



5E Resources Limited

Conservation. Sustainability.



ANNUAL
REPORT
2022



Contents

02

**BUSINESS
OVERVIEW**

04

**GROUP
STRUCTURE**

05

**FINANCIAL
HIGHLIGHTS**

06

KEY MILESTONES

08

**LETTER TO
SHAREHOLDERS**

11

**OPERATIONAL &
FINANCIAL
REVIEW**

14

**BOARD OF
DIRECTORS**

18

**KEY
MANAGEMENT**

20

**CORPORATE
SOCIAL
RESPONSIBILITY**

21

**CORPORATE
INFORMATION**

22

**SUSTAINABILITY
REPORT**

49

**CORPORATE
GOVERNANCE
REPORT**

78

**ADDITIONAL
INFORMATION ON
DIRECTORS SEEKING
RE-ELECTION**

89

**FINANCIAL
STATEMENTS**

136

**STATISTICS OF
SHAREHOLDINGS**

138

**NOTICE OF
ANNUAL GENERAL
MEETING**

145

APPENDIX

PROXY FORM



This annual report has been prepared by the Company and its contents have been reviewed by the Company's sponsor, RHT Capital Pte. Ltd. (the "Sponsor") for compliance with the relevant rules of the Singapore Exchange Securities Trading Limited (the "SGX-ST").

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

The contact person for the Sponsor is Mr. Leong Weng Tuck - Registered Professional, 36 Robinson Road, #10-06 City House, Singapore 068877, sponsor@rhtgoc.com.

Business Overview

CORPORATE PROFILE

Established since 1997, 5E Resources Limited (“5E Resources” or the “Company” and together with its subsidiaries, the “Group”) is one of the largest scheduled waste management services providers in Malaysia, focusing on the collection, transportation and treatment of scheduled waste.

We aim to relieve customers of their environmental impact liabilities by providing them with tailored solutions that strive to maximise recovery of resources and minimise waste disposal. Our established customer base covers eight out of 13 states and two federal territories in Peninsular Malaysia. We have two other complementary business segments, namely the sales of recovered and recycled products, and chemical trading.



8

STATES IN MALAYSIA 

2

FEDERAL TERRITORIES IN MALAYSIA 

3

BUSINESS SEGEMENTS:

- SCHEDULED WASTE MANAGEMENT SERVICES
- SALES OF RECOVERED AND RECYCLED PRODUCTS
- CHEMICAL TRADING



Business Overview



SCHEDULED WASTE MANAGEMENT SERVICES

Scheduled waste refers to waste that fall within the categories listed in the First Schedule to the Environmental Quality (Scheduled Wastes) Regulations (“**First Schedule EQ(SW) Regulations**”) 2005 of Malaysia, that possess hazardous characteristics and have the potential to adversely affect public health and the environment. The Group possesses 34 out of the 77 Waste Codes under the First Schedule EQ(SW) Regulations and we are allowed to collect, transport and treat scheduled waste based on the codes we have.

The Group operates three waste treatment plants in Johor and our treatment of scheduled waste involves a number of processes including waste acid and alkaline recycling, electronic waste recovery and waste oil recycling. We offer two types of scheduled waste management services:

1. Regular services: Time-to-time collection of scheduled waste from customers who are waste generators mainly in the manufacturing, trading and services industries in Malaysia.
2. Project-based services: Ad-hoc scheduled waste management services to areas affected by pollution incidents or to designated areas that require ad-hoc or urgent services.



PLO 83 Plant



PLO 317 Plant



PLO 738 Plant



SALES OF RECOVERED AND RECYCLED PRODUCTS

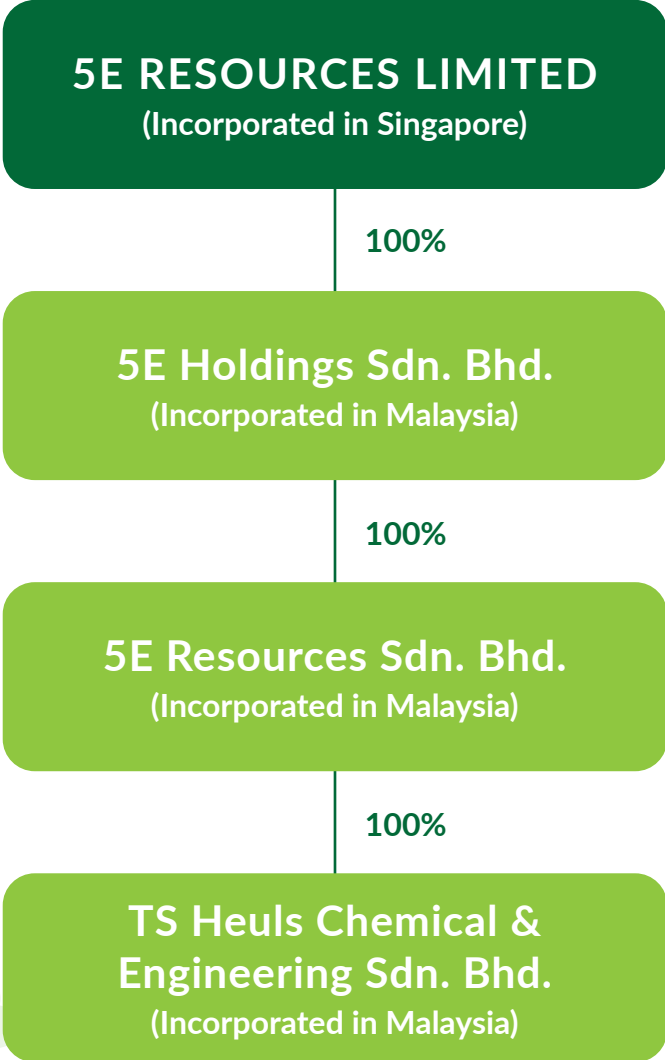
We sell products and by-products generated from our scheduled waste treatment processes including recycled chemicals, recycled drum/tank, recycled oil, recycled alkaline and recovered precious metals.



CHEMICAL TRADING

Our chemical trading business, operated under one of our subsidiaries TS Heuls Chemical & Engineering Sdn. Bhd. (“**TS Heuls**”), possesses the licence to import, store and sell by wholesale certain types of chemicals that can be used for waste treatment and the manufacturing industry.

Group Structure

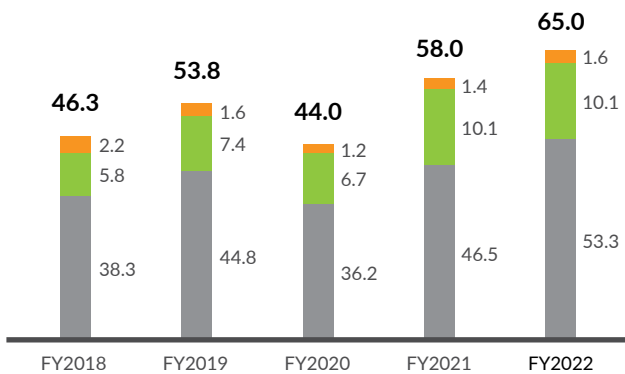


Financial Highlights



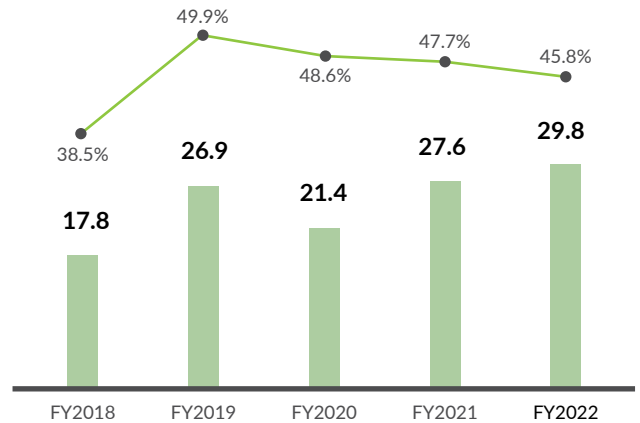
REVENUE (MYR'MILLION)

- Scheduled waste management services
- Sales of recovered and recycled products
- Chemical trading

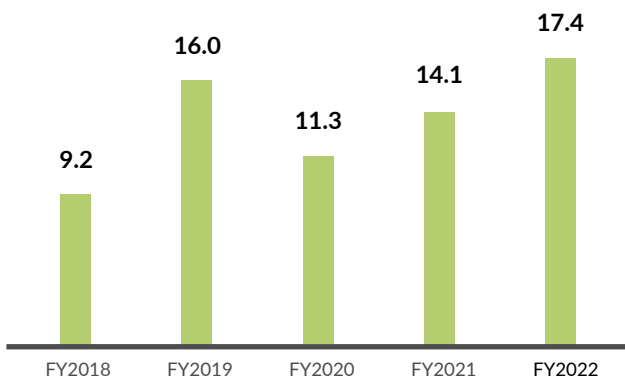


GROSS PROFIT (MYR'MILLION) / GROSS PROFIT MARGIN (%)

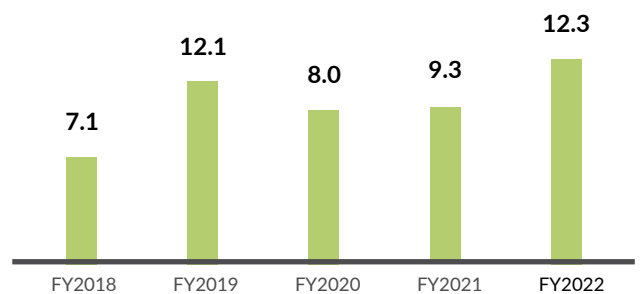
- Gross Profit
- Gross Profit Margin



PROFIT BEFORE TAX (MYR'MILLION)



NET PROFIT (MYR'MILLION)



Key Milestones



1997

Incorporated TS Heuls to trade chemicals and provide maintenance services for wastewater treatment plants

2006

Incorporated 5E Resources to provide scheduled waste management services

2008

Commenced operations of two waste treatment plants – PLO 83 Plant and PLO 317 Plant with 12 Waste Codes



2009

Expanded operations to serve the automobile and palm oil industries in Malacca and Johor respectively

2011

Acquired an industrial land for construction of third waste treatment plant – PLO 738 Plant; accumulated a total of 17 Waste Codes



2015

PLO 738 Plant commenced operations; accumulated a total of 27 Waste Codes

Key Milestones



2018

Provided scheduled waste management services for two major projects in Johor - an accidental fuel oil leak and a marine accident



2019

Acquired the land and building of PLO 317 Plant

Provided solutions to an illegal dumping of toxic chemical waste incident at the Kim Kim River in Pasir Gudang of Johor, Malaysia



2020

Obtained 7 additional Waste Codes, increasing to 34 Waste Codes in total

2021

Acquired the land and building of PLO 83 Plant



2022

Successfully listed on the Catalist board of SGX-ST

Leased an additional 5-acre plot of land behind PLO 83 Plant to expand waste treatment facilities, build a centralised logistic hub and a warehouse for recovered and recycled products



Letter to Shareholders

LOO SOK CHING

Chairperson and
Executive Director



LIM TE HUA

Executive Director and
Chief Executive Officer



DEAR SHAREHOLDERS

It gives us great pleasure to present the inaugural annual report of 5E Resources for the financial year ended 31 December 2022 (“FY2022”).

We want to begin by thanking all shareholders for your ardent support of our initial public offering (“IPO”), which enabled us to be successfully listed on the Catalist Board of the Singapore Exchange Securities Trading Limited (“SGX-ST”) on 12 May 2022. The listing marked a major milestone for our Group and a culmination of many years of hard work.

With the IPO proceeds, we now have the funds to further embark on our next chapter of growth and expansion and we are excited to be going on this journey with you.

FY2022 PERFORMANCE REVIEW

In 2022, most of the world stepped out of the grip of COVID-19 restrictions into the strong headwinds of geopolitical tensions, soaring energy prices, high inflation and tightening financial conditions.

Notwithstanding this challenging backdrop, we achieved record revenue and profit for FY2022, demonstrating the resilience and the essential nature of our business. Our net profit after tax rose 32.5% year-on-year (“yoy”) to MYR12.3 million on the back of revenue, which increased 12.1% over the same period to MYR65.0 million. This was a notable improvement over the financial year ended 31 December 2021 (“FY2021”) when our net profit after tax and revenue was MYR9.3 million and

MYR58.0 million respectively.

Underpinned by the easing of COVID-19 restrictions in Malaysia, our top line growth was driven by the increasing demand for our scheduled waste management services, which brought in revenue of MYR53.3 million, up 14.6% from MYR46.5 million in FY2021. Similarly, higher demand for chemicals from our existing customers resulted in a 14.3% yoy increase in revenue from our chemical trading business to MYR1.6 million from MYR1.4 million in FY2021. Meanwhile, revenue from the sales of recovered and recycled products remained relatively stable.

As at 31 December 2022, the Group’s balance sheet remained healthy with net assets of MYR95.8 million and cash and cash equivalents of MYR60.9 million (as at 31 December 2021: net assets of MYR54.4 million; cash and cash equivalents of MYR 21.9 million).

DIVIDEND

In appreciation of our shareholders’ support, the Board has proposed its first dividend as a listed company of S\$0.01 per ordinary share for FY2022 (approximately MYR0.0327 per ordinary share based on exchange rate of S\$1: MYR3.27 as at 31 December 2022) representing a payout of approximately 39.4% in respect of net profit for FY2022. This is in line with the intention we had expressed at the time of our IPO, which was to recommend and distribute dividends of not less than 25% of our earnings for FY2022.

“

We were successfully listed on the Catalist Board of the Singapore Exchange Securities Trading Limited (“SGX-ST”) on 12 May 2022. The listing marked a major milestone for our Group and a culmination of many years of hard work.

”

OUTLOOK AND PROSPECTS

With waste generation increasing by the day as cities continue to urbanise, there is a growing urgency for proper waste management in many countries. In Southeast Asia, waste generation is expected to grow annually by 2.7%¹ over the next 10 years and in Malaysia alone, scheduled waste generated increased at an average of 8.3% annually for the period between 2015 and 2019 is projected to reach approximately 5.1 million tonnes by 2025.²

As the volume of scheduled waste is expected to increase steadily with the development of the overall economy and manufacturing industry in Malaysia, 5E Resources, being the fifth largest scheduled waste service provider in Malaysia³, is well positioned to ride on these favourable prospects, which are expected to boost the pace of growth of our Group. To capitalise on potential opportunities, we have enlarged our capacity to enhance production efficiency so as to accommodate the anticipated increase in demand for our services.

On 10 February 2022, we leased a five-acre plot of land located behind our existing plant in Pasir Gudang, Johor. With the additional land, we intend to expand waste treatment facilities, build a centralised logistic hub for our entire fleet of trucks, as well as a 3,500 square feet warehouse to store our recycled and recovered products. The remaining space will be used to house machineries and equipment to cater to a wider range of

scheduled waste management services that we intend to provide. Currently, we are in the midst of applying to the Department of Environment for higher Waste Code quotas as well as additional Waste Codes. We also intend to invest in facilities on this piece of land that can reduce our operating costs by processing waste residue into alternative products which can be disposed of at a lower cost.

At the moment, phase 1 of construction has begun starting with the warehouse and the logistics hub, which is expected to be completed in June 2023. Phase 2 will include the construction of the waste treatment plant and machineries. If all goes according to plan, we expect these facilities to be completed and operational within the next two years. To date, we have utilised approximately S\$2.2 million from our net IPO proceeds of S\$8.0 million for the construction.

In addition to capacity expansion, we remain focused on expanding our geographical coverage beyond our established base in Johor, Malaysia, to the central region of Peninsular Malaysia. We have also earmarked a portion of net IPO proceeds for the acquisition and construction of an off-site storage facility to cater to the under-served community of small quantity waste generators and enable us to be closer to our existing customers in the region. At this juncture, we are still in ongoing discussions with potential partners in the region while exploring possible sites for the off-site storage facility. As we operate in a highly

1 Source: July 2021, KPMG – Southeast Asia Waste-to-Energy

2 Source: 20 August 2021, Department of Statistics Malaysia Official Portal – Environment Statistics 2020

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

Letter to Shareholders



Revenue

MYR65.0m

▲ Increased 12.1% from MYR58.0m in FY2021



Net Profit After Tax

MYR12.3m

▲ Increased 32.5% from MYR9.3m in FY2021

regulated industry, the due diligence process and regulatory approvals will take time. We hope to share some good news in due course and will update shareholders when there are material developments.

In line with the increasing volume of incoming scheduled waste received, we aim to improve our recycled and recovered products business segment by investing in facilities that will optimise and enhance the processing of such products. Apart from organic growth, we are also on the lookout for synergistic partners through joint ventures or strategic alliances that will give us access to new markets, customers and complementary businesses.

Despite the resilient nature of the waste management industry, we are constantly seeking ways to improve our competitive advantage to strengthen our market position and remain relevant to our customers. With 34 out of 77 Waste Codes under the First Schedule EQ(SW) Regulations in hand, we aim to secure even more codes so that we can collect, transport and treat more types of scheduled wastes to cater to a broader range of customers.

The runway is long but we already have many strategic plans in place to propel the Group towards these goals.

APPRECIATION

On behalf of the Board, we would like to extend our heartfelt gratitude once again to all shareholders who have come on this growth journey with us.

We want to thank our management team and employees for your dedication and commitment to the Group's success; to our business partners and bankers, for the strong partnership and co-operation you have extended to us; and to our customers, for your continued faith and confidence in us. To our fellow Board members, we look forward to your wise counsel and guidance in corporate governance as we grow as a listed company.

We have come a long way since our humble beginnings and we owe our success to everyone who has contributed in one way or another. We look forward to your continued support as we pursue greater heights together.

Mdm. Loo Sok Ching
Chairperson and Executive Director

Mr. Lim Te Hua
Executive Director and Chief Executive Officer

Operational & Financial Review

FINANCIAL PERFORMANCE

Income Statement	Group		
	FY2022 MYR'000	FY2021 MYR'000	Change %
Revenue	64,969	57,970	12.1
Cost of sales	(35,190)	(30,345)	16.0
Gross profit	29,779	27,625	7.8
Other income	1,771	125	n.m.
Other gains	318	23	n.m.
Administrative expenses	(10,661)	(9,958)	7.1
Selling and distribution expenses	(3,349)	(3,457)	(3.1)
Finance expenses	(473)	(165)	186.7
Net impairment reversal/(charge) on trade receivables	5	(67)	n.m.
Profit before tax	17,390	14,126	23.1
Income tax expense	(5,070)	(4,829)	5.0
Profit after tax	12,320	9,297	32.5

Revenue

In FY2022, the Group recorded a 12.1% increase in revenue to MYR65.0 million from MYR58.0 million in FY2021. The growth was driven by higher revenue contributed by the scheduled waste management segment as demand increased following the easing of Covid-19 restrictions in Malaysia as well as some ad-hoc projects as a result of the active enforcement by the Department of Environment of Malaysia. Revenue generated from this segment was MYR53.3 million, up 14.6% from MYR46.5 million in FY2021.

Similarly, revenue from chemical trading rose 14.3% to MYR1.6 million from MYR1.4 million due to higher demand for chemicals from existing customers, while revenue from sales of recovered and recycled products remained stable at MYR10.1 million.

Gross Profit and Gross Profit Margin

In tandem with the higher revenue, the Group saw gross profit rising 8.0% to MYR29.8 million from MYR27.6 million in FY2021. The overall gross profit margin dipped slightly to 45.8% compared to 47.7% in FY2021 mainly due to higher cost of sales such as direct labour, sludge disposal cost, fuel oil, petrol and others.

Expenses

Administrative expenses increased 7.1% to MYR10.7 million from MYR10.0 million in FY2021, due to accrual of performance bonus of the executive directors based on the service agreements.

Selling and distribution expenses stood at MYR3.3 million in FY2022, down 3.1% from MYR3.5 million in FY2021, due to the resignation of the marketing advisors during the year.

In FY2022, finance expenses jumped to MYR0.5 million from MYR0.2 million, due to higher interest expense on the new land lease.

Net Profit

As a result, the Group achieved record net profit of MYR12.3 million in FY2022, 32.5% higher than MYR9.3 million in FY2021.

Operational & Financial Review

BALANCE SHEET

The Group's net assets rose to MYR95.8 million as at 31 December 2022 compared to MYR54.4 million as at 31 December 2021.

Non-current assets rose MYR13.7 million to MYR50.6 million as at 31 December 2022 from MYR37.0 million as at 31 December 2021. This was mainly due to (a) increase in property, plant and equipment of MYR4.5 million resulting from additions of plant and machinery and capital work in progress net off against write-off and depreciation charge for the year, (b) increase in right-of-use assets of MYR9.0 million due to new land lease net off against depreciation charge for the year, and (c) increase in prepayment for purchase of property, plant and equipment of MYR0.2 million due to higher prepayment made for purchase of lorries.

Current assets increased by MYR37.3 million to MYR72.4 million as at 31 December 2022 from MYR35.1 million a year ago. This was mainly due to (a) higher cash and cash equivalent contribution of MYR39.0 million due to higher cash inflow from operating and financing activities net off against cash outflow from investing activities, (b) higher collection from debtors resulting in lower trade and other receivables of MYR1.4 million, (c) decrease in other current assets of MYR0.8 million due to reversal of deferred listing expenses during the year, and (d) increase in short term deposits by MYR0.4 million due to additional fixed deposits placed with the banks.

Non-current liabilities for the year increased MYR8.8 million to MYR14.0 million from MYR5.2 million, primarily due to (a) increase in lease liabilities of MYR9.8 million from the new land lease, (b) lower borrowings of MYR0.4 million due to repayment of term loans, and (c) decrease in deferred tax liabilities of MYR0.6 million.

The Group's current liabilities for the year increased MYR0.7 million to MYR13.2 million from MYR12.5 million. This was largely due to (a) higher other payables recorded for the expenditure on the new plant expansion of MYR3.7 million, (b) decrease in contract liabilities of MYR35,000 due to lower deposit received from customers as unfulfilled performance, (c) decrease in current income tax liabilities of MYR0.1 million due to higher tax paid in FY2022, (d) decrease in borrowings of MYR3.0 million due to repayment of term loans, and (e) increase in lease liabilities of MYR67,000 from the new land lease during the year.

As at 31 December 2022, the Group's working capital increased to MYR59.2 million compared to MYR22.6 million as at 31 December 2021.

Operational & Financial Review

CASH FLOW

Statement of Cash Flows	Group	
	FY2022 MYR'000	FY2021 MYR'000
Net cash generated from operating activities	20,441	13,457
Net cash used in investing activities	(6,851)	(10,177)
Net cash generated from financing activities	25,354	1,793
Cash and cash equivalents at end of financial year	60,924	21,918

In FY2022, the Group generated net cash flows from operating activities of MYR20.4 million compared to MYR13.5 million in FY2021. This was primarily due to higher trade and other receivables of MYR2.2 million as a result of higher sales towards the end of the year, as well as higher trade and other payables of MYR3.7 million due to more materials purchased and higher sludge disposal cost during the financial year. Net cash from operating activities before working capital changes were MYR20.4 million in FY2022 compared to MYR17.0 million in FY2021 due to higher profit before tax.

Net cash used in investing activities amounted to MYR6.9 million in FY2022 compared to MYR10.2 million in FY2021, mainly due to purchase of property, plant and equipment of MYR7.3 million and placement of short-term deposits of MYR0.4 million. This was partially offset by interest received of MYR0.8 million.

The Group generated net cash flows from financing activities of MYR25.4 million in FY2022 compared to MYR1.8 million in FY2021. This was primarily due to proceeds from issuance of shares of MYR31.5 million, which were partially offset by repayment of term loans of MYR3.3 million, listing expenses of MYR2.4 million and repayment of lease liabilities of MYR0.3 million.

As at 31 December 2022, the Group's cash and cash equivalents were MYR60.9 million, compared to MYR21.9 million as at 31 December 2021.



Board of Directors

LOO SOK CHING

Chairperson and Executive Director



Mdm. Loo Sok Ching (“Mdm. Loo”) was appointed to the Board on 18 October 2021. She has been with the Group since 14 July 1997, and is responsible for the overall corporate strategy of our Group, spanning across all business segments such as marketing, R&D, logistics, finance and operations.

Mdm. Loo has more than 25 years of experience in the scheduled waste management industry and began her career in TS Heuls Chemical & Engineering Sdn. Bhd. (“TS Heuls”) as a general manager from July 1997 to April 2007 when she oversaw the finance and administrative functions and was responsible for effective planning, delegating, coordinating, staffing and organising pursuant to instructions from the board of directors. As an executive director of TS Heuls since April 2007, she is responsible for managing both the overall revenue and cost.

Mdm. Loo has been a non-executive director of Wentel Corporation Sdn. Bhd. and Grandhill Property Sdn. Bhd. since July 2002 and April 2012 respectively. As non-executive director, she provides advice and her corporate management experience to the respective company’s board of directors.

Mdm. Loo was appointed as the executive director of 5E Resources Sdn. Bhd. from November 2007 to May 2010. She has been an advisor since May 2010, and was re-appointed as a director from 17 December 2021.

Mdm. Loo obtained a Malaysia Certificate of Education from Sekolah Menengah Ingggeris Batu Pahat in 1976.

Date of Appointment to the Board: 18 October 2021

Board Committees: Nil

Present Directorships in Listed Companies: Nil

Past Directorships in Listed Companies: Nil

Principal Commitments:

5E Holdings Sdn. Bhd. - Director
5E Resources Sdn. Bhd. - Director
Diamante Development Sdn. Bhd. - Director
Golden Oriental Sdn. Bhd. - Director
Grandhill Property Sdn. Bhd. - Director
Grandhill Realty Sdn. Bhd. - Director
Ocean Megaview Sdn. Bhd. - Director
Sutera Potensi Sdn. Bhd. - Director
TS Heuls Chemical & Engineering Sdn. Bhd. - Director
Wei Wei Property Sdn. Bhd. - Director
Wentel Corporation Sdn. Bhd. - Director
Wentel Corporation Pte. Ltd. - Director
Wentel Enterprises Corporation - Director
Wentel Holdings Sdn. Bhd. - Director

Board of Directors

LIM TE HUA

**Executive Director and
Chief Executive Officer**



Mr. Lim Te Hua (“**Mr. Lim**”) was appointed to the Board on 25 March 2022. He has been with the Group since 14 July 1997, and is currently responsible for executing the corporate strategy and overall daily operations of the Group, including business development and overall management.

Mr. Lim has more than 25 years of experience in the scheduled waste management industry and began his career in TS Heuls as a chemist from July 1997 to February 2001. As a chemist, he provided marketing and customer service, resolved customer scheduled waste treatment related matters, provided professional advice and guidance to customers relating to scheduled waste solutions, and promoted the sales of chemical products to customers. As an executive director of TS Heuls since February 2001, he controls and executes the operations and gives strategic guidance and direction to the board of directors to ensure that TS Heuls achieves its objectives.

Mr. Lim joined 5E Resources Sdn. Bhd. as a chemist from July 2006 to November 2008, and has been an executive director and CEO since November 2008.

Mr. Lim obtained a Bachelor of Science (Cum Laude) from Campbell University, Faculty of the College of Arts and Sciences in 1997 and a Master of Business Administration from Akamai University in 2007.

Date of Appointment to the Board: 25 March 2022

Board Committees: Nil

Present Directorships in Listed Companies: Nil

Past Directorships in Listed Companies: Nil

Principal Commitments:

Colorful Genesis Sdn. Bhd. - Director

5E Holdings Sdn. Bhd. - Director

5E Resources Sdn. Bhd. - Director

TS Heuls Chemical & Engineering Sdn. Bhd. - Director

SHANKAR NARASINGAM

**Executive Director and
Chief Operating Officer**



Mr. Shankar Narasingam (“**Mr. Shankar**”) was appointed to the Board on 25 March 2022. He has been with the Group for over 15 years, and is currently responsible for the ongoing operations and procedures of our Group, as well as overseeing the various heads of departments in relation to operations, safety, health and welfare.

Mr. Shankar began his career in Hitachi Electric Display Devices (M) Sdn. Bhd. as an engineer from November 1992 to December 1996. As an engineer, he was responsible for overseeing the engineering division in the manufacture of electron colour picture tubes. He was later promoted to assistant manager, a post which he held from January 1997 to February 2001. As an assistant manager, he was the overall-in-charge of electrical system, firefighting system, building automation system, waste water treatment plant, de-ionized water (18MQ), gasses plant (NG, LPG, O2, N2 & H2), air-conditioning systems (ACMV), boiler plant, high pressure air (HPA), scheduled waste, ISO 14001 and ISO 9002, activities and documentation, total air pollution control, fixed assets and project implementation.

Mr. Shankar was then employed by TS Heuls as a technical director from February 2001 to December 2001. As a technical director, he was in charge of the technical aspects of engineering and the design for waste water plants, factory facilities, thermal heat recovery systems, energy saving programs and ISO 14001 consultation.

Mr. Shankar set up CVision Trading Sdn. Bhd. in August 2001, which was in the business of supplying waste water equipment and spare parts of air conditioning up until April 2006.

Subsequently, Mr. Shankar joined 5E Resources Sdn. Bhd. as a technical director in July 2007, before being promoted to executive director in May 2011 and then to COO in November 2020.

Mr. Shankar obtained a Bachelor of Science (Environment) from Universiti Pertanian Malaysia in 1992.

Date of Appointment to the Board: 25 March 2022

Board Committees: Nil

Present Directorships in Listed Companies: Nil

Past Directorships in Listed Companies: Nil

Principal Commitments:

Premier H2O Marketing Sdn. Bhd. - Technical Director

5E Holdings Sdn. Bhd. - Director

5E Resources Sdn. Bhd. - Director

Board of Directors

WONG CHEE MENG LAWRENCE

Lead Independent and Non-Executive Director



Mr. Wong Chee Meng Lawrence (“**Mr. Wong**”) was appointed to the Board on 25 March 2022 and is a member of the Audit and Risk Committee and Nominating Committee.

He is a Managing Counsel of Bird & Bird ATMD LLP. He is an experienced and established corporate practitioner and was previously a partner of a number of reputable law firms. Before joining Bird & Bird ATMD LLP, he was the Managing Director of Equity Law LLC, a boutique corporation firm and prior to that, he was a founding member and equity partner of RHTLaw Taylor Wessing LLP, where he was the co-head of its corporate and securities practice and also headed RHT Capital Pte. Ltd., an approved continuing sponsor by the SGX-ST.

His areas of practice include corporate and securities laws, capital markets, mergers and acquisitions, corporate restructuring, joint ventures, corporate and commercial contracts, regulatory compliance and corporate governance advisory and corporate secretarial work. He has led numerous initial public offerings, reverse take-overs, general offers, secondary fund raising and cross-border merger and acquisitions exercises. He has advised and led numerous corporate actions for numerous companies listed on SGX.

Mr Wong holds a Bachelor of Laws (Honours) from the National University of Singapore. He is an Advocate and Solicitor of the Supreme Court of Singapore, as well as a Solicitor of the High Court of Hong Kong SAR.

Date of Appointment to the Board: 25 March 2022

Board Committees:

Audit and Risk Committee (Member)
Nominating Committee (Member)

Present Directorships in Listed Companies:

Atlantic Navigation Holdings (Singapore) Limited – Independent Director
Eindec Corporation Limited – Independent Director
International Cement Group Ltd. – Independent Director

Past Directorships in Listed Companies: Nil

Principal Commitments:

Bird & Bird ATMD LLP – Managing Counsel
EQ Advisory Pte. Ltd. – Director

KAM CHAI HONG

Independent and Non-Executive Director



Mr. Kam Chai Hong (“**Mr. Kam**”) was appointed to the Board on 25 March 2022 and is the chairman of the Audit and Risk Committee and a member of the Remuneration Committee.

Mr. Kam has been the managing partner at the audit firm, Syarikat C.H. Kam, since June 1981, an executive director at the consultancy and property investment company, C.H. Kam Consultancy (2005) Sdn. Bhd., since February 1991, and an executive director at the tax consultancy company, C.H. Kam Taxation Services Sdn. Bhd., since January 1992. He was also an independent non-executive director of Yinson Holdings Berhad from January 1996 to August 2016.

Mr. Kam is currently a Chartered Accountant registered with both the Association of Chartered Certified Accountants and the Malaysian Institute of Accountants.

Date of Appointment to the Board: 25 March 2022

Board Committees:

Audit and Risk Committee (Chairman)
Remuneration Committee (Member)

Present Directorships in Listed Companies: Nil

Past Directorships in Listed Companies: Nil

Principal Commitments:

C.H. Kam Consultancy (2005) Sdn. Bhd. – Executive Director
C.H. Kam Taxation Services Sdn. Bhd. – Executive Director
Johore Bahru Foon Yew Associated Chinese Schools – Committee Member
Persekutuan Tiong-Hua, Johor Baru – First Vice President
Syarikat C.H. Kam – Managing Partner

Board of Directors

SIOW CHIN HOW

Independent and
Non-Executive Director



Mr. Siow Chin How (“**Mr. Siow**”) was appointed to the Board on 18 October 2021 and is the chairman of the Remuneration Committee and a member of the Audit and Risk Committee and Nominating Committee.

Mr. Siow has been a finance director at Maya Asia Resources Sdn. Bhd. since August 2014, and has also been the chief financial officer of Maya Asia Resources Pte. Ltd. since June 2015.

Mr. Siow obtained a Bachelor of Arts (Honours) in Accounting & Finance from the University of Abertay Dundee in 2002, and a Master in Business Administration from Victoria University in 2006. He is currently a Chartered Accountant registered with both the Institute of Singapore Chartered Accountants and the Malaysian Institute of Accountants, as well as a Certified Public Accountant registered with CPA Australia.

Date of Appointment to the Board: 18 October 2021

Board Committees:

Remuneration Committee (Chairman)
Audit and Risk Committee (Member)
Nominating Committee (Member)

Present Directorships in Listed Companies: Nil

Past Directorships in Listed Companies: Nil

Principal Commitments:

Bebe Malaysia Sdn. Bhd. – Director
Johore Bahru Foon Yew Associated Chinese Schools – Director
Majujaya Holdings Sdn. Bhd. – Director
Maya Asia Holdings Sdn. Bhd. – Director
Maya Asia Resources Sdn. Bhd. – Finance Director
Maya Asia Resources Pte. Ltd. – Chief Financial Officer
Maya Manufacturing & Trading Company (Malaysia) Sdn. Bhd. – Director
Maya Packaging Industries Sdn. Bhd. – Director
Maya Plastic Sendirian Berhad – Director

WANG HAN LIN

Independent and
Non-Executive Director



Mr. Wang Han Lin (“**Mr. Wang**”) was appointed to the Board on 25 March 2022 and is the chairman of the Nominating Committee and a member of the Remuneration Committee.

Mr. Wang was a partner of the law firm, S. K. Song, from June 1995 to December 1999, a sole proprietor of the law firm, H. L. Wang & Co, from January 2000 to December 2001, and has been the managing partner of the law firm, Wang & S. B. Wong, since January 2002.

Mr. Wang obtained a Bachelor of Economics from Monash University in 1992 and a Bachelor of Laws from Monash University in 1994.

Date of Appointment to the Board: 25 March 2022

Board Committees:

Nominating Committee (Chairman)
Remuneration Committee (Member)

Present Directorships in Listed Companies: Nil

Past Directorships in Listed Companies: Nil

Principal Commitments:

3W Realty Sdn. Bhd. – Director
Berlian Harmoni Sdn. Bhd. – Director
Bright Aim Capital Sdn. Bhd. – Director
Exotic Fiesta Sdn. Bhd. – Director
Impian Optimis Sdn. Bhd. – Director
Industri Taman Sri Yaacob Sdn. Bhd. – Director
KK Wang Capital Sdn. Bhd. – Director
OKB Venture Sdn. Bhd. – Director
SWWT Holdings Sdn. Bhd. – Director
Teras Dayabumi Sdn. Bhd. – Director
Wang & S.B. Wong – Managing Partner
Wang And Wang Holdings Sdn. Bhd. – Director
WHL Capital Holdings Sdn. Bhd. – Director

Key Management

SIM TING LING

Group Financial Controller



Ms. Sim Ting Ling (“**Ms. Sim**”) graduated from the University of Melbourne, Australia in 2016 with a Bachelor of Commerce and double major in Accounting and Finance. She commenced her career in PricewaterhouseCoopers Malaysia in July 2017 where she was involved in assurance, audit and business advisory assignments. She subsequently joined KPMG Singapore in November 2021 as an Assistant Manager where she continued to be involved in assurance assignments. She returned to Malaysia in 2022 and joined the Group in September 2022 as Group Financial Controller where she is responsible for the overall finance and reporting function of the Group.

Ms. Sim is a Certified Public Accountant of Australia and was awarded Certificate of Excellence by CPA Australia in 2021. She is also currently a Chartered Accountant registered with the Malaysian Institute of Accountants.

BOO CHIN HWEЕ

Head of Marketing



Mr. Boo Chin Hwee (“**Mr. Boo**”) joined the Group in March 2014 as a sales and marketing manager and was promoted to the position of Head of Marketing of the Group in November 2020. As the Head of Marketing, he is responsible for overseeing and managing all marketing campaigns for the Group. Prior to joining the Group, he was an acting assistant marketing manager at Universal Environmental Resources Sdn. Bhd. from June 2009 to March 2014.

Mr. Boo obtained a Bachelor of Business Administration (Honours) from Universiti Utara Malaysia in 2009.

Key Management

ANG KHOON POH

Head of Research & Development



Mr. Ang Khoon Poh (“**Mr. Ang**”) joined the Group in June 2012 as a R&D engineer while pursuing his studies and was promoted to the position of manager in April 2018, and subsequently to the Head of R&D of the Group in November 2020. As the Head of R&D, he is responsible for overseeing and managing all research and development activities for the Group.

Prior to joining the Group, he was a research assistant with the department of chemistry at the University of Malaya from January 2009 to January 2010.

Mr. Ang obtained a Bachelor of Science (Honours) (Major in Applied Chemistry) from the University of Malaya in 2009 and a Master of Science from the University of Malaya in 2014.

WONG YING WEI

Head of Administration



Ms. Wong Ying Wei (“**Ms. Wong**”) joined the Group in April 2016 as executive director and was promoted to the position of Head of Administration in November 2020. She is responsible for planning and coordinating administrative procedures and systems, recruiting and training personnel, allocating responsibilities and office space, assessing staff performance, coaching and providing guidance to staff to ensure maximum efficiency and ensuring the smooth and adequate flow of information within our Group to facilitate other business operations.

Prior to joining the Group, she was a purchasing executive at Wentel Corporation Sdn. Bhd. (“**Wentel Corporation**”) from January 2011 to March 2012, and promoted to the position of business executive from March 2012 to December 2016. She was subsequently promoted to business manager and logistic manager from December 2016 to December 2020, and has been a non-executive director of Wentel Corporation since February 2021 and will continue to be a non-executive director of Wentel Corporation as her involvement in the company is minimal. As a non-executive director, she is not involved in the day-to-day operations of Wentel Corporation. Ms. Wong is also, and will continue to be, a non-executive director of Golden Oriental Realty Sdn. Bhd. as her involvement in the company is minimal.

Ms. Wong obtained a Bachelor of Business from Swinburne University of Technology in 2007 and a Master of Business (Marketing) from Swinburne University of Technology in 2009.

Corporate Social Responsibility

At 5E Resources, we strive to play our part as a responsible corporate citizen to give back to our society and improve the welfare of the communities in which we serve.

COMMITMENT TO COMMUNITY



On 19 October 2022, the Group donated two SMART TVs to Sekolah Kebangsaan Taman Bukit Dahlia, Pasir Gudang, Johor to provide the students with digital learning tools for a more effective and engaging learning environment.



On 29 November 2022, the Group donated RM14,850 to the "National 100 million trees by 2025", a mission within the Greening Malaysia Agenda. The initiative is a national agenda set by the Yayasan Hijau Malaysia, an agency under the Ministry of Energy & Natural Resources. Led by the Forestry Department of Peninsular Malaysia, the initiative provides practical ways to improve our surrounding landscapes and contributes towards a greener environment.



The Group hosted 82 students from Foon Yew High School on a site visit to PLO 738 plant on 29 and 30 November 2022. The students were brought on a guided tour of the plant for better insights into the operations of a scheduled waste management services provider.

Corporate Information

REGISTERED OFFICE

30 Cecil Street
#19-08 Prudential Tower
Singapore 049712
Tel: (60) 7252 1288
Fax: (65) 7256 0688
Email: enquiry@5e-resources.com

BOARD OF DIRECTORS

Loo Sok Ching
Chairperson and Executive Director

Lim Te Hua
Executive Director and Chief Executive Officer

Shankar Narasingam
Executive Director and Chief Operating Officer

Wong Chee Meng Lawrence
Lead Independent and Non-Executive Director

Kam Chai Hong
Independent and Non-Executive Director

Siow Chin How
Independent and Non-Executive Director

Wang Han Lin
Independent and Non-Executive Director

NOMINATING COMMITTEE

Wang Han Lin (Chairman)
Siow Chin How
Wong Chee Meng Lawrence

REMUNERATION COMMITTEE

Siow Chin How (Chairman)
Kam Chai Hong
Wang Han Lin

AUDIT AND RISK COMMITTEE

Kam Chai Hong (Chairman)
Siow Chin How
Wong Chee Meng Lawrence

COMPANY SECRETARY

Shirley Tan Sey Liy (FCS, FCG)

SPONSOR

RHT Capital Pte. Ltd.
36 Robinson Road
#10-06
City House
Singapore 068877

SHARE REGISTRAR AND SHARE TRANSFER OFFICE

In.Corp Corporate Services Pte. Ltd.
30 Cecil Street
#19-08 Prudential Tower
Singapore 049712

AUDITOR

PricewaterhouseCoopers LLP
7 Straits View
#12-00
Marina One East Tower
Singapore 018936

Partner-in-charge: Rebekah Khan
(a member of the Institute of Singapore Chartered Accountants)
Financial year appointed:
31 December 2022

PRINCIPAL BANKERS

OCBC Bank Malaysia Berhad
Menara OCBC
18 Jalan Tun Perak
50050 Kuala Lumpur

Public Bank Berhad
Menara Public Bank
146 Jalan Ampang
Peti Surat 12542
50450 Kuala Lumpur

RHB Bank Berhad
Tower Two & Three, RHB Centre
Jalan Tun Razak
50400 Kuala Lumpur
Peti Surat 10145
50907 Kuala Lumpur

Hong Leong Bank Berhad
Menara Hong Leong
No.6, Jalan Damanlela
Bukit Damansara
50490 Kuala Lumpur

Affin Bank Berhad
17th Floor, Menara Affin
80, Jalan Raja Chulan
50200 Kuala Lumpur

WEBSITE

www.5e-resources.com

Sustainability Report





Sustainability Report

BOARD STATEMENT

Dear Stakeholders,

The Board of Directors (“**Board**” or “**Directors**”) of 5E Resources Limited (“**5E Resources**” or the “**Company**”, together with its subsidiaries, the “**Group**”) is pleased to present 5E Resources’ first sustainability report (“**Report**”) for the financial year ended 31 December 2022 (“**FY2022**”). This Report demonstrates our commitment to generate positive impacts on the environment and society, and to create lasting shared value for our business and stakeholders.

Being in the scheduled waste management industry, the Board is keenly aware of environmental challenges and deeply committed to sustainable growth. 5E Resources recognises that sustainable development is imperative for the Group’s long-term success in a world that is facing growing risks posed by climate change and global warming. Accordingly, our Board aims to shape our operations to reflect our mission of being responsible stewards of the environment, and integrate Environmental, Social, and Governance (“**ESG**”) considerations across our business operations. Based on the contents of the Report, we have integrated several recommendations from the Task Force on Climate-related Financial Disclosures (“**TCFD**”) and we will strive to progressively disclose all 11 TCFD recommendations in the subsequent sustainability reports.

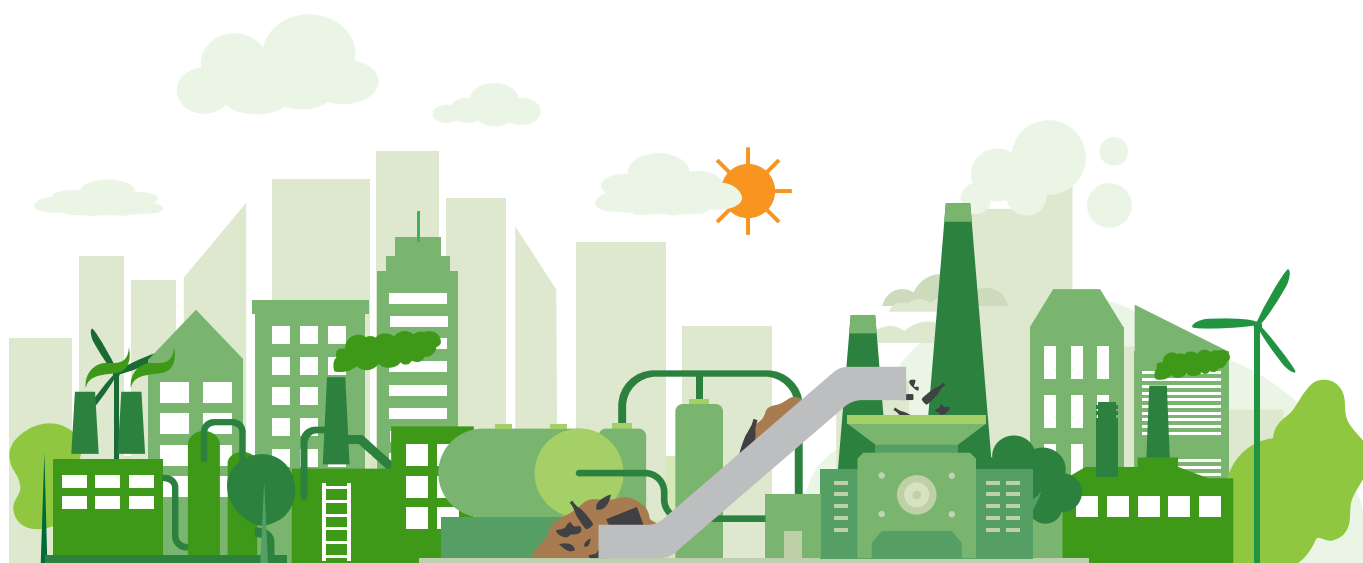
The Board, assisted by 5E Resources’ Sustainability Committee (“**SC**”), is responsible for monitoring, and overseeing ESG issues as part of its annual strategic formulation. Through the materiality assessment, our SC identifies the material topics and embeds their underlying implications into the Group’s strategic direction. To ensure transparent and focused implementation of 5E Resources’ sustainability strategy, this Report was prepared in accordance with the internationally recognised Global Reporting Initiative (“**GRI**”) standards and was also guided by the United Nations Sustainable Development Goals (“**UN SDGs**”).

We greatly appreciate the support provided by all our stakeholders along this journey, and we look forward to working with all stakeholders to build a sustainable future together.

Yours faithfully,

For and on behalf of the Board

Lim Te Hua
Executive Director and Chief Executive Officer



Sustainability Report

ABOUT THIS REPORT

Scope of Report

This Report focuses on the ESG performance, sustainability strategy and practices, as well as metrics and targets of the Group's operations for FY2022. The date disclosed and contents within this Report have been prepared in good faith and to the best of our knowledge.

Reporting Framework

This Report has been approved by the Board and prepared in accordance with the sustainability reporting requirements of Rules 711A and 711B of the Listing Manual Section B: Rules of Catalist (the "**Catalist Rules**") of the Singapore Exchange Securities Trading Limited ("**SGX-ST**"), GRI Standards: Core Option ("**GRI Standards**"), and the TCFD recommendations. The content of this Report is defined by the four reporting principles established by GRI Standards as follows:

1. **Stakeholder Inclusiveness:** The Report context is determined based on various stakeholder engagements and internal discussions that 5E Resources considers to be accountable.
2. **Sustainability Context:** This Report covers the Group's performance in various ESG aspects.
3. **Materiality:** Material issues in this Report are determined through stakeholder engagements and internal discussions. All relevant factors are then weighted according to their respective importance to stakeholders, as well as their impact on 5E Resources' business.
4. **Completeness:** This Report covers the impacts that 5E Resources contributes to the material topics during the reporting period using all relevant data and information collected.

Report Content and Quality

This Report aims to provide an integrated overview of the Group's initiatives and strategies related to sustainability and responsible business development. To ensure content quality, we have applied GRI's principles of accuracy, balance, clarity, comparability, reliability, and timeliness, as well as TCFD's seven principles for effective disclosure. The Report has been internally reviewed by Baker Tilly Consultancy (Singapore) Pte Ltd.

Feedback

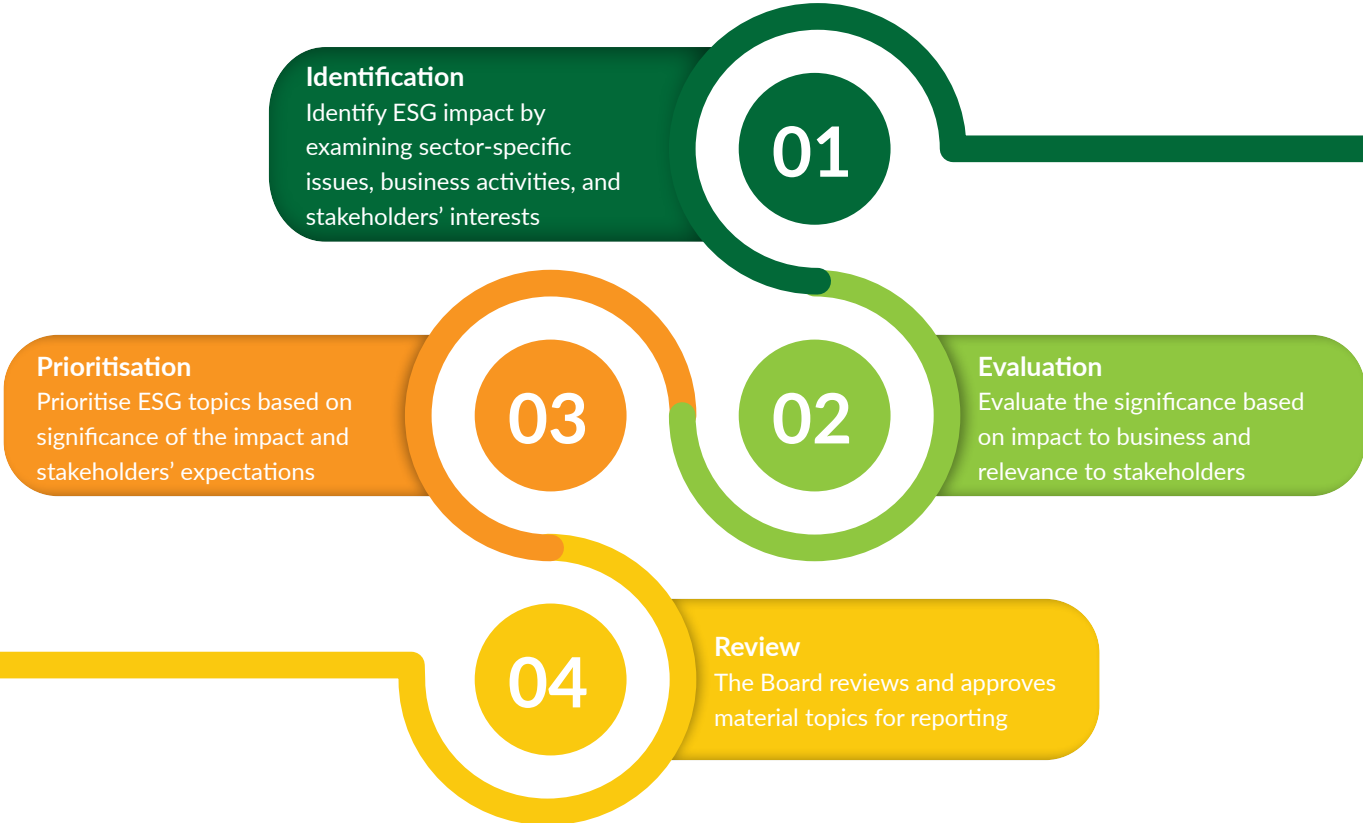
As part of our continuous efforts to improve our sustainability performance, we welcome any questions, comments, or feedback on any aspect of this Report. Please write to: ir@5e-resources.com.





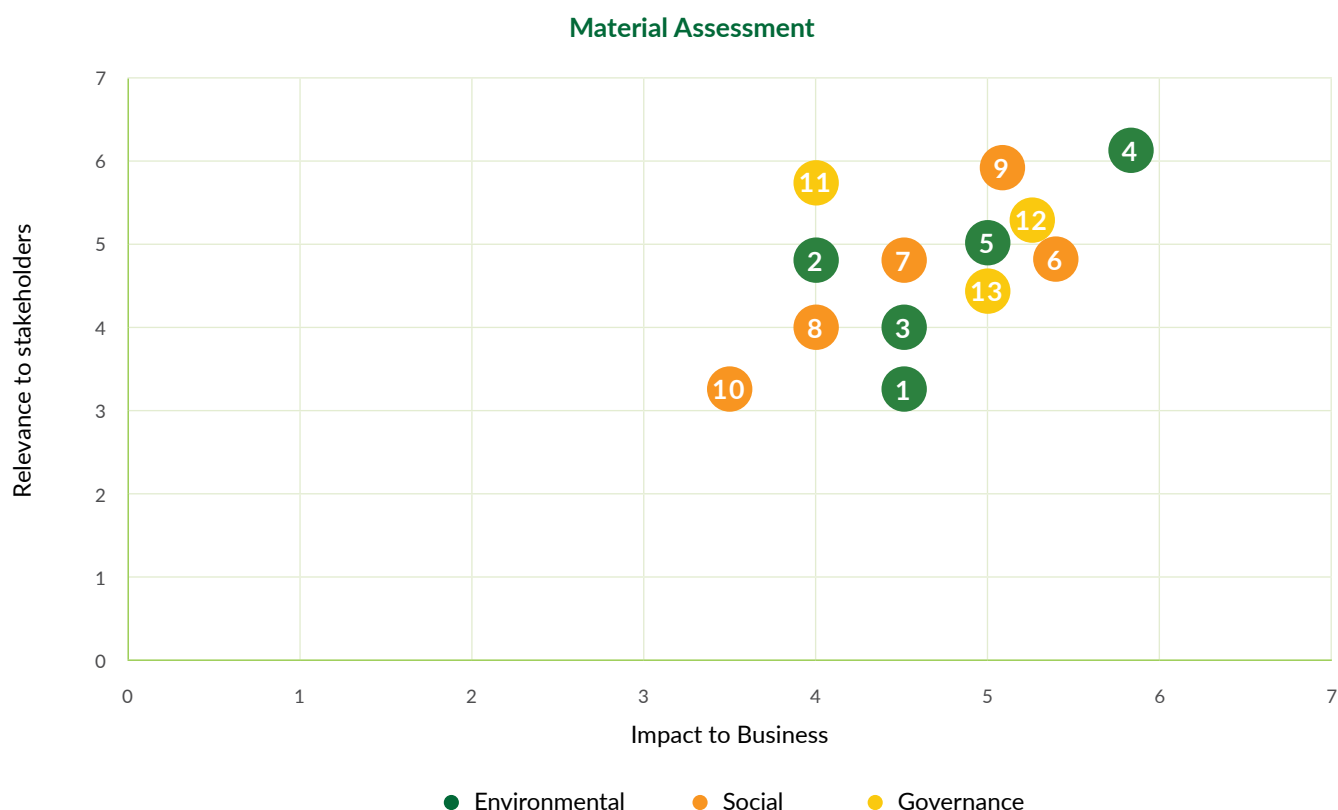
MATERIALITY ASSESSMENT

Through feedback from all stakeholders via various communication channels, we periodically evaluate and benchmark our business operations against the changing business landscape and regulatory developments, as well as review the relevance of the issues material to our business. The materiality assessment was conducted according to the GRI guidelines and the key ESG issues are ranked and scored by the SC in the materiality matrix based on consideration of their impact on our business financials and operations. The Group adopts the following four-step process to pinpoint the material topics:



Sustainability Report

As depicted in the chart below, these material ESG topics were subsequently placed on a materiality matrix, and their relative position is dependent on their impact to our Group’s business and their relevance to stakeholders’ concerns. We have identified 13 key ESG material topics of varying degrees of significance and importance to stakeholders as follows:



Legend

Environmental	Social	Governance
1: Climate Change	6: Diversity and Equal Opportunity	11: Bribery and Corruption
2: Greenhouse Gas Emissions	7: Training and Development	12: Business Ethics and Conduct
3: Energy Consumption and Efficiency	8: Labour Standards	13: Regulatory Compliance
4: Waste Management	9: Occupational Health and Safety	
5: Environmental Policy Compliance	10: Community Involvement	

Sustainability Report

OUR ALIGNMENT WITH THE UN SDGS






The United Nations introduced Sustainable Development Goals in 2015 to provide targets and indicators for broad global sustainability achievements. 5E Resources is also committed to actions that provide contributions locally that will bring positive change globally.

Over the past year, we made positive contributions to the UN SDGs through our business practices, employee benefits and training programs. Specifically, we have adopted seven goals that are most aligned with our core services and material issues. They are Goal 3: Good Health and Well-Being; Goal 5: Gender Equality; Goal 8: Decent Work and Economic Growth; Goal 11: Sustainable Cities and Communities; Goal 12: Responsible Consumption and Production; Goal 13: Climate Action; and Goal 16: Peace, Justice and Strong Institutions. These goals underpin our support for sustainable development.



Our Material Topics	Our Commitment	Our Practices	Contribution to UN SDGs
<p>Environmental:</p> <ul style="list-style-type: none"> • Climate Change • Greenhouse Gas Emissions • Energy Consumption and Efficiency • Waste Management • Environmental Policy Compliance 	<ul style="list-style-type: none"> • Awareness of the risks that climate change poses to our business, as severe weather has the potential to disrupt services and damage our facilities. • Ensuring efficient use of environmental resources to reduce environmental footprint from our core activities and business practices. • Minimising our electricity consumption in our operations. 	<ul style="list-style-type: none"> • Our offices are equipped with light emitting diode (“LED”) lighting to enhance energy efficiency. • We have reduced paper usage by using both sides of scrap paper and encouraging ‘go paperless’ initiatives in our office premises. • We have adopted a rainwater harvesting system and initiative of using green engine to optimise energy efficiency. 	<div data-bbox="1264 1641 1469 1854"> <p>12 RESPONSIBLE CONSUMPTION AND PRODUCTION</p>  </div> <div data-bbox="1264 1888 1469 2092"> <p>13 CLIMATE ACTION</p>  </div>

Sustainability Report







Our Material Topics	Our Commitment	Our Practices	Contribution to UN SDGs
<p>Social:</p> <ul style="list-style-type: none"> • Diversity and Equal Opportunity • Training and Development • Labour Standards • Occupational Health and Safety • Community Involvement 	<ul style="list-style-type: none"> • 5E Resources embraces fair employment practices and selects candidates based on merit, regardless of their age, gender, nationality, religion and sexual orientation. • 5E Resources offers opportunities for career growth to attract new talents and retain existing employees. • We are committed to create a safe working environment for our employees to promote positive health and well-being effects. • 5E Resources launches and supports community outreach initiatives. 	<ul style="list-style-type: none"> • Our employees undergo orientation, internal trainings (e.g., Firefighting, PPE and SOP training) as well as external training programmes (e.g., First aid, forklift and scheduled waste training). • Adopt fair employment and merit-based practices. • Conduct various corporate social responsibility events as well as implement sustainable and responsible business practices. 	<p>3 GOOD HEALTH AND WELL-BEING</p>  <p>5 GENDER EQUALITY</p>  <p>11 SUSTAINABLE CITIES AND COMMUNITIES</p> 
<p>Governance:</p> <ul style="list-style-type: none"> • Bribery and Corruption • Business Ethics and Conducts • Regulatory Compliance 	<ul style="list-style-type: none"> • 5E Resources' Whistleblowing Policy encourages the reporting of any non-compliance regarding possible malpractice or improprieties. • We are committed to upholding fair and ethical business conduct, complying with the applicable law and regulations as well as industry best practices. • We have adopted zero-tolerance for acts such as fraud, bribery, and corruption. 	<ul style="list-style-type: none"> • Adopt corporate governance practices consistent with the Malaysian Code of Corporate Governance and Singapore's Code of Corporate Governance 2018. • As the Group operates in Malaysia, we are required to comply with the laws and regulations in the jurisdiction. 	<p>8 DECENT WORK AND ECONOMIC GROWTH</p>  <p>16 PEACE, JUSTICE AND STRONG INSTITUTIONS</p> 

Sustainability Report

STAKEHOLDER ENGAGEMENT

At 5E Resources, we are cognisant of the importance of communicating with our various stakeholders and understanding their expectations and concerns, as well as constantly engaging our stakeholders through various channels to sustain trust and achieve our objectives. Both internal and external stakeholders are crucial to us as they can make a positive and meaningful impact on our business activities.

The table below summarises our stakeholder groups, engagement platforms, frequency of engagement as well as the stakeholders' key concerns on sustainability.

Stakeholder	Engagement Platforms	Frequency	Key Concerns
 Employees	Performance appraisal	Annual	<ul style="list-style-type: none"> • Remuneration and benefits • Employee safety and well-being • Training and development opportunities • Fair and competitive employment practices and policies • Work-life balance
	Training programmes and courses	Ad-hoc	
	Platform for submission of feedback	Perpetual	
	Dialogue session with senior management	Ad-hoc	
 Customers	Quality assurance	Perpetual	<ul style="list-style-type: none"> • Quality services provided and products sold to customers • Timely response to customer feedbacks and complaints • Customer information protection
	Project progress monitoring	Monthly	
	Customer feedback channels	Ad-hoc	
 Suppliers	Correspondence through emails, phone calls and meetings	Ad-hoc	<ul style="list-style-type: none"> • Certifications and quality assurance • Environmental impact assessment • Strong and lasting cooperation
	Annual performance evaluation	Annual	
 Investors and Shareholders	Annual general meetings	Annual	<ul style="list-style-type: none"> • Timely and transparent updates and disclosures • Financial stability and long-term growth plans • Sustainability efforts • Compliance with listing requirements • Risk management • Sound corporate governance practices
	Financial result announcements	Half-yearly	
	Corporate updates and announcements on SGXNet	Perpetual	
	Company website	Perpetual	
	Annual report and Sustainability Report	Annual	
 Government and Regulators	Meetings, briefings and reporting	Ad-hoc	<ul style="list-style-type: none"> • Compliance updates with regulatory requirements • Corporate governance • Timely data reporting • Participating in stakeholder consultations by government agencies • Sustainability reports
	Correspondences through emails and letters	Ad-hoc	
 Community	Community outreach initiatives	Ad-hoc	<ul style="list-style-type: none"> • Corporate social responsibility • Safe environment • Sustainable and responsible business practices

Sustainability Report

ENVIRONMENTAL

Climate Change

As the world rallies to meet the required goal of limiting global temperature rise to well below 1.5°C as set out in the Paris Agreement, the Group recognises the imperative need to curtail our carbon footprint and operate sustainably. We strive to do our part to reduce greenhouse gas (“GHG”) emissions in our business activities, and work towards developing strategies to build climate resilience across our business operations.







TCFD REPORT

Governance Structure

The Board has ultimate responsibility over the Group’s sustainability strategy, including setting strategic objectives that focus on climate-related risks and opportunities. The Board regularly evaluates potential climate-related risks and opportunities as part of the comprehensive risk assessment and maintains strategic risk management oversight. The Board also determines material ESG factors, including climate-related metrics and targets.

The Board is supported by the Group’s SC, which takes a proactive role in developing the Group’s sustainability practices, as well as implementing climate strategies and policies. The SC is chaired by the Group’s Chief Executive Officer and supported by members from the relevant departments, such as Environmental, Health & Safety, Research and Development and Human Resources.

Roles and Responsibilities

Designation	Roles	Responsibilities
 Chief Executive Officer	Oversees Group’s plans and approves its strategies, metrics, and targets to address its climate-related risks	<ul style="list-style-type: none"> Provides strategic guidance and formulate Group’s sustainability strategy Identifies climate-related risks and opportunities Reviews climate-related metrics and targets
 Chief Operating Officer	Deputy chair of SC to foster a culture of sustainability	<ul style="list-style-type: none"> Manages day-to-day operations pertaining to ESG performance of the Group Oversees daily administrative and operational functions related to sustainable development Evaluates ESG risks and monitors climate-related performances in the Group’s business practices
 Group Financial Controller	Member of SC to support sustainability practices	<ul style="list-style-type: none"> Reviews the financial performance of climate-related risks and opportunities undertaken by the Group Coordinates reporting and disclosures
 Head of Research and Development	Member of SC to support sustainability practices	<ul style="list-style-type: none"> Conducts risk assessment and environmental impact analysis of various waste and pollution Ensures wastewater discharges meet regulatory requirements and works towards environmental conservation
 Head of Administration	Member of SC to support sustainability practices	<ul style="list-style-type: none"> Ensures legal compliance with relevant requirements, such as documentation and housekeeping sub-activities Works closely with the SC to assess and manage climate-related risks and opportunities
 Environment, Health and Safety Manager	Member of SC to support sustainability practices	<ul style="list-style-type: none"> Ensures compliance with environmental-related laws and regulations through workplace inspection and monitoring of energy usage Works closely with the SC to assess and manage climate-related risks and opportunities

Sustainability Report

Strategy

Our strategy is to transform 5E Resources into a climate-resilient and future-ready business. Our overarching climate strategy is to identify, assess and mitigate potential impact of climate-related physical risks and transition risks in our business. We also seek to capitalise on climate-related opportunities with the global transition to a lower-carbon economy by 2030 and a net-zero standard by 2050. Through enhancing the comprehensiveness and depth of quantified information, we expect our strategies to evolve as we progress with a deeper analysis of risks and opportunities over the coming years.

An overview of our approach

To assess the impact of climate change on our business, the TCFD recommends undertaking scenario analysis as a way of testing the business under different climate scenarios. We selected two climate scenarios for the purpose of our assessment. Firstly, in our Paris-aligned scenario, we assessed transition risks by using a scenario where the rise in global temperatures is limited to an average of well below 2°C above pre-industrial levels. Secondly, in our no mitigation scenario we assessed physical risks by selecting a stressed physical scenario which assumes limited policy changes are implemented to curb the current volume of emissions, resulting in an increase of 4°C in average global temperatures.

Scenario	Paris-aligned scenario (below 2°C)	No mitigation scenario (4°C)
Rationale	We selected this scenario to assess the transition impacts in an economy shifting to a low carbon world. It reflects actions required to limit global warming to under 2°C.	We selected this scenario to assess our physical risks under a high-emission scenario, consistent with a future with limited policy changes to reduce emissions.
Underlying model	International Energy Agency's Sustainable Development Scenario	Intergovernmental Panel on Climate Change ("IPCC") Representative Concentration Pathway 8.5
Used to analyse	Transition impacts	Physical impacts
Assumptions	Transition features: <ul style="list-style-type: none"> • Carbon price introduced • Fossil fuel subsidies phased out by 2050 in net-importers and by 2035 in net-exporters • Increased generation to renewable energy 	Physical features: <ul style="list-style-type: none"> • Global emissions continue to rise because of high carbon intensity • Global mean sea level rise of 0.63m by 2100 • High frequency and intensity of heat waves and extreme precipitation events



Sustainability Report

Climate-Related Risks and Opportunities

Taking into account the above scenarios, we have identified the following risks and opportunities, as well as their impacts on our business should the above scenarios materialise.

Climate-Related Risks	
Risk Type	Impact
Physical Risks	
<i>Acute</i> Increased occurrence of natural disasters and severe weather conditions	<ul style="list-style-type: none"> • Disrupted operations of waste treatment plants • Affected logistics and transportation schedule for customers • Prolonged products and services delivery • Damaged physical assets
<i>Chronic</i> Rising mean temperatures	<ul style="list-style-type: none"> • Decreased employee productivity • Increased utilities bills to maintain indoor temperature
Transition Risks	
Policy and Legal	<ul style="list-style-type: none"> • Increased capital investments and expenditures to meet compliance requirements • Increased compliance costs and operation costs • Fines, penalties and loss of business opportunities
Technology	<ul style="list-style-type: none"> • Capital investments into new or stricter environmentally-friendly technology
Market	<ul style="list-style-type: none"> • Adoption of energy and water efficient fixtures & fittings • Changing customer preferences such as demand for smarter scheduled waste management as well as greener products and services • Market transition to alternative and renewable energy
Reputation	<ul style="list-style-type: none"> • Low confidence in investment community should any negative image arises from fines or penalties related to environmental compliance • Reduction in capital availability
Climate-Related Opportunities	
Resource Efficiency	<ul style="list-style-type: none"> • Enhancing energy efficiency and water conservation in our office premises and business operations can reduce costs
Energy Sources	<ul style="list-style-type: none"> • Returns on investment in low-emission technology • Increased energy resilience
Products and Services	<ul style="list-style-type: none"> • Enhanced competitiveness • Offerings with smart scheduled waste management as well as environmentally-friendly products and services can attract and retain customers



Sustainability Report

ESG Risk Management

5E Resources also acknowledges that maintaining a sound system of ESG risk management is imperative to safeguarding the interests of the Group and fostering trust with our stakeholders. To keep abreast of any changes in existing regulatory requirements and maintain good corporate governance, we proactively identify any major environmental risks related to our business, as well as review major environmental risk performance on a regular basis.

With a systematic ESG risk management framework in place, we will continue to emphasise on environmental protection by allocating sufficient resources such as skilled personnel, technology and capital to ensure our environmental compliance going forward. As part of our annual enterprise risk assessment, ESG risks are identified, assessed, and managed to ensure that these risks remain within our risk appetite.

The table below illustrates our key mitigation strategies for material transition risks.

Climate-Related Risks	
Risk Type	Mitigating Measures
Transition Risks	
Policy and Legal	<ul style="list-style-type: none">• Use of sustainable practices that are in compliance with national as well as local legal requirements and safety standards for environmental protection• Adoption of renewable energy or alternative energy
Technology	<ul style="list-style-type: none">• Switch to greener and low-emission technologies
Market	<ul style="list-style-type: none">• Prioritise the reduction of emissions and air pollutions in our value chain• Leverage on opportunities to develop new markets
Reputation	<ul style="list-style-type: none">• Work closely with stakeholders to promote environmental-friendly practices in our value chain

Metrics and Targets

In addition to our existing metrics and targets, we continue to perform best-suited practices to enhance our TCFD disclosures, which include improving our ability to collect, measure and report emissions, working with our suppliers and customers, as well as exploring new ways in which we can use analytics, automation, and artificial intelligence to enhance decision making and transparency.

Greenhouse Gas Emissions

The majority of GHG emissions within our operations arise from our use of electricity and fuel consumption. Activities from our core services are the key drivers of GHG emissions. We monitor the quality of our air emissions via continuous emission monitoring systems installed at our furnaces, periodic ambient air monitoring, as well as periodic stack emission monitoring via sampling of air quality at various parts of our factories. Therefore, we disclose Scope 1 direct emissions and Scope 2 indirect emissions in line with the GHG protocol and the GRI Standards.

Our Group contributes to air pollution mainly through two streams, in terms of combustion of fossil fuels from the use of motor vehicles (Scope 1 Emissions) and consumption of purchased energy (Scope 2 Emissions).

Sustainability Report

Motor vehicles (Scope 1 Emissions)

Our motor vehicles run on fossil fuels, which give rise to the emission of greenhouse gases. Key GHG emissions include carbon dioxide ("CO₂"), methane ("CH₄") and nitrous oxide ("N₂O"). The introduction of these GHG to the atmosphere has deleterious impact, including global warming, the formation of acid rain, lower visibility and the development of respiratory issues.

To further curtail our emissions, we consider replacing more vehicles with green engines or switching to lower emissions vehicles that are fuel efficient, equipped with eco-friendly technology, and comply with the emission standards. Regular maintenance is performed to ensure optimal engine performance and fuel consumption, which in turn reduces our GHG emissions.

Environmental performance in FY2022

Pollutant	CO ₂	CH ₄	N ₂ O
Emission Factor ¹	2.68	0.000023	0.000032
Global Warming Potential (GWP)	1	28	265

	FY2022
Fuel Used	Diesel
Fuel Consumed (l)	737,771
CO ₂ Emissions (tCO ₂ e)	1,983.82
CH ₄ Emissions (tCO ₂ e)	0.00478
N ₂ O Emissions (tCO ₂ e)	0.06221
Total GHG Emissions (tCO ₂ e)	1,983.88
Number of employees	155
GHG Intensity (tCO ₂ e/employee)	12.80

Electricity Consumption (Scope 2 Emissions)

Our GHG emissions are generated from the consumption of purchased energy in the form of electricity, which is a by-product of the burning of fossil fuels. Electricity is an indispensable part of our business operations to run the various electrical appliances.

Our Group strives to minimise our electricity consumption by adopting the following sustainable measures:

- Turning off any electrical appliance when not in use;
- Setting air-conditioning systems at an optimal temperature of 25°C to save energy;
- Performing regular maintenance of equipment to optimise energy efficiency; and
- Adopting energy-efficient fixtures and fittings, such as LED lights and motion sensors.

Environmental performance in FY2022

Pollutant	CO ₂
Average Emission Factor ²	0.55

1 Retrieved from: Guidance from GHG Protocol and Intergovernmental Panel on Climate Change (IPCC)

2 Retrieved from: TNB's (Tenaga Nasional Berhad) Sustainability Report 2021

Sustainability Report

	FY2022
Electricity Consumed (kWh)	2,817,151
CO ₂ Emissions (tCO ₂ e)	1,549
Number of Employees	155
GHG Intensity (tCO ₂ e/employee)	10

Moving forward, we will continue to collect data for this stream of emissions to allow for comparisons between reporting periods, and strive to reduce our fuel consumption, and thereby GHG emissions through more efficient use of our fuels.

Energy Consumption and Efficiency

We seek solutions to improve energy efficiency in our office premises and plants by implementing a range of technologies and best practices that reduce environmental impacts, improve operation efficiencies and achieve cost savings. In particular, our SC has inculcated a spirit of environmental stewardship with our workforce by reminding our employees to switch off the lights when they are no longer in use, and advocating digital documentation wherever possible. Moreover, the eco-friendly practice of recycling paper is widely practised across our facilities. Notably, we plan to progressively install solar panel systems to reduce our consumption of electricity drawn from the national power grid.

Beyond promoting environmental friendliness, these initiatives also aim to enhance 5E Resources' business and operations - increase productivity, lower consumption of natural resources as well as reduce wastage and pollution, creating a competitive edge and an overall improved financial performance.

Waste Management

As one of the leading services providers in the scheduled waste management industry, we hold 34 out of 77 Waste Codes and strive for excellence in scheduled waste management towards environmental conservation.

At 5E Resources, we adopt a customer-centric, technology-driven focus to drive our mission. Our scheduled waste management services aim to relieve our customers of their environmental impact liabilities by providing them with tailored solutions, striving to maximise recovery of resources and minimise waste disposal. Some of the waste composition that can be recycled and reused are listed out as follows:

- Oil recovery falls under SW 305, 306, 309, 312 and 327;
- Recycled solvent falls under SW 322 and SW 323; and
- Contaminated container falls under SW 409.

Accredited service providers are also engaged to manage by-products and waste from our operations. Our by-products and waste are primarily sent to service providers to transform into alternative raw materials for the cement industry and we work closely with our service providers to ensure the proper disposal of waste in accordance with local environmental standards and regulations.

Furthermore, 5E Resources is always committed to leverage industrial symbiosis initiatives to unlock powerful mechanisms which foster sustainable use of environmental resources and development. 5E Resources has undertaken various research and development processes, coupled with considerable joint efforts with our partners, to reduce waste through circular models by transforming them into alternative raw materials for the cement industry.

Sustainability Report

We believe our local knowledge, reputation and business connections put us in a good position to benefit from such growth. Most importantly, sustainability and environmental stewardship is embedded in all that we do.

The total waste generated and intensity for both hazardous and non-hazardous waste are as follows:

	FY2022
Hazardous Waste (tonnes)	2,123
Hazardous Waste Intensity ⁽¹⁾	0.04
Non-Hazardous Waste (tonnes)	8,430
Non-Hazardous Waste Intensity ⁽¹⁾	0.14

(1) Intensity figures are calculated by dividing waste output (tonnes) by total incoming waste quantity of 58,341 tonnes.

Environmental Policy Compliance

Complying with applicable laws and regulations is a top priority for the Group. As we grow our business, we have established an environmental compliance system, as well as implemented various environmental protection measures to ensure our compliance with the ISO 14001:2015 standards. Specifically, the relevant environmental policy includes noise control, air pollution control, as well as wastewater treatment.

The environmental related laws and regulations that 5E Resources needs to comply with and adhere to are as follows:

- Environment Quality Act, 1974, Act 127
- Environment Quality (Industrial Effluent) Regulations 2009
- Environment Quality (Scheduled Waste) Regulations 2005
- Environment Quality (Control of Emission from Diesel Engines) Regulations 1996
- Environment Quality (Clean Air) Regulations 2014
- Environmental Quality (Prescribed Premises) (Scheduled Wastes Treatment and Disposal Facilities) Regulations, 1989
- The Planning Guidelines for Environmental Noise Limits and Control
- Environment Quality (Refrigerant Management) Regulations 2020
- Guidelines for Packaging, Labelling and Storage of Scheduled Wastes in Malaysia

In particular, we monitor the environmental noise levels at various parts of our factories to ensure that they are within the permitted levels both during the day and night. Gas produced from our operations undergoes a treatment process where hazardous substances are removed before emission. Moreover, our factories are equipped with air pollution control systems to remove impurities from air emissions, and we also monitor the quality of our treated effluents via periodic sample analysis.

Most importantly, we regularly review the environmental policies and public health regulations to revise and implement the necessary initiatives and practices throughout our business operations. In FY2022, there were no reported non-compliances with Malaysian environmental laws and public health regulations.

Sustainability Report

Targets and Performance

Moving forward, to further demonstrate 5E Resources' efforts of being an environmental steward, we seek to take bolder climate actions and establish the following targets.

Material Topics	Short-Term Target (1-2 years)	Medium-Term Target (2030)	Long-Term Target (2050)
Climate Change	<ul style="list-style-type: none"> Increase awareness of climate change as well as its impact on business practices and core services. 	<ul style="list-style-type: none"> Accelerate transition to a lower-carbon practice by 2030. 	<ul style="list-style-type: none"> Aim to achieve climate-neutral by 2050.
Greenhouse Gas Emissions	<ul style="list-style-type: none"> Adopt the use of other renewable energy. Consider replacing more vehicles with green engines or switching to lower emissions vehicles. 	<ul style="list-style-type: none"> Reduce GHG emission levels and emission intensities by 20%. Disclose more categories under Scope 3 emissions. 	<ul style="list-style-type: none"> Perform scenario analysis with more quantitative outcomes.
Energy Consumption and Efficiency	<ul style="list-style-type: none"> Adopt the use of energy efficient features and fittings. 	<ul style="list-style-type: none"> Reduce electricity consumption and intensities by 10%. Adopt energy efficient methods in waste management operations. Launch initiatives to install solar panels. 	<ul style="list-style-type: none"> Achieve 80% of features and fitting that are energy efficient and environmentally friendly.
Waste Management	<ul style="list-style-type: none"> Reduce waste generated and waste intensities by 10%. Increase recycled waste composition by 5%. 	<ul style="list-style-type: none"> Reduce waste generated and waste intensities by 20%. Increase recycled waste composition by 15%. 	<ul style="list-style-type: none"> Reduce waste generated and waste intensities by 30%. Increase recycled waste composition by 30%.
Environmental Policy Compliance	<ul style="list-style-type: none"> Maintain zero incidents of environmental policy related fines. 		



Sustainability Report

SOCIAL

At 5E Resources, we believe in care for our employees as a pillar of our sustainable growth. We are committed to fostering the holistic development of our employees by providing a conducive work culture that encourages cooperation. Training courses and development opportunities are provided to our employees that help in personal and career development as well as improve the resilience of the Group.

We work towards creating an inclusive workplace environment, committed to mutual respect, fairness, and equality for all our staff and workers. In FY2022, there were a total number of 155 employees, which was an increase of 24% as compared to FY2021. Among all the employees, there were 131 males and 24 females, which accounted for 85% and 15% respectively. The followings were statistics of new hires and employee turnover for FY2022.

New hires	No. of headcount
By Gender	
Male	59
Female	6
By Age Group	
<30 years old	51
30-50 years old	13
>50 years old	1
Employee turnover	No. of headcount
By Gender	
Male	30
Female	3
By Age Group	
<30 years old	19
30-50 years old	13
>50 years old	1

Diversity and Equal Opportunity

We adopt fair and performance-based employment and recruitment practices to attract the best-suited individuals and maintain a collaborative and resilient corporate culture. 5E Resources has formulated our employee handbook and various policies, including hiring, termination, and retirement procedures.

Moreover, we seek to embrace fair workplace practices with equal employment and promotion opportunities for all our employees. We conduct annual performance appraisal to identify development gaps and training needs of our employees. Additionally, we also obtain feedback from our employees concerning the working environment and their expectations during the annual performance review to ensure that the Group can meet their personal development needs and career aspirations.

We are committed to provide a workplace that is free from harassment or discrimination based on gender, physical or mental state, race, nationality, religion, age or family status; as well as any other attribute recognised by Malaysia law. We have established avenues for employees to report grievances and will respond promptly to any complaints, grievances and concerns raised by our employees regarding any form of discrimination and/or harassment.

Sustainability Report

Training and Development

We believe in offering continuous training opportunities for our employees' career development as well as 5E Resources' continued operational success. Qualified employees are offered the opportunity to be trained and become certified in industry-standard skills. Our annual performance appraisals provide an avenue for employees to communicate their career goals to their supervisors. We assess each employee's training needs on a continuous basis and fully fund their training expenses. We ensure that our employees are offered both internal and external training courses and programmes to keep abreast with industry trends as well as fulfil compliance-related training. We conduct orientation programmes, on-the-job training and in house training to facilitate seamless integration of new hires, and align them with our mission, vision, as well as core values, and corporate culture.

In FY2022, training courses and workshops were conducted for our employees such as waste handling, certified environmental professional in scrubber operation and chemical spillage handling. In particular, all confirmed employees interested in any continual courses can discuss with department heads on the partial or full sponsorship of the course fee. On average, our employees achieved an estimated 15 hours of training in FY2022.

Category	Average training hours
By gender	
Male	15
Female	12
By employee category	
Top management (CEO, COO, and Directors)	10
Middle management (Managers)	32
Executives and below	13

Labour Standards

Our Group adopts a firm stance against any form of discrimination, child labour and forced labour in our operations and processes. Our Group's policies include prohibition of any forms of discrimination, child labour and forced labour.

In particular, our recruitment policies prohibit forced labour and the employment of underage individuals, and the Human Resource department is responsible for collecting as well as verifying the personal data and information provided by new hires. In addition, a legal-binding employment contract is signed with each employee in compliance with local employment regulations.

In FY2022, there were no incidents of non-compliance relating to discrimination, child labour, forced or compulsory labour involved in our business practices.

Sustainability Report

Occupational Health and Safety

5E Resources recognises that a safety-first culture is an indispensable component of our business strategy. We have established procedures to ensure adherence to national safety regulations and alignment of our processes to industry standards. Our commitment to safety is buttressed by our compliance with ISO 45001:2018 standards. We employ rigorous safety measures to ensure workplace health and safety for all employees. Specifically, regular safety trainings and protective equipment are provided to staff, and equipment is maintained regularly to prevent malfunctions. Machine operation manuals are also established and made available to all workers.

To provide our employees with a working environment safe from COVID-19 and to conduct our business responsibly, we offer work-from-home arrangements where possible. Employees and visitors entering work premises are required to wear masks, take their temperature and are tested for COVID-19 regularly. In addition, our offices, plants and vehicles are regularly disinfected.

The number of workplace fatalities, injuries, occupational diseases incidents, lost days, and absentee days are as follows:

	FY2022
Total Number of Workplace Fatalities	
Male	-
Female	-
Total Number of Workplace Injuries	
Male	8
Female	-
Total Number of Lost Days	
Male	1
Female	-
Total Number of Occupational Disease Incidents	
Male	-
Female	-
Total Number of Absentee Days	
Male	7
Female	-

Community Involvement

Alongside our aim of improving the physical environment of our business operations, 5E Resources recognises the importance of contributing to the betterment of the local communities that we are part of. In addition to our commitment to providing local employment opportunities, we have been an active contributor to schools in our local community. In FY2022, we made donations of smart televisions to provide digital amenities to improve students' learning environment. We also partnered with local schools to offer field trips to our plants for students to experience practical applications of their classroom learning. As an environment-oriented business, we endeavour to improve our local environment through our financial contribution to the National 100 million trees by 2025 campaign. Please refer to Page 20 in the Annual Report 2022 for details of our Corporate Social Responsibility initiatives.

Sustainability Report

Targets and Performance

Moving forward, to better align our target with our strategic objectives of providing fair employment opportunities and cultivating a collaborative mindset for the workforce of the future, we have established the following targets.

Material Topics	Short-Term Target (1-2 years)	Medium-Term Target (2030)	Long-Term Target (2050)
Diversity and Equal Opportunity	<ul style="list-style-type: none"> Improve employee recruitment and retention. Increase ratio of local workers. 	<ul style="list-style-type: none"> Maintain gender equality and racial diversity as well as maintain low employee turnover (<30%). 	
Training and Development	<ul style="list-style-type: none"> Offer internal and external trainings that are beneficial to the development and career progression of our employees at all levels. 	<ul style="list-style-type: none"> Continue providing internal and external training courses and programmes. Increase the average training man-hours by 20%. 	<ul style="list-style-type: none"> Continue providing internal and external training courses and programmes. Increase the average training man-hours by 30%.
Labour Standards	<ul style="list-style-type: none"> Maintain zero incidents of non-compliance with discrimination, child labour, forced or compulsory labour involved in our business practices. 		
Occupational Health and Safety	<ul style="list-style-type: none"> Maintain zero incidents of non-compliance with health and safety laws, as well as regulations concerning the health and safety of our operations. Reduce the incidents of work-related injuries by 50%. 		
Community Involvement	<ul style="list-style-type: none"> Contribute to the betterment of our community through financial contributions and participation in community initiatives, such as the "National 100 million trees by 2025 Campaign". 		



Sustainability Report

GOVERNANCE

The Group is committed to uphold our reputation and stakeholders' trust in our business operation as we firmly believe that high corporate governance standards and compliance with the Singapore's Code of Corporate Governance 2018 and the Malaysian Code of Corporate Governance are imperative to our business sustainability and future development. 5E Resources believes that good corporate governance undergirds an ethical and accountable corporate environment, which is fundamental to the long-term sustainability of the Group's businesses and performance, as well as the protection of shareholders' interests. Please refer to our Corporate Governance Report for detailed disclosures.

Bribery and Corruption

5E Resources adopts a firm stance on bribery and maintains a zero-tolerance position against all forms of corruption, including bribery, fraud and money laundering. Our principles and values are recorded in our Code of Conduct which all staff are trained on during orientation. Our Anti-Corruption Policy prohibits dishonest and fraudulent behaviour, which includes offering, providing or receiving any kickbacks, corrupt payments, facilitation payments or inappropriate gifts. We also require all employees to comply with all applicable local anti-bribery laws where the Group operates, including the Malaysian Anti-Corruption Commission Act (MACC Act), Singapore Prevention of Corruption Act, U.S. Foreign Corrupt Practices Act (FCPA) and the U.K. Bribery Act (UKBA).

In FY2022, there were no reported cases against the Group or its employees regarding corruption or money laundering practices.

Business Ethics and Conduct

5E Resources is committed to conduct our business with the highest integrity and transparency by implementing and adhering strictly to whistleblowing policies and adhering to applicable legal and regulatory compliance.

The Group has established a whistleblowing policy and procedures as an avenue for our employees to raise concerns regarding any possible wrongdoing in all matters. Under this policy, employees or any other persons may report suspected matters of wrongdoing within the Group to the Chairman of the Audit Committee ("AC"). All reports are confidential, and the identity of the employee or any other person that made the report will be protected. In FY2022, there were no incidents of whistleblowing cases.

Regulatory Compliance

The Group's integrity and our stakeholders' confidence rest on our compliance with relevant rules and regulations, thus compliance is key to our growth in the scheduled waste management industry. Some of the laws and regulations in Singapore that 5E Resources needs to comply with and adhere to are as follows:

- Employment Act and Employment of Foreign Manpower Act;
- Companies Act 1967;
- Catalist Rules;
- Personal Data Protection Act; and
- COVID-19 (Temporary Measures) Act 2020.

Sustainability Report

As our business is based in Malaysia, the Group is also required to comply with laws and regulations in Malaysia, such as the following:

- Companies Act 2016;
- Environment Quality Act 1974;
- Occupational Safety and Health Act 1994;
- Factory and Machinery Act 1967;
- Poisons Act 1952; and
- Solid Waste and Public Cleansing Management Act 2007.

In FY2022, there were no incidents of non-compliance, and no violation of any applicable regulations in the jurisdiction in which the Group's business operates.

Targets and Performance

5E Resources has zero cases of non-compliance with laws and regulations during FY2022. With the Group placing emphasis on strong corporate governance and business ethics as vital pillars of 5E Resources' branding, reputation, and fulfilment of sustainability objectives, the Group aims to maintain its compliance with all applicable regulations and the Code of Governance.

Material topics	Short-Term Target (1-2 years)	Medium-Term Target (2030)	Long-Term Target (2050)
Bribery and Corruption	• Maintain zero incidents of non-compliance with anti-bribery and anti-corruption laws and regulations.		
Business Ethics and Conduct	• Maintain zero incidents of non-compliance with business ethics laws and regulations.		
Regulatory Compliance	• Maintain zero incidents of non-compliance, and no violation of any applicable regulations in the jurisdiction.		



Sustainability Report

GRI CONTENT INDEX

GRI Standard	Disclosure Number & Title	Section Reference
GRI 2: General Disclosures 2021	2-1 Organisational details	Annual Report: Financial Statements
	2-2 Entities included in the organisation's sustainability reporting	Annual Report: Financial Statements
	2-3 Reporting period, frequency and contact point	Sustainability Report: About this report
	2-4 Restatements of information	Not applicable
	2-5 External assurance	5E Resources has not sought external assurance for this reporting period, and may consider it in the future
	2-6 Activities, value chain and other business relationships	Annual Report- Corporate Governance Report
	2-7 Employees	Sustainability Report: Social
	2-8 Workers who are not employees	Not applicable
	2-9 Governance structure and composition	Sustainability Report: Governance
	2-10 Nomination and selection of the highest governance body	Annual Report- Corporate Governance Report
	2-11 Chair of the highest governance body	Annual Report- Corporate Governance Report
	2-12 Role of the highest governance body in overseeing the management of impacts	Annual Report- Corporate Governance Report
	2-13 Delegation of responsibility for managing impacts	Annual Report- Corporate Governance Report
	2-14 Role of the highest governance body in sustainability reporting	Annual Report- Corporate Governance Report
	2-15 Conflicts of interest	Annual Report- Corporate Governance Report
	2-16 Communication of critical concerns	Annual Report- Corporate Governance Report
	2-17 Collective knowledge of the highest governance body	Annual Report- Corporate Governance Report
	2-18 Evaluation of the performance of the highest governance body	Annual Report- Corporate Governance Report
	2-19 Remuneration policies	Annual Report- Corporate Governance Report
	2-20 Process to determine remuneration	Annual Report- Corporate Governance Report
	2-21 Annual total compensation ratio	Annual Report- Corporate Governance Report
	2-22 Statement on sustainable development strategy	Annual Report- Corporate Governance Report
	2-23 Policy commitments	Annual Report- Corporate Governance Report

Sustainability Report

GRI Standard	Disclosure Number & Title	Section Reference
GRI 2: General Disclosures 2021 (continued)	2-24 Embedding policy commitments	Annual Report- Corporate Governance Report
	2-25 Processes to remediate negative impacts	Annual Report- Corporate Governance Report
	2-26 Mechanisms for seeking advice and raising concerns	Annual Report- Corporate Governance Report
	2-27 Compliance with laws and regulations	Annual Report- Corporate Governance Report Sustainability Report: Social
	2-28 Membership associations	Not applicable
	2-29 Approach to stakeholder engagement	Sustainability Report: Stakeholder Engagement
	2-30 Collective bargaining agreements	Not applicable, no collective bargaining agreements are in place



Sustainability Report

GRI Standard	Disclosure Number & Title	Section Reference
GRI 3: Material Topics 2021	3-1 Process to determine material topics	Sustainability Report: Materiality Assessment
	3-2 List of material topics	
	3-3 Management of material topics	
Topic-specific disclosure		
GRI 201: Economic Performance 2016	201-1 Direct economic value generated and distributed	Annual Report: Financial Statements
GRI 205: Anti-Corruption 2016	205-2 Communication and training about anti-corruption policies and procedures	Sustainability Report: Bribery and Corruption
	205-3 Confirmed incidents of corruption and actions taken	
GRI 302: Energy 2016	302-1 Energy consumption within the organisation	Sustainability Report: Environmental
	302-3 Energy intensity	
	302-4 Reduction of energy consumption	
	302-5 Reductions in energy requirements of products and services	
GRI 305: Emissions 2016	305-2 Energy indirect (Scope 2) GHG emissions	Sustainability Report: Environmental
	305-4 GHG emissions intensity	
	305-5 Reduction of GHG emissions	
GRI 401: Employment 2016	401-1 New employee hires and employee turnover	Sustainability Report: Diversity and Equal Opportunity
	401-2 Benefits provided to full-time employees that are not provided to temporary or part-time employees	
	401-3 Parental leave	
GRI 403: Occupational Health and Safety 2018	403-1 Occupational health and safety management system	Sustainability Report: Occupational Health and Safety
	403-6 Promotion of worker health	
	403-9 Work-related injuries	
	403-10 Work-related ill health	
GRI 404: Training and Education 2016	404-1 Average hours of training per year per employee	Sustainability Report: Training and Development
	404-2 Programmes for upgrading employee skills and transition assistance programs	
	404-3 Percentage of employees receiving regular performance and career development reviews	
GRI 405: Diversity and Equal Opportunity 2016	405-1 Diversity of governance bodies and employees	Sustainability Report: Diversity and Equal Opportunity
GRI 406: Non-discrimination 2016	406-1 Incidents of discrimination and corrective actions taken	Sustainability Report: Diversity and Equal Opportunity
GRI 408: Child Labour 2016	408-1 Operations and suppliers at significant risk for incidents of child labour	Sustainability Report: Labour Standards
GRI 409: Forced or Compulsory Labour 2016	409-1 Operations and suppliers at significant risk for incidents of forced or compulsory labour	Sustainability Report: Labour Standards

Sustainability Report

TCFD DISCLOSURES

Code	TCFD Recommendations	Section Reference
Governance		
TCDF 1(a)	Describe the board's oversight of climate-related risks and opportunities.	Sustainability Report: Environmental TCFD Report - Governance Structure
TCFD 1(b)	Describe management's role in assessing and managing climate-related risks and opportunities.	
Strategy		
TCFD 2(a)	Describe the climate-related risks and opportunities the organisation has identified over the short, medium, and long term.	Sustainability Report: Environmental TCFD Report - Climate-Related Risks and Opportunities
TCFD 2(b)	Describe the impact of climate-related risks and opportunities on the organisation's businesses, strategy, and financial planning.	
TCFD 2(c)	Describe the resilience of the organisation's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario.	
Risk Management		
TCFD 3(a)	Describe the organisation's processes for identifying and assessing climate-related risks.	Sustainability Report: Environmental TCFD Report - An Overview of our approach TCFD Report - ESG Risk Management
TCFD 3(b)	Describe the organisation's processes for managing climate-related risks.	
TCFD 3(c)	Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the organisation's overall risk management.	
Metrics and Targets		
TCFD 4(a)	Disclose the metrics used by the organisation to assess climate-related risks and opportunities in line with its strategy and risk management process.	Sustainability Report: Environmental TCFD Report - Metrics and Targets
TCFD 4(b)	Scope 1, Scope 2, and, if appropriate, Scope 3 greenhouse gas (GHG) emissions and the related risks.	
TCFD 4(c)	Describe the targets used by the organisation to manage climate-related risks and opportunities and performance against targets.	

Corporate Governance Report

INTRODUCTION

The Board of Directors (the “**Board**” or “**Directors**”) of 5E Resources Limited (the “**Company**”) and its subsidiaries (the “**Group**”) is committed in upholding high standards of corporate governance and practices throughout the Group, as a fundamental part of its responsibilities to protect shareholders’ interests, enhance shareholders’ value and the financial performance of the Group.

This report describes the Group’s corporate governance practices and structures with specific reference made to the principles and provisions of the Code of Corporate Governance 2018 (the “**Code**”).

The Company was recently listed on the Catalist board of the Singapore Exchange Securities Trading Limited (the “**SGX-ST**”) on 12 May 2022, and the Board confirms that the Company has adhered to all principles and provisions set out in the Code pursuant to Rule 710 of the Listing Manual Section B: Rules of Catalist (the “**Catalist Rules**”) issued by SGX-ST as set out in this report. Where there are deviations from the Code, appropriate explanations will be provided.

BOARD MATTERS

The Board as at the date of this Annual Report comprises the following members:

Name of Director	Designation	Board Committee Membership		
		ARC	NC	RC
Mdm. Loo Sok Ching	Chairperson and Executive Director	-	-	-
Mr. Lim Te Hua	Executive Director and Chief Executive Officer	-	-	-
Mr. Shankar Narasingam	Executive Director and Chief Operating Officer	-	-	-
Mr. Wong Chee Meng Lawrence	Lead Independent and Non-Executive Director	Member	Member	-
Mr. Kam Chai Hong	Independent and Non-Executive Director	Chairman	-	Member
Mr. Siow Chin How	Independent and Non-Executive Director	Member	Member	Chairman
Mr. Wang Han Lin	Independent and Non-Executive Director	-	Chairman	Member

The profiles of each Director are presented under the “Board of Directors” section of the Annual Report.

Corporate Governance Report

The Board's Conduct of 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.

Provision 1.1 of the Code: Directors' duties and responsibilities

The Board is entrusted with the responsibility for the overall management of the Company.

The principal functions of the Board, in addition to carrying out its statutory responsibilities, *inter alia*, are as follows:

- overseeing the Company's business and its performance and is collectively responsible for the long-term success of the Company.
- overall responsibility for establishing and maintaining a framework of good corporate governance in the Group, including the risk management system and internal control to safeguard shareholders' interests and the Group's assets and to take into account the interest of key stakeholder groups in its decision making.
- provides their independent judgement, diversified knowledge and experience to bear on issues of strategy, performance, resources and standards of conduct and ethics.
- regularly reviews the Group's strategic business plans, the assessment of key risks by Management and the operational and financial performance of the Group to enable the Group to meet its objectives.
- responsible for shaping the Company's strategic direction and has decided to integrate sustainability components into all the Company's business and operations. This integration involves the consideration of Environmental, Social and Governance ("ESG") factors in the Company's business and operations. The Board will work alongside the Management to advance sustainability efforts within the Company.

All Directors recognise that they must discharge their duties and responsibilities at all times as fiduciaries in the interests of the Company. The Board is a representation of the shareholders in the Company and is accountable to them through effective governance of the business. All Directors are required to avoid situations where their own personal or business interests may conflict or appear to conflict with the interests of the Company.

Where a Director has a conflict of interest in the matter discussed, or it appears that the Director might have a conflict of interest in relation the matter discussed, the Director must immediately declare his/her personal or business interest at the Board meeting or send a written notice to the Company containing details of his/her personal or business interest in the matter and the actual or potential conflict of interest.

Any Director facing a conflict of interest in the matter discussed will recuse himself/ herself from the discussions and abstain from participating in any Board decisions and voting on resolutions regarding the matter and refrain from exercising any influence over other members of the Board, unless the Board is of the opinion that his/her presence and participation is necessary to enhance the efficacy of such discussions.

Provision 1.2 of the Code: Induction, training and development

A formal letter is provided to each Director upon their appointment, setting out their relevant duties and obligations, to acquaint them with their responsibilities as Directors of the Company.

Corporate Governance Report

The Company conducts an orientation programme for new directors and they are briefed by Management to familiarise themselves with the Group's business and governance policies and practices. The orientation programme aims to provide the new directors with an understanding of the Group's businesses to enable them to assimilate into their new roles and to get acquainted with Management, thereby facilitating Board interaction and independent access to Management.

To keep abreast with developments in relevant sectors and to ensure that the Directors are kept informed of relevant new laws, regulations and changing commercial risks that will affect the Group, the Company encourages its Directors to attend relevant instructional or training courses at the Company's expense. In particular, the Board is regularly kept informed and updated on courses and seminars offered by the Singapore Institute of Directors ("SID") which are relevant to the training and professional development of the Directors. The Directors are also briefed on the new requirements of the SGX-ST, Companies Act 1967 and other regulatory requirements from time to time by the Company Secretary, the Auditor and the Sponsor.

As stipulated under Rule 406(3)(a) of the Catalist Rules, Directors who are appointed and who have no prior experience as directors of a listed company in Singapore will have to attend the Listed Entity Director ("LED") courses organised by the Singapore Institute of Directors within one (1) year of his/her appointment. Except for Mr. Wong Chee Meng Lawrence, who is currently serving as a director of the company listed on SGX-ST, the remaining directors with no prior experience as a director of a listed company in Singapore have to undergo the training in the roles and responsibilities of a listed company as prescribed by SGX-ST in accordance with Rule 406(3) and they had completed the required LED courses as at the date of this Report. In addition, all the Board members have completed the mandated sustainability training course organised by SID in FY2022.

Provision 1.3 of the Code: Matters requiring Board's approval

Notwithstanding that the daily operations and management of the Company is delegated to the Executive Directors, the Board has put in place internal guidelines on matters which require Board's approval, including but not limited to the followings:

- the appointment of directors, the company secretary and the sponsor;
- any major transactions such as, inter alia, capital funding, acquisitions and disposals of assets;
- release of the Group's financial results announcements and convening of shareholders' meeting, circulars to shareholders and related announcements through SGXNet;
- alterations to the share capital of the Company;
- approving interested person transactions exceeding a certain threshold;
- any material regulatory matters and litigation cases; and
- compliance matters associated with the Catalist Rules, Securities and Futures Act or other relevant laws and regulations.

Clear directions have been disseminated to the Management that reserved matters must be approved by the Board.

Provision 1.4 of the Code: Board Committees

The Board objectively discharges its duties and responsibilities at all times and makes decisions in the interests of the Group. The Board has delegated specific responsibilities to the various committees established by the Board, namely the Audit and Risk Committee ("ARC"), the Nominating Committee ("NC") and the Remuneration Committee ("RC") (collectively known as the "Board Committees"). Each Board Committee has the authority to examine issues relevant to their terms of references and to make fair, proper and appropriate recommendations to the Board when required. The ultimate responsibility for the final decision on all matters, however, lies with the entire Board.

Corporate Governance Report

Provision 1.5 of the Code: Board and Board Committees Meeting

The Board meets regularly on a biannual basis and ad-hoc Board Committee and/or Board meetings are convened as and when required. In between Board meetings, any important matter will be tabled for the Board's approval by way of circulating resolutions in writing.

The Constitution of the Company allows Directors to participate in Board meetings via electronic means. The Directors are free to discuss any information or view as presented by any member of the Board and Management.

When necessary or appropriate, members of the Board exchange views outside the formal environment of Board meetings. Each Board member is expected to objectively discharge his/her duties and responsibilities at all times as fiduciaries in the best interests of the Company.

The attendance record of each Director at meetings of the Board and Board Committees during FY2022 is disclosed below:-

Name of Director	Board Meeting		ARC Meeting		NC Meeting		RC Meeting	
	No. of Held	No. of Attended	No. of Held	No. of Attended	No. of Held	No. of Attended	No. of Held	No. of Attended
Loo Sok Ching	3	3	3	3*	1	1*	1	1*
Lim Te Hua	3	3	3	3*	1	1*	1	1*
Shankar Narasingam	3	3	3	3*	1	1*	1	1*
Wong Chee Meng Lawrence	3	3	3	3	1	1	1	1*
Kam Chai Hong	3	3	3	3	1	1*	1	1
Siow Chin How	3	3	3	3	1	1	1	1
Wang Han Lin	3	3	3	3*	1	1	1	1

* By way of invitation.

Provision 1.6 of the Code: Access to information

The Company recognises that the flow of relevant, complete and accurate information on a timely basis is critical for the Board to discharge its duties effectively. The Management provides the Board with key information that is complete, adequate and in advance to enable the Directors to make timely decisions, effectively discharge their duties and make a balanced and informed assessment of the performance, position and prospects of the Company.

The Management provides members of the Board with quarterly management accounts, as well as relevant background and explanatory information relating to the matters that would be discussed in the Board meetings, prior to the scheduled meetings. All Directors are also furnished with timely updates on the financial position and any material development of the Group as and when necessary. Any additional materials or information requested by the Directors are promptly furnished. If necessary, management staff who are able to explain and provide insights to the matters to be discussed are invited to present to the Board and answer any queries that the Directors may have.

Provision 1.7 of the Code: Access to Management and Company Secretary

The Directors are updated regularly on corporate governance requirements, changes in listing rules and regulations, and the performance of the Group. The Directors have separate and independent access to Management, including the Chief Executive Officer ("CEO"), the Group Financial Controller ("GFC") and other key management personnel ("KMP") as well as the Group's internal and external auditors, and Company Secretary at all times.

Corporate Governance Report

The Company Secretary and/or her representative attends all Board and Board Committees meetings and ensures the Board procedures and the performance of the Group's compliance obligations pursuant to the relevant statutes and regulations are followed. Under the direction of the Executive Chairperson ("**Chairperson**") and CEO, the Company Secretary ensures good information flows within the Board and Board Committees and between senior management and Non-Executive Directors, as well as facilitating orientation and assisting with professional development if required. The appointment and removal of the Company Secretary are subject to the approval of the Board as a whole.

The Directors, either individually or as a whole, have direct access to the Group's independent professional advisors, if necessary, to enable each Director to discharge his/her responsibility effectively. Any cost of obtaining professional 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.

Provision 2.1 of the Code: Director's independence

As at the date of this Annual Report, the Board consists of seven (7) directors, of whom one (1) is Chairperson, one (1) CEO cum Executive Director and one (1) Chief Operating Officer ("**COO**") cum Executive Director and four (4) Independent Non-Executive Directors ("**INED**"). With more than half of the Board made up of Independent Directors, including independence from the substantial shareholders of the Company, the Board is capable of exercising independent and objective judgement on corporate affairs of the Group. It also ensures that key issues and strategies are critically reviewed, constructively challenged, fully discussed and thoroughly examined, taking into consideration the long-term interests of the Group and its stakeholders. No individual or small group of individuals dominates the Board's decision making.

The independence of each director is assessed and reviewed annually by the NC. In the review and deliberation of the independence of the four (4) INEDs, the NC has considered the guidelines for independence set out in Provision 2.1 of the Code as well as the Catalist Rules, including whether a director has business relationships with the Group, its substantial shareholders or its officer and if so, whether such relationships could interfere, or be reasonably perceived to interfere, with the exercise of the directors' independence business judgement in the interests of the Group.

Each Independent Director is required to complete an annual declaration to confirm his/her independence based on the applicable Catalist Rules and the guidelines as set out in the Code. The Directors must also confirm whether they consider themselves independent despite not having any relationship identified under the applicable Catalist Rules and the Code.

For the year under review, the NC has assessed and is satisfied that all the four (4) Non-Executive Directors are independent.

The Board recognises that Independent Directors may over time develop significant insights in the Group's business and operations and can continue to provide noteworthy and valuable contribution objectively to the Board as a whole. The independence of the Independent Directors must be based on the substance of their professionalism, integrity, and objectivity, and not merely based on form; such as the number of years which they have served on the Board. Nevertheless, when there are directors who have served beyond nine years from the date of their first appointment, the Board will rigorously review their continuing contributions and independence and decide if they should continue with the appointment.

As at the date of this Annual Report, none of the INEDs has served on the Board beyond nine (9) years from their respective date of appointment.

Corporate Governance Report

Provision 2.2 of the Code: Independent Directors make up a majority of the Board where the Chairman is not independent.

Provision 2.3 of the Code: Non-Executive Directors make up a majority of the Board

The Company has complied with the relevant provisions as majority of the Board are INEDs.

Provision 2.4 of the Code: Board size and diversity

The profiles of the Directors and key information are set out on pages 14 to 17 of this Annual Report.

The NC is responsible for examining the size and composition of the Board and Board Committees. Having considered the scope and nature of the Group's businesses, the requirements of the business and the need to avoid undue disruptions from changes to the composition of the Board and Board Committees, the Board, in concurrence with the NC, considers that a board size of seven (7) members is appropriate.

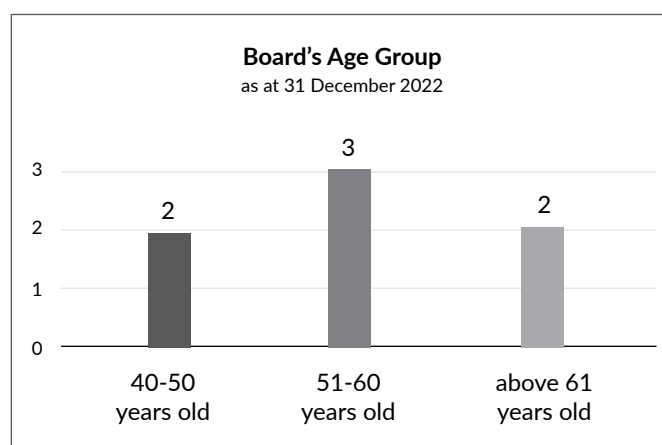
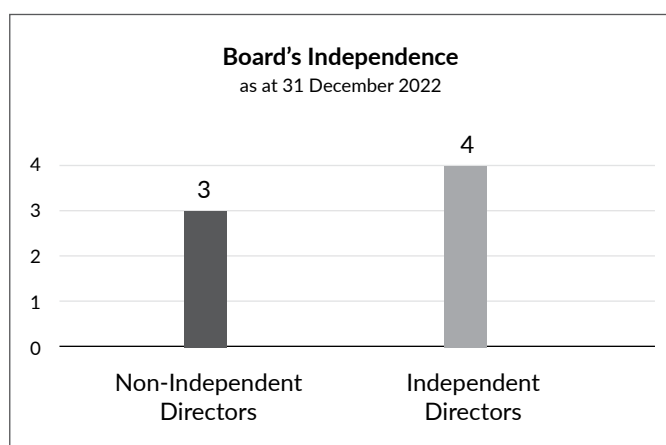
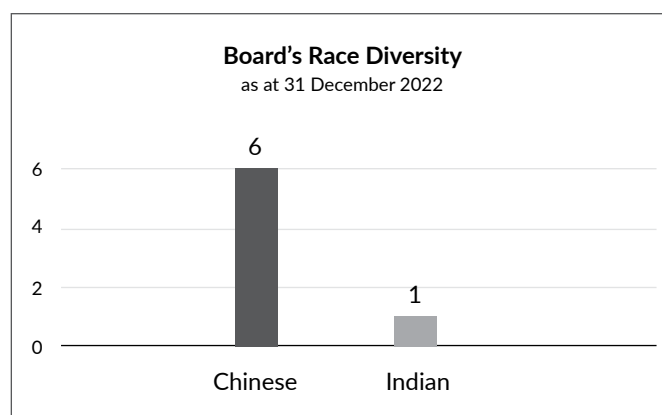
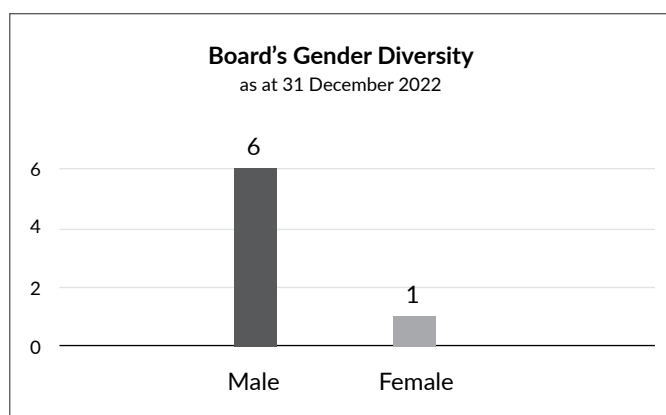
The Board believes that its current board size and the existing composition of the Board Committees effectively serve the Group. It provides diversity and allows for informed and constructive discussion and effective decision making at the Board meetings. The Board will, however, continue to review opportunities to refresh the Board with a view to expanding the skills, experience and diversity of the Board as a whole.

In reviewing Board composition and succession planning, the NC considers the benefits of all aspects of diversity, including diversity of background, experience, gender, age and other relevant factors. These differences will be considered in determining the optimum composition of the Board and when possible, should be balanced appropriately.

The Group's Board Diversity Policy endorses the principle that its Board should have a balance of skills, knowledge, experience and diversity of perspectives appropriate to its business so as to mitigate against groupthink and to ensure that the Group has the opportunity to benefit from all available talents. In reviewing Board composition and succession planning, the NC considers the benefits of all aspects of diversity, including diversity of background, experience, gender, age and other relevant factors. These differences will be considered in determining the optimum composition of the Board and when possible, should be balanced appropriately.

Corporate Governance Report

The current Board composition reflects the Company's commitment to Board diversity. The NC conducts its annual review of the composition of the Board, which comprises members of both genders and from different backgrounds whose core competencies, qualifications, skills and experiences, meet with the requirements of the Group at the point in time. Each Director has been appointed on the strength of his/her calibre, experience and stature and is expected to bring a valuable range of experience and expertise to contribute to the development of the Group's strategy and the performance of its business. The diversity in the age, gender, independence and race of the current Board as at the date of this Annual Report is as follows:-



The NC will 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. It will also continue its identification and evaluation of suitable candidates to ensure that there is diversity to the Board.

Provision 2.5 of the Code: Meeting of Non-Executive Directors without Management

The Independent Directors, led by the Lead Independent Director ("LID"), meet amongst themselves at least once a year without the presence of the Management and the Chairperson of the Board to discuss and evaluate the performance of the Management as well as the remuneration of the executive directors. The feedback and views expressed by the Independent Directors were communicated by the LID to the Board and/or the Chairperson, as appropriate.

During FY2022, the INEDs met once in the absence of Management.

Corporate Governance Report

Chairman and Chief Executive Officer

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

Provision 3.1 of the Code: Separation of the roles of the Chairman and the Chief Executive Officer

The roles of the Chairperson of the Board and the CEO are separate to ensure clear distinction of responsibilities, appropriate balance of power and increased accountability. Mdm. Loo Sok Ching serves as the Chairperson of the Group, whereas Mr. Lim Te Hua is the Group's CEO. Mr. Lim Te Hua reports to the Board led by the Chairperson.

The Chairperson and the CEO are not related to each other.

All major proposals and decisions made by the Chairperson and CEO are discussed and reviewed by the ARC. Their performance and appointment are reviewed periodically by the NC and the packages are reviewed periodically by the RC. As the ARC, NC and RC consist of all Independent Directors, the Board believes that there are sufficient strong and independent elements and adequate safeguards in place.

Provision 3.2 of the Code: Division of responsibilities between the Chairman and CEO

The Group's Chairperson, Mdm. Loo Sok Ching, plays an instrumental role in developing the business of the Group and provides the Group with strong leadership and vision. She leads the Board in its review of the Group's strategies for sustainable growth, ensures the diversity of the Board, and provides guidance in the Group's post-pandemic recovery and transformation efforts.

In addition to setting of business strategies for the Group and the monitoring of the translation of the Board's decisions and directions into executive action, she is to ensure that each member of the Board and the Management works well together with integrity and competency. As the Chairperson, she with the assistance of the Company Secretary, schedules Board meetings as and when required and prepares the agenda for Board meetings and ensure sufficient allocation of time for thorough discussion of each agenda item, in particular strategic issues. She promotes an open environment for debate and ensures that Independent Directors are able to speak freely and contribute effectively.

In addition, she sets guidelines and exercises control over the quality, quantity, accurateness and timeliness of information flow between the Board and the Management. She plays a pivotal role in fostering constructive dialogue among stakeholders and provides close oversight, guidance and advice to the CEO and the Management. She also takes a leading role in ensuring the Group's drive to achieve and maintain a high standard of corporate governance and sustainability practices with the full support of the Board, the Company Secretary and the Management.

As the Group's CEO, Mr. Lim Te Hua manages the members of the Management team and is responsible for implementing and reviewing the business directions and strategies for the Group as endorsed by the Board, and for operational performance and organisational excellence.

Provision 3.3 of the Code: Lead Independent Director

Taking cognisance that the Chairperson of the Board is an Executive Director and thus not independent, the Board has designated a LID who serves as a sounding board for the Chairperson and as an intermediary between the non-executive Independent Directors and the Chairperson. The current LID is Mr. Wong Chee Meng Lawrence who was appointed on 25 March 2022. The role of the LID is to co-ordinate and to lead the Independent Directors to provide a non-executive perspective and contribute to a balance of viewpoints on the Board. All Independent Directors, led by the LID, meet at least once annually without the presence of Executive Directors and Management to discuss matters of significance which are thereon reported to the Chairperson accordingly.

Corporate Governance Report

He is available to shareholders and stakeholders should they have concerns which cannot be resolved or are inappropriate or inadequate to raise through the normal communication channels with the Chairperson or the Management.

There was no query or any matters which requires the LID's attention received in FY2022.

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.

Provision 4.1 of the Code: Role of the NC

Provision 4.2 of the Code: Composition of NC

The NC comprises the following three (3) members, all of whom including the Chairman, are INEDs and the LID is one of the members of the NC:-

- Mr. Wang Han Lin (Chairman)
- Mr. Siow Chin How (Member)
- Mr. Wong Chee Meng Lawrence (Member)

The written terms of reference of the NC have been approved and adopted, and including but not limited to the followings:-

- having oversight on the controls and safeguards to prevent a recurrence of the non-compliances with the regulatory requirements;
- determining annually, and as and when circumstances require, whether or not a Director is independent, in accordance with the role;
- reviewing the composition of the Board to ensure the committee comprises an appropriate mix of skills, experience, core competencies and knowledge of our Group that the Board requires to function competently and efficiently. All Directors should be required to submit themselves for re-nomination and re-election at regular intervals and at least every three (3) years;
- deciding how the Board's performance is to be evaluated and propose objective performance criteria, subject to the approval by the Board, which address how the Board has enhanced long term shareholders' value. The Board will also implement a process to be proposed by the Nominating Committee for assessing the effectiveness of the Board as a whole and for assessing the contribution of each individual Director to the effectiveness of the Board (if applicable);
- reviewing succession plans for the Directors; and
- reviewing and approving the employment of persons related to the Directors or Substantial Shareholders and the proposed terms of their employment.

The NC is responsible for identifying and nominating candidates for the Board, determining annually, whether a Director is independent in accordance with the guidelines set out in the Code, filling board vacancies as well as to put in place plans for succession.

Corporate Governance Report

Provision 4.3 of the Code: Director appointment and re-nomination

Process for Selection and Appointment of New Directors

The NC is responsible for identifying candidates and reviewing all nominations for the appointments of new directors in the following order: (i) determining the desirable competencies for the appointment, and after consultation with the Management, (ii) assessing the suitability of the candidates and conducting an open dialogue to ensure that each candidate is aware of his/her role and obligations and (iii) submitting a final shortlist for recommendation to the Board.

The search and nomination process for new directors, led by the NC, is as follows:

- The NC evaluates the balance, skills, knowledge and experience of the existing Board and the requirements of the Group. In light of such evaluation, the NC determines the role and key attributes that an incoming director should have.
- After endorsement by the Board of the key attributes required, the NC taps on the networking resources of the existing Directors and seeks recommendations from them in relation to the potential candidates, and goes through a shortlisting process. If candidates identified from this process are not suitable, executive recruitment agencies are appointed to aid in the search process.
- The NC meets with the shortlisted candidate(s) to assess suitability and to ensure that the candidate(s) is/are aware of the expectations and the level of commitment required.
- The NC recommends the most suitable candidate to the Board for appointment as Director.

Process for Re-Appointment of Directors

The role of the NC also includes the responsibility of reviewing the re-nomination of directors who retire by rotation, taking into consideration the director's integrity, independent mindedness, contribution and performance (such as attendance, participation, preparedness and candour) and any other factors as may be determined by the NC.

Pursuant to Article 98 of the Constitution of the Company, one-third of the Board are to retire from office by rotation and be subject to re-appointment at the Company's Annual General Meeting ("AGM"). In addition, Article 97 of the Constitution of the Company stipulates that a director newly appointed by the Board during the financial year must retire and submit himself/herself for re-appointment at the next AGM following his/her appointment. Thereafter, the director is subject to be re-appointed at least once every three (3) years at the Company's AGM.

Retiring Director is eligible to offer themselves for re-election. Each member of the NC abstains from voting on any resolutions and making any recommendations and/or participating in any deliberations of the NC in respect of the assessment of his/her own performance or re-nomination as Director.

Corporate Governance Report

At the forthcoming AGM of the Company, the following director will be retiring pursuant to Articles 97 and 98 of the Company's Constitution:-

Article 97

1. Mr. Lim Te Hua
2. Mr. Shankar Narasingam
3. Mr. Wong Chee Meng Lawrence
4. Mr. Kam Chai Hong
5. Mr. Wang Han Lin

Article 98

1. Mr. Siow Chin How

Accordingly, the NC had recommended the aforesaid re-election of six (6) Directors and the Board had accepted the NC's recommendation. In recommending the re-election of these six (6) Directors, the NC has considered the Directors' overall contributions and performance. The details of the Directors seeking for re-election as required under Appendix 7F of the Catalist Rules are set out on page 78 to page 87 of this Annual Report.

Provision 4.4 of the Code: Circumstances affecting director's independence

As described under Provision 2.1 above, the Company has put in place a process to ensure the continuous monitoring of the independence of the Directors. Each Independent Director is required annually to confirm his/her independence. Further, 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 checklist completed by each Independent Director. Having made its review, the NC is of the view that all Independent Directors have satisfied the criteria for independence.

During FY2022, there was no alternate director on the Board.

Provision 4.5 of the Code: Multiple directorships

The NC ensures that new directors are aware of their duties and obligations. For re-nomination and re-appointment of directors, the NC takes into consideration the competing time commitments faced by directors and their ability to devote appropriate time and attention to the Group.

Each Director is required to confirm annually to the NC as to whether he or she has any issue with competing time commitments which may impact his/her ability to provide sufficient time and attention to his/her duties as a Director of the Company. Based on the Directors' annual confirmation and the Directors' commitments and contributions to the Company, which are also evident in their level of attendance and participation at Board and Committee meetings, the NC and the Board are satisfied that all the Directors were able to and have been adequately carrying out their duties as Directors of the Company in FY2022. The NC concluded that there is no need to impose a limit on the number of board representations at this stage.

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.

Provision 5.1 of the Code: Performance criteria and process for evaluation of the effectiveness of the Board

Provision 5.2 of the Code: Disclosure of assessment of the Board, Board Committees and each Director

Board Evaluation Process

The Board, through the NC, has used its best effort to ensure that directors appointed to the Board and the Board Committees, whether individually or collectively, possess the background, experience and the relevant skills set which are critical to the Group's business. It has also ensured that each director, with his/her special contributions, brings to the Board an independent and objective perspective to enable sound, balanced and well-considered decisions to be made.

Based on the recommendations by the NC, the Board has established processes and objective performance criteria for evaluating the effectiveness of the Board as a whole and its Board Committees and for assessing the contribution by the Chairperson and individual Directors to the effectiveness of the Board.

Each Director is required to complete assessment forms to evaluate the Board, Board Committees and individual Directors, which takes into consideration factors such as commitment of time for meetings, level of participation and contribution at such meetings and the technical knowledge of the Directors. The evaluation of individual Directors aims to assess whether each Director continues to contribute effectively and demonstrate commitment to the role, including commitment of time for Board and Board Committee meetings, and any other duties.

The Company Secretary had been requested to collate the Board's and Directors' evaluations and to provide the summary observations for the Chairman of the NC and the Board Chairperson. The Board Chairperson will act on the results of the performance evaluation and the recommendation of the NC, and where appropriate, in consultation with the NC, new members may be appointed or in the case of resignation, new directors may be sought.

Following the review of the assessment of the Board, its committees and individual directors, including the Chairman for FY2022, both the NC and the Board are of the view that the Board and its committees have operated effectively and each Director has contributed to the overall effectiveness of the Board in FY2022.

The NC is responsible for assessing the effectiveness of the Board, the Board Committees and each individual Director. All NC members have abstained from voting or review process of any matters in connection with the assessment of his/her own performance.

There was no external consultant involved in the Board evaluation process in FY2022.

Corporate Governance Report

Board Evaluation Criteria

Part of the evaluation process is through the review of the appraisal and evaluation forms, which considered an assessment of the following key performance criteria:

- Board size and composition of the Board
- Board independence
- Board processes
- Board information and accountability
- Board performance in discharging principal functions
- Board Committee performance
- Board time commitment
- Board diversity
- Overall contribution

The primary objective of the board evaluation exercise is to create a platform for the Board and its Board Committees' members to provide constructive feedback on the board procedures and processes and the changes which should be made to enhance the effectiveness of the Board and its Board Committees.

REMUNERATION MATTERS

Procedures for Developing Remuneration Policies

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

Provision 6.2 of the Code: Composition of RC

RC Composition and Role

The RC comprises the following three (3) members, all of whom including the Chairman, are INEDs.

- Mr. Siow Chin How (Chairman)
- Mr. Kam Chai Hong (Member)
- Mr. Wang Han Lin (Member)

The RC is responsible for ensuring a formal and transparent procedure for developing policies on director and executive remuneration, and for determining the remuneration packages of individual Directors and KMP.

The written terms of reference of the RC have been approved and adopted, including but not limited to, the followings:-

- reviewing and approving the new employment of related employees and the proposed terms of their employment, and reviewing and recommending to the Board, for endorsement, the specific remuneration packages for each of the Directors and Executive Officers;
- proposing, for adoption by the Board, measurable, appropriate and meaningful performance targets for assessing the performance of the key management personnel, individual Directors and of the Board as a whole;

Corporate Governance Report

- ensuring that the remuneration policies and systems of our Group, as approved by the Board, support our Group's objectives and strategies, and are consistently being administered and being adhered to within our Group;
- reviewing our Group's obligations arising in the event of termination of service contracts entered into between our Group and its Directors or Executive Officers, as the case may be, to ensure that the service contracts contain fair and reasonable termination clauses which are not overly generous;
- if necessary, seeking expert advice within and/or outside our Group on remuneration matters, to ensure that existing relationships, if any, between our Group and its appointed remuneration consultants will not affect the independence and objectivity of the remuneration consultants;
- providing effective supervision and administration of our Group's share option scheme, and/or other equity-based plans and benefits-in-kind;
- reporting to the Board on its proceedings after each meeting on all matters within its duties and responsibilities; and
- holding a meeting of the Remuneration Committee at least once a year to coincide with key dates within the financial reporting and audit cycle.

Provision 6.1 of the Code: Role of the RC

Provision 6.3 of the Code: RC to consider and ensure all aspect of remuneration are fair

The RC reviews the reasonableness of the contracts of service of Executive Directors and KMP to ensure that their compensations commensurate with the responsibilities and risks involved in being a Director and that their remuneration packages are comparable within the industry and include a performance-related element with appropriate and meaningful measures of assessing performance.

The Independent Directors entitle to Directors' fees in accordance with their contributions, taking into account factors such as effort and time spent and their responsibilities. The Directors' fees are recommended by the RC and endorsed by the Board, and subject to shareholders' approval at the annual general meeting. Except as disclosed in this Annual Report, the Independent Directors did not entitle any other remunerations from the Company.

The Executive Directors have each entered into a service agreement with the Company ("**Service Agreements**"), under which the terms of their employment are stipulated, including a monthly base salary, annual performance bonus and benefits commensurate with the position. The Executive Directors are not entitled to Directors' fees and there are no post-retirement and severance benefits except the common practice of giving notice or salary in lieu of notice in the event of termination. The Service Agreements is valid for three (3) years and subject to a renewal upon its validity lapsed.

All recommendations made by the RC on remuneration of directors and key executives will be submitted for endorsement by the Board. None of the RC is involved in setting his remuneration package. Each RC member shall abstain from reviewing, deliberating and voting on any resolution in respect of his/her remuneration package or that of any employees who are related to him.

Provision 6.4 of the Code: Expert advice on remuneration

The RC has explicit authority within its terms of reference to seek appropriate expert advice in the field of executive compensation outside the Company on remuneration matters where necessary. There being no specific necessity, the RC did not seek the service of an external remuneration consultant to advise on remuneration matters in FY2022.

Corporate Governance Report

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.

Provision 7.1 and 7.3 of the Code: Remuneration of Executive Directors and key management personnel are appropriately structured to link rewards to performance.

The annual reviews of the compensation are carried out by the RC to ensure that the remuneration of the Executive Directors and KMP commensurate with their performance and that of the Company, giving due regard to the financial and commercial health and business needs of the Group. The performance of the CEO (together with other KMP) is reviewed periodically by the RC and the Board. In structuring the compensation framework, the RC also takes into consideration the risk policies of the Group, the need for the compensation to be symmetric with the risk outcomes and the time horizon of risks.

Executive Directors do not receive directors' fees but are remunerated as members of Management. The remuneration packages of the Executive Directors and the KMP is linked to the performance of the Group as a whole, as well as the individual performance. This is to align the remuneration with the interests of shareholders and link rewards to corporate and individual performance to promote the long-term sustainability of the Group.

Service contracts for Executive Directors, are for a fixed appointment period and do not contain onerous removal clauses.

The Company advocates a performance-based remuneration system that is flexible and responsive to the market, and the performance of the Group's business units and individual employees. In designing the compensation structure, the Company seeks to ensure that the level and mix of remuneration is transparent, competitive, relevant and appropriate in finding a balance between the current and longer term objectives of the Company so as to be able to attract, retain and motivate talents without being excessive, and thereby maximise value for shareholders.

Provision 7.2 of the Code: Remuneration of Non-Executive Directors

Non-Executive Directors have no service agreements (except for the letter of appointment) with the Company and their terms in office are specified in the Constitution. When reviewing the structure and level of directors' fee for the Non-Executive Directors, the RC takes into consideration the Directors' respective roles and responsibilities in the Board and its Board Committees and the frequency of Board and Board Committee meetings.

Each of the Non-Executive Directors receives a base director's fee. Directors who serve on the various Board Committees also receive additional fees in respect of each Board Committee that they serve on, with the Chairman of the Committees receiving a higher fee in respect of their service as Chairman of the respective Board Committees.

The structure of the fees payable to the Non-Executive Directors of the Company for FY2022 is disclosed under Principle 8 below.

The RC is mindful that the remuneration for Non-Executive Directors should not be excessive so as not to compromise or reasonably be perceived to compromise their independence. No director is involved in deciding his/her own remuneration.

The Board concurred with the RC that the proposed directors' fees for the year ended 31 December 2022 is appropriate and not excessive, taking into consideration the level of contributions by the directors and factors such as effort and time spent for serving on the Board and Board Committees, as well as the responsibilities and obligations of the directors. Directors' fees are recommended by the Board for approval by the shareholders at the AGM of the Company.

The Company currently does not have any share-based compensation scheme or any long-term incentive scheme involving the offer of shares or grant of options in place to encourage the Non-Executive Directors to hold shares in the Company.

Corporate Governance Report

Disclosure on Remuneration

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

Provision 8.1 and 8.3 of the Code: Remuneration disclosures of Directors and key management personnel

Provision 8.2 of the Code: Remuneration of employee who are substantial shareholders, immediate family members of Executive Director or substantial shareholder

The compensation packages for employees including the Executive Directors and the KMP comprised a fixed component (in the form of a basic salary) and a variable component (normally consists of cash-based annual bonus) and benefits-in-kind, where applicable, considering amongst other factors, the individual's performance, the performance of the Group and industry practices.

When determining the fixed and variable components, the individual performance is taken into consideration and remuneration recommendations are reviewed by the RC in the light of any annual guidance from the National Wages Council, competitive market practices and information gathered from market surveys. This is further reviewed along with the Group's performance, taking into consideration specific key performance indicators (involving financial and non-financial indicators) tracked over time as compared to the targets to be achieved by the Group based on its short-term and long-term objectives. The Board exercises its discretion and independent judgement in ensuring that the amount and mix of compensation are aligned with the interests of shareholders and promote the long-term success of the Group. The overall level of remuneration is not considered to be at a level which is likely to promote behaviour contrary to the Group's risk profile.

During the financial year under review, there was no termination, retirement or post-employment benefits granted to any Director or KMP.

Disclosure of Remuneration

(i) Remuneration of Directors

The breakdown of the total remuneration (in percentage terms) of the Directors of the Company for the year ended 31 December 2022 is set out below:

Name of Directors	Remuneration Band	Fees	Salary	Bonus	Commission	Total Remuneration
Mdm. Loo Sok Ching	Band 3	-	16.91%	25.44%	57.65%	100%
Mr. Lim Te Hua	Band 2	-	42.34%	55.96%	1.70%	100%
Mr. Shankar Narasingam	Band 1	-	43.71%	56.29%	-	100%
Mr. Wong Chee Meng Lawrence	Band 1	100%	-	-	-	100%
Mr. Kam Chai Hong	Band 1	100%	-	-	-	100%
Mr. Siow Chin How	Band 1	100%	-	-	-	100%
Mr. Wang Han Lin	Band 1	100%	-	-	-	100%

Corporate Governance Report

- The salary and bonus amounts shown are inclusive of Employee Provident Fund contributions.
- The directors' fees are subject to shareholders' approval at the Annual General Meeting.
- Remuneration bands:
 - "Band 1" refers to compensation of between S\$0 and S\$250,000 per annum.
 - "Band 2" refers to compensation of between S\$250,001 and S\$500,000 per annum.
 - "Band 3" refers to compensation of between S\$500,001 and S\$750,000 per annum.

(ii) Remuneration of KMP

The Group has four (4) KMP who is not a Director or the CEO during FY2022. The details of the remuneration (in percentage terms) for the year ended 31 December 2022 are set out below:

Name of KMP	Remuneration Band	Salary	Bonus	Commission	Total
Ms. Sim Ting Ling	Band 1	79.71%	20.29%	-	100%
Mr. Boo Chin Hwee	Band 1	40.92%	7.65%	51.43%	100%
Mr. Ang Khoon Poh	Band 1	68.86%	31.14%	-	100%
Ms. Wong Ying Wei	Band 1	73.48%	26.52%	-	100%

- Ms. Wong Ying Wei is the daughter of the Chairperson, Mdm. Loo Sok Ching and the controlling shareholder, Mr. Wong Kim Fatt, and the niece of the controlling shareholder, Mr. Ban Kim Wah.
- The salary and bonus amounts shown are inclusive of Employee Provident Fund contributions.
- Remuneration band:
 - "Band 1" refers to compensation of between S\$0 and S\$250,000 per annum.

(iii) Remuneration of employees who are substantial shareholders and immediate family members of Executive Director/ Chairperson

Name of Substantial Shareholders	Remuneration Band	Salary	Bonus	Commission	Total
Mr. Wong Kim Fatt	Band 1	81.82%	18.18%	-	100%
Mr. Ban Kim Wah	Band 1	100%	-	-	100%

- Mr. Wong Kim Fatt is the spouse of Chairperson, Mdm. Loo Sok Ching, sibling of controlling shareholder, Mr. Ban Kim Wah, and father of Ms. Wong Ying Wei. Mr. Wong Kim Fatt has stepped down as marketing advisor with effect on 30 September 2022.
- Mr. Ban Kim Wah is the sibling of controlling shareholder, Mr. Wong Kim Fatt and brother-in-law of Chairperson, Mdm. Loo Sok Ching, and uncle of Ms. Wong Ying Wei. Mr. Ban Kim Wah has stepped down as marketing advisor with effect on 30 September 2022.
- The salary and bonus amounts shown are inclusive of Employee Provident Fund contributions.
- Remuneration band:
 - "Band 1" refers to compensation of between S\$0 and S\$250,000 per annum.

Corporate Governance Report

After careful consideration and taking into account the highly competitive business environment, commercially sensitive and confidential nature of the remuneration policies of the Company, the Board is of the view that notwithstanding the deviation from Provision 8.1 of the Code, the Company is transparent on its remuneration policies, which has been disclosed not only as part of compliance with Principle 8 but also in respect of Principle 7 of the Code. In particular, the Company has elaborated on the remuneration policy governing the remuneration of the Executive Directors and the factors taken into account for the remuneration of the Independent Directors. The Company has also disclosed the remuneration paid to each Director and KMP using remuneration bands, as well as the breakdown of the components of their remuneration, for transparency. Accordingly, the Board is of the view that the non-disclosure of the exact quantum of the remuneration of each Director and KMP will not be prejudicial to the interest of shareholders and complies with the intent of Provision 8.1 of the Code.

The Company does not have any share-based compensation scheme or any long-term incentive scheme involving the offer of shares or options in place. The Board is of the view that such long-term incentive plan is not effective and that is difficult to determine how much such form of deferred remuneration contributes to the retention of employees and to motivate their performance.

ACCOUNTABILITY AND AUDIT

Risk Management and Internal Controls

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

Provision 9.1 of the Code: Board determines the nature and extend of risks

The Board regularly reviews and improves its business and operational activities to identify areas of significant business risks as well as determine the Company's levels of risk tolerance and risk policies. In addition, the Board also regularly oversees the Management in the design, implementation and monitoring of the risk management and internal control systems to control, manage and mitigate these risks. The Management reviews the risk management and internal control systems and highlights all significant matters to the ARC and Board from time to time.

The Board acknowledges that it is responsible for the governance of risks and the overall internal control framework but recognises no cost effective internal control system will preclude all errors and irregularities, as a system is designed to manage rather than eliminate the risk of failure to achieve business objectives, and can provide only reasonable and not absolute assurance against the occurrence of materials errors or poor judgement in decision-making. In addition, it is essential to maintain adequate accounting records, develop and maintain an effective control environment within the Group.

The Group has implemented a system of internal controls designed to provide reasonable but not absolute assurance that assets are safeguarded, proper accounting records are maintained, operational controls are adequate and business risks are suitably managed. The Board determines the nature and extent of the significant risks which the Company is willing to take in achieving its strategic objectives and value creation. The Company's risk management framework and internal control system covers financial, operational, compliance and information technology risks and internal controls. The ARC oversees the Management in the design, implementation and monitoring of the risk management and internal control systems, and reviews the adequacy and effectiveness of such systems at least annually.

Provision 9.2 of the Code: Assurance from the Board and KMP

The ARC reviewed and assessed the adequacy and effectiveness of the Group's internal controls that address the Group's financial, operational, compliance and information technology risks, with the assistance of the internal and external auditors and the Management.

Corporate Governance Report

For the financial year under review:

- (i) written assurance was received from the CEO and the GFC that the Group's financial records have been properly maintained and the financial statements give a true and fair view of the Group's operations and finances; and
- (ii) written assurance was received from the CEO and the GFC that the Group's risk management and internal controls systems in place were adequate and effective to address the financial, operational, compliance and information technology risks within the current scope of the Group's business operations.

The process of reviewing and strengthening the Group's control environment is an evolving process. Management will continue to devote resources and expertise towards improving its internal policies and procedures to maintain a high level of governance and internal controls.

Through these reports, the Board aims to provide shareholders with a balanced and understandable assessment of the Group's financial performance, position and prospects.

The Management provides all members of the Board with sufficient and timely information on its financial performance and potential issues prior to all scheduled Board and Board Committees meetings.

The Company has complied with Rule 1207(4)(b)(iv) of Catalist Rules in relation to the risk management policies and processes. Based on the Group's framework of management controls in place, the internal control policies and procedures established and maintained by the Group, the reviews performed by the external auditors and internal auditors, as well as the written representation by the Management, the Board, with the concurrence of the ARC, is of the opinion that the risk management and internal control systems of the Group, addressing the financial, operational, compliance and information technology risks are adequate and effective as at 31 December 2022 to address the risks that the Group considers relevant and material to its operations.

Audit and Risk Committee

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

Provision 10.1 of the Code: Role of ARC

Provision 10.2 of the Code: Composition of ARC

Provision 10.3 of the Code: ARC does not comprise former partners or directors of the Company's auditing firm

The ARC comprises the following three (3) members, all whom including the Chairman, are INEDs and the LID is one of the members of the ARC and have recent and relevant accounting or related financial expertise or experience to discharge their responsibilities:

- Mr. Kam Chai Hong (Chairman)
- Mr. Siow Chin How (Member)
- Mr. Wong Chee Meng Lawrence (Member)

Mr. Kam Chai Hong, the Chairman of the ARC, possesses recent and relevant accounting or related financial management knowledge, whilst the other two (2) ARC members have regulatory, governance and industrial background. With the current composition, the Board believes that the ARC members are appropriately qualified to discharge their responsibilities as defined under the terms of reference, which have been approved by the Board. No former partner or director of the Company's existing auditing firm is a member of the ARC.

Corporate Governance Report

The ARC is authorised by the Board and has explicit authority to investigate any matter within its terms of reference. It has direct and unrestricted access to, and the co-operation of the Management and full discretion to invite any Executive Director or KMP to attend its meetings. The ARC has adequate resources, including access to external consultants, lawyers or other professionals as it sees fit to provide independent counsel and advice, to assist in the review or investigation on such matters within its terms of reference as it deems appropriate at the Company's expense.

The external auditors were also invited to be present at ARC meetings, as and when required, held during the year to, inter alia, answer or clarify any matter on accounting and auditing or internal controls. The ARC is of the opinion that the independence and objectivity of the external auditors have not been affected based on the amount of non-audit fees paid in FY2022.

The ARC met three (3) times in the financial year ended 31 December 2022. The Executive Directors and GFC were invited to attend the meetings.

The written terms of reference of the AC have been approved and adopted, and they include the followings:-

- having oversight on the controls and safeguards to prevent a recurrence of the non-compliances with the regulatory requirements;
- assisting the Board in the discharge of its responsibilities on financial and reporting matters;
- reviewing the relevance and consistency of accounting standards, the significant reporting issues, recommendations and judgments made by external auditors so as to ensure the integrity of the financial statements of our Group;
- reviewing the assurance from the CEO and GFC on the financial records and financial statements of our Group;
- reviewing the adequacy, effectiveness, and independence of the external audit and internal audit function of our Group;
- reviewing and reporting to the Board, at least annually, the effectiveness and adequacy of our Group's internal control and procedures (addressing financial, operational, information technology, compliance risks) and risk management systems (such review to be carried out internally or with the assistance of any competent third parties) and discussing issues and concerns, if any, prior to the incorporation of the Directors' comments in our Group's annual report;
- making recommendations to the Directors on establishing an adequate, effective and independent internal audit function (which can be in-house or outsourced to a reputable accounting/auditing firm or corporation), and ensuring that the internal audit function is adequately resourced and staffed with persons with the relevant qualifications and experience and that the internal auditors comply with the standards set by nationally or internationally recognised professional bodies;
- where applicable, ensuring that the internal audit function has unfettered access to all our Group's documents, records, properties, and personnel, including the Audit and Risk Committee, and has appropriate standing within our Group;
- reviewing our Group's financial risk areas, with a view to providing an independent oversight of our Group's financial reporting, the outcome of such review to be disclosed in the annual reports or, if the findings are material, to be immediately announced via SGXNet;
- reviewing the risk profile of our Group and the appropriate steps to be taken to mitigate and manage risks at acceptable levels determined by the Board;
- considering the appointment or re-appointment of the external auditors and internal auditors, the level of their remuneration and matters relating to resignation or dismissal of the external auditors and internal auditors;

Corporate Governance Report

- conducting periodic reviews and approval of foreign exchange transactions and hedging policies (if any) undertaken by our Group;
- reviewing and approving transactions falling within the scope of Chapter 9 of the Catalist Rules;
- reviewing and establishing procedures for receipt, retention and treatment of complaints received by our Group, among others, criminal offences involving our Group or our employees, questionable accounting, auditing, business, safety or other matters that impact negatively on our Group, and ensuring that arrangements are in place for the independent investigations of such matter and for appropriate follow-up;
- undertaking such other reviews and projects as may be requested by our Board of Directors and reporting to our Board its findings from time to time on matters arising and requiring the attention of our Audit and Risk Committee; and
- generally undertaking such other functions and duties as may be required by statute or the Catalist Rules, and by such amendments made thereto from time to time.

Whistleblowing Policy

The Group has put in place a whistleblowing framework, endorsed by the ARC, which provides the mechanisms where employees may, in confidence, raise concerns or observations about possible corporate malpractices and improprieties in financial reporting or other matters directly to whistleblow@5e-resources.com. Details of the whistleblowing policy, together with the dedicated whistleblowing communication channels (such as email address) have been made available to all employees. It has a well-defined process which ensures independent investigation of issues/ concerns raised and appropriate follow-up action and provides assurance that employees will be protected from reprisal within the limits of the law or victimisation for whistleblowing in good faith. Anonymous reporting will also be attended to and anonymity honoured.

The whistleblowing policy and procedures are reviewed by the ARC from time to time to ensure that they remain relevant.

The ARC reports to the Board on such matters at the Board meetings. Should the ARC receive reports relating to serious offences and/or criminal activities in the Group, the ARC and the Board have access to the appropriate external advice where necessary. Where appropriate or required, a report shall be made to the relevant government authorities for further investigation or action.

The whistleblowing policy is published on the Company's website at <https://www.5e-resources.com/corporate-governance>, and a copy of the whistleblowing policy is also disseminated to all employees of the Group. As at the date of this Annual Report, there was no complaint, concerns of issue and whistleblowing report received through the whistle-blowing channel.

Financial Reporting Matters

The ARC reviews the financial statements, SGXNet announcements and all related disclosures to shareholders before submission to the Board for approval. In the process, the ARC reviews the key areas of management judgement applied for adequate provisioning and disclosure, critical accounting policies and any significant changes made that would have an impact on the Group's financial performance to ensure the integrity and fairness of the financial statements.

Corporate Governance Report

In the review of the financial statements for the financial year ended 31 December 2022, the ARC has discussed the following significant matters impacting the financial statements with the Management and the external auditors:

Significant matters	How the ARC reviewed these matters and what decisions were made
Revenue recognition for scheduled waste management services	<p>ARC reviewed the management's accounting for the revenue recognition for scheduled waste management services and the reasonableness of proportion of scheduled waste management service contracts computed by management for revenue recognition.</p> <p>As a result of the above procedures, the AC agrees with management that the accounting treatment applied is appropriate.</p>

Internal Controls and Regulatory Compliance

The ARC assists the Board in discharging its responsibility to safeguard the Group's assets, maintain adequate accounting records and develop and maintain effective systems of internal control, with the overall objective of ensuring that the Management creates and maintains an effective control environment. The ARC provides a channel of communication between the Board, the Management, and the internal and external auditors on audit matters.

The ARC also has explicit authority to investigate any matter within its terms of reference, full access to and co-operation by the Management and full discretion to invite any Director to attend its meetings, and reasonable resources to enable it to discharge its functions properly. The ARC meets with the internal and external auditors, without the presence of the Management, at least once a year.

Any change to accounting standards and issues which has a direct impact on financial statements will be highlighted to the ARC from time to time by the external auditors. The external auditors will work with the Management to ensure that the Group complies with the new accounting standards, if applicable.

The ARC reviews the adequacy and effectiveness of the Group's internal controls, including financial, operational, compliance and information technology controls and risk management systems through discussion with Management and its auditors and report to the Board annually.

The ARC reviews the assurance from the CEO and GFC on the financial records and financial statements.

External Audit

The ARC reviews the scope and results of the audit carried out by the external auditors, Messrs. PricewaterhouseCoopers LLP, the cost effectiveness of the audit and the independence and objectivity of the external auditors. It always seeks to balance the maintenance of objectivity of the external auditors and their ability to provide value-for-money professional services.

The ARC, in determining the independence and objectivity of the external auditors, reviewed all aspects of their relationships with them, including the processes, policies and safeguards adopted by the Group and external auditors relating to audit independence. The ARC also considered the nature and volume of the provision of the non-audit services in FY2022. Save for the fees paid for audit engagement, the non-audit services provided by the Company's external auditors, Messrs. PricewaterhouseCoopers LLP are immaterial and would not affect the independence of the auditors. The ARC is of the opinion that the external auditors are independent and were adequate and effective in performing its audit.

Corporate Governance Report

	S\$	% of Fees
Audit fees	225,000	88.7
Non-audit fees		
- Certification fees for listing grant application	18,000	7.1
- Tax services	10,600	4.2
Total fees	253,600	100.0

The consolidated financial statements of the Company and its subsidiaries are audited by Messrs. PricewaterhouseCoopers LLP. The ARC and the Board are of the view that the audit firms are adequately resourced, of appropriate standing within the international affiliation, have reviewed and are satisfied that the appointment would not compromise the standard and effectiveness of the audit of the Company and that the Company has complied with Rule 712 and Rule 715 of the Catalist Rules of the SGX-ST.

In reviewing the nomination of Messrs. PricewaterhouseCoopers LLP for re-appointment for the financial year ending 31 December 2023, the ARC has considered the adequacy of the resources, experience and competence of Messrs. PricewaterhouseCoopers LLP, and has taken into account the Accounting and Corporate Regulatory Authority's ("ACRA") Audit Quality Indicators Disclosure Framework relating to Messrs. PricewaterhouseCoopers LLP at the firm level and on the audit engagement level. Consideration was also given to the experience of the engagement partner and key team members in handling the audit. The ARC also considered the audit team's ability to work in a co-operative manner with Management whilst maintaining integrity and objectivity and its ability to deliver their services professionally and within agreed timelines.

The ARC has recommended to the Board that the external auditors, Messrs. PricewaterhouseCoopers LLP, be nominated for re-appointment as the external auditors of the Company at the forthcoming AGM of the Company to be held on 20 April 2023.

None of the ARC members are former partners or directors of the Company's external firm within the last twelve (12) months and none of the ARC members hold any financial interest in the external audit firm.

Provision 10.4 of the Code: Internal Audit Function

The primary role of internal audit is to assist the Board to evaluate the reliability, adequacy and effectiveness of the internal controls and risk management processes of the Group, reviewing the internal controls of the Group to ensure prompt and accurate recording of transactions and proper safeguarding of assets and reviewing that the Group to comply with the relevant laws, regulations and policies established.

The internal audit function plans its internal audit schedule in consultation with, but independent of the Management. The ARC examines the internal audit plan, determines the scope of audit examination and approves the internal audit budget. It also oversees the implementation of the improvements required on internal control weaknesses identified and ensures that Management provides the necessary co-operation to enable the internal auditors to perform its function. In addition, the internal auditors may be involved in ad-hoc projects initiated by the Management which require the assistance or/and assurance of the internal auditors in specific areas of concerns.

The Board is overall responsible for the management of risk within the Group. It ensures that the Management maintains a sound system of risk management and internal controls to safeguard shareholders' interests and the Company's assets, and determines the nature and extent of the significant risks which the Board is willing to take in achieving its strategic business objectives.

Corporate Governance Report

Messrs. Baker Tilly TFW LLP, the Company's internal auditors report primarily to the Chairman of the ARC and have unrestricted access to the documents, records, properties and personnel of the Company and of the Group. The main objective of the internal audit function is to assist the Group in evaluating and assessing the effectiveness of internal controls, and to highlight the areas where control weaknesses exist, if any. The Company continues to work with the internal auditors to identify other scope of work which will help to further enhance the robustness of the Company. The effectiveness of the Group's system of internal controls are in place to address the key financial, operational, compliance and information technology risks affecting the operations are reviewed by the ARC, together with the Board.

The Management is responsible for ensuring that the risks identified are relevant to the business environment and that controls or mitigating factors are in place. The Board reviews and approves policies and procedures for managing the identified risks. The ARC provides independent oversight to the effectiveness of the risk management process.

In compliance with Rule 1204(10) of the Catalist Rules, the Board, with the concurrence of the ARC, is of the opinion that the Company has a robust and effective internal control system. The system of internal controls is sufficiently adequate and effective to address the information technology controls and risk management systems, as well as the financial, operational, compliance and information technology risks based on the internal controls established and maintained by the Group and reports from the internal auditors and external auditors.

The Board notes that the system of internal controls provides reasonable but not absolute assurance that the Group will not be affected by any event that could be reasonably foreseen as it strives to achieve its business objectives. In this regard, the Board also notes that no system can provide absolute assurance against the occurrence of material errors, poor judgement in decision-making, human error, fraud or other irregularities.

The ARC has reviewed the independence, adequacy and effectiveness of the internal audit function at least annually to ensure that it is adequately resourced and has appropriate standing within the Company. Based on the review, the ARC was of the view that the internal audit function is independent, effective and adequately resourced.

The ARC approves the hiring, removal, evaluation and compensation of the internal auditors, who have unfettered access to all the Company's documents, records, properties and personnel, including access to the ARC.

Code of Conduct and Business Ethics

The Company has established a Code of Conduct and Business Ethics that sets the principles of the code of conduct and business ethics which applies to all employees of the Group. This code covers areas such as conduct in workplace, business conduct, protection of the Company's assets, confidentiality of information and conflict of interest. Directors, KMP and employees are expected to observe and uphold high standards of integrity which are in compliance with the Company's policies and the law and regulations of the countries in which it operates.

Provision 10.5 of the Code: ARC meets the auditor without the presence of Management annually.

The ARC shall meet external auditors and internal auditors without the presence of the Management at least once a year so that any matter can be raised directly. For FY2022, the ARC has met with the external auditors and internal auditors without the presence of the Management. These meetings enable the auditors to raise any issues in the course of their work directly to the ARC.

Corporate Governance Report

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.

Provision 11.1 of the Code: Shareholders' Rights

Provision 11.2 of the Code: Resolutions

The Board is committed to being open and transparent in the conduct of the Company's affairs, while preserving the commercial interests of the Company. The Board is mindful of its obligations to provide timely and fair disclosure of material information in accordance with the Corporate Disclosure Policy. Financial Results, annual reports and other material information are released via SGXNet. Announcements released via SGXNet are also uploaded promptly on the Company's corporate website. The Company's website: <https://www.5e-resources.com/announcements>, contains regular up to date information and corporate profile of the Group. All shareholders and the public can access for more information of the Company through this website.

All resolutions at general meetings are voted on by poll so as to better reflect shareholders' shareholding interests and ensure greater transparency. Shareholders are briefed by the appointed polling agent on the poll voting procedures at the general meetings. The appointed scrutineer will ensure that the poll process is properly carried out and the counting of the votes is verified by the scrutineer. The poll voting results of all votes cast for, or against, or abstain, each resolution and the respective percentages are announced at the meeting and via SGXNet upon the conclusion of the general meetings.

Provision 11.3 of the Code: Attendance at General Meetings

At general meetings of the Company, shareholders are given the opportunity to communicate their views and are encouraged to ask the Directors and the Management questions regarding matters affecting the Company and the Group.

The shareholders are invited to submit their questions for the AGM in advance of the meeting, and the Company will provide its responses via SGXNet and the corporate website prior to the commencement of the AGM on 20 April 2023. The Chairperson, all the Directors (including the Chairmen of the ARC, NC and RC) and the external auditors, Messrs. PricewaterhouseCoopers LLP, will endeavour to be present at the Company's AGM held on 20 April 2023 to address the shareholders' questions relating to the work of the Board and the Board Committees and the external auditors will assist the Directors in addressing any relevant queries by the shareholders relating to the conduct of the audit and the preparation and content of the auditors' report.

Provision 11.4 of the Code: Voting procedures

Shareholders are encouraged to participate at the Company's general meetings. For those who hold their shares through nominee or custodial services, they are allowed, upon prior request through their nominee, to attend the general meetings as observers without being constrained by the two-proxy rule.

All shareholders are encouraged to attend the general meetings to ensure high level of accountability and to stay informed of the Group's strategies and visions. The Constitution allows a shareholder and corporation which provide nominee or custodial services to appoint not more than two (2) proxies to attend and vote at general meetings. The Constitution contains provision for any shareholder to vote in absentia, such as via mail, electronic mail or facsimile. In order to have a valid registration of proxy, the proxy forms must be sent in advance to the place(s) as specified in the notice of the general meetings at least 72 hours before the time set for the general meetings.

Corporate Governance Report

Voting in absentia such as voting via mail, electronic mail or facsimile at the general meetings may only be possible following careful study to ensure that integrity of the information and authentication of the identity of shareholders through the web is not compromised.

Provision 11.5 of the Code: Minutes of general meeting

The Company Secretary shall prepare each item of special business in the notices of the shareholders' general meetings is accompanied, where appropriate, by an explanation for the proposed resolution. Separate resolutions are proposed for each distinct issue. Minutes of general meetings, which include substantial comments or queries from shareholders and responses from the Board and Management are available to shareholders upon request.

The Company will, within one (1) month after the date of the AGM, publish the minutes of the AGM on SGXNet and the Company's website, and the minutes will include the responses to the questions referred to the above.

Provision 11.6 of the Code: 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, operational and capital requirements, cash flow and financial conditions, as well as general business conditions and other factors which the Board may deem appropriate. The Board endeavours to maintain a balance between meeting shareholders' expectations and prudent capital management. The Board will review the dividend payment from time to time and any dividend declaration will be communicated to shareholders via announcement through SGXNet.

The Board has recommended a final dividend (one-tier tax exempt) of S\$0.01 per ordinary share (approximately MYR0.0327 per ordinary share based on exchange rate of S\$1:MYR3.27 as at 31 December 2022) for FY2022 which is subject to the Shareholders' approval at the forthcoming AGM of the Company.

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.

Provision 12.1 of the Code: Communication with shareholders

Provision 12.2 and 12.3 of the Code: Investor relations policy

Disclosure of Information on Timely Basis

The Group is firmly committed to corporate governance and transparency by disclosing to its stakeholders, including its shareholders, as much relevant information as is possible, in a timely, fair and transparent manner as well as to hearing its shareholders' views and addressing their concerns. By supplying shareholders with reliable and timely information, the Company is able to strengthen the relationship with its shareholders based on trust and accessibility.

The Company has an Investor Relations ("IR") policy outlining the principles and practices adopted in the course of its investor relations activities, including communication with shareholders and the investment community.

Corporate Governance Report

Investor Relations Practices

Through the IR personnel, the Company communicates and engages 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 enable shareholders to contact the Company easily, the contact details of the IR Personnel are set out on the Company's corporate website: <https://www.5e-resources.com/cont/contact-us>.

The IR Policy reflects avenues for communication between shareholders and the Company, including shareholders' meetings, the Company's annual report and sustainability report, the information available on the Company's website, results announcements, meetings with analysts and media, and describes how shareholders may contact the Company should they have questions. The policy thus allows for an ongoing exchange of views with shareholders, thereby promoting regular, effective and fair communication.

MANAGING STAKEHOLDERS RELATIONSHIPS

Engagement with Stakeholders

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

Provision 13.1 and 13.2 of the Code: Relationships with stakeholders

In FY2022, the Group has reported its sustainability performance in accordance with the SGX Sustainability Report Guide, with reference to the Global Reporting Initiative ("GRI") reporting framework and has aligned its climate-related disclosures with the Task Force on Climate-related Financial Disclosures ("TCFD") in the four key areas of governance, strategy, risk management and metrics and targets. It has also mapped the material environmental, social and governance ("ESG") topics to the United Nations Sustainable Development Goals ("UN SDGs"), and will continually review the Group's sustainable business strategy to improve the stewardship and reporting format.

The Group has identified key stakeholders as those who are impacted by the Group's business and operation activities, and have a significant impact on the Group's sustainability. Such stakeholders include employees, shareholders, workers, its consumers, its suppliers and business partners, communities, government and regulators, and its financiers. The Company engages its stakeholders through various channels to ensure that business interests of the Group are balanced against the needs and interests of its stakeholders.

The Group's policies including the Board Diversity Policy, the IR Policy and Whistleblowing Policy facilitate the Group's engagement with its key stakeholders.

Stakeholders may contact the Company through 'Contact Us' in the Company's corporate website: <https://www.5e-resources.com/cont/contact-us>.

Corporate Governance Report

Provision 13.3 of the Code: Communication with stakeholders

Corporate Website

The Company does not practise selective disclosure of material information. All material information on the performance and development of the Group and of the Company is disclosed in a timely, accurate and comprehensive manner through SGXNet, press releases and the Company's corporate website - <https://www.5e-resources.com/>.

The comprehensive website, which is updated regularly, contains various information on the Group and the Company which serves as an important resource for investors and all stakeholders. It has a dedicated "Investor Relations" link which features the annual report, financial results, and related information.

ADDITIONAL INFORMATION REQUIRED BY THE CATALIST RULES OF THE SGX-ST

1. DEALING IN SECURITIES

In compliance with Rule 1204(19) of the Catalist Rules, the Company imposes a trading embargo on its Directors and employees of the Company from trading in its securities for the period of one (1) month prior to the announcement of the half-year and full-year financial results, or when they are in possession of unpublished material price-sensitive information.

An internal memorandum was circulated informing all persons covered by the policy that they are prohibited from dealing in the securities of the Company during the 'closed window' period until after the release of the results. The Company's internal memorandum includes the clause whereby an officer of the Company is prohibited from dealing in the Company's securities on short-term considerations.

All Directors are required to seek Board's approval before trading in the Company's shares and are also required to notify the Company Secretary of any change in his/her interest in the Company's shares within two business days of the change.

In view of the policy in place, the Board is of the opinion that the Company has complied with the recommended best practices on dealings in securities under Rule 1204(19) of the Catalist Rules.

In addition, directors, key management personnel and connected persons are expected to observe insider trading laws at all times even when dealing in securities within the permitted trading period. They are also refrained from dealing in the Company's shares on short-term considerations. During FY2022, there was no trading of the Company's shares by directors, key management personnel and connected persons.

2. NON-SPONSORSHIP FEES

The Company was listed on the Catalist Board of the SGX-ST on 12 May 2022, and RHT Capital Pte. Ltd. ("RHT Capital") was the Full Sponsor and Issue Manager of the Company in respect of the listing. Save for the fees paid to RHT Capital in relation to the listing, with reference to Rule 1204(21) of the Catalist Rules, no non-sponsor fees were paid to the Company's Sponsor, RHT Capital, for FY2022.

3. INTERESTED PERSON TRANSACTIONS ("IPTs")

The ARC reviewed the Group's IPTs to ensure that the transactions were executed at normal commercial terms and did not prejudice the interests of the Group and its minority shareholders.

The Company has not obtained a general mandate from shareholders for IPTs. Save from the IPTs disclosed in the Offer Document of the Company, there is no additional IPTs of S\$100,000 and above, and the ARC is satisfied that there were no material contracts of the Company and its subsidiaries involving the interest of the Executive Directors or any Director or controlling shareholder subsisted at the end of the financial year. In the event that a member of the ARC is involved in any IPTs, he or she will abstain from reviewing that particular transaction.

Corporate Governance Report

4. USE OF IPO PROCEEDS

The Group raised net proceeds of S\$8.0 million. As of the date of this Annual Report, the balance of net proceeds as follows:

	Allocation of Net Proceeds S\$'000	Amount Utilised as at the Date of this Annual Report S\$'000	Balance as at the Date of this Annual Report S\$'000
Acquisition of an off-site storage plant including the land on which it is situated, for geographical business expansion	3,863	-	3,863
Capital investment in facilities, plants, machineries and/or equipment to enhance production efficiency and capacities	2,244	2,244 ⁽¹⁾	-
Expansion of our business through, <i>inter alia</i> , investments, mergers and acquisitions, joint ventures and/or strategic collaboration	1,169	-	1,169
General working capital purposes	741	741 ⁽²⁾	-
Total	8,017	2,985	5,032

Notes:

- (1) The amount of approximately S\$2,244,000 was utilised for payment to contractors and suppliers relating to the construction of the new plant at PTD 71200, Jalan Perak 2, Kawasan Perindustrian Pasir Gudang, Mukim Plentong, Johor, Malaysia.
- (2) The breakdown of the utilisation of net proceeds to be used for general working capital purposes are as follows:

Summary of Expenses	S\$'000
Purchases from suppliers	239
Staff Cost	233
Utility Bills	96
Tax payment	65
Professional fees	98
Administrative expenses	10
Total	741

5. MATERIAL CONTRACTS

Save for the Service Agreements between the Executive Directors and the Company as mentioned above, there were no material contracts entered into by the Company or its subsidiaries involving the interests of its Chairperson or any Directors or controlling shareholders which are either still subsisting as at the end of financial year or if not then subsisting, entered into since the end of the previous financial year.

Additional Information on Directors Seeking Re-Election

Mr. Lim Te Hua, Mr. Shankar Narasingam, Mr. Wong Chee Meng Lawrence, Mr. Kam Chai Hong, Mr. Wang Han Lin and Mr. Siow Chin How are the Directors seeking re-election at the forthcoming Annual General Meeting of the Company to be convened on 20 April 2023 (“AGM”) (collectively, the “Retiring Directors” and each a “Retiring Director”).

Pursuant to Catalist Rule 720(5), the information relating to the Retiring Directors as set out in Appendix 7F is set out below:

	Mr. Lim Te Hua	Mr. Shankar Narasingam	Mr. Wong Chee Meng Lawrence
Date of Appointment	25 March 2022	25 March 2022	25 March 2022
Date of last re-appointment	N/A	N/A	N/A
Age	50	56	56
Country of principal residence	Malaysia	Malaysia	Singapore
The Board's comments on this appointment (including rationale, selection criteria, and the search and nomination process)	<p>The Board of Directors of the Company has considered, among others, the recommendation of the Nominating Committee (“NC”) and has reviewed and considered the qualification, work experience and suitability of Mr. Lim Te Hua for re-appointment as an Executive Director and Chief Executive Officer of the Company.</p> <p>The Board has reviewed and concluded that Mr. Lim Te Hua possesses the experience, expertise, knowledge and skills to contribute towards the core competencies of the Board.</p>	<p>The Board of Directors of the Company has considered, among others, the recommendation of the Nominating Committee (“NC”) and has reviewed and considered the qualification, work experience and suitability of Mr. Shankar Narasingam for re-appointment as an Executive Director and Chief Operating Officer of the Company.</p> <p>The Board has reviewed and concluded that Mr. Shankar Narasingam possesses the experience, expertise, knowledge and skills to contribute towards the core competencies of the Board.</p>	<p>The Board of Directors of the Company has considered, among others, the recommendation of the Nominating Committee (“NC”) and has reviewed and considered the qualification, work experience and suitability of Mr. Wong Chee Meng Lawrence for re-appointment as a Lead Independent and Non-Executive Director of the Company and a member each of the Audit and Risk Committee and Nominating Committee of the Company.</p> <p>The Board has reviewed and concluded that Mr. Wong Chee Meng Lawrence possesses the experience, expertise, knowledge and skills to contribute towards the core competencies of the Board.</p>
Whether appointment is executive, and if so, the area of responsibility	Executive, responsible for executing the corporate strategy and overall daily operations of our Group, including business development and overall management.	Executive, responsible for overseeing the ongoing operations and procedures of our Group, as well as overseeing the various heads of departments relating to operations, safety, health and welfare.	Non-Executive
Job Title (e.g. Lead ID, AC Chairman, AC Member etc.)	Executive Director and Chief Executive Officer	Executive Director and Chief Operating Officer	Lead Independent and Non-Executive Director and a member each of the Audit and Risk Committee and Nominating Committee

Additional Information on Directors Seeking Re-Election

	Mr. Kam Chai Hong	Mr. Wang Han Lin	Mr. Siow Chin How
Date of Appointment	25 March 2022	25 March 2022	18 October 2021
Date of last re-appointment	N/A	N/A	N/A
Age	74	55	44
Country of principal residence	Malaysia	Malaysia	Malaysia
The Board's comments on this appointment (including rationale, selection criteria, and the search and nomination process)	<p>The Board of Directors of the Company has considered, among others, the recommendation of the Nominating Committee ("NC") and has reviewed and considered the qualification, work experience and suitability of Mr. Kam Chai Hong for re-appointment as an Independent and Non-Executive Director of the Company, Chairman of the Audit and Risk Committee and a member Remuneration Committee of the Company.</p> <p>The Board has reviewed and concluded that Mr. Kam Chai Hong possesses the experience, expertise, knowledge and skills to contribute towards the core competencies of the Board.</p>	<p>The Board of Directors of the Company has considered, among others, the recommendation of the Nominating Committee ("NC") and has reviewed and considered the qualification, work experience and suitability of Mr. Wang Han Lin for re-appointment as an Independent and Non-Executive Director of the Company, Chairman of the Nominating Committee and a member Remuneration Committee of the Company.</p> <p>The Board has reviewed and concluded that Mr. Wang Han Lin possesses the experience, expertise, knowledge and skills to contribute towards the core competencies of the Board.</p>	<p>The Board of Directors of the Company has considered, among others, the recommendation of the Nominating Committee ("NC") and has reviewed and considered the qualification, work experience and suitability of Mr. Siow Chin How for re-appointment as an Independent and Non-Executive Director of the Company, Chairman of the Remuneration Committee and a member each of the Audit and Risk Committee and Nominating Committee of the Company.</p> <p>The Board has reviewed and concluded that Mr. Siow Chin How possesses the experience, expertise, knowledge and skills to contribute towards the core competencies of the Board.</p>
Whether appointment is executive, and if so, the area of responsibility	Non-Executive	Non-Executive	Non-Executive
Job Title (e.g. Lead ID, AC Chairman, AC Member etc.)	Independent and Non-Executive Director, Chairman of the Audit and Risk Committee and a member Remuneration Committee	Independent and Non-Executive Director, Chairman of the Nominating Committee and a member Remuneration Committee	Independent and Non-Executive Director, Chairman of the Remuneration Committee and a member each of the Audit and Risk Committee and Nominating Committee

Additional Information on Directors Seeking Re-Election

	Mr. Lim Te Hua	Mr. Shankar Narasingam	Mr. Wong Chee Meng Lawrence
Professional qualifications	<ul style="list-style-type: none"> - Degree in Bachelor of Science (Cum Laude) from the Campbell University. - Master of Business Administration from Akamai University - Malaysian Institute of Chemistry 	<ul style="list-style-type: none"> - Degree in Bachelor of Science (Environment) from Universiti Pertanian Malaysia 	<ul style="list-style-type: none"> - LLB (Honours) from the National University of Singapore - Member of The Law Society of Singapore
Working experience and occupation(s) during the past 10 years	<p>November 2008 – present Executive Director and Chief Executive Officer of 5E Resources Limited</p>	<p>November 2020 to present Chief Operating Officer of 5E Resources Limited</p> <p>May 2011 to present Executive Director of 5E Resources Sdn. Bhd.</p> <p>July 2007 – May 2011 Technical Director of 5E Resources Sdn. Bhd.</p>	<p>July 2020 to present Managing Counsel at Bird & Bird ATMD LLP</p> <p>January 2014 to June 2020 Managing Director at Equity Law LLC</p> <p>May 2011 to December 2013 Management Committee; and Co-Head of the Corporate and Securities Practice at RHT Law Taylor Wessing LLP</p> <p>July 2011 to December 2013 Head, Registered Professional and SGX-ST continuing sponsor at RHT Capital Pte. Ltd.</p>
Shareholding interest in the listed issuer and its subsidiaries	15,888,522 shares (Direct Interest)	6,582,078 shares (Direct Interest)	Nil
Any relationship (including immediate family relationships with any existing director, existing executive officer, the issuer and/or substantial shareholder of the listed issuer or of any of its principal subsidiaries	No	No	No
Conflict of Interest (including any competing business)	No	No	No
Undertaking (in the format set out in Appendix 7H) under Rule 720(1) has been submitted to the listed issuer	Yes	Yes	Yes

Additional Information on Directors Seeking Re-Election

	Mr. Kam Chai Hong	Mr. Wang Han Lin	Mr. Siow Chin How
Professional qualifications	<ul style="list-style-type: none"> - Member Association of Chartered Certified Accountant - Member of Accountant from Malaysian Institute of Accountants - Associate of Chartered Tax Institute of Malaysia 	<ul style="list-style-type: none"> - Degree in Bachelor of Economics from Monash University, Australia - Degree in Bachelor of Law from Monash University, Australia - Advocate & Solicitor, the Malaysian Bar 	<ul style="list-style-type: none"> - BA (Hons) in Accounting & Finance from the University of Abertay Dundee - Master in Business Administration from Victoria University - Member of Institute of Singapore Chartered Accountants - Member of Malaysian Institute of Accountants - Member of CPA Australia
Working experience and occupation(s) during the past 10 years	<p>January 1996 to August 2016 Independent Non-Executive Director of Yinson Holdings Berhad</p> <p>January 1992 to present Executive Director of C.H. Kam Taxation Services Sdn. Bhd.</p> <p>February 1991 to present Executive Director of C.H. Kam Consultancy (2005) Sdn. Bhd.</p> <p>June 1981 to present Managing Partner of Syarikat C.H. Kam (AF 0326)</p>	<p>January 2002 to present Managing Partner of Wang & S. B. Wong, Advocates & Solicitors</p>	<p>August 2014 to present Finance Director at Maya Asia Resources Sdn Bhd</p> <p>June 2015 to present Chief Financial Officer of Maya Asia Resources Pte. Ltd.</p> <p>March 2017 to October 2017 Group Financial Controller at JES International Holdings Limited</p> <p>March 2003 to July 2014 Group Internal Auditor at Maya Manufacturing and Trading Co. (Malaysia) Sdn. Bhd.</p>
Shareholding interest in the listed issuer and its subsidiaries	Nil	Nil	Nil
Any relationship (including immediate family relationships with any existing director, existing executive officer, the issuer and/or substantial shareholder of the listed issuer or of any of its principal subsidiaries	No	No	No
Conflict of Interest (including any competing business)	No	No	No
Undertaking (in the format set out in Appendix 7H) under Rule 720(1) has been submitted to the listed issuer	Yes	Yes	Yes

Additional Information on Directors Seeking Re-Election

	Mr. Lim Te Hua	Mr. Shankar Narasingam	Mr. Wong Chee Meng Lawrence
Other Principal Commitments including Directorships			
Present	<u>Listed company</u> - Director of 5E Resources Limited <u>Non-listed companies</u> - Director of 5E Holdings Sdn. Bhd. - Director of 5E Resources Sdn. Bhd. - Director of TS Heuls Chemical & Engineering Sdn. Bhd. - Director of Colorful Genesis Sdn. Bhd.	<u>Listed company</u> - Director of 5E Resources Limited <u>Non-listed companies</u> - Director of 5E Holdings Sdn. Bhd. - Director of 5E Resources Sdn. Bhd. - Director of Premier H2O Marketing Sdn. Bhd.	<u>Listed companies</u> - Director of 5E Resources Limited - Director of International Cement Group Ltd. - Director of Atlantic Navigation Holdings (Singapore) Limited - Director of Eindec Corporation Limited <u>Non-listed companies</u> - Director of EQ Advisory Pte. Ltd. - Managing Counsel of Bird & Bird ATMD LLP
Past (for the last 5 years)	Nil	- Bigfoot Dialysis & Medicare Center Sdn. Bhd.	- Equity Law LLC - EQ Compliance Pte. Ltd. - Oxpay Financial Limited (f.k.a Artivision Technologies Ltd.) - Silkroad Nickel Ltd. (f.k.a. China Bearing (Singapore) Ltd.) - Sino Grandness Food Industry Group Limited

Additional Information on Directors Seeking Re-Election

	Mr. Kam Chai Hong	Mr. Wang Han Lin	Mr. Siow Chin How
Other Principal Commitments including Directorships			
Present	<p><u>Listed company</u></p> <ul style="list-style-type: none"> - Director of 5E Resources Limited <p><u>Non-listed companies</u></p> <ul style="list-style-type: none"> - Director of C.H. Kam Consultancy (2005) Sdn. Bhd. - Director of C.H. Kam Taxation Services Sdn. Bhd. - Managing Partner of Syarikat C.H. Kam (AF 0326) - Committee Member of Johore Bahru Foon Yew Associated Chinese Schools - First Vice President of Persekutuan Tiong-Hua, Johor Baru 	<p><u>Listed company</u></p> <ul style="list-style-type: none"> - Director of 5E Resources Limited <p><u>Non-listed companies</u></p> <ul style="list-style-type: none"> - Director of 3W Realty Sdn. Bhd. - Director of Berlian Harmoni Sdn. Bhd. - Director of Bright Aim Capital Sdn. Bhd. - Director of Exotic Fiesta Sdn. Bhd. - Director of Impian Optimis Sdn. Bhd. - Director of Industri Taman Sri Yaacob Sdn. Bhd. - Director of KK Wang Capital Sdn. Bhd. - Director of OKB Venture Sdn. Bhd. - Director of SWWT Holdings Sdn. Bhd. - Director of Teras Dayabumi Sdn. Bhd. - Director of Wang and Wang Holdings Sdn. Bhd. - Director of WHL Capital Holdings Sdn. Bhd. - Managing Partner of Wang & S.B. Wong 	<p><u>Listed company</u></p> <ul style="list-style-type: none"> - Director of 5E Resources Limited <p><u>Non-listed companies</u></p> <ul style="list-style-type: none"> - Director of Bebe Malaysia Sdn. Bhd. - Director of Johore Bahru Foon Yew Associated Chinese Schools - Director of Majujaya Holdings Sdn. Bhd. - Director of Maya Asia Holdings Sdn. Bhd. - Director of Maya Asia Resources Sdn. Bhd. - Director of Maya Manufacturing & Trading Company (Malaysia) Sdn. Bhd. - Director of Maya Packaging Industries Sdn. Bhd. - Director of Maya Plastics Sendirian Berhad - Chief Financial Officer of Maya Asia Resources Pte. Ltd.
Past (for the last 5 years)	<ul style="list-style-type: none"> - Hokkien Huay Kuan Johor Bharu - C.H. Kam Consultancy Sdn. Bhd. 	<ul style="list-style-type: none"> - United Pioneer Resources Sdn. Bhd. - Global Tone Marketing Sdn. Bhd. - Global Tone Worldwide Sdn. Bhd. 	<ul style="list-style-type: none"> - Exotic Fiesta Sdn. Bhd. - Fukumaya Pte. Ltd. - How Hong Realty Sdn. Bhd. - SWWT Holdings Sdn. Bhd. - TS Resources Pte. Ltd. - Wentel Corporation Pte. Ltd.

Additional Information on Directors Seeking Re-Election

	Mr. Lim Te Hua	Mr. Shankar Narasingam	Mr. Wong Chee Meng Lawrence
Disclose the following matters concerning an appointment of director, chief executive officer, chief financial officer, chief operating officer, general manager or other officer of equivalent rank. If the answer to any question is "yes", full details must be given.			
(a) Whether at any time during the last 10 years, an application or a petition under any bankruptcy law of any jurisdiction was filed against him or against a partnership of which he was a partner at the time when he was a partner or at any time within 2 years from the date he ceased to be a partner?	No	No	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
(c) Whether there is any unsatisfied judgment against him?	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
(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
(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
(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
(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
(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

Additional Information on Directors Seeking Re-Election

	Mr. Kam Chai Hong	Mr. Wang Han Lin	Mr. Siow Chin How
Disclose the following matters concerning an appointment of director, chief executive officer, chief financial officer, chief operating officer, general manager or other officer of equivalent rank. If the answer to any question is "yes", full details must be given.			
(a) Whether at any time during the last 10 years, an application or a petition under any bankruptcy law of any jurisdiction was filed against him or against a partnership of which he was a partner at the time when he was a partner or at any time within 2 years from the date he ceased to be a partner?	No	No	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
(c) Whether there is any unsatisfied judgment against him?	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
(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
(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
(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
(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
(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

Additional Information on Directors Seeking Re-Election

	Mr. Lim Te Hua	Mr. Shankar Narasingam	Mr. Wong Chee Meng Lawrence
(j) Whether he has ever, to his knowledge, been concerned with the management or conduct, in Singapore or elsewhere, of the affairs of:-			
(i) any corporation which has been investigated for a breach of any law or regulatory requirement governing corporations in Singapore or elsewhere; or	No	No	No
(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	No	No	No
(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	No	No	No
(iv) any entity or business trust which has been investigated for a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere in connection with any matter occurring or arising during that period when he was so concerned with the entity or business trust?	No	No	No
(k) Whether he has been the subject of any current or past investigation or disciplinary proceedings, or has been reprimanded or issued any warning, by the Monetary Authority of Singapore or any other regulatory authority, exchange, professional body or government agency, whether in Singapore or elsewhere?	No	No	No

Additional Information on Directors Seeking Re-Election

	Mr. Kam Chai Hong	Mr. Wang Han Lin	Mr. Siow Chin How
(j) Whether he has ever, to his knowledge, been concerned with the management or conduct, in Singapore or elsewhere, of the affairs of:-			
(i) any corporation which has been investigated for a breach of any law or regulatory requirement governing corporations in Singapore or elsewhere; or	No	No	No
(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	No	No	No
(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	No	No	No
(iv) any entity or business trust which has been investigated for a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere in connection with any matter occurring or arising during that period when he was so concerned with the entity or business trust?	No	No	No
(k) Whether he has been the subject of any current or past investigation or disciplinary proceedings, or has been reprimanded or issued any warning, by the Monetary Authority of Singapore or any other regulatory authority, exchange, professional body or government agency, whether in Singapore or elsewhere?	No	No	No

Directors' Statement

The directors present their statement to the members together with the audited financial statements of the Group for the financial year ended 31 December 2022 and the statement of financial position of the Company as at 31 December 2022.

In the opinion of the directors,

- (a) the statement of financial position and statement of changes in equity of the Company and the consolidated financial statements of the Group as set out on pages 94 to 135 are drawn up so as to give a true and fair view of the financial position of the Company and of the Group as at 31 December 2022, the financial performance, changes in equity and cash flows of the Group and the changes in equity of the Company for the financial year ended on that date; and
- (b) at the date of this statement, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

DIRECTORS

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

Loo Sok Ching (Appointed on 18 October 2021)
Siow Chin How (Appointed on 18 October 2021)
Lim Te Hua (Appointed on 25 March 2022)
Shankar A/L Narasingam (Appointed on 25 March 2022)
Wong Chee Meng, Lawrence (Appointed on 25 March 2022)
Kam Chai Hong (Appointed on 25 March 2022)
Wang Han Lin (Appointed on 25 March 2022)

ARRANGEMENTS TO ENABLE DIRECTORS TO ACQUIRE SHARES AND DEBENTURES

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

DIRECTORS' INTERESTS IN SHARES OR DEBENTURES

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

	Holdings registered in name of director or nominee		Holdings in which director is deemed to have an interest	
	At 31.12.2022	At 1.1.2022 or date of appointment, if later	At 31.12.2022	At 1.1.2022 or date of appointment, if later
5E Resources Limited (No. of ordinary shares)				
Lim Te Hua	15,888,522	2,648,087	-	-
Loo Sok Ching	39,339,900	6,556,649	47,164,284	1
Shankar A/L Narasingam	6,582,078	1,097,013	-	-

There were no changes in any of the above mentioned interests in the Company between the end of the financial year and 21 January 2023.

Directors' Statement

AUDIT AND RISK COMMITTEE

The members of the Audit and Risk Committee at the end of the financial year were as follows:

Mr Kam Chai Hong - Chairman
Mr Siow Chin How - Member
Mr Wong Chee Meng Lawrence - Member

All members of the Audit and Risk Committee were independent non-executive directors.

The Audit and Risk Committee carried out its functions in accordance with Section 201B(5) of the Singapore Companies Act. In performing those functions, the Audit and Risk Committee reviewed:

- the scope and the results of internal audit procedures with the internal auditor;
- the audit plan of the Company's independent auditor and any recommendations on internal accounting controls arising from the statutory audit;
- the assistance given by the Company's management to the independent auditor; and
- the statement of financial position and statement of changes in equity of the Company and the consolidated financial statements of the Group for the financial year ended 31 December 2022 before their submission to the Board of Directors.

The Audit and Risk Committee has recommended to the Board that the independent auditor, PricewaterhouseCoopers LLP, be nominated for re-appointment at the forthcoming Annual General Meeting of the Company.

INDEPENDENT AUDITOR

The independent auditor, PricewaterhouseCoopers LLP, has expressed its willingness to accept re-appointment.

On behalf of the directors

LOO SOK CHING
Director

LIM TE HUA
Director

31 March 2023

Independent Auditor's Report

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Our Opinion

In our opinion, the accompanying consolidated financial statements of 5E Resources Limited (“**the Company**”) and its subsidiaries (“**the Group**”) and the statement of financial position and the statement of changes in equity of the Company are properly drawn up in accordance with the provisions of the Companies Act 1967 (“**the Act**”) and Singapore Financial Reporting Standards (International) (“**SFRS(I)s**”) so as to give a true and fair view of the consolidated financial position of the Group and the financial position of the Company as at 31 December 2022 and of the consolidated financial performance, consolidated changes in equity and consolidated cash flows of the Group and the changes in equity of the Company for the financial year ended on that date.

What we have audited

The financial statements of the Company and the Group comprise:

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

Basis for Opinion

We conducted our audit in accordance with Singapore Standards on Auditing (“**SSAs**”). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Group in accordance with the Accounting and Corporate Regulatory Authority Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities (“**ACRA Code**”) together with the ethical requirements that are relevant to our audit of the financial statements in Singapore, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ACRA Code.

Independent Auditor's Report

Our Audit Approach

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the accompanying financial statements. In particular, we considered where management made subjective judgements; for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits, we also addressed the risk of management override of internal controls, including among other matters consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

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 for the financial year ended 31 December 2022. 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.

Key Audit Matter	How our audit addressed the Key Audit Matter
<p>Revenue recognition for scheduled waste management services <i>Refer to Notes 2.4(a) and 4</i></p> <p>During the financial year ended 31 December 2022, revenue from scheduled waste management services amounted to RM53.3 million and it represents 82% of the total revenue of the Group.</p> <p>The Group adopts SFRS(I) 15, Revenue from Contracts with Customers whereby revenue from scheduled waste management services are recognised over time when performance obligations of services promised in the contract are satisfied.</p> <p>Management's judgement is required in determining the stage of completion and measurement of progress towards satisfaction of performance obligations as of period end which affects the timing of the revenue recognition.</p> <p>We focused on the year end revenue recognition as management's judgment is required in determining the measurement of the progress of completion of scheduled waste management services.</p>	<p>We obtained an understanding of the scheduled waste management services contracts and revenue recognition process through discussion with management, and assessed the appropriateness of the method to measure progress of contracts to recognise revenue.</p> <p>We have reviewed and agreed total contract sum to supporting documents.</p> <p>We have assessed reasonableness of proportion of scheduled waste management service contracts computed by management for revenue recognition.</p> <p>Based on the above procedures performed, we did not note material exceptions to management's assessment of the proportion of scheduled waste management services revenue to be taken up as at 31 December 2022.</p> <p>We have assessed the adequacy of the disclosures of the key accounting estimates and found the disclosures in the financial statements to be appropriate.</p>

Independent Auditor's Report

Other Matter

Although the accompanying financial statements are the first set of financial statements for the Company, prior year unaudited comparatives have been presented in the consolidated financial statements as the Group adopted predecessor accounting.

Other Information

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

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

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

Responsibilities of Management and Directors for the Financial Statements

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

Independent Auditor's Report

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

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

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

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

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

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

Report on Other Legal and Regulatory Requirements

In our opinion, the accounting and other records required by the Act to be kept by the Company have been properly kept in accordance with the provisions of the Act.

The engagement partner on the audit resulting in this independent auditor's report is Rebekah Khan.

PricewaterhouseCoopers LLP
Public Accountants and Chartered Accountants
Singapore, 31 March 2023

Consolidated Statement of Comprehensive Income

For the financial year ended 31 December 2022

	Note	2022 MYR'000	2021 MYR'000
Revenue from contracts with customers	4	64,969	57,970
Cost of sales	6	(35,190)	(30,345)
Gross profit		29,779	27,625
Other income			
- Interest income		803	117
- Others		968	8
Other gains - net	5	318	23
Administrative expenses	6	(10,661)	(9,958)
Selling and distribution expenses	6	(3,349)	(3,457)
Finance expenses	8	(473)	(165)
Net impairment reversal/(charge) on trade receivables	13(a)	5	(67)
Profit before income tax		17,390	14,126
Income tax expense	9	(5,070)	(4,829)
Net profit and total comprehensive income for the financial year		12,320	9,297
Net profit and total comprehensive income for the financial year attributable to:			
- Owners of the Company		12,320	9,297
Earnings per share attributable to equity holders of the Company (expressed in MYR cents)			
- Basic and diluted earnings per share	10	9.2	8.5

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

Consolidated Statement of Financial Position

As at 31 December 2022

	Note	2022 MYR'000	2021 MYR'000
ASSETS			
Current assets			
Cash and cash equivalents	11	60,924	21,918
Short term deposits	12	489	82
Trade and other receivables	13(a)	10,314	11,752
Other current assets	13(b)	100	863
Inventories	14	540	499
Total current assets		72,367	35,114
Non-current assets			
Property, plant and equipment	16	34,214	29,750
Right-of-use assets	17	16,127	7,161
Prepayment for purchase of property, plant and equipment		290	70
Total non-current assets		50,631	36,981
Total assets		122,998	72,095
LIABILITIES			
Current liabilities			
Trade and other payables	18	10,899	7,158
Contract liabilities		64	99
Current income tax liabilities	9	1,624	1,772
Borrowings	19	361	3,311
Lease liabilities	17	256	189
Total current liabilities		13,204	12,529
Non-current liabilities			
Lease liabilities	17	9,898	138
Borrowings	19	2,252	2,617
Deferred tax liabilities	20	1,849	2,427
Total non-current liabilities		13,999	5,182
Total liabilities		27,203	17,711
NET ASSETS		95,795	54,384
EQUITY			
Capital and reserves attributable to owners of the Company			
Share capital	21(a)	84,977	55,886
Reserves	21(b)	(59,250)	(59,250)
Retained profits		70,068	57,748
Total equity		95,795	54,384

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

Company Statement of Financial Position (continued)

As at 31 December 2022

	Note	2022 MYR'000
ASSETS		
Current assets		
Cash and cash equivalents	11	895
Other receivables	13(a)	947
Other current assets	13(b)	24
Amount due from a subsidiary	15(b)	23,677
Total current assets		25,543
NON-CURRENT ASSET		
Investments in subsidiaries	15(a)	55,885
Total non-current asset		55,885
Total assets		81,428
LIABILITIES		
Current liabilities		
Other payables and accruals	18	1,105
Total current liabilities		1,105
Total liabilities		1,105
NET ASSETS		80,323
EQUITY		
Capital and reserves attributable to owners of the Company		
Share capital	21(a)	84,977
Accumulated losses		(4,654)
Total equity		80,323

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

	Attributable to owners of the Company			
	Share capital MYR'000 Note 21(a)	Reserves MYR'000 Note 21(b)	Retained profits MYR'000	Total equity MYR'000
Balance as at 1 January 2022	55,886	(59,250)	57,748	54,384
Net profit and total comprehensive income for the financial year	-	-	12,320	12,320
Transactions with owners:				
- Issuance of new shares during the financial year	31,502	-	-	31,502
- Share issue costs, recognised directly in equity	(2,411)	-	-	(2,411)
	29,091	-	-	29,091
Balance as at 31 December 2022	84,977	(59,250)	70,068	95,795
Balance as at 1 January 2021	55,886	(59,250)	48,451	45,087
Net profit and total comprehensive income for the financial year	-	-	9,297	9,297
Balance as at 31 December 2021	55,886	(59,250)	57,748	54,384

	Attributable to owners of the Company		
	Share capital MYR'000 Note 21(a)	Accumulated losses MYR'000	Total equity MYR'000
Balance as at date of incorporation	*	-	*
Net loss and total comprehensive loss for the financial year	-	(4,654)	(4,654)
Transactions with owners:			
Issuance of shares during the financial year			
-acquisition of subsidiary (Note 1.2(b)(iii))	55,886	-	55,886
-issuance of new shares	31,502	-	31,502
Share issue costs, recognised directly in equity	(2,411)	-	(2,411)
	84,977	-	84,977
Balance as at 31 December 2022	84,977	(4,654)	80,323

* denotes MYR3

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

Consolidated Statement of Cash flows

For the financial year ended 31 December 2022

	Note	2022 MYR'000	2021 MYR'000
Cash flows from operating activities			
Profit before income tax		17,390	14,126
Adjustments for:			
- Depreciation of property, plant and equipment		2,512	2,232
- Depreciation of right-of-use assets		810	587
- Loss on disposal of property, plant and equipment		92	3
- Interest income		(803)	(117)
- Finance expenses		473	165
- Unrealised gain on foreign exchange		(62)	-
- Gain on early lease termination		-	(18)
		20,412	16,978
Changes in working capital:			
- Inventories		(41)	200
- Trade and other receivables		2,160	(2,031)
- Trade and other payables		3,706	1,890
Cash generated from operations		26,237	17,037
Income tax paid	9	(5,796)	(3,580)
Net cash generated from operating activities		20,441	13,457
Cash flows from investing activities			
Payments to the shareholders of TS Heuls	1.2(b)(ii)	-	(4,495)
Purchase of property, plant and equipment	16	(7,288)	(3,867)
Purchase of rights-of-use assets	17	-	(1,900)
Repayment from/(advance to) related parties		41	(30)
Placement of short term deposits		(400)	-
Interest received		796	115
Net cash used in investing activities		(6,851)	(10,177)
Cash flows from financing activities			
Principal repayments of borrowings	19(b)	(3,315)	(518)
Interest payments on borrowings	19(b)	(86)	(91)
Repayment of lease liabilities	19(b)	(243)	(484)
Interest payments on lease liabilities	19(b)	(93)	(74)
Proceeds from draw down of term loan	19(b)	-	2,960
Proceeds from issuance of shares	21(a)	31,502	-
Listing expenses charged to equity	21(a)	(2,411)	-
Net cash generated from financing activities		25,354	1,793
Net change in cash and cash equivalents		38,944	5,073
Cash and cash equivalents			
Beginning of financial year		21,918	16,845
Effect of exchange rate changes on cash and cash equivalents		62	-
End of financial year	11	60,924	21,918

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

Notes to the Financial Statements

For the financial year ended 31 December 2022

1. GENERAL INFORMATION, THE RESTRUCTURING EXERCISE AND BASIS OF PRESENTATION

1.1 General information

5E Resources Pte. Ltd. (the “**Company**”) was incorporated in Singapore on 18 October 2021 as a private company limited by shares. On 25 March 2022, the Company was converted to a public limited company and the Company’s name was changed to “5E Resources Limited”. The Company was listed on the Catalist Board of the Singapore Exchange Securities Trading Limited on 12 May 2022.

The address of the Company’s registered office is 30 Cecil Street, #19-08 Prudential Tower, Singapore 047912.

The Company is an investment holding company. The Company and its subsidiaries (collectively known as the “**Group**”), are principally engaged in the provision of scheduled waste management services, sales of recovered and recycled products and trading of chemicals. The principal activities of its significant subsidiaries are disclosed in Note 15 of the financial statements.

1.2 Restructuring exercise

The Group undertook the following transactions as part of a corporate reorganisation implemented for its listing on the Catalist Board of the Singapore Exchange Securities Trading Limited.

(a) Incorporation of the Company

The Company was incorporated in Singapore on 18 October 2021 under the Companies Act as a private company limited by shares with an issued and paid-up share capital of S\$1 (approximately MYR3).

(b) Acquisition of subsidiaries

(i) Acquisition of 5E Resources Sdn. Bhd. (“**5E Resources**”) by 5E Holdings

On 9 December 2020, a share sale agreement was entered into between 5E Holdings as the purchaser and Mdm. Loo, Mr. KF Wong, Mr. Ban, Mr. Lim and Mr. Shankar as the vendors pursuant to which 5E Holdings acquired the entire issued share capital in 5E Resources held by the vendors at deemed cost of MYR42,871,000, which was determined with reference to the net asset value of 5E Resources as at 31 October 2020 and was settled by the allotment and issue of an aggregate of 1,000 shares in 5E Holdings to the vendors. Upon completion of the transfers on 30 December 2020, 5E Resources is wholly-owned by 5E Holdings.

(ii) Acquisition of TS Heuls Chemical & Engineering Sdn. Bhd. (“**TS Heuls**”) by 5E Resources

On 18 December 2020, a share sale agreement (as supplemented by a letter of variation dated 3 March 2021) was entered into between 5E Resources as the purchaser and Mr. KF Wong and Mr. Ban as the vendors pursuant to which 5E Resources acquired the entire equity interest in TS Heuls at a cash consideration of MYR4,495,000. The consideration was determined with reference to the net asset value of TS Heuls as at 31 October 2020. Upon completion of the acquisition on 30 December 2020, TS Heuls is wholly-owned by 5E Resources.

Notes to the Financial Statements

For the financial year ended 31 December 2022

1. GENERAL INFORMATION, THE RESTRUCTURING EXERCISE AND BASIS OF PRESENTATION (CONTINUED)

1.2 Restructuring exercise (continued)

(b) Acquisition of subsidiaries (continued)

(iii) Acquisition of 5E Holdings by the Company

5E Holdings is a wholly-owned subsidiary of 5E International Holdings Limited (“**5E International**”). 5E International was incorporated in the British Virgin Islands (the “**BVI**”) with limited liability on 1 December 2021. On 14 December 2021, a sale and purchase agreement was entered into between 5E International as the purchaser and Mdm. Loo, Mr. KF Wong, Mr. Ban, Mr. Lim and Mr. Shankar as the vendors pursuant to which 5E International acquired the entire issued share capital in 5E Holdings held by the vendors at an aggregate nominal consideration of RM5.00. Upon completion of the transfers, 5E Holdings is wholly-owned by 5E International.

On 28 December 2021, a share sale agreement was entered into between the Company as the purchaser and 5E International as the vendor, pursuant to which the Company acquired the entire issued share capital in 5E Holdings held by the vendor at deemed cost of MYR55,886,000, which was determined with reference to the net asset value of 5E Holdings as at 31 October 2021, and was settled by way of the allotment and issuance of 18,162,000 new shares to the vendor. Upon completion of the acquisition on 22 March 2022, 5E Holdings became a directly wholly-owned subsidiary of the Group.

(c) Conversion of the Company into a public company

On 25 March 2022, the Company was converted into a public company limited by shares and its name was changed from 5E Resources Pte.Ltd. to 5E Resources Limited.

(d) Share split

On 25 March 2022, the Company effected a share split exercise which resulted in 1 share being sub-divided into 6 shares. Following the share split, the issued and paid-up share capital was S\$18,162,000 (MYR55,886,000 equivalent) comprising 108,975,000 shares.

(e) Listing of 5E Resources

On 12 May 2022, 5E Resources was listed on the Catalist Board of the Singapore Exchange Securities Trading Limited.

1.3 Basis of presentation

The Group resulting from the above Restructuring Exercise is regarded as a continuing entity for the years ended 31 December 2021 and 2022 as the Group is ultimately controlled by the common shareholders both before and after the Restructuring Exercise. Accordingly, although the Company was only incorporated on 18 October 2021, the financial statements of the Group have been prepared using the principles of merger accounting on the basis that the Restructuring Exercise transfer of the equity interest in the combining entities under the common control to the Company has been effected since beginning of earliest period presented.

As the Company was incorporated on 18 October 2021 and this is the Company’s first set of financial statements. As such, no comparative figures are available.

Notes to the Financial Statements

For the financial year ended 31 December 2022

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of the financial statements are set out below. These policies have been consistently applied throughout the financial years, unless otherwise stated.

2.1 Basis of preparation

These financial statements have been prepared in accordance with the Singapore Financial Reporting Standard (International) (“SFRS(I)s”) under historical cost convention, except as disclosed in the accounting policies below.

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

2.2 Standards issued and effective that are applicable to the Group

The Group has applied the following amendments for the first time for the financial year beginning on 1 January 2022:

- Amendments to SFRS(I) 3 Business Combinations (Reference to the Conceptual Framework)
- Amendments to SFRS(I) 1-16 Property, Plant and Equipment (Proceeds before Intended Use)
- Amendments to SFRS(I) 1-37 Provisions, Contingent Liabilities and Contingent Assets (Onerous Contracts – Cost of Fulfilling a Contract)
- Annual improvements to SFRS(I)s 2018 – 2020

The adoption of the amendments listed above did not have any impact on the current period or any prior period and is not likely to affect future periods.

2.3 Standards issued but not yet effective

The Group has not adopted the following standards that have been issued but not yet effective.

Effective on or after 1 January 2023

- SFRS(I) 17 Insurance Contracts
- Amendments to SFRS(I) 1-1 Presentation of Financial Statements (Classification of Liabilities as Current or Noncurrent)
- Amendments to SFRS(I) 1-1 Presentation of Financial Statements and SFRS(I) Practice Statement 2 (Disclosure of Accounting Policies)
- Amendments to SFRS(I) 1-8 Accounting Policies, Changes in Accounting Estimates and Errors (Definition of Accounting Estimates)
- Amendments to SFRS(I) 1-12 Deferred Tax related to Assets and Liabilities arising from a Single Transaction
- Amendments to SFRS(I) 17 Insurance Contracts

Effective date yet to be determined

- Amendments to SFRS(I) 10 Consolidated Financial Statements and SFRS(I) 1-28 Investments in Associates and Joint Ventures (Sale or Contribution of Assets between an Investor and its Associate or Joint Venture)

The new or amended accounting Standards and Interpretations listed above are not mandatory for 31 December 2022 reporting periods and have not been early adopted by the Group. These are not expected to have a material impact on the Group in the current or future reporting periods and on foreseeable future transactions.

Notes to the Financial Statements

For the financial year ended 31 December 2022

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.4 Revenue recognition

Revenue is recognised when or as the control of the goods or service is transferred to the customer. Depending on the terms of the contract and laws that apply to the contract, control of the goods and services may be transferred over time or at a point in time.

(a) Scheduled waste management services

Revenue from scheduled waste management services are recognised net of discount over time as performance obligations of services promised in the contract is satisfied.

The scheduled waste management services are fixed-price contracts. Revenue is recognised based on the actual service provided at the end of the financial year as a proportion of the total services to be provided. This is determined based on the time period over which the services are provided.

(b) Sales of recovered and recycled products and chemical trading

Revenue from sales of recovered and recycled products and chemical trading are recognised net of discount at the point in time when control of the goods has transferred to customer. Depending on the terms of the contract with the customer, control transfers either upon delivery of the goods to locations specified by the customer or acceptance of the goods by the customer.

(c) Interest income

Interest income from financial assets at amortised cost is recognised using the effective interest method and included as part of "other income" in the consolidated statement of comprehensive income.

2.5 Employee compensation

Employee benefits are recognised as an expense, unless the cost qualifies to be capitalised as an asset.

(a) Defined contribution plans

A defined contribution plan is a pension plan under which the Group pays fixed contributions into a separate entity (a fund) and will have no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees benefits relating to employee service in the current and prior periods.

The Group's contributions to defined contribution plans are charged to profit or loss in the period to which they relate. Once the contributions have been paid, the Group has no further payment obligations.

(b) Employees' leave entitlements

Employee entitlements to annual leave are recognised when they accrue to employees. An accrual is made for the estimated liability for annual leave as a result of services rendered by employees up to the date of consolidated statement of financial position. Employee entitlements to sick leave and maternity or paternity leaves are not recognised until the time of leave.

Notes to the Financial Statements

For the financial year ended 31 December 2022

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.5 Employee compensation (continued)

(c) Profit sharing and bonus plan

The Group recognises a liability and an expense for bonuses and profit-sharing, based on a formula that takes into consideration the profit attributable to the Company's shareholders after certain adjustments. The Group recognises an accrual when it is contractually obliged to pay or when there is a past practice that has created a constructive obligation to pay.

2.6 Leases

(a) Accounting by lessee

At the inception of the contract, the Group assesses if the contract contains a lease. A contract contains a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Reassessment is only required when the terms and conditions of the contract are changed.

Leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Group.

- Right-of-use assets

Right-of-use assets are measured at cost which comprises the initial measurement of lease liabilities adjusted for any lease payments made at or before the commencement date and lease incentive received. Any initial direct costs that would not have been incurred if the lease had not been obtained are added to the carrying amount of the right-of-use assets.

These right-of-use assets are subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term.

Leasehold land is amortised over the leasehold period of 60 years. The other right-of-use assets are depreciated over lease period of 3 to 23 years.

Right-of-use assets are presented as a separate line item on the statement of financial position.

- Lease liabilities

The initial measurement of lease liability is measured at the present value of the lease payments discounted using the interest rate implicit in the lease, if the rate can be readily determined. If that rate cannot be readily determined, the Group shall use its incremental borrowing rate.

Lease payments include the following:

- Fixed payment (including in-substance fixed payments), less any lease incentives receivables;
- Variable lease payment that are based on an index or rate, initially measured using the index or rate as at the commencement date;
- Amount expected to be payable under residual value guarantees;
- The exercise price of a purchase option if the Group is reasonably certain to exercise the option; and
- Payment of penalties for terminating the lease, if the lease term reflects the Group exercising that option.

Notes to the Financial Statements

For the financial year ended 31 December 2022

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.6 Leases (continued)

(a) Accounting by lessee (continued)

- Lease liabilities (continued)

Lease liability is measured at amortised cost using the effective interest method. Lease liability shall be remeasured when:

- There is a change in future lease payments arising from changes in an index or rate;
- There is a change in the Group's assessment of whether it will exercise an extension option; or
- There is modification in the scope or the consideration of the lease that was not part of the original term.

Lease liability is remeasured with a corresponding adjustment to the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

- Short term and low value leases

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

(b) Accounting by lessor

- Lease income

Leases where the Group retains substantially all risks and rewards incidental to ownership are classified as operating leases.

Lease income from operating leases where the Group is a lessor is recognised in income on a straight-line basis over the lease term. The respective leased assets are included in the consolidated statement of financial position based on their nature.

2.7 Borrowing costs

Borrowing costs are recognised in profit or loss using the effective interest method except for those costs that are directly attributable to the construction or development of properties and assets under construction. This includes those costs on borrowings acquired specifically for the construction or development of properties and assets under construction, as well as those in relation to general borrowings used to finance the construction or development of properties and assets under construction.

The actual borrowing costs incurred during the period up to the issuance of the temporary occupation permit less any investment income on temporary investment of these borrowings, are capitalised in the cost of the property under development. Borrowing costs on general borrowings are capitalised by applying a capitalisation rate to construction or development expenditures that are financed by general borrowings.

Notes to the Financial Statements

For the financial year ended 31 December 2022

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.8 Income taxes

Current income tax for current and prior periods is recognised at the amount expected to be paid to or recovered from the tax authorities, using the tax rates and tax laws that have been enacted or substantively enacted by the reporting date. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation and considers whether it is probable that a tax authority will accept an uncertain tax treatment. The Group measures its tax balances either based on the most likely amount or the expected value, depending on which method provides a better prediction of the resolution of the uncertainty.

Deferred income tax is recognised for all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements.

A deferred income tax liability is recognised on temporary differences arising on investments in subsidiaries, except where the Group is able to control the timing of the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

A deferred income tax asset is recognised to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences and tax losses can be utilised.

Deferred income tax is measured:

- (i) at the tax rates that are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted by the reporting date; and
- (ii) based on the tax consequence that will follow from the manner in which the Group expects, at the reporting date, to recover or settle the carrying amounts of its assets and liabilities.

Current and deferred income taxes are recognised as income or expense in profit or loss, except to the extent that the tax arises from a business combination or a transaction which is recognised directly in equity. Deferred tax arising from a business combination is adjusted against goodwill on acquisition.

2.9 Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined on the weighted average basis.

Net realisable value represents the estimated selling price less the estimated costs to completion and the estimated costs necessary to make the sale.

2.10 Property, plant and equipment

Property, plant and equipment are stated at historical cost less accumulated depreciation and accumulated impairment. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Cost also includes borrowing costs (refer to Note 2.7).

Notes to the Financial Statements

For the financial year ended 31 December 2022

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.10 Property, plant and equipment (continued)

Subsequent costs are included in the assets' carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the asset will flow to the Group and the cost of the asset can be measured reliably. The carrying amount of the replaced part is derecognised. All other repair and maintenance are expensed in the consolidated statement of comprehensive income during the reporting period in which they are incurred.

Depreciation of all items of property, plant and equipment is calculated using the straight-line method to allocate their costs, net of their residual values, over their estimated useful lives, as follows:

	<u>Estimated useful life</u>
Buildings	40 - 50 years
Plant and machinery	3 - 10 years
Furniture and office equipment	2.5 - 10 years
Motor vehicles	5 years

Depreciation on assets under construction commences when the assets are ready for their intended use.

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each financial year end.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (Note 2.12).

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised within "other gains/(losses) - net" in the consolidated statement of comprehensive income.

2.11 Investments in subsidiaries

Investments in subsidiaries are carried at cost less accumulated impairment losses in the Company's statement of financial position. On disposal of such investments, the difference between disposal proceeds and the carrying amounts of the investments are recognised in profit or loss.

2.12 Impairment of non-financial assets

Property, plant and equipment and right-of-use assets are tested for impairment whenever there is any objective evidence or indication that these assets may be impaired.

For the purpose of impairment testing, the recoverable amount (i.e. the higher of the fair value less cost to sell and the value-in-use) is determined on an individual asset basis unless the asset does not generate cash flows that are largely independent of those from other assets. If this is the case, the recoverable amount is determined for the cash-generating unit (CGU) to which the asset belongs.

If the recoverable amount of the asset or CGU is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount.

Notes to the Financial Statements

For the financial year ended 31 December 2022

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.12 Impairment of non-financial assets (continued)

The difference between the carrying amount and recoverable amount is recognised as an impairment loss in profit or loss.

For an asset other than goodwill, management assesses at the end of the reporting period whether there is any indication that an impairment recognised in prior periods may no longer exist or may have decreased. If any such indication exists, the recoverable amount of that asset is estimated and may result in a reversal of impairment loss. The carrying amount of this asset is increased to its revised recoverable amount, provided that this amount does not exceed the carrying amount that would have been determined (net of any accumulated amortisation or depreciation) had no impairment loss been recognised for the asset in prior years.

A reversal of impairment loss for an asset other than goodwill is recognised in profit or loss.

2.13 Financial assets

(a) Classification and measurement

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

- those to be measured subsequently at fair value through profit or loss, and
- those to be measured at amortised cost.

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

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss ("FVTPL"), transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVTPL are expensed in profit or loss.

Debt instruments

Subsequent measurement of debt instruments depends on the Group's business model for managing the asset and the cash flow characteristics of the asset. The Group reclassifies debt investments when and only when its business model for managing those assets changes.

The Group classifies its debt instruments at amortised cost.

Amortised cost

Assets that are held for collection of contractual cash flows where those cash flows represent SPPI are measured at amortised cost. Interest income from these financial assets is included in other income using the effective interest rate method. Any gain or loss arising on derecognition is recognised directly in profit or loss. Impairment losses are presented as separate line item in the statement of comprehensive income.

Notes to the Financial Statements

For the financial year ended 31 December 2022

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.13 Financial assets (continued)

(b) Impairment

The Group assesses on forward looking basis the expected credit losses associated with its debt instruments carried at amortised cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

For trade receivables, the Group applies the simplified approach permitted by the SFRS(I) 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables.

While cash and cash equivalents and other receivables are also subject to the impairment requirements of SFRS(I) 9, the identified impairment loss was immaterial.

(c) Recognition and derecognition

Regular way purchases and sales of financial assets are recognised on trade date - the date on which the Group commits to purchase or sell the asset.

Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership.

On disposal of a debt instrument, the difference between the carrying amount and the sale proceeds is recognised in profit or loss.

2.14 Cash and cash equivalents

For the purpose of presentation in the consolidated statement of cash flows, cash and cash equivalents include cash on hand and deposits with financial institutions which are subject to an insignificant risk of change in value. For cash subjected to restriction, assessment is made on the economic substance of the restriction and whether they meet the definition of cash and cash equivalents.

2.15 Trade and other payables

Trade and other payables represent liabilities for goods and services provided to the Group prior to the end of financial year which are unpaid. They are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business, if longer). Otherwise, they are presented as non-current liabilities.

Trade and other payables are initially recognised at fair value, and subsequently carried at amortised cost using the effective interest method.

2.16 Borrowings

Borrowings are presented as current liabilities unless the Group has an unconditional right to defer settlement for at least 12 months after the reporting date, in which case they are presented as non-current liabilities.

Borrowings are initially recognised at their fair values (net of transaction costs) and subsequently carried at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption value is recognised in profit or loss over the period of the borrowings using the effective interest method.

Notes to the Financial Statements

For the financial year ended 31 December 2022

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.17 Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issuance of new ordinary shares are deducted against the share capital account.

2.18 Dividends to Company's shareholders

Dividends to the Company's shareholders are recognised when the dividends are approved for payment.

2.19 Foreign currency translation

(a) Functional and presentation currency

Items included in the financial statements of each entity in the Group are measured using the currency of the primary economic environment in which the entity operates ("**functional currency**"). The functional currency of the Company is Malaysian Ringgit ("**MYR**"). The consolidated financial statements are presented in Malaysian Ringgit ("**MYR**").

(b) Transactions and balances

Transactions in a currency other than the functional currency ("**foreign currency**") are translated into the functional currency using the exchange rates at the dates of the transactions. Currency exchange differences resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at the closing rates at the reporting date are recognised in profit or loss.

Foreign exchange gains and losses that relate to borrowings are presented in the consolidated statement of comprehensive income within "finance expenses - net". All other foreign exchange gains and losses are presented in the consolidated statement of comprehensive income within "Other gains/(losses) - net".

2.20 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Executive Directors of the Group.

2.21 Group accounting

(a) Subsidiaries

(i) Consolidation

Subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date on which that control ceases.

Notes to the Financial Statements

For the financial year ended 31 December 2022

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.21 Group accounting (continued)

(a) Subsidiaries (continued)

(i) Consolidation (continued)

In preparing the consolidated financial statements, transactions, balances and unrealised gains on transactions between group entities are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment indicator of the transferred asset. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Non-controlling interests comprise the portion of a subsidiary's net results of operations and its net assets, which is attributable to the interests that are not owned directly or indirectly by the equity holders of the Company. They are shown separately in the consolidated statement of comprehensive income, consolidated statement of changes in equity, and consolidated statement of financial position. Total comprehensive income is attributed to the non-controlling interests based on their respective interests in a subsidiary, even if this results in the non-controlling interests having a deficit balance.

Business combination under common control

The acquisition of TS Heuls Chemical & Engineering Sdn Bhd ("**TS Heuls**") by 5E Resources Sdn Bhd ("**5E Resources**") was accounted for as a business combination under common control.

SFRS(I) 3 does not apply to business combination under common control and is a choice of accounting policy. In considering the accounting policy to be adopted, management has considered the substance and the specific facts and circumstances surrounding the business combination.

Management considers that predecessor accounting best reflects the substance of the business combination under common control as:

- TS Heuls is wholly owned by 5E Resources and there is no non-controlling interest involved;
- the consideration for the transfer is set at the existing book values of TS Heuls; and
- both 5E Resources and TS Heuls are managed together before and after the combination.

Under the predecessor accounting, the net assets of the combining entities or businesses are consolidated using the existing book values from the controlling parties' perspective. The assets and liabilities of the acquired entity or business should be recorded at the book values as stated in the financial statements of the controlling party (i.e. it will require recording of the fair value of the identifiable assets and liabilities of the acquired entity or business at the date of original acquisition from third parties by the controlling party, any remaining goodwill arising on the previous acquisition and minority interests recorded in the consolidated financial statements of the controlling party).

No amount is recognised as consideration for goodwill or excess of acquirer's interest in the net fair value of acquiree's identifiable assets, liabilities and contingent liabilities over cost at the time of common control combination, to the extent of the continuation of the controlling party or parties' interests.

Comparative amounts in the consolidated financial statements are presented as if the entities or businesses had been combined at the previous reporting date.

Notes to the Financial Statements

For the financial year ended 31 December 2022

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.21 Group accounting (continued)

(a) Subsidiaries (continued)

(ii) Disposals of subsidiaries

When a change in the Group's ownership interest in a subsidiary results in a loss of control over the subsidiary, the assets and liabilities of the subsidiary including any goodwill are derecognised. Amounts previously recognised in other comprehensive income in respect of that entity are also reclassified to profit or loss or transferred directly to retained earnings if required by a specific Standard.

Any retained equity interest in the entity is remeasured at fair value. The difference between the carrying amount of the retained interest at the date when control is lost and its fair value is recognised in profit or loss.

(iii) Transactions with non-controlling interests

Changes in the Group's ownership interest in a subsidiary that do not result in a loss of control over the subsidiary are accounted for as transactions with equity owners of the Company. Any difference between the change in the carrying amounts of the non-controlling interest and the fair value of the consideration paid or received is recognised within equity attributable to the equity holders of the Company.

2.22 Government grant

Grants from the government are recognised at their fair value where there is a reasonable assurance that the grant will be received and the Group will comply with all attached conditions.

Government grants related to expenses are recognised in profit or loss over the periods necessary to match the related costs for which the grants are intended to compensate.

3. CRITICAL ACCOUNTING ESTIMATES, ASSUMPTIONS AND JUDGEMENTS

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

(a) *Estimation of stage of completion for scheduled waste management services*

The revenue from scheduled waste management services are recognised over time when performance obligations of services as promised in the contract is satisfied. Revenue is recognised based on the waste management services completed at the end of the financial year relative to the total services to be provided under the contract. This is determined based on the time period over which the services are provided.

Management has to estimate the time period to complete the services to determine the Group's recognition of revenue.

Notes to the Financial Statements

For the financial year ended 31 December 2022

3. CRITICAL ACCOUNTING ESTIMATES, ASSUMPTIONS AND JUDGEMENTS (CONTINUED)

(a) *Estimation of stage of completion for scheduled waste management services (continued)*

Significant assumptions are used to estimate the total estimated time period which affect the accuracy of revenue recognition based on the percentage-of-completion. In making these estimates, management has relied on past experience.

As at 31 December 2022, the remaining waste management services has yet to be completed is insignificant.

(b) *Useful lives and residual values of plant and machinery*

The costs of plant and machinery are depreciated on a straight-line basis over their useful lives. Management exercises its judgement in estimating the useful lives and residual values of the depreciable assets. The estimated useful lives reflect management's estimate of the period that the Group intends to derive future economic benefits from the use of the depreciable asset.

The Group reviews annually the estimated useful lives of plant and machinery based on the factors that include asset utilisation, internal technical evaluation, technological changes, environmental and anticipated use of the assets. It is possible that the Group's future results could be materially affected by changes in these estimates brought about by changes in factors mentioned. A reduction in the estimated useful lives by 1 year would increase the Group's annual depreciation expense by MYR218,000 (2021: MYR175,000).

(c) *Impairment of trade receivables*

The loss allowance for financial assets is based on assumptions about risk of default and expected loss rates. The Group uses judgement in making these assumptions and selecting the inputs to the impairment calculation.

To measure the expected credit losses, these receivables have been grouped based on days past due. The expected loss rates are based on the payment profiles of sales over a period of 24 months and the corresponding credit losses experienced within this period. The historical loss rates are adjusted to reflect the current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables. The Group has identified the GDP and inflationary rate in Malaysia to be the most relevant factors, and accordingly adjusts the historical loss rates based on expected changes in these factors. Any possible changes in these inputs could result in revision to the loss allowance recorded by the Group.

Management has considered a range of possible outcomes, ie a baseline scenario and the worst case scenario in computing the expected credit allowance ("ECL"). In the baseline scenario, management incorporated the current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the trade receivables and made adjustments to the expected loss rates accordingly. In the worst case scenario, management considered a further increase in expected loss rate as computed in the baseline scenario. A probability-weighting of occurrence was subsequently applied to these two different scenarios to derive at the expected credit loss allowance to be made. A 20% increase in the probability-weighting would increase the loss allowance by MYR30,000 and MYR40,000 for 31 December 2022 and 31 December 2021 respectively.

Notes to the Financial Statements

For the financial year ended 31 December 2022

4. REVENUE AND SEGMENT INFORMATION

The chief operating decision maker (“CODM”) has been identified as the Executive Directors of the Group who review the Group’s internal reporting in order to assess performance and allocate resources. The CODM has determined the operating segments based on these reports.

The Group is principally engaged in scheduled waste management services, sales of recovered and recycled products and chemical trading. Information reported to CODM, for the purpose of resources allocation and performance assessment, focuses on the operating results of the Group. For the financial years ended 31 December 2022 and 2021, there are three operating segments based on business type: (1) scheduled waste management services, (2) sales of recovered and recycled products, and (3) chemical trading.

The CODM considers the business from activities perspective and assess the performance of the operating segments based on a measure of gross profit for the purposes of allocating resources. No analysis of segment assets or segment liabilities is regularly provided to the CODM. These reports are prepared on the same basis as the consolidated financial statements.

Transactions between operating segments are carried out on agreed terms between both segments. The effects of such inter-segment transactions and balances arising thereof are eliminated.

	Year ended 31 December 2022			
	Scheduled waste management services MYR'000	Sales of recovered and recycled products MYR'000	Chemical trading MYR'000	Total MYR'000
Group				
Segment revenue				
Total revenue	53,282	10,078	3,713	67,073
Intersegment revenue elimination	-	(1)	(2,103)	(2,104)
Revenue from external customers	53,282	10,077	1,610	64,969
Segment results	25,724	3,001	1,054	29,779
Other income				
- interest income				803
- others				968
Other gains				318
Administrative expenses				(10,661)
Selling and distribution expenses				(3,349)
Finance expenses				(473)
Net reversal of impairment loss on trade receivables				5
Profit before income tax				17,390
Significant non-cash items				
Depreciation of property, plant and equipment	2,171	339	2	2,512
Depreciation of right-of-use assets	677	106	27	810
Additions:				
Property, plant and equipment	7,068	-	-	7,068
Right-of-use assets	9,776	-	-	9,776

Notes to the Financial Statements

For the financial year ended 31 December 2022

4. REVENUE AND SEGMENT INFORMATION (CONTINUED)

	Year ended 31 December 2021			
	Scheduled waste management services MYR'000	Sales of recovered and recycled products MYR'000	Chemical trading MYR'000	Total MYR'000
Group				
Segment revenue				
Total revenue	46,493	10,122	2,933	59,548
Intersegment revenue elimination	-	(1)	(1,577)	(1,578)
Revenue from external customers	46,493	10,121	1,356	57,970
Segment results	22,242	4,339	1,044	27,625
Other income				
- interest income				117
- others				8
Other gains				23
Administrative expenses				(9,958)
Selling and distribution expenses				(3,457)
Finance expenses				(165)
Net impairment loss on trade receivables				(67)
Profit before income tax				14,126
Significant non-cash items				
Depreciation of property, plant and equipment	1,873	357	2	2,232
Depreciation of right-of-use assets	476	82	29	587
Additions:				
Property, plant and equipment	4,165	-	2	4,167
Right-of-use assets	2,399	-	-	2,399

Notes to the Financial Statements

For the financial year ended 31 December 2022

4. REVENUE AND SEGMENT INFORMATION (CONTINUED)

Most of the Group's revenue is generated from customers located in Malaysia and all the assets of the Group are located in Malaysia. Accordingly, no geographical segment analysis is presented.

For the current financial year, there was one (2021: None) customer which contributed over 10% of the Group's total revenue.

Timing of revenue recognition is as follows:

	Group	
	2022 MYR'000	2021 MYR'000
Over time		
- scheduled waste management services	53,282	46,493
Point in time		
- sales of recovered and recycled products	10,077	10,121
- chemical trading	1,610	1,356
	11,687	11,477
	64,969	57,970

Revenue recognised in relation to contract liabilities:

The following table shows how much of the revenue recognised in the current financial year relates to carried-forward contract liabilities:

	Group	
	2022 MYR'000	2021 MYR'000
Revenue recognised that was included in the contract liabilities balance at the beginning of year	73	1,102

Management expects that contract liabilities amounting to MYR73,000 (2021: MYR1,102,000) will be recognised as revenue within 12 months from the financial reporting date.

5. OTHER GAINS - NET

	Group	
	2022 MYR'000	2021 MYR'000
Loss on disposal of property, plant and equipment	(92)	(3)
Currency exchange gain - net	410	26
	318	23

Notes to the Financial Statements

For the financial year ended 31 December 2022

6. EXPENSES BY NATURE

	Group	
	2022	2021
	MYR'000	MYR'000
Depreciation of property, plant and equipment (Note 16)	2,512	2,232
Depreciation of right-of-use assets (Note 17)	810	587
Employee compensation (Note 7)	13,457	10,348
Transportation charges	2,068	1,822
Referral fees	243	321
Fuel oil and petrol	2,230	1,776
Utility expense	2,038	1,659
Short term leases	101	79
Repair and maintenance fee	3,692	2,312
Cost of inventories sold	6,883	6,799
Consumables	905	851
Subcontractor charges	579	213
Sludge disposal	6,916	6,502
Professional fees	3,915	6,128
Others	2,851	2,131
Total cost of sales, administrative expenses and selling and distribution expenses	49,200	43,760

7. EMPLOYEE COMPENSATION

	Group	
	2022	2021
	MYR'000	MYR'000
Salaries, bonuses and other benefits	12,289	9,424
Employer's contribution to defined contribution plan	1,074	842
Others	94	82
	13,457	10,348

8. FINANCE EXPENSES

	Group	
	2022	2021
	MYR'000	MYR'000
Interest expense on borrowings	86	91
Interest expense on lease liabilities	387	74
	473	165

Notes to the Financial Statements

For the financial year ended 31 December 2022

9. INCOME TAXES

	Group	
	2022 MYR'000	2021 MYR'000
Tax expense attributable to profit is made up of:		
Current income tax		
- current year	5,439	4,120
- under provision in prior year	209	13
Deferred income tax expense (Note 20)	(578)	696
	5,070	4,829

The tax on the Group's profit before tax differs from the theoretical amount that would arise using the standard rates of income tax as follows:

	Group	
	2022 MYR'000	2021 MYR'000
Profit before income tax	17,390	14,126
Tax calculated at Malaysia statutory tax rate of 24%	4,174	3,390
Effect of:		
- Income not subject to tax	-	(1)
- Expenses not deductible for tax purposes	687	1,427
- Under provision in prior year	209	13
Tax charge	5,070	4,829
Movement of current income tax liabilities:		
As of beginning of the year	1,772	1,219
Income tax paid	(5,796)	(3,580)
Tax expense	5,439	4,120
Under provision in prior year	209	13
As of end of the year	1,624	1,772

10. EARNINGS PER SHARE

(a) Basic earnings per share

Basic earnings per share is calculated by dividing net profit for the financial year attributable to owners of the Company by the weighted average number of ordinary shares outstanding during the financial year.

	Group	
	2022	2021
Net profit attributable to owners of the Company (MYR'000)	12,320	9,297
Weighted average number of ordinary shares in issue ('000)	133,657	108,975*
Basic earnings per share (in MYR cents)	9.2	8.5

* The weighted average number of ordinary shares in 2021 was derived from the number of ordinary shares in issue by the Company, adjusted retrospectively for the effects of restructuring as disclosed in Note 1.2(d).

Notes to the Financial Statements

For the financial year ended 31 December 2022

10. EARNINGS PER SHARE (CONTINUED)

(b) Diluted earnings per share

For the years ended 31 December 2022 and 2021, diluted earnings per share is the same as basic earnings per share as there were no potential dilutive ordinary shares.

11. CASH AND CASH EQUIVALENTS

	Group		Company
	2022 MYR'000	2021 MYR'000	2022 MYR'000
Cash and bank balances	14,944	21,918	895
Deposits with licensed banks	45,980	-	-
	60,924	21,918	895

The deposits, denominated in MYR, have a maturity period of 1 to 3 months (2021: Nil) and earned interest at the rates of 1.50% to 3.55% (2021: Nil) per annum.

12. SHORT TERM DEPOSITS

	Group	
	2022 MYR'000	2021 MYR'000
Deposits with licensed banks	489	82

The deposits, denominated in MYR, have a maturity period of 365 days (2021: 365 days) and earned interest at the rate of 2.06% (2021: 2.85%) per annum.

13(A). TRADE AND OTHER RECEIVABLES

	Group		Company
	2022 MYR'000	2021 MYR'000	2022 MYR'000
Trade receivables	8,620	11,516	-
Less: Loss allowance provision	(189)	(194)	-
	8,431	11,322	-
Grant receivable	947	-	947
Other receivables - non-related parties	1	-	-
Other receivables - related parties	18	59	-
Deposits	917	371	-
Total	10,314	11,752	947

Other receivables due from related parties are unsecured, interest free and repayable on demand.

Notes to the Financial Statements

For the financial year ended 31 December 2022

13(A). TRADE AND OTHER RECEIVABLES (CONTINUED)

	Group		Company
	2022	2021	2022
	MYR'000	MYR'000	MYR'000
Movement of loss allowance provision is as follows:			
Balance as at 1 January	194	127	-
(Reversal)/charge during the financial year	(5)	67	-
Balance as at 31 December	189	194	-

The change in gross carrying amount of the trade receivables that contributed to the change in loss allowance above was due to the decrease in the gross carrying amount of trade receivables from MYR11.5 million in 2021 to MYR8.6 million in 2022, set off against the increase in balance due more than 90 days from 2.2% of total gross carrying amount in 2021 to 2.7% of total gross carrying amount, resulting in a decrease in loss allowance of MYR5,000.

13(B). OTHER CURRENT ASSETS

	Group		Company
	2022	2021	2022
	MYR'000	MYR'000	MYR'000
Prepaid expenses	88	693	24
Prepayment to suppliers	12	170	-
	100	863	24

14. INVENTORIES

	Group	
	2022	2021
	MYR'000	MYR'000
Raw materials	224	304
Finished goods	59	42
Trading goods	116	94
Machinery spare parts	153	59
	552	499
Less: Allowance for slow moving inventories	(12)	-
	540	499

The cost of inventories recognised as expenses and included in "cost of inventories sold" amounted to MYR6,883,000 (2021: MYR6,799,000).

Notes to the Financial Statements

For the financial year ended 31 December 2022

15(A). INVESTMENTS IN SUBSIDIARIES

	<u>Company</u> 2022 MYR'000
Unquoted equity shares, at cost	
Balance at date of incorporation	*
Acquisition of subsidiary (Note 1.2(b)(iii))	55,885
Balance at 31 December	<u>55,885</u>

* Denotes MYR3

The subsidiaries held by the Company upon completion of the restructuring are as follows:

Name of subsidiaries	Country of incorporation	Principal activities	Effective interest held by the Company	
			2022	2021
			%	%
Directly held				
5E Holdings Sdn. Bhd. ⁽¹⁾	Malaysia	Investment holding	100	100
Indirectly held				
5E Resources Sdn. Bhd. ⁽¹⁾	Malaysia	Scheduled waste management services and sales of recovered and recycled products	100	100
TS Heuls Chemicals & Engineering Sdn. Bhd. ⁽¹⁾	Malaysia	Trading of chemicals	100	100

(1) Audited by PricewaterhouseCoopers PLT, Malaysia.

15(B). AMOUNT DUE FROM A SUBSIDIARY

The amount due from a subsidiary is non-trade in nature, unsecured, interest free with no fixed terms of repayment.

Notes to the Financial Statements

For the financial year ended 31 December 2022

16. PROPERTY, PLANT AND EQUIPMENT

	Buildings MYR'000	Plant and machinery MYR'000	Furniture and office equipment MYR'000	Motor vehicles MYR'000	Work in progress MYR'000	Total MYR'000
Group						
<i>Cost</i>						
At 1 January 2022	22,455	23,841	3,771	4,236	-	54,303
Additions	-	690	293	122	5,963	7,068
Disposal	-	(424)	(231)	(3)	-	(658)
At 31 December 2022	22,455	24,107	3,833	4,355	5,963	60,713
<i>Accumulated depreciation</i>						
At 1 January 2022	2,243	17,058	2,484	2,768	-	24,553
Depreciation charge	486	1,191	375	460	-	2,512
Disposal	-	(383)	(180)	(3)	-	(566)
At 31 December 2022	2,729	17,866	2,679	3,225	-	26,499
Net book value as at 31 December 2022	19,726	6,241	1,154	1,130	5,963	34,214

	Buildings MYR'000	Plant and machinery MYR'000	Furniture and office equipment MYR'000	Motor vehicles MYR'000	Total MYR'000
Group					
<i>Cost</i>					
At 1 January 2021	20,376	23,279	3,269	3,215	50,139
Additions	2,079	565	502	1,021	4,167
Disposal	-	(3)	-	-	(3)
At 31 December 2021	22,455	23,841	3,771	4,236	54,303
<i>Accumulated depreciation</i>					
At 1 January 2021	1,838	15,960	2,147	2,376	22,321
Depreciation charge	405	1,098	337	392	2,232
At 31 December 2021	2,243	17,058	2,484	2,768	24,553
Net book value as at 31 December 2021	20,212	6,783	1,287	1,468	29,750

Bank borrowings (Note 19) are secured on buildings of the Group with carrying amounts of MYR19,726,000 (2021: MYR20,212,000).

Notes to the Financial Statements

For the financial year ended 31 December 2022

16. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Purchase of property, plant and equipment as reflected in consolidated statement of cashflow is as follows:

	Group	
	2022	2021
	MYR'000	MYR'000
Cost of property, plant and equipment	7,068	4,167
Prepayment made for purchase of property, plant and equipment	290	70
Cash prepaid in respect of purchases made in previous financial year	(70)	(370)
Cash disbursed for purchase of property, plant and equipment	7,288	3,867

17. RIGHT-OF-USE ASSETS AND LEASES

(a) Nature of the Group's leasing activities

The Group has obtained the rights to use certain leasehold lands from the Malaysia government. The lease period granted to the Group is 60 years, expiring on 2067 and 2071 respectively. Leasing arrangements of the Group comprised the following:

- (i) Type I leases - Leases whereby the Group is required to make upfront payments on lease inception for the entire lease payments under the terms of the land use rights agreement with the Malaysia government.
- (ii) Type II leases - Leases whereby the Group is required to make monthly lease payments for the use rights of assets, which include buildings and motor vehicles.

Extension and termination options are included in the leases of buildings. The options are used to maximise operational flexibility in terms of managing the assets used in the Group's operations. These options have been included in the measurement of the lease liability.

Certain of the Group's land use rights (Type I leases) have been pledged to a financial institution to secure the Group's borrowings (Note 19).

There are no externally imposed covenants on these lease arrangements.

Notes to the Financial Statements

For the financial year ended 31 December 2022

17. RIGHT-OF-USE ASSETS AND LEASES (CONTINUED)

(b) Amounts recognised in the consolidated statement of financial position

The consolidated statement of financial position show the following amounts relating to leases:

	Group	
	2022 MYR'000	2021 MYR'000
Right-of-use assets		
Type I leases	6,663	6,835
Type II leases	9,464	326
	16,127	7,161
Lease liabilities		
Current	256	189
Non-current	9,898	138
	10,154	327

Movement of right-of-use assets is as follows:

	Leasehold land MYR'000	Buildings MYR'000	Motor vehicles MYR'000	Total MYR'000
Group				
<u>2022</u>				
At 1 January 2022	6,835	97	229	7,161
Additions	9,643	133	-	9,776
Depreciation charge	(588)	(60)	(162)	(810)
At 31 December 2022	15,890	170	67	16,127
Cost	17,131	230	391	17,752
Less: Accumulated depreciation	(1,241)	(60)	(324)	(1,625)
Net carrying amount	15,890	170	67	16,127
<u>2021</u>				
At 1 January 2021	5,034	417	43	5,494
Additions	1,900	108	391	2,399
Early lease termination	-	(145)	-	(145)
Depreciation charge	(99)	(283)	(205)	(587)
At 31 December 2021	6,835	97	229	7,161
Cost	7,488	1,367	391	9,246
Less: Accumulated depreciation	(653)	(1,270)	(162)	(2,085)
Net carrying amount	6,835	97	229	7,161

Bank borrowings (Note 19) are secured on land use rights of the Group with carrying amounts of MYR1,816,000 (2021: MYR6,835,000).

Notes to the Financial Statements

For the financial year ended 31 December 2022

17. RIGHT-OF-USE ASSETS AND LEASES (CONTINUED)

(c) Amounts recognised in the consolidated statement of comprehensive income

The consolidated statement of comprehensive income show the following amounts relating to leases:

	Group	
	2022	2021
	MYR'000	MYR'000
Depreciation of right-of-use assets	810	587
Interest expense on lease liabilities (Note 8)	387	74
Expenses relating to short-term leases (included in administrative expenses)	101	79

The total cash outflow for leases are as follows:

	Group	
	2022	2021
	MYR'000	MYR'000
Lease payments within financing activities	336	558
Cash flows relating to short-term leases included in administrative expense	101	79
Total cash outflow for leases	437	637

18. TRADE AND OTHER PAYABLES

	Group		Company
	2022	2021	2022
	MYR'000	MYR'000	MYR'000
Trade payables	991	1,891	-
Other payables – non-related parties	5,497	1,867	180
Accrued payroll cost	3,731	2,201	517
Accrued expenses	680	1,199	408
	10,899	7,158	1,105

Notes to the Financial Statements

For the financial year ended 31 December 2022

19. BORROWINGS

	Group	
	2022 MYR'000	2021 MYR'000
<i>Loans from financial institutions-third parties</i>		
Current	361	3,311
Non-current	2,252	2,617
Total borrowings	2,613	5,928

(a) Loans from financial institutions are secured by certain leasehold land classified under right-of-use assets (Note 17) and buildings (Note 16), corporate guarantee by subsidiary, 5E Holdings Sdn Bhd, and additionally guaranteed jointly and severally by certain Directors and shareholders of the Group. These borrowings bear floating interest rates. The weighted average interest rate of the borrowings is 4.17% (2021: 3.10%) per annum.

(b) Reconciliation of liabilities arising from financing activities

	1 January 2022 MYR'000	Principal and interest payments MYR'000	Proceeds from borrowings MYR'000	Non-cash changes			31 December 2022 MYR'000
				Interest expense MYR'000	New lease MYR'000	Lease terminated MYR'000	
Group							
2022							
Borrowings	5,928	(3,401)	-	86	-	-	2,613
Lease liabilities	327	(336)	-	387	9,776	-	10,154
Group							
2021							
Borrowings	3,486	(609)	2,960	91	-	-	5,928
Lease liabilities	475	(558)	-	74	499	(163)	327

Notes to the Financial Statements

For the financial year ended 31 December 2022

20. DEFERRED INCOME TAXES

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current income tax assets against current income tax liabilities and when the deferred income taxes relate to the same taxation authority.

The amounts, determined after appropriate offsetting, are shown on the consolidated statement of financial position as follows:

	Group	
	2022 MYR'000	2021 MYR'000
Deferred tax liabilities	1,849	2,427

The movement on the deferred income tax account is as follows:

	Group	
	2022 MYR'000	2021 MYR'000
At beginning of the year	2,427	1,731
(Credited)/ charged to consolidated statement of comprehensive income (Note 9)		
- property, plant and equipment	(28)	709
- lease liabilities	(164)	4
- loss allowance provision	1	(17)
- accruals	(387)	-
	(578)	696
At end of the year	1,849	2,427
Deferred tax assets		
Lease liabilities	165	1
Loss allowance provision	46	47
Accruals	387	-
	598	48
Offsetting	(598)	(48)
	-	-
Deferred tax liabilities		
Property, plant and equipment	2,447	2,475
Offsetting	(598)	(48)
	1,849	2,427

Notes to the Financial Statements

For the financial year ended 31 December 2022

21. SHARE CAPITAL AND RESERVES

(a) Share capital

	Group and Company	
	Number of ordinary shares	Amount MYR'000
Issued and fully paid-up ordinary shares with no par value:		
At date of incorporation	1	*
Issuance of shares pursuant to Restructuring Exercise (Note 1.2(b)(iii))	18,162,463	55,886
Share split pursuant to Restructuring Exercise	90,812,320	-
At 31 December 2021	108,974,784	55,886
Issuance of new shares upon listing	38,500,000	31,502
Share issue cost, recognised directly in equity	-	(2,411)
At 31 December 2022	147,474,784	84,977

* Denotes MYR3

All issued ordinary shares are fully paid. There is no par value for these ordinary shares. Fully paid ordinary shares carry one vote per share and carry a right to dividends as and when declared by the Company.

The newly issued shares rank pari passu in all aspects with the previously issued shares.

(b) Reserves

	Capital reorganisation reserve-(i) MYR'000	Other reserve-(ii) MYR'000	Total MYR'000
Group			
Balance at 1 January 2021	(54,805)	(4,445)	(59,250)
Balance at 31 December 2021	(54,805)	(4,445)	(59,250)
Balance at 1 January 2022	(54,805)	(4,445)	(59,250)
Balance at 31 December 2022	(54,805)	(4,445)	(59,250)

Notes to the Financial Statements

For the financial year ended 31 December 2022

21. SHARE CAPITAL AND RESERVES (CONTINUED)

(i) Capital reorganisation reserve

Capital reorganisation reserve represents the following:

- the difference between the share capital of the Company issued to acquire 5E Holdings of MYR55,886,000 (refer Note 1.2(b)(iii)) and the existing share capital of 5E Holdings, which amounted to MYR42,872,000 as at the date of acquisition, which resulted in a debit balance of approximately MYR13,013,000; and
- the difference between the share capital of 5E Holdings issued to acquire 5E Resources of MYR42,871,000 (refer Note 1.2(b)(i)) and the existing share capital of 5E Resources, which amounted to MYR1,080,000 as at the date of acquisition, which resulted in a debit balance of approximately MYR41,791,000.

(ii) Other reserve

The acquisition of TS Heuls by 5E Resources is regarded as business combination under common control. The Group applies predecessor accounting to account for business combinations under common control. Under predecessor accounting, assets and liabilities acquired are not restated to their respective fair values. They are recognised at the carrying amounts from the financial statements of the Group and adjusted to conform with the accounting policies adopted by the Group. The difference between any consideration given and the aggregate carrying amounts of the assets and liabilities of the acquired entity is recognised as a reserve.

A charge of MYR4,445,000 has been recognised within the other reserve and this represent the difference between the share capital of TS Heuls of MYR50,000 as at 31 December 2021 and the consideration payable of MYR4,495,000 as disclosed in Note 1.2(b)(ii) to the financial statements.

22. FINANCIAL RISK MANAGEMENT

Financial risk factors

The Group's activities expose it to market risk (including foreign exchange risk, interest rate risk and price risk), credit risk and liquidity risk. The Group's overall risk management strategy seeks to minimise any adverse effects from the unpredictability of financial markets on the Group's financial performance.

The Board of Directors is responsible for setting the objectives and underlying principles of financial risk management for the Group and has established detailed policies such as authority levels and oversight responsibilities.

(a) Market risk

(i) *Foreign exchange risk*

The Group mainly operates in Malaysia and most of its transactions are denominated in MYR. The Group's exposure to foreign exchange risk is minimal. Foreign currency risk is monitored closely on an ongoing basis to ensure that the net exposure is at an acceptable level.

Notes to the Financial Statements

For the financial year ended 31 December 2022

22. FINANCIAL RISK MANAGEMENT (CONTINUED)

(a) Market risk (continued)

(i) Foreign exchange risk (continued)

The Group's exposure to foreign currency risk based on the carrying amounts of the financial instruments at the end of the reporting period is summarised below:

	Group		
	SGD MYR'000	USD MYR'000	Total MYR'000
As at 31 December 2022			
Cash and bank balances	895	563	1,458

There were no financial instruments denominated in foreign currency at the end of the previous reporting period.

Sensitivity analysis for foreign currency risk

Any reasonably possible change in the foreign currency rates at the end of the reporting period does not have material impact on the profit after tax and hence, no sensitivity analysis is presented.

(ii) Price risk

The Group is not exposed to price risk as it does not hold any equity financial assets.

(iii) Cash flow and fair value interest rate risk

Cash flow interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Fair value interest rate risk is the risk that the fair value of a financial instrument will fluctuate due to changes in market interest rates. The Group's interest-bearing assets and liabilities are bank borrowings, short term deposits and cash and cash equivalents. Therefore, the Group's interest rate risk mainly arises from bank borrowings, short term deposits and cash and cash equivalents.

The exposure of the Group's borrowings to interest rate changes at the end of the reporting period are as follows:

	Group	
	2022 MYR'000	2021 MYR'000
Variable rate borrowings	2,613	5,928

Notes to the Financial Statements

For the financial year ended 31 December 2022

22. FINANCIAL RISK MANAGEMENT (CONTINUED)

(a) Market risk (continued)

(iii) Cash flow and fair value interest rate risk (continued)

Sensitivity

Profit or loss is sensitive to higher/lower interest expense from variable rate borrowings as a result of changes in interest rates. Impact on post tax profit with the fluctuation of interest rate is as follows:

	Group	
	2022	2021
	MYR'000	MYR'000
Interest rates - increase/decrease by 100 basis points	20	45

An analysis by maturities is provided in Note 22(c) below.

(b) Credit risk

Credit risk refers to the risk that counterparty will default on its contractual obligation, resulting in financial loss to the Group. The Group is exposed to credit risks in relation to its cash and cash equivalents, short term deposits and trade and other receivables. The Group's maximum exposure to credit risk is the carrying amounts of these financial assets.

(i) Risk management

The Group adopts the policy of dealing only with customers of appropriate credit standing and history where appropriate to mitigate credit risk. For cash and cash equivalents and short term deposits, the Group adopts the policy of dealing with financial institutions with high credit ratings.

Credit exposure to an individual customer is restricted by the credit limit approved by the credit controller. Customers' payment profile and credit exposure are continuously monitored by the credit controller and reported to the management and Board of Directors.

The maximum exposure to credit risk for each class of financial assets is the carrying amount of that class of financial instruments presented on the statement of financial position. The Group's major classes of financial assets are cash and cash equivalents, short term deposits and trade and other receivables.

(ii) Impairment of financial assets

Cash and cash equivalents and short term deposits

The Group places their cash deposits with banks which are rated AAA and AA1 based on Risk Assessment Model ("RAM") ratings and are considered to have a low credit risk. The cash and cash equivalents and short term deposits are measured on 12-months expected credit losses and subject to immaterial credit loss.

Notes to the Financial Statements

For the financial year ended 31 December 2022

22. FINANCIAL RISK MANAGEMENT (CONTINUED)

(b) Credit risk (continued)

(ii) Impairment of financial assets (continued)

Trade receivables

The Group applies the simplified approach to provide for expected credit losses prescribed by SFRS (I) - 9, which permits the use of the lifetime expected credit loss provision for all trade receivables.

To measure the expected credit losses, these receivables have been grouped based on days past due. The expected loss rates are based on the payment profiles of sales over a period of 24 months and the corresponding credit losses experienced within this period. The historical loss rates are adjusted to reflect the current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables. The Group has identified the GDP and inflationary rate in Malaysia to be the most relevant factors, and accordingly adjusts the historical loss rates based on expected changes in these factors.

The Group considers a financial assets to be in default if the counterparty fails to make contractual payments within 90 days when they fall due. Receivables are written off when there is no reasonable expectation of recovery, such as a debtor failing to engage in a repayment plan with the Group when a debtor fails to make contractual payments on debts greater than 365 days past due. Where receivables are written off, the Group continues to engage in enforcement activity to attempt to recover the receivables due. Where recoveries are made, these are recognised in profit or loss.

The following table contains an analysis of the credit risk exposure of trade receivables (external) for which a loss allowance is recognised using the simplified approach. The gross carrying amount of trade receivables below also represents the Group's maximum exposure to credit risk on these assets:

	Current	1 - 90 days overdue	91 - 180 days overdue	More than 180 days overdue	Total
Group					
2022					
Expected loss rate (%)	1	1	41	100	
Gross carrying amount (RM):					
- external trade receivables	4,565	3,821	161	73	8,620
Less: Loss allowance	(26)	(24)	(66)	(73)	(189)
Carrying amount (net of loss allowance)	4,539	3,797	95	-	8,431
2021					
Expected loss rate (%)	1	2	20	100	
Gross carrying amount (MYR'000):					
- external trade receivables	6,104	5,155	227	30	11,516
Less: Loss allowance	(51)	(78)	(35)	(30)	(194)
Carrying amount (net of loss allowance)	6,053	5,077	192	-	11,322

Notes to the Financial Statements

For the financial year ended 31 December 2022

22. FINANCIAL RISK MANAGEMENT (CONTINUED)

(b) Credit risk (continued)

(ii) Impairment of financial assets (continued)

Other receivables

As at 31 December 2022, the Group's other receivables amounted to MYR19,000 (2021: MYR59,000). Management has assessed these other receivables and determined that the other receivables are fully recoverable and no loss allowance is to be recorded.

(c) Liquidity risk

The table below analyses non-derivative financial liabilities of the Group into relevant maturity grouping based on the remaining period from the reporting date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying amounts as the impact of discounting is not significant.

Contractual maturities of financial liabilities	Within 1 year or on demand MYR'000	Between 1 and 2 years MYR'000	Between 2 and 5 years MYR'000	Over 5 years MYR'000	Total contractual cash flows MYR'000
Group					
2022					
Non-derivatives					
Trade and other payables	10,899	-	-	-	10,899
Borrowings	361	361	1,081	1,305	3,108
Lease liabilities	736	574	1,682	14,779	17,771
Total non-derivatives	11,996	935	2,763	16,084	31,778
Contractual maturities of financial liabilities	Within 1 year or on demand MYR'000	Between 1 and 2 years MYR'000	Between 2 and 5 years MYR'000	Over 5 years MYR'000	Total contractual cash flows MYR'000
Group					
2021					
Non-derivatives					
Trade and other payables	7,158	-	-	-	7,158
Borrowings	3,311	1,383	1,729	-	6,423
Lease liabilities	214	161	-	-	375
Total non-derivatives	10,683	1,544	1,729	-	13,956

Notes to the Financial Statements

For the financial year ended 31 December 2022

22. FINANCIAL RISK MANAGEMENT (CONTINUED)

(d) Capital risk

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern and to maintain an optimal capital structure so as to maximize shareholder value. In order to maintain or achieve an optimal capital structure, the Group may adjust the amount of dividend payments, return capital to shareholders, issue new shares, buy back issued shares, obtain new borrowings or sell assets to reduce borrowings.

	Group	
	2022	2021
	MYR'000	MYR'000
Bank borrowings	2,613	5,928
Lease liabilities	10,154	327
	12,767	6,255
Total equity	95,795	54,384
Debt-to-equity ratio	0.13	0.12

There are no externally imposed capital requirements that the Group is required to comply with as at 31 December 2022.

(e) Fair value measurements

Financial instruments carried at fair value or where fair value was disclosed can be categorised by levels of the inputs to valuation techniques used to measure fair value. The inputs are categorised into three levels within a fair value hierarchy as follows:

- (i) Level 1 - Quoted prices (unadjusted) in active markets for identical assets or liabilities.
- (ii) Level 2 - Valuation techniques for the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- (iii) Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

There were no changes in valuation techniques during the financial years ended 31 December 2022 and 2021.

The fair values of the financial assets and financial liabilities of the Group and of the Company which are maturing within the next 12 months approximated their carrying amounts due to the relatively short-term maturity of the financial instruments or repayable on demand terms. The fair values of term loans approximate their carrying amounts as they are repriced to market interest rates on or near the reporting date.

Notes to the Financial Statements

For the financial year ended 31 December 2022

22. FINANCIAL RISK MANAGEMENT (CONTINUED)

(f) Financial instruments by category

The carrying amounts of financial assets at amortised cost and financial liabilities at amortised cost are as follows:

	Group		Company
	2022	2021	2022
	MYR'000	MYR'000	MYR000
Financial assets at amortised cost	70,780	33,752	24,572
Financial liabilities at amortised cost	23,666	13,413	1,105

23. RELATED PARTY TRANSACTIONS

In addition to the information disclosed elsewhere in the financial statements, the following transactions took place between the Group and related parties at terms agreed between the parties:

(a) Related party transactions

The ultimate controlling shareholders of the Group are Mr. KF Wong, Mdm. Loo and Mr. Ban. Related parties are entities controlled by one of the ultimate controlling shareholders of the Group.

	Group	
	2022	2021
	MYR'000	MYR'000
<i>With entities controlled by the two of the ultimate controlling shareholders of the Group</i>		
Provision of scheduled waste management services	185	93
Sales of goods	-	3
Lease of right-of-use assets	-	(269)
Deposit paid for purchase of factory building	-	(690)
Payment on behalf for the services charges and utility expenses	(5)	115

(b) Balances with related parties

	Group	
	2022	2021
	MYR'000	MYR'000
<i>With entities controlled by two of the ultimate controlling shareholders of the Group</i>		
Trade receivable	18	59

Notes to the Financial Statements

For the financial year ended 31 December 2022

23. RELATED PARTY TRANSACTIONS (CONTINUED)

(c) Key management personnel compensation

The key management personnel of the Group include Executive Directors and certain members of senior management of the Group.

Key management personnel compensation is as follows:

	Group	
	2022	2021
	MYR'000	MYR'000
Salaries, bonuses and other benefits	5,526	1,850
Defined contribution plan	489	347
	6,015	2,197

24. CAPITAL COMMITMENTS

Significant capital expenditure contracted for at the end of the reporting period but not provided for in the financial statements is as follows:

	Group	
	2022	2021
	MYR'000	MYR'000
Property, plant and equipment	10,489	-

25. APPROVAL OF FINANCIAL STATEMENTS

The financial statements have been approved for issue in accordance with a resolution of the Board of Directors on 31 March 2023.

Statistics of Shareholdings

As at 7 March 2023

Class of shares	: Ordinary shares
Total number of ordinary shares (excluding treasury shares and subsidiary holdings)	: 147,474,784
Voting rights	: 1 vote per ordinary share
Total number of treasury shares held and percentage	: Nil
Total number of subsidiary holdings held and percentage	: Nil

DISTRIBUTION OF SHAREHOLDINGS

Size of Shareholdings	No. of Shareholders	%	No. of Shares	%
1 - 99	0	0.00	0	0.00
100 - 1,000	50	30.12	48,200	0.03
1,001 - 10,000	52	31.33	308,800	0.21
10,001 - 1,000,000	59	35.54	8,203,400	5.56
1,000,001 and above	5	3.01	138,914,384	94.20
	166	100.00	147,474,784	100.00

TOP 20 SHAREHOLDERS

No.	Name	No. of Shares	%
1	UOB Kay Hian Private Limited	132,567,384	89.89
2	Alvin Toh Seh Cheen	2,259,700	1.53
3	Boon Kim Peng	1,998,000	1.35
4	Tan Chye Hoon	1,084,000	0.74
5	CGS-CIMB Securities (Singapore) Pte. Ltd.	1,005,300	0.68
6	Tee Suet Ling	922,000	0.63
7	ABN AMRO Clearing Bank N.V	686,500	0.47
8	Lee Tze Ping	600,000	0.41
9	Victor Seow Phoyen	535,500	0.36
10	Maybank Securities Pte. Ltd.	469,900	0.32
11	Lee Kian Chong	469,000	0.32
12	Chang Mei Lan	460,000	0.31
13	Lee Fook Chuen	380,000	0.26
14	Loo Jia Le	380,000	0.26
15	Tan Wei Reng Galven (Chen Weireng)	288,000	0.20
16	Chua Hoi Tek	269,000	0.18
17	Lim Yeow Ong (Lin Yaohuang)	240,000	0.16
18	Yeo Chen Yew Darren (Yang Zhenyao Darren)	227,000	0.15
19	DBS Nominees (Private) Limited	212,400	0.14
20	Kee Chein Hwei	200,000	0.14
		145,253,684	98.50

Statistics of Shareholdings

As at 7 March 2023

SUBSTANTIAL SHAREHOLDERS AS AT 7 MARCH 2023

(As recorded in the Register of Substantial Shareholders)

No.	Name	Direct Interest		Deemed Interest	
		No. of shares held	%	No. of shares held	%
1.	Loo Sok Ching ⁽¹⁾	39,339,900	26.68	47,164,284	31.98
2.	Wong Kim Fatt ⁽¹⁾	30,262,296	20.52	56,241,888	38.14
3.	Ban Kim Wah ⁽¹⁾	16,901,988	11.46	69,602,196	47.20
4.	Lim Te Hua	15,888,522	10.77	-	-

Notes:

- (1) Mdm. Loo Sok Ching is the spouse of Mr. Wong Kim Fatt and Mr. Ban Kim Wah is the younger brother of Mr. Wong Kim Fatt. Accordingly, pursuant to Section 7 of the Companies Act and Section 4 of the SFA, Mdm. Loo Sok Ching, Mr. Wong Kim Fatt and Mr. Ban Kim Wah are deemed to have an interest in the Shares held by one another.

SHAREHOLDINGS HELD IN HANDS OF PUBLIC

As at 7 March 2023, 26.11% of the Company's shares are held in the hands of 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 at least 10% of the total number of issued shares (excluding preference shares, convertible equity securities and treasury shares) in a class that is listed at all times held by the public.

Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN that the Annual General Meeting (“AGM”) of 5E Resources Limited (the “Company”) will be held on Thursday, 20 April 2023 at 10.00 a.m. at 100 Victoria Street, Imagination Room Level 5, National Library Building Singapore 188064 to transact the following businesses:

AS ORDINARY BUSINESS

1. To receive and adopt the Directors’ Statement and the Audited Financial Statements for the financial year ended 31 December 2022 together with the Independent Auditors’ Report thereon. (Resolution 1)

2. To declare a final tax exempt (one-tier) dividend of S\$0.01 per ordinary share (approximately MYR0.0327 per ordinary share) for the financial year ended 31 December 2022. (Resolution 2)

3. To re-elect the following Directors of the Company who will be retiring pursuant to Article 97 of the Constitution of the Company, and being eligible, offered themselves for re-election.
 - 3.1 Mr. Lim Te Hua (Resolution 3)
 - 3.2 Mr. Shankar Narasingam (Resolution 4)
 - 3.3 Mr. Wong Chee Meng Lawrence (Resolution 5)
 - 3.4 Mr. Kam Chai Hong (Resolution 6)
 - 3.5 Mr. Wang Han Lin (Resolution 7)

[See Explanatory Note (i)]

4. To re-elect Mr. Siow Chin How who will be retiring pursuant to Article 98 of the Constitution of the Company, and being eligible, offered himself for re-election. (Resolution 8)

[See Explanatory Note (ii)]

5. To approve the payment of Directors’ fees of S\$158,000 for the financial year ended 31 December 2022. (Resolution 9)

6. To approve the payment of Directors’ fees of S\$158,000 for the financial year ending 31 December 2023, to be paid quarterly in arrears. (Resolution 10)

7. To re-appoint Messrs. PricewaterhouseCoopers LLP as the Company’s Auditors and to authorise the Directors of the Company to fix their remuneration. (Resolution 11)

8. To transact any other ordinary business that may properly be transacted at an Annual General Meeting.

Notice of Annual General Meeting

AS SPECIAL BUSINESS

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

9. Authority to allot and issue shares

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

- (a) (i) issue shares in the capital of the Company (“**Shares**”) whether by way of rights, bonus or otherwise; and/or
- (ii) make or grant offers, agreements or options (collectively, “**Instruments**”) that might or would require Shares to be issued, including but not limited to the creation and issue of (as well as adjustments to) 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 of the Company may in their absolute discretion deem fit; and

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

provided that:

- (a) the aggregate number of Shares (including Shares to be issued in pursuance of the Instruments, made or granted pursuant to this Resolution) to be issued pursuant to this Resolution shall not exceed one hundred per centum (100%) of the total number of issued Shares (excluding treasury shares and subsidiary holdings) in the capital of the Company (as calculated in accordance with sub-paragraph (b) below), of which the aggregate number of Shares (including Shares to be issued in pursuance of the Instruments made or granted pursuant to this Resolution) to be issued other than on a pro rata basis to shareholders of the Company shall not exceed fifty per centum (50%) of the total number of issued Shares (excluding treasury shares and subsidiary holdings) in the capital of the Company (as calculated in accordance with sub-paragraph (b) below);
- (b) (subject to such manner of calculation as may be prescribed by the SGX-ST) for the purpose of determining the aggregate number of Shares that may be issued under sub-paragraph (a) above, the total number of issued Shares (excluding treasury shares and subsidiary holdings) in the capital of the Company shall be based on the total number of issued Shares (excluding treasury shares and subsidiary holdings) in the capital of the Company at the time of the passing of this Resolution, after adjusting for:
 - (i) new Shares arising from the conversion or exercise of any convertible securities;
 - (ii) new Shares arising from the exercising of share options or vesting of share awards which are outstanding or subsisting at the time of the passing of this Resolution, provided the options or awards were granted in compliance with Part VIII of Chapter 8 of the Catalist Rules; and
 - (iii) any subsequent bonus issue, consolidation or subdivision of Shares;

Adjustments in accordance with sub-paragraphs (b)(i) or (b)(ii) above are only to be made in respect of new Shares arising from convertible securities, share options or share awards which were issued and outstanding or subsisting at the time of the passing of the resolution.

Notice of Annual General Meeting

- (c) in exercising the authority conferred by this 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) and the Constitution, for the time being, of the Company; and
- (d) unless revoked or varied by the Company in a general meeting, such authority shall continue in force until (i) 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 or (ii) in the case of Shares to be issued in pursuant of the Instruments, made or granted pursuant to this Resolution, until the issuance of such shares in accordance with the terms of the Instruments, whichever is the earliest.

(Resolution 12)

[See Explanatory Note (iii)]

10. Proposed Adoption of Share Buyback Mandate

That:

- (a) for the purposes of Sections 76C and 76E of the Companies Act 1967 (the “**Companies Act**”), the exercise by the Directors of the Company of all the powers of the Company to purchase or otherwise acquire ordinary shares (“**Shares**”) in the issued share capital of the Company not exceeding in aggregate the Maximum Buyback Shares (as hereafter defined), at such price or prices as may be determined by the Directors of the Company from time to time up to the Maximum Price (as hereafter defined), whether by way of:
 - (i) on-market purchases (each a “**Market Purchase**”), transacted on the Singapore Exchange Securities Trading Limited (“**SGX-ST**”) or any other securities exchange on which the Shares may for the time being be listed and quoted, through one or more duly licensed stockbrokers appointed by the Company for the purpose; and/or
 - (ii) off-market purchases (each an “**Off-Market Purchase**”) effected otherwise than on the SGX-ST in accordance with an “equal access scheme” as defined in Section 76C of the Companies Act,

and otherwise in accordance with all other laws, regulations and rules of the SGX-ST as may for the time being be applicable, be and is hereby authorised and approved generally and unconditionally (the “**Share Buyback Mandate**”);

- (b) the authority conferred on the Directors of the Company pursuant to the Share Buyback Mandate may be exercised by the Directors of the Company at any time and from time to time during the period commencing from the passing of this Resolution and expiring on the earliest of:
 - (i) the conclusion of the next AGM of the Company following the passing of this Resolution or the date by which such AGM is required by law to be held;
 - (ii) the date on which the purchase or acquisition of Shares have been carried out to the full extent of the Share Buyback Mandate; or
 - (iii) the date on which the authority conferred by the Share Buyback Mandate is varied or revoked by an ordinary resolution of shareholders of the Company in general meeting.

Notice of Annual General Meeting

(c) In this Resolution:

“**Maximum Buyback Shares**” means the number of Shares representing 10% of the total number of issued Shares (excluding treasury shares and subsidiary holdings) of the Company as at the date of the passing of this Resolution, unless the Company has reduced its share capital in accordance with the applicable provisions of the Companies Act, at any time during the Relevant Period (as defined hereinafter), in which event the total number of issued Shares of the Company shall be taken to be the total number of issued Shares as altered (excluding any treasury shares and subsidiary holdings held by the Company);

“**Relevant Period**” means the period commencing from the date of the passing of this Resolution and expiring on the date on which the earliest of the date the next AGM of the Company is held or is required by law to be held, or it is varied or revoked by the Company in general meeting (if so varied or revoked to the next AGM), or the date on which purchases and acquisitions of Shares pursuant to Share Buyback Mandate are carried out to the full extent mandated, whichever is the earlier; and

“**Maximum Price**” in relation to a Share to be purchased, means an amount (excluding brokerage, commissions, stamp duties, applicable goods and services tax and other related expenses) not exceeding:

- (i) in the case of a Market Purchase: 105% of the Average Closing Price; and
- (ii) in the case of an Off-Market Purchase: 120% of the Average Closing Price, where:

“**Average Closing Price**” is the average of the closing market prices of a Share over the last five (5) Market Days, on which transactions in the Shares were recorded, immediately preceding the date of the Market Purchase by the Company or, as the case may be, the date of the making of the offer pursuant to the Off-Market Purchase, and deemed to be adjusted for any corporate action that occurs after such five-day market period;

“**day of the making of the offer**” means the date on which the Company announces its intention to make an offer for the purchase or acquisition of Shares from shareholders of the Company stating the purchase price (which shall not be more than the Maximum Price calculated on the foregoing basis) for each Share and the relevant terms of the equal access scheme for effecting the Off-Market Purchase; and

“**Market Day**” means a day on which the SGX-ST is open for trading in securities; and

(d) the Directors of the Company be and are hereby authorised to complete and do all such acts and things (including executing such documents as may be required) as they may consider expedient or necessary to give effect to the transactions contemplated by this Resolution.

(Resolution 13)

[See Explanatory Note (iv)]

By Order of the Board

Shirley Tan Sey Liy
Company Secretary

Singapore, 5 April 2023

Notice of Annual General Meeting

Explanatory Notes:

- (i) Mr. Lim Te Hua, upon re-election as a Director of the Company, will remain as the Executive Director and Chief Executive Officer of the Company. He is also a substantial shareholder of the Company. Please refer to Additional Information on Directors Seeking Re-Election on page 78 to page 87 of the Annual Report for the detailed information required pursuant to Rule 720(5) of the Catalist Rules of the SGX-ST.

Mr. Shankar Narasingam, upon re-election as a Director of the Company, will remain as the Executive Director and Chief Operating Officer of the Company. Please refer to Additional Information on Directors Seeking Re-Election on page 78 to page 87 of the Annual Report for the detailed information required pursuant to Rule 720(5) of the Catalist Rules of the SGX-ST.

Mr. Wong Chee Meng, Lawrence, upon re-election as a Director of the Company, will remain as the Lead Independent and Non-Executive Director, a member each of the Audit and Risk Committee and Nominating Committee and the Board considers him independent for the purposes of Rule 704(7) of the Catalist Rules of the SGX-ST. Please refer to Additional Information on Directors Seeking Re-Election on page 78 to page 87 of the Annual Report for the detailed information required pursuant to Rule 720(5) of the Catalist Rules of the SGX-ST.

Mr. Kam Chai Hong, upon re-election as a Director of the Company, will remain as an Independent and Non-Executive Director, the Chairman of the Audit and Risk Committee and a member of Remuneration Committee and the Board considers him independent for the purposes of Rule 704(7) of the Catalist Rules of the SGX-ST. Please refer to Additional Information on Directors Seeking Re-Election on page 78 to page 87 of the Annual Report for the detailed information required pursuant to Rule 720(5) of the Catalist Rules of the SGX-ST.

Mr. Wang Han Lin, upon re-election as a Director of the Company, will remain as an Independent and Non-Executive Director, the Chairman of the Nominating Committee, a member of the Remuneration Committee and the Board considers him independent for the purposes of Rule 704(7) of the Catalist Rules of the SGX-ST. Please refer to Additional Information on Directors Seeking Re-Election on page 78 to page 87 of the Annual Report for the detailed information required pursuant to Rule 720(5) of the Catalist Rules of the SGX-ST.

- (ii) Mr. Siow Chin How, upon re-election as a Director of the Company, will remain as an Independent and Non-Executive Director, the Chairman of the Remuneration Committee and a member each of the Audit and Risk Committee and Nominating Committee and the Board considers him independent for the purposes of Rule 704(7) of the Catalist Rules of the SGX-ST. Please refer to Additional Information on Directors Seeking Re-Election on page 78 to page 87 of the Annual Report for the detailed information required pursuant to Rule 720(5) of the Catalist Rules of the SGX-ST.

- (iii) The Ordinary Resolution 12, if passed, will authorise the Directors of the Company from the date of this Annual General Meeting (“AGM”) until the date of the next AGM of the Company, or the date by which the next AGM of the Company is required by law to be held or such authority is varied or revoked by the Company in a general meeting, whichever is the earlier, to issue shares, make or grant instruments convertible into shares and to issue shares pursuant to such instruments, up to a number not exceeding, in total, one hundred per centum (100%) of the total number of issued shares (excluding treasury shares and subsidiary holdings) in the capital of the Company, of which up to fifty per centum (50%) may be issued other than on a pro-rata basis to existing shareholders of the Company.

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

- (iv) The Ordinary Resolution 13, if passed, will authorise the Directors of the Company to purchase or otherwise acquire the Maximum Buyback Shares at such price(s) as may be determined by the Directors from time to time up to the Maximum Price and will empower the Directors of the Company, effective until the conclusion of the next AGM of the Company following the passing of Ordinary Resolution granting the said authority or date by which such AGM is required to be held (whereupon it will lapse, unless renewed at such meeting), or it is varied or revoked by the Company in general meeting (if so varied or revoked to the next AGM), or the date on which purchases and acquisitions of Shares pursuant to Share Buyback Mandate are carried out to the full extent mandated, whichever is the earliest. Please refer to Appendix for more details.

NOTICE OF RECORD AND DIVIDEND PAYMENT DATE

NOTICE IS HEREBY GIVEN that the Register of Members and the Share Transfer Books of the Company will be closed at 5:00 p.m. on 25 April 2023 (the “Record Date”) for the purpose of determining the entitlement of the shareholders of the Company to the proposed final tax exempt (one-tier) dividend of S\$0.01 per ordinary share (approximately MYR0.0327 per ordinary share) for the financial year ended 31 December 2022, subject to the shareholders’ approval at the AGM to be held on 20 April 2023. Duly completed registrable transfers received by the Company’s Share Registrar, In.Corp Corporate Services Pte. Ltd. at 30 Cecil Street #19-08 Prudential Tower Singapore 049712 up to the Record Date will be registered to determine the shareholders’ entitlement to the said dividend. Shareholders whose Securities Account with The Central Depository (Pte) Limited are credited with ordinary shares in the capital of the Company up to the Record Date will be entitled to such dividend. The proposed payment of the dividend, if approved by the shareholders at the AGM, will be made on 12 May 2023.

Notice of Annual General Meeting

Notes:

1. A member of the Company entitled to attend and vote at the AGM is entitled to appoint a proxy to attend and vote on his/her behalf. A proxy need not be a member of the Company.
 2.
 - (a) A member who is not a relevant intermediary is entitled to appoint one or two proxies to attend and vote at the AGM of the Company.
 - (b) A member who is a relevant intermediary is entitled to appoint more than two proxies to attend and vote at the AGM of the Company, but each proxy must be appointed to exercise the rights attached to a different Share or Shares held by such member.
- "Relevant intermediary" has the meaning ascribed to it in Section 181 of the Companies Act 1967.
3. A proxy need not be a member of the Company.
 4. A member of the Company which is a corporation is entitled to appoint its authorised representatives or proxies to vote on his behalf.
 5. The instrument appointing a proxy must be signed by the appointor or his attorney duly authorised in writing. Where the instrument appointing a proxy is executed by a corporation, it must be executed either under its seal or under the hand of an officer or attorney duly authorised. The power of attorney or other authority, if any, under which the instrument of proxy is signed on behalf of the member or duly certified copy of that power of attorney or other authority (failing previous registration with the Company), if required by law, be duly stamped and lodged with the instrument of proxy, failing which the instrument may be treated as invalid.
 6. The instrument appointing a proxy or proxies must be deposited at the registered office of the Company at 30 Cecil Street #19-08 Prudential Tower Singapore 049712 or via email to shareregistry@incorp.asia by 10:00 a.m. on 17 April 2023 (being seventy-two (72) hours before the time appointed for holding the AGM of the Company).

A Depositor's name must appear on the Depository Register maintained by The Central Depository (Pte) Limited ("CDP") at least seventy-two (72) hours before the time fixed for holding the AGM in order for the Depositor to be entitled to vote on any or all of the resolutions. In view of Section 81SJ(4) of the Securities and Futures Act 2001, Singapore, a Depositor shall not be regarded as a shareholder of the Company entitled to attend the AGM and to speak and vote thereat unless his/her name appears in the Depository Register maintained by the CDP at least -seventy-two (72) hours before the AGM. Any shareholder who is holding his/her shares via the CDP but whose name is not registered with the CDP seventy-two (72) hours before the AGM will not be entitled to attend and vote at the AGM.

ACCESS TO DOCUMENTS OR INFORMATION RELATING TO THE AGM

All documents and information relating to the business of the AGM (including the Annual Report, Appendix and Proxy Form) have been published on the Company's website at <https://www.5e-resources.com/> and the SGX website at <https://www.sgx.com/securities/company-announcements>.

SUBMISSION OF QUESTIONS PRIOR TO THE AGM

Shareholders may submit questions related to the resolutions to be tabled at the AGM via email to ir@5e-resources.com or by post to 30 Cecil Street #19-08 Prudential Tower Singapore 049712. Questions must be submitted not later than 10:00 a.m. on 12 April 2023 so that relevant and substantial queries may be addressed during the AGM proceedings. The responses would be published on SGXNet and, if available, the Company's corporate website on 15 April 2023.

Any relevant and subsequent queries received after 12 April 2023 will be addressed at the AGM and through the publication of the minutes of the AGM on SGXNet and the Company's website within one (1) month after the date of AGM.

Shareholders or their corporate representative must state his/her full name, identification/registration number and whether he/she is a shareholder or a corporate representative of a corporate shareholder. Any question without the identification details will not be addressed.

ATTENDANCE AT THE AGM

Due to the limited sitting capacity of the venue, only shareholders whose names appear in the Depository Register as at seventy-two (72) hours before the time appointed for holding the AGM or the appointed proxy or proxies shall be entitled to attend the AGM of the Company.

Notice of Annual General Meeting

PERSONAL DATA PRIVACY:

By (a) submitting an instrument appointing a proxy(ies) and/or representative(s) or the Chairperson of the AGM as a proxy to vote at the AGM and/or any adjournment thereof, a shareholder of the Company consents to the collection, use and disclosure of the shareholder's personal data by the Company (or its agents or service providers) for the following purposes:

- (i) consents to the collection, use and disclosure of the member's personal data by the Company (or its agents) for the purpose of the processing and administration by the Company (or its agents) of proxies and representatives appointed for the AGM (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the AGM (including any adjournment thereof), and in order for the Company (or its agents) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the "**Purposes**");
- (ii) warrants that where the member discloses the personal data of the member's proxy(ies) and/or representative(s) to the Company (or its agents), the member has obtained the prior consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by the Company (or its agents) of the personal data of such proxy(ies) and/or representative(s) for the Purposes; 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.

This notice has been prepared by the Company and its contents have been reviewed by the Company's sponsor, RHT Capital Pte. Ltd. (the "Sponsor") for compliance with the relevant rules of the Singapore Exchange Securities Trading Limited (the "SGX-ST").

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

The contact person for the Sponsor is Mr. Leong Weng Tuck - Registered Professional, 36 Robinson Road, #10-06 City House, Singapore 068877, sponsor@rhtgoc.com.

APPENDIX DATED 5 APRIL 2023

THIS APPENDIX IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. PLEASE READ IT CAREFULLY.

If you are in any doubt as to the action you should take, you should consult your stockbroker, bank manager, solicitor, accountant or other professional adviser immediately.

If you have sold or transferred all your ordinary shares in the capital of the Company represented by physical share certificate(s), you should immediately forward this Appendix, the Notice of Annual General Meeting and the enclosed Proxy Form to the purchaser or transferee or to the bank, stockbroker or agent through whom the sale or transfer was effected for onward transmission to the purchaser or transferee.

Your attention is drawn to paragraph 6 in respect of actions to be taken if you wish to attend and vote at the Annual General Meeting ("**AGM**").

This Appendix has been prepared by 5E Resources Limited (the "**Company**") with assistance and legal advice by Bayfront Law LLC, and its contents have been reviewed by the Company's sponsor, RHT Capital Pte. Ltd (the "**Sponsor**") for the compliance with relevant rules of Listing Manual Section B: Rules of Catalyst (the "**Catalist Rules**") of the Singapore Exchange Securities Trading Limited (the "**SGX-ST**").

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

The contact person for the Sponsor is Mr Leong Weng Tuck, Registered Professional, RHT Capital Pte. Ltd, at 36 Robinson Road, #10-06 City House, Singapore 068877, sponsor@rhtgoc.com.



5E RESOURCES LIMITED

(Company Registration No.: 202136285K)

(Incorporated in the Republic of Singapore)

APPENDIX TO THE NOTICE OF ANNUAL GENERAL MEETING

IN RELATION TO

THE PROPOSED ADOPTION OF THE SHARE BUYBACK MANDATE OF THE COMPANY

TABLE OF CONTENTS

DEFINITIONS	147
LETTER TO SHAREHOLDERS	150
1. INTRODUCTION	150
2. THE PROPOSED ADOPTION OF THE SHARE BUYBACK MANDATE	150
3. INTERESTS OF DIRECTORS AND SUBSTANTIAL SHAREHOLDERS	164
4. DIRECTORS RECOMMENDATION	164
5. ANNUAL GENERAL MEETING	165
6. ACTIONS TO BE TAKEN BY SHAREHOLDERS	165
7. DIRECTORS' RESPONSIBILITY STATEMENT	165
8. DOCUMENTS AVAILABLE FOR INSPECTION	165

DEFINITIONS

The following definitions apply throughout except where the context otherwise requires:-

“ACRA”	:	The Accounting & Corporate Regulatory Authority of Singapore
“Act” or “Companies Act”	:	Companies Act 1967 of Singapore, as amended from time to time
“AGM”	:	Annual general meeting of the Company to be convened on 20 April 2023 at 10.00 a.m.
“Appendix”	:	This Appendix to Shareholders dated 5 April 2023
“Associate”	:	(a) in relation to any Director, CEO, Substantial Shareholder or Controlling Shareholder (being an individual) means:- (i) his immediate family; (ii) the trustees of any trust of which he or his immediate family is a beneficiary or, in the case of a discretionary trust, is a discretionary object; and (iii) any company in which he and his immediate family together (directly or indirectly) have an interest of 30% or more; (b) in relation to a Substantial Shareholder or Controlling Shareholder (being a company) means any other company which is its subsidiary or holding company or is a subsidiary of such holding company or one in the equity of which it and/or such other company or companies taken together (directly or indirectly) have an interest of 30% or more
“Average Closing Price”	:	Has the meaning ascribed to it in Paragraph 2.3.4 of this Appendix
“Board”	:	The board of directors of the Company for the time being
“Business Day”	:	A day (other than a Saturday, Sunday or gazetted public holiday) on which commercial banks are open for business in Singapore
“Catalist”	:	The sponsor-supervised listing platform of the SGX-ST
“Catalist Rules”	:	Listing Manual Section B: Rules of Catalist of the SGX-ST, as amended, modified or supplemented from time to time
“CDP”	:	The Central Depository (Pte) Limited
“Company”	:	5E Resources Limited
“Constitution”	:	The Constitution of the Company, as amended, supplemented or modified from time to time
“Controlling Shareholder”	:	A person who:- (a) holds directly or indirectly 15% or more of the nominal amount of all voting shares in the Company. The SGX-ST may determine that a person who satisfies this paragraph is not a Controlling Shareholder; or (b) in fact exercises control over the Company
“Director(s)”	:	The directors of the Company as at the Latest Practicable Date
“EPS”	:	Earnings per Share
“FY” or “Financial Year”	:	Financial year ended or, as the case may be, ending 31 December
“Group”	:	The Company and its Subsidiaries from time to time

DEFINITIONS

“Interested Person”	:	As defined in the Catalist Rules, an interested person, in the case of the Company, means:- (a) a Director, Chief Executive Officer, or Controlling Shareholder of the Company; or (b) an Associate of any such Director, Chief Executive Officer, or Controlling Shareholder
“Latest Practicable Date”	:	The latest practicable date prior to the issue of this Letter, being 15 March 2023
“Market Day(s)”	:	A day or days on which the SGX-ST is open for securities trading
“Market Purchase(s)”	:	Has the meaning as ascribed in Paragraph 2.3.3 (a) of this Appendix
“Maximum Price”	:	Has the meaning ascribed to it in Paragraph 2.3.4 of this Appendix
“NAV”	:	Net asset value
“Notice of AGM”	:	The notice of the AGM dated 5 April 2023
“NTA”	:	Net tangible assets of the Group
“Off-Market Purchase(s)”	:	Has the meaning ascribed in Paragraph 2.3.3 (b) of this Appendix
“Ordinary Resolution”	:	The ordinary resolution in relation to the proposed adoption of the Share Buyback Mandate as set out in the Notice of AGM
“PDPA”	:	The Personal Data Protection Act 2012 of Singapore as amended, modified or supplemented from time to time
“Proxy Form”	:	The proxy form in respect of the AGM as set out in Annual Report for FY2022
“Relevant Period”	:	The period commencing from the date on which the resolution in relation to the adoption of the Share Buyback Mandate is passed at the AGM and expiring on the earliest of the date the next AGM is held or is required by law to be held, or the date on which the Share Buyback is carried out to the full extent mandated, or the date the said mandate is revoked or varied by the Company in a general meeting
“Securities Account”	:	A securities account maintained by a Depositor with CDP, but does not include a securities sub-account maintained with a Depository Agent
“SFA”	:	Securities and Futures Act 2001 of Singapore, as amended or modified from time to time
“SGX-ST”	:	The Singapore Exchange Securities Trading Limited
“Share Buyback”	:	The purchase or acquisition of issued Share(s) by the Company pursuant to the terms of the Share Buyback Mandate
“Share Buyback Mandate”	:	The mandate to authorize the Directors to exercise all powers of the Company to purchase or otherwise acquire, on behalf of the Company, issued Shares within the Relevant Period in accordance with the terms set out in this Appendix, as well as the rules and regulations set forth in the Companies Act and the Catalist Rules
“Share(s)”	:	Ordinary share(s) in the issued capital of the Company
“Shareholders”	:	Registered holder(s) of Shares in the register of members of the Company, except where the registered holder is CDP, in which case the term “Shareholders” shall, in relation to such shares, mean the Depositors who have Shares entered against their name in the Depository Register of CDP. Any reference to Shares held by or shareholdings of Shareholders shall include Shares standing to the credit of their respective Securities Accounts

DEFINITIONS

- “Subsidiaries”** : The subsidiaries of the Company (as defined in Section 5 of the Companies Act) and **“Subsidiary”** shall be construed accordingly
- “Substantial Shareholder”** : A person who:-
- (a) has an interest or interests in one (1) or more Shares (excluding treasury shares) in the Company; and
 - (b) the total votes attached to that Share, or those Shares, is not less than 5% of the total votes attached to all the Shares (excluding treasury shares) of the Company
- “Take-over Code”** : The Singapore Code on Take-overs and Mergers, as modified, supplemented or amended from time to time
- “Treasury Shares”** : Shares purchased or acquired by the Company pursuant to the Share Buyback Mandate and held by the Company in accordance with Section 76H of the Companies Act and have been continuously held by the Company since purchase and has not been cancelled
- “S\$” and “cents”** : Singapore dollars and cents, respectively, being the lawful currency of the Republic of Singapore
- “%” or “per cent”** : Per centum or percentage

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

Words importing the singular shall, where applicable, include the plural and vice versa. Words importing the masculine gender shall, where applicable, include the feminine and neuter genders. References to persons shall include corporations.

Any reference in this Appendix to any enactment is a reference to that enactment as for the time being amended or re-enacted. Any word defined under the Companies Act, the SFA, the Catalist Rules, the Take-over Code, or any modification thereof and not otherwise defined in this Appendix shall, where applicable, have the same meaning ascribed to it under the Companies Act, the SFA, the Catalist Rules, or the Take-over Code or such modification thereof, as the case may be, unless the context otherwise requires.

Any discrepancies in the tables included in this Appendix between the listed amounts and the totals thereof are due to rounding. Accordingly, figures shown as totals in certain tables in this Appendix may not be an arithmetic aggregation of the figures that precede them. Where applicable, figures and percentages are rounded to the nearest two decimal places.

Any reference to a time of day and date in this Appendix shall be a reference to Singapore time unless stated otherwise.

LETTER TO SHAREHOLDERS

5E RESOURCES LIMITED

(Company Registration No.: 202136285K)
(Incorporated in the Republic of Singapore)

Directors:

Loo Sok Ching (Chairperson and Executive Director)
Lim Te Hua (Executive Director and Chief Executive Officer)
Shankar Narasingam (Executive Director and Chief Operating Officer)
Wong Chee Meng Lawrence (Lead Independent Director)
Kam Chai Hong (Independent Director)
Siow Chin How (Independent Director)
Wang Han Lin (Independent Director)

Registered Office:

30 Cecil Street #19-08
Prudential Tower
Singapore 049712

5 April 2023

To: The shareholders of 5E Resources Limited

Dear Sir / Madam

THE PROPOSED ADOPTION OF THE SHARE BUYBACK MANDATE

1. INTRODUCTION

The Directors is proposing to seek the approval of the Shareholders for the proposed adoption of the Share Buyback Mandate set out in the Notice of AGM.

In connection therewith, this Appendix has been prepared to provide the Shareholders with information relating to the above matter and to seek their approval for the same at the AGM to be convened.

2. THE PROPOSED ADOPTION OF THE SHARE BUYBACK MANDATE

2.1 Background

Any purchase or acquisition of Shares by the Company would have to be made in accordance with, and in the manner prescribed by, the Companies Act, the Catalist Rules and such other laws and regulations as may, for the time being, be applicable.

Article 11C of the Company's Constitution expressly permits the Company to purchase or otherwise acquire its issued Shares on such terms as the Company may think fit, and in the manner prescribed by the Companies Act. The Company is also required to obtain approval of its Shareholders at a general meeting if it wishes to purchase or acquire its own Shares.

Accordingly, approval is being sought from Shareholders at the AGM for the proposed adoption of the Share Buyback Mandate. The Share Buyback Mandate is a general mandate to be given by the Shareholders that allows the Company to purchase or acquire its issued Shares at any time during the Relevant Period and on the terms of the Share Buyback Mandate.

If approved by Shareholders at the AGM, the authority conferred by the Share Buyback Mandate will take effect from the date of the AGM at which the proposed adoption of the Share Buyback Mandate is approved and continues to be in force for the duration of the Relevant Period, which is until the earliest of the date on which the next AGM is held or is required by law to be held, or when share buybacks pursuant to a Share Buyback Mandate are carried out to the full extent mandated, or the date the said mandate is varied or revoked by the Company in general meeting (whereupon it will lapse, unless renewed at such meeting).

LETTER TO SHAREHOLDERS

2.2 Rationale for the Share Buyback Mandate

The rationale for the adoption of the Share Buyback Mandate to allow the Company to undertake a purchase or acquisition of its Shares is as follows:-

- (a) The Directors are constantly seeking to increase Shareholders' value and to improve, *inter-alia* the return on equity of the Group. Amongst other alternative corporate actions, Share Buybacks at the appropriate price level are one of the ways through which the return on equity of the Company may be enhanced;
- (b) The Share Buyback Mandate will give the Directors the flexibility to purchase or acquire Shares as and when circumstances permit;
- (c) The Share Buyback Mandate will provide the Company with greater flexibility in managing its capital and maximizing returns to its Shareholders. To the extent that the Company has capital and surplus funds which are in excess of its financial needs, taking into account its growth and expansion plans, the Share Buyback Mandate will facilitate the return of excess cash and surplus funds to Shareholders in an expedient, effective and cost efficient manner; and
- (d) The Directors further believe that a Share Buyback by the Company may help mitigate short-term market or price volatility, offset the effects of short-term share speculation or demand and bolster Shareholders' confidence.

The purchase or acquisition of Shares will only be undertaken if the Directors believe it can benefit the Company and its Shareholders. No purchase or acquisition of Shares will be made in circumstances which would or may have a material adverse effect on the listing status of the Shares on the SGX-ST, the liquidity and capital adequacy positions of the Company or the Group, or result in the Company being delisted from the SGX-ST.

2.3 Authority and Limits of the Share Buyback Mandate

The authority and limitations placed on purchases or acquisitions of Shares by the Company under the Share Buyback Mandate, for which the approval is sought, are summarized below:-

2.3.1 Maximum Number of Shares

Only Shares which are issued and fully paid-up may be purchased or acquired by the Company. The total number of Shares that may be purchased or acquired by the Company during the Relevant Period shall not exceed 10% of the total number of issued Shares of the Company (excluding Treasury Shares and subsidiary holdings, if any) as at the date of the AGM at which the proposed adoption of the Share Buyback Mandate is approved, unless the Company has, at any time during the Relevant Period, effected a reduction of its share capital in accordance with the applicable provisions of the Companies Act, in which event the total number of issued Shares of the Company shall be taken to be the total number of issued Shares of the Company as altered. Any Shares which are held as Treasury Shares will be disregarded for purposes of computing the 10% limit.

Purely for illustrative purposes only, based on the issued and paid-up share capital of the Company as at the Latest Practicable Date comprising 147,474,784 Shares, and assuming that no further Shares are issued on or prior to the AGM, not more than 14,747,478 Shares (representing 10% of the total number of issued and paid-up Shares) may be purchased or acquired by the Company pursuant to the proposed Share Buyback Mandate.

Shareholders should note that this limit of 10% is subject further to the public float requirement as set out in detail in Paragraph 2.11 of this Appendix.

LETTER TO SHAREHOLDERS

2.3.2 Duration of Authority

Purchases or acquisitions of Shares may be made, at any time and from time to time, by the Company on and from the date of the AGM at which the proposed adoption of the Share Buyback Mandate is approved up to the earlier of:-

- (a) the conclusion of the next AGM or the date by which such AGM of the Company is held or required by law to be held;
- (b) the date on which the purchases and acquisitions of Shares pursuant to the Share Buyback Mandate are carried out to the full extent mandated; or
- (c) the date on which the authority conferred by the Share Buyback Mandate is revoked or varied by the Shareholders in a general meeting,

(the “**Relevant Period**”).

The authority conferred on the Directors by the Share Buyback Mandate to purchase or acquire Shares may be renewed by the Shareholders in a general meeting of the Company, such as at the next AGM of the Company or at an extraordinary general meeting to be convened immediately after the conclusion or adjournment of the next AGM.

When seeking the approval of the Shareholders for the renewal of the Share Buyback Mandate, the Company is required to disclose details pertaining to purchases or acquisitions of Shares pursuant to the Share Buyback Mandate made during the previous twelve (12) months, including the total number of Shares purchased or acquired, the purchase price per Share or the highest and lowest prices paid for such purchases or acquisitions of Shares, where relevant, and the total consideration paid for such purchases or acquisitions.

2.3.3 Manner of Purchases or Acquisitions of Shares

Purchases or acquisitions of Shares can be effected by the Company by way of:-

- (a) on-market purchases transacted on the SGX-ST or any other securities exchange on which the Shares may for the time being be listed and quoted, through one or more duly licensed stockbrokers appointed by the Company for the purpose of the Share Buyback (“**Market Purchase(s)**”); and/or
- (b) off-market purchases (if effected otherwise than on a securities exchange) in accordance with an “equal access scheme” as defined in Section 76C of the Act (“**Off-Market Purchase(s)**”).

In an Off-Market Purchase, the Directors may impose such terms and conditions which are not inconsistent with the Share Buyback Mandate, the Catalist Rules, the Companies Act, the Constitution and other applicable laws and regulations, as they consider fit in the interests of the Company in connection with or in relation to any equal access scheme or schemes.

Under the Act, an Off-Market Purchase must satisfy all the following conditions:-

- (a) offers for the purchase or acquisition of Shares shall be made to every person who holds Shares, to purchase or acquire the same percentage of their Shares;
- (b) all of the abovementioned persons shall be given a reasonable opportunity to accept the offers made to them; and

LETTER TO SHAREHOLDERS

- (c) the terms of all the offers shall be the same, except that there shall be disregarded, where applicable:-
 - (i) differences in consideration attributable to the fact that the offers may relate to Shares with different accrued dividends entitlements;
 - (ii) differences in consideration attributable to the fact that the offers may relate to Shares with different amounts remaining unpaid; and
 - (iii) differences in the offers introduced solely to ensure that each person is left with a whole number of Shares.

Pursuant to Rule 870 of the Catalist Rules, if the Company wishes to make an Off-Market Purchase in accordance with an equal access scheme, it must issue an offer document to all Shareholders containing at least the following information:-

- (a) the terms and conditions of the offer;
- (b) the period and procedures for acceptances;
- (c) the reasons for the proposed purchase or acquisition of Shares;
- (d) the consequences, if any, of the purchases or acquisitions of Shares by the Company that will arise under the Take-over Code or other applicable takeover rules;
- (e) whether the purchases or acquisitions of Shares, if made, would have any effect on the listing of the Shares on the SGX-ST;
- (f) details of any purchases or acquisitions of Shares made by the Company in the previous twelve (12) months (whether by way of Market Purchases or Off- Market Purchases), giving the total number of Shares purchased or acquired, the purchase price per Share or the highest and lowest prices paid for the purchases or acquisitions of Shares, where relevant, and the total consideration paid for the purchases or acquisitions of Shares; and
- (g) whether the Shares purchased by the Company will be cancelled or kept as Treasury Shares.

2.3.4 Maximum Purchase Price

The purchase price per Share (excluding related brokerage, commission, applicable goods and services tax, stamp duties, clearance fees and other related expenses) to be paid for a Share purchased or acquired pursuant to the Share Buyback Mandate will be determined by the Directors, provided that such purchase price must not exceed:-

- (a) in the case of a Market Purchase, 105% of the Average Closing Price of the Shares (as defined hereinafter); and
- (b) in the case of an Off-Market Purchase pursuant to an equal access scheme, 120% of the Average Closing Price of the Shares (as defined hereinafter),

(the "**Maximum Price**") in either case, excluding related expenses of the purchase or acquisition.

LETTER TO SHAREHOLDERS

For the above purposes of determining the Maximum Price:-

“**Average Closing Price**” means the average of the closing market prices of a Share over the last five (5) Market Days on which transactions in the Shares were recorded immediately preceding the date of the Market Purchase by the Company or, as the case may be, the date of the making of the offer (as defined below) pursuant to the Off-Market Purchase, and deemed to be adjusted for any corporate action that occurs during the relevant five (5)-Market Day period and the day on which the purchases are made.

“**date of making of the offer**” means the date on which the Company announces its intention to make an offer for an Off-Market Purchase, stating therein the purchase price (which shall not be more than the Maximum Price for an Off-Market Purchase calculated on the foregoing basis) for each Share and the relevant terms of the equal access scheme for effecting the Off-Market Purchase.

2.4 Status of Purchase or Acquired Shares

Under Section 76B of the Companies Act, any Share purchased or acquired by the Company is deemed cancelled immediately on purchase or acquisition (and all rights and privileges attached to that Share will expire on such cancellation) unless such Share is held by the Company as Treasury Shares to the extent permitted in accordance with Section 76H of the Companies Act. Accordingly, the total number of issued Shares will be diminished by the number of Shares purchased or acquired by the Company and which are not held as Treasury Shares.

All Shares purchased or acquired by the Company (other than Treasury Shares held by the Company to the extent permitted under the Act) will be automatically delisted by the SGX-ST, and (where applicable) the certificates in respect thereof will be cancelled and destroyed by the Company as soon as reasonably practicable following settlement of any such purchase or acquisition.

At the time of each purchase or acquisition of Shares by the Company, the Directors may decide whether the Shares purchased will be cancelled or kept as Treasury Shares, or partly cancelled and partly kept as Treasury Shares, as the Directors deem fit in the interest of the Company at that time.

2.5 Treasury Shares

Under the Companies Act, the Shares purchased or acquired by the Company may be held or dealt with as Treasury Shares. Certain of the provisions on Treasury Shares under the Companies Act are summarised below:-

2.5.1 Maximum Holdings

The aggregate number of Shares held as Treasury Shares shall not at any time exceed 10% of the total number of issued Shares of the Company. In the event that the aggregate number of Treasury Shares held by the Company exceeds the aforesaid limit, the Company shall dispose of or cancel the excess Treasury Shares in accordance with Section 76K of the Companies Act within six (6) months from the day the aforesaid limit is first exceeded or such further periods as ACRA may allow.

2.5.2 Voting and Other Rights

The Company cannot exercise any right in respect of the Treasury Shares. In particular, the Company cannot exercise any right to attend or vote at meetings and for the purposes of the Act, the Company shall be treated as having no right to vote and the Treasury Shares shall be treated as having no voting rights.

In addition, no dividend may be paid, and no other distribution (whether in cash or otherwise) of the Company's assets (including any distribution of assets to members of the Company on a winding up) may be made, to the Company in respect of Treasury Shares. However, the allotment of shares as fully paid bonus shares in respect of the Treasury Shares is allowed.

The Treasury Shares may be sub-divided or consolidated, so long as the total value of the Treasury Shares after such sub-division or consolidation is the same as the total value of the Treasury Shares before the sub-division or consolidation, as the case may be.

LETTER TO SHAREHOLDERS

2.5.3 Disposal and Cancellation

Where Shares are held as Treasury Shares, the Company may at any time:-

- (a) sell the Treasury Shares (or any of them) for cash;
- (b) transfer the Treasury Shares (or any of them) for the purposes of or pursuant to any share scheme, whether for employees, Directors or other persons;
- (c) transfer the Treasury Shares (or any of them) as consideration for the acquisition of shares in or assets of another company or assets of a person;
- (d) cancel the Treasury Shares (or any of them); or
- (e) sell, transfer or otherwise use the Treasury Shares for such other purposes as may be prescribed by the Minister for Finance.

Under Rule 704(31) of the Catalist Rules, an immediate announcement must be made of any sale, transfer, cancellation and/or use of Treasury Shares (in each case, the “usage”), stating the following:-

- (a) the date of the usage;
- (b) the purpose of the usage;
- (c) the number of Treasury Shares comprised in the usage;
- (d) the number of Treasury Shares before and after the usage;
- (e) the percentage of the number of Treasury Shares comprised in the usage against the total number of issued shares (of the same class as the Treasury Shares) which are listed on the SGX-ST before and after the usage; and
- (f) the value of the Treasury Shares comprised in the usage.

2.6 **Reporting Requirement**

Within thirty (30) days of the passing of the Ordinary Resolution to approve the Share Buyback Mandate, the Company shall, pursuant to Section 76B(9)(a) of the Companies Act, lodge a copy of such resolution with ACRA.

In addition, the Company shall, under Section 76B(9)(b) of the Act, notify ACRA in the prescribed form within thirty (30) days of any purchase or acquisition of Shares on the SGX-ST under the Share Buyback Mandate. Such notification shall include, inter alia, details of the purchase or acquisition, the total number of Shares purchased or acquired by the Company, the number of Shares cancelled, the number of Shares held as Treasury Shares, the Company's issued share capital before and after the purchase or acquisition of Shares and the amount of consideration paid by the Company for the purchase or acquisition, whether the Shares were purchased or acquired out of profits or the capital of the Company and such other particulars as may be required by ACRA.

Rule 871 of the Catalist Rules specifies that a listed company shall notify the SGX-ST of all purchases or acquisitions of its shares not later than 9.00 a.m.:-

- (a) in the case of a Market Purchase, on the Market Day following the day on which the Market Purchase was made;
or

LETTER TO SHAREHOLDERS

- (b) in the case of an Off-Market Purchase under an equal access scheme, on the second Market Day after the close of acceptance of the offer for the Off-Market Purchase.

The notification of such purchases or acquisitions of Shares to the SGX-ST shall be in such form and shall include such details that the SGX-ST may prescribe. The Company will make arrangements with its stockbrokers to ensure that they provide the Company in a timely fashion the necessary information which will enable the Company to make the notifications to the SGX-ST.

2.7 Sources of Funds

In purchasing or acquiring its own Shares, the Company may only apply funds legally available for such purchase or acquisition as provided in the Constitution, the Catalist Rules and the applicable laws in Singapore.

The Company may not purchase or acquire its Shares for a consideration other than in cash or, in the case of a Market Purchase, for settlement otherwise than in accordance with the trading rules of the SGX-ST.

It is an offence for a Director or an officer of the Company to approve or authorize the purchase or acquisition of Shares, knowing that the Company is not solvent. For this purpose, pursuant to Section 76F(4) of the Act, a company is solvent if:-

- (a) there is no ground on which the company could be found to be unable to pay its debts at the time of the payment referred to in subsection 1 of Section 76F of the Companies Act and will be able to pay its debts as they fall due in the normal course of business during the period of twelve (12) months immediately following the date of payment; and
- (b) the value of the company's assets is not less than the value of its liabilities (including contingent liabilities) and will not after the proposed purchase, acquisition or release, become less than the value of its liabilities (including contingent liabilities).

The Companies Act currently permits the Company to purchase or acquire its Shares out of capital, as well as from its distributable profits, so long as the Company is solvent (as defined in Section 76F(4) of the Companies Act).

The Company intends to use internal sources of funds or external borrowings or a combination of both to finance purchases or acquisitions of its Shares pursuant to the Share Buyback Mandate. The amount of funding required for the Company to purchase or acquire its Shares and the financial impact on the Company and the Group arising from such purchases or acquisitions of Shares pursuant to the Share Buyback Mandate will depend on, inter alia, the aggregate number of Shares purchased or acquired, the consideration paid at the relevant time, and the amount (if any) borrowed by the Company to fund the purchases or acquisitions. However, in considering the option of external financing, the Board will consider particularly the prevailing gearing level of the Group and the cost of such external financing. The Board will only make purchases or acquisitions of Shares pursuant to the Share Buyback Mandate in circumstances which they believe will not result in any material adverse effect to the financial position of the Company or the Group.

2.8 Financial Effects

It is not possible for the Company to realistically calculate or quantify the impact of purchases or acquisitions of Shares that may be made pursuant to the Share Buyback Mandate on the Company and Group's NTA and EPS as the resultant effect would depend on, inter alia, the aggregate number of Shares purchased or otherwise acquired, whether the purchase or acquisition is made out of capital or profits, the purchase price paid for such Shares and the amount (if any) borrowed by the Company to fund the purchase or acquisition and whether the Shares purchased or otherwise acquired are cancelled or held as Treasury Shares.

LETTER TO SHAREHOLDERS

2.8.1 Key Assumptions

The financial effects set out in Paragraph 2.8.2 below have been prepared based on the latest audited financial statements of the Company for the most recently completed financial year, being financial year ended 31 December 2022 ("FY2022"), and on the following key assumptions:-

(a) Purchase or Acquisition out of Capital and/or Profits

Pursuant to the Act, any payment made by the Company in consideration of the purchase or acquisition of Shares by the Company may be made out of the Company's capital or profits, so long as the Company is solvent.

Where the consideration paid by the Company for the purchase or acquisition of Shares is made out of profits, such consideration (including brokerage, stamp duties, applicable goods and services tax and other related expenses) will correspondingly reduce the amount available for the distribution of cash dividends by the Company.

Where the consideration (including brokerage, stamp duties, applicable goods and services tax and other related expenses) paid by the Company for the purchase or acquisition of Shares is made out of capital, this will not reduce the amount available for the distribution of cash dividends by the Company.

In determining whether the Company is solvent, the Directors must have regard to the most recently audited financial statements, other relevant circumstances, and may rely on valuations of assets or estimates of liabilities. In determining the value of the contingent liabilities, the Directors may take into account the likelihood of the contingency occurring, as well as any counter-claims by the Company.

(b) Number of Shares Purchased or Acquired

Based on 147,474,784 Shares in issue as at the Latest Practicable Date, and assuming that no further Shares are issued, purchased and kept as Treasury Shares on or prior to the AGM, the purchase or acquisition by the Company of 10% of its issued Shares will result in the purchase or acquisition of 14,747,478 Shares ("**Maximum Buyback Shares**").

(c) Aggregate Consideration Paid for Maximum Buyback Shares

Assuming that the Company purchases or acquires or made an offer to purchase the Maximum Buyback Shares, the maximum amount of funds (excluding related expenses of the purchase or acquisition) required for the purchase or acquisition:

- (i) in the case of Market Purchases by the Company under the Maximum Price of S\$0.273 (being the price equivalent to 5% above the Average Closing Price of the Shares over the last five (5) consecutive Market Days on the SGX-ST preceding the Latest Practicable Date on which transactions in the shares were recorded) is approximately MYR13.4 million; and
- (ii) in the case of Off-Market Purchases by the Company under the Maximum Price of S\$0.312, (being the price equivalent to 20% above the Average Closing Price of the Shares over the last five (5) Market Days on the SGX-ST preceding the Latest Practicable Date on which transactions in the shares were recorded) is approximately MYR15.3 million.

2.8.2 Illustrative Financial effects

The financial effects of the purchases and acquisitions of Shares as set out below are purely for illustrative purposes only and do not reflect the actual financial performance or position of the Group. In particular, it is important to note that the financial analysis set out below are based on the audited consolidated financial statements for FY2022 and are not necessarily representative of future financial performance of the Group.

LETTER TO SHAREHOLDERS

On the basis of the key assumptions set out in Paragraph 2.8.1 above and assuming the following:-

- (a) the purchase or acquisition of Shares is financed solely by internal source of funds;
- (b) transaction costs are disregarded; and
- (c) the Company had purchased or acquired Maximum Buyback Shares (representing 10% of its issued Shares (excluding Treasury Shares and subsidiary holdings) at the Latest Practicable Date),

the financial effects of the purchase or acquisition of 14,747,478 Shares by the Company pursuant to the Share Buyback Mandate on the audited financial statements of the Company and the Group for FY2022 are set out below.

(i) **Market Purchases of 10% of issued Shares made entirely out of capital**

	GROUP			COMPANY		
	Before Share Buyback	After Market Purchase		Before Share Buyback	After Market Purchase	
		Purchased Shares Cancelled	Purchased Shares held as Treasury Shares		Purchased Shares Cancelled	Purchased Shares held as Treasury Shares
	MYR'000	MYR\$'000	MYR'000	MYR'000	MYR'000	MYR'000
As at 31 December 2022						
Issued capital and reserves	25,727	12,324	25,727	84,977	71,574	84,977
Treasury shares	-	-	(13,403)	-	-	(13,403)
NTA attributable to Shareholders ⁽²⁾	95,795	82,392	82,392	80,323	66,920	66,920
Current assets	72,367	58,964	58,964	25,543	12,140	12,140
Current liabilities	13,204	13,204	13,204	1,105	1,105	1,105
Working capital	59,163	45,760	45,760	24,438	11,035	11,035
Total borrowings ⁽¹⁾	12,767	12,767	12,767	-	-	-
Cash and cash equivalents	60,924	47,521	47,521	895	(12,508)	(12,508)
Net profit/ (loss) attributable to Shareholders	12,320	12,320	12,320	(4,654)	(4,654)	(4,654)
Treasury shares ('000)	-	-	14,747	-	-	14,747
Total outstanding number of Shares ('000)	147,475	132,727	132,727	147,475	132,727	132,727
Weighted average number of Shares ('000)	133,657	118,909	118,909	133,657	118,909	118,909
Financial Ratios						
NTA per Share ⁽³⁾ (cents)	64.96	62.08	62.08	54.47	50.42	50.42
Gearing ratio ⁽⁴⁾ (times)	0.13	0.15	0.15	-	-	-
Current ratio (times)	5.48	4.47	4.47	23.12	10.99	10.99
EPS ⁽⁵⁾ (cents)	9.22	10.36	10.36	(0.03)	(0.04)	(0.04)

LETTER TO SHAREHOLDERS

Notes:

- (1) Total borrowings pertain to lease liabilities and bank borrowings.
- (2) NTA as disclosed above excludes non-controlling interests and intangible assets.
- (3) NTA per Share equals to NTA attributable to Shareholders divided by the number of Shares outstanding as at 31 December 2022.
- (4) Gearing ratio represents total borrowing divided by total equity.
- (5) EPS is calculated based on net profit attributable to Shareholders and aggregated weighted average number of issued and paid-up Shares (excluding Treasury Shares).

(ii) **Off-Market Purchases of 10% of issued Shares made entirely out of capital**

	GROUP			COMPANY		
	Before Share Buyback	After Market Purchase	Purchased Shares held as Treasury Shares	Before Share Buyback	After Market Purchase	Purchased Shares held as Treasury Shares
	MYR'000	MYR'000	MYR'000	MYR'000	MYR'000	MYR'000
<u>As at 31 December 2022</u>						
Issued capital and reserves	25,727	10,410	25,727	84,977	69,660	84,977
Treasury shares	-	-	(15,317)	-	-	(15,317)
NTA attributable to Shareholders ⁽²⁾	95,795	80,478	80,478	80,323	65,006	65,006
Current assets	72,367	57,050	57,050	25,543	10,226	10,226
Current liabilities	13,204	13,204	13,204	1,105	1,105	1,105
Working capital	59,163	43,846	43,846	24,438	9,121	9,121
Total borrowings ⁽¹⁾	12,767	12,767	12,767	-	-	-
Cash and cash equivalents	60,924	45,607	45,607	895	(14,422)	(14,422)
Net profit/ (loss) attributable to Shareholders	12,320	12,320	12,320	(4,654)	(4,654)	(4,654)
Treasury shares ('000)	-	-	14,747	-	-	14,747
Total outstanding number of Shares ('000)	147,475	132,727	132,727	147,475	132,727	132,727
Weighted average number of Shares ('000)	133,657	118,909	118,909	133,657	118,909	118,909
<u>Financial Ratios</u>						
NTA per Share ⁽³⁾ (cents)	64.96	60.63	60.63	54.47	48.98	48.98
Gearing ratio ⁽⁴⁾ (times)	0.13	0.16	0.16	-	-	-
Current ratio (times)	5.48	4.32	4.32	23.12	9.25	9.25
EPS ⁽⁵⁾ (cents)	9.22	10.36	10.36	(0.03)	(0.04)	(0.04)

LETTER TO SHAREHOLDERS

Notes:

- (1) Total borrowings pertain to lease liabilities and bank borrowings.
- (2) NTA as disclosed above excludes non-controlling interests and intangible assets.
- (3) NTA per Share equals to NTA attributable to Shareholders divided by the number of Shares outstanding as at 31 December 2022.
- (4) Gearing ratio represents total borrowing divided by total equity.
- (5) EPS is calculated based on net profit attributable to Shareholders and aggregated weighted average number of issued and paid-up Shares (excluding Treasury Shares).

Shareholders should note that the financial effects illustrated above, based on the respective aforesaid assumptions, are for illustration purposes only. In particular, it is important to note that the above analysis is based on the audited financial statements of the Company and the Group for FY2022, and is not necessarily representative of the future financial performance of the Company and the Group.

The actual impact will depend on the number and price of the Shares bought back. The Directors do not propose to exercise the Share Buyback Mandate to such an extent that it would have a material adverse effect to the financial position of the Company or the Group. The purchase of Shares will only be effected after assessing the relative impact of a share buyback taking into consideration both financial factors (such as cash surplus, debt position and working capital requirements) and non-financial factors (such as trading liquidity, share market conditions and performance of the Shares).

It should be noted that although the Share Buyback Mandate would authorize the Company to purchase or otherwise acquire up to 10% of the issued Shares, the Company may not necessarily purchase or acquire or be able to purchase or otherwise acquire the entire 10% of the issued Shares. In addition, the Company may cancel, or hold as Treasury Shares, all or part of the Shares purchased or otherwise acquired. The Company will take into account both financial and non-financial factors (for example, trading liquidity, stock market conditions and the performance of the Shares) in assessing the relative impact of a share purchase or acquisition before execution.

2.9 Interested Persons

The Company is prohibited from knowingly buying Shares on the SGX-ST from an Interested Person (that is a Director, the Chief Executive Officer of the Company or Controlling Shareholder of the Company or any of their respective Associates), and an Interested Person is prohibited from knowingly selling his Shares to the Company.

2.10 Take-over Implications Arising from Share Buybacks

Appendix 2 of the Take-over Code ("**Appendix 2**") contains the Share Buyback Guidance Note applicable as at the Latest Practicable Date. The take-over implications arising from any purchase or acquisition by the Company of its Shares are set out below.

2.10.1 Obligation to make a Take-over Offer

If, as a result of any purchase or acquisition by the Company of its Shares, the proportionate interest in the voting capital of the Company of a Shareholder and persons acting in concert with him/her increases, such increase will be treated as an acquisition for the purposes of Rule 14 of the Take-over Code ("**Rule 14**") if such increase results in the change of effective control, or as a result of such increase, a Shareholder or group of Shareholders acting in concert obtains or consolidates effective control of the Company, such Shareholder or group of Shareholders acting in concert could become obliged to make a take-over offer for the Company under Rule 14 of the Take-over Code.

LETTER TO SHAREHOLDERS

2.10.2 Persons Acting in Concert

Under the Take-over Code, persons acting in concert comprise individuals or companies who, pursuant to an agreement or understanding (whether formal or informal), co-operate, through the acquisition by any of them of shares in a company, to obtain or consolidate effective control of that company.

Unless the contrary is established, the Take-over Code presumes, inter-alia, the following individuals and companies to be acting in concert with each other:-

- (a) a company with its parent company, subsidiaries, fellow subsidiaries, any associated companies of the foregoing companies, any company whose associated companies include any of the foregoing companies, and any person who has provided financial assistance (other than a bank in the ordinary course of business) to any of the foregoing for the purchase of voting rights;
- (b) a company with any of its directors (together with their close relatives, related trusts as well as companies controlled by any of the directors, their close relatives and related trusts);
- (c) a company with any of its pension funds and employee share schemes;
- (d) a person with any investment company, unit trust or other fund whose investment such person manages on a discretionary basis, but only in respect of the investment account which such person manages;
- (e) a financial or other professional adviser, including a stockbroker, with its client in respect of the shareholdings of the adviser and persons controlling, controlled by or under the same control as the adviser;
- (f) directors of a company together with their close relatives, related trusts and companies controlled by any of them, which is subject to an offer or where the directors have reason to believe a bona fide offer for their company may be imminent;
- (g) partners; and
- (h) an individual, his close relatives, his related trusts, any person who is accustomed to act according to his instructions, companies controlled by any of the foregoing persons, and any person who has provided financial assistance (other than a bank in the ordinary course of business) to any of the foregoing persons and/or entities for the purchase of voting rights.

For this purpose, ownership or control of at least 20% but not more than 50% of the voting rights of a company will be regarded as the test of associated company status. The circumstances under which Shareholders, including Directors and persons acting in concert with them respectively, will incur an obligation to make a take-over offer under Rule 14 after a purchase or acquisition of Shares by the Company are set out in Appendix 2 of the Take-over Code.

2.10.2 Effect of Rule 14 and Appendix 2 of the Take-over Code

In general terms, the effect of Rule 14 and Appendix 2 of the Take-over Code is that, unless exempted, Directors of the Company and persons acting in concert with them will incur an obligation to make a take-over offer under Rule 14 if, as a result of the Company purchasing or acquiring Shares, the voting rights of such Directors and their concert parties would increase to 30% or more, or in the event that such Directors and their concert parties hold between 30% and 50% of the Company's voting rights, if the voting rights of such Directors and their concert parties would increase by more than 1% in any period of six (6) months. In calculating the percentages of voting rights of such Directors and their concert parties, Treasury Shares will be excluded.

LETTER TO SHAREHOLDERS

Under Appendix 2 of the Takeover Code, a Shareholder not acting in concert with the Directors will not be required to make a take-over offer under Rule 14 if, as a result of the Company purchasing or acquiring its Shares, the voting rights of such Shareholder would increase to 30% or more, or, if such Shareholder holds between 30% and 50% of the Company's voting rights, the voting rights of such Shareholder would increase by more than 1% in any period of six (6) months. Such Shareholder need not abstain from voting in respect of the resolution authorising the Share Buyback Mandate unless so required under the Companies Act.

The details of the shareholdings of the Directors and Substantial Shareholders of the Company as at the Latest Practicable Date are set out in Paragraph 3 below. Save as disclosed in Paragraph 3 below, the Directors and the Substantial Shareholders of the Company do not have any interest, whether direct or indirect, in the Shares.

As at the Latest Practicable Date, Loo Sok Ching, Ban Kim Wah and Wong Kim Fatt are the three largest shareholders which holds in aggregate 58.66% of the issued share capital of the Company. As such, Loo Sok Ching, Ban Kim Wah and Wong Kim Fatt are deemed and have confirmed as parties acting in concert with each other under the Take-over Code (collectively, the “**Relevant Shareholders**”).

As the Relevant Shareholders and any other Shareholders acting in concert with them collectively hold more than 50% of the issued share capital of the Company, Rule 14 of the Take-over Code will not be triggered as a result of a purchase of Shares by the Company pursuant to the Share Buyback Mandate.

Based on the information in the Company's Register of Shareholders as at the Latest Practicable Date, none of the Directors or Substantial Shareholders of the Company are obliged to make a general offer to other Shareholders under Rule 14 and Appendix 2 of the Take-over Code as a result of a purchase or acquisition of Shares by the Company pursuant to the Share Buyback Mandate.

The Directors are not aware of any potential Shareholder(s) who may have to make a general offer to the other Shareholders as a result of a purchase or acquisition of Shares by the Company up to the full 10% limit pursuant to the Share Buyback Mandate.

SHAREHOLDERS WHO ARE IN DOUBT AS TO THEIR OBLIGATIONS, IF ANY, TO MAKE A MANDATORY TAKEOVER OFFER UNDER THE TAKE-OVER CODE AS A RESULT OF ANY PURCHASE OR ACQUISITION OF SHARES BY THE COMPANY SHOULD CONSULT THE SECURITIES INDUSTRY COUNCIL OF SINGAPORE AND/OR THEIR PROFESSIONAL ADVISERS AT THE EARLIEST OPPORTUNITY.

2.11 Listing Status of Shares on the SGX-ST

Rule 723 of the Catalist Rules requires a listed company to ensure that at least 10% of the total number of issued shares (excluding Treasury Shares, preference shares and convertible equity securities) in a class that is listed is at all times held by public shareholders.

The expression “**public**” is defined under the Catalist Rules as persons other than (a) the directors, chief executive officer, substantial shareholders or controlling shareholders of a company and its subsidiaries and (b) the associates (as defined in the Catalist Rules) of the persons described in paragraph (a).

As at the Latest Practicable Date, there are 38,500,000 Shares in the hands of the public, representing 26.11% of the issued Shares of the Company (excluding Treasury Shares). Assuming that the Company purchases its Shares through Market Purchases up to the full 10% limit pursuant to the Share Buyback Mandate from the public on the Latest Practicable Date, the number of Shares in the hands of the public would be reduced to 23,752,522 Shares, representing 17.90% of the issued Shares of the Company (excluding Treasury Shares).

LETTER TO SHAREHOLDERS

As such, the Company is able to undertake purchases or acquisitions of its Shares up to the full 10% limit pursuant to the proposed Share Buyback Mandate without affecting the listing status of the Shares on the SGX-ST. In any case, the Company will ensure that the number of Shares it purchases or acquires subsequently, whether pursuant to the Share Buyback Mandate or otherwise, will not result in the number of Shares remaining in the hands of the public to fall below 10% of the total number of issued shares of the Company (excluding Treasury Shares, preference shares and convertible equity securities) or to such a level as to cause trading illiquidity or to affect orderly trading.

2.12 Timing of Purchases

While the Catalist Rules do not expressly prohibit any purchase of shares by a listed company during any particular time or times, because the listed company would be regarded as an “insider” in relation to any proposed purchase or acquisition of its issued Shares, the Company will not undertake any purchase or acquisition of Shares pursuant to the Share Buyback Mandate at any time after a price-sensitive matter or development of a price-sensitive nature has occurred or has been the subject of consideration and/or a decision of the Board until such price sensitive information has been publicly announced. In particular, in line with the best practices on securities dealings set out in Rule 1204(19) of the Catalist Rules, the Company will not purchase or acquire any Shares through Market Purchases or Off-Market Purchases during the period one month before the announcement of the Company’s half-year and full-year financial results (if the Company does not announce its quarterly financial statements) and the period of two weeks immediately preceding the announcement of the Company’s financial statements for each of the first three quarters of the financial year and one month before the announcement of the Company’s full year financial statements (if the Company announces its quarterly financial statements, whether required by SGX-ST or otherwise), as the case may be, and ending on the date of announcement of the relevant financial results.

2.13 Share buybacks in the previous twelve (12) months

The Company has not purchased or acquired any Shares during the 12-month period immediately preceding the Latest Practicable Date.

2.14 Tax Implications

Shareholders who are in doubt as to their respective tax positions or the tax implications arising from the purchase or acquisition of Shares by the Company, or who may be subject to tax in a jurisdiction, should consult their own professional advisers.

LETTER TO SHAREHOLDERS

3. INTERESTS OF DIRECTORS AND SUBSTANTIAL SHAREHOLDERS

The interests of the Directors and Substantial Shareholders before and after the Share Buyback pursuant to the Share Buyback Mandate, assuming (i) the Company purchases and cancels the Maximum Buyback Shares and (ii) there is no change to the number of Shares (whether direct or deemed) held by each of the Directors and Substantial Shareholders as at the Latest Practicable Date, are set out below:-

	As at the Latest Practicable Date ⁽²⁾						After the Share Buyback ⁽³⁾
	Direct Interest		Deemed Interest		Total Interest		Total Interest
	No. Of Shares	%	No. of Shares	%	No. of Shares	%	%
Directors							
Loo Sok Ching ⁽¹⁾	39,339,900	26.68	47,164,284	31.98	86,504,184	58.66	65.17
Lim Te Hua	15,888,522	10.77	-	-	15,888,522	10.77	11.97
Shankar Narasingam	6,582,078	4.46	-	-	6,582,078	4.46	4.96
Wong Chee Meng Lawrence	-	-	-	-	-	-	-
Kam Chai Hong	-	-	-	-	-	-	-
Siow Chin How	-	-	-	-	-	-	-
Wang Han Lin	-	-	-	-	-	-	-
Substantial Shareholders (other than Directors)							
Ban Kim Wah ⁽¹⁾	16,901,988	11.46	69,602,196	47.20	86,504,184	58.66	65.17
Wong Kim Fatt ⁽¹⁾	30,262,296	20.52	56,241,888	38.14	86,504,184	58.66	65.17

Notes:

- (1) Loo Sok Ching is the spouse of Wong Kim Fatt and Ban Kim Wah is the younger brother of Wong Kim Fatt. Accordingly, pursuant to Section 7 of the Companies Act and Section 4 of the SFA, Loo Sok Ching, Wong Kim Fatt and Ban Kim Wah are deemed to have an interest in the Shares held by one another.
- (2) Based on 147,474,784 Shares as at the Latest Practicable Date.
- (3) Assuming the Company purchases and cancels or acquires the Maximum Buyback Shares, being 14,747,478 Shares pursuant to the Share Buyback Mandate, the percentage after the Share buyback is calculated based on 132,727,306 Shares.

4. DIRECTORS' RECOMMENDATION

The Directors, having considered, inter alia, the rationale for the proposed adoption of the Share Buyback Mandate, are of the opinion that the proposed adoption of the Share Buyback Mandate is in the best interests of the Company and its Shareholders and accordingly recommend that the Shareholders vote in favour of the Ordinary Resolution to be proposed at the AGM.

LETTER TO SHAREHOLDERS

5. ANNUAL GENERAL MEETING

The AGM, notice of which is enclosed with the Annual Report for FY2022, will be held on 20 April 2023 at 10:00 a.m. at 100 Victoria Street, Imagination Room Level 5, National Library Building Singapore 188064 for the purpose of considering and, if thought fit, passing, with or without modifications the Ordinary Resolutions set out in the Notice of AGM dated 5 April 2023.

6. ACTIONS TO BE TAKEN BY SHAREHOLDERS

Shareholders who are unable to attend the AGM and wish to appoint a proxy to attend, speak and vote on their behalf should complete, sign and return the attached proxy form in accordance with the instructions printed thereon and as soon as possible and, in any event, so as to arrive at the registered office of the Company located at 30 Cecil Street #19-08 Prudential Tower Singapore 049712 or via email to shareregistry@incorp.asia by 10:00 a.m. on 17 April 2023 (being seventy-two (72) hours before the time set for holding the AGM of the Company). The completion and return of a proxy form by a Shareholder does not preclude him/her from attending and voting in person at the AGM if he/she wishes to do so, in place of his/her proxy.

7. DIRECTORS' RESPONSIBILITY STATEMENT

The Directors collectively and individually accept full responsibility for the accuracy of the information given in this Appendix and confirm after making all reasonable enquiries, that to the best of their knowledge and belief, this Appendix constitutes full and true disclosure of all material facts about the Share Buyback Mandate, the Company and its subsidiaries, and the Directors are not aware of any facts the omission of which would make any statement in this Appendix misleading.

Where information in the Appendix has been extracted from published or otherwise publicly available sources or obtained from a named source, the sole responsibility of the Directors has been to ensure that such information has been accurately and correctly extracted from those sources and/or reproduced in the Appendix in its proper form and context.

8. DOCUMENTS AVAILABLE FOR INSPECTION

The following documents may be inspected at the registered office of the Company at 30 Cecil Street, #19-08 Prudential Tower, Singapore 049712, during normal business hours from the date of this Appendix up to and including the date of the AGM:-

- (a) The annual report of the Company for FY2022; and
- (b) The Constitution of the Company.

Yours faithfully

For and on behalf of the Board of
5E Resources Limited

Loo Sok Ching
Chairperson and Executive Director

5 April 2023

This page is intentionally left blank.

5E RESOURCES LIMITED

Company Registration No. 202136285K
(Incorporated in the Republic of Singapore)

ANNUAL GENERAL MEETING PROXY FORM

(Please see notes overleaf before completing this Form)

IMPORTANT:

1. Relevant intermediaries as defined in Section 181 of the Companies Act 1967 may appoint more than 2 proxies to attend, speak and vote at the Annual General Meeting.
2. Investors who hold shares under the Supplementary Retirement Scheme ("SRS investors") may attend and cast their votes at the AGM in person. SRS Investors who are unable to attend the AGM but would like to vote may inform their SRS Operators at least seven (7) working days before the AGM to appoint the Chairperson of the AGM to act as their proxy, in which case, SRS Investors shall be precluded from attending the AGM. This Proxy Form is **NOT VALID** for use and shall be ineffective for all intents and purposes if used or purported to be used by SRS investors.

I/We, _____ (Name) _____ (NRIC No. / Passport No. / Company No.)
of _____ (Full Address)
being a *member/members of 5E Resources Limited (the "Company"), hereby appoint:

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

and/or (delete as appropriate)

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

or failing the person, or either or both of the persons, referred to above, the Chairperson of the Annual General Meeting ("AGM") as my/our proxy/proxies to attend and to vote for me/us on my/our behalf at the AGM of the Company to be held on Thursday, 20 April 2023 at 10:00 a.m. at 100 Victoria Street, Imagination Room Level 5, National Library Building Singapore 188064 and at any adjournment thereof. I/We direct my/our proxy/proxies to vote for or against, or to abstain from voting on the resolution(s) proposed at the AGM as indicated hereunder. If no specific direction as to voting is given or in the event of any other matter arising at the AGM and at any adjournment thereof, the proxy/proxies will vote or abstain from voting at his/her discretion. The authority herein includes the right to demand or to join in demanding a poll and to vote on a poll.

The Proxy Form is made available on SGXNet and the Company's corporate website.

(Please indicate your votes "For", "Against" or to "Abstain" from voting with a tick "√" within the box provided. Alternatively, please indicate the number of votes as appropriate.)

No.	Resolutions relating to:	Number of Votes		
		For	Against	Abstain
1	Adoption of Directors' Statement and the Audited Financial Statements for the financial year ended 31 December 2022 together with the Independent Auditors' Report thereon.			
2	To approve a final tax exempt (one-tier) dividend of S\$0.01 per ordinary share (approximately MYR0.0327 per ordinary share) for the financial year ended 31 December 2022.			
3	Re-election of Mr. Lim Te Hua as a Director.			
4	Re-election of Mr. Shankar Narasingam as a Director.			
5	Re-election of Mr. Wong Chee Meng Lawrence as a Director.			
6	Re-election of Mr. Kam Chai Hong as a Director.			
7	Re-election of Mr. Wang Han Lin as a Director.			
8	Re-election of Mr. Siow Chin How as a Director.			
9	Approval of Directors' fees amounting to S\$158,000 for the financial year ended 31 December 2022.			
10	Approval of Directors' fees amounting to S\$158,000 for the financial year ending 31 December 2023, to be paid quarterly in arrears.			
11	Re-appointment of Messrs. PricewaterhouseCoopers LLP as the Company's Auditors and authorise the Directors of the Company to fix their remuneration.			
12	Authority to allot and issue shares.			
13	Proposed Adoption of Share Buyback Mandate.			

Dated this _____ day of _____, 2023

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

Signature of Member(s) and,
Common Seal of Corporate Member

* Delete where inapplicable



IMPORTANT: PLEASE READ NOTES OVERLEAF BEFORE COMPLETING THIS PROXY FORM

Notes:

1. Please insert the total number of shares held by you. If you have shares entered against your name in the Depository Register (as defined in Section 81SF of the Securities and Futures Act 2001), you should insert that number of shares. If you have shares registered in your name in the Register of Members 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. If no number is inserted, this form of proxy will be deemed to relate to all the Shares held by you.
2. A member of the Company entitled to attend and vote at the annual general meeting of the Company is entitled to appoint one or two proxies to attend and vote in his/her stead.
3. A member who is not a relevant intermediary is entitled to appoint not more than two proxies to attend, speak and vote at the AGM. Where such member's form of proxy appoints more than one proxy, the proportion of the shareholdings concerned to be represented by each proxy shall be specified in the form of proxy.
4. A member who is a relevant intermediary is entitled to appoint more than two 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 such member. Where such member's form of proxy appoints more than two proxies, the number and class of shares in relation to which each proxy has been appointed shall be specified in the form of proxy.

"Relevant intermediary" means:

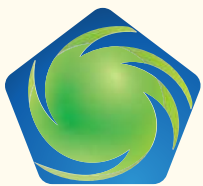
- (a) A banking corporation licensed under the Banking Act 1970 or a wholly-owned subsidiary of such a banking corporation, whose business includes the provision of nominee services and who holds shares in that capacity;
 - (b) A person holding a capital markets services licence to provide custodial services for securities under the Securities and Futures Act 2001 and who holds shares in that capacity; or
 - (c) The Central Provident Fund Board established by the Central Provident Fund Act 1953, in respect of shares purchased under the subsidiary legislation made under that Act providing for making of investments from the contributions and interest standing to the credit of members of the Central Provident Fund if the Board holds those shares in the capacity of an intermediary pursuant to or in accordance with that subsidiary legislation.
5. A proxy need not be a member of the Company.
 6. Where a member appoints more than one proxy, the member must specify the proportion of shareholdings to be represented by each proxy. If no proportion of shareholdings is specified, the proxy whose name appears first shall be deemed to carry 100% of the shareholdings of his/her appointor and the proxy whose name appears after shall be deemed to be appointed in the alternate.
 7. The instrument appointing a proxy must be deposited at the registered office of the Company at 30 Cecil Street #19-08 Prudential Tower Singapore 049712 or via email to shareregistry@incorp.asia by 10:00 a.m. on 17 April 2023 (being seventy-two (72) hours before the time appointed for holding the AGM of the Company).
 8. Completion and return of the instrument appointing a proxy or proxies by a member shall not preclude him from attending and voting at the AGM if he so wishes. Any appointment of a proxy or proxies by a member shall be deemed to be revoked if a member attends the AGM in person, and in such event, the Company reserves the right to refuse to admit any person or persons appointed under the instrument of proxy to the AGM.
 9. The instrument appointing a proxy or proxies must be signed by the appointor or his attorney duly authorized in writing. Where the instrument appointing a proxy or proxies is executed by a corporation, it must be executed either under its common seal or under the hand of an officer or attorney duly authorized. A corporation which is a member may authorize by resolution of its directors or other governing body such person as it thinks fit to act as its representative at the AGM.
 10. Where an instrument appointing a proxy or proxies is signed on behalf of the appointor by an attorney, the letter or power of attorney or a duly certified copy thereof must (failing previous registration with the Company) be lodged with the instrument of proxy, failing which the instrument may be treated as invalid.

PERSONAL DATA PRIVACY

By submitting an instrument appointing a proxy or proxies, the member accepts and agrees to the personal data privacy terms set out in the Notice of Annual General Meeting dated 5 April 2023.

GENERAL

The Company shall be entitled to reject an instrument of proxy or proxies 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 appointing a proxy or proxies. In addition, in the case of a member whose shares are entered in the Depository Register, the Company may reject any instrument appointing a proxy or proxies if the member, being the appointor, is not shown to have shares entered against his name in the Depository Register as at 72 hours before the time appointed for holding the AGM, as certified by The Central Depository (Pte) Limited to the Company.



5E Resources Limited

PLO 738, Jalan Platinum Utama, Zon 12B, Pasir Gudang Industrial Area,
81700 Pasir Gudang, Johor Darul Takzim, Malaysia
(Company Registration Number: 202136285K)