



# LMS Compliance Ltd.

(Company Registration No.: 202225544C)



**Annual  
Report  
2022**



## Cover Rationale

Showcasing blossoming flora and signature architecture alongside a succession of planter test tubes and molecular models, a sturdy pair of hands cradles a healthy seedling encased in a globe.

Resembling both a pair of nurturing ‘hands’ and supportive ‘wings’, LMS Compliance’s reliable laboratory testing and certification services in healthcare, pharmaceuticals and other sectors are integral to safeguarding its clientele’s interests and steering their further successes; while the budding seedling depicts a new chapter of growth for the company, built on an established track record and proven industry expertise over the past 15 years.

Strengthen its diverse solutions with digital laboratory solutions, LMS Compliance is actively synergizing resources to accelerate growth and expansion, while its pursuit of innovative technological capabilities empower the company to deliver ever greater value to stakeholders. Successfully debuting on the Singapore Exchange (SGX) against emerging markets in 2022, it is well-anchored to realise its roadmap to resilience and beyond, by harnessing Digitalization, Securitization and Globalization in today’s changing world.

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

# Corporate Information

## BOARD OF DIRECTORS

**Datuk Fadilah Binti Baharin**  
Independent Non-Executive Chairman

**Dr. Ooi Shu Geok**  
Executive Director and Chief Executive Officer

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

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

**Mr. Ong Beng Chye**  
Independent Non-Executive Director

**Ms. Wong Wan Chin**  
Independent Non-Executive Director

**Ms. Chong Moi Me**  
Executive Director and Chief Development Officer



## AUDIT COMMITTEE

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

## NOMINATING COMMITTEE

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

## REMUNERATION COMMITTEE

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

## COMPANY SECRETARY

**Mr. Chua Kern**

## REGISTERED OFFICE

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

## PRINCIPAL PLACE OF BUSINESS

16 Lengkok Kikik 1, Taman Inderawasih  
13600 Perai, Penang  
Malaysia  
Tel: +604 380 8282  
Fax: +604 380 8280

## SPONSOR

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



## SHARE REGISTRAR

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



## AUDITOR

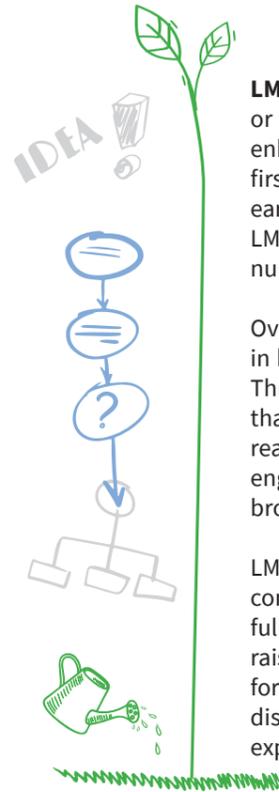
**BDO LLP**  
600 North Bridge Road  
#23-01 Parkview Square  
Singapore 188778



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



## Our Story



**LMS Compliance Ltd.** (the "**Company**", and together with its subsidiaries, "**LMS Compliance**" or the "**Group**") was co-founded by Dr. Ooi Shu Geok and Ms. Chong Moi Me with a goal to enhance consumer trust in homegrown Malaysian brands. Since the establishment of their first laboratory in 2006, the Company has scaled its capabilities at an impressive rate and earned a reputation for being a reliable testing and certification services provider. Today, LMS Compliance is a renowned distributor of conformity assessment technology, holding numerous accreditations from the Department of Standards Malaysia.

Over the past few years, the Company has solidified its foothold in Malaysia with subsidiaries in key strategic business hubs, such as Kuala Lumpur, Shah Alam, Johor Bahru, and Penang. Through this vast network, we are able to offer third-party testing and assessment services that help local customers comply with international standards. The Company's comprehensive reach coupled with a sales representative in Kota Bahru and growing team of in-house engineers, has allowed the Company to gradually expand its service offering and cater to a broader customer base in Malaysia.

LMS Compliance's successful initial public offering ("**IPO**") saw the Company's shares commence trading on the Catalist Board of the Singapore Exchange in December 2022. The fully subscribed placement of 14 million shares at S\$0.26 (approximately RM0.84) per share raised S\$3.64 million (approximately RM11.82 million), which the Company plans to utilize for expanding its certification services segment and conformity assessment technology distribution segment, as well as for acquisitions, joint ventures and strategic alliances to expand the Group's business.



## Business Outlook

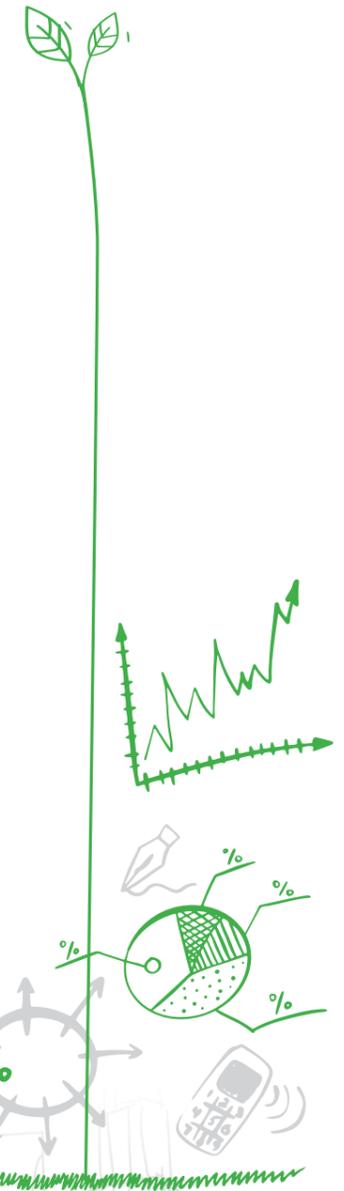
As a leading provider of testing and assessment services, we strive to continuously improve and expand our offerings to better serve our clients. In our existing sectors, we are planning on further diversifying our range of accredited and non-accredited tests, while also venturing into new industries such as food forensics, oil and gas. We recognize the increasing demand for accessible testing services and are exploring growth opportunities in neighbouring countries, such as Singapore and China, that align with our goals.

Expanding our certification services segment is also a priority. To achieve this, we intend to collaborate with companies that offer certifications such as social audit, ISO systems, and voluntary product certification programs in emerging industries, such as functional foods, agriculture and recycling, to gain relevant experience before seeking accreditation from the Department of Standards Malaysia. In March 2023, we also launched a new Environmental, Social, and Governance ("**ESG**") reporting service, which will be made available to global market subject to the laws, regulations and guidelines of each respective country. The addition of this new suite of solutions, including ESG data collection, impact assessment, reporting and advisory, will help businesses meet evolving sustainability standards and targets.

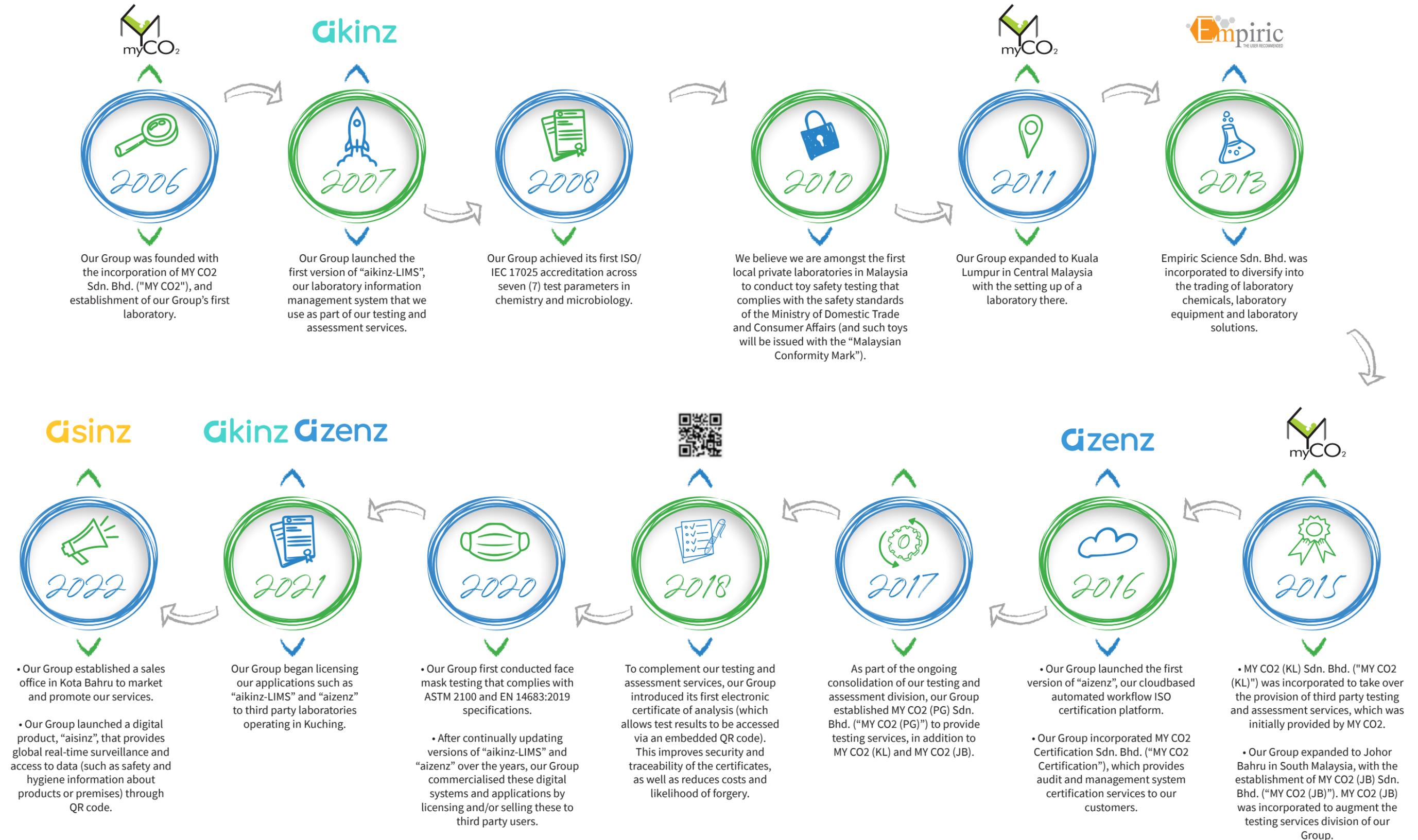
As for our conformity assessment technology business, we are actively exploring new breakthroughs in artificial intelligence, data analytics and data mining to assist our customers in their decision-making. Furthermore, we will increase our marketing efforts through various strategies like online advertisements, webinars, and referrals. Our extensive customer base also allows us to cross-sell our digital laboratory solutions to existing clients.

To mitigate the risks associated with changes in laws and regulations, the Group is closely monitoring any developments in the countries in which we operate. Additionally, we recognize the importance of our management team, who have been instrumental in our ongoing success. Their expertise and relationships with our customers have been crucial to driving our growth. We are committed to retaining our key management personnel and ensuring suitable replacements are in place to minimize any potential adverse impact on our business.

As part of our long-term growth strategy, we intend to expand through acquisitions, investments, joint ventures, and strategic alliances. We will also consider partnerships with synergistic parties in countries like Singapore, Indonesia, and China. Initiatives will strengthen our market position and expand into new areas and geographies that complement our existing businesses.



## Key Milestones



## Chairman's Statement

*Dear Shareholders,*

2022 was a year of substantial growth and accomplishment for LMS Compliance. We made our debut as a public listed company on the Singapore Exchange and delivered an outstanding performance amidst a notoriously difficult operating environment. Thanks to the support of our team members and shareholders, we once again underscored our commitment to becoming the region's most trusted testing and certification services provider.



### Success by the Numbers

Revenue climbed 9.9% year-on-year to RM18.7 million in FY2022 as demand in our laboratory testing services segment soared, with more notable interest from customers in the medical devices, pharmaceutical and environmental industries. The strong results were further bolstered by a RM0.16 million increase in the distribution of our conformity assessment technology and a RM0.08 million increase in contributions from our certification services. Income from these segments partially offset the decrease in revenue from sales of goods by RM0.19 million, which was impacted by a 25.5% increase in materials, consumables and subcontractor costs.

Overall, our financial position remains strong, with a positive operating cash flow of RM2.5 million and a net cash position of RM9.3 million as of 31 December 2022.

### Big Changes Start with Small Ideas



In 2022, Malaysia recorded its highest annual growth figures in 22 years, a milestone that was reflected by cutting-edge innovations from companies like our own. One such breakthrough is our newly-developed laboratory information management system called Laboratory Information Management System ("LIMS"). Since the introduction of LIMS, the Group and its laboratory partners have transformed operational efficiently, improved labour-intensive workflows and delivered more accurate results.

The past 12 months have been a testament to the more than 110 employees who work at LMS Compliance. Our staff have acted with great professionalism, ensuring safe practices were followed during these trying circumstances. When Malaysia implemented a Movement Control Order (MCO) that brought all operations to a standstill, our management team refused to relent. Instead, they foresaw an impending need for face mask testing services and immediately enlisted the best minds to turn this idea into a real possibility. Even today, we still benefit from the additional revenue contributions from their opportune solution.

### The Next Giant Leap



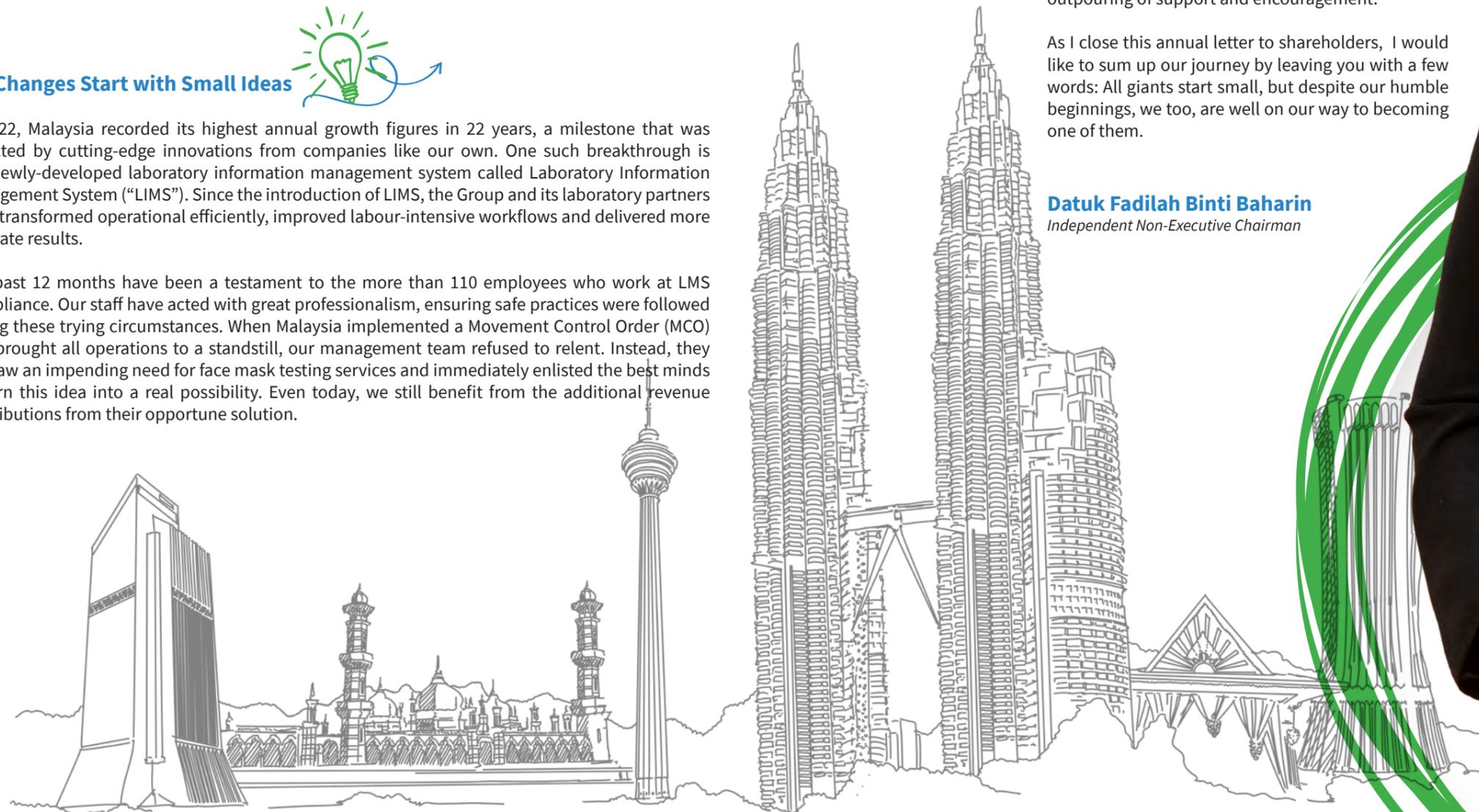
The recent success of our IPO coupled with the complete relaxation of social distancing measures and the reopening of the Malaysian economy have created the ideal conditions to fuel our growth trajectory. Today, we are in a stronger position to scale our testing and assessment services, extend the scope of our certification services and enhance the capabilities of our conformity assessment technology. As we expand into new markets, we remain committed to delivering on our core mission of supporting businesses and wider society with scientific leadership and powerful technology.

The year's exceptional results were only possible due to the enormous effort of all staff across the Group. Specifically, I would like to recognize our management team for sticking by us and adapting quickly when faced with adversity. We also owe a debt of gratitude to our shareholders for their outpouring of support and encouragement.

As I close this annual letter to shareholders, I would like to sum up our journey by leaving you with a few words: All giants start small, but despite our humble beginnings, we too, are well on our way to becoming one of them.

### Datuk Fadilah Binti Baharin

*Independent Non-Executive Chairman*



## CEO's Statement

2022 was an important year in the making for LMS Compliance. Since our founding in 2006, we always set out to be changemakers. We launched our first laboratory at a time when Malaysian businesses viewed testing and certification as an unnecessary expense rather than a key means of earning consumer confidence. Over the past 15 years, we have put in the hard yards to challenge this deeply held belief and now it appears we have come full circle.

The journey to becoming a public listed company has been long and complex, but incredibly rewarding too. We ended our first day of trading 3.9% above our IPO price – an extraordinary feat that reaffirms investor confidence in our vision and our ability to deliver exceptional performance. The support from our investors inspires us every day and is something we are extremely grateful for.

### Turning Setbacks into Comebacks

While we have had much to celebrate during this milestone year, I first want to acknowledge just how challenging the last few years have been. Stringent lockdowns in Malaysia posed a major threat to our operations and forced us to reduce to one-third capacity for a couple of months. Despite the setback, our leadership team used the time to put together a new offering that would ease the burden of our healthcare community. Thanks to their quick thinking, our face mask testing service was a runaway hit and allowed us to resume full operations indefinitely.

Crucially, what emerged out of the crisis was an even greater sense of community. We found strengths in places we least expected them and discovered the true extent of our potential as a company united, indeed the spirit of Together We Are One.



### The Value We Create

Since our IPO, we have moved swiftly to turn opportunities into stepping stones for growth. In particular, it has been a fruitful year for the team behind the recent success of our latest digital offering, LIMS. Our proprietary laboratory information management system delivers on its promises of increasing operational efficiency with sophisticated metrics and a user-friendly interface. LIMS has transformed the way we work at an unprecedented scale, so much so that we were able to achieve an 8% CAGR increase in revenue without the need to increase our headcount over the last three years.

Our relentless endeavors have set our earnings and revenue to new records. FY2022 ended on a high note with RM 18.7 million in revenue, indicating a remarkable 9.9% increase from the previous year. With our expanded capabilities, we are now poised to explore new markets and seize new opportunities on a broader scale.



### Pioneering Progress for the Future

Our management team continues to focus on identifying and assessing potential growth opportunities, including synergistic acquisitions and collaborations, namely in China, Singapore, and Indonesia. As is usually the case, we are looking to bring innovative testing, distribution of conformity assessment technology and product certifications services to the market that benefit businesses and their consumers.

Record GDP growth in Association of Southeast Asian Nations ("ASEAN") is providing a strong foundation for our expansion strategy. This favorable economic climate has given us the necessary momentum to make inroads into new accounts and explore untapped markets. With a renewed sense of purpose, we are confident in our ability to leverage this growth and expand our reach beyond our existing client base.

At LMS Compliance, we firmly believe that a strong corporate culture, namely the FITCORP values are essential for success. Our people are deeply committed and passionate about supporting our clients, both existing and new. Thanks to their unwavering support, we have achieved remarkable success in 2022 and look forward to continuing our positive momentum in 2023.

### Dr. Ooi Shu Geok

Executive Director and Chief Executive Officer

## Board of Directors



from left to right

**Ms. Chong Moi Me**  
Executive Director and Chief Development Officer

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

**Dr. Ooi Shu Geok**  
Executive Director and Chief Executive Officer

**Mr. Ong Beng Chye**  
Independent Non-Executive Director

**Ms. Wong Wan Chin**  
Independent Non-Executive Director

**Datuk Fadilah Binti Baharin**  
Independent Non-Executive Chairman

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

## Profile of Directors



**DATUK FADILAH BINTI BAHARIN**  
*Independent Non-Executive Chairman*

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

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



**DR. OOI SHU GEOK**  
*Executive Director and Chief Executive Officer*

Dr. Ooi is an Executive Director and the Chief Executive Officer of the Company. He has been with the Group since 2009 and was appointed to the Board on 22 July 2022. He is also currently the managing director of the Group's subsidiaries, namely MY CO2 (KL), MY CO2 (JB), MY CO2 (Certification MY) and MY CO2 (PG). He is primarily responsible for overseeing the business development activities and operations of our Group and leading the strategic direction of our Group.

Dr. Ooi has been serving as the customer service manager at MY CO2 (since January 2009), and at Empiric Science (since 2013), where he is in charge of promoting and marketing testing and assessment services in MY CO2, and trading and marketing laboratory equipment, solutions and chemicals in Empiric Science.

Dr. Ooi was appointed the chairman of the Malaysia Association of Accredited Laboratories (Persatuan Makmal Akreditasi Malaysia) and chairman (southern region) of Small and Medium Enterprises Association (Samenta) Malaysia, for a term of three (3) years from 2021 to 2023. He is also currently a permanent member of the National Accreditation Committee (Jawatankuasa Akreditasi Kebangsaan).

Dr. Ooi completed his postgraduate Diploma in Marketing in the Chartered Institute of Marketing (CIM, UK) in 1997. He obtained his Master of Business Administration from the University of Portsmouth in 2002 and graduated from Universiti Sains Malaysia in 2022 with a Doctor of Business Administration.



**MS. CHONG MOI ME**  
*Executive Director and Chief Development Officer*

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

Ms. Chong is currently the general manager of the Group's subsidiaries, namely MY CO2, Empiric Science, MY CO2 (JB), MY CO2 (Certification MY), and MY CO2 (PG). She is also an executive director at MY CO2 (KL) since November 2021.

During her time in these subsidiaries (since as early as August 2006), she has worked on aligning the organisational objectives with the Group's mission, developed key operational initiatives and implemented operational strategies, with a view towards building customer and employee loyalty.

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



**DR. CHONG JUIN KUAN**  
*Non-Independent Non-Executive Director*

Dr. Chong Juin Kuan was appointed to the Board on 22 July 2022. He is an associate professor of marketing at the National University of Singapore ("**NUS**"), where he has been working for over 30 years. From 2016 to 2019, he served as the Vice Dean of Research and PhD at NUS Business School.

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

## Profile of Directors



**MR. ONG BENG CHYE**  
*Independent Non-Executive Director*

Mr. Ong was appointed to the Board on 26 September 2022. He has more than twenty-seven (27) years of experience in areas such as accounting, auditing, public listings, due diligence, mergers and acquisitions, and business advisory. He has been with Appleton Global Private Limited, a business management and consultancy services firm, since January 2007. He currently serves as an independent director of five (5) other companies listed on the Singapore Exchange, namely ES Group (Holdings) Limited, IPS Securex Holdings Limited, Hafary Holdings Limited, Geo Energy Resources Limited and Alpina Holdings Limited.

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



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

Dato' Gooi was appointed to the Board on 26 September 2022. He is the director of Total Basic Sdn Bhd, a management consulting firm, holding an advisory role in investment and consultancy, since 2004. He is also a member of the investment panel of the Employees Provident Fund (Kumpulan Wang Simpanan Pekerja) of Malaysia.

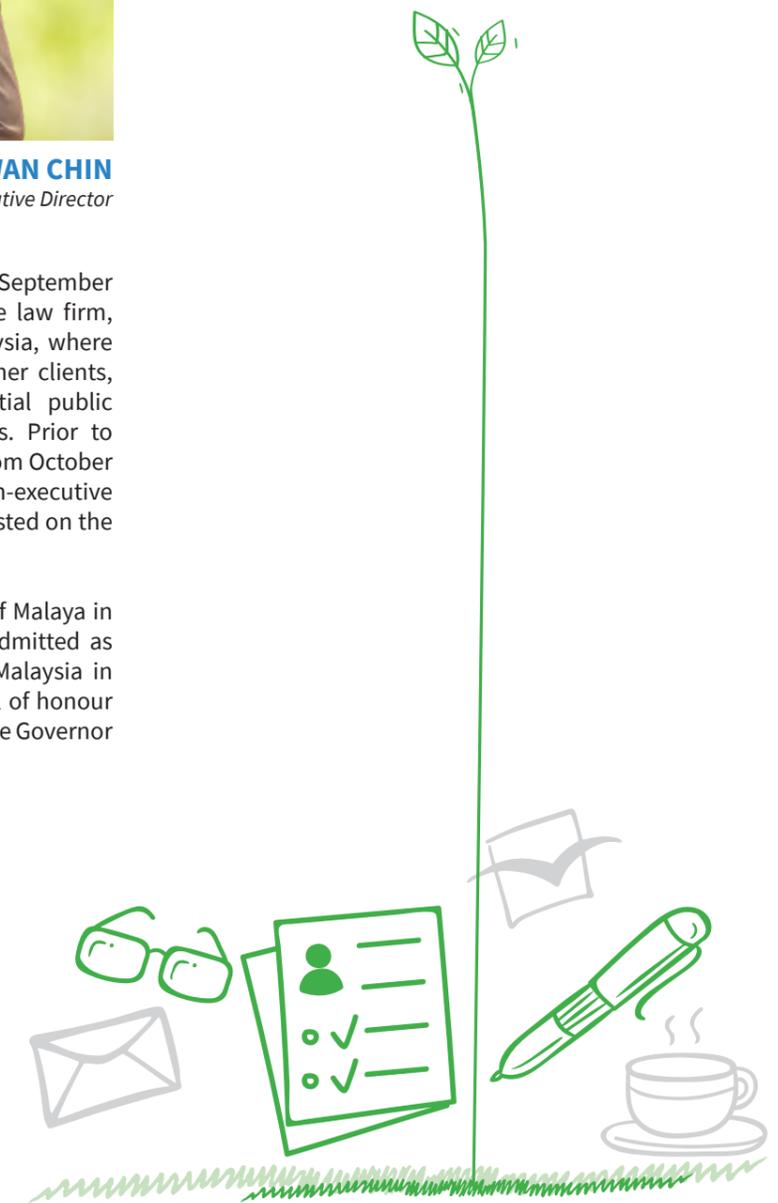
Dato' Gooi obtained his Doctor of Business (*Honoris Causa*) from Wawasan Open University in 2018. He is a chartered accountant under the Malaysian Institute of Accountants and a member of the Malaysian Institute of Certified Public Accountants.



**MS. WONG WAN CHIN**  
*Independent Non-Executive Director*

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

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



## Key Management Team



**MR. KUAN PIN SEAH**  
*Financial Controller*

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



**MR. NYEOH YEONG SHENG**  
*Chief Compliance Officer*

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



**MS. OOI WAN KOON**  
*Chief People Officer*

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



**MR. POH TZE KYE**  
*Chief Operation Officer*

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



**MR. CHUA SIONG WEI**  
*Chief Strategy Officer*

Mr. Chua joined the Group in 2012. He is responsible for the Group's strategic planning (including developing primary goals and operating plans). Prior to joining the Group, Mr. Chua was a sales engineer at QC Scientific Sdn Bhd from 2010 to 2012. Mr. Chua graduated from the Universiti Putra Malaysia in 1999 with a Bachelor of Science (Hons) degree and a master's degree in business administration (general management from the Putra Business School, Malaysia in 2001). Mr. Chua is a registered chemical health risk assessor with the Department of Occupational Safety and Health, Malaysia, as well as a registered food analyst with the Council of Food Analysts of Malaysia. Mr. Chua is also a licentiate of the Malaysia Institute of Chemistry.



**MR. TEH HUAT CHOOI**  
*Chief Technology Officer*

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

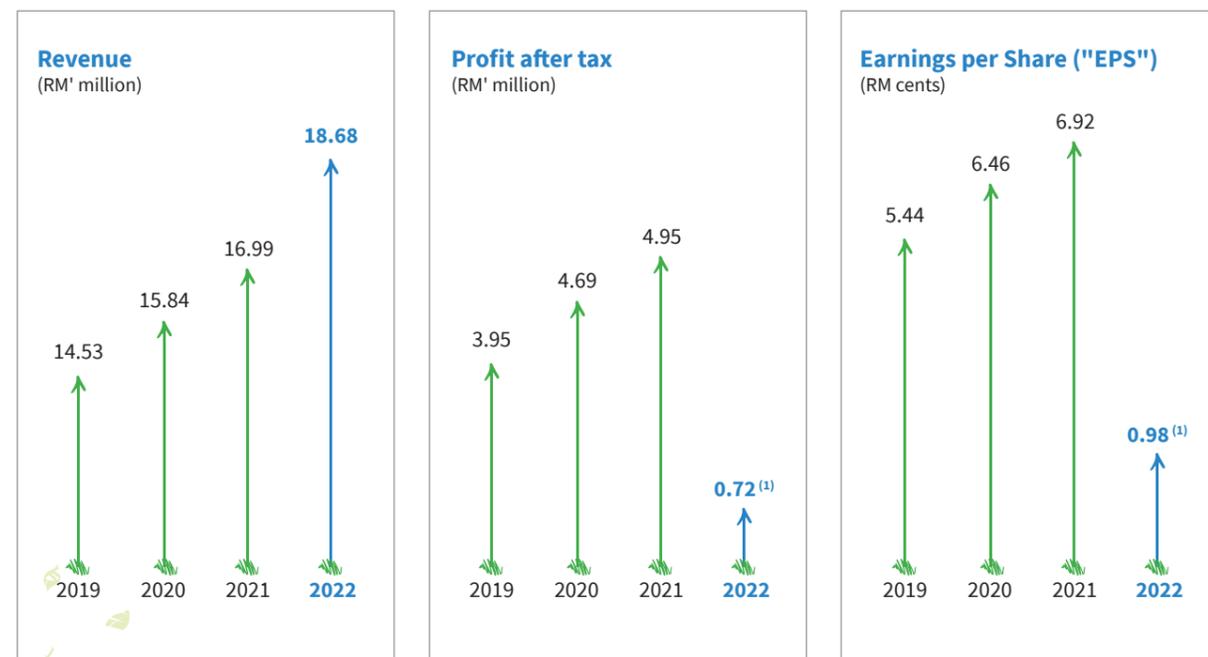
## Financial Highlights

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

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

Note:

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



## Review Of The Group's Performance

Review of the performance of the Group for the twelve months ended 31 December 2022 ("FY2022") as compared to twelve months ended 31 December 2021 ("FY2021").

### REVENUE

Revenue increased by RM1.69 million or 9.9%, mainly due to an increase in revenue from laboratory testing services by RM1.64 million, an increase in distribution of conformity assessment technology by RM0.16 million, an increase in revenue from certification service by RM0.08 million and partially offset by the decrease in revenue from sales of goods by RM0.19 million.

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

### OTHER INCOME

Other income decreased by RM0.14 million or 26.8%, mainly due to a decrease in government wage subsidy of RM0.12 million, decrease in interest income of RM0.17 million as a result of a lower average monthly balance of financial assets at FVTPL and partially offset by insurance claim received for motor vehicle damage in flood of RM0.05 million, increase in fair value gain on financial asset of RM0.08 and an increase in other income of RM0.02 million.

### MATERIALS, CONSUMABLES AND SUBCONTRACTOR COSTS

Materials, consumables, and subcontractor costs increased by RM0.39 million or 25.5%, mainly due to an increase in fees paid to subcontractors and purchase of materials and consumables for laboratory testing to meet the increasing demand from the Group's customers.

### DEPRECIATION EXPENSES

Depreciation expenses increased by RM0.16 million or 17.2%, mainly due to additional purchase of tools and equipment, renovation, motor vehicles, computer and software, and office equipment in FY2022, which resulted in the overall increase of depreciation expenses.

### LOSS ALLOWANCE ON RECEIVABLES

The Group recorded a loss allowance on receivables of RM24,000 in FY2022, as compared to net loss allowance on receivables of RM55,000 in FY2021, mainly due to improvement in collection rate from trade debtors during the financial year.

### EMPLOYEE BENEFITS EXPENSE

Employee benefits expense increased by RM0.5 million or 8.1%, mainly due to an increase in headcount of employees, increment of salaries and new directors' fees in FY2022.

### OTHER EXPENSES

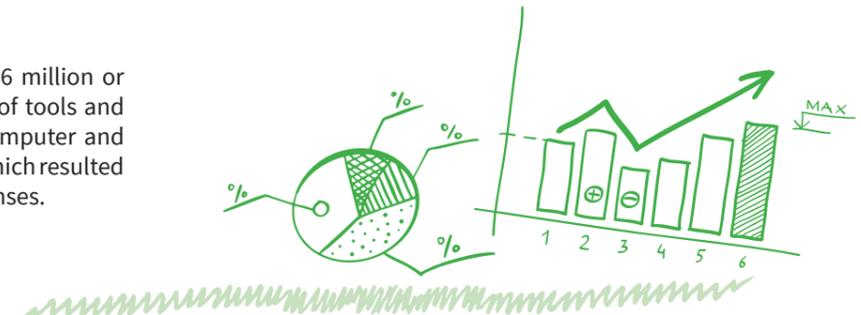
Other expenses increased by RM4.76 million, mainly due to listing expenses of RM4.34 million incurred in FY2022 and an increase of professional fees, audit fees and printing and stationery expenses which was mostly related to the Company's listing exercise.

### FINANCE COSTS

Finance costs decreased by RM0.02 million or 9.1%, mainly due to the full settlement of one term loan in October 2022 and the decrease in lease and borrowing interest expenses year-on-year.

### PROFIT BEFORE TAX

As a result of the above, the Group's net profit before tax decreased by RM4.20 million or 63.5%, from RM6.61 million in FY2021 to RM2.41 million in FY2022.



## Review Of The Group's Financial Position

The comparative performance for both the assets and liabilities are based on the Group's financial statements as at 31 December 2022 and 31 December 2021.

### NON-CURRENT ASSETS

#### PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment decreased from approximately RM7.33 million as at 31 December 2021 to RM7.29 million as at 31 December 2022 mainly due to new additions and the effect was offset by an increase in depreciation in FY2022.

#### RIGHT-OF-USE ASSETS

Right-of-use assets decreased by approximately RM0.27 million mainly due to depreciation of right-of-use assets during the financial year.

### CURRENT ASSETS

#### TRADE AND OTHER RECEIVABLES

Trade and other receivables increased by approximately RM0.25 million mainly due to an increase in revenue in FY2022 as compared to FY2021.

#### PREPAYMENTS

Prepayments decreased by RM0.53 million as at 31 December 2022 mainly due to recognition of listing expenses to profit or loss during the financial year.

#### CONTRACTS ASSETS

As at 31 December 2022, the Group's contract assets were increased by approximately RM0.21 million. This was mainly due to the requirement of a single customer for the compilation of jobs performed into one billing.

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

Financial assets at FVTPL decreased by RM0.24 million mainly due to additional placements of money market funds with financial institutions, interest income and fair value gain of approximately RM2.46 million, RM0.05 million and RM0.08 million respectively, partially offset by redemptions of RM2.83 million during the financial year.

### CASH AND BANK BALANCES

Cash and bank balances amounted to RM12.31 million which accounted for 54.4% of the Group's total current assets as at 31 December 2022. The increase was mainly due to net cash generated from operating and financing activities of RM2.49 million and RM9.14 million respectively, partially offset by net cash used in investing activities of RM0.42 million.

### NON-CURRENT LIABILITIES

#### NON-CURRENT BANK BORROWINGS

Non-current bank borrowings of RM1.05 million as at 31 December 2022 was reclassified from current liabilities since the Group obtained the letter of waiver for one of its bank borrowings from one of its banks for the breach of bank covenants.

#### NON-CURRENT OTHER PAYABLES

Non-current other payables related to deferred grant income received from SME Corporation Malaysia and additional grant received from MIDA during the financial year for capital expenditure incurred for the purchases of laboratory related equipment. Non-current other payables amounted to RM0.23 million which accounted for 7.0% of the Group's total non-current liabilities as at 31 December 2022.

#### NON-CURRENT LEASE LIABILITIES

Non-current lease liabilities decreased from approximately RM1.86 million as at 31 December 2021 to RM1.62 million as at 31 December 2022 mainly due to lease payments made during the financial year.

#### DEFERRED TAX LIABILITIES

Deferred tax liabilities are attributable to temporary differences arising from the accelerated tax depreciation computed at Malaysia's income tax rate of 24%. Deferred tax liabilities amounted to RM0.32 million and RM0.41 million which accounted for 13.3% and 12.4% of the Group's total non-current liabilities as at 31 December 2021 and 31 December 2022 respectively.

### CURRENT LIABILITIES

#### TRADE AND OTHER PAYABLES

Current trade and other payables decreased by approximately RM0.30 million mainly due to prompt payments made by the Group to suppliers. Additionally, the decrease in accrued expenses was mainly due to payment of accrued directors' fees in FY2022. Other than that, the decrease in sales and services tax payable was mainly due to payment made during the financial year.

#### CURRENT BANK BORROWINGS

Current bank borrowings decreased from approximately RM2.07 million as at 31 December 2021 to RM0.09 million as at 31 December 2022 due to early settlement of one bank borrowing in October 2022 and the reclassification of RM1.05 million to non-current liabilities.

#### CURRENT LEASE LIABILITIES

Current lease liabilities amounted to RM0.25 million and RM0.24 million which accounted for 5.7% and 11.5% of the Group's total current liabilities as at 31 December 2021 and 31 December 2022 respectively.

### WORKING CAPITAL

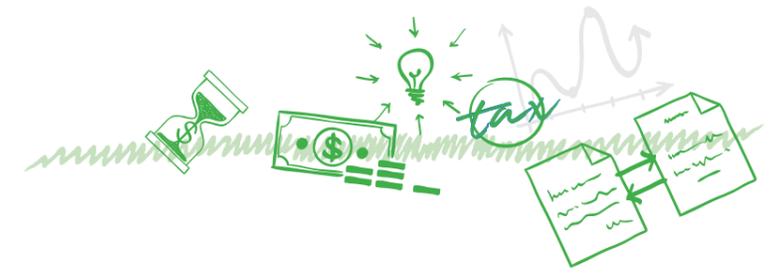
The Group recorded a positive working capital of RM20.5 million as at 31 December 2022, as compared to a positive working capital of RM7.5 million as at 31 December 2021.

## Review Of The Group's Cash Flows

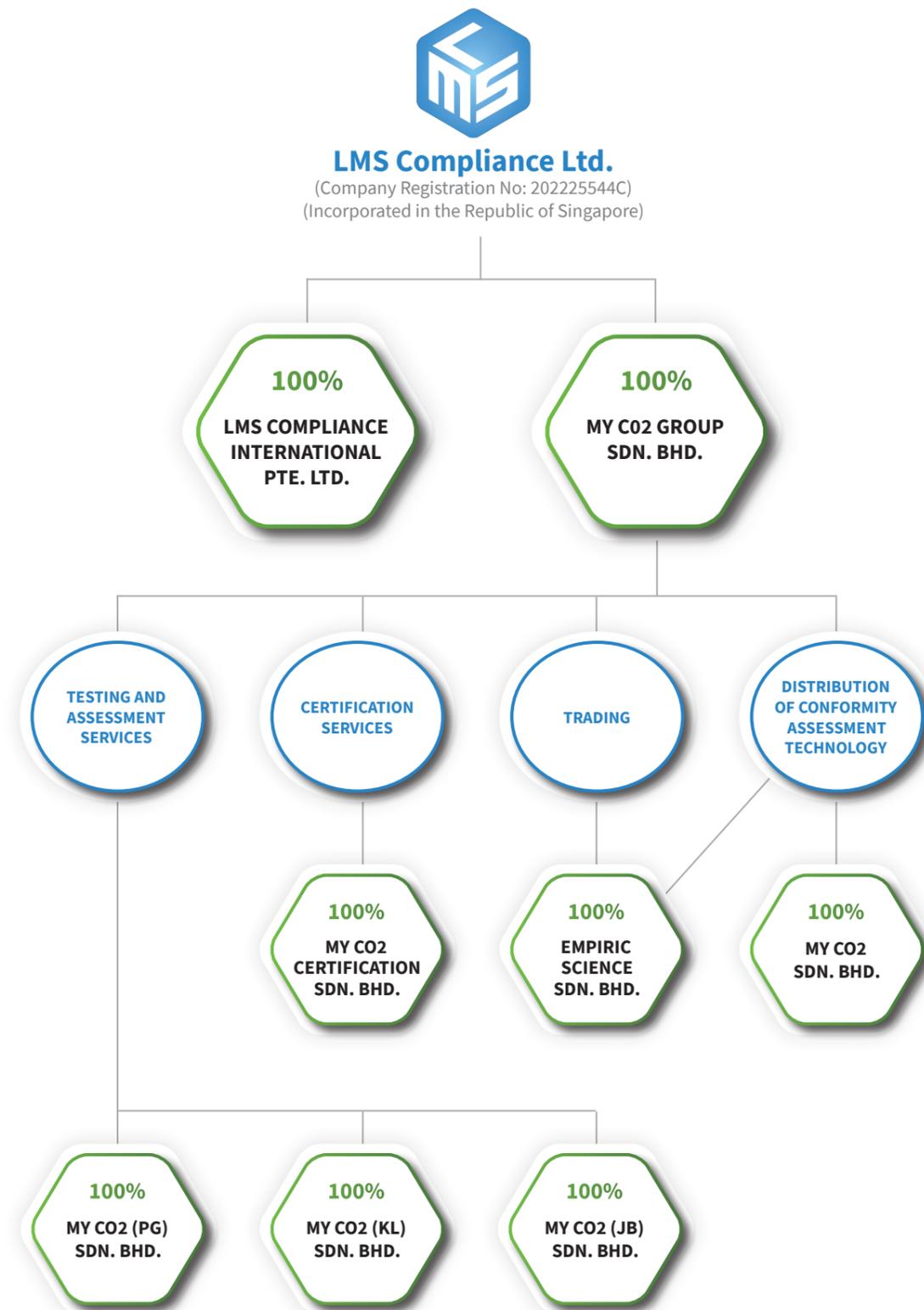
The net cash from operating activities for FY2022 of RM2.49 million was mainly derived from operating cash flows before working capital changes of RM4.24 million and adjusted net working capital outflow of RM0.11 million and income tax paid of RM1.64 million.

Net cash used in investing activities for FY2022 was approximately RM0.42 million, mainly due to the net redemption of financial assets at FVTPL of RM0.37 million and partially offset by the purchases of property, plant, and equipment of RM0.79 million. The net redemption of financial assets at FVTPL amounting to RM0.37 million pertains to the net withdrawal of the Group's investments in money market funds.

Net cash generated from financing activities for FY2022 was approximately RM9.14 million, mainly due to proceeds from issue of new ordinary shares of RM10.52 million, partially offset by settlement of bank borrowings and repayment of other bank borrowings amounting to an aggregate of RM1.00 million, and repayment of lease liabilities of RM0.38 million.



## Group Structure



## Corporate Governance Report

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

This corporate governance report outlines the Group’s corporate governance framework and practices that were in place during the financial year ended 31 December (“**FY**”) 2022, with specific reference made to the principles and the provisions set out in the Code of Corporate Governance 2018 (the “**Code**”) pursuant to Rule 710 of the Singapore Exchange Securities Trading Limited (“**SGX-ST**”) Listing Manual Section B: Rules of Catalyst (“**Catalist Rules**”).

The Board confirms that during FY2022, the Group has complied in all material respects with the principles of the Code to the extent possible, as well as the provisions of the Code. Where there are deviations from any provision of the Code, an explanation has been provided for the variation, which includes the reason for the variation, as well as the practices adopted which are consistent with the relevant principle of the Code. The Board will continue to assess the needs of the Group and implement appropriate practices accordingly.

### (A) BOARD MATTERS

#### Board’s Conduct of its Affairs

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

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

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

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

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

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

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

## Corporate Governance Report

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

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

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

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

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

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

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

### Directors' Orientation, Induction, Training and Development

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

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

The Company does not have a formal training program for new Directors. However, to assist the Board in discharging its duties, newly appointed Directors will be briefed on the business operations and regulatory issues relating to the Group to ensure that they are familiar with the Group's business and governance practices. Management keeps the Directors up to date on developments in the business, financial reporting standards and industry-related matters as well as performance of the various business divisions in the Group during Board meetings.

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

The Sponsors, external auditors and the Company Secretary will also update and brief the Directors on changes and new developments in regulatory requirements. Relevant releases issued by the SGX-ST and the Accounting and Corporate Regulatory Authority ("**ACRA**"), as well as news articles/reports which are relevant to the Group's business are also circulated to the Directors.

As set out in the Company's Offer Document dated 22 November 2022 ("**Offer Document**"), all Directors, save for Mr. Ong Beng Chye, are First-time Director. Notwithstanding, the Directors have been briefed on the roles and responsibilities of a director of a public listed company in Singapore by the legal advisers acting for the Company in the Initial Public Offering ("**IPO**"). In addition, Dr. Chong Juin Kuan, has attended and completed the relevant training programmes as prescribed by the SGX-ST pursuant to Practice Note 4D of the Catalist Rules. Datuk Fadilah Binti Baharin, Dato' (Dr.) Wee Hoe Soon @ Gooi Hoe Soon, Ms. Wong Wan Chin, Dr. Ooi Shu Geok, and Ms. Chong Moi Me, have undertaken to undergo the trainings as prescribed by the SGX-ST pursuant to Practice Note 4D of the Catalist Rules by the end of the first year of the Company's IPO.

### Board Processes

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

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

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

## Corporate Governance Report

Since the Company's IPO on 1 December 2022 to the date of this report, the number of Board and Board Committee meetings held and the attendance of each Board member at the meetings are as follows:

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

\* By invitation

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

### Access to Information

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

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

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

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

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

### Board Composition and Guidance

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

During FY2022 and as at the date of this report, the Board comprises seven (7) Directors, four (4) of whom (including the Chairman of the Board) are Independent and Non-Executive Directors. As at the date of this report, the respective composition of the Board and the Board Committees are as follows:

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

Key information on each Director is set out in the section entitled "Profile of Directors", and their respective shareholdings in the Company (if any) is set out in the section entitled "Directors' Statement" of the Company's Annual Report for FY2022.

## Corporate Governance Report

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

### Board Independence

The independence of each Director is reviewed annually by the NC, based on the guidelines as provided in the Code and its Practice Guidance as well as Rule 406(3)(d) of the Catalist Rules, and any other salient factors. In its review, the NC considers all nature of relationships and circumstances that could influence the judgement and decisions of the Directors before tabling its findings and recommendations to the Board for approval. The Independent Directors are independent in conduct, character and judgement and they do not have any relationship with the Company, its related corporations, substantial shareholders or officers that could interfere, or be reasonably perceived to interfere with the exercise of the Director's independent business judgment in the best interest of the Company, and are able to exercise objective judgement on matters of the Group independently from Management. The NC has reviewed, determined and confirmed the independence of each Director for FY2022. None of the Independent Directors has served on the Board beyond nine years from the date of his or her first appointment.

For FY2022, the Independent Directors (namely Datuk Fadilah Binti Baharin, Mr. Ong Beng Chye, Dato' (Dr.) Wee Hoe Soon @ Gooi Hoe Soon and Ms. Wong Wan Chin), have confirmed that they and their immediate family members do not have any relationship with the Company or any of its related corporations, its substantial Shareholders or its officers that could interfere, or be reasonably perceived to interfere, with the exercise of the Directors' independent business judgment in the best interests of the Company, and do not fall under any of the circumstances pursuant to Rule 406(3)(d) of the Catalist Rules. The Independent Directors were not in a situation that could, or reasonably be perceived to, compromise their independence of thought and decision.

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

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

Furthermore, Wong & Loh had also entered into the following transactions with the Group during FY2021 and FY2022:

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

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

- (a) the aggregate fees paid by the Group to Wong & Loh for the Provision of Legal Services from FY2019 to FY2022 was approximately RM39,000, and were on an arm's length basis, in line with the standard market range of fees that Wong & Loh charges its other clients for such matters;
- (b) the aggregate fees charged by Wong & Loh to Dr. Ooi Shu Geok and Ms. Chong Moi Me for the Provision of Conveyancing Services in FY2019 and FY2020 were approximately RM32,000 and were on an arm's length basis, in line with the standard market range of fees that Wong & Loh charges its other clients for such matters;

- (c) the aggregate fees charged by the Group to Wong & Loh for the Aizenz Services were approximately RM15,000, and were on an arm's length basis, in line with the fees that the Group charges unrelated third parties for similar services;
- (d) the Purchase of COVID Test Kits was approximately RM4,000, and was at cost;
- (e) Ms. Wong Wan Chin has undertaken to abstain from discussions and decisions relating to Wong & Loh by the Group and vice versa, including not being the engagement partner for professional services provided to the Group and/or the Controlling Shareholders by Wong & Loh; and
- (f) Ms. Wong Wan Chin has confirmed that neither she nor her immediate family has been employed by the Company or its related corporations in the current or any of the last three (3) financial years.

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

### Board Diversity

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

The Company has a formal Board Diversity policy in place that sets out the approach to achieve diversity and provides the Company with the flexibility to select from a wide and diverse talent pool when shortlisting candidates for Board appointment. The NC considers diversity criteria such as gender, age, nationalities, experience, skills, knowledge, and independence, amongst other relevant criteria as part of Director candidate selection and nomination. The NC and the Board believe that currently there being an appropriate balance of industry knowledge, skills, background, experience, professional qualifications, age and gender on the Board, allows for diverse and objective perspectives on the Group's business and direction to support the long-term success of the Group, and are satisfied that the objectives of the Board Diversity Policy are met and the current Board composition reflects the Company's commitment to Board diversity. The NC will also continue to review the Board Diversity policy, as appropriate, to ensure its effectiveness, and will recommend appropriate revisions to the Board for consideration and approval. Any updates or progress made towards implementing the Board Diversity policy will be disclosed in the Company's Corporate Governance Report, as appropriate.

To facilitate a more effective check on the Executive Directors and the Management, the Non-Executive Directors, who constitute a majority of the Board, meet at least once annually without the presence of the Management to discuss matters that they wish to raise privately. The Non-Executive Directors also constructively challenge the Executive Directors and the Management and help develop proposals on strategy and review the performance of the Management in meeting agreed goals and objectives and monitor the reporting of performance.

### **Chairman and CEO**

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

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

## Corporate Governance Report

The responsibilities of the Chairman include:

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

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

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

### Board Membership

**Principle 4: The Board has a formal and transparent process for the appointment and re-appointment of directors, taking into account the need for progressive renewal of the Board.**

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

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

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

- (a) to review and recommend the appointment of new Directors and Executive Officers (as defined in the Catalist Rules) and re-nomination of the Directors having regard to each Director's contribution, performance and ability to commit sufficient time, resources and attention to the affairs of the Group, and each Director's respective commitments outside the Group including his/her principal occupation and board representations on other companies, if any;
- (b) to develop and maintain a formal and transparent process for the selection, appointment and re-appointment of Directors (including alternate Directors, if any), taking into account the need for progressive renewal of the Board;

- (c) to determine annually, and as and when circumstances require, whether or not a Director is independent, in accordance with the Code;
- (d) to decide whether or not a Director is able to and has been adequately carrying out his/her duties as a Director;
- (e) to determine and recommend to Directors the maximum number of listed company board representations which any Director may hold and disclosing this in the Company's annual report;
- (f) to decide how the Board's performance is to be evaluated and proposing objective performance criteria, subject to the approval of the Board, which address how the Board has enhanced long term Shareholders' value;
- (g) to undertake a formal annual assessment of the Board's effectiveness as a whole and that of each of the Board Committees and individual Directors, and recommend for the Board's approval the objective performance criteria and process for the evaluation of the effectiveness of the Board as a whole, and of each of the Board Committee separately, as well as the contribution of each individual Director to the Board;
- (h) to review the structure, size and composition of the Board and Board committees to ensure that these comprise an appropriate mix of skills, experience, core competencies and knowledge of the Group and other aspects of diversity such as gender and age, so as to avoid groupthink and foster constructive debate, and function competently and efficiently;
- (i) to review succession plans for the Chairman of the Board, Directors, the CEO and key management personnel ("**KMP**");
- (j) to review the training and professional development programs for the Board and its Directors;
- (k) where a Director has multiple board representations, deciding whether the Director is able and has been adequately carrying out his/her duties as a Director, taking into consideration the Director's number of listed company board representations and other principal commitments, and establish guidelines on what a reasonable and maximum number of such directorships and principal commitments for each Director should be;
- (l) to ensure that the Directors submit themselves for re-nomination and re-election at the Company's annual general meeting, at least once every three (3) years;
- (m) to review and approve the employment of persons related to the Directors, the CEO or substantial Shareholders, and the proposed terms of their employment;
- (n) to review the board diversity policy and progress made towards implementing the board diversity policy, including targets and objectives; and
- (o) to undertake such other functions and duties as may be required by the Board under the Code, statute or Catalist Rules (where applicable).

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

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

## Corporate Governance Report

The NC had recommended to the Board that Dr. Ooi Shu Geok shall retire pursuant to Regulation 100 of the Company’s Constitution, and Datuk Fadilah Binti Baharin, Dato’ (Dr.) Wee Hoe Soon @ Gooi Hoe Soon, Mr. Ong Beng Chye, and Ms. Wong Wan Chin shall retire pursuant to Regulation 104 of the Company’s Constitution (the “**Retiring Directors**”), and they be nominated for re-election at the forthcoming AGM of the Company. The Board had accepted the NC’s recommendation and the Retiring Directors had consented to act and offered themselves for re-election. The Retiring Directors had each abstained from the discussion and taking a decision in respect of their own nomination. The details of the Retiring Directors seeking for re-election as required under Rule 720(5) of the Catalist Rules are set out in the section entitled “Information on Directors Nominated for Re-election - Appendix 7F of the Catalist Rules” of this report.

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

The Board provides for the appointment of alternate Director only in exceptional cases such as when a Director has a medical emergency. The Board takes into consideration the same criteria for selection of alternate Directors, such as his/her qualifications, competencies and independence. No alternate Director was appointed since the Company’s IPO up to the date of this report.

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

### Multiple Listed Companies Directorships and Other Principal Commitments

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

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

Name of Director	Directorship in Other Listed Companies		Other Principal Commitments
	Present	Past (Preceding 5 Years)	
Dr. Ooi Shu Geok	-	-	<ul style="list-style-type: none"> <li>Fitcorp Value Pte. Ltd.</li> <li>Louis May Pte. Ltd.</li> </ul>
Ms. Chong Moi Me	-	-	<ul style="list-style-type: none"> <li>Fitcorp Value Pte. Ltd.</li> <li>Louis May Pte. Ltd.</li> </ul>
Dr. Chong Juin Kuan	-	-	<ul style="list-style-type: none"> <li>Louis May Pte. Ltd.</li> <li>Fitcorp Value Pte. Ltd.</li> <li>KoverNow Pte. Ltd.</li> <li>National University of Singapore</li> </ul>
Dato' (Dr.) Wee Hoe Soon @ Gooi Hoe Soon	<ul style="list-style-type: none"> <li>AIA Berhad</li> <li>Red Idea Holdings Bhd.</li> <li>Yinson Holdings Bhd.</li> <li>Perusahaan Sadur Timah Malaysia (Perstima) Bhd.</li> </ul>	-	<ul style="list-style-type: none"> <li>Securities Commission of Malaysia</li> <li>Total Basic Sdn. Bhd.</li> <li>Astra Ventures Sdn. Bhd.</li> <li>Astra Capital Sdn. Bhd.</li> <li>Georgia Attraction Sdn. Bhd.</li> <li>Liberty Vision Sdn. Bhd.</li> <li>AP Focus Sdn. Bhd.</li> <li>PC Heritage Sdn. Bhd.</li> <li>Hong Leong Foundation</li> </ul>
Datuk Fadilah Binti Baharin	-	-	<ul style="list-style-type: none"> <li>IPEC Global Legacy Foundation</li> <li>NanoVerify Sdn. Bhd.</li> </ul>
Mr. Ong Beng Chye	<ul style="list-style-type: none"> <li>ES Group (Holdings) Limited</li> <li>IPS Securex Holdings Limited</li> <li>Hafary Holdings Limited</li> <li>Geo Energy Resources Limited</li> <li>Alpina Holdings Limited</li> </ul>	<ul style="list-style-type: none"> <li>Heatec Jietong Holdings Ltd.</li> <li>Kitchen Culture Holdings Ltd.</li> <li>CapAllianz Holdings Limited</li> </ul>	<ul style="list-style-type: none"> <li>Appleton Global Private Limited</li> <li>Gem Corp Services Pte. Ltd.</li> <li>Penta Power Investment Pte. Ltd.</li> </ul>
Ms. Wong Wan Chin	<ul style="list-style-type: none"> <li>Volcano Berhad</li> <li>Heng Huat Resources Group Berhad</li> </ul>	-	<ul style="list-style-type: none"> <li>Wong &amp; Loh</li> <li>W&amp;L Advisory Sdn. Bhd.</li> <li>Polygold Avenue Sdn. Bhd.</li> </ul>

# Corporate Governance Report

## Board Performance

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

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

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

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

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

Notwithstanding the above measures and safeguards in place, with regard to FY2022, as the Company was newly listed on 1 December 2022, there has been little interaction between the Directors and it would not be practical to conduct the performance evaluation for FY2022 and accordingly, the NC had waived the exercise for FY2022. The NC will consider the performance of each individual Director, the Board Committees and the Board for every financial year going forward. For avoidance of doubt, each member of the NC will abstain from voting on any resolution in respect of the assessment of his/her performance or renomination as Director.

The Board has not engaged any external consultant to conduct an assessment of the performance of the Board, each Board Committee and each individual Director for FY2022. Where relevant and when the need arises, the NC will consider such an engagement.

## (B) REMUNERATION MATTERS

### Procedures for Developing Remuneration Policies

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

As at the date of this report, the RC comprises three (3) members, all of whom, including the RC Chairman, are Independent Directors. The members of the RC are as follows:

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

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

- (a) to review and submit its recommendations for endorsement by the entire Board, a general framework of remuneration for the Board, the specific remuneration packages, and terms of employment (where applicable) for each Director, the CEO (if CEO is not a Director) and key management personnel of the Group ("**KMP**");
- (b) to review, recommend and determine specific remuneration packages for each Director and KMP, including but not limited to Directors' fees, salaries, allowances, bonuses, options, share-based incentives and awards, and benefits-in-kind;
- (c) to review, recommend and administer the LMS Performance Share Plan ("**LMS PSP**") and the LMS Employee Share Option Scheme ("**LMS ESOS**");
- (d) to review and approve any new employment of related employees (being employees that are related to the Directors, CEO and/or Substantial Shareholders) and the proposed terms of their employment, to ensure that their remuneration packages are in line with staff remuneration guidelines and commensurate with their respective job scopes and level of responsibilities. The RC will also review and approve any bonuses, pay increments and/ or promotions for these related employees. Each RC member shall abstain from voting on any resolutions in respect of his/her remuneration package or that of employees related to him/her;
- (e) in the case of service contracts, to review the obligations arising in the event of termination of an Executive Director or executive officer's service contract, to ensure that such service contracts contain fair and reasonable termination clauses which are not overly generous;
- (f) to review and recommend to the Board the terms of share options, shares award plans or any long-term incentive schemes which may be set up from time to time, in particular to review whether Directors, KMP or such employee should be eligible for such schemes and also to evaluate the costs and benefits of such schemes and to do all acts necessary in connection therewith;
- (g) to ensure the remuneration policies and systems of the Group, as approved by the Board, support the Group's objectives and strategies, and are consistently being administered and being adhered to within the Group; and
- (h) to propose, for adoption by the Board, measurable, appropriate and meaningful performance targets for assessing the performance of the KMP, individual Directors and of the Board as a whole.

## Corporate Governance Report

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

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

During FY2022, the RC did not seek any external professional advice on fixing remuneration packages for the Directors and employees. Where relevant, the RC will consider such engagement and will review the suitability and independence of the external firm before engaging them.

### Level and Mix of Remuneration

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

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

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

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

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

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

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

Save as disclosed above, commissions and incentive payments payable to selected employees in the ordinary course of business, and the LMS PSP and the LMS ESOS, there are no bonus or profit-sharing plans or any other profit-linked agreements or arrangements between the Group and any of the Directors, KMPs or employees.

Independent Directors and the Non-Executive Director are paid quarterly in arrears and such fees, being an agreed amount, are subject to Shareholders' approval at the AGM of the Company. The proposed Directors' fees are determined in accordance with their contributions, taking into account factors such as effort, time spent and responsibilities of these Directors. The Directors' fees are endorsed by the RC and recommended by the Board for Shareholders' approval at the AGM of the Company. Directors' fees of RM73,793 for FY2022 and RM237,490 for FY2023 (to be paid quarterly in arrears), have been recommended by the Board and will be subject to the approval of Shareholders at the forthcoming AGM of the Company. The RC and the Board are of the view that the fees of the Independent Directors and the Non-Executive Director are adequate and not excessive. Each member of the RC shall abstain from voting on any resolutions and making any recommendations and/or participating in any deliberations of the RC in respect of his/her remuneration package.

### Disclosure on Remuneration

**Principle 8: The company is transparent on its remuneration policies, level and mix of remuneration, the procedure for setting remuneration, and the relationships between remuneration, performance and value creation.**

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

## Corporate Governance Report

### Disclosure on Directors' Fees and Remuneration

The breakdown of the total remuneration of Directors (including the CEO and CDO) for FY2022 is set out below:

Name of Director	Directors' fees <sup>(1)</sup> (%)	Base salary <sup>(2)</sup> (%)	Variable or Performance-related Income/Bonus* (%)	Allowances* & Benefits (%)	Total (%)
<b>Below S\$100,000</b>					
Dr. Ooi Shu Geok	16	84	-	-	100
Ms. Chong Moi Me <sup>(3)</sup>	16	84	-	-	100
<b>Below S\$50,000</b>					
Dr. Chong Juin Kuan	100	-	-	-	100
Datuk Fadilah Binti Baharin	100	-	-	-	100
Mr. Ong Beng Chye	100	-	-	-	100
Dato' (Dr.) Wee Hoe Soon @ Gooi Hoe Soon	100	-	-	-	100
Ms. Wong Wan Chin	100	-	-	-	100

Notes:

- (1) Directors' fees for Dr. Ooi Shu Geok and Ms. Chong Moi Me relate to directors' fees received by them when they were a director of the Company's Malaysia subsidiaries prior to their resignation in July 2022 pursuant to the restructuring exercise undertaken by the Group in connection with the IPO.
- (2) Amount inclusive of contribution to employees provident funds.
- (3) Ms. Chong Moi Me, Executive Director and CDO, is the spouse of Dr. Ooi Shu Geok, Executive Director and CEO.

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

### Disclosure on KMP's Remuneration

For FY2022, the remuneration paid to the top five (5) KMP (who are not Directors or CEO and CDO) is as follows:

Name of KMP	Directors' fees <sup>(1)</sup> (%)	Base salary <sup>(2)</sup> (%)	Variable or Performance-related Income/Bonus (%)	Allowances & Benefits (%)	Total (%)
<b>Below S\$100,000</b>					
Mr. Kuan Pin Seah	-	95	5	-	100
Ms. Ooi Wan Koon <sup>(3)</sup>	8	81	11	-	100
Mr. Chua Siong Wei	9	82	9	-	100
Mr. Nyeoh Yeong Sheng	9	76	12	3	100
Mr. Teh Huat Chooi	-	81	19	-	100

Notes:

- (1) Directors' fees for the relevant KMP relate to directors' fees received by them when they were a director of the Company's Malaysia subsidiaries prior to their resignation in July 2022 pursuant to the restructuring exercise undertaken by the Group in connection with the IPO.
- (2) Amount inclusive of contribution to employee provident funds.
- (3) Ms. Ooi Wan Koon, Chief People Officer of the Group, is the sister of Dr. Ooi Shu Geok, Executive Director and CEO.

For FY2022, the aggregate total remuneration paid/payable to the abovementioned top five (5) KMP amounted to RM820,838 (equivalent to S\$264,240, based on an exchange rate of S\$1 to RM3.1064).

There were no employees who were substantial Shareholders, or are immediate family members of a Director, the CEO or a substantial Shareholder, and whose remuneration exceeds S\$100,000 in the Group's employment during FY2022.

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

The objectives of the LMS ESOS are as follows:

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

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

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

The objectives of the LMS PSP are as follows:

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

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

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

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

# Corporate Governance Report

## (C) ACCOUNTABILITY AND AUDIT

### Risk Management and Internal Controls

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

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

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

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

#### Risk Committee

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

In FY2022, the Group's external auditors (to the extent as required by them to form an audit opinion on the statutory financial statements) and internal auditors conducted a review of the adequacy and effectiveness of the Group's internal control system and risk management system. Findings and recommendations for improvement were reported to the AC.

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

For FY2022, the Board has received assurance from the CEO and the Financial Controller:

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

Taking into account the Group's corporate structure and scope of operations and based on the internal controls established and maintained by the Group, works performed by the external and internal auditors, and reviews performed by Management, the Board, with the concurrence of the AC, is of the opinion that the Group's internal controls (including financial, operational, compliance and information technology controls) and risk management systems were adequate and effective as at 31 December 2022.

### Audit and Risk Committee

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

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

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

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

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

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

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

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

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

- (a) to assist the Board in discharging its responsibility to safeguard the Group's assets, maintain adequate accounting records and develop and maintain effective systems of internal controls, with the overall objective of ensuring that the management creates and maintains an effective control environment in the Group;
- (b) to review, with the internal auditor and the external auditor, the audit plans, scope of work, their evaluation of the Group's system of internal controls, audit reports, their management letters and the management's response, and the results of audits compiled by the internal auditor and the external auditor, and will review at regular intervals with the management the implementation by the Group of the internal control recommendations made by the internal auditor and external auditor;
- (c) to review the periodic consolidated financial statements and any formal announcements relating to the Group's financial performance before submission to the Board for approval, focusing in particular on changes in accounting policies and practices, major risk areas, significant adjustments arising from the audit, compliance with accounting standards, compliance with the Catalist Rules, and any other statutory and regulatory requirements, concerns and issues arising from their audits including any matters which the auditors may wish to discuss in the absence of the Management, where necessary, before submission to the Board for approval;

## Corporate Governance Report

- (d) to review and report to the Board, at least annually, the adequacy and effectiveness of the Group's internal control procedures (including financial, operational, compliance and information technology controls) and risk management systems;
- (e) to commission and review findings of internal investigations (including to review and discuss with the internal auditor and the external auditor, any issues and concerns arising from the internal audits and the external audits) where there is any suspected fraud, irregularity, failure of internal controls or infringement of any relevant laws, rules and regulations, which has or is likely to have a material impact on the Group's financial performance or financial position and the Management's response;
- (f) to review the key financial risk areas, with a view to providing an independent oversight on the Group's financial reporting, the outcome of such review to be disclosed in the annual reports or if the findings are material, to be immediately announced via SGXNET;
- (g) to review and approve all hedging policies implemented by the Group (if any) and conduct periodic review of foreign exchange transactions and hedging policies and procedures;
- (h) to meet with the internal auditor and the external auditor, and in each case, without the presence of Management, at least annually and review the co-operation given by the Management to the internal auditor and the external auditor, where applicable;
- (i) to review periodically, the adequacy, effectiveness, scope of the internal and external audit, independence and objectivity of the internal auditor and the external auditor, as well as consider the appointment or re-appointment of the internal auditor and the external auditor, including approving the remuneration and terms of engagement of the internal auditor and the external auditor, and ensuring the internal audit function is adequately resourced and staffed with persons with the relevant qualifications and experience and that the internal auditor comply with the standards set by internationally recognised professional bodies, where applicable;
- (j) to review and approve any interested person transactions falling within the scope of Chapter 9 of the Catalist Rules and review procedures thereof;
- (k) to review potential conflicts of interests (if any) and set out a framework to resolve or mitigate any potential conflicts of interests as well as monitor compliance with such framework;
- (l) to review and assess from time to time whether additional processes are required to be put in place to manage any material conflicts of interest with the controlling shareholders and propose, where appropriate, the relevant measures for the Management of such conflicts;
- (m) to review the procedures by which employees of the Group may, in confidence, report to the Chairman of the AC, possible improprieties in matters of financial reporting or other matters and ensure that there are arrangements in place for the receipt, retention and treatment of complaints received by the Group (including criminal offences involving the Group or its employees, questionable accounting, auditing, business, safety or other matters that impact negatively on the Group), the independent investigation and follow-up actions thereto;
- (n) to review transactions falling within the scope of Chapter 10 of the Catalist Rules, if any;
- (o) to review the significant financial reporting issues and judgements so as to ensure the integrity of the financial statements of the Company and any announcements relating to the financial performance;
- (p) to review the Group's compliance with such functions and duties as may be required under the relevant statutes or the Catalist Rules, including such amendments made thereto from time to time;

- (q) to review the whistle-blowing policy and procedures;
- (r) to monitor and have oversight on the Group's measures, and review such procedures and policies put in place to ensure compliance with the various applicable laws and regulations such as (i) its business licences and tax matters, including the appointment of legal advisers and qualified tax agents and (ii) laws and regulations for which the Group had contravened in the past, at least annually to ensure that such procedures and policies are commensurate with the Group's operations and expansion plans from time to time;
- (s) to assist the Board in the discharge of its statutory responsibilities on financial and accounting matters;
- (t) to assist the Board in fulfilling its responsibility for overseeing the integrity of the Group's system of accounting and financial reports and in maintaining a high standard of transparency and reliability in its corporate disclosures;
- (u) to review the risk profile of the Group and the appropriate steps to be taken to mitigate and manage risks at acceptable levels determined by the Board;
- (v) where applicable, to ensure that the internal audit function has unfettered access to all the Group's documents, records, properties and personnel, including the AC, and has appropriate standing within the Group;
- (w) to review the assurance from (1) the CEO and Head of Finance (regardless of title, who performs or has the capacity to perform the finance function or responsibility equivalent to that of the foregoing person) ("**Head of Finance**") on the financial records and financial statements; and (2) the CEO and other KMP who are responsible regarding the adequacy and effectiveness of the Group's risk management and internal control systems;
- (x) to appraise the performance of the Head of Finance on an annual basis;
- (y) to monitor the use of the proceeds from the Listing;
- (z) to monitor the controlling shareholders and Ms. Ooi Wan Koon's compliance with the relevant deeds/undertakings provided to the Group;
- (aa) to monitor and review the results obtained by the finance department pursuant to its quarterly review in ensuring compliance with bank covenants for the credit facilities of the Group;
- (bb) to undertake such other reviews and projects as may be requested by the Board, and report to the Board its findings from time to time on matters arising and requiring the attention of the AC; and
- (cc) to undertake generally such other functions and duties as may be required by law or the Catalist Rules, and by such amendments made thereto from time to time.

The AC has been given full access to Management and has reasonable resources to discharge its function properly. The AC has full discretion to invite any Director or Management to attend its meeting and avail itself to reasonable resources to enable it to discharge its functions properly. The AC can seek professional advice, where necessary, and at the Company's expense.

The AC has reviewed the Group's financial reporting function, internal controls and processes, and is satisfied with the adequacy and quality of the same. The AC is satisfied with the adequacy of the Group's financial statements and financial reporting resources and the performance of the Group's finance department.

## Corporate Governance Report

### Whistle-blowing Policy

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

The Company's employees and any external parties may, in confidence, raise concerns about possible improprieties in matters of financial reporting or other matters by submitting a whistleblowing report to the AC via a dedicated secured email address to fadilah@myco2.com.my. Where a complaint has been made, a report will be submitted to the AC for independent investigation and follow-up. The AC is responsible for the oversight and monitoring of whistleblowing. The whistle-blowing procedures and contact details of the AC have been made available to all employees. There were no whistle-blowing report received in FY2022.

### External Audit

The external auditor of the Company is BDO LLP, and Mr. Yeo Siok Yong is the current audit partner-in-charge. The aggregate amount of expenses paid or payable to BDO LLP for FY2022 are as follows:

	Amount (RM'000)
Audit fees	346
IPO related fees	1,057
Non-audit fees	38
<b>Total</b>	<b>1,441</b>

The Board, with the concurrence of the AC is of the opinion that the independence and objectivity of Baker Tilly have not been affected. The AC recommends to the Board on the proposals to the Shareholders on the appointment, re-appointment and removal of external auditor and approval of the remuneration of the external auditor. After considering the resources and experience of BDO LLP and the audit partner-in-charge assigned to the audit, the size and complexity of the audit for the Group, as well as the number and experience of the staff assigned by BDO LLP for the audit, the AC has recommended to the Board the nomination and re-appointment of BDO LLP as the external auditor for the Company's audit obligations for the financial year ending 31 December 2023 ("FY2023"), at the forthcoming AGM. The Company's external auditor, BDO LLP, has also confirmed its independence in this respect, and that BDO LLP is registered with the ACRA and approved under the Accountants Act 2004 of Singapore. The audit partner-in-charge assigned to the audit is a registered public accountant under the Accountants Act 2004 of Singapore. The Company confirms that Rule 712 and Rule 715 of the Catalist Rules have been complied with in appointing audit firms for the Group.

The external auditor briefs the AC members on the developments in accounting standards (where applicable) during AC meetings to keep the AC members abreast of changes to the accounting standards and issues which have a direct impact on financial statements. The AC has full access to the external auditor without the presence of Management and is authorised to have full and unrestricted access to Management and all personnel, records, operations, properties, and other informational sources of the Company as required or desirable to properly discharge its responsibilities.

### Internal Audit

The internal auditors' primary line of reporting is to the AC and the AC Chairman. The AC also decides and approves the appointment, termination, evaluation and remuneration of the head of the internal audit function, or the accounting/auditing firm or corporation to which the internal audit function is outsourced. The internal auditors have unfettered access to all the Group's documents, records, properties and personnel, including access to the AC, and have appropriate standing within the Group.

During FY2022, the Company has outsourced its internal audit function to Baker Tilly Monteiro Heng Governance Sdn. Bhd. ("Baker Tilly") which has conducted its internal audit for the Group for the purposes of the IPO. There were no major internal control weaknesses highlighted by Baker Tilly. The AC has assessed and is satisfied that Baker Tilly is independent, effective and adequately resourced, taking into consideration that Baker Tilly is staffed with persons with the relevant qualifications and experience and carries out its function according to the standards set by nationally or internationally recognised professional bodies including the Standards for the Professional Practice of Internal Auditing set by The Institute of Internal Auditors. The AC will be appointing Baker Tilly to conduct an internal audit for the Group for FY2023. The AC will annually assess and ensure the independence, effectiveness and adequacy of the internal audit function.

### Meeting with Internal Auditor and External Auditor

The AC will meet with the internal auditor and external auditor without the presence of the Management, at least once annually, and as and when necessary, to review the adequacy of the audit arrangement, with emphasis on the scope and quality of their audit, the independence, objectivity and observations of the internal auditor and the external auditor. In respect of FY2022, the AC has met with the internal auditor and the external auditor, without the presence of Management.

## (D) SHAREHOLDER RIGHTS AND ENGAGEMENT

### *Shareholder Rights and Conduct of General Meetings*

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

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

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

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

The Constitution of the Company currently allows a Shareholder of the Company to appoint up to two (2) proxies to attend and vote in his stead at general meetings, and Shareholders who are a "relevant intermediary" (as defined under section 181 of the Companies Act) may also appoint multiple proxies pursuant to the Companies Act.

The forthcoming AGM to be held in respect of FY2022 will be convened and held by electronic means pursuant to the COVID-19 (Temporary Measures) (Alternative Arrangements for Meetings for Companies, Variable Capital Companies, Business Trusts, Unit Trusts and Debenture Holders) Order 2020. Alternative arrangements relating to attendance at the AGM via electronic means (including arrangements by which the meeting can be electronically accessed via live audio-visual webcast or live audio only stream), submission of questions to the Chairman of the Meeting in advance of the AGM, submission of text-based questions during the AGM within a certain prescribed time limit, addressing of substantial and relevant questions at, or prior to, the AGM and voting by appointing the Chairman of the Meeting (or any other person other than the Chairman of the Meeting) as proxy at the AGM, will be put in place for the AGM. Minutes of the AGM to be held on 26 April 2023 will be published on SGXNet and the Company's corporate website within one (1) month after the AGM date.

## Corporate Governance Report

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

The chairpersons and/or members of the Board, the AC, the NC and the RC will be available at the AGM to address any relevant queries from Shareholders. The Company's external auditors will also be present to assist the Directors in addressing queries by Shareholders about the conduct of audit and the preparation and content of the auditors' report. The upcoming AGM is the first general meeting to be held by the Company since its listing on the Catalist of the SGX-ST.

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

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

The Company has not amended its Constitution to provide for absentia voting methods. Voting in absentia and by electronic mail may only be possible following careful study to ensure that integrity of the information and authentication of Shareholders' identities through the web are not compromised.

### Dividend policy

The Company does not have a fixed dividend policy. The form, frequency and amount of dividends will depend on the Company's earnings, general financial condition, results of operations, capital requirements, cash flow, general business conditions, development plans and other factors as the Directors may deem appropriate.

On 24 February 2023, the Board proposed a tax-exempt (one-tier) final cash dividend of S\$0.0015 per share, subject to approval of Shareholders at the forthcoming AGM.

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

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

## ENGAGEMENT WITH SHAREHOLDERS

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

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

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

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

The Company is supported by an external investor relations agency to communicate and engage with Shareholders, analysts and other stakeholders to provide balanced, clear and pertinent information on a regular basis, as well as to attend to their queries or concerns and to keep the investors public apprised of the Group's corporate developments and financial performance. To enhance and encourage communication with Shareholders, investors and other stakeholders, the Company provides the contact details of its external investor relations agency in its press releases. Shareholders, investors and other stakeholders may also send their enquiries and concerns in writing through the Company's website. The Company will endeavour to address such queries as soon as practicable.

## MANAGING STAKEHOLDERS RELATIONSHIPS

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

The Company has arrangements in place to identify and engage with its material stakeholder groups and to manage its relationship with such groups. It maintains a corporate website to communicate and engage with external stakeholders such as customers, Shareholders and investors, and an intranet for employee stakeholder engagement.

The Company's strategy and key focus areas in relation to the management of stakeholder relationships will also be set out in the Company's sustainability report for FY2022. The Company was listed on the Catalist of the SGX-ST on 1 December 2022. Pursuant to paragraph 6.3 of Practice Note 7F of the Catalist Rules, to provide sufficient time for preparation, an issuer in its first year of reporting may report within 12 months of the end of its financial year. Accordingly, the Company has up till 31 December 2023 to issue its first sustainability report for FY2022.

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

## Corporate Governance Report

### DEALING IN SECURITIES

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

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

### MATERIAL CONTRACTS

Save as disclosed in the sections entitled "**Material Contracts**" and "**Interested Person Transactions**" in the Offer Document dated 22 November 2022, there were no material contracts (including loans) entered into by the Company or any of its subsidiaries involving the interest of the CEO, any Director or controlling Shareholders either still subsisting at the end of FY2022 or if not then subsisting, entered into since the end of FY2021.

### INTERESTED PERSON TRANSACTIONS

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

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

The interested person transactions entered into during FY2022 are disclosed in the section entitled "**Interested Person Transactions**" of the Offer Document. Save as disclosed in the Offer Document, there were no other interested person transactions entered into during FY2022.

### NON-SPONSORSHIP FEES

The Company was listed on the Catalyst of the SGX-ST on 1 December 2022, and ZICO Capital Pte. Ltd. ("**ZICO Capital**") was the Sponsor and Issue Manager of the Company in respect of the IPO. Pursuant to the IPO, Sponsor and Issue Manager fees of S\$227,850 (excluding GST) were paid/payable in FY2022, to ZICO Capital.

Save as disclosed above, with reference to Rule 1204(21) of the Catalyst Rules, no non-sponsor fees were paid/payable to the Company's Sponsor, ZICO Capital, for FY2022 and up to the date of this Annual Report.

### USE OF IPO PROCEEDS

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

	Amount allocated (as disclosed in the Offer Document) (S\$'000)	Net Proceeds utilised as at 31 December 2022, as announced on 24 February 2023 (S\$'000)	Amount utilised from 1 January 2023 up to 31 March 2023 (S\$'000)	Balance of Net Proceeds as at 31 March 2023 (S\$'000)
<b>Use of Net Proceeds</b>				
Expansion of the Group's certification services segment and conformity assessment technology distribution segment	300	4	21	275
Acquisitions, joint ventures and strategic alliances to expand the business	1,200	-	-	1,200
General working capital	538	-	58 <sup>(1)</sup>	480
<b>Total</b>	<b>2,038</b>	<b>4</b>	<b>79</b>	<b>1,959</b>

Note:

<sup>(1)</sup> The use of proceeds for general working capital is for employee benefits expense.

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

# Corporate Governance Report

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

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

Name of Director	Dr. Ooi Shu Geok	Datuk Fadilah Binti Baharin	Dato’ (Dr.) Wee Hoe Soon @ Gooi Hoe Soon	Mr. Ong Beng Chye	Ms. Wong Wan Chin
Date of Appointment	22 July 2022	26 September 2022	26 September 2022	26 September 2022	26 September 2022
Date of last re-appointment	-	-	-	-	-
Age	49	62	63	55	48
Country of principal residence	Malaysia	Malaysia	Malaysia	Singapore	Malaysia
The Board’s comments on this appointment (including rationale, selection criteria, board diversity considerations, and the search and nomination process)	The re-election of Dr. Ooi Shu Geok (“ <b>Dr. Ooi</b> ”) as an Executive Director was recommended by the Nominating Committee and the Board of Directors has accepted the recommendation, after taking into consideration Dr. Ooi’s qualifications, expertise, past experiences and overall contribution since he was appointed as a Director of the Company, as well as the size, composition and diversity of skillsets on the Board.	The re-election of Datuk Fadilah Binti Baharin (“ <b>Datuk Fadilah</b> ”) as the Independent Chairman was recommended by the Nominating Committee and the Board of Directors has accepted the recommendation, after taking into consideration Datuk Fadilah’s qualifications, expertise, past experiences and overall contribution since she was appointed as a Director of the Company, as well as the size, composition and diversity of skillsets on the Board.	The re-election of Dato’ (Dr.) Wee Hoe Soon @ Gooi Hoe Soon (“ <b>Dato’ Gooi</b> ”) as an Independent Director was recommended by the Nominating Committee and the Board of Directors has accepted the recommendation, after taking into consideration Dato’ (Dr.) Wee Hoe Soon @ Gooi Hoe Soon’s qualifications, expertise, past experiences and overall contribution since he was appointed as a Director of the Company, as well as the size, composition and diversity of skillsets on the Board.	The re-election of Mr. Ong Beng Chye (“ <b>Mr. Ong</b> ”) as the an Independent Director was recommended by the Nominating Committee and the Board of Directors has accepted the recommendation, after taking into consideration Mr. Ong Beng Chye’s qualifications, expertise, past experiences and overall contribution since he was appointed as a Director of the Company, as well as the size, composition and diversity of skillsets on the Board.	The re-election of Ms. Wong Wan Chin (“ <b>Ms. Wong</b> ”) as an Independent Director was recommended by the Nominating Committee and the Board of Directors has accepted the recommendation, after taking into consideration Ms. Wong Wan Chin’s qualifications, expertise, past experiences and overall contribution since she was appointed as a Director of the Company, as well as the size, composition and diversity of skillsets on the Board.
Whether appointment is executive and if so, the area of responsibility	Executive. Dr. Ooi is primarily responsible for overseeing the business development activities and operations of the Group and leading the strategic direction of the Group.	Non-Executive	Non-Executive	Non-Executive	Non-Executive
Job Title (e.g. Lead ID, AC Chairmen, AC Member etc)	Executive Director and Chief Executive Officer	Independent Chairman, a member of the Remuneration Committee and the Audit Committee	Chairman of the Nominating Committee, and a member of the Audit Committee	Chairman of the Audit Committee, and a member of the Remuneration Committee and the Nominating Committee	Chairman of the Remuneration Committee, and a member of the Nominating Committee
Professional qualifications	<ul style="list-style-type: none"> <li>Postgraduate Diploma in Marketing, Chartered Institute of Marketing</li> <li>Master of Business Administration, University of Portsmouth</li> <li>Doctor of Business Administration, Universiti Sains Malaysia</li> </ul>	<ul style="list-style-type: none"> <li>Bachelor of Science in Health Physics and Environmental Physics, University of Salford, United Kingdom</li> </ul>	<ul style="list-style-type: none"> <li>Doctor of Business (<i>Honoris Causa</i>), Wawasan Open University</li> <li>Chartered Accountant, Malaysian Institute of Accountants</li> <li>Member, Malaysian Institute of Certified Public Accountants</li> </ul>	<ul style="list-style-type: none"> <li>Bachelor of Science with Honours in Economics and Accountancy, The City University London</li> <li>Chartered Financial Analyst, CFA Institute</li> <li>Fellow of the Institute of Singapore Chartered Accountants</li> <li>Fellow of the Institute of Chartered Accountants in England and Wales</li> </ul>	<ul style="list-style-type: none"> <li>Bachelor of Laws, University of Malaya</li> <li>Advocate and Solicitor, Bar Council Malaysia</li> </ul>

## Corporate Governance Report

Name of Director	Dr. Ooi Shu Geok	Datuk Fadilah Binti Baharin	Dato' (Dr.) Wee Hoe Soon @ Gooi Hoe Soon	Mr. Ong Beng Chye	Ms. Wong Wan Chin
Working experiences and occupation(s) during the past 10 years	<p>July 2022 to present: Executive Director and Chief Executive Officer of LMS Compliance Ltd</p> <p>January 2009 to present: Customer Service Manager of MY CO2 Sdn. Bhd.</p> <p>January 2013 to present: Customer Service Manager of Empiric Science Sdn. Bhd.</p> <p>August 2015 to present: Managing Director of MY CO2 (KL) Sdn. Bhd.</p> <p>August 2015 to present: Managing Director of MY CO2(JB) Sdn. Bhd.</p> <p>August 2016 to present: Managing Director of MY CO2 Certification Sdn. Bhd.</p> <p>November 2017 to present: Managing Director of MY CO2 (PG) Sdn. Bhd.</p>	<p>October 2006 to February 2020: Director General of Department of Standards Malaysia (“<b>DSM</b>”)</p>	<p>June 2004 to present: Director of Total Basic Sdn. Bhd.</p>	<p>January 2007 to present: Executive Director of Appleton Global Private Limited</p>	<p>October 2009 to April 2017: Partner at Lio &amp; Partners</p> <p>May 2017 to present: Managing Partner at Wong &amp; Loh</p>
Shareholding interest in the listed issuer and its subsidiaries	<p>Yes. Indirect interest in 72,560,000 shares in the Company, of which 66,029,106 shares is held under Louis May Pte. Ltd. (“<b>Louis May</b>”), and 6,530,894 shares is held under Fitcorp Value Pte. Ltd. (“<b>Fitcorp Value</b>”).</p> <p>Dr. Ooi owns the entire issued and paid-up share capital of Louis May and Fitcorp Value together with Ms. Chong Moi Me, Executive Director and Chief Development Officer, and spouse of Dr. Ooi.</p>	Nil	Nil	Nil	Yes. Direct interest in 220,000 shares in the Company.
Any relationship (including immediate family relationships) with any existing director, existing executive officer, the issuer and/or substantial shareholder of the listed issuer or of any of its principal subsidiaries	<p>Ms. Chong Moi Me (Executive Director and Chief Development Officer, as well as a substantial Shareholder of the Company) is the spouse of Dr Ooi.</p> <p>Ms. Ooi Wan Koon (Chief People Officer) is the sister of Dr. Ooi.</p> <p>Dr. Ooi is a substantial Shareholder of the Company, details as set out above.</p> <p>Dr. Ooi is also a director of the Company’s subsidiaries, details as set out below.</p>	Nil	Nil	Nil	Ms. Wong is a Shareholder of the Company, details as set out above.

## Corporate Governance Report

Name of Director	Dr. Ooi Shu Geok	Datuk Fadilah Binti Baharin	Dato' (Dr.) Wee Hoe Soon @ Gooi Hoe Soon	Mr. Ong Beng Chye	Ms. Wong Wan Chin
Conflict of interest (including any competing business)	No	No	No	No	No
Undertaking (in the format set out in Appendix 7H) under Rule 720(1) has been submitted to the listed issuer	Yes	Yes	Yes	Yes	Yes
Other Principal Commitment* Including Directorship# * "Principal Commitments" has the same meaning as defined in the Code. # These fields are not applicable for announcements of appointments pursuant to Listing Rule 704(8).					
Past (for the last 5 years)	<p>Principal Commitments:</p> <ul style="list-style-type: none"> <li>• Nil</li> </ul> <p>Directorships:</p> <ul style="list-style-type: none"> <li>• MY CO2 Holding (Malaysia) Sdn. Bhd.</li> </ul>	<p>Principal Commitments:</p> <ul style="list-style-type: none"> <li>• Nil</li> </ul> <p>Directorships:</p> <ul style="list-style-type: none"> <li>• MY CO2 Sdn. Bhd.</li> <li>• International Organisation for Standardisation</li> </ul>	<p>Principal Commitments:</p> <ul style="list-style-type: none"> <li>• Nil</li> </ul> <p>Directorships:</p> <ul style="list-style-type: none"> <li>• Hup Seng Industries Bhd.</li> <li>• Bank Negara Malaysia</li> <li>• Eduspec Holdings Bhd.</li> <li>• Amity Bond Sdn. Bhd.</li> <li>• Areca Capital Sdn. Bhd.</li> <li>• AIA Berhad</li> <li>• Areca Partners Sdn. Bhd.</li> <li>• WorldClass Inspiration Sdn. Bhd.</li> <li>• Astra Partners Sdn. Bhd.</li> <li>• Perstima Utility Sdn. Bhd.</li> <li>• Perstima Tin Plate Sdn. Bhd.</li> </ul>	<p>Principal Commitments:</p> <ul style="list-style-type: none"> <li>• Nil</li> </ul> <p>Directorships:</p> <ul style="list-style-type: none"> <li>• Heatec Jietong Holdings Ltd.</li> <li>• Kitchen Culture Holdings Ltd.</li> <li>• CapAllianz Holdings Limited</li> <li>• Gem Accounting Pte. Ltd.</li> <li>• Shin-Omi International Pte. Ltd.</li> </ul>	<p>Principal Commitments:</p> <ul style="list-style-type: none"> <li>• Nil</li> </ul> <p>Directorships:</p> <ul style="list-style-type: none"> <li>• BML Development Sdn. Bhd. (formerly known as Lexicon Avenue Sdn. Bhd.)</li> <li>• Global Learning and Training Academy Sdn. Bhd.</li> <li>• Nova Treasure Sdn. Bhd.</li> <li>• Zola Chemical Resources Sdn. Bhd.</li> </ul>
Present	<p>Principal Commitments:</p> <ul style="list-style-type: none"> <li>• Nil</li> </ul> <p>Directorship:</p> <p><u>Directorships of the Company's subsidiaries</u></p> <ul style="list-style-type: none"> <li>• MY CO2 Sdn. Bhd.</li> <li>• MY CO2 (PG) Sdn. Bhd.</li> <li>• MY CO2 (JB) Sdn. Bhd.</li> <li>• MY CO2 (KL) Sdn. Bhd.</li> <li>• Empiric Science Sdn. Bhd.</li> <li>• MY CO2 Certification Sdn. Bhd.</li> <li>• LMS Compliance International Pte. Ltd.</li> <li>• MY CO2 Group Sdn. Bhd.</li> </ul> <p><u>Directorships of other companies:</u></p> <ul style="list-style-type: none"> <li>• Fitcorp Value Pte. Ltd.</li> <li>• Louis May Pte. Ltd.</li> </ul>	<p>Principal Commitments:</p> <ul style="list-style-type: none"> <li>• Nil</li> </ul> <p>Directorships:</p> <ul style="list-style-type: none"> <li>• IPEC Global Legacy Foundation</li> <li>• NanoVerify Sdn. Bhd.</li> </ul>	<p>Principal Commitments:</p> <ul style="list-style-type: none"> <li>• Nil</li> </ul> <p>Directorships:</p> <ul style="list-style-type: none"> <li>• AIA Berhad</li> <li>• Red Idea Holdings Bhd.</li> <li>• Yinson Holdings Bhd.</li> <li>• Perusahaan Sadur Timah Malaysia (Perstima) Bhd.</li> <li>• Securities Commission of Malaysia</li> <li>• Total Basic Sdn. Bhd.</li> <li>• Astra Ventures Sdn. Bhd.</li> <li>• Astra Capital Sdn. Bhd.</li> <li>• Georgia Attraction Sdn. Bhd.</li> <li>• Liberty Vision Sdn. Bhd.</li> <li>• AP Focus Sdn. Bhd.</li> <li>• PC Heritage Sdn. Bhd.</li> <li>• Hong Leong Foundation</li> </ul>	<p>Principal Commitments:</p> <ul style="list-style-type: none"> <li>• Nil</li> </ul> <p>Directorships:</p> <ul style="list-style-type: none"> <li>• ES Group (Holdings) Limited</li> <li>• IPS Securex Holdings Limited</li> <li>• Hafary Holdings Limited</li> <li>• Geo Energy Resources Limited</li> <li>• Alpina Holdings Limited</li> <li>• Appleton Global Private Limited</li> <li>• Gem Corp Services Pte. Ltd.</li> <li>• Penta Power Investment Pte. Ltd.</li> </ul>	<p>Principal Commitments:</p> <ul style="list-style-type: none"> <li>• Nil</li> </ul> <p>Directorships:</p> <ul style="list-style-type: none"> <li>• Volcano Berhad</li> <li>• Heng Huat Resources Group Berhad</li> <li>• W&amp;L Advisory Sdn. Bhd.</li> <li>• Polygold Avenue Sdn. Bhd.</li> </ul>

## Corporate Governance Report

Name of Director	Dr. Ooi Shu Geok	Datuk Fadilah Binti Baharin	Dato' (Dr.) Wee Hoe Soon @ Gooi Hoe Soon	Mr. Ong Beng Chye	Ms. Wong Wan Chin
<p>Disclose the following matters concerning an appointment of director, chief executive officer, chief financial officer, chief operating officer, general manager, or other officer of equivalent rank. If the answer to any question is “yes”, full details must be given.</p>					
(a) Whether at any time during the last 10 years, an application or a petition under any bankruptcy law of any jurisdiction was filed against him or against a partnership of which he was a partner at the time when he was a partner or any time within 2 years from the date he ceased to be a partner	No	No	No	No	No
(b) Whether at any time during the last 10 years, an application or a petition under any law of any jurisdiction was filed against an entity (not being a partnership) of which he was a director or an equivalent person or a key executive, at the time when he was a director or an equivalent person or a key executive of that entity or at any time within 2 years from the date he ceased to be a director or an equivalent person or a key executive of that entity, for the winding up or dissolution of that entity or, where that entity is the trustee of a business trust, that business trust, on the ground of insolvency?	No	No	No	No	No
(c) Whether there is any unsatisfied judgement against him?	No	No	No	No	No
(d) Whether he has ever been convicted of any offence, in Singapore or elsewhere, involving fraud or dishonesty which is punishable with imprisonment, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he is aware) for such purpose?	No	No	No	No	No

## Corporate Governance Report

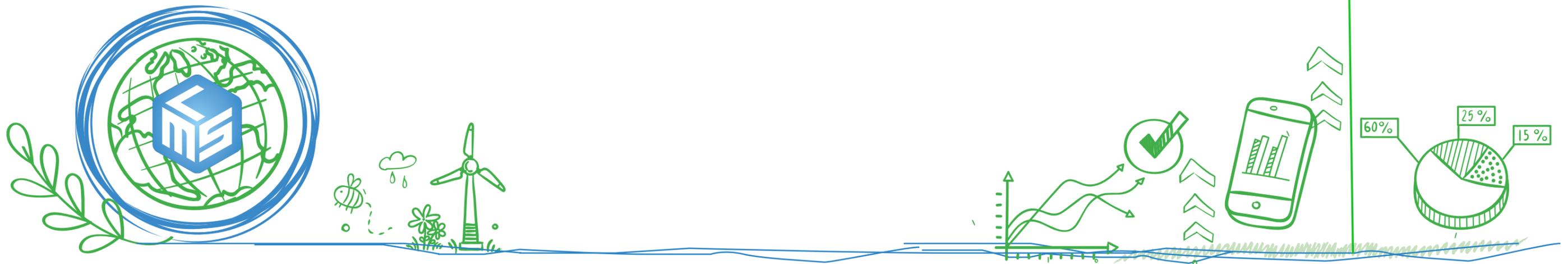
Name of Director	Dr. Ooi Shu Geok	Datuk Fadilah Binti Baharin	Dato' (Dr.) Wee Hoe Soon @ Gooi Hoe Soon	Mr. Ong Beng Chye	Ms. Wong Wan Chin
(e) Whether he has ever been convicted of any offence, in Singapore or elsewhere, involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he is aware) for such breach?	No	No	No	No	No
(f) Whether at any time during the last 10 years, judgment has been entered against him in any civil proceedings in Singapore or elsewhere involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or a finding of fraud, misrepresentation or dishonesty on his part, or he has been the subject of any civil proceedings (including any pending civil proceedings of which he is aware) involving an allegation of fraud, misrepresentation or dishonesty on his part?	No	No	No	No	No
(g) Whether he has ever been convicted in Singapore or elsewhere of any offence in connection with the formation or management of any entity or business trust?	No	No	No	No	No
(h) Whether he has ever been disqualified from acting as a director or an equivalent person of any entity (including the trustee of a business trust), or from taking part directly or indirectly in the management of any entity or business trust?	No	No	No	No	No
(i) Whether he has ever been the subject of any order, judgment or ruling of any court, tribunal or governmental body, permanently or temporarily enjoining him from engaging in any type of business practice or activity?	No	No	No	No	No

## Corporate Governance Report

Name of Director	Dr. Ooi Shu Geok	Datuk Fadilah Binti Baharin	Dato' (Dr.) Wee Hoe Soon @ Gooi Hoe Soon	Mr. Ong Beng Chye	Ms. Wong Wan Chin
<p>(j) Whether he has ever, to his knowledge, been concerned with the management or conduct, in Singapore or elsewhere, of the affairs of:-</p> <p>(i) any corporation which has been investigated for a breach of any law or regulatory requirement governing corporations in Singapore or elsewhere; or</p> <p>(ii) any entity (not being a corporation) which has been investigated for a breach of any law or regulatory requirement governing such entities in Singapore or elsewhere; or</p> <p>(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</p> <p>(iv) any entity or business trust which has been investigated for a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere,</p> <p>in connection with any matter occurring or arising during that period when he was so concerned with the entity or business trust?</p>	<p>MY CO2 (PG) Sdn Bhd (“<b>MY CO2 (PG)</b>”) (a subsidiary of the Company) was involved in a labour dispute with one of its former employees regarding her dismissal from MY CO2 (PG) for insubordination due to her refusal to be transferred from MY CO2 (PG)’s Penang office to the Johor Bahru office. The hearing with the Department of Labour Peninsular Malaysia (“<b>DOL</b>”) was set on 9 April 2019 and MY CO2 (PG) submitted its submissions and evidence on 24 April 2019. The DOL passed its decision on 11 June 2019 and ordered MY CO2 (PG) to pay to the former employee a sum of RM3,874.84 as payment in lieu of notice, the sum of which was duly settled on 12 June 2019.</p>	<p>No</p>	<p>No</p>	<p>No</p>	<p>No</p>
<p>(k) Whether he has been the subject of any current or past investigation or disciplinary proceedings, or has been reprimanded or issued any warning, by the Monetary Authority of Singapore or any other regulatory authority, exchange, professional body or government agency, whether in Singapore or elsewhere</p>	<p>No</p>	<p>Datuk Fadilah was investigated by the appeal panel of DSM sometime between 2017 and 2018 when she was the Director General in DSM. The investigation arose from allegations in a poison pen letter that Datuk Fadilah had interfered with accreditation processes and had deliberately approved the accreditation of certain companies within a shorter timeframe than the rest. It was concluded from the investigation that the allegations against Datuk Fadilah were false and no further action was taken against her. Datuk Fadilah remained in her position as the Director General of DSM subsequent to the conclusion of such investigations.</p>	<p>No</p>	<p>No</p>	<p>No</p>

# Financial Report

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## Directors' Statement

The Directors of LMS Compliance Ltd. (the "Company") present their statement to the members together with the audited consolidated financial statements of the Company and its subsidiaries (the "Group") for the financial year ended 31 December 2022 and the statement of financial position of the Company as at 31 December 2022.

### 1. Opinion of the Directors

In the opinion of the Board of Directors,

- 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 2022, and of the financial performance, changes in equity and cash flows of the Group for the financial year then ended; and
- at the date of this statement, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

### 2. Directors

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

Dr. Ooi Shu Geok	(Executive Director and Chief Executive Officer) (Appointed on 22 July 2022)
Ms. Chong Moi Me	(Executive Director and Chief Development Officer) (Appointed on 22 July 2022)
Datuk Fadilah Binti Baharin	(Independent Non-executive Chairman) (Appointed on 26 September 2022)
Mr. Ong Beng Chye	(Independent Non-executive Director) (Appointed on 26 September 2022)
Dr. Chong Juin Kuan	(Non-Executive Non-Independent Director) (Appointed on 22 July 2022)
Dato' (Dr.) Wee Hoe Soon @ Gooi Hoe Soon	(Independent Non-executive Director) (Appointed on 26 September 2022)
Ms. Wong Wan Chin	(Independent Non-executive Director) (Appointed on 26 September 2022)

### 3. Arrangements to enable Directors to acquire shares or debentures

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

### 4. Directors' interests in shares or debentures

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

	Shareholdings registered in the name of Directors		Shareholdings in which Directors are deemed to have an interest	
	Balance at 22 July 2022 (date of incorporation) or date of appointment, if later	Balance at 31 December 2022	Balance at 22 July 2022 (date of incorporation) or date of appointment, if later	Balance at 31 December 2022
	<b>Number of ordinary shares</b>			
<b>The Company</b>				
Dr. Ooi Shu Geok	-	-	750	72,560,000
Ms. Chong Moi Me	-	-	750	72,560,000
Ms. Wong Wan Chin	-	220,000	-	-

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

In accordance with the continuing listing requirements of the Singapore Exchange Securities Trading Limited ("SGX-ST"), the Directors of the Company state that, according to the register of directors' shareholdings, the directors' interest as at 21 January 2023 in the shares of the Company have not changed from those disclosed as at 31 December 2022.

### 5. Share options

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

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

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

#### Employee Share Option Scheme

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

#### Performance Share Plan

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

## Directors' Statement

### 6. Audit committee

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

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

### 6. Audit committee (Continued)

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

## Directors' Statement

### 6. Audit committee (Continued)

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

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

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

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

### 7. Independent auditors

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

On behalf of the Board of Directors,

\_\_\_\_\_  
**Dr. Ooi Shu Geok**  
Director

\_\_\_\_\_  
**Chong Moi Me**  
Director

10 April 2023

## Independent Auditors' Report

To the Members of **LMS Compliance Ltd.** (Formerly known as *LMS Compliance Pte. Ltd.*)

### Report on the Audit of the Financial Statements

#### Opinion

We have audited the financial statements of LMS Compliance Ltd. (formerly known as LMS Compliance Pte. Ltd.) (the "Company") and its subsidiaries (the "Group") as set out on pages 76 to 128, which comprise:

- the consolidated statement of financial position of the Group and the statement of financial position of the Company as at 31 December 2022;
- the consolidated statement of comprehensive income, consolidated statement of changes in equity, and consolidated statement of cash flows of the Group for the financial year then ended; and
- notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements of the Group and the statement of financial position of the Company are properly drawn up in accordance with the provisions of the Singapore Companies Act 1967 (the "Act") and Singapore Financial Reporting Standards (International) ("SFRS(I)s") so as to give a true and fair view of the consolidated financial position of the Group and the financial position of the Company as at 31 December 2022, and of the consolidated financial performance, consolidated changes in equity and consolidated cash flows of the Group for the financial year ended on that date.

#### Basis for Opinion

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

#### Key Audit Matters

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

# Independent Auditors' Report

To the Members of **LMS Compliance Ltd.** (Formerly known as *LMS Compliance Pte. Ltd.*)

KEY AUDIT MATTER	AUDIT RESPONSE
<b>Loss allowance on impairment of trade receivables and contract assets</b>	
<p>As at 31 December 2022, the Group's trade receivables amounting to RM2,810,000, net of an allowance for impairment loss of RM154,000 and contract assets amounting to RM209,000, representing approximately 13% and 1% of the Group's total current assets, respectively.</p> <p>The Group determined expected credit losses ("ECL") on trade receivables from third parties and contract assets by using a provision matrix based on their historical credit loss experience, past due status and adjusted with forward looking estimates, as appropriate. In calculating the ECL rates, the Group considers historical loss rates for each aging bracket of customers and adjust for forward looking macroeconomic data that may affect the ability of the debtors to settle receivables.</p> <p>We focused on this area as a key audit matter as significant judgements are involved in determining the ECL on trade receivables and contract assets.</p> <p>Refer to Notes 3.2(i), 7, 17(a) and 29.1 to the accompanying financial statements.</p>	<p>We performed the following audit procedures, amongst others:</p> <ul style="list-style-type: none"> <li>• Obtained an understanding of and assessed the inputs and information, including the aged trade receivables report, used in designing the provision matrix;</li> <li>• Evaluated the management's assessment of the ECL rates, including assumptions surrounding current conditions and forecast of future economic conditions;</li> <li>• Reviewed management's credit risk assessment for customers, which include reviewing the historical payment pattern trend and on-going business relationship of significant customers; and</li> <li>• Assessed the adequacy of the disclosures in the financial statements.</li> </ul>

## Other Information

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

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

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

## Responsibilities of Management and Directors for the Financial Statements

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

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

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

## Auditors' Responsibilities for the Audit of the Financial Statements

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

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

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

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

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

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

## Independent Auditors' Report

To the Members of **LMS Compliance Ltd.** (Formerly known as *LMS Compliance Pte. Ltd.*)

### Report on Other Legal and Regulatory Requirements

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

The engagement partner on the audit resulting in this independent auditors' report is Yeo Siok Yong.

**BDO LLP**  
Public Accountants and  
Chartered Accountants

Singapore  
10 April 2023

## Statements of Financial Position

AS AT 31 DECEMBER 2022

	Note	Group		Company
		2022	2021	2022
		RM'000	RM'000	RM'000
<b>ASSETS</b>				
<b>Non-current assets</b>				
Property, plant and equipment	4	7,287	7,328	-
Right-of-use assets	5	1,669	1,938	-
Investment in subsidiaries	6	-	-	160
		<u>8,956</u>	<u>9,266</u>	<u>160</u>
<b>Current assets</b>				
Trade and other receivables	7	2,905	2,656	5,300
Prepayments		215	743	110
Contract assets	17(a)	209	-	-
Financial assets at fair value through profit or loss ('FVTPL')	8	6,974	7,212	-
Cash and bank balances	9	12,313	1,106	10,652
		<u>22,616</u>	<u>11,717</u>	<u>16,062</u>
<b>Total assets</b>		<u>31,572</u>	<u>20,983</u>	<u>16,222</u>
<b>EQUITY AND LIABILITIES</b>				
<b>Equity</b>				
Share capital	10	11,292	2,325	11,292
Reserves	11	2,176	12	-
Retained earnings	12	12,689	11,969	500
<b>Total equity</b>		<u>26,157</u>	<u>14,306</u>	<u>11,792</u>
<b>Non-current liabilities</b>				
Other payables	13	233	227	-
Bank borrowings	14	1,052	-	-
Lease liabilities	15	1,622	1,864	-
Deferred tax liabilities	16	411	320	-
		<u>3,318</u>	<u>2,411</u>	<u>-</u>
<b>Current liabilities</b>				
Trade and other payables	13	1,310	1,610	4,430
Bank borrowings	14	87	2,069	-
Lease liabilities	15	242	245	-
Contract liabilities	17(a)	400	246	-
Income tax payables		58	96	-
		<u>2,097</u>	<u>4,266</u>	<u>4,430</u>
<b>Total liabilities</b>		<u>5,415</u>	<u>6,677</u>	<u>4,430</u>
<b>Total equity and liabilities</b>		<u>31,572</u>	<u>20,983</u>	<u>16,222</u>

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

## Consolidated Statement of Comprehensive Income

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

	Note	Group	
		2022 RM'000	2021 RM'000
Revenue	17	18,676	16,988
<b>Other item of income</b>			
Interest income	8	51	225
Other income	18	321	283
<b>Items of expense</b>			
Materials, consumables and subcontractor costs		(1,902)	(1,515)
Depreciation expenses	19	(1,078)	(920)
Loss allowance on trade receivables	7	(24)	(55)
Employee benefits expense	20	(6,693)	(6,193)
Other expenses		(6,729)	(1,972)
Finance costs	21	(210)	(231)
<b>Profit before income tax</b>	22	2,412	6,610
Income tax expense	23	(1,692)	(1,662)
<b>Profit for the financial year</b>		720	4,948
<b>Other comprehensive income:</b>			
<i>Item that may be reclassified subsequently to profit or loss:</i>			
Exchange differences on translating foreign operation		(4)	-
<b>Other comprehensive income for the financial year, net of tax</b>		(4)	-
<b>Total comprehensive income for the financial year</b>		716	4,948
<b>Profit attributable to owners of the Company</b>		720	4,948
<b>Total comprehensive income attributable to owners of the Company</b>		716	4,948
Earnings per share			
- Basic and diluted (cents)	24	0.98	6.92

## Consolidated Statement of Changes In Equity

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

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

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

## Consolidated Statement of Changes In Equity

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

	Note	Share capital RM'000	Foreign currency translation reserve RM'000	Merger reserve RM'000	Retained earnings RM'000	Total equity RM'000
<b>Group</b>						
Balance as at 1 January 2021		2,325	-	12	13,521	15,858
Profit for the financial year		-	-	-	4,948	4,948
<b>Total comprehensive income for the financial year</b>		-	-	-	4,948	4,948
<b>Distributions to owners</b>						
Dividends	25	-	-	-	(6,500)	(6,500)
<b>Total transactions with owners</b>		-	-	-	(6,500)	(6,500)
<b>Balance as at 31 December 2021</b>		2,325	-	12	11,969	14,306

## Consolidated Statement of Cash Flows

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

	Group	
	2022 RM'000	2021 RM'000
<b>Operating activities</b>		
Profit before income tax	2,412	6,610
Adjustments for:		
Bad debts written off	12	2
Depreciation of property, plant and equipment	809	651
Depreciation of right-of-use assets	269	269
Gain on disposal of property, plant and equipment	-	(6)
Loss allowance on receivables	24	55
Property, plant and equipment written off	22	7
Fair value (gain)/loss on financial assets at FVTPL	(82)	32
Interest expense	210	231
Interest income	(51)	(225)
Impairment loss on property, plant and equipment	-	25
Initial public offering fee	612	-
Operating profit before changes in working capital	4,237	7,651
Changes in working capital		
Trade and other receivables	(285)	(3)
Contract assets	(209)	-
Prepayments	528	(675)
Trade and other payables	(298)	42
Contract liabilities	154	(31)
Cash generated from operations	4,127	6,984
Income tax paid, net	(1,639)	(1,789)
Net cash from operating activities	2,488	5,195
<b>Investing activities</b>		
Purchase of property, plant and equipment	(790)	(710)
Proceeds from disposal of property, plant and equipment	-	6
Placements of financial assets at FVTPL	(2,460)	(5,630)
Redemption of financial assets at FVTPL	2,831	8,661
Net cash (used in)/from investing activities	(419)	2,327

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

## Consolidated Statement of Cash Flows

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

	Group	
	2022 RM'000	2021 RM'000
<b>Financing activities</b>		
Dividends paid	-	(6,500)
Proceeds from issuance of ordinary shares	10,523	-
Repayment of principal portion of bank borrowings	(930)	(137)
Repayment of interest portion of bank borrowings	(74)	(77)
Repayment of principal portion of lease liabilities	(245)	(282)
Repayment of interest portion of lease liabilities	(136)	(154)
Net cash from/(used in) financing activities	9,138	(7,150)
<b>Net change in cash and bank balances</b>	11,207	372
<b>Cash and bank balances at beginning of financial year</b>	1,106	734
<b>Cash and bank balances at end of financial year</b>	12,313	1,106

## Notes to The Financial Statements

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

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

### 1. General corporate information

#### 1.1 Domicile and activities

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

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

The principal activities of the subsidiaries are set out in Note 6 to the financial statements.

The statement of financial position of the Company as at 31 December 2022 and the consolidated financial statements of the Company and its subsidiaries (“the Group”) for the financial year ended 31 December 2022 were authorised for issue in accordance with a Directors’ resolution dated 10 April 2023.

#### 1.2 Restructuring exercise

A restructuring exercise (the “Restructuring Exercise”) was carried out as part of group restructuring prior to the listing on the Catalist Board of SGX-ST which resulted in the Company becoming the holding company of the Group. The following steps were taken in the Restructuring Exercise:

a. Incorporation of LMS Compliance Ltd. (formerly known as LMS Compliance Pte. Ltd.)

On 22 July 2022, the Company was incorporated as a private company limited by shares in Singapore under the Companies Act 1967, with an issued and paid-up share capital of S\$750 which is approximately RM2,322 comprising 750 ordinary shares, of which 682 and 68 ordinary shares were held by Louis May Pte. Ltd. and Fitcorp Value Pte. Ltd. respectively. Accordingly, the issued share capital of the Company became owned as to approximately 91% and 9% by Louis May Pte. Ltd. and Fitcorp Value Pte. Ltd. respectively. On 15 November 2022, the Company was converted into a public company limited by shares and changed its name from LMS Compliance Pte. Ltd. to LMS Compliance Ltd..

b. Incorporation of My CO2 Group Sdn. Bhd.

A wholly owned subsidiary of the Company, My CO2 Group Sdn. Bhd. (“MY CO2 Group”) was incorporated on 30 August 2022 as a private company limited by shares in Malaysia, with an issued share capital of RM2,322 comprising 2,322 ordinary shares.

# Notes to The Financial Statements

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

## 1. General corporate information (Continued)

### 1.2 Restructuring exercise (Continued)

#### c. Consolidation of shares in the Malaysia subsidiaries

On 30 September 2022, My CO2 Sdn. Bhd. (“MY CO2”), My CO2 Certification Sdn. Bhd. (“MY CO2 Certification”), Empiric Science Sdn. Bhd. (“Empiric Science”), My CO2 (PG) Sdn. Bhd. (“MY CO2 (PG)”), My CO2 (KL) Sdn. Bhd. (“MY CO2 (KL)”) and My CO2 (JB) Sdn. Bhd. (“MY CO2 (JB)”) (collectively known as the “Malaysia Subsidiaries”), had undergone a consolidation of every 1,000 ordinary shares into 1 ordinary share (“Share Consolidation”).

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

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

#### d. Issuance of new ordinary shares in Malaysia Subsidiaries to MY CO2 Group

On 30 September 2022, MY CO2 Group was issued and allotted with the new ordinary shares in Malaysia Subsidiaries at RM0.01 each such that MY CO2 Group holds 99% of the ordinary shares in each of the Malaysia Subsidiaries after the allotment and issuance at the following consideration:

- (a) 161,865 new ordinary shares in MY CO2 for a nominal consideration of RM1,618.65 (based on RM0.01 per share) was issued and allotted to MY CO2 Group;
- (b) 9,900 new ordinary shares in MY CO2 Certification for a nominal consideration of RM99.00 (based on RM0.01 per share) was issued and allotted to MY CO2 Group;
- (c) 19,800 new ordinary shares in MY CO2 (PG) for a nominal consideration of RM198.00 (based on RM0.01 per share) was issued and allotted to MY CO2 Group;
- (d) 20,295 new ordinary shares in MY CO2 (KL) for a nominal consideration of RM202.95 (based on RM0.01 per share) was issued and allotted to MY CO2 Group;
- (e) 9,900 new ordinary shares in MY CO2 (JB) for a nominal consideration of RM99.00 (based on RM0.01 per share) was issued and allotted to MY CO2 Group; and
- (f) 10,395 new ordinary shares in Empiric Science for a nominal consideration of RM103.95 (based on RM 0.01 per share) was issued and allotted to MY CO2 Group.

## 1. General corporate information (Continued)

### 1.2 Restructuring exercise (Continued)

#### e. Acquisition of shares in Malaysia Subsidiaries by MY CO2 Group

Pursuant to a share purchase agreement dated 30 September 2022 entered into between the Company, MY CO2 Group, Dr. Ooi Shu Geok and Ms. Chong Moi Me (collectively known as the “Vendors”), the Company had, on 10 November 2022, acquired such number of ordinary shares in each of the Malaysia Subsidiaries from the Vendors, for a purchase consideration that is arrived at on a willing-buyer and willing-seller basis, taking into account the net tangible asset (“NTA”) of the respective Malaysia Subsidiaries as at 31 March 2022, as follows:

- (a) 1,635 ordinary shares in MY CO2, for a consideration of RM35,413.87 (or approximately S\$11,400) which was satisfied by the allotment and issuance of 10,374 and 1,026 new ordinary shares of the Company to Louis May Pte. Ltd. and Fitcorp Value Pte. Ltd. respectively;
- (b) 100 ordinary shares in MY CO2 Certification, for a consideration of RM767.30 (or approximately S\$247) which was satisfied by the allotment and issuance of 225 and 22 new ordinary shares of the Company to Louis May Pte. Ltd. and Fitcorp Value Pte. Ltd. respectively;
- (c) 200 ordinary shares in MY CO2 (PG), for consideration of RM44,806.85 (or approximately S\$14,423) which was satisfied by the allotment and issuance of 13,125 and 1,298 new ordinary shares of the Company to Louis May Pte. Ltd. and Fitcorp Value Pte. Ltd. respectively;
- (d) 205 ordinary shares in MY CO2 (KL), for a consideration of RM49,965.97 (or approximately S\$16,084) which was satisfied by the allotment and issuance of 14,637 and 1,447 new ordinary shares of the Company to Louis May Pte. Ltd. and Fitcorp Value Pte. Ltd. respectively;
- (e) 100 ordinary shares in MY CO2 (JB), for a consideration of RM22,091.20 (or approximately S\$7,111) which was satisfied by the allotment and issuance of 6,471 and 640 new ordinary shares of the Company to Louis May Pte. Ltd. and Fitcorp Value Pte. Ltd. respectively;
- (f) 105 ordinary shares in Empiric Science, for a consideration of RM4,251.25 (or approximately S\$1,368) which was satisfied by the allotment and issuance of 1,245 and 123 new ordinary shares of the Company to Louis May Pte. Ltd. and Fitcorp Value Pte. Ltd. respectively.

#### f. Acquisition of shares in LMS Compliance International Pte. Ltd. by the Company.

Pursuant to a share purchase agreement dated 15 November 2022 entered into between the Company and the Vendors, the Company had, on 15 November 2022, acquired all of issued and paid-up share capital of LMS Compliance International Pte. Ltd. from the Vendors, for an aggregate consideration of S\$2.00 (approximately RM6), which was arrived at on a willing-buyer and willing-seller basis, taking into account the NTA of LMS Compliance International Pte. Ltd. as at 31 March 2022. The consideration was satisfied by the allotment and issuance by the Company of 1 and 1 of the Company’s ordinary shares to Louis May Pte. Ltd. and Fitcorp Value Pte. Ltd. respectively.

# Notes to The Financial Statements

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

## 2. Summary of significant accounting policies

### 2.1 Basis of preparation of financial statements

The Restructuring Exercise involved acquisitions of companies, as referred to in Note 1.2 to the financial statements, which are under common control. These companies have been included in the consolidated financial statements of the Group in a manner similar to the “pooling-of-interest” method. Such manner of presentation reflects the economic substance of the combining companies as a single economic enterprise, although the legal parent-subsidary relationship was not established until the completion of restructuring exercise on 15 November 2022.

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

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

The preparation of financial statements in 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 and disclosure of contingent assets and liabilities at the end of the reporting period, and the reported amounts of revenue and expenses during the financial year. 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 differ from those estimates. The estimates and underlying assumptions are reviewed on an ongoing 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 revision and future years if the revision affects both current and future financial years.

Critical accounting judgements and key sources of estimation uncertainty used that are significant to the financial statements are disclosed in Note 3 to the financial statements.

The new standards, amendments to standards, and interpretations published that will apply for the first time by the Group and the Company are not expected to impact the Group and the Company as they are either not relevant to the Group’s and the Company’s business activities or require accounting which is consistent with the Group’s and the Company’s current accounting policies.

## 2. Summary of significant accounting policies (Continued)

### 2.1 Basis of preparation of financial statements (Continued)

*SFRS(I) issued but not yet effective*

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

		<b>Effective date (annual periods beginning on or after)</b>
SFRS(I) 17	: Insurance Contracts	1 January 2023
Various	: Amendments to SFRS(I) 17	1 January 2023
Various	: Amendments to SFRS(I) 1-1 and SFRS(I) Practice Statement 2: Disclosure of Accounting Policies	1 January 2023
SFRS(I) 1-8 (Amendments)	: Definition of Accounting Estimates	1 January 2023
SFRS(I) 1-12, SFRS(I) 1 (Amendments)	: Deferred Tax related to Assets and Liabilities arising from a Single Transaction	1 January 2023
SFRS(I) 17	: Amendments to SFRS(I) 17: Initial Application of SFRS(I) 17 and SFRS(I) 9 – Comparative Information	1 January 2023
SFRS(I) 1-1 (Amendments)	: Classification of Liabilities as Current or Non-current	1 January 2024
Various	: Amendments to SFRS(I) 1-1: Non-current liabilities with covenants	1 January 2024
SFRS(I) 16	: Lease Liability in a Sale and Leaseback	1 January 2024
SFRS(I) 10 and SFRS(I) 1-28 (Amendments)	: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	To be determined

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

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

### 2.2 Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries made up to the end of the reporting period. The financial statements of the subsidiaries are prepared for the same reporting date as that of the parent company.

Accounting policies of the subsidiaries have been changed where necessary to align them with the policies adopted by the Group to ensure consistency.

# Notes to The Financial Statements

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

## 2. Summary of significant accounting policies (Continued)

### 2.2 Basis of consolidation (Continued)

Subsidiaries are from the date on which control is transferred to the Group up to the effective date on which that control ceases. In preparing the consolidated financial statements, inter-company transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment loss of the asset transferred.

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

When the Group loses control of a subsidiary, the profit or loss on disposal is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interests. Amounts previously recognised in other comprehensive income in relation to the subsidiary are accounted for (i.e. reclassified to profit or loss or transferred directly to retained earnings) in the same manner as would be required if the relevant assets or liabilities were disposed of. The fair value of any investments retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under SFRS(I) 9 *Financial Instruments* or, when applicable, the cost on initial recognition of an investment in an associate or jointly controlled entity.

### 2.3 Business combinations

The acquisitions of subsidiaries are accounted for using the acquisition method. The considerations transferred for the acquisitions are measured at the aggregate of the fair values, at the date of exchange, of assets given, liabilities incurred or assumed, and equity instruments issued by the Group in exchange for control of the acquiree. Acquisition-related costs are recognised in profit or loss as incurred. Consideration transferred also includes the fair value of any contingent consideration measured at the acquisition date. Subsequent changes in fair value of contingent consideration which is deemed to be an asset or liability will be recognised to profit or loss.

The acquiree's identifiable assets, liabilities and contingent liabilities that meet the conditions for recognition under SFRS(I) 3 *Business Combinations* are recognised at their fair values at the acquisition date, except for non-current assets (or disposal groups) that are classified as held-for-sale in accordance with SFRS(I) 5 *Non-current Assets Held-for-Sale and Discontinued Operations*, which are recognised and measured at the lower of cost and fair value less costs to sell.

Where a business combination is achieved in stages, the Group's previously held interests in the acquired entity are remeasured to fair value at the acquisition date (i.e. the date the Group attains control) and the resulting gain or loss, if any, is recognised in profit or loss.

Amounts arising from interests in the acquiree prior to the acquisition date that have previously been recognised in other comprehensive income are reclassified to profit or loss, where such treatment would be appropriate if that interest were disposed of.

## 2. Summary of significant accounting policies (Continued)

### 2.3 Business combinations (Continued)

The acquiree's identifiable assets, liabilities and contingent liabilities that meet the conditions for recognition under SFRS(I) 3 are recognised at their fair values at the acquisition date, except that:

- deferred tax assets or liabilities and liabilities or assets related to employee benefit arrangements are recognised and measured in accordance with SFRS(I) 1-12 *Income Taxes* and SFRS(I) 1-19 *Employee Benefits* respectively;
- liabilities or equity instruments related to the replacement by the Group of an acquiree's share-based payment awards are measured in accordance with SFRS(I) 2 *Share-based Payment*; and
- assets (or disposal groups) that are classified as held for sale in accordance with SFRS(I) 5 are measured in accordance with that standard.

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

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

Goodwill arising on acquisition is recognised as an asset at the acquisition date and initially measured at the excess of the sum of the consideration transferred, the amount of any non-controlling interest in the acquiree and the fair value of the acquirer's previously held equity interest (if any) in the entity over net acquisition date fair value amounts of the identifiable assets acquired and the liabilities and contingent liabilities assumed.

If, after reassessment, the net fair value of the acquiree's identifiable net assets exceeds the sum of the consideration transferred, the amount of any non-controlling interest in the acquiree and the fair value of the acquirer's previously held equity interest in the acquiree (if any), the excess is recognised immediately in profit or loss as a bargain purchase gain.

#### *Acquisition under common control*

Business combination arising from transfers of interest in entities that are under common control are accounted for as if the acquisition had occurred at the beginning of the earliest comparative period presented or, if later, at the date that common control was established. For this purpose, comparatives are restated. The assets and liabilities acquired are recognised at the carrying amounts recognised previously and no adjustments are made to reflect the fair values or recognised any new assets or liabilities, including no goodwill is recognised as a result of the combination. The components of equity of the acquired entities are added to the same components within the Group's equity. Any difference between the consideration paid for the acquisition and share capital of acquiree is recognised directly to equity as merger reserve.

# Notes to The Financial Statements

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

## 2. Summary of significant accounting policies (Continued)

### 2.4 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.

Investment in subsidiaries are accounted for at cost, less impairment loss, if any, in the Company's statement of financial position.

### 2.5 Property, plant and equipment

Property, plant and equipment are initially recorded at cost. Subsequent to initial recognition, property, plant and equipment are stated at cost less accumulated depreciation and impairment losses, if any.

The cost of property, plant and equipment includes expenditure that is directly attributable to the acquisition of the items. Dismantlement, removal or restoration costs are included as part of the cost of property, plant and equipment if the obligation for dismantlement, removal or restoration is incurred as a consequence of acquiring or using the property, plant and equipment.

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

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset is included in profit or loss in the financial year the asset is derecognised.

Depreciation is calculated using the straight-line method to allocate the depreciable amounts of the property, plant and equipment over their estimated useful lives as follows:

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

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

The residual values, estimated useful lives and depreciation method are reviewed at each financial year-end to ensure that the residual values, period of depreciation and depreciation method are consistent with previous estimates and the expected pattern of consumption of the future economic benefits embodied in the items of property, plant and equipment.

## 2. Summary of significant accounting policies (Continued)

### 2.6 Impairment of non-financial assets

The carrying amounts of non-financial assets are reviewed at the end of each reporting period to determine whether there is any indication of impairment loss and whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. If any such indication exists, or when annual impairment testing for an asset is required, the asset's recoverable amount is estimated.

An impairment loss is recognised whenever the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. A cash-generating unit is the smallest identifiable asset group that generates cash flows that largely are independent from other assets and groups of assets. Impairment loss is recognised in profit or loss.

The recoverable amount of an asset or cash-generating unit is the higher of its fair value less costs to sell and its value in use. Recoverable amount is determined for individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. If this is the case, the recoverable amount is determined for the cash-generating unit to which the assets belong. The fair value less costs to sell is the amount obtainable from the sale of an asset or cash-generating unit in an arm's length transaction between knowledgeable, willing parties, less costs of disposal. Value in use is the present value of estimated future cash flows expected to be derived from the continuing use of an asset and from its disposal at the end of its useful life, discounted at pre-tax rate that reflects current market assessment of the time value of money and the risks specific to the asset or cash-generating unit for which the future cash flow estimates have not been adjusted.

An assessment is made at the end of each reporting period as to whether there is any indication that an impairment loss recognised in prior periods for an asset may no longer exist or may have decreased. If such indication exists, the recoverable amount is estimated. An impairment loss recognised in prior periods is reversed only if there has been a change in the estimates used to determine the recoverable amount since the last impairment loss was recognised. If that is the case, the carrying amount of the asset is increased to its recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised. Reversals of impairment loss are recognised in profit or loss. After such a reversal, the depreciation or amortisation is adjusted in future periods to allocate the asset's revised carrying amount, less any residual value, on a systematic basis over its remaining useful life.

### 2.7 Financial assets

The Group and the Company shall recognise a financial asset in the statements of financial position when, and only when, the Group and the Company become a party to the contractual provisions of the instrument.

The Group and the Company classify their financial assets into one of the categories below. This classification depends on The Group's and the Company's business model for managing the financial assets as well as the contractual terms of the cash flows of the financial asset. The Group and the Company shall reclassify their affected financial assets when and only when The Group and the Company change their business model for managing these financial assets. The Group's and the Company's accounting policy for each category is as follows:

# Notes to The Financial Statements

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

## 2. Summary of significant accounting policies (Continued)

### 2.7 Financial assets (Continued)

#### *Amortised cost*

These assets arise principally from the provision of services and sales of goods to customers (e.g. trade receivables), but also incorporate other types of financial assets where the objective is to hold these assets in order to collect contractual cash flows and the contractual cash flows are solely payments of principal and interest. They are initially recognised at fair value plus transaction costs that are directly attributable to their acquisition or issue, and are subsequently carried at amortised cost using the effective interest rate method, less provision for impairment. Interest income from these financial assets is included in interest income using the effective interest rate method.

Impairment provisions for trade receivables and contract assets are recognised based on the simplified approach within SFRS (I) 9 using the lifetime expected credit losses. During this process, the probability of the non-payment of the trade receivables is assessed. This probability is then multiplied by the amount of the expected loss arising from default to determine the lifetime expected credit loss for the trade receivables. For trade receivables, which are reported net, such provisions are recorded in a separate provision account with the loss being recognised in the consolidated statement of comprehensive income. On confirmation that the trade receivable will not be collectable, the gross carrying value of the asset is written off against the associated provision.

Impairment provisions for receivables from third parties and a subsidiary are recognised based on a forward looking expected credit loss model. The methodology used to determine the amount of the provision is based on whether at each reporting date, there has been a significant increase in credit risk since initial recognition of the financial asset. For those where the credit risk has not increased significantly since initial recognition of the financial asset, twelve month expected credit losses along with gross interest income are recognised. For those for which credit risk has increased significantly, lifetime expected credit losses along with the gross interest income are recognised. For those that are determined to be credit impaired, lifetime expected credit losses along with interest income on a net basis are recognised.

The Group's and the Company's financial assets measured at amortised cost comprise trade and other receivables and cash and bank balances in the statements of financial position.

#### *Financial assets at fair value through other profit or loss ("FVTPL")*

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

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

Purchases and sales of financial assets measured at fair value through profit or loss are recognised on settlement date with any change in fair value between trade date and settlement date being recognised in the fair value through profit or loss.

#### Derecognition of financial assets

The Group and the Company derecognise a financial asset only when the contractual rights to the cash flows from the asset expire, or they transfer the financial asset and substantially all the risks and rewards of ownership of the asset to another entity.

## 2. Summary of significant accounting policies (Continued)

### 2.8 Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, cash and deposits with banks and financial institutions. Cash and cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

### 2.9 Leases

#### *As lessee*

All leases are accounted for by recognising a right-of-use asset and a lease liability except for:

- leases of low value assets; and
- leases with a duration of twelve months or less.

The payments for leases of low value assets and short-term leases are recognised as an expense on a straight-line basis over the lease term.

#### Initial measurement

Lease liabilities are measured at the present value of the contractual payments due to the lessor over the lease term, with the discount rate determined by reference to the rate inherent in the lease unless this is not readily determinable, in which case the Group's and the Company's incremental borrowing rate on commencement of the lease is used.

Variable lease payments are only included in the measurement of the lease liability if it is depending on an index or rate. In such cases, the initial measurement of the lease liability assumes the variable element will remain unchanged throughout the lease term. Other variable lease payments are expensed in the period to which they relate.

On initial recognition, the carrying amount of lease liabilities also includes:

- amounts expected to be payable under any residual value guarantee;
- the exercise price of any purchase option granted in favour of the Group and the Company if it is reasonably certain to assess that option; and
- any penalties payable for terminating the lease, if the term of the lease has been estimated on the basis of termination option being exercised.

Right-of-use assets are initially measured at the amount of lease liabilities, reduced by any lease incentives received and increased for:

- lease payments made at or before commencement of the lease;
- initial direct costs incurred; and
- the amount of any provision recognised where the Group and the Company are contractually required to dismantle, remove or restore the leased asset.

The Group and the Company present the right-of-use assets and lease liabilities separately from other assets and other liabilities in the statements of financial position.

# Notes to The Financial Statements

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

## 2. Summary of significant accounting policies (Continued)

### 2.9 Leases (Continued)

#### Subsequent measurement

Right-of-use assets are subsequently measured at cost less any accumulated depreciation, any accumulated impairment loss and, if applicable, adjusted for any re-measurement of the lease liabilities. The right-of-use assets under cost model are depreciated on a straight-line basis over the shorter of either the remaining lease term or the remaining useful life of the right-of-use assets. If the lease transfers ownership of the underlying asset by the end of the lease term or if the cost of the right-of-use asset reflects that the Group and the Company will exercise the purchase option, the right-of-use assets are depreciated over the useful life of the underlying assets as follows:

Office premises	10% - 11%
Motor vehicles	20%

The carrying amount of right-of-use assets are reviewed for impairment when events or changes in circumstances indicate that the right-of-use asset may be impaired. The accounting policy on impairment is as described in Note 2.6 to the financial statements.

Subsequent to initial measurement, lease liabilities are adjusted to reflect interest charged at a constant periodic rate over the remaining lease liabilities, lease payment made and if applicable, account for any re-measurement due to reassessment or lease modifications.

After the commencement date, interest on the lease liabilities are recognised in profit or loss, unless the costs are eligible for capitalisation in accordance with other applicable standards.

When the Group and the Company revise their estimate of any lease term (i.e. probability of extension or termination option being exercised), it adjust the carrying amount of the lease liability to reflect the payments over the revised term. The carrying amount of lease liabilities is similarly revised when the variable element of the future lease payment dependent on a rate or index is revised. In both cases, an equivalent adjustment is made to the carrying amount of the right-of-use assets. If the carrying amount of the right-of-use assets is reduced to zero and there is a further reduction in the measurement of lease liabilities, the remaining amount of the re-measurement is recognised directly in profit or loss.

When the Group and the Company renegotiate the contractual terms of a lease with the lessor, the accounting treatment depends on the nature of the modification:

- If the renegotiation results in one or more additional assets being leased for an amount commensurate with the standalone price for the additional right-of-use obtained, the modification is accounted for as a separate lease in accordance with the above policy;
- In all other cases where the renegotiation increases the scope of the lease (i.e. extension to the lease term, or one or more additional assets being leased), the lease liability is remeasured using the discount rate applicable on the modification date, with the right-of-use asset being adjusted by the same amount;
- If the renegotiation results in a decrease in scope of the lease, both the carrying amount of the lease liability and right-of-use asset are reduced by the same proportion to reflect the partial or full termination of the lease with any difference being recognised in profit or loss. The lease liability is then further adjusted to ensure its carrying amount reflects the amount of the renegotiated payments over the renegotiated term, with the modified lease payments discounted at the rate applicable on the modification date. The right-of-use asset is adjusted by the same amount.

For lease contracts that convey a right to use an identified asset and require services to be provided by the lessor, the Group and the Company have elected to account for the entire contract as a lease. The Group and the Company do not allocate any amount of contractual payments to, and account separately for, any services provided by the lessor as part of the contract.

## 2. Summary of significant accounting policies (Continued)

### 2.10 Financial liabilities

Financial liabilities are recognised in the statements of financial position when, and only when, the Group and the Company become a party to the contractual provisions of the financial instrument. The Group and the Company determine the classification of their financial liabilities at initial recognition.

#### Other financial liabilities

##### *Trade and other payables*

Trade and other payables (excluding sales and service tax payable and deferred grant income) are initially measured at fair value, net of transaction costs, and are subsequently measured at amortised cost, where applicable, using the effective interest method.

##### *Borrowings*

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost using the effective interest method. Any difference between the proceeds (net of transaction costs) and the redemption value is taken to profit or loss over the period of the borrowings using the effective interest method.

Borrowings which are due to be settled within 12 months after the end of the reporting period are presented as current borrowings even though the original terms were for a period longer than 12 months and an agreement to refinance, or to reschedule payments, on a long-term basis is completed after the end of the reporting period and before the financial statements are authorised for issue. Other borrowings due to be settled more than 12 months after the end of the reporting period are presented as non-current borrowings in the statements of financial position.

#### Derecognition of financial liabilities

The Group and the Company derecognise their financial liabilities when, and only when, the Group's and the Company's obligations are discharged, cancelled or they expire. The difference between the carrying amount and the consideration paid is recognised in profit or loss.

### 2.11 Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities.

Ordinary shares are classified as equity and recognised at the fair value of the consideration received. Incremental costs directly attributable to the issuance of new equity instruments are shown in equity as a deduction from the proceeds.

### 2.12 Government grants

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

# Notes to The Financial Statements

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

## 2. Summary of significant accounting policies (Continued)

### 2.13 Revenue recognition

Revenue is recognised when a performance obligation is satisfied. Revenue is measured based on consideration of which the Group expects to be entitled in exchange for transferring promised good or services to a customer, excluding amounts collected on behalf of third parties (i.e. sales related taxes). The consideration promised in the contracts with customers may include fixed amounts and variable amounts, or both. The Group's revenue is derived from fixed price contracts and therefore, the amount of revenue earned for each contract is determined by reference to these fixed price.

#### *Rendering of services*

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

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

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

#### *Sale of goods*

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

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

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

### 2.14 Employee benefits

#### *Defined contribution plan*

Contributions to defined contribution plans are recognised as expenses in profit or loss in the same financial year as the employment that gives rise to the contributions.

#### *Employee leave entitlement*

Employee entitlements to annual leave are recognised when they accrue to employees. An accrual is made for the estimated liability for unutilised annual leave as a result of services rendered by employees up to the end of the reporting period.

### 2.15 Borrowing costs

Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognised as expenses in profit or loss in the financial year in which they are incurred. Borrowing costs are recognised on a time-proportion basis in profit or loss using the effective interest method.

## 2. Summary of significant accounting policies (Continued)

### 2.16 Tax

#### *Income tax*

Income tax expense for the financial year comprises current and deferred taxes. Income tax expense is recognised in profit or loss except to the extent that it relates to a business combination, or items recognised directly in equity or in other comprehensive income.

Current income tax expense is the expected tax payable on the taxable income for the financial year, using tax rates enacted or substantively enacted at the end of the reporting period, and any adjustment to income tax payable in respect of previous financial years. Taxable income differs from profit reported as profit or loss because it excluded items of income or expenses that are taxable or deductible in other years and it further excludes items of income or expenses that are not taxable or tax deductible.

Deferred tax is provided, using the balance sheet liability method, for temporary differences at the end of the reporting period between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. Deferred tax is measured using the tax rates expected to be applied to the temporary differences when they are realised or settled, based on tax rates enacted or substantively enacted at the end of the reporting period.

Deferred tax assets are recognised only to the extent that it is probable that future taxable profits will be available against which the temporary differences can be utilised. Deferred tax assets are reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Unrecognised deferred tax assets are reassessed at the end of each reporting period and are recognised to the extent that it has become probable that future taxable profits will be available against which the temporary differences can be utilised.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity and deferred tax arising from a business combination is adjusted against goodwill on acquisition.

Deferred tax assets and liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same tax authority and where there is intention to settle the current tax assets and liabilities on a net basis.

Deferred tax liabilities are recognised for all taxable temporary differences associated with investment in subsidiaries, except where the timing of the reversal of the temporary difference can be controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future.

#### *Sales tax*

Revenue, expenses and assets are recognised net of the amount of sales tax except:

- (i) when the sales tax that is incurred on purchase of assets or services is not recoverable from the tax authorities, in which case the sales tax is recognised as part of cost of acquisition of the asset or as part of the expense item as applicable; and
- (ii) receivables and payables that are stated with the amount of sales tax included.

The net amount of sales tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statements of financial position.

# Notes to The Financial Statements

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

## 2. Summary of significant accounting policies (Continued)

### 2.17 Foreign currencies

Items included in the individual financial statements of each entity in the Group are measured using the currency of the primary economic environment in which the entity operates (“functional currency”).

In preparing the financial statements, transactions in currencies other than the entity’s functional currency (“foreign currencies”) are recorded at the rates of exchange prevailing on the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are re-translated at the rates prevailing at the end of the reporting period. Non-monetary items carried at fair value that are denominated in foreign currencies are re-translated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not re-translated.

Exchange differences arising on the settlement of monetary items, and on re-translation of monetary items are recognised in profit or loss for the financial year. Exchange differences arising on the re-translation of non-monetary items carried at fair value are recognised in profit or loss for the financial year except for differences arising on the re-translation of non-monetary items in respect of which gains and losses are recognised in other comprehensive income. For such non-monetary items, any exchange component of that gain or loss is also recognised in other comprehensive income.

For the purposes of presenting financial statements, the financial positions and results of the Group’s entities that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- (i) assets and liabilities are translated at the closing exchange rate at the end of the reporting period;
- (ii) income and expenses are translated at average exchange rate for the financial year (unless this average is not a reasonable approximation of the cumulative effect of the rate prevailing on the transaction dates, in which case income and expenses are translated using the exchange rates at the dates of the transactions); and
- (iii) all resulting foreign currency exchange differences are recognised in other comprehensive income and presented in the foreign currency translation account in equity. Such translation differences are recognised in profit or loss in the financial year in which the foreign operation is disposed of.

### 2.18 Dividends

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

### 2.19 Segment reporting

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

## 3. Critical accounting judgements and key sources of estimation uncertainty

### 3.1 Critical judgements made in applying the accounting policies

In the process of applying the accounting policies, the management is of the opinion that there are no critical judgements involved that have a significant effect on the amounts recognised in the financial statements.

### 3.2 Key sources of estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of the reporting period that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities and the reported amounts of revenue and expenses within the next financial year, are discussed below:

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

#### *Trade and other receivables and contract assets*

The Group determines expected credit losses on trade receivables and contract assets from third parties by using a provision matrix for remaining balances that is based on historical credit loss experience, past due status of the balances and adjusted with forward looking assumptions, as appropriate.

For non-trade receivables, management considers the performance, financial capability as well as payment profile of these non-trade receivables in order to determine the appropriate stage of expected credit loss for these receivables. Probability or risk of default is then being estimated by considering the future economic conditions.

The carrying amounts of the Group’s trade and other receivables and contract assets as at 31 December 2022 were RM2,905,000 and RM209,000 (2021: RM2,656,000 and RMNil) respectively. Loss allowance of receivables of RM24,000 (2021: RM55,000) were recognised in profit or loss for financial year ended 31 December 2022.

#### *Amount due from a subsidiary*

Management determines whether there is significant increase in credit risk of this subsidiary since initial recognition. Management reviews the financial performance and results of this subsidiary. There was no loss allowance recognised during the financial year ended 31 December 2022. The amount due from a subsidiary is disclosed in Note 7 to the financial statements.

# Notes to The Financial Statements

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

## 4. Property, plant and equipment

	Computer equipment RM'000	Freehold land RM'000	Building on freehold land RM'000	Motor vehicles RM'000	Office equipment RM'000	Tools and equipment RM'000	Renovation RM'000	Construction work-in progress RM'000	Total RM'000
<b>Group</b>									
<b>Cost</b>									
Balance at 1 January 2022	376	2,976	1,418	527	710	2,664	1,685	21	10,377
Additions	28	-	-	114	14	348	274	12	790
Written off	(58)	-	-	(89)	-	(3)	(128)	-	(278)
Reclassification	-	-	-	-	-	-	21	(21)	-
Balance at 31 December 2022	346	2,976	1,418	552	724	3,009	1,852	12	10,889
<b>Accumulated depreciation and impairment loss</b>									
Balance at 1 January 2022	188	-	165	264	427	1,013	992	-	3,049
Depreciation for the financial year	55	-	30	100	76	335	213	-	809
Written off	(53)	-	-	(89)	-	(2)	(112)	-	(256)
Balance at 31 December 2022	190	-	195	275	503	1,346	1,093	-	3,602
<b>Net carrying amount</b>									
Balance at 31 December 2022	156	2,976	1,223	277	221	1,663	759	12	7,287
<b>2021</b>									
Balance at 1 January 2021	358	2,976	1,418	409	644	2,358	1,131	458	9,752
Additions	19	-	-	169	4	306	19	193	710
Written off	(1)	-	-	-	(33)	-	-	-	(34)
Disposal	-	-	-	(51)	-	-	-	-	(51)
Reclassification	-	-	-	-	95	-	535	(630)	-
Balance at 31 December 2021	376	2,976	1,418	527	710	2,664	1,685	21	10,377
<b>Accumulated depreciation and impairment loss</b>									
Balance at 1 January 2021	135	-	135	218	386	728	849	-	2,451
Depreciation for the financial year	54	-	30	72	67	285	143	-	651
Written off	(1)	-	-	-	(26)	-	-	-	(27)
Disposal	-	-	-	(51)	-	-	-	-	(51)
Impairment loss	-	-	-	25	-	-	-	-	25
Balance at 31 December 2021	188	-	165	264	427	1,013	992	-	3,049
<b>Net carrying amount</b>									
Balance at 31 December 2021	188	2,976	1,253	263	283	1,651	693	21	7,328

## Notes to The Financial Statements

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

### 4. Property, plant and equipment (Continued)

In previous financial year, the Group carried out a review of the recoverable amount of its property, plant and equipment with indications of impairment arising from the natural disaster that took place which resulted in irreversible damage to the motor vehicle. It resulted in an impairment loss on the carrying amount of motor vehicle recognised in the profit or loss of RM25,000.

As at 31 December 2021, the Group had a motor vehicle with carrying value of RM29,000 registered in the name of one of the Directors, and which was held in trust by the said Director. The trust arrangement was revoked on 1 August 2022, following which the Group holds the motor vehicle directly.

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

	Group	
	2022 RM'000	2021 RM'000
Freehold land	1,404	2,351
Building on freehold land	576	996
	<u>1,980</u>	<u>3,347</u>

### 5. Right-of-use assets

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

	Depreciation		
	Balance at 1 January 2021 RM'000	for the financial year RM'000	Balance at 31 December 2021 RM'000
<b>Group</b>			
Motor vehicles	36	(18)	18
Office premises	2,171	(251)	1,920
	<u>2,207</u>	<u>(269)</u>	<u>1,938</u>

### 5. Right-of-use assets (Continued)

The carrying amount of the Group's motor vehicles amounted to RM Nil (2021: RM18,000) as at 31 December 2022 was acquired under finance lease arrangements. The assets will be seized and returned to lessor in the event of the default by the Group.

In previous financial year, the Group had a motor vehicle with carrying value of RM Nil secured over the lease liability registered in the name of one of the Directors amounted to RM18,000, and which was held in trust by the said Director. The trust arrangement was revoked on 1 August 2022, following which the Group holds the motor vehicle directly.

The carrying amount of the Group's office premises amounted to RM1,412,000 (2021: RM1,624,000) as at 31 December 2022 is leased from certain Directors for a period of 10 years and has a remaining lease period of 7 (2021: 8) years.

### 6. Investment in subsidiaries

	Company 2022 RM'000
<b>Unquoted equity investments, at cost</b>	
Balance at date of incorporation	-
Additions during the financial period	160
Balance at end of financial period	<u>160</u>

On 30 August 2022, the Company incorporated a wholly-owned subsidiary, MY CO2 Group, a company incorporated in Malaysia with cash consideration of RM2,322. On 11 October 2022, the Company made additional contribution of RM157,000 to the subsidiary by way of issuing 50,635 ordinary shares of the Company at an approximate issue price of RM3.10 per share to the Vendors as purchase consideration made of behalf of the MY CO2 Group.

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

Please refer to the Note 1.2 to the financial statements for restructuring exercise undertaken by the Company during the financial year.

## Notes to The Financial Statements

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

### 6. Investment in subsidiaries (Continued)

The details of the subsidiaries are as follows:

Name of company	Principal place of business	Principal activities	Proportion of ownership interest held by the Group		Proportion of ownership interest held by the non-controlling interests	
			2022	2021	2022	2021
			%	%	%	%
<b>Held by the Company</b>						
My CO2 Group Sdn. Bhd. <sup>(1)</sup>	Penang, Malaysia	Investment holding	100	-	-	-
LMS Compliance International Pte. Ltd. <sup>(2)</sup>	Singapore	Dormant	100	100	-	-
<b>Held by MY CO2 Group</b>						
My CO2 (PG) Sdn. Bhd. <sup>(1)</sup>	Penang, Malaysia	Accredited laboratory providing testing services	100	100	-	-
My CO2 (KL) Sdn. Bhd. <sup>(1)</sup>	Kuala Lumpur, Malaysia	Accredited laboratory providing testing services	100	100	-	-
My CO2 (JB) Sdn. Bhd. <sup>(1)</sup>	Johor Bahru, Malaysia	Accredited laboratory providing testing services	100	100	-	-
My CO2 Certification Sdn. Bhd. <sup>(1)</sup>	Penang, Malaysia	International Organization for Standardization (“ISO”) Certification, assessment, education and training services	100	100	-	-
Empiric Science Sdn. Bhd. <sup>(1)</sup>	Penang, Malaysia	Trading of scientific instrument, chemical, media and laboratory solutions. Promote and market software and online applications	100	100	-	-
My CO2 Sdn. Bhd. <sup>(1)</sup>	Penang, Malaysia	Headquarters (“HQ”) functions, software and online application development	100	100	-	-

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

<sup>(2)</sup> Audited by BDO LLP, Singapore.

### 7. Trade and other receivables

	Group		Company
	2022	2021	2022
	RM'000	RM'000	RM'000
Trade receivables			
- Third parties	2,964	2,650	-
Less: Loss allowance on receivables	(154)	(130)	-
	2,810	2,520	-
Other receivables			
- Third parties	29	55	-
- A subsidiary	-	-	5,300
	29	55	5,300
Deposits	66	81	-
	95	136	5,300
	2,905	2,656	5,300

Trade receivables are non-interest bearing and the normal credit term granted by the Group ranges from 30 to 90 (2021: 30 to 90) days.

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

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

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

The Board of Directors has taken into account information that it has available internally about the Malaysia Subsidiaries' past, current and expected operating performance and cash flow position. The Board of Directors assessed the risk of default is considered to be minimal as the subsidiary is able to repay on demand. Therefore, amount due from a subsidiary has been measured based on 12-month expected credit loss model and subject to immaterial credit loss.

## Notes to The Financial Statements

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

### 7. Trade and other receivables (Continued)

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

	ECL weightage %	Gross carrying amount RM'000	Loss allowance on receivables RM'000	Net carrying amount RM'000
<b>Group</b>				
<b>2022</b>				
Not past due	0.35	2,288	(8)	2,280
Past due 1 – 30 days	2.58	271	(7)	264
Past due 31 – 60 days	4.58	153	(7)	146
Past due 61 – 90 days	7.25	69	(5)	64
Past due 91 – 120 days	13.79	58	(8)	50
Past due 121 – 150 days	82.86	35	(29)	6
Past due more than 150 days	100.00	90	(90)	-
		<u>2,964</u>	<u>(154)</u>	<u>2,810</u>
<b>2021</b>				
Not past due	-	1,167	-	1,167
Past due 1 – 30 days	-	745	-	745
Past due 31 – 60 days	-	343	-	343
Past due 61 – 90 days	-	166	-	166
Past due 91 – 120 days	1.00	100	(1)	99
Past due 121 – 150 days	100.00	8	(8)	-
Past due more than 150 days	100.00	121	(121)	-
		<u>2,650</u>	<u>(130)</u>	<u>2,520</u>

Movement in loss allowance on trade receivables was as follows:

	Group	
	2022 RM'000	2021 RM'000
<i>Other customers collectively assessed</i>		
Balance at beginning at financial year	130	75
Loss allowance on receivables	24	55
Balance at end of financial year	<u>154</u>	<u>130</u>

### 7. Trade and other receivables (Continued)

Third party trade receivable written off was included in "Other expenses" line item in profit or loss amounted to RM12,000 (2021: RM2,000) for the financial year ended 31 December 2022 as management deemed the amount to be irrecoverable.

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

	Group		Company
	2022 RM'000	2021 RM'000	2022 RM'000
Malaysian ringgit	2,905	2,627	5,300
Singapore dollar	-	29	-
	<u>2,905</u>	<u>2,656</u>	<u>5,300</u>

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

	Group	
	2022 RM'000	2021 RM'000
<b>Money market funds</b>		
Balance at beginning of financial year	7,212	10,050
Placements during the financial year	2,460	5,630
Redemptions during the financial year	(2,831)	(8,661)
Interest income	51	225
Fair value gain/(loss) recognised through profit or loss	82	(32)
Balance at end of financial year	<u>6,974</u>	<u>7,212</u>

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

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

## Notes to The Financial Statements

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

### 9. Cash and bank balances

	Group		Company
	2022	2021	2021
	RM'000	RM'000	RM'000
Cash on hand	10	9	-
Cash at bank	12,303	1,097	10,652
	<u>12,313</u>	<u>1,106</u>	<u>10,652</u>

The currency profile of cash and bank balances at the end of the reporting period is as follows:

	Group		Company
	2022	2021	2022
	RM'000	RM'000	RM'000
Malaysian ringgit	1,462	933	-
Singapore dollar	10,792	120	10,652
United States dollar	59	53	-
	<u>12,313</u>	<u>1,106</u>	<u>10,652</u>

### 10. Share capital

	Group		Company
	2022	2021	2022
	RM'000	RM'000	RM'000
Issued and fully-paid ordinary share capital of:			
- My CO2 Sdn. Bhd.	-	1,635	-
- My CO2 (JB) Sdn. Bhd.	-	100	-
- My CO2 (KL) Sdn. Bhd.	-	205	-
- My CO2 (PG) Sdn. Bhd.	-	200	-
- Empiric Science Sdn. Bhd.	-	105	-
- My CO2 Certification Sdn. Bhd.	-	80	-
- LMS Compliance Ltd. (Formerly known as LMS Compliance Pte. Ltd.)	11,292	-	11,292
	<u>11,292</u>	<u>2,325</u>	<u>11,292</u>

### 10. Share capital (Continued)

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

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

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

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

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

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

<sup>(vi)</sup> On 30 November 2022, the Company increased its issued and fully paid-up share capital by way of allotment and issuance of 14,000,000 new ordinary shares at an issue price of RM0.84 per ordinary share for cash consideration of RM11,820,000 pursuant to an initial public offering.

<sup>(vii)</sup> Share issuance expenses consist of, among others, an allocation portion of professional fees paid to the sponsor and auditors of the Company in respect of professional services rendered as professional service and independent reporting accountants respectively in connection with the Company's initial public offering. The allocation portion of professional fees paid to the sponsor and auditors of the Company amounted to RM225,000 and RM169,000 respectively.

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

## Notes to The Financial Statements

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

### 11. Reserves

	Group	
	2022 RM'000	2021 RM'000
Merger reserve	2,180	12
Foreign currency translation reserve	(4)	-
	<u>2,176</u>	<u>12</u>

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

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

### 12. Retained earnings

Movement in retained earnings of the Company was as follows:

	Company	
	2022 RM'000	2021 RM'000
Balance at the beginning of the financial period	-	-
Total comprehensive income for the financial period	500	-
Balance at the end of the financial period	<u>500</u>	<u>-</u>

### 13. Trade and other payables

	Group		Company
	2022 RM'000	2021 RM'000	2022 RM'000
<b>Non-current</b>			
Deferred grant income	233	227	-
<b>Current</b>			
Trade payables			
- Third parties	116	118	-
Other payables			
- Third parties	210	157	120
- Subsidiaries	-	-	4,095
Accrued expenses	572	652	215
Deferred grant income	38	38	-
Sales and service tax	374	645	-
	<u>1,310</u>	<u>1,610</u>	<u>4,430</u>
	<u>1,543</u>	<u>1,837</u>	<u>4,430</u>

Trade payables are unsecured, non-interest bearing and are normally settled within the credit terms of 30 to 60 (2021: 30 to 60) days.

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

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

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

	Group		Company
	2022 RM'000	2021 RM'000	2022 RM'000
Malaysian ringgit	544	927	4,095
Singapore dollar	354	-	335
	<u>898</u>	<u>927</u>	<u>4,430</u>

## Notes to The Financial Statements

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

### 14. Bank borrowings

	Group	
	2022 RM'000	2021 RM'000
<b>Non-current</b>		
Term loan I	1,052	-
<b>Current</b>		
Term loan I	87	1,218
Term loan II	-	851
	87	2,069
	1,139	2,069
<b>Effective interest rate per annum</b>		
Term loan	3.87%	3.07% - 3.12%

#### Term loan I and term loan II

Both the term loans are repayable over 240 monthly installments comprising principal and interest.

The term loans are secured by freehold land and building as disclosed in Note 4 to the financial statements and are supported by a guarantee provided by the Directors of the Group.

On 31 December 2021, one of the subsidiaries of the Group was not in compliance with the dividend covenant set out in the banking facilities letter as the Group did not obtain the banks' consent prior to the dividend declaration to the shareholders. As a result, both term loans which were not scheduled for repayment within 12 months from the end of the reporting period but were classified as current liabilities as at 31 December 2021. This is because the Group did not have the unconditional right at the end of reporting period to defer settlement for at least 12 months after the end of reporting period.

On 1 September 2022, the Group obtained a waiver for its breach of dividend covenant in the past and for the dividend declaration for financial year ended 31 December 2021. As such, the portion of term loan I which was not due for repayment within 12 months from the end of reporting period was then classified as non-current.

On 19 October 2022, the Group made a voluntary settlement for term loan II.

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

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

### 15. Lease liabilities

	Balance at 1 January 2022 RM'000	Lease payment RM'000	Interest expense RM'000	Balance at 31 December 2022 RM'000
	<b>Group</b>			
Motor vehicles	48	(34)	1	15
Office premises	2,061	(347)	135	1,849
	2,109	(381)	136	1,864
	<b>Balance at 1 January 2021 RM'000</b>	<b>Lease payment RM'000</b>	<b>Interest expense RM'000</b>	<b>Balance at 31 December 2021 RM'000</b>
<b>Group</b>				
Motor vehicles	132	(89)	5	48
Office premises	2,259	(347)	149	2,061
	2,391	(436)	154	2,109

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

	Group	
	2022 RM'000	2021 RM'000
<b>Contractual undiscounted cash flows</b>		
Within one financial year	362	381
After one financial year but within five financial years	1,388	1,403
More than five financial years	574	921
	2,324	2,705
Less: Future interest expense	(460)	(596)
Present value of lease liabilities	1,864	2,109
<b>Presented in statements of financial position</b>		
Non-current	1,622	1,864
Current	242	245
	1,864	2,109

As at 31 December 2022, the average incremental borrowing rate applied was 5.94% (2021: 4.97%). All leases are on a fixed repayment basis and no arrangements have been entered into for contingent rental payments.

As at 31 December 2022, one (2021: one) of the motor vehicles acquired under finance lease arrangements by the Group is supported by a guarantee provided by a Director of the Group.

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

## Notes to The Financial Statements

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

### 15. Lease liabilities (Continued)

The total cash outflows for all leases including low value and short-term leases were RM411,000 (2021: RM468,000) for the financial year ended 31 December 2022.

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

### 16. Deferred tax liabilities

The movement in deferred tax liabilities position is as follows:

	Group	
	2022 RM'000	2021 RM'000
Balance at beginning of financial year	320	302
Charge to profit or loss	91	18
Balance at end of financial year	411	320

Deferred tax liabilities are attributable to temporary differences arising from accelerated tax depreciation computed at Malaysia's income tax rate of 24% (2021: 24%).

### 17. Revenue

	Group	
	2022 RM'000	2021 RM'000
<b>Type of goods or services</b>		
Laboratory testing services	17,909	16,270
Certification services	237	162
Sale of goods	365	556
Distribution of conformity assessment technology	165	-
	18,676	16,988
<b>Timing of transfer of goods and services</b>		
Point-in-time	18,511	16,988
Over time	165	-
	18,676	16,988

### 17. Revenue (Continued)

#### (a) Contract assets and contract liabilities

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

	Group	
	2022 RM'000	2021 RM'000
Contract assets		
- Laboratory testing services	209	-
Contract liabilities		
- Laboratory testing services	270	159
- Certification services	37	6
- Sale of goods	-	81
- Distribution of conformity assessment technology	93	-
	400	246

Contract assets arises from the Group's rights to consideration for laboratory testing services but not billed at the reporting date.

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

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

	Group			
	Contract assets		Contract liabilities	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Balance at beginning of financial year	-	-	246	277
Cash received in advance of performance and not recognised as revenue	-	-	373	227
Revenue recognised that was included in the contract liabilities balance at beginning of the financial year	-	-	(219)	(258)
Excess of revenue recognised over cash (or rights to cash)	209	-	-	-
Balance at end of financial year	209	-	400	246

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

## Notes to The Financial Statements

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

### 18. Other income

	Group	
	2022 RM'000	2021 RM'000
Gain on disposal of property, plant and equipment	-	6
Government grant income	38	36
Government wage subsidy	116	241
Fair value gain on financial assets at FVTPL	82	-
Others	85	-
	<u>321</u>	<u>283</u>

### 19. Depreciation expenses

	Group	
	2022 RM'000	2021 RM'000
Depreciation of property, plant and equipment	809	651
Depreciation of right-of-use assets	269	269
	<u>1,078</u>	<u>920</u>

### 20. Employee benefits expense

	Group	
	2022 RM'000	2021 RM'000
Directors' fee		
- Directors of the Company	156	96
- Directors of the subsidiaries	54	54
Salaries, bonuses and other staff benefits	5,767	5,365
Contributions to defined contribution plans	716	678
	<u>6,693</u>	<u>6,193</u>

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

### 21. Finance costs

	Group	
	2022 RM'000	2021 RM'000
Lease liabilities interest	136	154
Bank borrowings interest	74	77
	<u>210</u>	<u>231</u>

### 22. Profit before income tax

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

	Group	
	2022 RM'000	2021 RM'000
<i>Materials, consumables and subcontractor costs</i>		
Purchases	1,290	1,211
Outsourcing costs	448	223
Short term and low value lease expenses		
- Tools and equipment	9	8
- Machinery	-	2
	<u>-</u>	<u>2</u>
<i>Other expenses</i>		
Audit fee		
- Auditors of the Company	260	-
- Auditors of the subsidiaries	86	40
Non-audit fee		
(i) Audit related services		
- Auditors of the Company	888	-
(ii) Non-audit related services		
- Auditors of the Company	8	-
- Auditors of the subsidiaries	30	15
Bad debt written off	12	2
Property, plant and equipment written off	22	7
Fair value loss on financial assets at FVTPL	-	32
Foreign exchange loss, net	1	-
Professional fee	139	47
Short term and low value lease expenses		
- Office equipment	21	22
Impairment loss on property, plant and equipment	-	25
Computer and information technology expenses	90	69
Courier and postages	31	34
Cleaning charges	51	37
Utilities	311	280
Insurance	103	98
Printing and stationery	77	53
Provision for sales and service tax expenses	1	315
Telephone charges	41	40
Upkeep of property, plant and equipment	203	151
Advertisement	87	42
Mileage claims	110	80
Petrol, toll and parking	90	73
Travelling and accommodation	91	52
Initial public offering fee <sup>(i)</sup>	3,454	-
	<u>3,454</u>	<u>-</u>

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

## Notes to The Financial Statements

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

### 23. Income tax expense

	Group	
	2022 RM'000	2021 RM'000
Current income tax expense		
- current year	1,651	1,502
- (over)/under provision of income tax expense in respect of prior financial years	(50)	142
	1,601	1,644
Deferred tax expenses		
- relating to origination and reversal of temporary differences	27	18
- under provision of deferred tax expense in respect of prior financial year	64	-
	91	18
	1,692	1,662

	Group	
	2022 RM'000	2021 RM'000
<b>Reconciliation of effective income tax rate</b>		
Profit before income tax	2,412	6,610
Income tax calculated at Malaysia's statutory income tax rate of 24% (2021: 24%)	579	1,586
Tax effects in respect of		
- expenses not deductible for tax purposes	1,375	125
- income not subjected to tax	(82)	(52)
- different tax rate for the first RM600,000 of chargeable income (2021: RM600,000)	(159)	(128)
- effect of different tax rates in other countries	(35)	-
Under provision of deferred tax expenses in respect of prior financial years	64	-
(Over)/Under provision of tax expenses in respect of prior financial years	(50)	142
Others	-	(11)
	1,692	1,662

### 24. Earnings per share

The calculation for earnings per share is based on:

	Group	
	2022 RM'000	2021 RM'000
Profit attributable to owners of the Company	720	4,948
Weighted average number of ordinary shares	73,234,343	71,500,936
Earning per share (in cents)		
- Basic and diluted	0.98	6.92

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

The calculation of basic earnings per share for financial year ended 31 December 2021 is based on profit attributable to owners of the Company for the financial year ended 2021 divided by weighted average number of ordinary shares in issue of 71,500,936 ordinary shares. The weighted average number of ordinary shares in issue of 71,500,936 ordinary shares is computed based on the issue of 50,635 new ordinary shares pursuant to the Restructuring Exercise (but prior to the Share Split) due to the acquisition of new subsidiaries under common control, adjusted for the Share Split and assuming such transactions had occurred at the beginning of the financial year ended 31 December 2021.

The number of ordinary shares used for the calculation of earnings per share in a common control combination, which is accounted for using merger accounting, as to aggregate of the number of shares of the Company whose shares are outstanding after combination.

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

# Notes to The Financial Statements

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

## 25. Dividends

	Group	
	2022	2021
	RM'000	RM'000
<b>My CO2 (KL) Sdn. Bhd. declared the following dividends:</b>		
First interim tax exempt dividend of approximately RM121.95 (2021: RM14.63) per ordinary share in respect of financial years ended 31 December 2022	-	3,000
<b>My CO2 (PG) Sdn. Bhd. declared the following dividends:</b>		
First interim tax exempt dividend of approximately RM150.00 (2021: RM2.50) per ordinary share in respect of financial years ended 31 December 2022	-	500
Second interim tax exempt dividends of approximately RM Nil (2021: RM15.00) per ordinary share in respect of financial years ended 31 December 2022	-	3,000
	-	6,500

The Board of Directors proposed that a final tax exempt dividend of S\$0.0015, which approximate to RM0.0049, per ordinary share amounting to S\$131,000 approximately RM430,000 to be paid for the financial year ended 31 December 2022. These dividends have not been recognised as a liability as at the end of the reporting period as it is subject to the approval of the shareholders at the Annual General Meeting.

## 26. Capital commitments

	Group	
	2022	2021
	RM'000	RM'000
Capital expenditure contracted but not provided for		
- commitments for the acquisition of property, plant and equipment	675	130

## 27. Significant related party transactions

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

In addition to the information disclosed elsewhere in the financial statements, the following were significant related party transaction at rates and terms agreed between Group and Company and its related parties during the financial years ended 31 December 2022 and 31 December 2021.

	Group		Company
	2022	2021	2022
	RM'000	RM'000	RM'000
<b>With directors of the Group</b>			
Payment of expenses on behalf of the Group	194	222	-
Payment of expenses on behalf by Group	5	6	-
Rental fee	294	294	-
<b>With subsidiaries</b>			
Dividend declared	-	-	5,300
Expenses paid on behalf of the Company	-	-	4,038

## Compensation of key management personnel

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

The remuneration of key management personnel of the Group and Company during the financial years ended 31 December 2022 and 31 December 2021 were as follows:

	Group		Company
	2022	2021	2022
	RM'000	RM'000	RM'000
<b>Directors of the Company</b>			
- Director' fees	156	96	30
- Short-term employee benefits	517	405	52
	673	501	82
<b>Directors of subsidiaries</b>			
- Director' fees	54	54	-
- Short-term employee benefits	175	530	-
	229	584	-
<b>Other key management personnel</b>			
- Short-term employee benefits	726	195	-

# Notes to The Financial Statements

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

## 28. Segment Information

### Business segment

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

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

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

### Geographical information

During the financial year ended 31 December 2022 and 31 December 2021, the Group operated mainly in Malaysia and all non-current assets were located in Malaysia. Accordingly, an analysis of non-current assets and revenue of the Group by geographical distribution has not been presented.

### Major customers

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

## 29. Financial instruments, financial risks and capital management

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

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

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

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

### 29.1 Credit risk

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

#### *Trade receivables and contract assets*

The Group and the Company do not have any significant credit risk exposure to any single counterparty or any group of counterparties having similar characteristics, except for the Company has outstanding other receivables from a subsidiary which represent 100% of the total other receivables balance as at 31 December 2022.

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

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

As at 31 December 2022, the Group's and the Company's bank balances held with banks are rated Aa1 or P-2 (2021: A3 or P-2), based on Moody's ratings.

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

### 29.2 Liquidity risk

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

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

## Notes to The Financial Statements

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

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

#### 29.2 Liquidity risk (Continued)

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

	Within one financial year RM'000	After one financial year but within five financial year RM'000	More than five financial years RM'000	Total RM'000
<b>Group</b>				
<b>2022</b>				
<b>Financial liabilities</b>				
Trade and other payables (excluding deferred grant income and sales and service tax)	898	-	-	898
Bank borrowings	132	527	747	1,406
Lease liabilities	362	1,388	574	2,324
Total undiscounted financial liabilities	1,392	1,915	1,321	4,628
<b>2021</b>				
<b>Financial liabilities</b>				
Trade and other payables (excluding deferred grant income and sales and service tax)	927	-	-	927
Bank borrowings	2,454	-	-	2,454
Lease liabilities	381	1,403	921	2,705
Total undiscounted financial liabilities	3,762	1,403	921	6,086
<b>Company</b>				
<b>2022</b>				
<b>Financial liabilities</b>				
Trade and other payables, representing total undiscounted financial liabilities	4,430	-	-	4,430

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

#### 29.3 Market risks

##### (i) Interest rate risk

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

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

##### Interest rate sensitivity analysis

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

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

	(Increase)/Decrease Group	
	2022 RM'000	2021 RM'000
Bank borrowings	6	10

##### (ii) Foreign currency risk

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

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

	Group			
	Monetary assets		Monetary liabilities	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Singapore dollar	10,792	149	354	-
United States dollar	59	53	-	-
	10,851	202	354	-

# Notes to The Financial Statements

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

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

### 29.3 Market risks (Continued)

#### (ii) Foreign currency risk (Continued)

	Company			
	Monetary assets		Monetary liabilities	
	2022	2021	2022	2021
	RM'000	RM'000	RM'000	RM'000
Singapore dollar	10,652	-	335	-

#### Foreign currency sensitivity analysis

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

The following table details the Group's and the Company's sensitivity to a 1% (2021: 1%) change in the Singapore dollar against the functional currencies respectively. The sensitivity analysis assumes an instantaneous change in the foreign currency exchange rates from the end of the reporting period, with all other variables held constant. The results of the model are also constrained by the fact that only monetary items, which are denominated in Singapore dollar are included in the analysis. Consequentially, reported changes in the values of some of the financial instruments impacting the results of the sensitivity analysis are not matched with the offsetting changes in the values of certain excluded items that those instruments are designed to finance or hedge.

	Profit or loss	
	Increase/(Decrease)	
	2022	2021
	RM'000	RM'000
<b>Group</b>		
<i>Singapore dollar</i>		
Strengthens against Malaysian ringgit	104	1
Weakens against Malaysian ringgit	(104)	(1)
<b>Company</b>		
<i>Singapore dollar</i>		
Strengthens against Malaysian ringgit	103	-
Weakens against Malaysian ringgit	(103)	-

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

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

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

### 29.4 Capital management policies and objectives

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

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

Overall strategy remains unchanged during the financial years ended 31 December 2022 and 31 December 2021.

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

	Group		Company
	2022	2021	2022
	RM'000	RM'000	RM'000
Trade and other payables	1,272	1,572	4,430
Bank borrowings	1,139	2,069	-
Lease liabilities	1,864	2,109	-
Less: Cash and bank balances	(12,313)	(1,106)	(10,652)
Net (cash)/debt	(8,038)	4,644	(6,222)
Total equity	26,157	14,306	11,792
Total capital	18,119	18,950	5,570
Gearing ratio	N/M	25%	N/M

N/M: Not meaningful as the Group and the Company are in net cash position.

The Group did not have externally imposed capital requirements for the financial years ended 31 December 2022 and 31 December 2021. The Company did not have externally imposed capital requirements for the financial period from 22 July 2022 (date of incorporation) to 31 December 2022.

### 29.5 Fair value of financial assets and financial liabilities

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

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

# Notes to The Financial Statements

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

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

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

#### Fair value hierarchy

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

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

#### Fair value of financial instruments carried at fair value

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

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

	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000
<b>Group</b>			
<b>2022</b>			
Financial asset at FVTPL	6,974	-	-
<b>2021</b>			
Financial asset at FVTPL	7,212	-	-

There were no transfers between levels during the financial years ended 31 December 2022 and 31 December 2021 and no changes in the valuation techniques of the various classes or financial assets and financial liabilities.

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

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

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

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

### 29.6 Categories of financial instruments

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

	Group 2022 RM'000	2021 RM'000	Company 2022 RM'000
<b>Financial assets</b>			
At amortised cost	15,218	3,762	15,952
At FVTPL	6,974	7,212	-
	<u>22,192</u>	<u>10,974</u>	<u>15,952</u>
<b>Financial liabilities</b>			
At amortised cost	3,901	5,105	4,430

## 30. Comparative figures

The financial statements of the Company cover the financial period since incorporation on 22 July 2022 to 31 December 2022. This being the first set of financial statements for the Company, there are no comparative figures.

## Statistics of Shareholdings

AS AT 13 MARCH 2023

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

SIZE OF SHAREHOLDINGS	NO. OF SHAREHOLDERS	%	NO. OF SHARES	%
1 - 99	0	0.00	0	0.00
100 - 1,000	4	15.38	1,800	0.00
1,001 - 10,000	10	38.46	68,100	0.08
10,001 - 1,000,000	11	42.31	1,364,500	1.56
1,000,001 & above	1	3.85	86,000,600	98.36
<b>TOTAL</b>	<b>26</b>	<b>100.00</b>	<b>87,435,000</b>	<b>100.00</b>

### TOP TWENTY SHAREHOLDERS

	NAME OF SHAREHOLDERS	NO. OF SHARES	% OF SHARES
1	CGS-CIMB SECURITIES (SINGAPORE) PTE LTD	86,000,600	98.36
2	ZICO CAPITAL PTE. LTD.	875,000	1.00
3	YONG YUEN PUN MICHAEL	250,000	0.29
4	ANGELA LEE AH LENG	52,000	0.06
5	TAN SEE HONG	50,000	0.06
6	UOB KAY HIAN PTE LTD	30,000	0.04
7	PHILLIP SECURITIES PTE LTD	24,400	0.03
8	CHUA LEE MIN KEVIN (CAI LIMING)	20,000	0.02
9	DBS NOMINEES PTE LTD	20,000	0.02
10	SO CHAU ENG	20,000	0.02
11	KOH KEE WEE	12,500	0.01
12	KGI SECURITIES (SINGAPORE) PTE. LTD	10,600	0.01
13	LIM HWEE THIAM	10,000	0.01
14	NG WENG SUI HARRY	10,000	0.01
15	RAFFLES NOMINEE S(PTE) LIMITED	10,000	0.01
16	THONG YUIN KUAN	10,000	0.01
17	WONG JOON SANG	10,000	0.01
18	ANG TIAN LIANG	5,800	0.01
19	SUNMUGAM S/O MURUGIYA	5,000	0.01
20	HAH CHANG WAH	3,000	0.00
		<b>87,428,900</b>	<b>99.99</b>

### SUBSTANTIAL SHAREHOLDERS

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

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

Note:

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

### Public Shareholdings

Based on the information available to the Company as at 13 March 2023, approximately 16.47% of the Company's issued ordinary shares are held in the hands of the public.

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



**LMS Compliance Ltd.**  
(Company Registration No: 202225544C)  
(Incorporated in the Republic of Singapore)

## Notice of Annual General Meeting

**NOTICE IS HEREBY GIVEN** that the annual general meeting (“AGM” or the “Meeting”) of LMS COMPLIANCE LTD. (the “Company”, and together with its subsidiaries, the “Group”) will be convened and held by way of electronic means on Wednesday, 26 April 2023 at 10:00 a.m. for the purposes of transacting the following business:-

### AS ORDINARY BUSINESS

1. To receive and adopt the Audited Financial Statements of the Company for the financial year ended 31 December 2022 (“FY2022”), together with the Directors’ Statement and the Independent Auditors’ Report thereon. **(Resolution 1)**
2. To re-elect the following directors of the Company (“Directors”) retiring pursuant to the Constitution of the Company (“Constitution”) and who, being eligible, offer themselves for re-election, as Directors:
  - a) Dr. Ooi Shu Geok (Regulation 100) **(Resolution 2)**
  - b) Datuk Fadilah Binti Baharin (Regulation 104) **(Resolution 3)**
  - c) Dato’ (Dr.) Wee Hoe Soon @ Gooi Hoe Soon (Regulation 104) **(Resolution 4)**
  - d) Mr. Ong Beng Chye (Regulation 104) **(Resolution 5)**
  - e) Ms. Wong Wan Chin (Regulation 104) **(Resolution 6)**

[See Explanatory Note (i)]
3. To approve the payment of Directors’ fees of RM73,793 for FY2022. **(Resolution 7)**  
[See Explanatory Note (ii)]
4. To approve the payment of Directors’ fees of RM237,490 for the financial year ending 31 December 2023 (“FY2023”), to be paid quarterly in arrears. **(Resolution 8)**  
[See Explanatory Note (ii)]
5. To declare and approve the payment of a final tax-exempt (one-tier) dividend of S\$0.0015 per ordinary share in the capital of the Company for FY2022. **(Resolution 9)**
6. To re-appoint Messrs BDO LLP as the Auditors of the Company and to authorise the Directors to fix their remuneration. **(Resolution 10)**
7. To transact any other ordinary business which may be properly transacted at an AGM.

### AS SPECIAL BUSINESS

To consider and, if thought fit, to pass the following as ordinary resolutions, with or without modifications:

8. **Authority to allot and issue shares in the capital of the Company** **(Resolution 11)**  

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

  - (a) (i) allot and issue shares in the capital of the Company (the “Shares”) by way of bonus, rights or otherwise; and/or

- (a) (ii) make or grant offers, agreements or options (collectively, the “Instruments”) that might or would require Shares to be issued, including but not limited to the creation and issue of (as well as adjustments to) options, warrants, debentures or other instruments convertible into Shares,

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

- (b) (notwithstanding that the authority conferred by this ordinary resolution may have ceased to be in force) issue Shares in pursuance of any Instrument made or granted by the Directors while this ordinary resolution is in force, provided that:
  - (i) the aggregate number of Shares (including Shares to be issued in pursuance of the Instruments, made or granted pursuant to this ordinary resolution) to be issued pursuant to this ordinary resolution shall not exceed one hundred per cent (100%) of the total number of issued Shares (excluding treasury shares and subsidiary holdings, if any) in the capital of the Company (as calculated in accordance with sub-paragraph (ii) below), of which the aggregate number of Shares to be issued other than on a *pro rata* basis to existing shareholders of the Company (the “Shareholders”) (including Shares to be issued in pursuance of the Instruments, made or granted pursuant to this resolution) shall not exceed fifty per cent (50%) of the total number of issued Shares (excluding treasury shares and subsidiary holdings, if any) (as calculated in accordance with sub-paragraph (ii) below or any such other limit as may be prescribed by the Catalist Rules as at the date this ordinary resolution is passed);
  - (ii) (subject to such manner of calculation as may be prescribed by the SGX-ST) for the purpose of determining the aggregate number of Shares (including Shares to be issued pursuant to the Instruments) that may be issued under sub-paragraph (i) above, the percentage of issued Shares and Instruments shall be calculated based on the total number of issued Shares (excluding treasury shares and subsidiary holdings) at the time of the passing of this ordinary resolution, after adjusting for:
    - (a) new Shares arising from the conversion or exercise of the Instruments or any convertible securities;
    - (b) (where applicable) new Shares arising from the exercise of share options or vesting of share awards, provided that the share options or share awards (as the case may be) were granted in compliance with Part VIII of Chapter 8 of the Catalist Rules; and
    - (c) any subsequent bonus issue, consolidation or sub-division of Shares, and provided also that adjustments under sub-paragraphs (ii)(a) and (ii)(b) above are only to be made in respect of new Shares arising from Instruments, convertible securities, share options or share awards which were issued and outstanding or subsisting at the time of the passing of this ordinary resolution;
  - (iii) in exercising the authority conferred by this ordinary resolution, the Company shall comply with the provisions of the Catalist Rules for the time being in force (unless such compliance has been waived by the SGX-ST), all applicable legal requirements under the Companies Act and the Constitution for the time being in force; and
  - (iv) unless revoked or varied by the Company in a general meeting, the authority conferred by this ordinary resolution shall continue in force (a) until the conclusion of the next annual general meeting of the Company, or the date by which the next annual general meeting of the Company is required by law to be held, whichever is earlier, or (b) in the case of Shares to be issued in pursuance of the Instruments, made or granted pursuant to this ordinary resolution, until the issuance of such Shares in accordance with the terms of the Instruments.

[See Explanatory Note (iii)]

## Notice of Annual General Meeting

### 9. Authority to offer and grant awards and to allot and issue Shares under the LMS Performance Share Plan (Resolution 12)

That pursuant to Section 161 of the Companies Act, the Directors be and are hereby authorised and empowered to offer and grant awards from time to time in accordance with the provisions of the LMS Performance Share Plan (the “**LMS PSP**”), and to allot and issue from time to time such number of fully paid-up Shares as may be required to be allotted and issued pursuant to LMS PSP, when aggregated with the aggregate number of Shares allotted and issued and/or issuable pursuant to the LMS PSP and options or awards granted under any other share option scheme, share award scheme or share incentive scheme of the Company then in force, shall not exceed fifteen per cent (15%) of the total number of issued Shares (excluding treasury shares and subsidiary holdings, if any) from time to time; and that such authority shall, unless revoked or varied by the Company in a general meeting, continue in force until the conclusion of the next AGM of the Company or the date by which the next AGM of the Company is required by law to be held, whichever is earlier.

[See Explanatory Note (iv)]

### 10. Authority to offer and grant options and to allot and issue Shares under the LMS Employee Share Option Scheme (Resolution 13)

That pursuant to Section 161 of the Companies Act, the Directors be and are hereby authorised and empowered to offer and grant options from time to time in accordance with the provisions of the LMS Employee Share Option Scheme (the “**LMS ESOS**”), and to allot and issue from time to time such number of fully paid-up Shares as may be required to be allotted and issued pursuant to the exercise of options granted under the LMS ESOS), when aggregated with the aggregate number of Shares allotted and issued and/or issuable pursuant to the LMS ESOS and options or awards granted under any other share option scheme, share award scheme or share incentive scheme of the Company then in force, shall not exceed fifteen per cent (15%) of the total number of issued Shares (excluding treasury shares and subsidiary holdings) from time to time; and that such authority shall, unless revoked or varied by the Company in a general meeting, continue in force until the conclusion of the next AGM of the Company or the date by which the next AGM of the Company is required by law to be held, whichever is earlier.

[See Explanatory Note (iv)]

By Order of the Board of Directors  
of **LMS Compliance Ltd.**

Mr. Chua Kern  
Company Secretary  
Singapore, 11 April 2023

### Explanatory Notes:

(i) **Dr. Ooi Shu Geok** will, upon re-election as a Director, remain as an Executive Director, and the Chief Executive Officer of the Company.

**Datuk Fadilah Binti Baharin** will, upon re-election as a Director, remain as the Independent Chairman, and a member of the Audit Committee (the “**AC**”) and the Remuneration Committee (the “**RC**”) of the Company. Datuk Fadilah Binti Baharin is considered independent by the Board of Directors of the Company (the “**Board**”) for the purpose of Rule 704(7) of the Catalist Rules. There are no relationships (including family relationships) between Datuk Fadilah Binti Baharin and the other Directors of the Company, the Company, its related corporations, its substantial shareholders or its officers, which may affect her independence.

**Dato’ (Dr.) Wee Hoe Soon @ Gooi Hoe Soon** will, upon re-election as a Director, remain as an Independent Director, Chairman of the Nominating Committee (the “**NC**”) and a member of the AC. Dato’ (Dr.) Wee Hoe Soon @ Gooi Hoe Soon is considered independent by the Board for the purpose of Rule 704(7) of the Catalist Rules. There are no relationships (including family relationships) between Dato’ (Dr.) Wee Hoe Soon @ Gooi Hoe Soon and the other Directors of the Company, the Company, its related corporations, its substantial shareholders or its officers, which may affect his independence.

**Mr. Ong Beng Chye** will, upon re-election as a Director, remain as an Independent Director, Chairman of the AC, and a member of the NC and the RC. Mr. Ong Beng Chye is considered independent by the Board for the purpose of Rule 704(7) of the Catalist Rules. There are no relationships (including family relationships) between Mr. Ong Beng Chye and the other Directors of the Company, the Company, its related corporations, its substantial shareholders or its officers, which may affect his independence.

**Ms. Wong Wan Chin** will, upon re-election as a Director, remain as an Independent Director, Chairman of the RC and a member of the NC. Ms. Wong Wan Chin is considered independent by the Board for the purpose of Rule 704(7) of the Catalist Rules. Save as disclosed herein, there are no relationships (including family relationships) between Ms. Wong Wan Chin and the other Directors of the Company, the Company, its related corporations, its substantial shareholders or its officers, which may affect her independence.

Further detailed information (including information as required pursuant to Rule 720(5) of the Catalist Rules) on the abovementioned Directors who are proposed to be re-elected at the AGM of the Company can be found in the Company’s annual report for FY2022 (“**Annual Report 2022**”), in the sections entitled “Profile of Directors”, “Corporate Governance Report” and “Directors’ Statement”.

(ii) Ordinary Resolutions 7 and 8 are to seek the approval for the payment of Directors’ fees for FY2022 and FY2023. The Directors’ fees have been computed based on the current fees structure (pro-rated for FY2022) reported in the Corporate Governance Report section of the Company’s Annual Report 2022.

(iii) Ordinary Resolution 11, if passed, will empower the Directors, from the date of the AGM of the Company until the conclusion of the next AGM of the Company, or the date by which the next AGM of the Company is required by law to be held or such authority is varied and revoked by the Company in a general meeting, whichever is earlier, to allot and issue Shares, make or grant Instruments convertible into Shares, and to issue Shares in pursuance of such Instruments, up to a number not exceeding, in total, one hundred per centum (100%) of the total number of issued Shares (excluding treasury shares and subsidiary holdings, if any), of which up to fifty per centum (50%) may be issued other than on a *pro rata* basis to the shareholders of the Company.

For the purpose of determining the aggregate number of Shares that may be issued, the percentage of issued Shares will be calculated based on the total number of issued Shares (excluding treasury shares and subsidiary holdings, if any) at the time Ordinary Resolution 11 is passed after adjusting for new Shares arising from the conversion or exercise of any convertible securities, the exercise of share options or the vesting of share awards which were issued and outstanding or subsisting at the time when Ordinary Resolution 11 is passed and any subsequent bonus issue, consolidation or subdivision of Shares.

(iv) Ordinary Resolutions 12 and 13, if passed, will empower the Directors, from the date of the AGM of the Company until the conclusion of the next AGM of the Company, or the date by which the next AGM of the Company is required by law to be held or such authority is varied and revoked by the Company in a general meeting, whichever is earlier, to allot and issue Shares pursuant to the vesting of awards and the exercise of options under the LMS PSP and the LMS ESOS respectively, when added to the number of Shares issued and issuable under other share-based incentives schemes or share plans of the Company, shall not exceed fifteen per centum (15%) of the total number of issued Shares (excluding treasury shares and subsidiary holdings, if any) from time to time.

# Notice of Annual General Meeting

## Notes:

### 1. Conduct of Meeting

This AGM is being convened and will be held by electronic means pursuant to the COVID-19 (Temporary Measures) (Alternative Arrangements for Meetings for Companies, Variable Capital Companies, Business Trusts, Unit Trusts and Debenture Holders) Order 2020. Printed copies of the Notice of AGM and the accompanying proxy form will **NOT** be sent to members. Instead, these documents will be made available on (i) SGXNet at <https://www.sgx.com/securities/company-announcements> and (ii) the Company's corporate website at <https://lmscompliance.com/investor.html>.

### 2. Registration for the AGM

The Company will arrange for a live webcast, which allows members, or where applicable, their appointed proxy(ies) to view the proceedings of the AGM via "live" audio and video feed ("**Webcast**"). In addition, members, or where applicable, their appointed proxy(ies) will be able to observe the AGM proceedings by audio only means via a "live" audio only stream ("**Audio Link**"). Members, or where applicable, their appointed proxy(ies) who wish to observe the AGM proceedings by Webcast or Audio Link must pre-register at the URL <https://globalmeeting.bigbangdesign.co/lmscompliance/> ("**AGM Registration and Q&A Link**") by 10.00 a.m. on 23 April 2023 ("**Pre-registration Deadline**"). Following verification of their shareholding status, members, or where applicable, their appointed proxy(ies) will receive further instructions on how to access the Webcast and the Audio Link via email ("**Registration Confirmation Email**") by 10.00 a.m. on 25 April 2023.

Members, or where applicable, their appointed proxy(ies) who have registered by the Pre-registration Deadline but do not receive the Registration Confirmation Email by 10.00 a.m. on 25 April 2023, should email the Company's share registrar at [main@zicoholdings.com](mailto:main@zicoholdings.com), stating: (a) the member's full name; and (b) the member's identification/registration number; and (c) the manner in which the member holds shares in the Company.

### 3. Submission of Questions

Members or, where applicable, their appointed proxy(ies) who pre-registered and are verified to attend the AGM will be able to ask questions relating to the agenda of the AGM by submitting text-based questions during the AGM within a certain prescribed time limit. The Company will endeavour to respond to questions as far as reasonably practicable. Where there are substantially similar questions, the Company will consolidate such questions. Consequently, not all questions may be individually addressed.

Alternatively, members who have any questions in relation to any agenda item of this notice, may send their queries to the Company in advance by 10.00 a.m. on 19 April 2023 ("**Cut-Off Time**") by email to [main@zicoholdings.com](mailto:main@zicoholdings.com). The Company will respond to substantial and relevant queries from shareholders submitted in advance and received by the Company by the Cut-Off Time and publish its responses on SGXNet and the Company's website prior to the AGM, by 20 April 2023. The Company will also address any subsequent clarifications sought, or follow-up questions, prior to, or at, the AGM in respect of substantial and relevant matters.

Members submitting questions are requested to state: (a) their full name; (b) their identification/ registration number, and (c) contact number and manner in which they hold shares in the Company, failing which the Company shall be entitled to regard the submission as invalid. The Company will publish the minutes of the AGM on SGXNet and the Company's website within one (1) month after the date of AGM. The minutes of the AGM will include the responses to substantial and relevant questions received from members which are addressed during the AGM.

### 4. Voting and Submission of Proxy Forms

Members (except a Relevant Intermediary, as defined in Section 181 of the Companies Act) may cast their votes for the resolution live at the AGM. Unique access details for live voting will be provided to members who pre-registered by the Pre-registration Deadline and are verified to attend the AGM.

As an alternative to live voting at the AGM in the foregoing manner, a member (whether individual or corporate) may appoint the Chairman of the AGM (or any person other than the Chairman of the AGM) to act as their proxy to vote on their behalf at the AGM. In appointing the Chairman of the AGM as proxy, a member (whether individual or corporate) must give specific instructions as to voting, or abstentions from voting, in the proxy form, failing which the appointment of the Chairman of the AGM as proxy for that resolution will be treated as invalid. A proxy need not be a member of the Company.

A member of the Company (other than a Relevant Intermediary) entitled to attend, speak and vote at the AGM of the Company is entitled to appoint not more than two (2) proxies or Chairman to attend, speak and vote in his/her/its stead at the AGM of the Company. A proxy need not be a member of the Company.

Where a member of the Company (other than a Relevant Intermediary) appoints two (2) proxies, the appointments shall be invalid unless he/she/ it specifies the proportion of his/her/its shareholding (expressed as a percentage of the whole) to be represented by each proxy in the instrument appointing the proxies.

A member who is a Relevant Intermediary may appoint more than two (2) proxies to attend, speak and vote at the AGM, but each proxy must be appointed to exercise the rights attached to a different share or shares held by him/her/it (which number and class of shares shall be specified).

In addition, Supplementary Retirement Scheme ("**SRS**") investors who have used their SRS monies to buy Shares in the Company:-

- (a) may vote live via electronic means at the AGM if they are appointed as proxies by their respective SRS Operators, and should contact their respective SRS Operators if they have questions regarding their appointment as proxies; or
- (b) may appoint the Chairman of the AGM as proxy to vote on their behalf at the AGM, in which case they should approach their respective SRS Operators no later than 14 April 2023 (being seven (7) working days before the AGM).

The signed instrument appointing the Chairman of the AGM (or any person other than the Chairman of the AGM) as proxy, together with the power of attorney or other authority under which it is signed (if applicable) or a certified copy thereof, must be:

- (a) submitted by email to [main@zicoholdings.com](mailto:main@zicoholdings.com); or
- (b) lodged at registered office of the Company's Share Registrar, **B.A.C.S. Private Limited, at 77 Robinson Road #06-03 Robinson 77, Singapore 068896, attention to LMS Compliance AGM,**

in either case, by no later than 10.00 a.m. on 23 April 2023, being seventy-two (72) hours before the time appointed for holding this AGM, failing which the Company shall be entitled to regard the instrument of proxy as invalid.

The proxy form must be signed by the appointor or his attorney duly authorised in writing. Where the instrument is executed by a corporation, it must be executed either under its common seal or signed on its behalf by an attorney or a duly authorised officer of the corporation. Where the instrument is signed on behalf of the appointor by an attorney, the letter or power of attorney (or other authority) or a duly certified copy thereof must (failing previous registration with the Company) be lodged with the instrument of proxy, failing which the instrument may be treated as invalid.

The Company shall be entitled to reject an instrument of proxy if it is incomplete, improperly completed, illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified in the instrument of proxy. In the case of a member whose Shares are entered against his/her name in the Depository Register (as defined in Section 81SF of the Securities and Futures Act 2001 of Singapore), the Company may reject any instrument of proxy if such member, being the appointor, is not shown to have Shares entered against his/her name in the Depository Register as at seventy-two (72) hours before the time appointed for holding the AGM, as certified by The Central Depository (Pte) Limited to the Company.

Members who hold their Shares through a Relevant Intermediary (as defined in Section 181 of the Companies Act) and who wish to participate in the AGM, submit questions or exercise their votes by appointing the Chairman of the AGM as proxy should approach their respective Relevant Intermediaries to submit their voting instructions at least seven (7) working days prior to the date of the AGM, no later than 10.00 a.m. on 14 April 2023.

The Company will announce any changes to the holding or conduct of the AGM via the SGXNet. Members are advised to check SGXNet regularly for updates on the AGM.

A corporation which is a member may authorise by resolution of its director or other governing body such person as it thinks fit to act as its representative at the Meeting, in accordance with Section 179 of the Companies Act of Singapore.

"Relevant Intermediary" has the meaning ascribed to it in Section 181(6) of the Companies Act of Singapore.

# Notice of Annual General Meeting

## Personal Data Privacy:

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

- (i) consents to the collection, use and disclosure of the member’s personal data by the Company (or its agents) for the purpose of the processing and administration by the Company (or its agents) of proxies and/or representatives appointed for the AGM and/or any adjournment thereof and the preparation and compilation of the attendance lists, minutes and other documents relating to the AGM and/or any adjournment thereof, and in order for the Company (or its agents) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the “**Purposes**”),
- (ii) warrants that where a member discloses the personal data of the member’s proxy(ies) and/or representative(s) to the Company (or its agents), the member has obtained the prior consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by the Company (or its agents) of the personal data of such proxy(ies) and/or representative(s) for the Purposes, and
- (iii) agrees that the member will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the member’s breach of warranty.

Photographic, sound and/or video recordings of the Meeting may be made by the Company for record keeping and to ensure the accuracy of the minutes prepared of the Meeting. Accordingly, the personal data of a member of the Company (such as his name, his presence at the Meeting and any questions he may raise or motions he propose/ second) may be recorded by the Company for such purpose.

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

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

*The contact person for the Sponsor is Ms. Goh Mei Xian, Director, ZICO Capital Pte. Ltd. at 77 Robinson Road, #06-03 Robinson 77, Singapore 068896, telephone (65) 6636 4201.*

# Proxy Form



**LMS Compliance Ltd**  
(Company Registration No: 202225544C)  
(Incorporated in the Republic of Singapore)

## PROXY FORM – ANNUAL GENERAL MEETING

*(Please see notes overleaf before completing this form)*

**IMPORTANT:**

1. The Annual General Meeting (“**AGM**” or the “**Meeting**”) is being convened, and will be held, by electronic means pursuant to the COVID-19 (Temporary Measures) (Alternative Arrangements for Meetings for Companies, Variable Capital Companies, Business Trusts, Unit Trusts and Debenture Holders) Order 2020.
2. Alternative arrangements relating to, among others, attendance, submission of questions in advance of or live at the AGM and/or voting by electronic means live or by proxy at the AGM are set out in the Notice of AGM dated 11 April 2023 which has been uploaded on SGXNet and the Company’s website on the same day as this form.
3. A member will not be able to attend the AGM in person. Members (except a Relevant Intermediary) may cast their votes for each resolution live at the AGM. Members who have pre-registered and are verified to attend the AGM and cast their votes. As an alternative to live voting at the AGM in the foregoing manner, a member (whether individual or corporate) may appoint the Chairman of the AGM (or any person other than the Chairman of the AGM) to act as his/her/its proxy to vote on his/her/its behalf at the AGM. In appointing the Chairman of the AGM as proxy, a 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 of the Chairman of the AGM as proxy for that resolution will be treated as invalid. A proxy need not be a member of the Company.
4. By submitting an instrument appointing the Chairman of the AGM (or any person other than the Chairman of the AGM) as proxy, the member accepts and agrees to the personal data privacy terms and the personal information collection statement set out in the Notice of AGM dated 11 April 2023.
5. Please read the notes overleaf which contain instructions on, inter alia, the appointment of the Chairman of the AGM (or any person other than the Chairman of the AGM) as a member’s proxy to vote on his/her/its behalf at the AGM.

***This form of proxy has been made available on SGXNet and may be accessed at <https://lmscompliance.com/>. A printed copy of this proxy form will not be despatched to Members.***

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

being a Member/Members\* of **LMS COMPLIANCE LTD.** (the “**Company**”), hereby appoint:

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

\*and/or

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

and/or Chairman of the AGM as my/our\* proxy to attend and vote on my/our\* behalf, at the AGM of the Company, to be held by way of electronic means on 26 April 2023 at 10.00 a.m. and at any adjournment thereof. I/We\* direct the Chairman of the AGM, being my/our\* proxy to vote for or against, or abstain from voting the Ordinary Resolutions to be proposed at the AGM as indicated hereunder.

# Proxy Form

All resolutions put to the vote of the AGM will be conducted by poll. Please indicate the number of votes as appropriate.

No.	Resolutions relating to:	By way of poll		
		For	Against	Abstain
<b>AS ORDINARY BUSINESS</b>				
1.	To receive and adopt the Audited Financial Statements of the Company for the financial year ended 31 December 2022 (“FY2022”), together with the Directors’ Statement and the Independent Auditors’ Report thereon.			
2.	To re-elect Dr. Ooi Shu Geok, a Director retiring by rotation pursuant to Regulation 100 of the Company’s Constitution.			
3.	To re-elect Datuk Fadilah Binti Baharin, a Director retiring by rotation pursuant to Regulation 104 of the Company’s Constitution.			
4.	To re-elect Dato’ (Dr.) Wee Hoe Soon @ Gooi Hoe Soon, a Director retiring by rotation pursuant to Regulation 104 of the Company’s Constitution.			
5.	To re-elect Mr. Ong Beng Chye, a Director retiring by rotation pursuant to Regulation 104 of the Company’s Constitution.			
6.	To re-elect Ms. Wong Wan Chin, a Director retiring by rotation pursuant to Regulation 104 of the Company’s Constitution.			
7.	To approve the payment of Directors’ fees of RM73,793 for the financial year ended 31 December 2022 (“FY2022”).			
8.	To approve the payment of Directors’ fees of RM237,490 for the financial year ending 31 December 2023 (“FY2023”), to be paid quarterly in arrears.			
9.	To declare and approve the payment of a final tax-exempt (one-tier) dividend of S\$0.0015 per ordinary share in the capital of the Company for FY2022.			
10.	To re-appoint Messrs BDO LLP as the Auditors of the Company and to authorise the Directors to fix their remuneration.			
<b>AS SPECIAL BUSINESS</b>				
11.	Authority to allot and issue shares in the capital of the Company.			
12.	Authority to offer and grant options and to allot and issue shares in the capital of the Company under the LMS Performance Share Plan.			
13.	Authority to offer and grant awards and to allot and issue shares in the capital of the Company under the LMS Employee Share Option Scheme.			

\* Please delete accordingly.

\*\* If you wish to exercise all your votes “For” or “Against” or to “Abstain” from voting, please indicate with an “✓” within the box provided. Alternatively, please indicate the number of votes as appropriate. **In the absence of specific directions in respect of a resolution, the appointment of Chairman as your proxy for that resolution will be treated as invalid.**

Dated this \_\_\_\_\_ day of \_\_\_\_\_ 2023.

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

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

\*Delete as appropriate

**IMPORTANT: PLEASE READ NOTES OVERLEAF CAREFULLY BEFORE COMPLETING THIS PROXY FORM  
NOTES TO PROXY FORM:**

- Please insert the total number of shares in the capital of the Company (“Shares”) held by you. If you have Shares entered against your name in the Depository Register (as defined in Section 81SF of the Securities and Futures Act 2001 of Singapore), you should insert that number of Shares. If you have Shares registered in your name in the Register of Members of the Company, you should insert that number of Shares. If you have Shares entered against your name in the Depository Register and Shares registered in your name in the Register of Members, you should insert the aggregate number of Shares entered against your name in the Depository Register and registered in your name in the Register of Members. If no number is inserted, the instrument appointing the Chairman of the Meeting as proxy shall be deemed to relate to all the Shares held by you.
  - Members (whether individual or corporations) who pre-register to observe and/or listen to the AGM proceedings and wish to vote on the resolutions to be tabled for approval at the AGM may:
    - (where such Members are individuals) vote live at the AGM by casting their votes for each resolution through real-time remote electronic voting, or (where such Members are individuals or corporations) appoint proxies (other than the Chairman of the Meeting) to vote live at the AGM via real-time remote electronic voting on their behalf; or
    - (where such Members are individuals or corporations) appoint the Chairman of the Meeting as their proxy to vote on their behalf at the AGM, in accordance with the instructions set out in the relevant Proxy Forms.
  - Persons who hold shares in the Company through relevant intermediaries may:
    - vote live at the AGM via electronic means if they are appointed as proxies by their relevant intermediaries, and should approach their relevant intermediaries if they have any queries regarding their appointment as proxies; or
    - appoint the Chairman of the Meeting as proxy, in which case they should approach their relevant intermediaries.
- “Relevant Intermediary” has the meaning ascribed to it in Section 181(6) of the Companies Act 1967 of Singapore.
- A member of the Company (other than a Relevant Intermediary) entitled to attend, speak and vote at the AGM of the Company is entitled to appoint not more than two (2) proxies or Chairman to attend, speak and vote in his/her/its stead at the AGM of the Company. A proxy need not be a member of the Company.

Where a member of the Company (other than a Relevant Intermediary) appoints two (2) proxies, the appointments shall be invalid unless he/she/it specifies the proportion of his/her/its shareholding (expressed as a percentage of the whole) to be represented by each proxy in the instrument appointing the proxies.

A member who is a Relevant Intermediary may appoint more than two (2) proxies to attend, speak and vote at the AGM, but each proxy must be appointed to exercise the rights attached to a different share or shares held by him/her/it (which number and class of shares shall be specified).

Persons holding shares through relevant intermediaries, including Supplementary Retirement Scheme (“SRS”) investors, who wish to participate in the AGM via webcast should contact their relevant intermediaries (e.g. their respective SRS Operators) through which they hold such shares as soon as possible in order for the necessary arrangements to be made for their participation in the AGM no later than 10.00 a.m. on 14 April 2023 being seven (7) working days prior to the date of the AGM.

- The proxy form must be signed by the appointor or his attorney duly authorised in writing. Where the instrument executed by a corporation, it must be executed either under its common seal or signed on its behalf by an attorney or a duly authorised officer of the corporation. Where the instrument is signed on behalf of the appointor by an attorney, the letter or power of attorney (or other authority) or a duly certified copy thereof must (failing previous registration with the Company) be lodged with the instrument of proxy, failing which the instrument may be treated as invalid.
  - The signed instrument appointing the Chairman of the AGM (or any person other than the Chairman of the AGM) as proxy must be submitted to the Company in the following manner:
    - submitted by email to [main@zicoholdings.com](mailto:main@zicoholdings.com); or
    - lodged at the registered office of the Company’s Share Registrar, B.A.C.S. Private Limited, at 77 Robinson Road, #06-03 Robinson 77, Singapore 068896, attention to LMS Compliance AGM;
- in either case, by no later than 10:00 a.m. on 23 April 2023 (being not less than seventy-two (72) hours) before the time appointed for holding the AGM, failing which the Company shall be entitled to regard the instrument of proxy as invalid.
- The Company shall be entitled to reject an instrument of proxy if it is incomplete, improperly completed, illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified in the instrument of proxy. In the case of a member whose Shares are entered against his/her name in the Depository Register (as defined in Section 81SF of the Securities and Futures Act 2001 of Singapore), the Company may reject any instrument of proxy if such member, being the appointor, is not shown to have Shares entered against his/her name in the Depository Register as at seventy-two (72) hours before the time appointed for holding the AGM, as certified by The Central Depository (Pte) Limited to the Company.

“Relevant Intermediary” has the meaning ascribed to it in Section 181(6) of the Companies Act 1967 of Singapore.

**Personal Data Privacy:**

By submitting this instrument appointing proxy(ies) and/or representative(s), the Member is deemed to have accepted and agreed to the personal data privacy terms set out in the notice of AGM of the Company dated 11 April 2023.



**A Group Member of LMS COMPLIANCE LTD. (SGX : LMS)**

**MY CO2 GROUP SDN. BHD.**  
202201032134 (1477831-M)

16, Lengkok Kikik 1, Taman Inderawasih,  
13600 Perai, Penang, Malaysia.  
+604-380 8282

**MY CO2 SDN. BHD.**  
200601024684 (744438-M)

**EMPIRIC SCIENCE SDN. BHD.**  
201301043397 (1073219-T)

**MYCO2 (PG) SDN. BHD.**  
201701042071 (1256244-P)

**MY CO2 CERTIFICATION  
SDN. BHD.**  
201601026813 (1197752-X)

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40400 Shah Alam, Selangor, Malaysia.  
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**MYCO2 (KL) SDN. BHD.**  
201501029820 (1155142-M)

**MY CO2 (JB) SDN. BHD.**  
201501029979 (1155302-A)

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