEKING RE-ELECTION

MR CHAN WAN HONG

Any prior experience as a director of a listed company?

Yes

If yes, please provide details of prior experience.

If no, please state if the director has attended or will be attending training on the roles and responsibilities of a director of a listed issuer as prescribed by the Exchange.

Please provide details of relevant experience and the nominating committee's reasons for not requiring the director to undergo training as prescribed by the Exchange (if applicable).

Mr Chan Wan Hong has been appointed as an Independent Non-Executive Director of Centurion Corporation Limited with effect from 1 January 2024.

Mr Chan Wan Hong has attended the Listed Entity Director (LED) Program conducted by the Singapore Institute of Directors, save for the modules on the audit committee and the nominating committee, which the Company will arrange for him to attend.

DISCLOSURE OF INFORMATION ON DIRECTORS SEEKING RE-ELECTION

MR CHONG TECK SIN

Date of Appointment	30 April 2024
Age	68
Country of principal residence	Singapore
The Board's comments on this appointment (including rationale, selection criteria, and the search and nomination process)	The Board of Directors of the Company has considered, among others, the recommendation of the NC and has reviewed the qualification, working experience, expertise and independence of Mr Chong Teck Sin, and was of the view that he will be able to contribute towards the core competences of the Board and approved his appointment as an Independent Non-Executive Director of the Company, Chairman of Audit and Risk Management Committee and member of Remuneration Committee and Nominating Committee with effect from 30 April 2024.
Whether appointment is executive, and if so, the area of responsibility	Non-Executive
Job Title (e.g. Lead ID, AC Chairman, AC Member etc.)	Independent Non-Executive Director, Chairman of Audit and Risk Management Committee and member of Remuneration Committee and Nominating Committee
Professional qualifications	Bachelor of Engineering from University of Tokyo Masters of Business Administration from National University of Singapore
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	None
Conflict of Interest (including any competing business)	None

DISCLOSURE OF INFORMATION ON DIRECTORS SEEKING RE-ELECTION

MR CHONG TECK SIN

Working experience and occupation(s) during the past 10 years	<p>Civmec Ltd. – 2004 to Present</p> <p>a) Independent Director</p> <p>b) Chairman of audit committee and Chairman of Risks & Conflicts Committee</p> <p>InnoTek Ltd – 2004 to Present</p> <p>a) Independent Director</p> <p>b) Chairman of Audit & Risk Management Committee</p> <p>AIMS AMP Capital Industrial REIT Management Limited – October 2018 to Present</p> <p>a) Independent Director</p> <p>b) Chairman of Audit, Risk & Compliance Committees</p> <p>Changan Minsheng APLL Logistics Co., Ltd – 2005 to June 2023</p> <p>a) Independent Director</p>
Undertaking (in the format set out in Appendix 7.7) under Rule 720(1) has been submitted to the listed issuer	Yes
Shareholding interest in the listed issuer and its subsidiaries	Direct interest: 25,000 ordinary shares
Other Principal Commitments* Including Directorships#	
Past (for the last 5 years)	Changan Minsheng APLL Logistics Co., Ltd
Present	<p>InnoTek Limited (to step down as board director in April 2024)</p> <p>Civmec limited (to step down as board of director in Oct 2024)</p> <p>AIMS APAC REIT Management Limited (as Manager of AIMS APAC REIT)</p>

DISCLOSURE OF INFORMATION ON DIRECTORS SEEKING RE-ELECTION

MR CHONG TECK SIN

Disclose the following matters concerning an appointment of director, chief executive officer, chief financial officer, chief operating officer, general manager or other officer of equivalent rank. If the answer to any question is “yes”, full details must be given.

- a) Whether at any time during the last 10 years, an application or a petition No
under any bankruptcy law of any jurisdiction was filed against him or against
a partnership of which he was a partner at the time when he was a partner or
at any time within 2 years from the date he ceased to be a partner?
- b) Whether at any time during the last 10 years, an application or a petition under No
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?
- c) Whether there is any unsatisfied judgment against him? No
- d) Whether he has ever been convicted of any offence, in Singapore or elsewhere, No
involving fraud or dishonesty which is punishable with imprisonment, or has been the
subject of any criminal proceedings (including any pending criminal proceedings of
which he is aware) for such purpose?
- e) Whether he has ever been convicted of any offence, in Singapore or elsewhere, No
involving a breach of any law or regulatory requirement that relates to the securities
or futures industry in Singapore or elsewhere, or has been the subject of any criminal
proceedings (including any pending criminal proceedings of which he is aware) for
such breach?
- f) Whether at any time during the last 10 years, judgment has been entered against No
him in any civil proceedings in Singapore or elsewhere involving a breach of any
law or regulatory requirement that relates to the securities or futures industry in
Singapore or elsewhere, or a finding of fraud, misrepresentation or dishonesty
on his part, or he has been the subject of any civil proceedings (including any
pending civil proceedings of which he is aware) involving an allegation of fraud,
misrepresentation or dishonesty on his part?
- g) Whether he has ever been convicted in Singapore or elsewhere of any offence No
in connection with the formation or management of any entity or business
trust?
- h) Whether he has ever been disqualified from acting as a director or an equivalent No
person of any entity (including the trustee of a business trust), or from taking
part directly or indirectly in the management of any entity or business trust?
- i) Whether he has ever been the subject of any order, judgment or ruling of any No
court, tribunal or governmental body, permanently or temporarily enjoining him
from engaging in any type of business practice or activity?

DISCLOSURE OF INFORMATION ON DIRECTORS SEEKING RE-ELECTION

MR CHONG TECK SIN

- j) Whether he has ever, to his knowledge, been concerned with the management or conduct, in Singapore or elsewhere, of the affairs of:–
- i. any corporation which has been investigated for a breach of any law or regulatory requirement governing corporations in Singapore or elsewhere; or
 - ii. any entity (not being a corporation) which has been investigated for a breach of any law or regulatory requirement governing such entities in Singapore or elsewhere; or
 - iii. any business trust which has been investigated for a breach of any law or regulatory requirement governing business trusts in Singapore or elsewhere; or
 - iv. any entity or business trust which has been investigated for a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere
- in connection with any matter occurring or arising during that period when he was so concerned with the entity or business trust?

- 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?

Any prior experience as a director of a listed company?	Yes
If yes, please provide details of prior experience.	
If no, please state if the director has attended or will be attending training on the roles and responsibilities of a director of a listed issuer as prescribed by the Exchange.	Mr Chong Teck Sin is existing Independent Director of
Please provide details of relevant experience and the nominating committee's reasons for not requiring the director to undergo training as prescribed by the Exchange (if applicable).	Civmec Ltd and Innotek Limited.

DISCLOSURE OF INFORMATION ON DIRECTORS SEEKING RE-ELECTION

MR NEO BOCK CHENG	
Date of Appointment	30 April 2024
Age	58
Country of principal residence	Singapore
The Board's comments on this appointment (including rationale, selection criteria, and the search and nomination process)	The Board of Directors of the Company has considered, among others, the recommendation of the NC and has reviewed the qualification, working experience, expertise and independence of Mr Neo Bock Cheng, and was of the view that he will be able to contribute towards the core competences of the Board and approved his appointment as an Independent Non-Executive Director of the Company, Chairman of Remuneration Committee and member of Audit and Risk Management Committee and Nominating Committee with effect from 30 April 2024.
Whether appointment is executive, and if so, the area of responsibility	Non-Executive
Job Title (e.g. Lead ID, AC Chairman, AC Member etc.)	Independent Non-Executive Director, Chairman of Remuneration Committee and member of Audit and Risk Management Committee and Nominating Committee
Professional qualifications	Bachelor of Engineering (Civil Engineering), National University of Singapore
Any relationship (including immediate family relationships) with any existing director, existing executive officer, the issuer and/ or substantial shareholder of the listed issuer or any of its principal subsidiaries	No
Conflict of Interest (including any competing business)	No

DISCLOSURE OF INFORMATION ON DIRECTORS SEEKING RE-ELECTION

MR NEO BOCK CHENG

Working experience and occupation(s) during the past 10 years 2005 to 2017: Executive Vice President – Head of Global Transaction Banking, OCBC Bank

2018 to 2023: Executive Vice President – Head of Partnerships, Global Commercial Banking, OCBC Bank

Undertaking (in the format set out in Appendix 7.7) under Rule 720(1) has been submitted to the listed issuer Yes

Shareholding interest in the listed issuer and its subsidiaries No

Other Principal Commitments* Including Directorships#

Past (for the last 5 years)

NETS Singapore Pte Ltd

Present

S.W.I.F.T. SCRL

Disclose the following matters concerning an appointment of director, chief executive officer, chief financial officer, chief operating officer, general manager or other officer of equivalent rank. If the answer to any question is “yes”, full details must be given.

a) Whether at any time during the last 10 years, an application or a petition No under any bankruptcy law of any jurisdiction was filed against him or against a partnership of which he was a partner at the time when he was a partner or at any time within 2 years from the date he ceased to be a partner?

b) Whether at any time during the last 10 years, an application or a petition under No 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?

c) Whether there is any unsatisfied judgment against him? No

d) Whether he has ever been convicted of any offence, in Singapore or elsewhere, No involving fraud or dishonesty which is punishable with imprisonment, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he is aware) for such purpose?

DISCLOSURE OF INFORMATION ON DIRECTORS SEEKING RE-ELECTION

MR NEO BOCK CHENG

- e) Whether he has ever been convicted of any offence, in Singapore or elsewhere, No involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he is aware) for such breach?
- f) Whether at any time during the last 10 years, judgment has been entered against No him in any civil proceedings in Singapore or elsewhere involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or a finding of fraud, misrepresentation or dishonesty on his part, or he has been the subject of any civil proceedings (including any pending civil proceedings of which he is aware) involving an allegation of fraud, misrepresentation or dishonesty on his part?
- g) Whether he has ever been convicted in Singapore or elsewhere of any offence No in connection with the formation or management of any entity or business trust?
- h) Whether he has ever been disqualified from acting as a director or an equivalent No person of any entity (including the trustee of a business trust), or from taking part directly or indirectly in the management of any entity or business trust?
- i) Whether he has ever been the subject of any order, judgment or ruling of any No court, tribunal or governmental body, permanently or temporarily enjoining him from engaging in any type of business practice or activity?
- j) Whether he has ever, to his knowledge, been concerned with the management No or conduct, in Singapore or elsewhere, of the affairs of:-
- i. any corporation which has been investigated for a breach of any law or regulatory requirement governing corporations in Singapore or elsewhere; or
 - ii. any entity (not being a corporation) which has been investigated for a breach of any law or regulatory requirement governing such entities in Singapore or elsewhere; or
 - iii. any business trust which has been investigated for a breach of any law or regulatory requirement governing business trusts in Singapore or elsewhere; or
 - iv. any entity or business trust which has been investigated for a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere
- in connection with any matter occurring or arising during that period when he was so concerned with the entity or business trust?
- k) Whether he has been the subject of any current or past investigation or disciplinary No 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?

DISCLOSURE OF INFORMATION ON DIRECTORS SEEKING RE-ELECTION

MR NEO BOCK CHENG

Any prior experience as a director of a listed company?

No

If yes, please provide details of prior experience.

If no, please state if the director has attended or will be attending training on the roles and responsibilities of a director of a listed issuer as prescribed by the Exchange.

The Company will arrange for Mr Neo Bock Cheng to attend training.

Please provide details of relevant experience and the nominating committee's reasons for not requiring the director to undergo training as prescribed by the Exchange (if applicable).



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MULTI-CHEM LIMITED

(Company Registration No.: 198500318Z)

(Incorporated in Singapore)

PROXY FORM

IMPORTANT:

1. SRS investors who wish to vote, should approach their SRS Operators to submit their votes by 11.30 a.m. on 19 April 2024.
2. For investors who have used their CPF monies and/or SRS monies to buy the Company's shares, this Proxy Form is not valid for use and shall be ineffective for all intents and purposes if used or purported to be used by them.
3. By submitting an instrument appointing a proxy(ies) and/or representative(s), the member accepts and agrees to the personal data privacy terms set out in the Notice of Annual General Meeting dated 15 April 2024.

*I/We _____ (Name) _____ (NRIC/Passport No.)

of _____ (Address)

being *a member/members of Multi-Chem Limited (the "Company"), hereby appoint:

Name	Address	NRIC/ Passport No.	Proportion of shareholdings to be represented by proxy (%)

*and/or

Name	Address	NRIC/ Passport No.	Proportion of shareholdings to be represented by proxy (%)

Or failing him/her, the Chairman of the Annual General Meeting ("AGM") as *my/our *proxy/proxies to attend and vote for *me/us on *my/our behalf at the AGM to be held at 18 Boon Lay Way, #04-110 Tradehub 21, Singapore 609966 on Wednesday, 30 April 2024 at 11.30 a.m. and at any adjournment thereof.

*I/We direct *my/our *proxy/proxies to vote for or against or abstain from voting on the Ordinary Resolutions to be proposed at the Annual General Meeting as indicated hereunder. If no specific direction as to voting is given, this Proxy Form shall be disregarded and the proxy shall abstain from voting on any matter arising at the AGM and at any adjournment thereof.

No.	Ordinary Resolutions	No. of Votes For**	No. of Votes Against**	No. of Votes Abstain**
1.	To receive and adopt the Audited Financial Statements together with the Directors' Statement and Auditor's Report for the financial year ended 31 December 2023.			
2.	To re-elect Mr Foo Fang Yong as Director.			
3.	To appoint Mr Chan Wan Hong as a Director.			
4.	To appoint Mr Chong Teck Sin as a Director.			
5.	To appoint Mr Neo Bock Cheng as a Director.			
6.	To approve a final tax exempt (one-tier) dividend.			
7.	To approve the payment of Directors' fees.			
8.	To re-appoint Messrs BDO LLP as Auditor and to authorise the Directors to fix their remuneration.			
9.	To authorise Directors to issue shares.			

Notes:

* Delete accordingly

** Voting will be conducted by poll. If you wish to exercise all your votes "For" or "Against" the relevant resolution, please indicate "X" or "√" in the relevant box provided. Alternatively, please indicate the number of votes "For" or "Against" each resolution. If you indicate "X" or "√" in the abstain box for a particular resolution, you are directing your proxy not to vote on that resolution.

Dated this _____ day of _____ 2024

Total Number of Shares Held

--

Signature(s) of Member(s)/Common Seal

IMPORTANT. Please read notes overleaf

Notes:

1. Please insert the total number of shares held by you. If you have shares entered against your name in the Depository Register (maintained by The Central Depository (Pte) Limited), you should insert that number. If you have shares registered in your name in the Register of Members of the Company, you should insert that number. If you have shares entered against your name in the Depository Register and shares registered in your name in the Register of Members, you should insert the aggregate number. If no number is inserted, this form of proxy will be deemed to relate to all the shares held by you.
2. The instrument appointing proxy must be signed and deposited at the registered office of the Company at 18 Boon Lay Way #05-113, Tradehub 21, Singapore 609966 or send electronic mail to finance@multichem.com.sg not later than seventy-two (72) hours before the time set for the Meeting.
3. A member entitled to attend and vote at the Annual General Meeting is entitled to appoint not more than two proxies to attend and vote instead of him. A proxy need not be a member of the Company.
4. The Chairman of the meeting, as proxy, need not be a member of the Company. A member may appoint the Chairman of the meeting as his/her/its proxy. If a member wishes to appoint the Chairman of the meeting as proxy, such member (whether individual or corporate) must give specific instructions as to voting, or abstentions from voting, in the form of proxy, failing which the appointment will be treated as invalid.
5. A member who is a Relevant Intermediary* entitled to attend the meeting and vote is entitled to appoint more than two (2) proxies to attend and vote instead of the member, but each proxy must be appointed to exercise the rights attached to a different share or shares held by each member. Where such member appoints more than two (2) proxies, the appointments shall be invalid unless the member specifies the number of shares in relation to which each proxy has been appointed.
6. Investors who holds shares under the Central Provident Fund and Supplementary Retirement Scheme ("CPF and SRS Investors") who wishes to vote at the AGM should approach their respective agent banks to submit their votes at least seven (7) working days before the date of the AGM (i.e. by 11.30 a.m. on 19 April 2024). CPF and SRS Investors are requested to contact their respective agent banks for any queries they may have with regard to the appointment of proxy/proxies for the AGM.
7. In the case of Shares entered in the Depository Register, the Company may reject any instrument appointing the Chairman of the AGM as proxy lodged if the member, being the appointor, is not shown to have Shares entered against his name in the Depository Register as at seventy-two (72) hours before the time appointed for holding the AGM (i.e. by 11.30 a.m. on 27 April 2024), as certified by The Central Depository (Pte) Limited to the Company.
8. The instrument appointing a proxy must be under the hand of the appointor or his attorney duly authorised in writing. Where the instrument appointing a proxy is executed by a corporation, it must be executed under its common seal or under the hand of its attorney or duly authorised officer.
9. Where an instrument appointing a proxy is signed on behalf of the appointor by an attorney, the letter or power of attorney or a duly certified copy thereof must (failing previous registration with the Company) be lodged with the instrument of proxy and deposited at the registered office of the Company at 18 Boon Lay Way #05-113, Tradehub 21, Singapore 609966 or send electronic mail to finance@multichem.com.sg not later than seventy-two (72) hours before the time set for the Meeting, failing which the instrument may be treated as invalid.
10. A corporation which is a member of the Company may, in accordance with Section 179 of the Companies Act 1967 of Singapore, authorise by resolution of its directors or other governing body such person as it thinks fit to act as its representative at the Meeting.
11. The Company shall be entitled to reject an instrument appointing a proxy if it is incomplete, improperly completed or illegible, or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified in the instrument appointing a proxy.

*"A Relevant Intermediary" means:

- a. a banking corporation licensed under the Banking Act 1970, or a wholly-owned subsidiary of such a banking corporation, whose business includes the provision of nominee services and who holds shares in that capacity;
- b. a person holding a capital markets services licence to provide custodial services for securities under the Securities and Futures Act 2001, and who holds shares in that capacity; or
- c. the Central Provident Fund Board established by the Central Provident Fund Act 1953, in respect of shares purchased under the subsidiary legislation made under that Act providing for the making of investments from the contributions and interest standing to the credit of members of the Central Provident Fund, if the Board holds those shares in the capacity of an intermediary pursuant to or in accordance with that subsidiary legislation.

FOLD ALONG THIS LINE

**AFFIX
STAMP**

The Company Secretary
MULTI-CHEM LIMITED
18 Boon Lay Way #05-113
Tradehub 21
Singapore 609966

FOLD ALONG THIS LINE



Multi-Chem
The Hole Solution Provider

M.TECH
Your Preferred i-Security Partner

Multi-Chem Limited
Company's Registration No. 198500318Z

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