



MEGACHEM LIMITED
Registration No.198803293M

**RESPONSES TO QUESTIONS FROM THE SECURITIES INVESTORS ASSOCIATION
(SINGAPORE)**

The Board of Directors (the "Board") of Megachem Limited ("Megachem" or the "Company", and together with its subsidiaries and associated companies, collectively the "Group") refers to:

- (a) the annual report of the Company for the financial year ended 31 December 2025 (the "Annual Report") and;
- (b) the Notice of Annual General Meeting ("AGM") issued on 1 April 2026.

The Company has received questions from the Securities Investors Association (Singapore) ("SIAS") in relation to the Annual Report. Please refer to Annex A hereto for the questions and our responses to the questions. These questions and responses are also available at the [SIAS website](#). The Company did not receive any questions from shareholders.

The Company would like to thank SIAS for submitting their questions which will enable us to improve the quality of our annual general meeting and our engagement with shareholders.

By order of the Board

Chew Choon Tee
Managing Director

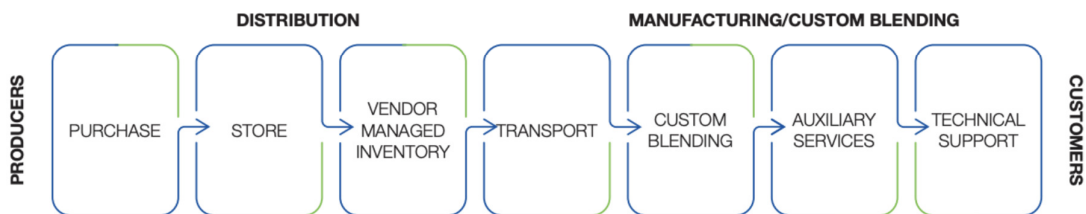
15 April 2026

ANNEX A RESPONSES TO QUESTIONS FROM SIAS

Q1. As highlighted in the managing director's message, the group positions its ability to operate across diverse markets, serve customers globally and leverage its extensive network as a key differentiator. In the recent online Q&A, management indicated that its operations remain stable despite ongoing geopolitical tension, even for its customers in Middle East (mainly in the United Arab Emirates and Saudi Arabia). Nevertheless, global freight rates have increased due to the surge in oil prices.

For the financial year ended 31 December 2025, revenue decreased by 3.4% to \$124.4 million, with net profit of \$3.9 million.

OUR BUSINESS MODEL



(Source: company annual report)

- (i) What is the profile of the group's major customers by industry and product class?

Company's Response

Our strategy is formulated around the key pillars of geographic network, product offerings and industry coverage. A key objective is to build resilience through diversification of market, industry and product coverage. Hence, we offer a broad portfolio of products to a large base of customers across a wide spectrum of industries. Our target customer base are predominantly multi-national companies which have common geographic footprint as us, enabling us to leverage on our extensive network to scale up our business.

- (ii) Given the B2B nature of the business model, to what extent is the group's growth trajectory limited by the growth of its B2B clients, and what is the strategy for acquiring new high-value B2B accounts?

Company's Response

While our business model is inherently B2B, our growth is not strictly limited by the organic growth of our existing clients.

The Group seeks to develop untapped market segments which are in line with our overall strategy of building a diversified and resilient business model, leveraging on our strong footprint in Asia.

(iii) Has management been able to penetrate new verticals/acquire new customers?

Company's Response

Over the years, apart from deepening relationship with our existing customers, new industry coverage and new customers have contributed to our business growth.

The 5-year financial highlight can be found on pages 28 to 30 of the annual report.

FINANCIAL HIGHLIGHTS

INCOME STATEMENT	2021	2022	2023	2023(adj) ⁽¹⁾	2024	2024(adj) ⁽¹⁾	2025
Sales (S\$mil)	138.9	143.7	123.0		128.8		124.4
Sales Growth (%)	32.0%	3.5%	(14.4%)		4.7%		(3.4%)
Profit/(loss) After Tax (S\$mil)	8.0	6.1	(5.8)	1.9	7.9	2.9	3.9
Profit/(loss) After Tax Growth (%)	52.0%	(24.1%)	NM		NM		(50.6%)
Profit/(loss) After Tax Margin (%)	5.8%	4.2%	(4.7%)		6.1%		3.1%
EBITDA (S\$mil)	11.1	10.5	(1.9)		11.8		6.8
Earnings/(loss) per share (cents)	5.82	4.41	(4.43)		5.93		2.88
Weighted Average Number of Ordinary Shares (mil)	133.3	133.3	133.3		133.3		133.3
ROE (%)	13.6%	10.0%	(11.8%)		13.5%		6.3%

(iv) Does the board consider the double-digit return on equity (ROE) achieved during the pandemic years to have been *supernormal*? What specific operational levers is management pulling to drive profitability towards high single-digits ROE?

Company's Response

We entered the post-COVID-19 lockdown period from a position of strength which enabled us to take advantage of opportunities that arose from the economic recovery. It also demonstrated our ability to seek opportunities within external adversities. Our management is focused on achieving a sustainable ROE through growth strategy execution centred on an Asia-centric focus as well as operational and cost efficiency.

Q2. Following the fire incident on 5 July 2023, the group has rebuilt its warehouse. Based on investigations by the relevant authority, the probable cause of the fire incident has been ruled accidental. The new facility, with an investment of approximately \$18 million, is pending final regulatory approvals and is expected to be fully operational by end-March 2026.

(i) How has the board strengthened its oversight of workplace safety over the past two to three years, particularly in relation to fire risk and industrial operations? What specific governance structures or reporting mechanisms are now in place?

Company's Response

Safety risk is identified as a material risk under our Risk Management framework as well as under our Sustainability program. The Board sets the direction for company to instil a safety culture within the organisation. A safety committee, consisting of key executives and assisted by an external safety advisor, reports directly to our Managing Director who oversees the implementation of safety risk management.

Our company adopts standards in accordance with ISO 45001 (Occupational Health and Safety) which are designed to create safe working conditions, reduce injuries, and manage hazards.

Implementation of this framework involves:

- Gap Analysis - Assessing current practices against standards.
 - Developing Systems - Establishing policies, hazard identification, and risk assessments.
 - Auditing - Conducting internal and third-party certification audits.
- (ii) What enhancements have been incorporated into the new warehouse design and systems to improve safety standards, particularly in fire prevention, detection and response?

Company's Response

Prior to rebuilding the warehouse, a comprehensive risk assessment was conducted by external experts to identify hazards and evaluate the likelihood of potential hazards based on various scenarios as well as to assess its impact. The new warehouse was then designed taking into consideration the risk assessment and the relevant regulatory requirements.

Key enhancements incorporated into the new warehouse design and systems include:

Fire Prevention:

- Hazardous materials zoning and segregation: Storage areas are designed with dedicated fire compartments, with fire-rated walls and doors to contain any potential spread of fire in compliance with regulatory guidelines.
- Adopt SS532 Singapore Standard "Code of practice for the storage of flammable liquids" which provides guidance on safety requirements for storing/handling flammable liquids.

Fire Detection:

- A fully-integrated network of multi-sensor detectors and fire alarm provides point-of-origin identification, enabling faster response compared to conventional zone-based systems.
- 24/7 remote monitoring is connected to a central monitoring station, ensuring immediate alert to first responders, Certis-Cisco and SCDF.

Fire Suppression and Response:

- An automatic sprinkler system designed to SCDF Fire Code standards has been installed with enhanced coverage density.
- CO₂ suppression systems are installed in specialised compartment depending on storage material type.

- Clearly marked and unobstructed means of escape and hose reel/hydrant placements have been reviewed and upgraded in line with the SCDF Fire Code.
- An Emergency Response Plan (ERP) specific to the new facility is being developed.

(iii) How does management ensure that safety practices are consistently implemented across the organisation? What training, monitoring and accountability frameworks are in place to enforce compliance?

Company's Response

To enhance governance of our workplace health and safety, we aim to implement SS651 Singapore Standards for Safety & Health Management System for the Chemical Industry to supplement the current ISO 45001 framework. As part of our work safety program, we routinely conduct emergency response exercise under simulated incidents such as chemical spill or a fire. This involves working closely with the Singapore Civil Defence Force to jointly test our emergency response plans and procedures. Employees are required to attend safety training conducted internally and externally. To ensure accountability, safety may be incorporated into employee performance assessment.

	2023	2024	2025	2026 Target
Man Days Lost (Singapore)	0	0	17	0

	2023	2024	2025	2026 Target
No of Industrial Accident (Singapore)	1	0	2	0

(Source: Company sustainability report)

(iv) The sustainability report refers to two industrial accidents in Singapore in 2025. Can management provide details on the root causes, lessons learned and corrective actions taken to prevent recurrence?

Company's Response

	Incident	Root cause	Corrective action
1.	Forklift lifting bracket caused finger injury	Lapse of concentration and lack of coordination	1. Identify blind spots to alert staff of potential safety risk. 2. Sharing of incident, its root cause and corrective action during safety workshop.
2.	Chemical Spill at customer's place	Damage in packaging	1. Ensure packaging is inspected before handling. 2. Provide training on chemical handling & emergency response. 3. Implement SOP for immediate washing after exposure.

Q3. The board comprises five directors, of whom three are independent. All three independent directors were appointed on 24 April 2024. The board is currently composed entirely of male directors aged between 55 and 70.

The biographies of the directors are set out on pages 18 to 22 of the annual report.

Name	Designation	Audit Committee	Nominating Committee	Remuneration Committee
Mr Yeo Wee Kiong	Independent and Non-Executive Chairman	Member	Chairman	Member
Mr Sidney Chew Choon Tee	Managing Director	–	Member	–
Mr Sim Guan Seng	Independent Director	Chairman	Member	Member
Mr Daniel Loh Hong Chye	Independent Director	Member	–	Chairman
Mr Yasutaka Kawamura	Non-Executive and Non-Independent Director	–	–	–

(Source: Company annual report)

- (i) Has the nominating committee (NC) reviewed the current competency matrix of the board and identified any gaps in skills or competencies that need to be addressed in future director appointments?

Company's Response

According to the Company's board diversity policy, emphasis is placed on having an effective blend of competencies, skills, experience and knowledge that will enable the Board to discharge its duties and responsibilities effectively. The Company believes that our current Board has a diverse range of relevant skills and experience, leading to constructive discussion and contributing to the attainment of our strategic objectives.

The NC also conducts "Board of Directors Performance Assessment" and "Individual Directors Performance Assessment" on an annual basis. Through these assessments, the NC evaluates whether the current Board composition remains appropriate and identifies areas for improvement or additional expertise and perspectives to further enhance Board effectiveness. The NC is of the view that the current Board is adequate and effective as it possesses a balanced mix of relevant skills and experience across key areas.

- (ii) With all independent directors appointed on the same date, how does the board plan for orderly renewal to avoid all three independent directors retiring at the same time? What measures are in place to ensure continuity of institutional knowledge?

Company's Response

Our Company will adopt a phased approach in future renewal of Board directors to ensure smooth transition and continuity.

The board diversity policy identifies competencies, skills and experience as the primary selection criteria for a board director. Other dimensions of diversity including gender, age and ethnicity were considered secondary to these core criteria.

- (iii) Can the nominating committee elaborate on the search and selection process for the recent independent director appointments, including the size and diversity of the candidate pool, and how the final appointments were determined?

Company's Response

The selection of our current independent directors takes into consideration, among other factors, the set of skills and experience required for an effective Board. Hence, our Board currently has directors which the Board believes provides a complementary mix of expertise and enhances its overall effectiveness.

This announcement has been reviewed by the Company's sponsor, SAC Capital Private Limited (the "Sponsor"). This announcement has not been examined or approved by the Singapore Exchange Securities Trading Limited (the "Exchange") and the Exchange assumes no responsibility for the contents of this announcement, including the correctness of any of the statements or opinions made, or reports contained in this announcement.

The contact person for the Sponsor is Mr Bernard Lim (Telephone: (65) 6232 3232) at 1 Robinson Road #21-01 AIA Tower Singapore 048542.
