



MegaChem

TENACITY and GRIT

Annual Report
2024



**Bracing for
uncertainties
with **TENACITY**
and **GRIT****

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This annual report has been reviewed by the Company’s sponsor, SAC Capital Private Limited (“Sponsor”). This annual report has not been examined or approved by the Singapore Exchange Securities Trading Limited (“Exchange”) and the Exchange 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 Bernard Lim (Tel: (65) 6232 3210) at 1 Robinson Road #21-01 AIA Tower Singapore 048542.

Sales
S\$128.8 Mil

4.7%

Net Profit

S\$7.9mil

Net Profit (Adj)*
S\$2.9 Mil

53.5%

Full Year
Dividend

1.0 Per Share

*Adjusted for a one-off impact of a fire incident in 2023

“Our ability to operate across diverse markets, serve global customers, and leverage our extensive supplier network has proven to be a key differentiator setting us apart internationally.”



Dear Valued Shareholders,

On behalf of the Board of Directors, I am pleased to present to you Megachem's annual report for the financial year ended 31 December 2024 ("FY 2024").

FY 2024: A Year Of Recovery

FY 2024 was a year marked by recovery, resilience, and renewed momentum for Megachem. Despite the challenging macroeconomic environment characterised by high interest rates and persistent geopolitical tensions, Megachem demonstrated our ability to adapt and thrive. Like the global economy, our business displayed remarkable resilience as we navigated through a period of normalisation following the tepid demand and destocking cycle of 2023 and the disruption of our business by the warehouse fire in the same year. We observed a steady pickup in customer orders, a reflection of renewed confidence.

Megachem's diversified business model, which spans a wide range of products and a broad customer base, has been a cornerstone of our resilience. Our ability to operate across diverse markets, serve global customers, and leverage our extensive supplier network has proven to be a key differentiator setting us apart internationally.

Financial Performance Recovering

For FY 2024, Megachem's revenue stood at S\$128.8 million, a 4.7% increase compared to the S\$123.0 million in the previous financial year ended 31 December 2023 ("FY 2023"). The higher revenue was attributed to rising chemical demand and higher sales across key geographic markets including ASEAN and North Asia.

Sales from the Distribution segment increased by S\$5.6 million or 4.7% while the smaller manufacturing segment rose by S\$0.2 million or 5.7%. In line with the higher sales, gross profit increased by S\$8.7 million or 38.8% to S\$31.2 million. Adjusting for the impact of a fire incident in July 2023, gross profit margin and gross profit would be 24.5% and S\$31.5 million respectively.

Total operating expenses (excluding finance cost) increased by S\$1.9 million or 6.1% to S\$32.5 million, mainly due to higher waste disposal costs, employee remuneration, net foreign exchange losses and warehouse storage charges. This was offset by lower demolition and decontamination costs, lower compensation claims and the absence of loss from property, plant and equipment destroyed in the fire written down.

Overall, Megachem recorded a net profit after tax of S\$7.9 million for FY 2024, as compared to a net loss after tax of S\$5.8 million in FY 2023. Adjusting for the impact of the fire incident, Megachem would have recorded a net profit after tax of S\$2.9 million, representing an increase of S\$1.0 million or 53.5% year-on-year.

Earnings per share for FY 2024 came in at 5.93 cents as compared to losses per share of 4.43 cents for FY 2023. Net asset value per share rose to 43.92 cents as at 31 December 2024, up from 37.48 cents as at 31

December 2023. The Group's balance sheet remained in good standing with cash and bank balances of S\$16.0 million as at 31 December 2024, as compared to S\$13.6 million as at 31 December 2023. Net gearing ratio stayed healthy at 0.16 times as at 31 December 2024.

Overall, our commitment to prudent capital management has enabled us to sustain a healthy financial position, allowing us to weather challenging times while supporting future business growth and expansion.

Rebuilding our warehouse

2024 also marks the beginning of the reconstruction of our warehouse facility, which was destroyed by the fire incident in July 2023. Piling work for the new warehouse has been successfully completed and structural work has recently begun. If all goes as planned, we target to complete construction by the end of 2025. The new warehouse, which is safer, stringently compliant with Major Hazard Installations (MHI) Regulations and environmentally-friendly, will enhance our operational efficiency and long-term strategic competitiveness.

Bracing For Uncertainties

As we look ahead, the global economy remains fraught with uncertainties. Persistent geopolitical issues raise concerns about the potential for renewed trade conflicts, particularly with the return of a Trump administration in the US. Meanwhile, China's economic recovery continues to be sluggish, adding further strain to global demand. In the Middle East, ongoing conflicts, if left unresolved, threaten to disrupt supply chains and upend industries. Against this backdrop, managing optimal inventory levels remains a significant challenge. The health of the chemical industry and overall business conditions will continue to hinge on continued growth in manufacturing activities.

For Megachem, prudent and optimal inventory management will be a key priority moving forward, given our business's deep integration with both the global economy and the chemical industry. As we navigate these uncertainties, we will endeavour to remain agile in our approach, ensuring we are well-positioned to seize opportunities for sustainable growth.

Capitalising On Growth Opportunities

Looking ahead, given its booming population and growing middle class, Asia remains a key geographic market and growth driver for us. Fuelled by latent market potential and investment activity, we foresee the expansion of Asia's production capacity and surge in demand for chemicals.

To capitalise on growth opportunities, we will continue to expand our geographic footprint and product portfolio, ensuring we remain competitive while delivering customised value-added

solutions to our global customer base. We will endeavor to deepen our collaboration with customers to finetune our product and solution offerings as a one-stop partner for their evolving needs. By committing to our proven track record, we aim to deliver sustainable value for our stakeholders.

Sustainable Chemistry

Sustainability has always been a core priority. We remain steadfast in integrating sustainability into our operations and actively collaborating with our business partners to build a better future for all.

Words of Appreciation

I would like to extend our gratitude to Mr. Lee Bon Leong, Mr. Chan Kam Loon and Dr. Tay Kin Bee for their invaluable contributions to the Company over the past years.

As this juncture, a warm welcome is also extended to my fellow new Board members, Mr. Daniel Loh Hong Chye and Mr. Sim Guan Seng. Mr. Loh has been appointed as the Independent Director and will assume the positions of Chairman of the Remuneration Committee and member of the Audit Committee, and Mr. Sim, who has been appointed as the Independent Director, will assume the positions of Chairman of the Audit Committee and member of the Nominating and Remuneration Committees. Their expertise and guidance will undoubtedly enhance our Board as we continue to prioritise resilience and collaboration in our path ahead. I would like to convey my heartfelt appreciation to the Board of Directors for their guidance and stewardship.

My appreciation also goes to the management team, our staff and business partners for their continued support. Lastly, I would also like to express my deepest gratitude to our shareholders for their continued trust and unwavering support over the years.

I believe that Megachem is well-positioned to capitalise on growth opportunities in the region and beyond, leveraging our diversified product offerings and tapping on our global network to provide one-stop solutions for our customers. Together, we are committed to building a leading specialty chemicals business that delivers value and sustainable growth for all stakeholders.

YEO WEE KIONG

Independent Director and Non-Executive Chairman
Megachem Limited

Our World of Chemistry



Making the World a Brighter Place

Performance Coatings and Polymers

- Paints and Inks
- Polymerisation
- Adhesives
- Construction
- Textile



Enabling Technologies

Surface Technology

- Electronics
- Metal Finishings
- Industrial Cleaning
- Water Treatment
- Pulp & Paper



Driving Performance

Advanced Polymer Composites

- Rubber
- Plastics
- Polyurethane
- Polyesters



Nourishing Our Well-Being

Biotech

- Food and Beverages
- Pharmaceuticals
- Nutraceuticals
- Cosmeceuticals
- Homecare
- Flavours/Fragrances
- Agriculture
- Feeds



Energising Our World

Oil & Gas/Resources

- Petrochemicals
- Lubricants & Grease
- Oil Fields
- Refinery
- Oleochemicals
- Mining

Our Strategy

(CH_emical)+Re(Action)₂: for-Gr{OW}th

The Megachem formula for growth is a reaction of 3 key strategies creating a chemistry that will elevate us to a different level of growth. We develop our strategies around the key pillars of geographic network, product offerings and industry coverage. Combine these with our supply chain infrastructure and close relationships with customers and suppliers, Megachem will be well positioned to grow its business, thereby enhancing value for our shareholders.

Economy

The road ahead for the global economy is likely to be bumpy as political conflicts in Ukraine and the Middle East region, trade protectionism and sluggish economic recovery in China continue to pose a threat to the global economic growth trajectory.

Chemical industry

The chemical industry may continue to face supply chain risks as the Middle East conflicts will take a while to reach a full resolution even though a ceasefire has been agreed. Managing inventory therefore remains challenging. Business conditions in the industry is primarily dependent on continued growth in manufacturing activities.

Megachem

Given the supply chain challenges the industry face, prudent inventory management will be a key focus for Megachem in 2025.

Megachem's chemical products are sold to a wide spectrum of industries. Our business prospects are to a large extent intertwined with the chemical industry and overall economy. If the conditions in the global economy and industry remain positive, the recovery momentum in our business, seen in 2024, may remain intact in 2025. However, any deterioration in economic growth could alter the picture of our growth outlook.

Rebuilding Our Warehouse

On 5 July 2023 Megachem informed shareholders via an SGX announcement that a fire broke out on the same day at 132 Pioneer Road where one of our warehouses is located.

The structural work for the rebuilding of our warehouse had just recently commenced, following the completion of the piling phase. If all go as planned, construction is targeted to complete by end of 2025.

The budget for the warehouse rebuilding is estimated at about S\$19 million of which S\$16.2 million is for the construction and the balance for professional fees, equipment and other fixtures. This is budgeted to be funded by insurance compensation proceeds, bank loan and internal funds.

While the reconstruction of the warehouse will increase our cost in the short and medium term, it will lead to lower warehousing cost in the longer term as we reduce our reliance on third party warehouses. The new warehouse, which is stringently compliant with Major Hazard Installations (MHI) Regulations, more environmentally-friendly and has bigger warehousing capacity, will enhance our operational efficiency and long term strategic competitiveness.



Your Total Chemical Solutions Partner

Established in 1988, Megachem has since emerged as a leading chemical player in Singapore and the region. Listed on the Singapore Stock Exchange in 2003, we are today a global one-stop specialty chemical solutions provider, offering integrated value-added services including distribution of specialty chemicals as well as contract manufacturing tailored to customers' needs. We have a global presence and diverse customer base from a wide spectrum of industries. Our technical capabilities, supply chain infrastructure and professional team serve to ensure total customer satisfaction.

Our Corporate Profile



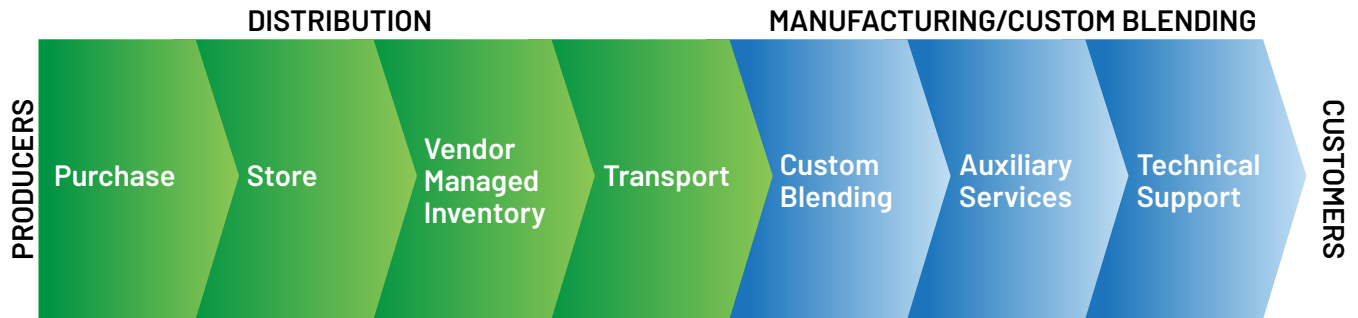
Serving You Globally
with One-Stop Supply of
Specialty Chemicals



Providing Integrated
Value-Added Solutions



A Premium Provider
of Chemical Contract
Manufacturing Services



VALUE-ADDING IN THE CHEMICAL SUPPLY CHAIN



- Wide product portfolio >1,000 types and grades of chemicals
- Global Sourcing Network -China, Europe, Japan, US, India
- Global Distribution Network -presence in 12 countries
- Strong customer base >2,000 customers
- Providing Just-in-Time delivery and Vendor-Managed Inventory Service



- Mixing and Blending according to customers' formulations
- Repackaging from bulk to smaller packaging
- Filling, packaging and labeling
- Technical support from dedicated application laboratories



Connecting to the World of Opportunities

With an extensive global network and strategic locations in Asia, we are well-positioned to develop strategic relationships and forging winning formula in a challenging business landscape.



GLOBAL SOURCING

GLOBAL MARKETS

Why Megachem

OUR COMPETITIVE STRENGTHS, YOUR COMPETITIVE ADVANTAGES

Every single element has to be exactly in place to create the desired formula for success and Megachem has been building this winning formula over the decades. Several vital ingredients make up this potent formula:

Our integrated solutions, superior manufacturing capability, extensive global network, our strong customer base, outstanding product portfolio, efficient supply chain solutions and sophisticated IT support services. Together, these elements give our customers the competitive edge they seek, making us their indispensable partner on their journey to growth.

OUR COMPETITIVE STRENGTHS

Integrated Specialty Chemical Solutions Provider

Megachem's capabilities in proprietary chemical products manufacturing, contract manufacturing and global distribution provide customers with integrated solutions, thus adding higher value to them. These make us a one-stop shop where customers can find total solutions.

Superior Manufacturing Capability in Contract Manufacturing

We add value by blending materials according to our customers' formulation and specific requirements. With our proven track record with several multinationals, customers can confidently outsource to us their non-core production activities so that they can focus on what they do best - making their business grow.

Extensive Global Network

Our extensive network in Singapore, Malaysia, Indonesia, Thailand, Philippines, Vietnam, Myanmar, China, India, Middle East, Australia and the UK enables us to serve our customers globally.

Our direct presence in these markets offers a premium service level and minimized operating cost for our customers. Our integrated network also allows for cross-border exchange of market information and enables us to connect our suppliers to their desired markets.

Strong Customer Base

Over the years we have developed a strong and diversified customer base comprising largely multinationals companies spreading across a wide range of industries. This is a testimony of their confidence in us and of our ability to deliver long-term value to them.

Outstanding Product Portfolio

We carry a wide range of products which provides a one-stop shop and enables us to be a key supplier to our customers.

Quality Supply Source

Our suppliers have proven track records in quality, consistency, competitive pricing and supply reliability.

A strong presence in Asia has helped several of our principal suppliers to penetrate key markets, which led to our appointment as their sole distributor and business partner

Efficient Supply Chain Solutions

Our warehousing facilities stock different classes and grades of specialty chemicals. Coupled with an efficient logistics support and just-in-time inventory controls, we are able to help customers improve their inventory planning and reduction of inventory costs.

Sophisticated IT Infrastructure

Megachem invests heavily in a worldclass IT infrastructure including mySAP Business Suite software. This enhances our service efficiency as well as provides seamless information exchange which gives us a competitive advantage over our competitors.





YOUR COMPETITIVE ADVANTAGES

As Our Customers

Competitive Product Pricing

Megachem can act as a single source supplier of a full suite of products, offering you increased product cost effectiveness. Through product bundling, overall product cost and freight cost can be reduced for our customers.

Process and Operational Cost Efficiency

Instead of having a big procurement team inquiring with several suppliers, negotiating prices, terms and conditions with each of them, you can rely on us as one single point of contact. By consolidating your chemical materials requirements and outsourcing to us, it enables you to focus your time and effort on your core activities. We can source and order your products for you, store them in close proximity to your production locations and deliver them not before or after they are needed; instead, they arrive "just-in-time" as they are needed, effectively reducing operational costs such as warehousing and inventory obsolescence.

Product Options

Megachem has global sourcing network around the world with the ability to source for quality products at economical cost. We are able to offer various alternatives for your chemical raw material requirements by offering wider choices in terms of product quality and pricing.

Optimum Service Level

Megachem partners many multinationals companies, serving them as a global supplier. For these companies our Key Accounts Managers provide impeccable level of personalised services and offer customised solutions.

Adding Value Through Contract Manufacturing

Megachem adds further value to your business by providing contract manufacturing services. We can source the raw materials for you, store them in our warehouses, produce the finished products according to your formulations, pack them according to your requirements and deliver them directly to you or your customers. By engaging us as your contract manufacturer, your non-core production is outsourced to us and in so doing reduces your capital expenditure, production and other related costs.

Outsourcing your non-core productions to us also enables you to penetrate key markets in Asia without investing heavily in capital expenditure.

As Our Suppliers

Your Partner In Growing Your Markets

As a supplier to us, we add value to you by bringing your products to your desired markets. We do so by leveraging on our extensive network around the world, especially in Asia where there is a tremendous potential for growth. Supported by an efficient logistical infrastructure and our in-depth market knowledge, we can assist you in developing your markets bigger and faster.

Streamlining your Distribution Channels

Acting as your distributor, you can outsource smaller customer accounts to us, enabling you to channel your resources towards the bigger customers thus streamlining your distributions channels, operations and reducing your operational cost.

Reducing your Inventory Cost

By appointing us as your distributor, you will be able to reduce your inventory holding cost. Our robust inventory management system and strong supply chain infrastructure will ensure sufficient level of stocks to meet customers' demand within shortest possible delivery time.

Market Information Sharing

We view our suppliers as important business partners. As such, we have open channels of sharing and communication of market knowledge and information to keep our suppliers abreast of market developments.

Defining Megachem

Supporting Megachem's key success factors is the invigorating deep culture - one that bonds the spirit of our people together with common values, easily recognizable in the conduct of our business

We constantly **DIFFERENTIATE** ourselves to stay ahead of competition

We are **ENERGIZED** towards realizing our vision in everything that we do

We constantly pursue better ways to **ENGAGE** with our business partners to achieve mutually beneficial relationship

Our people are committed to **EXECUTE** and deliver quality results

Because we truly believe in our **PASSION** to better serve and deliver our best

We are a **PERFORMANCE-DRIVEN** organization

We embrace **CHANGE** to stay relevant



Mr. Yeo Wee Kiong, Age 69
Independent and Non-Executive Chairman

Date of first appointment as a Director:
20 April 2024

Date of last re-election as a Director:
Not applicable

Length of service as a Director:
0 years and 10 months

Country of principal residence:
Singapore

Board's comments on the appointment
The re-election of Mr Yeo Wee Kiong as Independent and Non-Executive Chairman was recommended by the Nominating Committee and approved by the Board, after taking into consideration Mr Yeo Wee Kiong's contributions, performance, expertise and past experiences.

Board committee memberships
Chairman of Nominating Committee
Member of Audit Committee
Member of Remuneration Committee

Academic and professional qualifications
Barrister-at-Law, Lincoln's Inn in England
Master of Business Administration from the National University of Singapore
Degree in Law (Honours) from University of London
Bachelor of Mechanical Engineering (Honours) from National University of Singapore

Working experience and occupations for the past 10 years and principal commitments

Working experience and occupation during the last 10 years
Nil

Principal Commitments (other than directorships)
Present
Nil

Past
Nil

Directorships (Present and Past 5 years)

Present other than Megachem Limited

Listed AF Global Limited
Pacific Century Regional Development Limited
SUTL Enterprise Limited

Non-listed Ezyhealth Holdings Pte Ltd
Ezyhealthcare Trust Management Pte Ltd
Raffles Fund 1 Limited
Raffles Fund 2 Limited
Raffles Venture Partners Pte. Ltd

Past 5 years, listed and non-listed

Listed Asian Healthcare Specialists Limited
Roxy Pacific Holdings Limited

Non-listed Bonvests Holdings Pte Ltd
Heliconia Capital Management Pte Ltd
Sabana Real Estate Investment Management Pte Ltd
Orchid 1 Investments Pte Ltd
Orchid 2 Investments Pte Ltd
Asia Township Development Pte Ltd
Genkai Capital Secured Investment Pte Ltd
BIS Minerals Pte Ltd

Shareholdings (direct and deemed) in the Company (as at 21 January 2025)
Nil

Familial relationship with any director and/or substantial shareholder of the Company or of any of its principal subsidiaries
Nil

Conflict of interest (including any competing business)
Nil

Mr Yeo Wee Kiong, who is seeking re-election at the annual general meeting, had responded negative to items (a) to (j) listed in the Appendix 7F of the Catalist Rules. For item (k) listed in the Appendix 7F, Mr Yeo Wee Kiong responded that in 1990, he attested as witness to the signing of mortgage documents without insisting on the signer's physical presence as he knew the signer. Mr Yeo Wee Kiong was fined by the Singapore Law Society and the documents had to be re-executed.

Board of Directors



Mr Sidney Chew Choon Tee, Age 64
Managing Director

Date of first appointment as a Director:
28 April 1989

Date of last re-election as Director:
18 April 2022

Length of service as a Director:
35 years and 10 months

Country of principal residence:
Singapore

Board's comments on the appointment
The re-election of Mr Sidney Chew Choon Tee as Managing Director was recommended by the Nominating Committee and approved by the Board, after taking into consideration Mr Sidney Chew Choon Tee's contributions, performance, expertise and past experiences.

Board committee memberships
Chairman of Executive Committee
Member of Nominating Committee

Academic and professional qualifications
Bachelor of Science in Chemistry (Hons)
Bachelor of Arts, majoring in Business Administration

Working experience and occupations for the past 10 years and principal commitments

Working experience and occupation during the last 10 years
Executive Director of Megachem Limited

Principal Commitments (other than directorships)
Present and Past
Nil

Directorships (Present and Past 5 years)

Present other than Megachem Limited

Listed Megachem (Thailand) Public Company Limited

Non-listed Megachem Manufacturing Pte Ltd
Megachem Raya Pte Ltd
Megachem (Shanghai) Pte Ltd
C.N. Chemicals Sdn. Bhd.
P.T. Mega Kemiraya
Megachem Plus Limited
Megachem Phils., Inc
Megachem International Trading (Shanghai) Co., Ltd
Megachem (UK) Ltd
Megachem Middle East FZE
Megachem Vietnam Company Limited
Megachem Specialty Chemicals (I) Private Limited
Megachem Australia Pty Ltd

Past 5 years, listed and non-listed
Nil

Shareholdings (direct and deemed) in the Company (as at 10 March 2025)
48,267,012

Familial relationship with any director and/or substantial shareholder of the Company or of any of its principal subsidiaries

Ms Liau Bin Bin who is the spouse of Mr Sidney Chew Choon Tee is an Executive Director of C.N Chemicals Sdn Bhd, a wholly-owned subsidiary of Megachem Limited

Conflict of interest (including any competing business)
Nil

By virtue of section 7 of the Companies Act, 1967, Mr Sidney Chew Choon Tee, who by virtue of his interest of not less than 20% shareholding interest in the Company, is deemed to have an interest in the shares held by the Company in all the related corporations of the Company.

Mr Chew Choon Tee, who is seeking re-election at the annual general meeting, had responded negative to items (a) to (k) listed in the Appendix 7F of the Catalyst Rules.



Mr. Daniel Loh Hong Chye, Age 58
Independent Director

Date of first appointment as a Director:
20 April 2024

Date of last re-election as Director:
Not applicable

Length of service as a Director:
0 years and 10 months

Country of principal residence:
Singapore

Board's comments on the appointment
The re-election of Mr Daniel Loh Hong Chye as Independent Director was recommended by the Nominating Committee and approved by the Board, after taking into consideration Mr Daniel Loh Hong Chye's contributions, performance, expertise and past experiences.

Board committee memberships
Chairman of Remuneration Committee
Member of Audit Committee

Academic and professional qualifications
Master of Business Administration (High Honors) from Oklahoma City University
Bachelor of Mechanical Engineering from National University of Singapore

Working experience and occupations for the past 10 years and principal commitments

Working experience and occupation during the last 10 years

Managing Director and President Chemicals Asia of HELM Asia Pte Ltd
President Director of BASF Indonesia
Chairman of BASF Philippines Inc.
Head of Singapore Business Area of BASF South East Asia Pte Ltd
Managing Director of BASF (Malaysia) Sdn Bhd

Principal Commitments (other than directorships)

Present

Freelance Strategic Consultant
Volunteer, Firefly Mission (Non-governmental organisation)

Past

Managing Director and President Chemicals Asia of HELM Asia Pte Ltd
President Director of BASF Indonesia
Chairman of BASF Philippines Inc.
Head of Singapore Business Area of BASF South East Asia Pte Ltd
Managing Director of BASF (Malaysia) Sdn Bhd
Managing Director and President Chemicals Asia of HELM Asia Pte Ltd

Directorships (Present and Past 5 years)

Present other than Megachem Limited

Listed Nil

Non-listed Nil

Past 5 years, listed and non-listed

Listed Nil

Non-listed HELM Asia Pte Ltd
HELM TH (Thailand) Ltd
SPCI HELM Group Holdings Pte Ltd
SPCI HELM Singapore Pte Ltd
SPCI HELM Advance Pte. Ltd

Shareholdings (direct and deemed) in the Company (as at 21 January 2025)

Nil

Familial relationship with any director and/or substantial shareholder of the Company or of any of its principal subsidiaries

Nil

Conflict of interest (including any competing business)

Nil

Mr Daniel Loh Hong Chye, who is seeking re-election at the annual general meeting, had responded negative to items (a) to (k) listed in the Appendix 7F of the Catalist Rules.

Board of Directors



Mr. Sim Guan Seng, Age 65
Independent Director

Date of first appointment as a Director:
20 April 2024

Date of last re-election as a Director:
Not applicable

Length of service as a Director:
0 years and 10 months

Country of principal residence:
Singapore

Board's comments on the appointment
The re-election of Mr Sim Guan Seng as Independent Director was recommended by the Nominating Committee and approved by the Board, after taking into consideration Mr Sim Guan Seng's contributions, performance, expertise and past experiences.

Board committee memberships
Chairman of Audit Committee
Member of Nominating Committee
Member of Remuneration Committee

Academic and professional qualifications
Bachelor of Accountancy (Honours) from National University of Singapore
Fellow Chartered and Certified Accountant (FCCA) of Institute of Singapore Chartered Accountants

Working experience and occupation for the last 10 years and principal commitments

Working experience and occupation during the last 10 years

Present Managing Director of Cohen Assurance PAC (2022 to present)
Past Partner of Baker Tilly TFW LLP (2004 to 2022)

Principal Commitments (other than directorships)

Present Managing Director of Cohen Assurance PAC
Honorary Consul of The Republic of Botswana
Finance Board Chairman and member of Standing Committee of Diocese of Singapore

Past Nil

Directorships (Present and Past 5 years)

Present other than Megachem Limited

Listed Darco Water Technologies Limited
Sitra Holdings (International) Limited

Non-listed Cohen Assurance PAC
Pro Bono SG
Anglican Preschool Services Ltd

Past 5 years

Listed Nil

Non-listed Cennerv Pharmaceuticals Ltd	Singapore Accountancy Commission
Baker Tilly Consultancy (Singapore) Pte. Ltd	Baker Tilly TFW LLP
TFW Management Services Pte Ltd	NCC Research Fund
Park Crescent Services Pte Ltd	NCCS Cancer Fund
Lightway Corporate Services Pte Ltd	National Volunteer and Philanthropy Centre

Shareholdings (direct and deemed) in the Company (as at 21 January 2025)

Nil

Familial relationship with any director and/or substantial shareholder of the Company or of any of its principal subsidiaries

Nil

Conflict of interest (including any competing business)

Nil

Mr Sim Guan Seng, who is seeking re-election at the annual general meeting, had responded negative to items (a) to (j) listed in the Appendix 7F of the Catalist Rules. For item (k) listed in the Appendix 7F, Mr Sim Guan Seng responded that he was subjected to a disciplinary inquiry by the Public Accountants Board in 2003 and was fined. Mr Sim Guan Seng was appointed as the Lead Independent Director of Darco Water Technologies Limited ("DWT") on 6 July 2020 and was redesignated as the Independent Non-Executive Chairman of DWT on 13 July 2021. DWT was issued a notice of compliance by the Singapore Exchange Regulation (the "SGX RegCo") on 10 September 2021. The notice of compliance was in relation to, inter alia, the SGX RegCo's request for a detailed report on the status of the proposed investment in the Gaoyi Project. DWT had, on 17 September 2021, complied with the notice of compliance. Please refer to the notice of compliance issued by the SGX RegCo dated 10 September 2021 and the Company's announcement on its responses to the notice of compliance dated 17 September 2021.



Mr Yasutaka Kawamura, Age 54
Non-Executive and Non-Independent Director

Date of first appointment as a Director: 1 July 2020

Date of last re-election as Director: 19 April 2023

Length of service as a Director: 4 years 9 months

Country of principal residence: Japan

Board's comments on the appointment
Not applicable, Mr Yasutaka Kawamura is not subject to re-election.

Board committee memberships
Nil

Academic and professional qualifications
Master of Business Administration
Bachelor of Economics

Working experience and occupation for the last 10 years and principal commitments

Working experience and occupation during the last 10 years

Vice President of Chori (China) Co., Ltd
Department Manager of Corporate Planning division in Chori Co., Ltd.

Principal Commitments (other than directorships)

Present

Executive Officer of Chori Co., Ltd
Deputy General Manager of Corporate Planning division in Chori Co., Ltd (Corporate Management Department and Affiliate Business Department)
President of Chori Machinery Co., Ltd

Past

Key positions in finance, accounting and corporate planning within Chori Co., Ltd

Directorships (Present and Past 5 years)

Present other than Megachem Limited

Listed Chori Co., Ltd

Non-listed Chori Machinery Co., Ltd

Past 5 years, listed and non-listed

Listed Nil

Non-listed Chori Europe GmbH
Chori (Dalian) Trading Co., Ltd
Chori (Dalian) Commercial Import Export Co., Ltd

Shareholdings (direct and deemed) in the Company (as at 21 January 2025)

Nil

Familial relationship with any director and/or substantial shareholder of the Company or of any of its principal subsidiaries

An employee and nominee of Chori Co., Ltd, a 29.99% shareholder of Megachem Limited

Conflict of interest (including any competing business)

Nil

Senior Management



Mr Francis Yau Thiam Hwa

Chief Financial Officer

Mr Francis Yau joined Megachem in 2000 as the General Manager of Megachem (Shanghai) Pte Ltd and Megachem International Trading (Shanghai) Co. Ltd prior to his appointment as the Group's Financial Controller in 2001. He was promoted to the position of Chief Financial Officer on 1 January 2007. Mr Yau takes responsibility for all financial matters including financial and treasury planning, financial risk management and investor relations. He had several years of corporate banking experience prior to joining Megachem. He holds a bachelor degree in Business Administration from the National University of Singapore, majoring in finance and is also a member of the Institute of Singapore Chartered Accountants. He currently serves as an independent director in one company listed on SGX.



Ms Kwok Hwee Peng

Group Finance Manager

Ms Kwok Hwee Peng joined Megachem as Group Accountant in 2002 and was promoted to the position of Group Finance Manager in 2008. She is responsible for the Group's financial reporting and is also the Company Secretary. She has several years of experience in accounting and audit with PricewaterhouseCoopers prior to joining Megachem. She holds a Bachelor of Accountancy degree from the Nanyang Technological University and is also a member of the Institute of Singapore Chartered Accountants.

At Megachem, our people are our greatest assets hence is at the heart of everything we do.

We believe in the continuous investment and development of our people to realize their full potential to help the organization achieve excellence in our business results. The People Developer accolade awarded in past years is testimony to this longstanding commitment and belief that investment in people will thrust the organization towards the pinnacle of excellence in our relationship with our partners, customers and suppliers.

In pursuit of People Excellence, we adopt a holistic approach to human capital development.

Rewards & Benefits

Megachem considers the competitive market place, relative value of each position to the Company as well as among similar jobs, performance of individual employees, qualifications and relevant work experience in deciding how much an individual is paid. As an adopter of the Tripartite Standards set by The Tripartite Alliance for Fair and Progressive Employment Practices ("TAFEP"), we uphold fair and merit-based compensation practices. The Company reviews its compensation and benefits program regularly to ensure it is on par with the market. The Company believes in providing targeted incentives and rewards to employees, consistent with their performance.

Welfare and Well-Being

We are committed to creating and sustaining a working environment supportive of work life balance for all employees as they are respected partners of the business. As an adopter of the Tripartite Standards, we uphold fair and progressive employment practices to foster an inclusive and diverse workplace. The Company conducts various programs to foster welfare and well-being among colleagues, to improve overall health of employees and to achieve work-life harmony. In so doing, a visible team of committed, productive and motivated employees is highly energized to realize the corporate vision, mission, values and culture.

Learning and Development

We place people at the core of our human resource ("HR") strategy and hold strong belief in nurturing of our employees to achieve excellent business results and attain high level of competency. The Company's HR policy is one that promotes the availability of opportunities for people to be trained on a continuing basis.

Although "People Developer", a certification awarded by Enterprise Singapore to companies which have achieved excellence in human capital development had ceased in 2020, we continued to adopt its principle and guidelines for a total approach to attracting, managing and engaging employees for high performance and aims to bring the best out of our people.

Career & Leadership Development

Our performance appraisal process includes a development component that encourages employees to plan their growth, enhancing both their personal and professional capabilities. To support career progression, Megachem has established the Employee Development Program, where team members undergo structured training with all Heads of Departments to gain comprehensive business knowledge and functional expertise.

Additionally, we encourage a culture of continuous learning through an Open Mentorship Program, where employees are encouraged to seek guidance from any leader within the organization. This flexible approach allows individuals to engage with experienced mentors based on their specific developmental needs, creating an inclusive and supportive environment for career advancement.

Higher Learning Education Support

The Higher Learning Education ("HLE") program provides financial assistance and professional education and training ("PET") to eligible employees who choose to further their professional education to enhance their knowledge and skills. This program provides reimbursement of eligible expenses for approved Diploma/Degree/Master/PhD certification programs related to employee's current or future job responsibilities.

Students and Graduates

Megachem welcomes interns/attachment students to embark on an exciting learning journey with challenging assignments and projects.

Fresh graduates are strongly encouraged to apply and join the Company as Management Trainees in their first step towards building a promising career.

At Megachem, we are constantly pursuing higher standards of business excellence.

Our string of achievements and awards garnered over the years attest to our customer-focused corporate values and quality standards.



BOARD OF DIRECTORS

Yeo Wee Kiong (Independent and Non-Executive Chairman)

Sidney Chew Choon Tee (Managing Director)

Sim Guan Seng (Independent Director)

Daniel Loh Hong Chye (Independent Director)

Yasutaka Kawamura (Non-Executive and Non-Independent Director)

Audit Committee

Sim Guan Seng (Chairman)
Yeo Wee Kiong
Daniel Loh Hong Chye

Remuneration Committee

Daniel Loh Hong Chye (Chairman)
Yeo Wee Kiong
Sim Guan Seng

Nominating Committee

Yeo Wee Kiong (Chairman)
Sim Guan Seng
Sidney Chew Choon Tee

Executive Committee

Sidney Chew Choon Tee (Chairman)
Francis Yau Thiam Hwa
Kwok Hwee Peng

Company Secretaries

Kwok Hwee Peng
Peck Jen Jen

Registered Office

11 Tuas Link 1 Singapore 638588
Tel : (65) 6933 9999
Fax : (65) 6863 2818
Website: www.megachem.com

Share Registrar And Share Transfer Office

Tricor Barbinder Share Registration Services
(a division of Tricor Singapore Pte Ltd)
9 Raffles Place #26-01
Republic Plaza
Singapore 048619
Tel : (65) 6236 3333

External Auditor

RSM SG Assurance LLP
8 Wilkie Road #03-08 Wilkie Edge
Singapore 228095
Partner-in-charge: Tan Beng Teck
(with effect from financial year ended 31
December 2022)

Internal Auditor

Baker Tilly Consultancy
(Singapore) Pte Ltd
600 North Bridge Road
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Singapore 188778

Principal Bankers

Citibank, N.A.
HSBC
Oversea-Chinese Banking
Corporation Limited
Standard Chartered Bank
United Overseas Bank Limited

Continuing Sponsor

SAC Capital Private Limited
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Investor Relations Advisor

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Email : Megachem@cdrconsultancy.com

Investor Relations Contact

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Megachem Limited
Francis Yau
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Investor Relations Website

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www.shareinvestor.com

Personal Data Protection Officer Contact

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Woo Tze Yung
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Whistle Blowing Contact

Email: auditcom@sg.megachem.com

Global Office Contact

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MEGACHEM RAYA PTE LTD MEGACHEM (SHANGHAI) PTE LTD

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Fax: +66 2 138 9624
E-mail: info@greenleafchemical.net

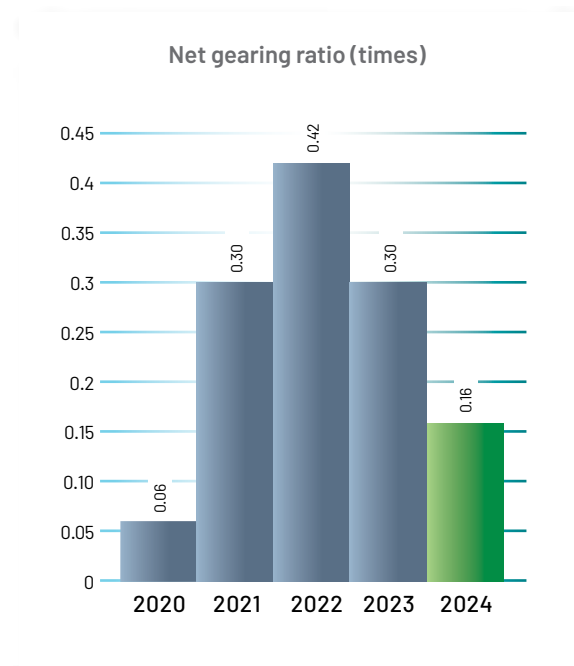
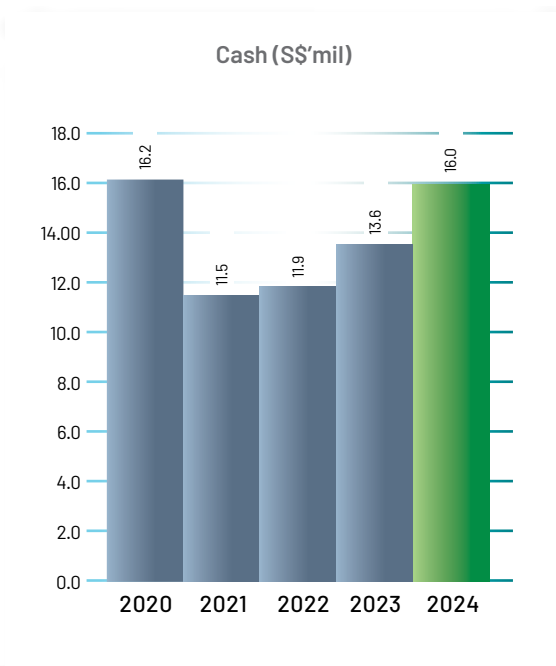
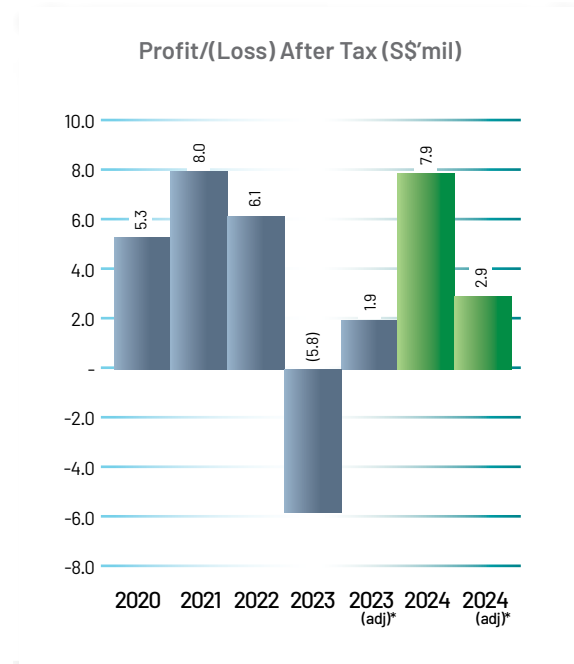
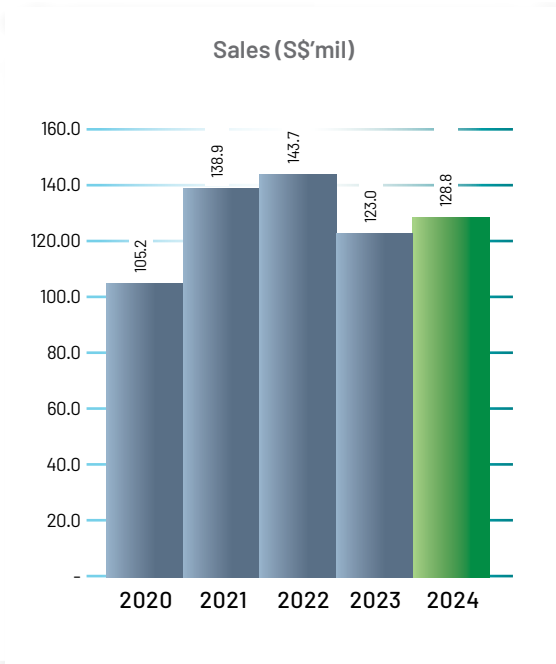
MEGA FUJI GRAPHITE LTD.

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Financial Highlights



* Adjusted for one-off impact from a fire incident in 2023

Financial Highlights

INCOME STATEMENT	2020	2021	2022	2023	2024
Sales (S\$'mil)	105.2	138.9	143.7	123.0	128.8
Sales Growth (%)	(7.5%)	32.0%	3.5%	(14.4%)	4.7%
Profit/(loss) After Tax (S\$'mil)	5.3	8.0	6.1	(5.8)	7.9
Profit/(loss) After Tax (adj)(S\$'mil) ⁽¹⁾	—	—	—	1.9	2.9
Profit/(loss) After Tax Growth (%)	32.0%	52.0%	(24.1%)	NM	NM
Profit/(loss) After Tax Margin (%)	5.0%	5.8%	4.2%	(4.7%)	6.1%
EBITDA (S\$'mil)	7.7	11.1	10.5	(1.9)	11.8
Earnings/(loss) per share (cents)	3.85	5.82	4.41	(4.43)	5.93
Weighted Average Number of Ordinary Shares (mil)	133.3	133.3	133.3	133.3	133.3
ROE (%)	9.8%	13.6%	10.0%	(11.8%)	13.5%
HALF-YEAR BREAKDOWN	2020	2021	2022	2023	2024
Sales for first half (S\$'mil)	52.0	65.9	75.2	60.7	65.2
% Growth 1H vs 1H	(6.7%)	26.7%	14.1%	(19.3%)	7.4%
Sales for second half (S\$'mil)	53.2	73.0	68.5	62.3	63.7
% Growth 2H vs 2H	(8.3%)	37.1%	(6.1%)	(9.1%)	2.2%
Profit After Tax for first half (S\$'mil)	2.8	3.8	4.5	0.9	2.0
% Growth 1H vs 1H	39.9%	34.0%	18.0%	(79.1%)	> 100.0%
Profit/(loss) After Tax for second half (S\$'mil)	2.4	4.2	1.6	(6.7)	5.9
% Growth 2H vs 2H	24.0%	72.7%	(61.8%)	NM	NM
FINANCIAL POSITION	2020	2021	2022	2023	2024
Total Assets (S\$'mil)	91.3	110.9	117.1	100.2	104.5
Shareholders Equity (S\$'mil)	52.4	57.3	58.6	50.0	58.5
Net Asset/Share (cents)	39.33	42.95	43.96	37.48	43.92
Borrowings (S\$'mil)	19.3	28.9	36.4	28.5	25.2
Gearing ratio (times)	0.37	0.51	0.62	0.57	0.43
Net gearing ratio (times)	0.06	0.30	0.42	0.30	0.16
Cash (S\$'mil)	16.2	11.5	11.9	13.6	16.0
Current ratio (times)	2.2	1.8	1.8	1.7	1.8
DIVIDEND	2020	2021	2022	2023	2024
Net Dividend/Share (cents)	1.5	2.0	2.0	0.0	1.0
Net Dividend Payout (%) ⁽²⁾	39.0%	34.4%	45.4%	0.0	46.0%
Net Dividend Yield (%) ⁽³⁾	4.5%	4.8%	3.9%	0.0	2.3%

Note:

(1) Adjusted for a one-off impact from a fire incident in 2023

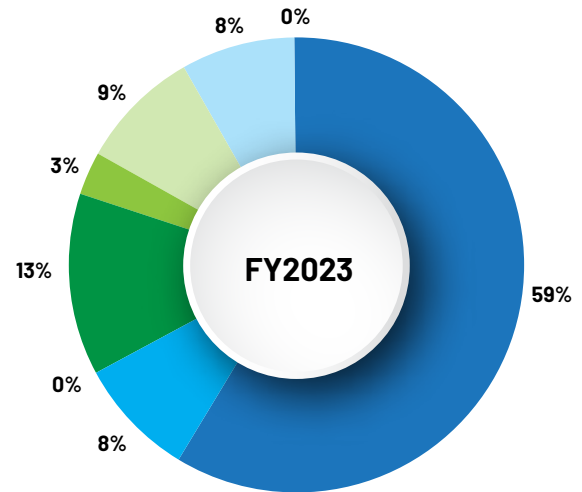
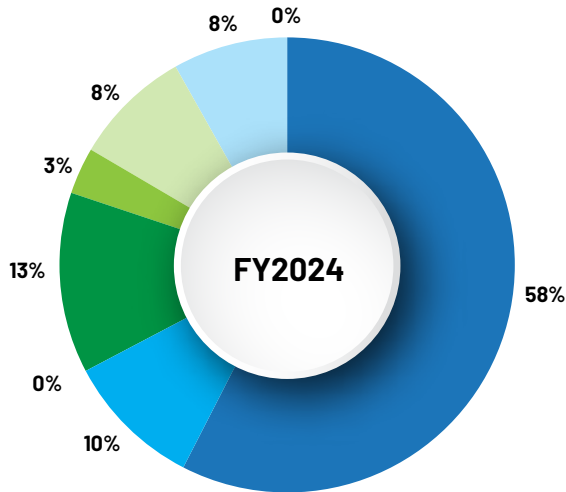
(2) Net Dividend Payout for 2024 is based on adjusted net profit after tax

(3) Dividend yield is based on closing price as at 31 December

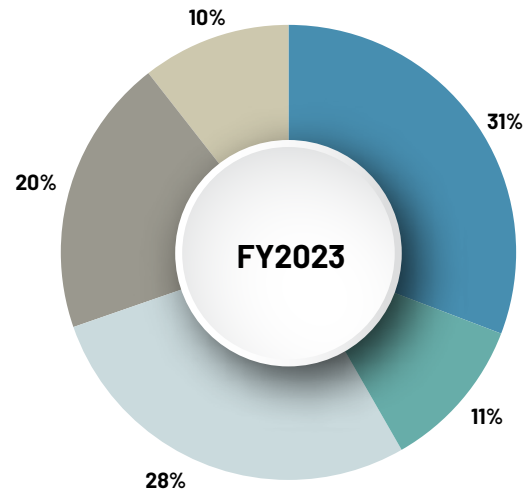
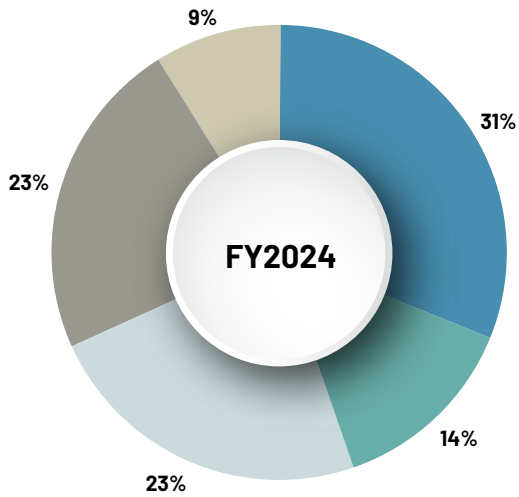
(4) NM denotes not meaningful

Financial Highlights

GLOBAL MARKETS



INDUSTRY COVERAGE



PROFITABILITY REVIEW

(a) Sales

	H2 2024	H1 2024	Variance Fav/(Unfav) H2 2024 vs H1 2024		H2 2023	Variance Fav/(Unfav) H2 2024 vs H2 2023	
	S\$'000	S\$'000	S\$'000	%	S\$'000	S\$'000	%
ASEAN	36,639	37,613	(974)	(2.6)	36,611	28	0.1
Europe	7,730	8,554	(824)	(9.6)	7,396	334	4.5
North Asia	7,060	5,391	1,669	31.0	5,423	1,637	30.2
Australia	4,543	5,673	(1,130)	(19.9)	5,393	(850)	(15.8)
Middle East	5,637	5,350	287	5.4	5,133	504	9.8
South Asia	1,910	2,335	(425)	(18.2)	1,987	(77)	(3.9)
America	61	105	(44)	(41.9)	117	(56)	(47.9)
Africa	86	154	(68)	(44.2)	264	(178)	(67.4)
Total	63,666	65,175	(1,509)	(2.3)	62,324	1,342	2.2

	FY 2024		FY 2023		Variance Fav/(Unfav)	
	S\$'000	%	S\$'000	%	S\$'000	%
ASEAN	74,252	57.7	72,226	58.7	2,026	2.8
Europe	16,284	12.6	15,704	12.7	580	3.7
North Asia	12,451	9.7	10,316	8.4	2,135	20.7
Middle East	10,987	8.5	10,559	8.6	428	4.1
Australia	10,216	7.9	9,692	7.9	524	5.4
South Asia	4,246	3.3	3,820	3.1	426	11.2
America	166	0.1	212	0.2	(46)	(21.7)
Africa	240	0.2	480	0.4	(240)	(50.0)
Total	128,842	100.0	123,009	100.0	5,833	4.7

Geographic Segment Sales Analysis

H2 2024 vs H1 2024

Demand for chemicals contracted in the second half of 2024 ("H2 2024"). Except for North Asia and Middle East markets, most of our markets recorded lower sales in H2 2024 over first half of 2024 ("H1 2024"). The biggest decrease came from Australia market which recorded lower sales of S\$1.1 million or 19.9% as compared to H1 2024. This was followed by ASEAN and Europe markets which recorded a dip in sales of S\$1.0 million or 2.6% and S\$0.8 million or 9.6% respectively. Other market such as South Asia recorded lower sales of S\$0.4 million or 18.2% while sales to America and Africa markets fell by less than S\$0.1 million each.

Sales to North Asia and Middle East markets increased by S\$1.7 million or 31.0% and S\$0.3 million or 5.4% respectively.

As a result, total sales decreased by S\$1.5 million or 2.3% to S\$63.7 million in H2 2024 vis-à-vis sales of S\$65.2 million in H1 2024.

H2 2024 vs H2 2023

As compared to second half of 2023 ("H2 2023"), total sales increased by S\$1.3 million or 2.2%. Sales to North Asia recorded an increase of S\$1.6 million or 30.2% while sales to Europe and Middle East markets grew by a smaller scale of S\$0.3 million or 4.5% and S\$0.5 million or 9.8% respectively.

On the other hand, Australia market recorded a reduction in sales of S\$0.9 million or 15.8% while sales to each of our South Asia, America and Africa markets declined by S\$0.1 million to S\$0.2 million. Sales to ASEAN market was relatively unchanged.

FY 2024 vs FY 2023

As compared to the full year of 2023 ("FY 2023"), sales increased by S\$5.8 million or 4.7% to S\$128.8 million for the full year of 2024 ("FY 2024"). Generally, almost all markets recorded higher sales in FY 2024 except for Africa and America which together recorded a dip in sales of approximately S\$0.3 million.

Sales to North Asia and ASEAN markets increased by S\$2.1 million or 20.7% and S\$2.0 million or 2.8% respectively. Other markets such as Australia, Europe, Middle East and South Asia recorded higher sales of between S\$0.4 million to S\$0.6 million over FY 2023.

Business Activity Segment Sales Breakdown

	H2 2024	H1 2024	Variance Fav/(Unfav) H2 2024 vs H1 2024		H2 2023	Variance Fav/(Unfav) H2 2024 vs H2 2023	
	S\$'000	S\$'000	S\$'000	%	S\$'000	S\$'000	%
Distribution activity	61,575	63,344	(1,769)	(2.8)	60,756	819	1.3
Manufacturing activity	2,091	1,831	260	14.2	1,568	523	33.3
Total Sales	63,666	65,175	(1,509)	(2.3)	62,324	1,342	2.2

	FY 2024	FY 2023	Variance Fav/(Unfav)	
	S\$'000	S\$'000	S\$'000	%
Distribution activity	124,920	119,298	5,622	4.7
Manufacturing activity	3,922	3,711	211	5.7
Total Sales	128,842	123,009	5,833	4.7

H2 2024 vs H1 2024

H2 2024 vs H2 2023

Sales from distribution segments contracted by S\$1.8 million or 2.8% over H1 2024 but increased by S\$0.8 million or 1.3% as compared to H2 2023.

Sales from the manufacturing segment increased by S\$0.3 million or 14.2% and S\$0.5 million or 33.3% in H2 2024 over H1 2024 and H2 2023 respectively.

FY 2024 vs FY 2023

Year-on-year, sales from distribution and manufacturing segments increased by S\$5.6 million or 4.7% and S\$0.2 million or 5.7% respectively.

(b) Gross profit

H2 2024 vs H1 2024

H2 2024 vs H2 2023

Gross profit margin increased in H2 2024 (24.7%) as compared to H1 2024 (23.8%) and H2 2023 (14.7%). This was mainly due to inventory destroyed in the fire written off in H2 2023 and lower allowance for inventory impairment recorded in H2 2024 over H1 2024.

As a result, gross profit increased by S\$0.2 million or 1.4% over H1 2024 and S\$6.6 million or 72.2% as compared to H2 2023.

Operating and Financial Review

After adjusting for the impact of the fire incident, gross profit margin for H2 2024 would be 25.0% as compared to 24.0% in H1 2024 and 24.2% in H2 2023. Gross profit for H2 2024 would have increased by S\$0.3 million or 1.7% and S\$0.8 million or 5.3% over H1 2024 and H2 2023.

FY 2024 vs FY 2023

Gross profit margin for FY 2024 improved to 24.2% as compared to 18.3% in FY 2023 mainly due to the same reasons as stated above. Coupled with higher sales, gross profit increased year-on-year by S\$8.7 million or 38.8% to S\$31.2 million.

After adjusting for the impact of the fire incident, gross profit margin and gross profit would be 24.5% and S\$31.5 million respectively and the increase in gross profit over FY 2023 would have been S\$3.0 million or 10.7%.

(c) Other income

			Variance Fav/(Unfav)				Variance Fav/(Unfav)	
	H2 2024	H1 2024	H2 2024 vs H1 2024		H2 2023	H2 2024 vs H2 2023		
	S\$'000	S\$'000	S\$'000	%	S\$'000	S\$'000	%	
Change in fair value of financial assets at FVTPL								
- forward foreign exchange contracts	45	7	38	> 100.0	-	45	NM	
Gain on disposal of property, plant and equipment	598	26	572	> 100.0	3	595	> 100.0	
Grant income	40	3	37	> 100.0	2	38	> 100.0	
Insurance claims	4,432	5,241	(809)	(15.4)	3,156	1,276	40.4	
Interest income	77	47	30	63.8	43	34	78.0	
Trade receivables recovered	80	64	16	26.1	137	(57)	(41.5)	

	FY 2024	FY 2023	Variance Fav/(Unfav)	
	S\$'000	S\$'000	S\$'000	%
Change in fair value of financial assets at FVTPL				
- forward foreign exchange contracts	45	-	45	NM
Gain on disposal of property, plant and equipment	624	10	614	> 100.0
Grant income	43	45	(2)	(4.2)
Insurance claims	9,673	3,156	6,517	> 100.0
Interest income	123	85	38	44.7
Trade receivables recovered	144	368	(224)	(60.8)

NM = Not Meaningful

H2 2024 vs H1 2024

The decrease in other income was mainly due to lower insurance compensation claims of S\$0.8 million partially offset by higher gain on disposal of property, plant and equipment of S\$0.6 million.

H2 2024 vs H2 2023

The increase in other income was mainly due to higher insurance compensation claims of S\$1.3 million and higher gain on disposal of property, plant and equipment of S\$0.6 million.

FY 2024 vs FY 2023

Similarly, the increase in other income of S\$7.0 million was mainly due to the same reasons as noted above in H2 2024 vis-à-vis H2 2023. The increase was partly offset by lower trade receivables recovered of S\$0.2 million.

(d) Operating expenses

	H2 2024	H1 2024	Variance Fav/(Unfav) H2 2024 vs H1 2024		H2 2023	Variance Fav/(Unfav) H2 2024 vs H2 2023	
	S\$'000	S\$'000	S\$'000	%	S\$'000	S\$'000	%
Compensation claims	3	5	2	42.2	809	806	99.6
Demolition and decontamination costs	-	1,031	1,031	100.0	2,320	2,320	100.0
Depreciation of property, plant and equipment	468	428	(40)	(9.5)	431	(37)	(8.6)
Depreciation of right-of-use assets	151	176	25	14.2	229	78	34.2
Employee compensation	8,552	8,401	(151)	(1.8)	7,975	(577)	(7.2)
Insurance expenses	243	338	95	28.1	185	(58)	(31.2)
Loss on property, plant and equipment written down	-	-	-	-	811	811	100.0
Net foreign exchange loss	526	149	(377)	(> 100.0)	142	(384)	(> 100.0)
Professional fees	586	378	(208)	(55.0)	642	56	8.7
Transport charges	507	406	(101)	(24.8)	435	(72)	(16.4)
Travelling expenses	497	392	(105)	(26.9)	444	(53)	(11.8)
Waste disposal costs	3	2,775	2,772	99.9	910	907	99.7
Warehouse storage charges	1,772	1,666	(106)	(6.3)	1,394	(378)	(27.1)

	FY 2024	FY 2023	Variance Fav/(Unfav)	
	S\$'000	S\$'000	S\$'000	%
Compensation claims	8	809	801	99.0
Demolition and decontamination costs	1,031	2,320	1,289	55.6
Depreciation of property, plant and equipment	896	952	56	5.9
Depreciation of right-of-use assets	327	431	104	24.2
Employee remuneration	16,953	15,490	(1,463)	(9.4)
Insurance expenses	581	345	(236)	(68.2)
Loss on property, plant and equipment written down	-	811	811	100
Net foreign exchange loss	678	88	(590)	(> 100.0)
Transport charges	913	764	(149)	(19.5)
Waste disposal costs	2,778	922	(1,856)	(> 100.0)
Warehouse storage charges	3,438	2,715	(723)	(26.6)

H2 2024 vs H1 2024

Operating expenses for H2 2024 decreased by S\$2.9 million or 16.3% to S\$14.8 million as compared to H1 2024 (S\$17.7 million). The decrease was mainly related to the fire incident. Demolition and decontamination costs and waste disposal costs totalling S\$3.8 million were incurred in H1 2024 as a result of the fire incident.

The decrease was partly offset by higher net foreign exchange losses of S\$0.4 million, higher professional fees and employee remuneration of S\$0.2 million and higher warehouse storage charges, transport charges and travelling expenses of S\$0.1 million each.

Operating and Financial Review

After adjusting for the impact of the fire incident, H2 2024 operating expenses would have increased by S\$1.1 million or 8.4% vis-à-vis H1 2024.

H2 2024 vs H2 2023

As compared to H2 2023, operating expenses decreased by S\$3.8 million or 20.3%. Similarly, the decrease was mainly due to expenses incurred as a result of the fire incident (eg demolition and decontamination costs and waste disposal costs). Compensation claims in H2 2023 were in relation to loss or damages to customers' inventories stored at the warehouse (approximately S\$0.6 million) and customers' consequential losses (approximately S\$0.2 million). Property, plant and equipment destroyed in the fire amounted to S\$0.8 million were written down in H2 2023.

The decrease was offset by higher employee remuneration of S\$0.6 million, higher net foreign exchange losses and warehouse storage charges of S\$0.4 million each.

Adjusting for the impact of the fire incident, H2 2024 operating expenses would have increased by S\$1.2 million or 9.0% over H2 2023.

FY 2024 vs FY 2023

Year-on-year, operating expenses for FY 2024 increased by S\$1.9 million or 6.1% to S\$32.5 million. The increase was mainly due to higher waste disposal costs of S\$1.9 million, higher employee remuneration of S\$1.5 million, higher net foreign exchange losses of S\$0.6 million, higher warehouse storage charges of S\$0.7 million and higher insurance expenses of S\$0.2 million.

This was offset by lower demolition and decontamination costs of S\$1.3 million, lower compensation claims of S\$0.8 million and the absence of loss from property, plant and equipment destroyed in the fire written down of S\$0.8 million.

(e) Finance costs

	H2 2024		H1 2024		Variance Fav/(Unfav) H2 2024 vs H1 2024		H2 2023		Variance Fav/(Unfav) H2 2024 vs H2 2023	
	S\$'000		S\$'000		S\$'000		S\$'000		S\$'000	
					%				%	
Bills payables	516	514	(2)	(0.5)	489	(27)	(5.5)			
Bank loans	267	390	123	31.5	442	175	39.6			
Bank overdraft	39	17	(22)	(> 100.0)	28	(11)	(40.1)			
Finance leases	18	11	(7)	(61.5)	9	(9)	(100.0)			
Lease liabilities	71	67	(4)	(4.9)	73	2	3.4			
Total finance costs	911	999	88	8.9	1,041	130	12.5			

	FY 2024		FY 2023		Variance Fav/(Unfav)	
	S\$'000		S\$'000		S\$'000	
					%	
Bills payables	1,030	962	(68)	(7.1)		
Bank loans	657	839	182	21.8		
Bank overdraft	56	82	26	31.1		
Finance leases	28	12	(16)	(> 100.0)		
Lease liabilities	139	142	3	2.4		
Total finance costs	1,910	2,037	127	6.2		

H2 2024 vs H1 2024 H2 2024 vs H2 2023

Finance costs for H2 2024 decreased by S\$88,000 or 8.9% and S\$130,000 or 12.5% over H1 2024 and H2 2023 respectively mainly due to lower borrowings.

FY 2024 vs FY 2023

For the same reasons noted above, finance costs decreased by S\$127,000 or 6.2% over FY 2023.

(f) Share of profit of associated companies

H2 2024 vs H1 2024 H2 2024 vs H2 2023

Our share of profit of associated companies for H2 2024 decreased by S\$233,000 or 32.0% as compared to H1 2024.

Vis-à-vis H2 2023, our share of profit of associated companies for H2 2024 decreased by S\$60,000 or 10.9%.

FY 2024 vs FY 2023

Our share of profit of associated companies for FY 2024 increased by S\$51,000 or 4.4% as compared to FY 2023.

(g) Profit before income tax and net profit after tax

H2 2024 vs H1 2024 H2 2024 vs H2 2023

H2 2024 profit before tax at S\$5.8 million was almost double of H1 2024 and compared positively against H2 2023 loss before tax of S\$6.6 million. EBITDA in H2 2024 was S\$7.3 million as compared to S\$4.5 million in H1 2024 and a loss of S\$4.9 million in H2 2023. The increase in profitability was primarily due to lower expenses/losses incurred as a result of the fire incident, higher insurance claim income and higher sales (over H2 2023).

As a result, net profit after tax was S\$5.9 million in H2 2024 as compared to net profit after tax of S\$2.0 million in H1 2024 and net loss of S\$6.7 million in H2 2023.

After adjusting for the impact of the fire incident, H2 2024 would have recorded a net profit after tax of S\$1.3 million, which represents a decrease of S\$0.4 million or 21.7% over H1 2024 and an increase of S\$0.3 million or 29.3% as compared to H2 2023.

FY 2024 vs FY 2023

FY 2024 recorded a net profit before tax of S\$8.7 million as compared to net loss before tax of S\$5.3 million in FY 2023. Similarly, EBITDA was S\$11.8 million in FY 2024 as compared to a loss of S\$1.9 million in FY 2023. With higher income tax expense of S\$0.3 million, net profit after tax for FY 2024 was S\$7.9 million while net loss after tax for FY 2023 was S\$5.8 million. The increase in profitability was due to the same reasons as above.

After adjusting for the impact of the fire incident, FY 2024 would have recorded a net profit after tax of S\$2.9 million, which represents an increase of S\$1.0 million or 53.5% year-on-year.

(h) Total comprehensive income

These translation gains or losses arise from translation of foreign currency denominated assets and liabilities of subsidiaries and associated companies. Translation gains of S\$1.7 million and S\$1.5 million in H2 2024 and FY 2024 respectively were largely due to the appreciation of Malaysian Ringgit and Thai Baht against Singapore Dollar.

H2 2024 vs H1 2024 H2 2024 vs H2 2023

Translation losses in H1 2024 and H2 2023 were S\$0.2 million and S\$0.5 million respectively. As a result, comprehensive income for H2 2024 at S\$7.7 million was S\$5.9 million higher than H1 2024 while comprehensive loss of S\$7.2 million was recorded in H2 2023.

Operating and Financial Review

FY 2024 vs FY 2023

Year-on-year, comprehensive income for FY 2024 was S\$9.4 million as compared to comprehensive loss of S\$7.0 million.

FINANCIAL POSITION REVIEW

Financial Position Highlights	As at		Variance 31 December 2024 vs 31 December 2023 Fav/(Unfav)
	31 December 2024	31 December 2023	
Cash (S\$'mil)	16.0	13.6	2.4
Borrowings (S\$'mil)	25.2	28.5	3.3
Current ratio (times)	1.8	1.7	0.1
Gearing ratio (times)	0.43	0.57	0.14
Net gearing ratio (times)	0.16	0.30	0.14
Net assets per share attributable to equity holders of the Company (cents)	43.92	37.48	6.44
Inventory turnover (days)	147	170	23
Trade receivables turnover (days)	66	76	10
Trade payable turnover (days)	27	35	(8)

(i) Property, plant and equipment

The carrying value of property, plant and equipment increased by S\$2.2 million from S\$14.6 million as at 31 December 2023 to S\$16.8 million as at 31 December 2024. This was due to additional capital expenditure of S\$3.0 million (mainly for construction in progress, motor vehicles and plant and machinery) and translation gains of S\$0.5 million.

The increase was offset by depreciation charge of S\$1.0 million and property, plant and equipment disposed and written down of S\$0.3 million (mainly for freehold land and building) in the current year.

(j) Right-of-use assets

The carrying value of right-of-use assets remained relatively unchanged at S\$2.3 million. New lease assets recognized of S\$0.3 million were offset by depreciation charge of S\$0.3 million in the current year.

(k) Investment in associated companies

Carrying value of our associated companies increased by S\$1.0 million from S\$8.4 million as at 31 December 2023 to S\$9.4 million as at 31 December 2024. Positive contribution from operation in the current year of S\$1.2 million and translation gains of S\$0.3 million was offset by dividend return of S\$0.5 million.

(l) Financial assets at fair value through other comprehensive income

Financial assets at fair value through other comprehensive income as at 31 December 2024 and 31 December 2023 related to investment in unquoted equity shares. There was no change in the fair value of the unquoted equity shares.

(m) Trade and other receivables

Net trade receivables decreased marginally by S\$0.1 million from S\$23.0 million as at 31 December 2023 to S\$22.9 million as at 31 December 2024. Turnover days improved from 76 days for FY 2023 to 66 days in FY 2024. Other receivables decreased by S\$0.3 million as compared to 31 December 2023.

(n) Inventories

Inventories decreased by S\$1.9 million or 5.4% from S\$33.6 million as at 31 December 2023 to S\$31.7 million as at 31 December 2024. The decrease in inventory was mainly due to higher sales in FY 2024 and prudent inventory management. Inventory turnover days improved by 23 days from 170 days for FY 2023 to 147 days for FY 2024.

(o) Other current assets

Other current assets increased by S\$0.9 million or 50.0% to S\$2.6 million as at 31 December 2024 primarily due to higher advance payments to suppliers (S\$0.4 million) and higher prepayment of expenses (S\$0.5 million).

(p) Financial assets and financial liabilities at fair value through profit or loss

Financial assets at fair value through profit or loss amounted to S\$45,000 as at 31 December 2024.

Financial liabilities at fair value through profit or loss decreased by S\$42,000 to S\$9,000 as at 31 December 2024.

(q) Trade and other payables

Total trade payables decreased by S\$0.8 million or 10.7% from S\$7.1 million as at 31 December 2023 to S\$6.3 million as at 31 December 2024. Turnover days decreased to 27 days in FY 2024 as compared to 35 days in FY 2023.

Other payables in aggregate consisting of accrued operating expenses, advance payments from customer and sundry payables increased by S\$0.5 million from S\$8.1 million as at 31 December 2023 to S\$8.6 million as at 31 December 2024. The increase was mainly due to higher accrued operating expenses of S\$0.3 million and higher sundry creditors and advance payment received from customers of S\$0.1 million each.

(r) Financial liabilities - lease liabilities

The carrying value of lease liabilities increased from S\$2.9 million as at 31 December 2023 to S\$3.1 million as at 31 December 2024. Additional lease liabilities recognized of S\$0.6 million and accretion of interest of S\$0.2 million were offset by repayment of lease liabilities of S\$0.5 million in FY 2024.

(s) Borrowings

Total borrowings decreased by S\$3.3 million or 11.4% from S\$28.5 million as at 31 December 2023 to S\$25.2 million as at 31 December 2024. This decrease was mainly due to repayment of trade borrowings.

In line with lower total borrowings, our gearing ratio and net gearing ratio decreased from 0.57 times and 0.30 times as at 31 December 2023 to 0.43 times and 0.16 times as at 31 December 2024 respectively.

(t) Net asset per share attributable to equity holders of the Company

Net asset value per share increased from 37.48 cents as at 31 December 2023 to 43.92 cents as at 31 December 2024 primarily due to comprehensive income recorded for equity holders of S\$9.4 million offset by dividend payment of S\$0.6 million and acquisition of equity shares from non-controlling interests of S\$1.1 million in FY 2024.

CASHFLOW REVIEW

On the back of strong profit, positive cash flow from operating activities of S\$11.0 million was generated in FY 2024. Other major cash inflows under investing activities were dividends received from associated company of S\$0.5 million and proceeds from the sales of property, plant and equipment of S\$0.9 million.

Positive cashflow generated was utilised to reduce borrowings of S\$3.3 million and to meet other major cash outflows in FY 2024 such as payments for property, plant and equipment of S\$2.7 million, purchase of equity shares from non-controlling interests of S\$1.2 million, payment of dividends of S\$0.9 million and payments of bank interest of S\$1.8 million.

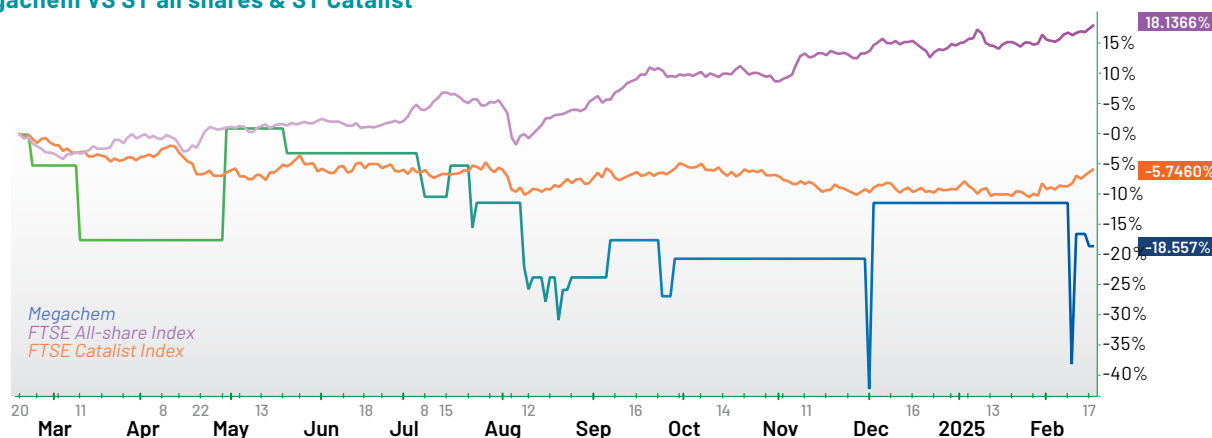
As such, overall cash and cash equivalents increased by S\$2.3 million from S\$13.0 million as at 31 December 2023 to S\$15.3 million as at 31 December 2024.

Share Information

Share Price Chart : 1 year to 19 February 2025



Megachem VS ST all shares & ST Catalyst



Share Information (as at 19 February 2025)

Listing Date	17 October 2003
IPO Price	28 cents
Historical High	68 cents
Historical Low	13 cents
52 weeks High	49 cents
52 weeks Low	28 cents
Price (as at 19 February 2025)	39.5 cents
No of Shares	133,300,000
Earnings per share FY24	5.93 cents
Historical P/E ^(a)	6.7x
Market Capitalisation (as at 19 February 2025)	\$52.6 mil
NTA/share	43.92 cents
Price/Book Ratio ^(b)	0.9

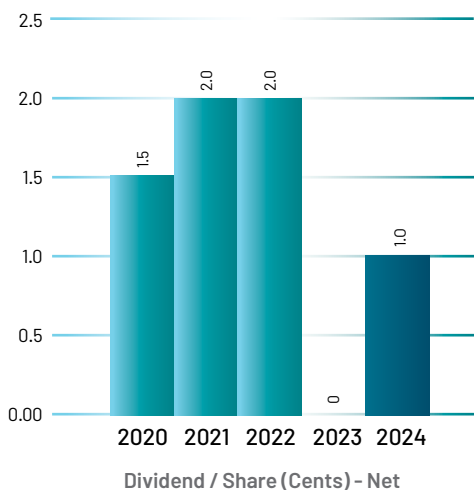
Note:

(a) P/E = price as at 19 February 2025 / EPS FY 2024 = 39.5/5.93 = 6.7x

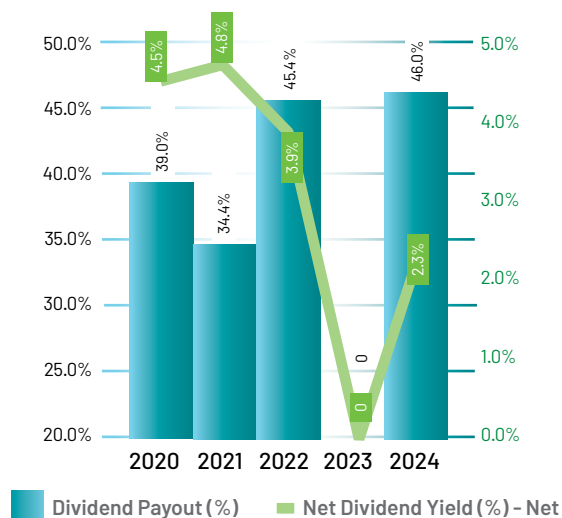
(b) Price/Book ratio = price as at 19 February 2025/NTA per share as at 31 December 2024 = 39.5/43.92 = 0.9.

FY 2024 Final Dividend

	FY 2024
Interim Dividend (cents/share)	0.5
Final Dividend (cents/share)	0.5
Total Dividend (cents/share)	1.0



Note: No dividend was paid for FY2023 due to a fire incident at our warehouse.

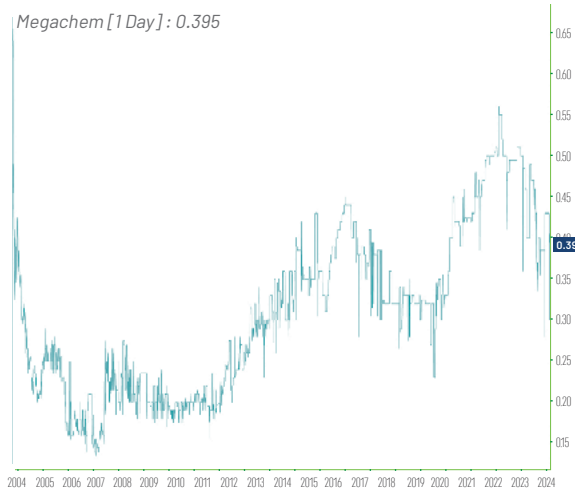


* Dividend payout = FY 2024 dividend/net profit(excluding impact of fire)

** Dividend yield = FY 2024 dividend per share / price as at 31 Dec 2024=1.0/43=2.3%.

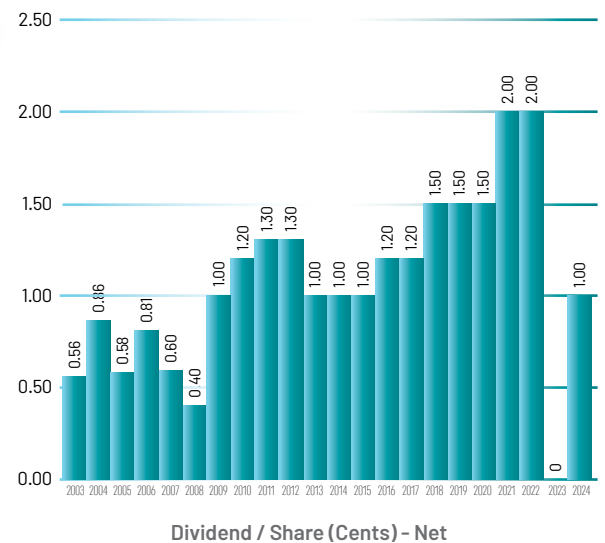
Share Price (since IPO)

	Price
IPO Issue Price (cents/share)	28
Price as at 19 February 2025 (cents/share)	39.5
Price Change (since IPO)	41.1%



Dividend (since IPO)

	Dividend
Total Dividend since IPO (cents/share)	23.5



February 2024

Megachem reported a 14.4% decline in revenue to S\$123.0 million and, due to a fire incident in July 2023, resulted in our first ever net loss of S\$5.8 million since our listing, for financial year ended 31 December 2023 ("FY 2023"). Excluding the one-off impact of the fire incident, Megachem would have reported a net profit after tax of S\$1.9 million.

March 2024

Megachem increased its percentage shareholding in Megachem (UK) Limited ("MUL"), its 85% owned subsidiary company, by acquiring 12,000 ordinary shares at a total consideration of S\$393,415 from an existing minority shareholder. Subsequent to the above acquisition, Megachem's percentage shareholding in MUL increased from 85% to 97%.

April 2024

Annual General Meeting for FY 2023.

April 2024

Independent Directors, Mr Lee Bon Leong, Mr Chan Kam Loon and Dr Tay Kin Bee, retired from office with effect from the conclusion of the Annual General Meeting. Mr Yeo Wee Kiong, Mr Sim Guan Seng and Mr Daniel Loh Hong Chye were appointed as Independent Directors with effect from 20 April 2024.

August 2024

On the back of recovery in chemical demand, Megachem reported a 7.4% increase in revenue to S\$65.2 million for the half year ended 30 June 2024 ("H1 2024"). After adjusting for the impact of the fire incident, H1 2024 net profit after tax stood at S\$1.7 million, which represented an increase of S\$0.8 million or 79.8% over the previous corresponding period ended 30 June 2023.

Ms Peck Jen Jen was appointed as Joint Company Secretary of the Company with effect from 15 August 2024, in place of Ms Hon Wei Ling who resigned with effect from 15 August 2024.

September 2024

An interim tax-exempt dividend of 0.5 cents per share in respect of the financial period ended 30 June 2024 was paid on 30 September 2024.

November 2024

Megachem increased its percentage shareholding in Megachem Raya Pte Ltd and its subsidiary ("MGR Group"), its 74% owned subsidiary company, by acquiring 70,000 ordinary shares at a total consideration of S\$766,874 from an existing minority shareholder. Subsequent to the above acquisition, Megachem's percentage shareholding in MGR Group increased from 74% to 83%.

February 2025

Rising demand for chemicals and broad-based growth across key market segments led to a 4.7% increase in Megachem's revenue to S\$128.8 million for the financial year ended 31 December 2024 ("FY 2024"). After adjusting for the one-off impact of the fire incident that took place in July 2023, FY 2024 net profit after tax stood at S\$2.9 million, which represented an increase of S\$1.0 million or 53.5% year-on-year.

**February
2025**

20
Results Announcement for the Second Half Year and
Financial Year ended 31 December 2024

21
Analyst Briefing

21-27
Online Q&A with investors & shareholders

28 February - 6 March
Response to Online Q&A

**April
2025**

1
Notice of AGM

22
Annual General Meeting

**August
2025**

Results Announcement for the First Half Year
ending 30 June 2025

•
Analyst Briefing

•
Online Q&A with investors & shareholders

•
Response to Online Q&A

**February
2026**

Results Announcement for the Second Half Year
and Financial Year ending 31 December 2025

Investor Relations

Megachem views Investor Relations (“IR”) as a strategic management responsibility that integrates corporate governance, compliance and communication with the aim to preserve our shareholders’ assets and enhance shareholders’ values.

We place great emphasis on effective communication with our shareholders. In this aspect, we endeavour to provide timely and adequate information to shareholders and effective channels for shareholders communication.

The following sections outline Megachem’s IR objectives, practices, activities and tools employed to engage and communicate with the investing community.

- Adopts a focused internal IR structure which is supported by appointing external IR advisors, CDR;
- Deploys a dedicated IR website (www.shareinvestor.com) which is regularly updated;
- Conducts half-yearly results briefings and online Q&A session;
 - Senior management including our Managing Director and Chief Financial Officer are present in these briefings.
 - Members of the financial community and media are invited to attend these briefings.
 - Supported by webcast made available on the Company’s website www.megachem.com and the IR website.
- Provides results announcements that are timely with emphasis on responsible financial reporting, business updates and prospects;
- Gives advance notice of the date of announcement of our results;
- Provides business updates where necessary to allow shareholders and investors to understand any significant changes in market trend and its impact on our business;



- Provides detailed accounts of the financial results and operating strategy in our annual report
- Provides investor relations strategy that indicates internal and external IR contacts as well as IR websites;

In order to provide expert independent views on the Company’s performance, SAC Capital Private Limited provides stock analysis reports of each of our results announcement. These reports are posted on the Company’s website.

The results announcements, the analyst briefings presentation and the online Q&A are all published on SGXNet and are also made available on the Company’s and IR websites. Investors can also view a webcast recording of the analyst briefing at the Company’s and IR websites.

We encourage greater shareholder participation at our general meetings by giving them opportunity to air their views and to post questions regarding the Company to directors and management.

Accolades

As testimony to our high level of transparency and corporate governance, we have been accorded the following:

2018

Singapore Corporate Awards: Best Managed Board (Bronze) in the "less than \$300 million market capitalisation" category

2017

Singapore Corporate Awards: Best Annual Report Award (Gold) in the "less than \$300 million market capitalisation" category

2016

Singapore Corporate Awards: Best Annual Report Award (Silver) and Best Investor Relations Award (Gold) in the "less than \$300 million market capitalisation" category

SIAS Investors' Choice Awards: Most Transparent Company (Runner up) (Catalist category)

2015

Singapore Corporate Awards: Best Managed Board (Gold), Best Chief Financial Officer, Best Annual Report Award (Silver) and Best Investor Relations Award (Bronze) in the "less than \$300 million market capitalisation" category

SIAS Investors' Choice Awards: Most Transparent Company (Runner up) (Catalist category)

IR Magazine Awards: Best Investor Relations by an SGX Catalist company

2014

Singapore Corporate Awards: Best Investor Relations Award (Bronze) and Best Annual Report Award (Bronze) in the "less than \$300 million market capitalisation" category

2013

SIAS Investors' Choice Awards: Most Transparent Company (Catalist category)

Singapore Corporate Awards: Best Annual Report (Silver) (category for companies with less than \$300 million market capitalisation)

IR Magazine Awards: Best Investor Relations by an SGX Catalist company

2012

Singapore Corporate Awards: Best Annual Report (Bronze) (category for companies with less than \$300 million market capitalisation)

2011

Singapore Corporate Awards: Best Annual Report (Bronze) (category for companies with less than \$300 million market capitalisation)

2007

Singapore Corporate Awards: Best Annual Report (Bronze) (Sesdaq category)

2006

Singapore Corporate Awards: Best Annual Report (Silver) (Sesdaq category)



IR Contact

Company

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External Consultant

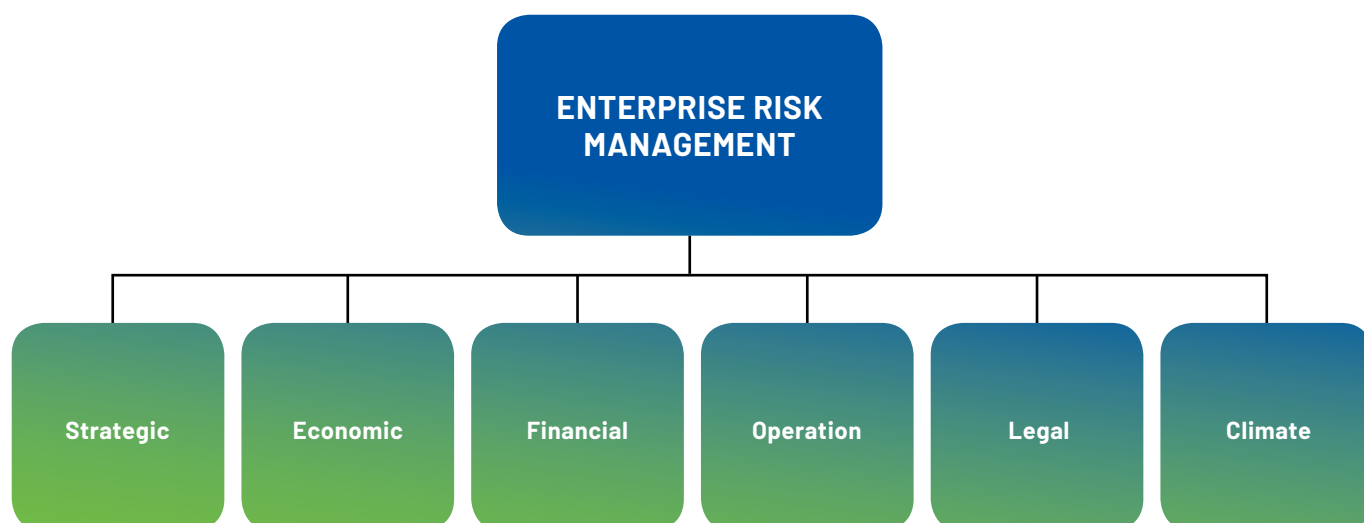
Dolores Phua/Eric Seow
CDR
Tel: 6534 5122
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For more information, please visit www.megachem.com

Recognizing the importance of risk management in providing sustainability to our business and in preserving our shareholders' value, Megachem is committed to incorporate effective risk management practices into our organizational processes to mitigate and manage each of these risks.



Megachem has identified 6 main risk components within its risk management framework.



A. STRATEGIC RISK

The Executive Committee and Board members collectively formulate the strategy and chart the directions for the Group. The progress of implementation of the strategy is monitored and reviewed annually. In the process of strategy formulation and review, we evaluate the external environmental factors such as the risk profile of the industry, competitive forces within the industry, opportunities and threats, as well as the internal factors such as our key competitive strengths and weaknesses, our market position and growth strategy.

The Company views the current strategy of building our growth around our distribution and contract manufacturing activities as the 2 pillars of growth and the business model of diversification in terms of markets, customers, products and suppliers as being robust and sustainable.

B. ECONOMIC RISK

Economic Risk

Economic growth in FY 2024 had been resilient but the geopolitical conflicts in Ukraine and the Middle East region remain unresolved.

Any major shift in US economic policies after President Donald Trump took office could significantly alter outlook of global trade flows and economic growth.

China's economic recovery has also been sluggish. The trade tariffs imposed by US on China may hinder its recovery.

These factors are casting a gloom over the global economy. As the chemical industry is inextricably intertwined with the global economy, the impact will be felt in our business and performance.

Supply Chain Risk

Although a ceasefire to the Israel-Hamas conflict has been agreed, it remains to be seen if a complete end to the Israel-Hamas war can be achieved. If the situation persists, it may hamper further growth in our business.

Energy Prices

Any escalation in oil prices will push freight rates higher which may in turn dampen demand for chemicals. Specialty chemicals, though not immune, are less susceptible to oil price fluctuations, in comparison to bulk commodity chemicals due to the fact that they are more downstream product whose usage in the finished product is smaller.

Supply Risk

One of Megachem's strength is the ability to secure supply of quality products. Even though our sources of supply are fairly diversified, any supply disruption or loss of product distributorship of our core products may have an impact on business.

C. FINANCIAL RISK

Currency Risk

We operate internationally and therefore are exposed to foreign currency risks arising from various currency exposures. The currency market remains volatile and difficult to predict.

Furthermore, some countries impose foreign exchange controls. These pose a challenge to our foreign exchange risk management. While we will continue to hedge our exposure, we recognize that there is no perfect hedge. In addition, currencies of certain countries have limited liquidity and carry high hedging cost. Thus, any adverse changes in foreign currency may have an impact on our profitability.

Interest Rate Risk

Our interest rate risk arises from bank borrowings at floating rates. Even though interest rates are trending downwards following interest rates cuts by central banks, they remain fairly elevated. Hence our borrowing cost will remain high.

Credit Risk

Our products are sold to more than 2,000 customers across many countries. Although there is no significant concentration of credit risk, the credit risks in some countries are more difficult to assess. Some customers may also face financial stress as a result of high interest rates and business cost. Any significant payment default will negatively impact our financial performance.

Country Risk

Our products are sourced and sold globally. Our business may be affected if any of our markets suffers significant escalation in country risk.

Inventory Risk

Our business involves keeping inventory of chemicals to meet customers' requirements. In the event of an unexpected fall in customers' demand levels, we may end up with excess inventory. This will have a negative impact on our profitability.

D. OPERATIONAL RISK

• IT Security

Megachem adopts the following 3 key principles in its IT security management:

Confidentiality – information should not be disclosed to unauthorized individuals or systems.

Integrity – important data should not be modified by unauthorized individuals or systems.

Availability – information should be readily available when needed even at times of any disruption.

With this in mind, we have in place the following measures :

- physical security is enhanced by installing security cameras at our premises which can be monitored via IP addresses;
- content filtering has been enabled to prevent viewing inappropriate web sites or content and also to prevent access by known malware hosts;
- disaster recovery procedures are implemented such that in the event of any system breakdown, our operation can continue with little disruption. Key applications can be run at third party disaster recovery sites located away from our premises. Overseas operations will also be able to access the disaster recovery sites via virtual private network access;
- databases are backed up daily and kept in fire rated safe at disaster recovery sites;
- policies are documented and our people are constantly oriented to adhere to the approved policies and procedures; and
- internal and external IT security audits are conducted annually.

• Process Execution

Failure in operational and business processes can jeopardize our Company's competitiveness. In order to minimize process risk, we seek to standardize our processes throughout its entire organization by adopting international Quality Management standards within the framework of ISO9001. Guided by this Quality Management System, we are able to consistently deliver quality in our products and services with an impeccable level of service.

• Business Continuity

For the same reason as explained above, Megachem has implemented a Business Continuity Management ("BCM") program which aims to ensure continuity of our key functions and processes, in part and/or in whole in the event of any unforeseen disruptions, in order to fulfill our obligations and to protect our reputation and branding.

The BCM program involves the integration of management, people, system and facilities. The framework covers :

- conducting context analysis and understanding needs and expectation of interested parties such as our customers, regulators, government agencies etc;
- conducting risk assessment and business impact analysis periodically;
- evaluating recovery strategies to be implemented; and
- documenting and communicating detailed plans and measures to recover, restore and return business processes to pre-incident level to all interested parties.

Megachem is proud to achieve ISO22301 certification for our BCM program.

E. LEGAL RISK

• Business Ethics

Compliance with rules and regulations is set as a fundamental principle with which we conduct our business. Through staff induction program and continuous education, this principle is being reinforced to ensure that we continue to comply with all relevant rules and regulations.

Anti-graft laws are increasingly being enacted globally such as the US Foreign Corrupt Practices Act and UK Anti-Bribery Act. Recognizing the adverse impact of non-compliance on our Company's reputation and the potential loss of business, Megachem puts integrity at the core of our corporate value system. The business conducts of all employees of the Group are guided by a Business Ethics Guide which provides guidance on areas such as anti-bribery, corruption, conflict of interest, intellectual property protection, insider trading and fraud. These Codes of Ethics are strictly binding for all employees in the respective countries in which we operate. Trainings are provided during staff induction program and refresher trainings are also provided. This Code demonstrates our commitment to integrity in the workplace and in the way we conduct our business.

• Industry Specific Regulations

Various government agencies also imposed industry-specific regulations. In this area we collaborate closely with these agencies on educational programs and exercises to keep ourselves up to speed with changes in their rules and regulations. (For more information, please refer to Sustainability: Health, Safety and Environment section.)

• Stock Exchange Listing Rules

Guided by our Catalist Sponsor, listing rules are constantly being observed and followed. All announcements are perused by our Catalist Sponsor before they are released. Our Catalist Sponsor is also frequently being engaged in board discussion on matters relating to listing rules compliance.

F. CLIMATE RISK

Failing to address climate risks can have financial, operational, and reputational consequences for businesses. Megachem is committed to putting in place an effective climate risk management to ensure business continuity and mitigate financial losses.

Corporate Governance Report

The Directors of Megachem strongly support the principles of transparency, accountability and integrity as set out in the Code of Corporate Governance 2018 (the “Code”). This report describes the Company’s corporate governance policies and practices which were in place during the financial year ended 31 December 2024 (“FY 2024”), with specific reference to the Principles and Provisions of the Code and accompanying Practice Guidance.

The Code aims to promote high levels of corporate governance by putting forth Principles of good corporate governance and Provisions with which companies are expected to comply. The Practice Guidance complements the Code by providing guidance on the application of the Principles and Provisions and setting out best practices for companies.

Pursuant to Rule 710 of the Listing Manual Section B: Rules of Catalyst of the Singapore Exchange Securities Trading Limited (the “SGX-ST”) (“Catalist Rules”), the Board confirms that the Company and Group, have for FY 2024 complied with the Principles as set out in the Code. The Board also confirms that where there are deviations from the Provisions

of the Code, explanations for the deviation and how the Group’s practices are consistent with the intent of the relevant principle are provided in the sections below:-

BOARD MATTERS

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 are fiduciaries who act objectively in the best interests of the Company

As at the date of this report, the Board and its committees comprise the following members, all of whom possess the appropriate core competencies and diversity of experience needed to enable them to effectively contribute to the Group.

Name	Designation	Audit Committee	Nominating Committee	Remuneration Committee	Executive Committee
Mr Yeo Wee Kiong	Independent and Non-Executive Chairman	Member	Chairman	Member	—
Mr Sidney Chew Choon Tee	Managing Director	—	Member	—	Chairman
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	—	—	—	—
Mr Francis Yau Thiam Hwa	Chief Financial Officer	—	—	—	Member
Ms Kwok Hwee Peng	Group Finance Manager & Company Secretary	—	—	—	Member

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

- overseeing and approving the formulation of the Group's overall long-term strategic objectives and directions, corporate strategy and objectives as well as business plans, taking into consideration sustainability issues;
- overseeing and reviewing the management of the Group's business affairs and financial controls, performance and resource allocation, including ensuring that the required financial and human resources are available for the Group to meet its objectives;
- establishing a framework of prudent and effective controls to assess and manage risks and safeguard shareholders' interests and the Group's assets;
- to review the Management's performance;
- to set the Group's values and standards and ensure that obligations to shareholders and other stakeholders are understood and met;
- to approve the release of the Group's financial results, annual reports and announcements to shareholders;
- to review and approve related party transactions to ensure compliance with relevant rules and terms stated in the shareholders' mandate; and
- to assume the responsibilities for corporate governance.

All Directors recognize that they have to 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.

Each Director is required to promptly disclose any actual, potential and perceived conflict of interest, in relation to a transaction or proposed transaction with the Group as soon as practicable after the relevant facts have come to his/her knowledge. On an annual basis, each Director is also required to submit details of his associates for the purpose of monitoring interested person transactions. Any Director facing a conflict of interest will recuse himself from the discussions and abstain from participating in any Board decisions and voting on resolutions regarding the matter.

The Company has established a Code of Business Ethics that sets the principles of business ethics for the Group and covers areas such as business conduct, protection of Company's assets, confidentiality of information and conflicts of interest. All staff of the Group are expected to uphold high standards of integrity that comply with the Company's Code as well as laws and regulations of the countries in which they operate.

Provision 1.2 of the Code: Directors' induction, training and development

Newly appointed Directors will receive a formal letter explaining their duties and responsibilities, and will undergo orientation and be briefed on the business and governance practices of the Group as well as industry-specific knowledge. 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 must undergo training in the roles and responsibilities of a director of a listed issuer as prescribed by the SGX-ST. Briefings on the roles and responsibilities as directors of a listed company in Singapore will be conducted for the new appointees. They may also attend courses conducted by other training institutions in areas such as accounting, legal and industry specific knowledge, where appropriate, in connection with their duties. Mr Yeo Wee Kiong, Mr Sim Guan Seng and Mr Daniel Loh Hong Chye were appointed as Independent and Non-Executive Chairman, and Independent Directors of the Company on 20 April 2024, respectively. Mr Daniel Loh Hong Chye does not have prior experience as a director of a public listed company in Singapore but has been briefed on the roles and responsibilities of a director of a listed company in Singapore. As at the date of this report, Mr Daniel Loh Hong Chye has attended modules LED 1-9 conducted by the Singapore Institute of Directors as part of the Listed Entity Directors Programme.

Directors may request to visit the Group's operating facilities and meet with the Management to gain a better understanding of the Group's business operations and corporate governance practices. The Directors are also encouraged to keep themselves abreast of the latest developments relevant to the Group and attendance of appropriate courses and seminars will be arranged and funded by the Company. The external auditors, during their presentation of the audit plan, will update the Directors on the new or revised financial reporting standards on an annual basis. Our Company's Catalist Sponsor, SAC Capital Private Limited, provides updates to the Board whenever there are changes to the listing rules or the Code of Corporate Governance.

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

Although the day-to-day management of the Company is delegated to the Managing Director, the approval of the Board is required for matters such as corporate restructuring, mergers and acquisitions, major investments and divestments, material acquisitions and disposals of assets, major corporate policies on key areas of operations, major corporate actions such as share issuance, the release of the Group's results and announcement to shareholders, declaration of dividends and interested person transactions.

Provision 1.4 of the Code: Board Committees

To assist the Board in discharging its oversight functions and execution of its responsibilities, the Board has established three Board Committees, comprising an Audit Committee (the "AC"), a Nominating Committee (the "NC") and a Remuneration Committee (the "RC"). These Board Committees function within clearly defined

written terms of reference and operating procedures. The terms of reference of the respective Board Committees, which are reviewed by the Board on a regular basis, as well as other relevant information on the Board Committees can be found in the subsequent sections of this report.

Provision 1.5 of the Code: Board Meetings and Attendance

The Board meets regularly on a quarterly basis and ad-hoc Board Committee or Board meetings are convened when they are deemed necessary. In between Board meetings, other important matters will be tabled for the Board's approval by way of circulating resolutions in writing.

The Constitution of the Company provides for meetings of the Board to be held by way of telephonic or video conference.

The attendance of the Directors at scheduled Board Committee and Board meetings held in FY 2024 is set out below:

	Board		Audit Committee		Nominating Committee		Remuneration Committee	
	No. of Meetings Held	No. of Meetings Attended	No. of Meetings Held	No. of Meetings Attended	No. of Meetings Held	No. of Meetings Attended	No. of Meetings Held	No. of Meetings Attended
Mr Sidney Chew Choon Tee	4	4	3	NA	1	1	2	NA
Mr Yeo Wee Kiong ^(#)	4	3	3	2	1	—	2	2
Mr Sim Guan Seng ^(#)	4	3	3	2	1	—	2	2
Mr Daniel Loh Hong Chye ^(#)	4	3	3	2	1	NA	2	2
Mr Lee Bon Leong ^(*)	4	1	3	1	1	1	2	—
Mr Chan Kam Loon ^(*)	4	1	3	1	1	1	2	—
Dr Tay Kin Bee ^(*)	4	1	3	1	1	NA	2	—
Mr Yasutaka Kawamura	4	4	3	NA	1	NA	2	NA

Note:

() Mr Lee Bon Leong, Mr Chan Kam Loon and Dr Tay Kin Bee have retired from the Board on 19 April 2024.*

(#) Mr Yeo Wee Kiong, Mr Sim Guan Seng and Mr Daniel Loh Hong Chye were appointed to the Board on 20 April 2024.

When a Director has multiple board representations, the NC also considers whether or not the Director is able to and has adequately carried out his duties as a Director of the Company. The NC is satisfied that sufficient time and attention has been given by the Directors to the affairs of the Company, notwithstanding that some of the Directors have multiple board representations. The NC is of the view that the matter relating to multiple board representations should be left to the judgement of each Director given that time requirements for different board representations vary. As such, the NC and the Board have decided that there is no necessity to determine the maximum number of listed company board representations which a Director may hold. None of the Directors hold more than 4 directorships in listed companies concurrently.

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 quarterly management accounts, as well as relevant background or explanatory information relating to the matters that would be discussed at the Board meetings, prior to the scheduled meetings. All Directors are also furnished with updates on the financial position and any material developments of the Group as and when necessary.

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

The Board has separate and independent access to the Company Secretary and the Management at all times. The Board will have independent access to professional advice when required at the Company's expense, subject to the approval of the Chairman.

Under the direction of the Chairman, the Company Secretary facilitates information flow within the Board and its Board Committees and between the Management and Non-Executive Directors. The Company Secretary attends all meetings of the Board and Board committees and ensures that all Board procedures are followed and applicable rules and regulations are complied with. The minutes of all Board committee meetings are circulated to the Board.

The appointment and removal of the Company Secretary is subject to the approval of the Board as a whole.

BOARD COMPOSITION AND GUIDANCE

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

Provision 2.1 of the Code: Director's independence

Provision 2.2 of the Code: Independent directors make up a majority of the Board

Provision 2.3 of the Code: Non-executive directors make up a majority of the Board

The Board comprises five Directors, of whom three are independent. With an Independent Chairman of the Board and more than half of the Board made up of independent directors, the Board is capable of exercising independent and objective judgement on corporate affairs of the Group.

The independence of each Director is reviewed annually by the NC and the Board. Each Independent Director is required to complete a checklist annually to confirm his independence based on the guidelines as set out in the Code and the Catalyst Rules. The NC adopts the Code's definition of what constitutes an "independent" director in its review. The NC takes into consideration, among other things, whether a Director has business relationships with the Company, its related companies, its substantial shareholders or its officers, and if so, whether such relationships could interfere, or be reasonably perceived to interfere, with the exercise of the Director's independent business judgment with a view to the best

interests of the Company. The NC and the Board are of the view that all its Independent Directors have satisfied the criteria of independence in accordance to the Code, its Practice Guidance and Rules 406(3)(d)(i) and 406(3)(d)(ii) of the Catalyst Rules as a result of its review.

As at the date of this report, all its Independent Directors have served on the Board for a period of less than nine years from the date of their first appointments. The NC and the Board are of the view that all its Independent Directors have satisfied the criteria of independence in accordance to Rule 406(3)(d)(iv) of the Catalyst Rules.

Provision 2.4 of the Code: Board Composition

The Board has examined its size and is of the view that it is an appropriate size for effective decision-making, taking into consideration the scope and nature of the operations of the Group and the requirements of the Group's business. The NC is of the view that no individual or small group of individuals dominates the Board's decision-making.

The Company believes that a diverse Board will bring a wider range of skills and experience, leading to constructive discussion and better decisions. An effective and diverse Board will in turn contribute to the attainment of its strategic objectives and better and sustainable performance of the Company. In 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 and support good decision making. The Board is of the view that, while it is important to promote board diversity in terms of gender, age and ethnicity, criteria based on an effective blend of competencies, skills, experience and knowledge to strengthen the Board should remain a priority. For achieving an optimal Board, diversity targets may be set and reviewed from time to time to ensure their appropriateness. Under the policy, the NC will consider the benefits of all aspects of diversity with emphasis being placed on having an effective blend of competencies, skills, experience and knowledge in the annual review of Board composition. In identifying suitable candidates for appointment to the Board, the NC will consider candidates on merit against objective criteria and with due regard for the benefits of diversity.

Currently, the Board has not set any specific target for gender diversity but will include female candidates, if available, for consideration when identifying candidates to be appointed as new directors. Similarly, the Board does not set any specific target for ethnic diversity, age diversity and age limit for its Directors given that Directors are selected based primarily on experience and knowledge and his/her ability to contribute to the Board.

The Board as a group provides an appropriate balance of diversity of skills, experience and knowledge of the Company, with core competencies in accounting and finance, legal expertise, business and management experience, industry knowledge, strategic planning and customer-based experience and knowledge. This enables the Management to benefit from the external and expert perspectives of the Directors who collectively possess the core competencies relevant to the direction and growth of the Group.

Provision 2.5 of the Code: Meeting of Independent Directors without Management

Where necessary or appropriate, the Independent Directors will meet without the presence of the Management. The Independent Directors communicate regularly to discuss matters related to the Group, including the performance of the Management. Where appropriate, Independent Directors provide feedback to the Board after such meetings. The profiles of our Directors are set out on pages 17 to 21 of this Annual 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 ("CEO")

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

Provision 3.3 of the Code: Lead Independent Director

The Chairman, Mr Yeo Wee Kiong, and the Managing Director, Mr Sidney Chew Choon Tee, are separate persons and have no familial relationship with each other. As the Chairman is independent, there is no necessity for the appointment of a Lead Independent Director.

Mr Sidney Chew Choon Tee is responsible for formulating corporate strategies, leading the Group's marketing and business development activities as well as ensuring the smooth operation of the Group.

The Board is of the view that as all major decisions are made in consultation with the Board and with the establishment of the three Board Committees, there are adequate safeguards in place to ensure accountability and unfettered decision-making, as well as to prevent an uneven concentration of power and authority in a single individual.

The Chairman, in consultation with the Management, ensures:

- that Board meetings are held as and when necessary to enable the Board to perform its duties responsibly, while not interfering with the flow of the Company's operations;
- that the agenda for Board meetings are prepared, with the assistance of the Company Secretary;
- the exercise of control over the quality, quantity and timeliness of information between the Management and the Board and the facilitation of effective contribution from the Independent Directors;
- effective communication with shareholders and compliance with corporate governance best practices; and
- compliance with the Company's guidelines on corporate governance.

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 is responsible for making recommendations on all board appointments and re-nominations, having regard to the contribution and performance of the Director seeking re-election.

The NC comprises Mr Yeo Wee Kiong (Chairman of NC), Mr Sim Guan Seng and Mr Sidney Chew Choon Tee. A majority of the NC, including the Chairman of the NC, is independent. The Chairman of the NC is not, and is not directly associated with, any substantial shareholder of the Company. The NC holds at least one meeting in each financial year.

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

- (a) developing and maintaining a formal and transparent process for Director appointments and re-nomination and making recommendations to the Board on Director appointment and re-appointment (including the appointment of alternate directors, if any), and recommending to the Board re-nominations of existing Directors for re-election in accordance with the Company's Constitution, having regard to their competencies, commitment, contribution

and performance and taking into consideration the composition, diversity, and progressive renewal of the Board;

- (b) making recommendations to the Board on relevant matters relating to the review of succession plans for the Directors, in particular, for the Chairman and Managing Director as well as for key management personnel;
- (c) reviewing and approving any new employment of related persons and the proposed terms of their employment;
- (d) determining on an annual basis, and as and when circumstances require, whether or not a Director is independent;
- (e) in respect of a Director who has multiple board representations on various companies, to review and decide whether or not such Director is able to and has been adequately carrying out his duties as a Director, having regard to the competing time commitments that are faced by the Director when serving on multiple boards and discharging his duties towards other principal commitments;
- (f) reviewing training and professional development programs for the Board;
- (g) developing a process for evaluating the performance of the Board, its committees and the Directors and propose objective performance criteria, as approved by the Board, that allows comparison with its industry peers, and address how the Board has enhanced long-term shareholders' value; and
- (h) assessing the effectiveness of the Board as a whole and its Board committees and the contribution by the Chairman and each individual Director to the effectiveness of the Board.

Provision 4.3 of the Code: Board renewal and succession planning

The Company does not have a formal criterion of selection for the appointment of new Director to the Board. When the need for a new Director arises, or where it is considered that the Board would benefit from the services of a new Director with particular skills or to replace a retiring Director, the NC, in consultation with the Board, will determine the selection criteria and will select candidates with the

appropriate expertise and experience for the position. In its search and nomination process for new Director, the NC may rely on search companies, personal contacts and recommendations for the right candidates. The NC ensures that the newly appointed Director is aware of their duties and obligations.

Board appointments are made by the Board after the NC has, upon reviewing the resume of the proposed Director and conducting appropriate interviews, recommended the appointment to the Board. The NC is also in charge of renominating the Directors, having regard to their contribution and performance. Pursuant to the Constitution of the Company, one-third of the Directors shall retire from office at the Company's annual general meeting every year, provided that all Directors shall retire from office at least once every three years. Newly appointed Director by the Board is required to retire at the next annual general meeting following his appointment. Retiring Directors are 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 own performance or re-nomination as Director.

Pursuant to the Company's Constitution, Mr Sidney Chew Choon, Mr Yeo Wee Kiong, Mr Sim Guan Seng and Mr Daniel Loh Hong Chye will retire at the Company's forthcoming annual general meeting and will be eligible for re-election. Accordingly, the NC has recommended the aforesaid re-election of these Directors and the Board has accepted the NC's recommendation. In recommending the re-election of these Directors, the NC has considered the Directors' overall contributions and performance. The details of these Directors seeking for re-election as required under Catalist Rule 720(5) are set out on page 17 to 20 of this Annual Report.

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

As described under Principle 2 of this report, 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 complete a checklist to confirm his 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.

Provision 4.5 of the Code: Multiple listed company directorships and other principal commitments

The NC ensures that the 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 sufficient time and attention to the Group. Each Director is required to declare changes in listed company directorships or other principal commitments during the year to enable the on-going monitoring of the commitment of the Directors to the Company. Aside from considering the number of listed company directorships and other principal commitments of the directors, the NC also considers the results of the annual evaluation of each Director's effectiveness and the respective Director's conduct at the Board and Board Committees meetings to determine whether the Director is able to discharge his duties diligently.

In respect of FY 2024, the NC and Board were of the view that all of the Directors have discharged their duties diligently. As at the date of this report, none of the Directors hold more than 4 listed company directorships. Please refer to page 17 to 21 of the Annual Report for the listed company directorships and other principal commitments of the Directors.

The Board provides for appointment of alternate director only in exceptional cases such as when a Director has a medical emergency. There is currently no alternate director on the Board.

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 and 5.2 of the Code: Assessment of effectiveness of the Board and Board Committees and assessing the contribution by individual directors

The Board's performance is linked to the overall performance of the Group. The Board ensures that the Company complies with the applicable laws, and members of our Board are required to act in good faith, with due diligence and care, and in the best interests of the Company and its shareholders.

The NC is responsible for assessing the effectiveness of the Board, the board committees and each individual Director.

The NC has established a review process and proposed objective performance criteria set out in assessment checklists which are approved by the Board. The NC assesses the overall effectiveness of the Board and its committees by having members of the Board

and committees completing an Assessment Checklist, which takes into consideration factors such as its structure, conduct of meetings, risk management and internal controls, strategic leadership and relationship with the Management. The NC also assesses the Board's performance based on a set of quantitative criteria and financial performance indicators.

The NC assesses the individual Directors' performance by completing an Individual Director Assessment Checklist, 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 Chairman will be briefed on the results of the performance evaluation, and where appropriate, propose new members to be appointed to the Board or seek the resignation of Directors, in consultation with the NC. Each member of the NC shall abstain from deliberating and voting on any resolutions in respect of the assessment of his performance or re-nomination as Director.

The NC, having reviewed the overall performance of the Board as a whole, its Board committees as well as the performance of each individual Director, is overall satisfied with their performance for the period under review. No external facilitator has been engaged to conduct the Board performance evaluation.

The Board and the NC have endeavoured to ensure that Directors appointed to the Board possess the background, experience, business and finance knowledge and management skills critical to the Group's business. They have also ensured that each Director, with his special contributions, brings to the Board an independent and objective perspective to enable balanced and well-considered decisions to be made.

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 6.1 of the Code: RC to recommend remuneration framework and packages

Provision 6.2 of the Code: Composition of RC

The RC makes recommendations to the Board on the framework of remuneration and the specific remuneration packages for each Director.

The RC comprises Mr Daniel Loh Hong Chye (Chairman of RC), Mr Yeo Wee Kiong and Mr Sim Guan Seng. All members of the RC, including the Chairman, are independent. The RC holds at least one meeting in each financial year.

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

- (a) reviewing and recommending to the Board a framework of remuneration for the Directors and key management personnel and determining specific remuneration packages of each Director. The RC shall cover all aspects of remuneration, including but not limited to Directors' fees, salaries, allowances, bonuses, awards to be granted under the Company's performance share scheme, and benefits in kind;
- (b) reviewing annually the remuneration, bonuses, pay increase and/or promotions of employees who are related to the Directors or substantial shareholders of the Company to ensure that their remuneration packages are in line with the staff remuneration guidelines and commensurate with their respective job scopes and level of responsibilities;
- (c) reviewing the Company's obligations arising in the event of termination of service contracts entered into between the Group and its Executive Directors or key management personnel, as the case may be, to ensure that the service contracts contain fair and reasonable termination clauses which are not overly onerous to the Group;
- (d) if necessary, seeking expert advice within and/or outside the Company on remuneration matters, ensuring that existing relationships, if any, between the Company and its appointed remuneration consultants will not affect the independence and objectivity of the remuneration consultants; and
- (e) reviewing annually the remuneration package in order to maintain their attractiveness to retain and motivate the Directors and key management personnel and to align the interests of the Directors and key management personnel with the long-term interests of the Company.

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

The RC considers all aspects of remuneration (including Director's fees, salaries, allowances, bonuses, options, share-based incentives and awards, benefits in kind and termination payments) in the review of remuneration packages for the Directors and executive officers with an aim to be fair and to avoid rewarding poor performance, before making any recommendation to the Board.

The Independent Directors receive Directors' fees in accordance with their contributions, taking into consideration factors such as effort and time spent and their responsibilities. The Directors' fees are recommended by the RC and endorsed by the Board for approval by shareholders of the Company at the annual general meetings. Except as disclosed in this Annual Report, the Independent Directors did not receive any other remuneration from the Company.

The terms of employment for the Managing Director, such as monthly base salary, annual wage supplement and benefits that commensurate with his position, is stipulated in the service agreement ("Service Agreement"). The Managing Director also participates in a profit-sharing scheme that is pegged to the Group's profitability. The Managing Director does not receive 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 Agreement is valid for 3 years.

Provision 6.4 of the Code: Expert advice on remuneration

The members of the RC are familiar with executive compensation matters as they have prior experience in managing businesses and/or are holding other directorships. The RC has access to expert advice regarding executive compensation matters, if required. The Board did not engage any external remuneration consultant to advise on remuneration matters for FY 2024.

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

In setting remuneration packages, the Company takes into account pay and employment conditions within the same industry and in comparable companies, as well as the Group's relative performance and the performance of the Managing Director and key management personnel. The remuneration package is designed to allow the Company to better align the interests of the Managing Director and key management personnel with those of shareholders and link rewards to corporate and individual performance. The Company also ensures that the remuneration is appropriate to attract, retain and motivate the Directors to provide good stewardship of the Company and key management personnel to successfully manage the Company for the long term.

Remuneration for the Managing Director comprises a basic salary component and a variable component that is pegged to the performance of the Group as a whole. Having reviewed the variable component in the remuneration packages of the Managing Director and key management personnel, the RC is of the view that it is not necessary to institute contractual provisions to reclaim incentive components of remuneration from the Managing Director and key management personnel in exceptional circumstances of misstatement of financial results, or of misconduct resulting in financial losses to the Group. The Company believes that there are alternative legal avenues to these specific contractual provisions that will enable the Company to recover financial losses arising from such exceptional events from the Managing Director and key management personnel.

The Company does not offer any employee share scheme. The RC may consider other forms of long-term incentive schemes for key management personnel when necessary.

Provision 7.2 of the Code: Remuneration of Non-Executive Directors dependent on contribution, effort, time spent and responsibilities

The Independent Directors receive Directors' fees for their effort and time spent, responsibilities and contribution to the Board, subject to shareholders' approval at annual general meetings. The Independent Directors are not overcompensated to the extent that their independence may be compromised. The Non-Executive Non-Independent Director is not remunerated.

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; Details of employee share schemes

Remuneration of the Executive Director is stipulated in their respective service agreements with the Company ("**Service Agreements**"). Under the provisions of the Service Agreements, the Executive Director shall be paid a monthly base salary and annual wage supplement and be provided with benefits commensurate with the position. The Executive Director participates in a profit-sharing scheme that is pegged to the Group's profitability. The Executive Director does not receive 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 level and mix of remuneration paid or payable to the Executive Director for FY 2024 are set out as follows:

% Breakdown of Remuneration				
Name of Director	Remuneration	Base salary	Bonus/Profit Sharing	Benefits in kind
Mr Sidney Chew Choon Tee	S\$1,170,000	51%	47%	2%

Independent Directors are paid only Directors' fees, subject to approval at the annual general meetings. The fees paid to Independent Directors comprise a basic fee, a fee for chairing a committee and a fee for being a member of the committee. The fees paid to the Independent Directors for FY 2024 are set out as follows:-

Name of Independent Director	Directors' fees
Mr Yeo Wee Kiong (#)	S\$56,000
Mr Sim Guan Seng (#)	S\$45,000
Mr Daniel Loh Hong Chye (#)	S\$40,000
Mr Lee Bon Leong (*)	S\$25,000
Mr Chan Kam Loon (*)	S\$19,000
Dr Tay Kin Bee (*)	S\$17,000
Total Directors' fees	S\$202,000

(*) Mr Lee Bon Leong, Mr Chan Kam Loon and Dr Tay Kin Bee received directors' fees for the period from 1 January 2024 to 19 April 2024.

(#) Mr Yeo Wee Kiong, Mr Sim Guan Seng and Mr Daniel Loh Hong Chye received directors' fees for the period from 20 April 2024 to 31 December 2024.

Mr Yasutaka Kawamura, the Non Executive Non-Independent Director of the Company, did not receive any remuneration for FY 2024.

The Board is of the view that full disclosure of specific remuneration of each individual key management personnel is not in the best interests of the Company, taking into account the sensitive nature of the subject, the competitive business environment the Group operates in and the potential negative impact such disclosure will have on the Group.

The remuneration of top 5 executives of the Group (who are not also Directors) for FY 2024 is set out below:-

Remuneration band	No of Executives
Below S\$200,000	-
S\$200,000 - S\$400,000	3
S\$400,000 - S\$600,000	2

Provision 8.2 of the Code: Remuneration disclosures of related employees

Save for Mr Sidney Chew Choon Tee, the Managing Director of the Company, there is no employee who is a substantial shareholder of the Company in FY 2024.

The remuneration of an employee who is the spouse of Mr Sidney Chew Choon Tee, for FY 2024 is set out as below:-

Name of employee	Remuneration band	% Breakdown of Remuneration		
		Base salary	Bonus	Benefits in kind
Ms Liau Bin Bin	S\$400,000 - S\$500,000	62%	36%	2%

Save for Ms Liau Bin Bin, there is no other employee who is the immediate family members of a Director, the Managing Director or a substantial shareholder of the Company, and whose remuneration exceeded S\$100,000 in FY 2024.

ACCOUNTABILITY AND AUDIT

Risk Management and Internal Controls

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

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

The Board and Management acknowledge that it is responsible for the overall risk management and internal control framework, but recognise that no cost-effective 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 material misstatement or loss, human error, fraud and lapse in judgement.

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. Although the Board does not have a separate risk management committee, the Board 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.

The internal auditor, Baker Tilly Consultancy (Singapore) Pte Ltd ("**Baker Tilly**"), has conducted annual reviews of the effectiveness of the Group's key internal controls, including financial, operational, compliance and information technology controls, and risk management. Any material non-compliance or lapses in internal controls, together with recommendations for improvement, are reported to the AC and the Board. The timely and proper implementation of all required corrective, preventive or improvement measures are closely monitored. No material internal control weaknesses had been raised by the internal auditors in the course of their audits for FY 2024.

Provision 9.2 of the Code: Assurance from CEO, CFO and other key management personnel

The Board has received assurance from (a) the Managing Director and the Chief Financial Officer that the financial records have been properly maintained and the financial statements for the financial year ended 31 December 2024 give a true and fair view of the Company's operations and finances; and (b) the Managing Director and key management personnel regarding the adequacy and effectiveness of the Company's risk management and internal control systems.

Based on the assurance from the Managing Director, the Chief Financial Officer and key management personnel referred to in the preceding paragraph, the various internal controls put in place by the Group, the work performed and reports submitted by the external and internal auditors of the Group and the reviews carried out by the Board and the AC, the Board, with the concurrence of the AC, is satisfied with the adequacy and effectiveness of the Group's risk management and internal control systems (including financial, operational, compliance and information technology controls and risk management systems) as at 31 December 2024.

Audit Committee

Principle 10: The Board has an Audit Committee ("AC") which discharges its duties objectively.

Provision 10.1 of the Code: Duties of AC

Provision 10.2 of the Code: Composition of AC

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

The AC comprises Mr Sim Guan Seng (Chairman of AC), Mr Yeo Wee Kiong and Mr Daniel Loh Hong Chye. All members of the AC, including the Chairman of the AC, are independent. No former partner or director of the Company's existing audit firm or auditing corporation is a member of the AC. The members of the AC have sufficient accounting or financial management expertise, as interpreted by the Board in its business judgment, to discharge the AC's functions. The AC holds at least two meetings in each financial year.

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

- (a) reviewing the audit plans and scope of work of the external auditors and the internal auditors, including the results of the external and internal auditors' review and evaluation of the Group's system of internal controls, the management letters on the internal controls and the Management's response, and monitoring the implementation of the internal control recommendations made by the external and internal auditors;
- (b) reviewing and reporting to the Board at least annually the adequacy and effectiveness of the Group's internal controls, including financial, operational, compliance and information technology controls and risk management systems, prior to the incorporation of such results in the Company's annual report;
- (c) reviewing the interim financial results and annual consolidated financial statements and the external auditors' report on the annual consolidated financial statements, and discussing any significant adjustments, major risk areas, changes in accounting policies and practices, significant financial reporting issues and judgements, compliance with Singapore financial reporting standards as well as compliance with the Catalist Rules and other statutory or regulatory requirements, concerns and issues arising from their audits including any matters which the auditors may wish to discuss in the absence of Management to ensure the integrity of the financial statements of the Group and any announcements relating to

the Company's financial performance, where necessary, before submission to the Board for approval;

- (d) reviewing and discussing with the external and internal auditors, any suspected fraud, irregularity or infringement of any relevant laws, rules or regulations, which has or is likely to have a material impact on the Group's operating results or financial position and the Management's response;
- (e) reviewing and ensuring the co-ordination between internal auditors, external auditors and the Management, including the assistance given by the Management to the auditors;
- (f) reviewing the audit plan of the external auditor and the result of the external auditor's review and evaluation of the Group's system of internal accounting controls that are relevant to the statutory audit;
- (g) making recommendations to the Board on the proposals to the shareholders with regard to the appointment, re-appointment and removal of the external auditors, and approving the remuneration and terms of engagement of the external auditors;
- (h) reviewing the audit plan of the internal auditor, including the results of the internal auditor's review and evaluation of the Group's system of internal controls;
- (i) reviewing and ratifying where appropriate any interested person transactions;
- (j) reviewing potential conflicts of interests (if any);
- (k) reviewing the policy and arrangements by which employees of the Group and any other persons may, in confidence, report to the Chairman of the AC, concerns about possible improprieties in financial reporting or other matters and ensuring that there are arrangements in place for such concerns to be safely raised and independently investigated, and for appropriate follow-up action to be taken;
- (l) reviewing the adequacy, effectiveness, independence, scope and results of the external audit and the Company's internal audit function;
- (m) reviewing and reporting to the Board at least annually

the adequacy and effectiveness of the Company's internal controls, including financial, operational, compliance and information technology controls, and risk management systems;

- (n) reviewing the scope and results of the external audit and its cost effectiveness and the independence and objectivity of the external auditor, and where the external auditor also provides a substantial volume of non-audit services to the Company, keeping the nature and extent of such services under review, seeking to maintain objectivity;
- (o) reviewing the assurance from the Managing Director and the Chief Financial Officer on the financial records and financial statements; and
- (p) undertaking such other reviews and projects as may be requested by the Board and reporting to the Board its findings from time to time on matters arising and requiring the attention of the AC.

The AC has full authority to investigate any matter within its terms of reference, full access to and cooperation from the Management, and full discretion to invite any Director, executive officer or other employee of the Group to attend its meetings, and is given reasonable resources to enable it to discharge its functions properly and effectively.

The Group has implemented a whistle-blowing policy which aims to provide an avenue for employees and external parties to raise concerns about misconduct or improprieties in the Group and at the same time assure them that they will be protected from victimization for whistle-blowing in good faith. Cases that are significant will be reviewed by the AC for adequacy or investigation actions and resolutions. Details of the whistle-blowing policy are disseminated to the employees of the Group, and is available on the Company's website. All concerns about possible improprieties can be communicated directly to the AC.

As at the date of this Annual Report, there are no reports received through the whistle-blowing channel.

The external auditors update the AC on any changes in accounting standards impacting on the financial statements of the Group before an audit commences. Significant matter that was discussed with the Management and the external auditors has been included as key audit matter in the Auditors' Report for FY 2024 on page 105 of this Annual Report.

Significant matter	How does the Audit Committee address the matter
Impairment of Inventories	<p>The Audit Committee had considered the methodology and management’s technical judgement in assessing inventory obsolescence, which includes a review of the ageing of inventory.</p> <p>The Audit Committee was satisfied that management’s methodology was reasonable and carrying value of inventory was appropriate. The external auditor has included this item as a key audit matter in the audit report for FY 2024. Please refer to page 105 of this Annual Report.</p>

The AC undertook a review of the independence and objectivity of the external auditors through discussions with the external auditors as well as reviewing the non-audit fees paid to them. The AC received an audit report from the external auditors setting out the non-audit services provided and the fees charged for FY 2024. A breakdown of the audit and non-audit fees paid to the Company’s auditors is disclosed on page 158 of this Annual Report.

Having undertaken a review of the non-audit services provided during FY 2024, the AC is of the view that the objectivity and independence of the external auditors are not in any way impaired by reason of their provision non-audit services to the Group.

The AC reviews the independence of the external auditor annually. In the selection of suitable auditing firms, the AC takes into consideration several factors such as the adequacy of the resources, experience of the accounting auditing firm, the audit engagement partner assigned to the audit, the firm’s other audit engagements, the size and complexity of the Group being audited, and the number and experience of supervisory and professional staff assigned to the audit and its ability to provide audit service to our foreign subsidiaries and associated companies. The selected auditing firm based in Singapore is engaged as auditors for the Company as well as our Singapore-incorporated subsidiaries.

Different auditing firms are engaged as auditors for its associated company and 2 foreign subsidiaries for FY 2024. The AC has considered the appointment of different auditing firms for its associated company and 2 foreign subsidiaries and is satisfied that such appointment would not compromise the standard and effectiveness of the audit of these entities. The Company is thus in compliance with Rule 712 and 715 set out in Catalyst Rules.

Provision 10.4 of the Code: Primary reporting line of the internal audit function is to AC; Internal audit function has unfettered access to Company’s documents, records, properties and personnel

The Company outsources the internal audit function to an external professional firm to perform the review and test of controls of the Group’s processes.

The AC approves the appointment of the internal auditor and the internal auditor, Baker Tilly, reports directly to the Chairman of the AC.

Baker Tilly is a professional services firm that specialises in the provision of Internal Audit, Enterprise Risk Management and Sustainability/ESG advisory services. The firm currently has a diverse outsourced internal audit portfolio of SGX-ST listed companies across different industries including distribution, manufacturing, services, hospitality, food & beverage, trading, retail and property development industries. Baker Tilly is a corporate member of the Institute of Internal Auditors Singapore and is staffed with qualified professionals who are Chartered Accountants or Certified Internal Auditors with deep expertise in corporate governance, risk management, internal controls and other relevant disciplines. The AC is satisfied that Baker Tilly is staffed by suitably qualified and experienced persons.

The internal auditor plans its internal audit schedules in consultation with, but independent of, the Management. The internal audit plan is submitted to the AC for approval prior to the commencement of the internal audit. The internal auditor carries out their work in accordance with International Standards for the Professional Practice of Internal Auditing set by the Institute of Internal Auditors and has full access to the Company’s documents, records, properties and personnel. The AC will review the activities of the internal auditors, including overseeing and monitoring of the implementation of improvements required on internal control weaknesses identified.

The AC has reviewed and is satisfied with the independence, adequacy and effectiveness of the Company’s internal audit function.

Provision 10.5 of the Code: AC meets with the auditors without the presence of Management annually

The AC endeavors to meet at least once a year with the external and internal auditors without the presence of the Management so that any concern and/or issue can be raised directly and privately.

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: Company provides shareholders with the opportunity to participate effectively and vote at general meetings

The Company supports the Code's principle to encourage communication with and participation by shareholders. Shareholders are informed of general meetings through notices published in the newspapers, through reports or circulars sent to all shareholders and via SGXNet. Shareholders are encouraged to attend the annual general meetings to ensure a greater level of shareholder participation.

Provision 11.2 of the Code: Separate resolution on each substantially separate issue

All resolutions are put to vote by poll and shareholders are entitled to vote in accordance with established voting rules and procedures. An announcement of the detailed results is made after the conclusion of the annual general meeting. The Board notes that there should be separate resolutions at general meetings on each substantially separate issue and supports the Code's principles as regards "bundling" of resolutions. In the event that there are resolutions which are interlinked, the Board will provide reasons and material implications.

Provision 11.3 of the Code: All Directors attend general meetings

All Directors attend the general meetings of shareholders, and the external auditor will also be present to assist in addressing queries from shareholders relating to the conduct of the audit and the preparation and content of the auditor's report.

Provision 11.4 of the Code: Company's Constitution allow for absentia voting of shareholders

The Constitution allows a shareholder of the Company to appoint up to two proxies to attend the annual general meeting and vote in place of the shareholder, unless the shareholder is a relevant intermediary (as defined in Section 181 of the Companies Act). A relevant intermediary is entitled to appoint more than two proxies, but each proxy must be appointed to exercise the rights attached to a different share or shares held by such shareholder.

The Company's Constitution allows a shareholder who is unable to vote in person at general meetings to vote in absentia, such as via mail, electronic mail or facsimile.

Provision 11.5 of the Code: Minutes of general meeting are published on the Company's corporate website

Minutes of general meetings, including relevant substantial comments or queries from shareholders relating to the agenda of the meeting and responses from the Board or the Management, are available to shareholders at the Company's website.

Provision 11.6 of the Code: Dividend policy

The Company does not have a formal dividend policy. The form, frequency and amount of dividends will depend on the Group's earnings, financial position, results of operations, capital needs, plans for expansion, and other factors as the Board may deem appropriate. The Company paid an interim dividend in FY 2024 and are seeking approval from shareholders for the payment of a final dividend for FY 2024 at the upcoming annual general meeting.

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: Company provides avenues for communication between the Board and shareholders

The Company strives for timeliness and consistency in its disclosures to shareholders. It is the Company's policy to keep all shareholders informed of developments or changes that will have a material impact on the Company's share price, through announcements via SGXNet. Such announcements are communicated on an immediate basis, or as soon as possible where immediate disclosure is not practicable. Shareholders are provided with an update on the Group's performance, position and prospects through the Company's annual report.

The Company's half year and full year results announcements, corporate presentations, announcements and press releases are issued via SGXNet. Shareholders have access to information on the Group via the Company's website. The Company discloses all material information on a timely basis to all shareholders.

Shareholders are given the opportunity to pose questions to the Board or the Management at the general meetings. The members of the AC, NC and RC will be present at the general meetings to answer questions relating to matters overseen by the respective committees. Shareholders are provided sufficient time to submit questions after the publication of notice of general meeting and the Company will address these questions timely to accord shareholders with reasonable time to consider matters tabled at the general meetings prior to the closing date and time for the lodgment of the proxy forms.

Provision 12.2 and 12.3 of the Code: Company has in place an investor relations policy and the policy set out mechanism of communication between the shareholders and the Company

To enhance and encourage communication with shareholders and investors, the Company provides the contact information of its investor relations consultants in its press releases. Shareholders and investors can send their enquiries through email or telephone.

An investor relations strategy is in place which sets the policies to regularly, fairly and effectively communicate with our shareholders.

The Company maintains regular dialogue with shareholders through online Q&A, analyst briefings and at the general meetings.

Analyst briefings are conducted for members of the investment community and media after each results announcement. Key management personnel including the Managing Director and Chief Financial Officer are present in these briefings. An online Q&A session is also conducted after each result announcement for shareholders to raise their queries with regard to the results. The results announcements, the analyst briefings presentation slides and the online Q&A responses are all published on SGXNet and are also made available on the Company's website, www.megachem.com and investors' relations website, www.shareinvestor.com.

Please refer to Investor Relations section of this Annual Report.

MANAGING STAKEHOLDERS RELATIONSHIPS

Engagement with Stakeholders

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

Provision 13.1 and 13.2 of the Code: Engagement with material stakeholder groups

Provision 13.3 of the Code: Corporate website to engage stakeholders

The Company has identified stakeholders as those who are impacted by the Group's business and operations as well as those who have a material impact on the Group's business and operations. Such stakeholders include employees, contractors and suppliers, government and regulators, community, and shareholders and investors. The Company engages its stakeholders through various channels to ensure that the business interests of the Group are balanced against the needs and interests of its stakeholders.

Stakeholders who wish to know more about the Group such as our business, industry, performance or sustainability practices can visit our website at www.megachem.com.

DEALING IN SECURITIES

In compliance with the Catalyst Rules on dealings in securities, Directors and employees of the Company are advised not to deal in the Company's shares on short-term considerations or when they are in possession of unpublished price-sensitive information. The Company shall not deal in and prohibits dealings in its shares by its Directors, officers and employees during the period commencing one month before the announcement of the Company's halfyear and full-year financial results, and ending on the date of the announcement of the financial results.

INTERESTED PERSON TRANSACTIONS

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

The aggregate value of interested person transactions entered into during FY 2024 were as follows:-

Name of interested person	Aggregate value of all interested person transactions during the financial year ended 31 December 2024 under review (excluding transactions less than \$100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920)	Aggregate value of all interested person transactions during the financial year ended 31 December 2024 conducted under shareholders' mandate pursuant to Rule 920 (excluding transactions less than \$100,000)
Sales of products to Chori Co., Ltd, a controlling shareholder of the Company, and its related corporations.	Nil (Note 1)	Nil (Note 1)
Purchase of products from Chori Co., Ltd, a controlling shareholder of the Company, and its related corporations.	Nil	S\$587,717 (Note 2)

Note 1: The Group did not sell to Chori Co., Ltd and its related corporations during the financial year ended 31 December 2024.

Note 2: The Group purchased products from Chori Co., Ltd and its related corporations amounting to S\$654,899 during the financial year ended 31 December 2024 and the aggregate value of purchases (excluding transactions less than S\$100,000) amounted to S\$587,717.

MATERIAL CONTRACTS

Save for the Service Agreements between the Executive Director and the Company and transactions as disclosed in the "Interested Person Transactions" section above, there were no material contracts entered into by the Company or any of its subsidiaries involving the interest of the Managing Director, any Director, or controlling shareholder.

NON-SPONSOR FEES

Non-sponsor services fees amounting to S\$5,500 were paid to its sponsor, SAC Capital Private Limited, in FY 2024 as fees for equity research.

Sustainability Report

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Together, we shall strive to make a lasting, positive difference in people's lives and build a sustainable world for the present and future generations.



BOARD STATEMENT

Our world is confronted with unprecedented challenges such as climate change, scarcity of natural resources, poverty, human health and safety issues. Fuelled by these challenges, Sustainability has become an even more pressing issue.

At Megachem, we recognise this and view Sustainability as a shared responsibility towards improving not only our business but also our society and the quality of lives for everyone.

As a company, we do not exist in a vacuum. We are part of the economic, environmental and social ecosystem. We will therefore work closely with all our stakeholders to contribute towards a global effort to meet these challenges and integrate Sustainability into our business models.

Sustainability Highlights

Environment/Health/Safety

- Tapping on solar as a source of renewable energy, the solar panels installed in our plant in Singapore and Malaysia have resulted in energy savings as well as promote cleaner and greener environment.
- In recognition of our efforts in meeting international environment, health and safety standards, the Singapore Chemical Industry Council accorded us, under the Responsible Care program, Gold award in the category of Product Stewardship in 2024.
- In a Sustainability assessment in Mar 2024 conducted by independent rating firm, EcoVadis, Megachem attained a score of 70 out of 100, putting us in the Top 15% of the companies in our industry assessed by them.
- Under Singapore's Green Nation Pledge program, we pledged to adopt environmental-friendly best practices to make our country a greener place. It marks our commitment in joining our nation to build a better and greener future.

- We have adopted the Global Product Strategy (GPS) from International Council of Chemical Associations on the evaluation of Chemical Risk Assessment since 2018 and established a Product Safety Summary as well as Product Safe Handling Guide on high-risk products.
- In our effort to benchmark our sustainability program against international standards, we are gradually adopting the Taskforce for Climate-related Financial Reporting (“TCFD”) framework and have included TCFD disclosures in this report.
- We have expanded our Scope 3 emissions analysis to include business travel, upstream transportation and distribution, waste generated in our operation as well as employee commuting.
- In compliance with SGX Listing Rules, an internal auditor was appointed to conduct a review of our Sustainability reporting process.

Sustainability-linked Financing & Green Financing

Partnering us in our Sustainability journey are United Overseas Bank, Overseas Chinese Banking Corporation and Hong Kong & Shanghai Banking Corporation who have provided us with Sustainability-linked financing. These sustainability-linked financing are key steps in our sustainability journey and a clear demonstration of our commitment to be a responsible member of the community, together with our customers, suppliers, bankers as well as our other stakeholders.

Governance

- In the Singapore Governance and Transparency Index (SGTI) 2024, we attained a score of 76 which is above the overall mean score of 69.3.

Social

- We continue to provide equal opportunities to our employees by embracing diversity in terms of gender, age and nationality.
- As part of our effort to make our workplace a more supportive and conducive space for our employees, we have launched our Mental Health & Well-being program.

Looking ahead, we will be increasing our focus in the following areas:

- conduct safety risk assessment to enhance the safety level of our operation
- we plan to extend our RSP0 membership to all entities in order to promote the use of sustainable oil palm and its derivative products.
- continue to uphold good governance standards
- continue to work across our value chain to incorporate sustainability into our business strategy,
- creating greater awareness of sustainability issues and good sustainability practices in our daily operation,
- striving and working together with major stakeholders in the chemical industry in adopting higher standards of Sustainability practices,
- maintain a business continuity management program that is robust enough to face any future disruptions.

Together, we shall strive to make a lasting, positive difference in people's lives and build a sustainable world for the present and future generations.

Managing Director

Sidney Chew Choon Tee

On behalf of Megachem's Board of Directors

Key Highlights



Environment

- Transitioning to greener energy, we have installed solar panels to reduce energy cost and carbon emission.
- Under Singapore's Green Nation Pledge program, we pledged to adopt environmental-friendly best practices to make our country a greener place.
- Included TCFD and Scope 3 GHG emission disclosures in this report.



Governance

- In the Singapore Governance and Transparency Index (SGTI) 2024, our SGTI score was 76 which is above the overall mean score of 69.3.



Sustainability Achievements

- In a Sustainability assessment in Mar 2024 conducted by independent rating firm, EcoVadis, Megachem attained a score of 70 out of 100, putting us in the Top 15% of the companies in our industry assessed by them.

REPORT PROFILE

This report summarises our approach and practices towards Sustainability and represents our belief that Sustainability is an important aspect of our business.

Reporting Period

1 January 2024 – 31 December 2024

Date of first Sustainability report

2015.

Reporting Cycle

Annual based on Megachem's financial year.

Feedback

We welcome feedback from all stakeholders. Please send questions, comments, suggestions or feedback relating to this report to sustainability@sg.megachem.com.

Methodology

This report has been prepared with reference to GRI (Global Reporting Initiative) Standard 2021. We have chosen GRI as our sustainability reporting framework as it is internationally recognised and widely adopted, enabling us to provide a comprehensive and comparable disclosure of economic, environmental, social and governance performance.

Recommendations from TCFD (Taskforce for Climate-related Financial Disclosures).

Relevant UN Sustainable Development Goals (UN SDG).

SGX-ST Listing Rules 711A and 711B.

Review and Assurance

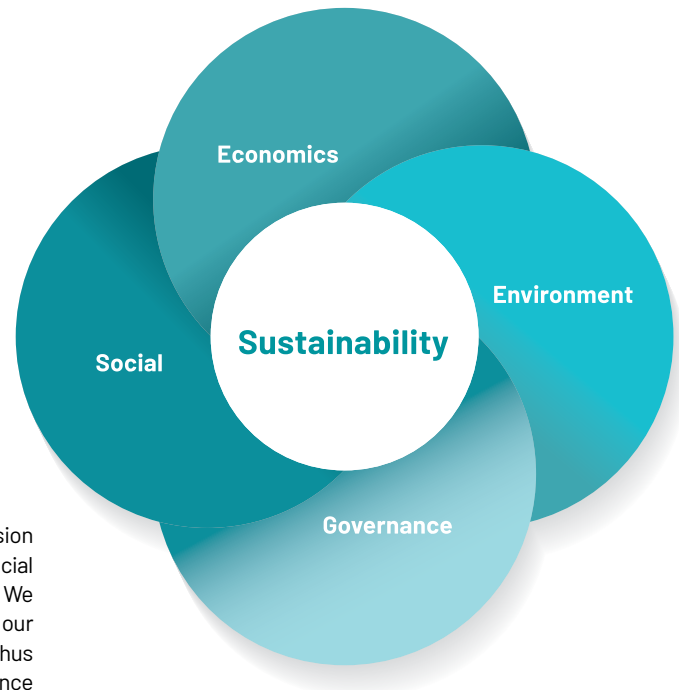
SGX requires Internal Audit function of companies listed on the stock exchange of Singapore to undertake an internal review of the process in relation to sustainability reporting. In this regard, we had engaged Baker Tilly Singapore to perform this review in 2022 and 2024. The internal review was conducted in accordance with the International Standards for the Professional Practice of Internal Auditing issued by the Institute of Internal Auditors.

We have not sought external assurance for this report.

Our Sustainability program is rated by EcoVadis, an internationally recognised ESG rating agency.

ORGANISATIONAL PROFILE

Megachem Sustainability Strategy



For Megachem, our Sustainability Strategy is built around a vision to align our economic success with environmental and social responsibility, backed by a system of governance and values. We recognize that the environmental and social interaction with our community affect our long-term organizational success and thus the need to manage not only corporate and financial performance but also the environmental and social impact of our business.

Sustainability Policy

A Sustainability Policy is in place which outlines the Group's commitment to environmental, social, and governance (ESG) practices and its approach to addressing sustainability risks and opportunities. The policy aims to guide the Group's operations, decision-making, and reporting to ensure alignment with global sustainability standards and best practices.

Sustainability Principles

Our board of directors sets forth the following principles as a guide for our sustainability practices:

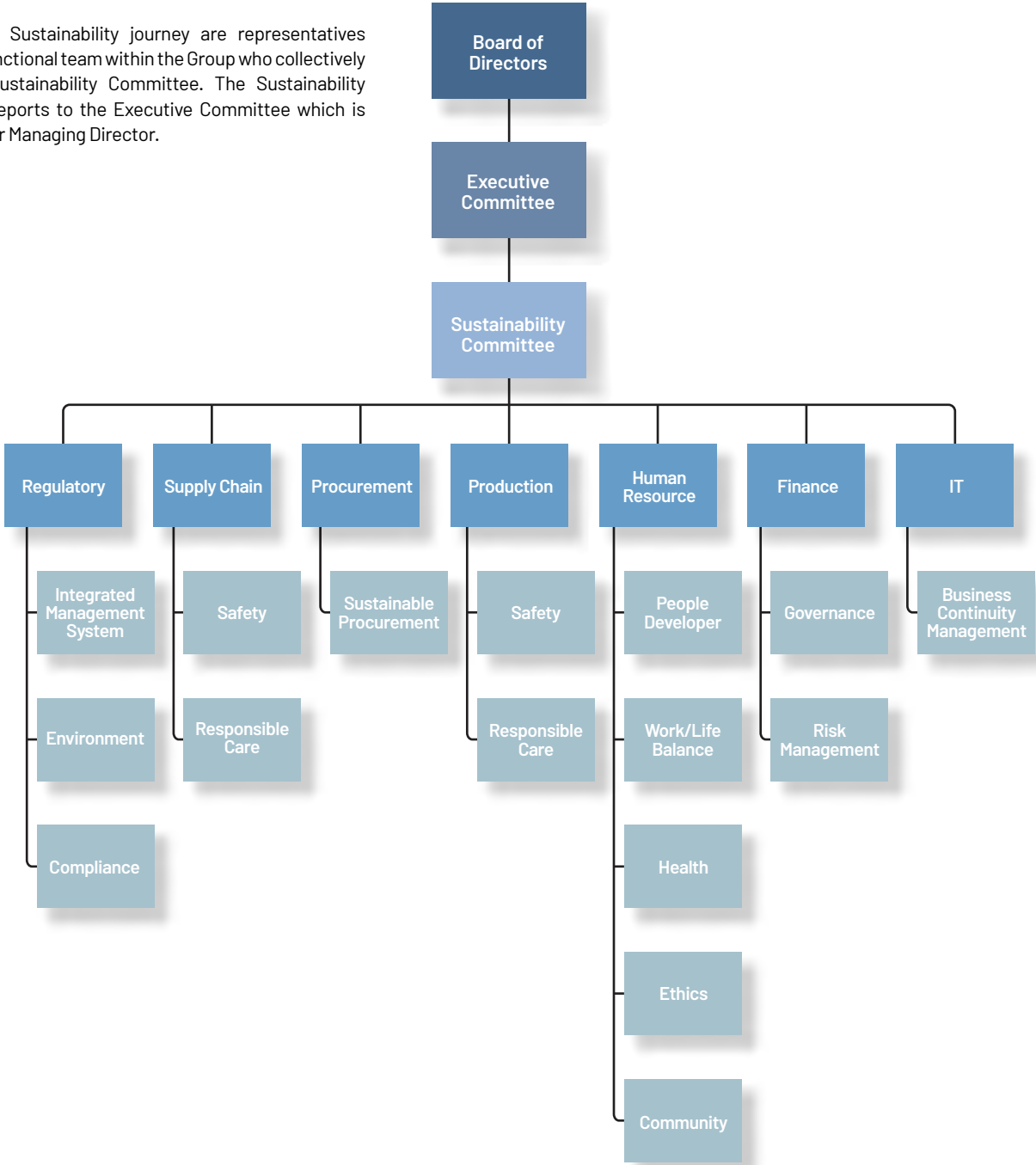
- **Environmental Responsibility:** Minimizing our environmental footprint, promoting resource efficiency, and contributing to climate action.
- **Social Responsibility:** Fostering a positive impact on our communities, promoting human rights, and ensuring ethical business practices.
- **Governance Responsibility:** Upholding high standards of corporate governance, transparency, and accountability.

Key Commitments

- **Climate Action** - reducing greenhouse gas emissions, investing in renewable energy, and adapting to climate change.
- **Resource Efficiency** - optimizing resource consumption, reducing waste, and promoting sustainable practices throughout our value chain.
- **Human Rights:** Respecting and protecting human rights throughout our operations.
- **Labour Standards** - Adhering to international labour standards and promoting fair working conditions.
- **Community Engagement** - Contributing to the well-being of the communities where we operate.
- **Ethical Business Practices** - Upholding the highest ethical standards in our business dealings.
- **Governance** - Implementing robust governance practices, including risk management, internal controls, and transparency.

SUSTAINABILITY LEADERS

Steering our Sustainability journey are representatives from each functional team within the Group who collectively forms the Sustainability Committee. The Sustainability Committee reports to the Executive Committee which is headed by our Managing Director.



The Sustainability Committee meets periodically to review the progress of our Sustainability programs and these are escalated to the Executive Committee who in turn share our sustainability performance with the Board of Directors annually.

Roles and Responsibilities	
Board of Directors	<ul style="list-style-type: none"> • Champions sustainability and climate-related strategy as an integral part of our long-term business strategy • Defines our Sustainability Vision and Objectives • Assessing and identifying the Group's ESG and TCFD risks and opportunities • Approves the material aspects of our sustainability program • Monitors and oversees progress of our climate commitments and sustainability journey • Approves the annual Sustainability Report
Executive Committee	<ul style="list-style-type: none"> • Chaired by our Managing Director and comprises senior management of our company • Reviews and approves key sustainability approach • Identify, assess, monitor, and report on climate-related issues and strategies to the Board • Evaluate ESG performance against the targets • Reviewing and recommending the annual Sustainability Report for Board's approval
Sustainability Committee	<ul style="list-style-type: none"> • Comprises group functional heads • Drives the implementation of our sustainability program and climate-related risk management • Prepares Sustainability Report annually

External Charters, Principles, Certification

Megachem is committed to conduct our business in a responsible and sustainable manner. We have therefore aligned our operations and business practices with industry/ market accepted principles and standards such as:

- Responsible Care® - a global environmental, health and safety(EHS)performance initiative for the chemical industry,
- Integrated Management System (ISO9001, ISO45001, ISO14001 and ISO22301), a system that integrates all of an organization's policies, processes and procedures into one complete framework, enabling an organization to work as a single unit with unified objectives, unified objectives,
- EcoVadis Sustainability Assessment System - an assessment system used widely in the chemical industry and assesses companies in the areas such as environment protection, labour practices, fair business practices and sustainable procurement,
- Roundtable on Sustainable Palm Oil (RSPO) - bringing together stakeholders across the supply chain to develop and implement global standards for producing and sourcing certified sustainable palm oil.

Member of Industry Associations

We are a member of Singapore Chemicals Industry Council and collaborate with them to continually improve EHS performance in the chemical industry.

Awards & Achievements

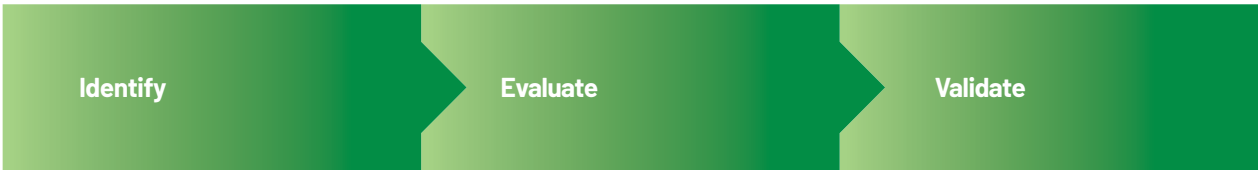


Megachem has always regarded sustainability as one of our priorities in creating sustainable long-term value for our stakeholders. Since 2018, Megachem has partnered with EcoVadis to rate our sustainability performance. EcoVadis provides solution for monitoring sustainability in global supply chains and help companies adopt sustainable practices.

Megachem is proud to be a Silver award recipient of the EcoVadis Sustainability Ratings Mar 2024. In the Sustainability Assessment Report Mar 2024, we attained a score of 70 out of 100 and was placed among the Top 15% of the companies in the category of industry that were assessed by them. This accolade is a testimony of the importance we place Sustainability in our overall strategy and a recognition of our Sustainability achievements.

MATERIALITY ASSESSMENT

Process for defining report boundaries and content



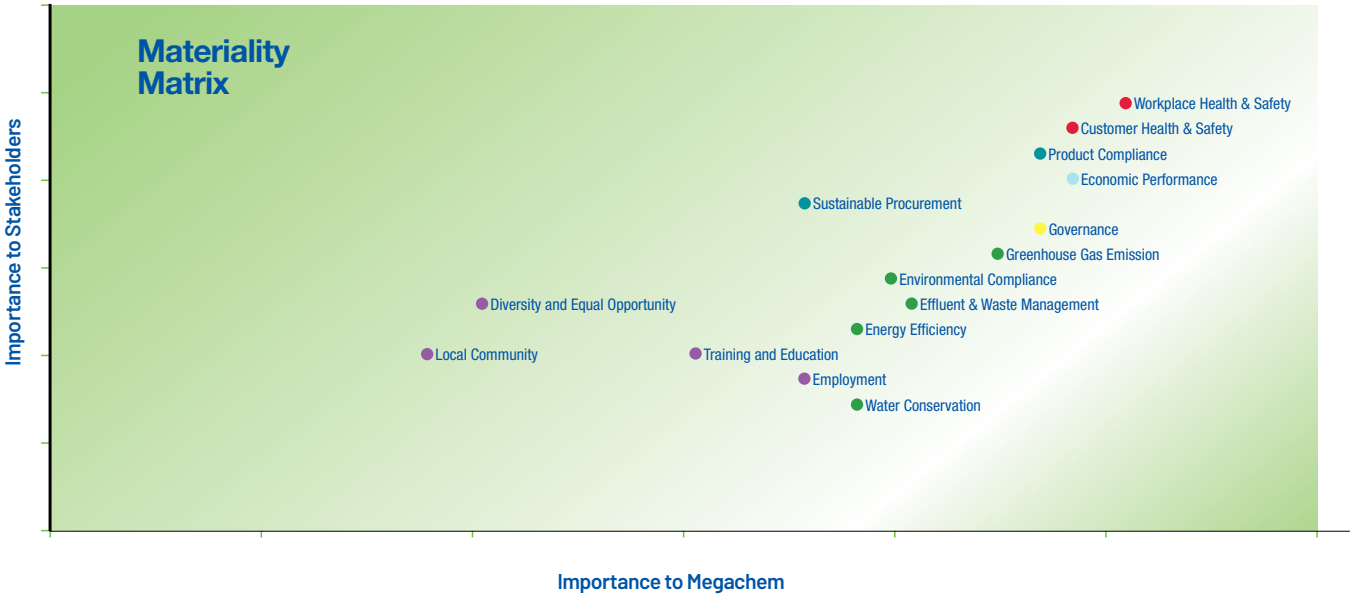
The assessment of our material aspects is conducted in accordance with guidelines and framework established by GRI.

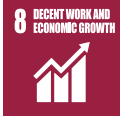





Our Sustainability Committee identified the material aspects based on feedback garnered from our stakeholders and internal reviews.

The material aspects are evaluated against 2 criteria: importance to stakeholders and importance to Megachem (in terms of the significance of its impact on economic, environment, social and governance).

These are then validated by the Executive Committee headed by our Managing Director and approved by our Board of directors.

Our Material Aspects



Material Factors	Rationale	UN SDG
Governance	Cultivate a culture of ethics and integrity	
Economic Performance	Enhance long-term shareholders' value	
Energy Efficiency Environmental Compliance Effluence & Waste Management Greenhouse Gas Emission Water Conservation	Combat climate change and its impact. Conserve natural resources.	
Workplace Health & Safety Customer Health & Safety	Ensure health & safety for employees and customers	
Product Compliance Sustainable Procurement	Partnering industry stakeholders' in creating a sustainable ecosystem.	
Employment Diversity & Equal Opportunities	Embrace diversity and creating an inclusive work environment.	
Training & Education	Developing human capital	
Local Community	Doing our part for society	

Scope & Boundaries

Within the Organisation:

All entities and employees within the Group (excluding associated company) unless otherwise stated.

Outside the Organisation:


Customers, suppliers, investors/ shareholders, regulators and community.

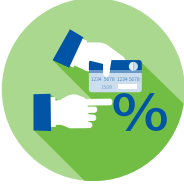


STAKEHOLDERS ENGAGEMENT



Our Sustainability approach takes into accounts the sustainability issues facing our stakeholders. Their feedback helps us develop our materiality matrix and define our future targets.

These stakeholders are identified as being critical to our ability to implement our strategies and achieve our objectives.

To achieve this, we maintain a culture of engagement and a channel of open communication with our stakeholders.

Stakeholders	Stakeholders Engagement	Stakeholders Feedback
<p>Employees</p> 	<p>Megachem views employee engagement as a crucial driver of business excellence and is committed to providing a safe, engaging, inclusive and diverse workplace. We strive to create an environment that embraces Diversity, Equity and Inclusion (DEI), ensuring that all employees feel valued, respected and empowered. By promoting equal opportunities, continuous learning and open communication, we encourage high quality performance, employee satisfaction and long-term loyalty, reinforcing a culture where everyone can thrive and contribute meaningfully to our success.</p> <p>We do this through :</p> <ul style="list-style-type: none"> • Orientation programmes for new employee online, • Employee engagement & opinion survey, • Internal employee portal, • Ongoing new & existing employee development guide, • Annual total training plan via training needs analysis to chart out the organizational-wide training needs, • Focus on continuous improvement and innovation through employee participation, • Lean/Kaizen Program Team to drive process improvement and efficiency, • Online tutorials and knowledge sharing platform for continuous learning, • Whistleblowing channel, • Protecting employees' wellbeing by adopting comprehensive risk-based approach in safeguarding the safety and health of all employees, • Regular staff meetings and dialogue session. • DEI-focused initiatives, • Fair employment practices and pay equity monitoring, 	<p>Employees' satisfaction survey is conducted annually.</p> <p>We achieved an overall employees' satisfaction score of 84% in 2024 based on our Employee Engagement & Opinion survey.</p>

Stakeholders	Stakeholders Engagement	Stakeholders Feedback
<p>Customers</p> 	<p>At the heart of our strategy is our customer-centric approach to conducting our business. Essential to this customer-centric approach is customer engagement.</p> <p>We engage with our customers:</p> <ul style="list-style-type: none"> • through collaboration, information sharing and regular communication, • mutual sharing of sustainability practices • customers' satisfaction survey where customers' feedback on Megachem's performance, products and services are garnered. 	<p>In the Customer Satisfaction Survey done in 2024 we attained a customer satisfaction level of 86.6% which is higher than the previous year. We scored well in the categories of providing solutions to customers, regulatory support as well as sales and customer support.</p>
<p>Suppliers</p> 	<p>We build close relationship with our valued suppliers to ensure deeper market penetration and supply continuity.</p> <p>We create a channel for feedback to our suppliers on the quality of products supplied to us.</p> <p>We also assess and audit our top suppliers to ensure we provide quality products to our customers through our vendor evaluation program.</p> <p>We evaluate the sustainability performance and commitment of our suppliers through sustainability assessment questionnaire and their attainment in global standards for promoting sustainability such as EcoVadis. Our suppliers also assess us to ensure we meet their sustainability standards.</p>	<p>Suppliers increasingly value the importance of sustainability in our working relationship with them.</p> <p>Megachem will consistently carry out our sustainability programs to meet requirements of suppliers.</p> <p>In a Sustainability assessment in Mar 2024 conducted by EcoVadis, Megachem attained a score of 70 out of 100 and was ranked in the Top 15% among companies in the category of industry assessed by them. Specifically on the Sustainable Procurement component, we attained a score of 70 out of 100.</p>
<p>Investors/ Shareholders</p> 	<p>We place great emphasis on effective communication with our shareholders by providing the following channels of communication:</p> <ul style="list-style-type: none"> • a dedicated IR website www.shareinvestor.com which is regularly updated and provides investors with email alerts of latest announcements • results briefings where analysts are invited • online Q&A are conducted with shareholders and investors • results announcements, results presentation, press releases, online Q&A are made available at our website and at SGXnet • webcast of the results briefings are uploaded to our website • AGM where greater shareholders' participation is encouraged. 	<p>We have been well-recognised in areas such as shareholders communication, transparency and governance.</p> <p>In the Singapore Governance and Transparency Index (SGTI) 2024, our SGTI score was 76 which is above the overall mean score of 69.3.</p>

Stakeholders	Stakeholders Engagement	Stakeholders Feedback
<p>Regulators</p> 	<p>We participate in seminars conducted by our stock market regulators to keep ourselves abreast of changes in rules and regulations.</p> <p>We conduct various exercises and events to educate our stakeholders the importance of safety.</p> <p>We seek to comply with regulatory bodies such as Singapore Civil Defence Force (SCDF), National Environment Agency (NEA), Singapore Police Force (SPF), Singapore Customs, Central Narcotics Bureau (CNB), Health Sciences Authority (HSA), Agri-Food & Veterinary Authority (AVA).</p>	<p>Company Emergency Response Team audit reveals good response to different emergency scenarios.</p>
<p>Community</p> 	<p>We engage with our community by working with various social organisations as well as with various stakeholders such as supplier, customer and industry peers in increasing safety awareness.</p>	<p>We received positive response in our initiative.</p>

GOVERNANCE

Corporate Governance

Objective

To ensure that our business is sustainable, Megachem believes strongly in upholding the highest standards of corporate governance. We strive to ensure that the value of good governance is deeply embedded in our corporate culture and entrenched in our policies and processes.

Approach

We adopt the Code of Corporate Governance established by the Monetary Authority of Singapore and Singapore Exchange Securities Trading Limited. Our Corporate Governance Code is reviewed and endorsed by our Board of Directors annually.

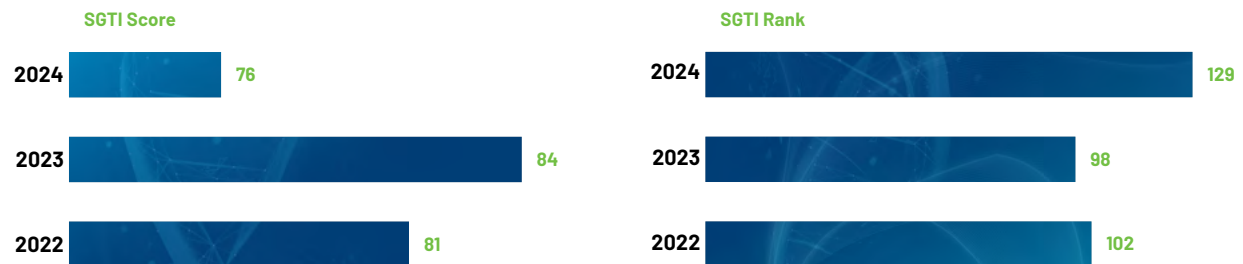


* More details about our corporate governance practices can be found in the Corporate Governance Report section of this annual report.

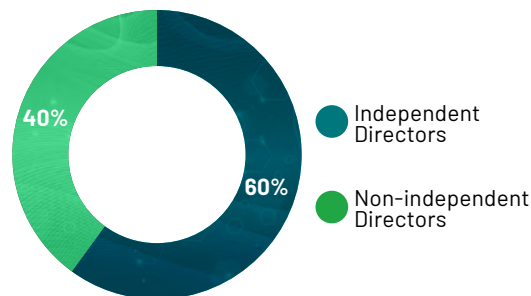
Performance Highlights

As a testimony to our high level of corporate governance, Megachem has been accorded many awards in the past. At the Singapore Corporate Awards 2018, Megachem Limited was awarded the Best Managed Board Award (Bronze) in the “less than \$300 million market capitalisation” category.

In the Singapore Governance and Transparency Index (SGTI) 2024 which ranks listed companies on its governance, transparency and sustainability practises, Megachem attained a score of 76 which is above the overall mean score of 69.3.



Board Independence



There are currently 5 directors of whom 3 are independent. Chairman of our Board is also independent.

Megachem will continue to uphold the principles of good governance which in turn enhances the sustainability of our business.

Targets & Plans

To improve or maintain the current SGTI score.

Ethics & Integrity

Objective

To uphold high standards of business ethics and integrity.

Approach

Megachem has established a Code of Business Ethics that sets the principles of business ethics for the Group and covers areas such as business conduct, protection of Company's assets, confidentiality of information, antibribery/corruption and conflicts of interest. All staff of the Group are expected to uphold high standards of integrity that are in compliance with the Code of Business Ethics as well as laws and regulations of the countries in which it operates. Awareness is created by conducting briefings and annual assessment test for all staff. All staff are also required to sign acknowledgement of their awareness of our Code of Business Ethics and declare any existing or potential conflicts of interest to the management.

Performance Highlights & Targets

	2022	2023	2024	2025 Target
Number of Breaches	1	0	0	0

	2022	2023	2024	2025 Target
EcoVadis – Ethics component	70	70	na	>=70

na – not available at time of printing

Risk Management

Objective

To ensure our business is sustainable and to preserve our shareholders' value.

Approach

Recognising the importance of risk management in providing sustainability to our business and in preserving our shareholders' value, Megachem is committed to incorporate effective risk management practices into our organizational processes to mitigate and manage each of these risks.

** More details about our risk management practices can be found in the Risk Management section of this annual report.*

Performance Highlights

In FY2024, a review of our enterprise risk management was conducted where significant risks, their impact and the mitigating factors were discussed and updated.

Targets & Plans

To conduct annual review of the risk assessment and mitigation factors in response to changes to internal and external factors.

ECONOMIC

Objective

To Create long-term Sustainable Value for our shareholders.

Approach

Megachem adopts a 2-pronged approach:

- preserve shareholders' value by building resilience throughout its business operations;
- enhance shareholders' value through a robust strategy with a focus on delivering long-term sustainable growth.

Performance Highlights

	2022	2023	2024
Net profit after tax (S\$'mil)	6.1	(5.8)	7.9
Adjusted net profit after tax (ex fire)(S\$'mil) ⁽¹⁾	6.1	1.9	2.9
Shareholders Equity (S\$'mil)	58.6	50.0	58.5
Earnings per share (cents)	4.41	(4.43)	5.93
Net Dividend/share (cents)	2.0	nil	1.0
Dividend Yield %	3.9%	nil	2.3%
Share Price Change (%)	21.4%	(2.0%)	(14%)
Total Shareholders Return (%)	25.3%	(2.0%)	(11.7%)

Note:

(1) "Adjusted" amounts refer to amounts adjusted for the impact of a fire incident that took place in the morning of 5 July 2023 ("Fire Incident").

Results for FY2023 were negatively impacted by the fire incident at one of our warehouses, leading to our first ever loss. As a result, no dividend was declared for FY2023. Excluding the impact of the fire incident, we would have been profitable. We recovered with a net profit after tax of S\$7.9 million for FY2024. Adjusting for the impact of the fire incident, net profit after tax would have been S\$2.9 million which is higher than FY2023.

ENVIRONMENT

Objective

We are committed to environmental protection and conservation of resources.

Approach

Our efforts in this area includes adopting renewable energy sources such as solar energy, reducing paper, electricity and water consumption, reducing waste water generation, paper recycling and adopting proper chemical waste treatment methods.

Managing Climate Risk

Climate-related risks	Impact	Mitigating Risk & Opportunities
Policy and Legal		
Potentially higher business cost in the form of carbon taxes or plastic tax.	Although we are currently not subject to carbon tax as our carbon emission is below the threshold level set by the Singapore authority, we anticipate there will be passed-on indirect increase in our business cost.	Solar panels have been installed to transition to greener energy which will to some extent alleviate the increase in business cost.
Failure to meet climate-related regulations.	Failure to meet climate-related regulations may lead to fines and loss of business.	We have a regulatory and compliance department to ensure compliance
Technology		
High emission production process and equipment	High emission production processes and equipment contributes to global warming and leads to higher production cost.	Adopted regular preventive maintenance making our manufacturing facility run more efficiently which in turn minimize energy consumption.
Market		
Shifting customer preferences for more sustainable products	Shifting customer preferences for more sustainable products may present a challenge if we are unable to meet their requirements. Conversely it brings opportunities for new products development in the industry, gravitating towards greener and sustainable products.	As a chemical distributor, our goal is to align our product portfolio with customers' demands. We are gradually introducing sustainable products. For example, we have added RSPO certified palm oil derivative products to our product portfolio. There will be potentially new growth areas within the industry that we can tap on to create new pillars of growth for our business.
Reputation		
Increased expectations from stakeholders on sustainability practices	Inability to meet stakeholders' expectations may be detrimental to our reputation. Conversely aligning our Sustainability practices with the industry will enhance our business standing.	Benchmarking our sustainability practices against internationally-recognised standards such as EcoVadis enables us to work closely with like-minded companies in the industry.
Extreme weather		
Increased severity of extreme weather events such as cyclones and floods	Increased severity of extreme weather events such as cyclones and floods may cause damage to our facilities and disruption to supply chain, resulting in financial and business loss.	Locating our facilities in areas which are less prone to flood. Conducting regular inspection and evaluation of our facilities and 3rd party warehouses. Undertaking sufficient insurance to cover such risks.

Energy

Megachem successfully installed solar panels at our Singapore's operation which has resulted in energy savings as well as promotes cleaner and greener environment, thereby further solidifying our commitment to sustainability. As an extension of our efforts to adopt sustainable energy sources, solar panels were also installed at our operation in Malaysia.

Most of our office lighting systems uses energy saving features to reduce electricity consumption. Through regular preventive maintenance, we make our manufacturing facility run more efficiently which will in turn minimize energy consumption.



Water, Effluent & Waste

Megachem implemented LEAN methodology, a systematic approach to reduce or eliminate activities that don't add value to the process. Arising from this exercise, we managed to reduce the quantity of waste water generation. By standardizing washing procedure for different types of products based on its chemical properties, developing training programs for operator on washing process and implementing water recycling program as well as effective production planning, we are able to reduce waste water. Waste water generation is one of our important KPIs to achieve for everyone in Megachem in order to minimize cost and play our role to help our environment.

We continue to look for water reduction activities both in plant and office building through installed water saving device, cut down unnecessary water usage and recycle water wherever possible in plant activities.

We ensure that chemical wastes are treated responsibly by engaging licensed industrial waste treatment companies.

Product and sales information such as product and material safety data sheets are maintained in our system and transmitted to our customers electronically thus reducing usage of paper. Sales invoices are also being transmitted electronically.

Products and Recycling of packaging materials

Megachem practices 'reduce, reuse and recycle' of packaging material whenever we can. Packaging material such as wooden pallet or plastic pallet are reused in the factory. We also collaborate with customers to reuse packaging materials whenever possible.

Environmental Impact of transporting goods

Most of our delivery trucks is in compliance with the EURO 6 standard which helps to reduce the emission of CO₂ and other gases. In addition, we work with customers to optimize the delivery schedule, taking advantage of consolidation opportunities whenever possible in order to achieve fuel and CO₂ emissions reduction.

Deforestation

Among other factors, greenhouse gas emissions from deforestation is contributing to climate change. Working with suppliers and customers, Megachem is making efforts to reduce deforestation from the chemical supply chain. For example, in the sourcing for paper materials, we will try to source for materials that are made from renewable fibres and certified by international certification organization which promotes sustainable forest management.

Green Nation Pledge

Under Singapore’s Green Nation Pledge program, we pledged to adopt environmental-friendly best practices to make our country a greener place. This is a demonstration of our commitment to help the nation achieve its sustainability objectives.



Earth Day

Megachem continues to support the Global Earth Day initiative. The theme for Earth Day 2024 is “Planet vs Plastics”, focusing on consolidating a global alliance to act, innovate and implement measures to protect the environment

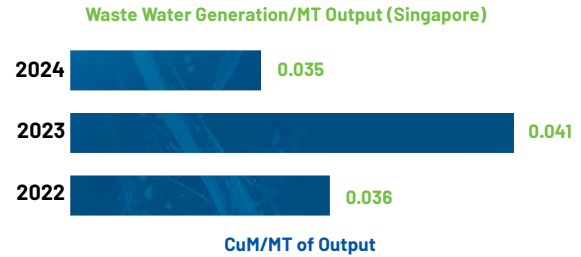
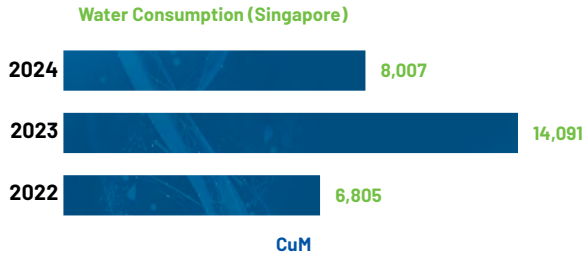


Compliance

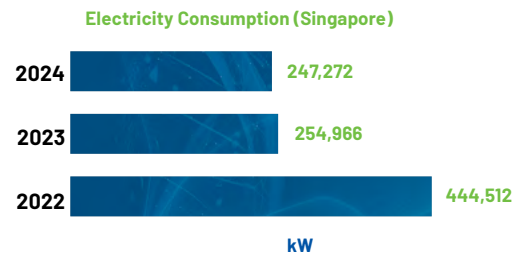
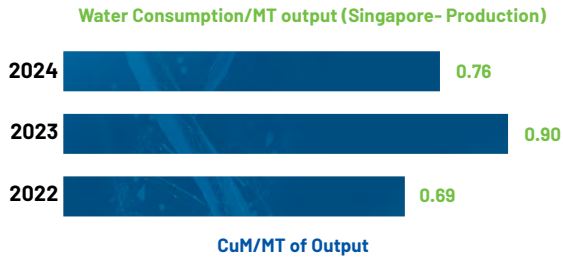
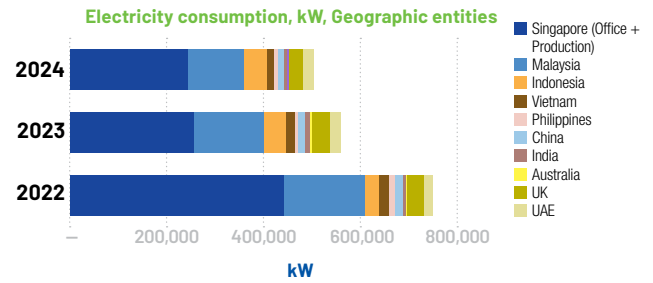
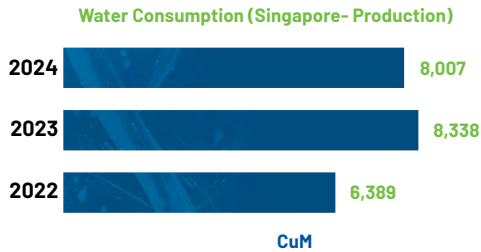
	2022	2023	2024	2025 Target
Fines – Environmental breach	0	S\$6,000	0	0

We will continue our effort to keep abreast of regulatory changes and comply with them.

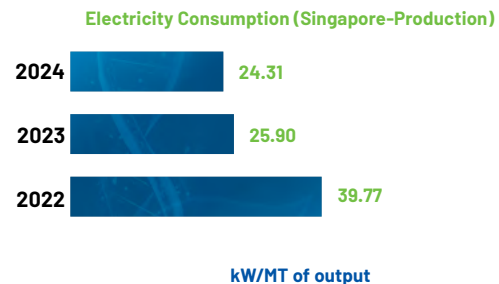
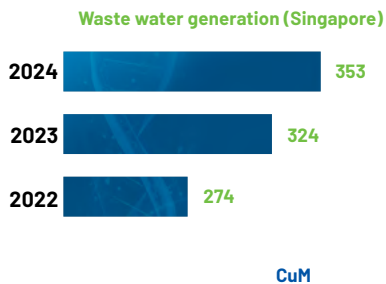
Performance Highlights

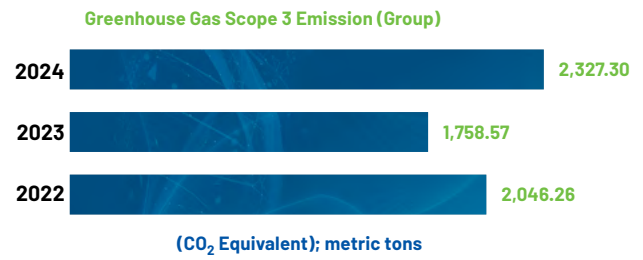
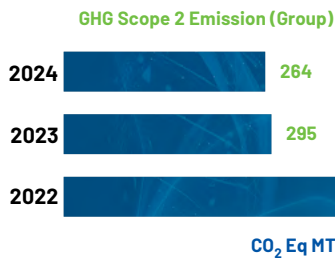
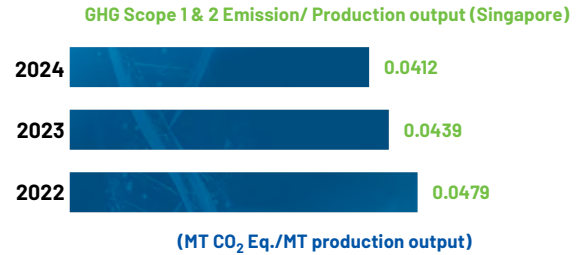
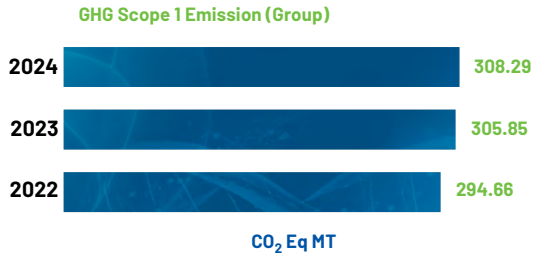


Lower waste water generation per MT production output was achieved in 2024 due to lean management initiative in improving production planning and standardized production tank washing procedure.



FY2023 water consumption is higher due to additional 1,700 m³ water were consumed during a fire incident in July 23.



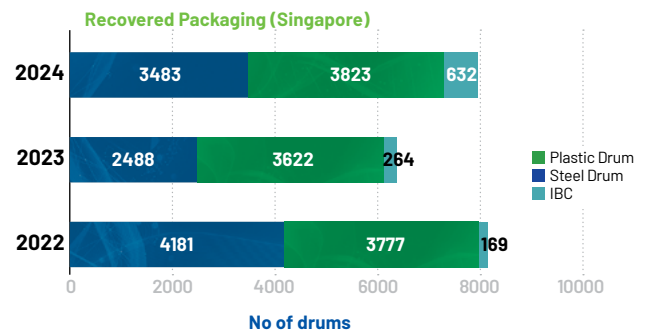
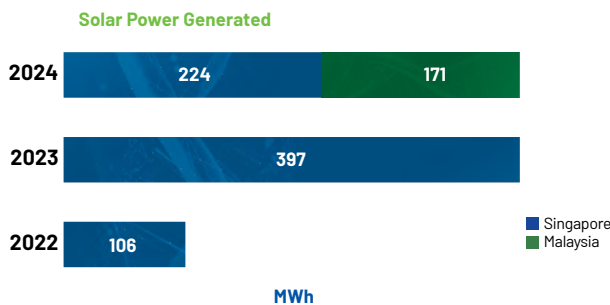


We initiated the assessment of our Scope 3 indirect GHG emissions since 2022 with an initial focus on business travel. Since 2024 we have expanded the assessment to include business travel, upstream transportation and distribution, waste generated in operations and employee commuting. Additionally, considering the updated Intergovernmental Panel on Climate Change(IPCC) report, we are actively working on establishing our Science- Based Targets (SBTi) by collecting data and refine data for scope 3.

- Scope 1. consists of emissions from fuel combustion including vehicle fleet, forklifts and steam boilers.
- Scope 2. consists of emissions from purchased electricity.
- Scope 3. Business travel, upstream transportation and distribution, waste generated in operations and employee commuting.

Note :

GHG emissions was prepared based on the Greenhouse Gas Protocol. The emission factors used were taken from independent sources such as IPCC 2006 Guidelines for National Greenhouse Gas Inventories, Grid Electricity Emission Factor (GEF) and UNFCCC (ver02.61), ICAO Carbon Emissions Calculator and UK Government GHG Conversion Factors for Company Reporting 2024.



Megachem has successfully installed solar panels in our Singapore and Malaysia facility which not only reduces our carbon footprint but shows our dedication towards promoting cleaner and greener environment.

Targets & Plans (Singapore)

	2022	2023	2024	2025 targets
Chemical waste generated	0.1353kg/1000kg Sales volume	0kg/1000kg Sales volume	0.14kg/1000kg Sales volume	Maximum 0.5kg per 1000kg Sales Volume
Energy consumption (non-production activities)	-17.77%	-79.59%	-6.8%	Reduce 5%
Waste water generated from production (average per blending)	-6.99%	+17.58%	-3.6%	Reduce 4%
Scope 1 GHG Emission	-23.4%	+3.8%	+4.63	Reduce 2%
Scope 2 GHG Emission	-24.05%	-42.6%	-3.02%	Reduce 2%
Compliance with legislation relating to environmental management	0	1	0	0

	2022	2023	2024	2025 target
EcoVadis – Environment component	80	70	na	>=70

na – not available at time of printing

SOCIAL - PRODUCT RESPONSIBILITIES

Health & Safety

Objective

We take pride in our commitment to maintain high level of health and safety standards. They are the foundations of trust that our people, customers and vendors place in us. We therefore aim to achieve uncompromised level of health and safety standards in our plants, products and processes.

Approach



The framework for our Health, Safety and Environment (HSE) management is modelled after international standards. We have attained international certification such as the ISO 14001:2015 and ISO 45001:2018 certification and are a member of the Responsible Care Program.

In recognition of our commitment to meeting HSE standards, we have also been receiving Responsible Care Awards from the Singapore Chemical Industry Councils. Internal and

external audits are being conducted to ensure that our HSE programs consistently meet international standards.



Recognising potential risks and taking preventive measures can significantly reduce the likelihood of fire incidents. In this regard, we have participated in a mass fire drill in 2024 organised by the National Fire and Emergency Preparedness Council (NFEC) which is an organization set up to promote fire prevention and civil emergency preparedness to make Singapore safe and secure.

Safety Data Sheets detailing health, safety and environment measures are available for all products that we handle. In our Product Stewardships Program, we conducted Global Product Strategy evaluation on existing products range to layout and execute the risk management based on the evaluated hazard

assessment and risk characterization. The risk of prioritized products are communicated with the various interested parties, including warehouse personnel, and customer on the Products Safety Summary and Safety Handling Guidelines.

Our plants are built to meet stringent regulatory requirements in relation to Health & Safety (“H&S”) and our processes are designed with features to reduce H&S risk. Our goal is to operate the plant safely with no leaks or incidents that may cause serious injury to our employees, contractors or neighbors. We routinely prepare and practice our emergency response to potential 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. The joint exercises continually improve our readiness to respond. If an incident does occur, we have procedures in place to mitigate the risk and reduce the impact on people and the environment.

Megachem’s employees operate a large number of vehicles such as delivery trucks, high reach trucks and forklift trucks on our company’s premises and on public roads every day. There are serious risks and hazards associated with it and can cause significant harm to the environment as well as humans if accidents occur. At Megachem, we are aware of the risks and hazards and we have programmes to ensure that the drivers are well-trained and the equipment are in good condition to carry out daily job requirements. Drivers for delivery trucks undergo special safety training and possess hazardous transport driving permit (“HTDP”). They are also trained in safe loading methods, securing of cargo and understand how to react during an emergency according to the transport emergency response plan (“TERP”). The vehicles are also equipped with GPS and tracking device with speed limit alert. Their driving skills are regularly assessed by the supervisor. The vehicles are also regularly inspected and maintained by certified third party service provider. The delivery trucks are also subjected to inspection by the regulatory body such as Singapore Civil Defence Force (“SCDF”) and Land Transport Authority (“LTA”).

Employees are required to wear suitable safety clothing and personal protection equipment such as helmet, safety shoes, reflective clothing at work. Pathways are appropriately indicated in Megachem’s premises.

The production and use of chemicals in workplaces present one of the most significant challenges in workplace protection programs. As part of our Company’s efforts, we strive to ensure the safety and health of the employees in Megachem. Workplace safety and health is an important practice toward this goal. In order to enhance and promote safety awareness, a Safety Day program is organized for our employees, some of our customers and suppliers as well as our neighbours. For this event, SCDF officers provide us with better understanding of safety standards in handling flammable and

hazardous chemicals. The other activities of this program include safety video sharing, safety quiz and safety games.

Sourcing for the right 3rd party provider to store our products is of paramount importance to our business. We have developed a warehouse assessment checklist to ensure that the 3rd party provider adhere to our storage requirements and to acceptable safety, health, environment and security standards.

Performance Highlights

A fire incident happened at one of our warehouses in July 2023. There were no human casualties and injuries. Extensive investigations had been conducted to examine the cause of the fire and enhanced safety measures will be incorporated into the design and construction of the new warehouse.

	2022	2023	2024	2025 Target
Man Days Lost (Singapore)	25	0	0	0

	2022	2023	2024	2025 Target
No of Industrial Accident (Singapore)	5	1	0	0

Targets & Plans

To achieve zero reportable accident.

To comply with occupational health and safety requirements of all employees with no findings from authority.

Pandemic

The COVID-19 pandemic shocked the world and put the resilience of our system, processes and people to the test. Our investments in robust software and security system and the early adoption of digitalization and technology enabled us to continue our business without much disruptions. Hence, we stood up to the test well and emerged from this crisis relatively unscathed.

System	Processes	People
<ul style="list-style-type: none"> activating and aligning our business continuity plan to the pandemic assessing cybersecurity risk 	<ul style="list-style-type: none"> early adoption of digital technology diversifying supply sources realigning purchasing and inventory management to customers’ needs 	<ul style="list-style-type: none"> adhering to pandemic readiness measures mobilising people in key functions to reduce disruption to operation

Product Labelling

Objective

To protect humans and environment against hazardous chemicals as well as to facilitate international trade by ensuring that all chemicals moving into and out of a country are classified, packaged and labelled in accordance with a globally harmonised system.

Approach

Another way in which Megachem contributes to international chemical safety is through our support of the United Nations' initiative to implement a Globally Harmonized System (GHS) of Classification and Labeling of Chemicals. GHS is a system for chemical classification and hazard communication through harmonised provisions for standardized labels and safety data sheets.

Performance Highlights

The GHS system of chemical classification is being adopted.

	2022	2023	2024	2025 Target
Non-compliance – product labelling (Singapore)	0	0	0	0

There has been no cases of non-compliance with regulations concerning product labelling in the last 3 years.

Target

Zero cases of non-compliance

Customer Satisfaction

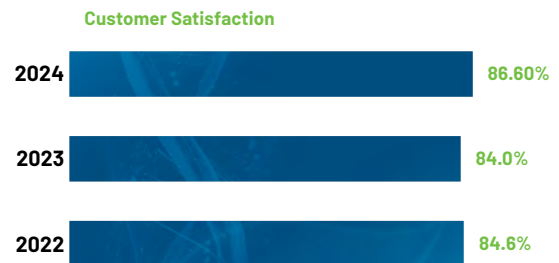
Objective

To ensure our products and services are delivered to the satisfaction of our customers.

Approach

Megachem measures customer satisfaction through annual survey and seeks continuous improvement so as to deliver total customer satisfaction.

Performance Highlights



Our customer confidence in us has not been affected even after the fire in July 2023 as is evident in the ratings over the last 3 years. FY2024 customers ratings improved marginally from 84.0% to 86.6%. We will continue to seek areas for improvement especially in areas of supply continuity and technical support.

Targets & Plans

To achieve customer satisfaction level of at least 85%.

Customer Privacy

Objective

To protect customers' and suppliers' intellectual property ("IP") rights and privacy.

Approach

Megachem ensures that only relevant employees have access to customers and suppliers' confidential information and that such information are properly stored and secured.

In order to protect intellectual property rights of our customers and suppliers, their IP rights are used only to the extent stipulated in non-disclosure agreements with them.

Performance Highlights

	2022	2023	2024	2025 Target
Breach of customers privacy	0	0	0	0

We have not received any complaints relating to breach of customer privacy or loss of customers data.

Sustainable Products

Objective

To include sustainable products in product portfolio.

Approach

Major chemical producers are increasingly focused on developing products which reduces environmental impact, thereby providing sustainable alternatives to conventional products. As a distributor of chemicals, our goal is to add more of such sustainable products into our product portfolio and introducing them to our customers, hence contributing to the industry's sustainability objectives. In 2022, we started tracking the quantity of sustainable products added into our product range with mass balance supply chain including RSPO certified palm oil's derivative products. MegaChem has registered as RSPO member since year 2020 for Thailand and UK. In 2025 we plan to extend the membership to all entities in order to ensure the integrity of the RSPO certified supply chain been maintained in promoting the use of sustainable oil palm and its derivative products.

Product Compliance

Objective

To comply with relevant regulations concerning the sale of our products.

Approach

In the European Union ("EU"), all imported or manufactured chemical substances above a quantity of one tonne per year are subject to registration under Registration, Evaluation, Authorisation and Restriction of Chemicals (REACH) regulations. Similar registration

requirements and regulations exist for other markets. In Canada, the United States, Australia, Korea, China and Turkey, for example, notification is also mandatory for new chemicals on the market.

In Megachem, our regulatory compliance team together with our supply chain team ensures that information required from our suppliers to comply with the REACH regulations are accurate and complete and that they are readily available for submission to the regulatory authorities.

In order to evaluate the impact of any change of product design, process and raw material(s) to end customer and interest parties, we had initiated a Management of Change team to evaluate the risk, communicate the change and its impact to interested parties through automated notification system.

We also adopted the Global Product Strategy ("GPS") from International Council of Chemical Associations on the evaluation of Chemical Risk Assessment and established a Product Safety Summary as well as Product Safe Handling Guide on high-risk products.

Performance Highlights

	2022	2023	2024	2025 Target
Non-compliance - product regulations	0	0	0	0

There have been no cases of non-compliance with regulations concerning product compliance.

Sustainable Procurement

Objective

To contribute towards achieving a common vision of sustainable procurement within the chemical industry ecosystem.

To minimize negative impacts on human health and the environment while supporting a diverse, equitable, and vibrant community and economy.

Approach

Our Sustainable Procurement Policy is intended to:

- communicate the Megachem's commitment to sustainable purchasing to its employees, vendors and community
- complement and support implementation of Megachem's sustainability goals and policies
- provide responsible sourcing and procurement guidance and
- empower employees to demonstrate leadership by considering sustainability benefits when making purchasing decisions

Our Sustainable Procurement Policy also sets out the following principles:

- adopts internationally recognised standards of health and safety measures
- protects our environment by minimising impact of our business on environment and
- conduct our business in a socially responsible and ethical manner

This policy applies to all Megachem employees, vendors, contractors and providers of products and services to Megachem.

• Supplier Assessment

Megachem evaluates and selects suppliers based on criteria such as quality, price, lead time, quality of management, technical standards and abilities as well as its sustainable procurement policies and practices.

Internal processes were enhanced to check and ensure that sustainability criteria are taken into consideration when introducing a new supplier. The new assessment of supplier is done through self-audit questionnaire that consists of 5 categories, i.e. management responsibility, resource management, quality management system, health, safety & environment (HSE) management system and corporate social responsibility (CSR).

• Supplier Code of Conduct

Megachem expect our suppliers to comply with our Supplier Code of Conduct which includes among others adhering to applicable laws and regulations as well as internationally recognized environmental, social and corporate governance standards (ESG standards). Megachem also expect our suppliers to implement these standards with their suppliers and subcontractors.

The Supplier Code of Conduct is sent to suppliers and is also available at our Company's website.

Performance Highlight

Target	2024 Status	Score
To assess existing suppliers contributing to Top 80% of total chemical spend	80% reassessed	82% of respondents scored A & B.

Target	2024 Status	Score
100% of new suppliers assessed	100% assessed	67% of respondents scored A & B.

	2024 Score
% of Top 80% Spend Vendors who achieved min 80% score in CSR evaluation	64.23%
% of Group Spending for Top 80% that achieved min 80% score in CSR evaluation	61.20%
% of Top 80% Spend Vendors who achieved min 80% score in HSE evaluation	76.42%
% of Group Spending for Top 80% that achieved min 80% score in HSE evaluation	68.10%

	2022	2023	2024	2025 Target
EcoVadis - Sustainable Procurement component	70	70	na	>=70

na - not available at time of printing

SOCIAL - LABOUR PRACTICES & WORK ENVIRONMENT

Objective

To sustain our human capital to achieve our long-term goals.

Approach

Megachem is influenced by the effects of demographic changes worldwide. The rising life expectancy, shrinking and aging population represent challenges for companies' human resources management. We at Megachem have an important role to play in mastering the demographic challenges of the future. From the way in which we address these challenges, we can shape the social environment which we operate in and at the same time secure competitive advantages. Sustaining our human capital therefore becomes critical for us to achieve our long-term goals.

Employment : Employees Well-being/Fair Wages/ Talent Management

As part of our effort to make our workplace a more supportive and conducive space for our employees, we have launched our Mental Health & Well-being program.

With a view to maintaining the employability of our workforce, increased focus is placed on preventive health care. Annually health screening examinations and sporting activities are examples of what we do to positively influence employees' health. We have been actively participating in activities to encourage employees to walk towards a healthier future. We also provide comprehensive health insurances to our employees to help defray part of their medical costs.

As a Work Life Achiever Award recipient, Megachem commits to creating and sustaining a working environment supportive of work life balance for all employees where they are respected partners of the business.

We use external wage data and strive to balance our salary structure externally and internally. Market data serves as an external benchmarking tools with the objective to pay fairly reasonably to our employees.

Competition for talent will become more intensified as well with the changing demographics. Megachem's human resource management adopts a holistic approach that not only provides tangible rewards but also intangibles such as work-life balance practices, education sponsorship, continuous training and upgrading as well as flexible work schedule. Our employees are also entitled to various type of leaves such as parental care, career break/sabbatical, prolonged sickness, dependent care, maternity, paternity and examination leave. These initiatives are also aimed at prolonging the employability of our employees.

We adopt the best Fair Employment Practices from Tripartite Alliance for Fair Employment practices (TAFEP). TAFEP works with companies, government and unions to adopt and implement fair employment practices.

Subsidy for Children's Education & Support Grant

With the commitment towards enriching the well-being of our employees, we provide subsidy to our lower income employees to defray part of their children's education cost, ranging from nursery up to tertiary education.

We have also committed an exclusive scheme called Support Grant for Special Needs Children. This scheme targets to assist employees on their financial abilities to cope with the necessary medical treatment.

Training and Education

Our Higher Learning Education program provides financial assistance to eligible employees who choose to further their professional education and training that will enhance their knowledge and skills. Education sponsorships are available for employees who wish to pursue higher education.

Megachem is a certified "People Developer" organisation in Singapore. "People Developer" is a certification and award recognition by Enterprise Singapore to companies which have attained the niche Business Excellence standard for human resource development. This niche standard provides us with a total approach to attracting, managing and engaging employees for high performance and aims to bring the best out of our people. All the best practices will be shared and implemented in our entities.

Megachem welcomes interns/attachment students to embark on an exciting learning journey with challenging assignments and projects. Upon graduation, these interns are encouraged to apply and join the Company as Management Trainees in their first step towards building a promising career.

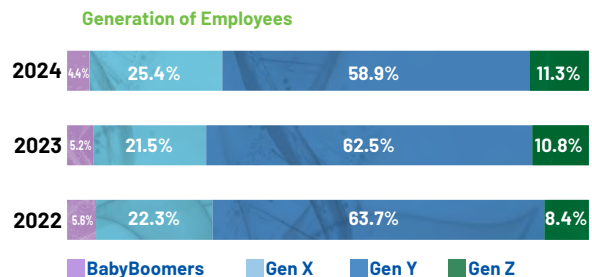
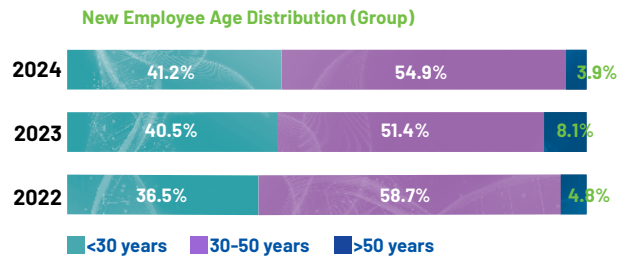
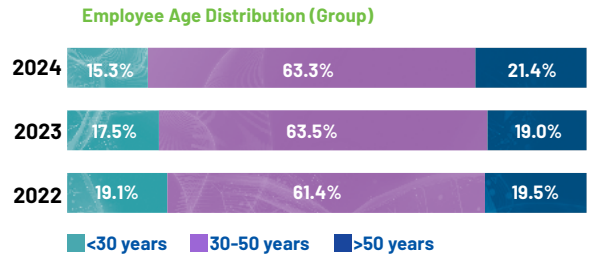
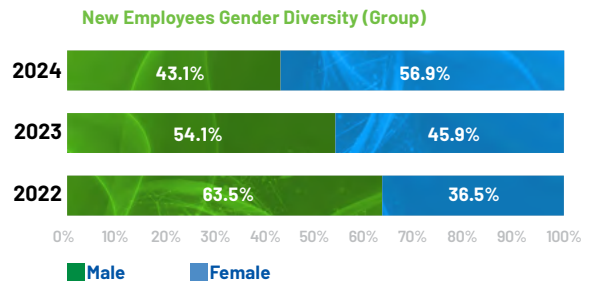
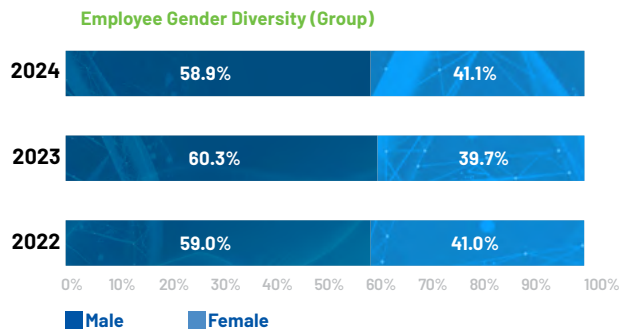
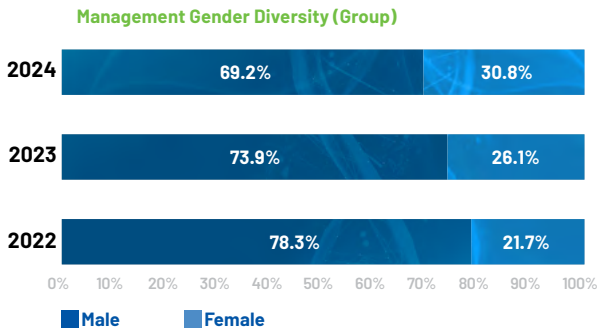
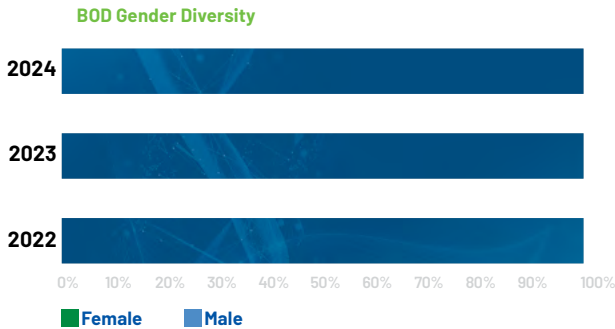
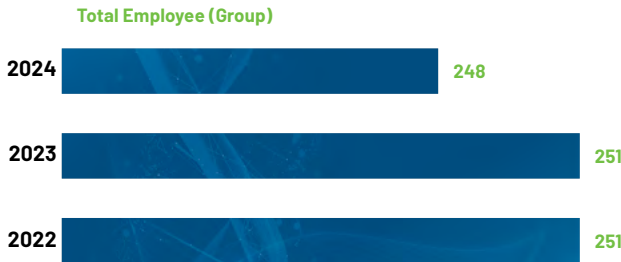
Diversity, Inclusion & Equal Opportunity

At Megachem, we value and respect each individual in the organisation and ensure that all of our employees feel they are a part of the organisation - cultivating a culture of mutual respect. Hence Megachem has a non-discriminatory culture that it does not discriminate on the basis of race, religion, gender, marital status or age.

Child Labour/Forced Labour/Harassment

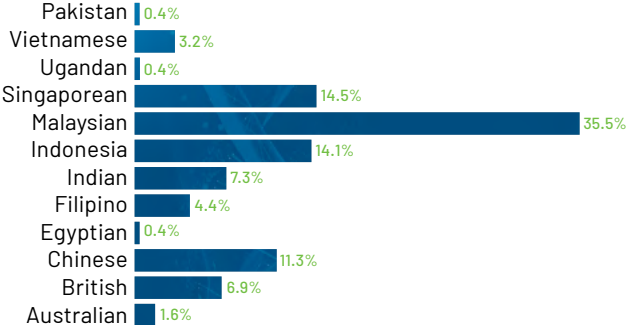
Building on the culture of mutual respect is a set of clear policies against child labour, forced labour and harassment. Megachem prohibits such unethical labour practices and will take necessary action against any such practices. These policies are spelt out in our Code of Business Ethics and shared with all our employees regularly.

Performance Highlights



Note :
 Baby Boomer – Born 1946–1964
 Gen X – Born 1965–1980
 Gen Y – Born 1981–1996
 Gen Z – Born 1997 and beyond

Nationality 2024



Training Hours (Group)



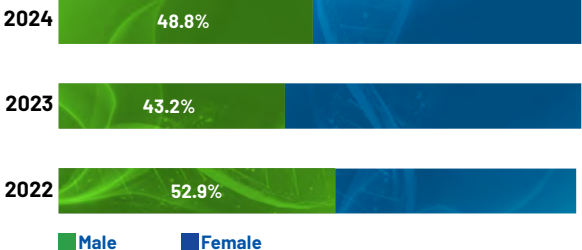
Employee Turnover Rate (Group)



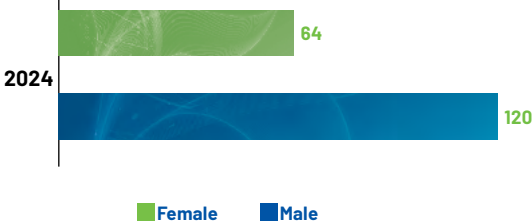
Average Training Hours/Employee(Group)



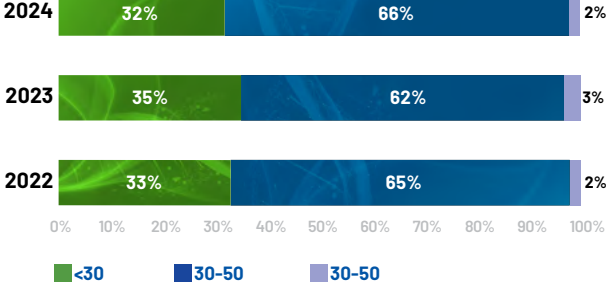
Employee Turnover by Gender (Group)



Number of Employees trained by Gender



Employee Turnover by Age Group

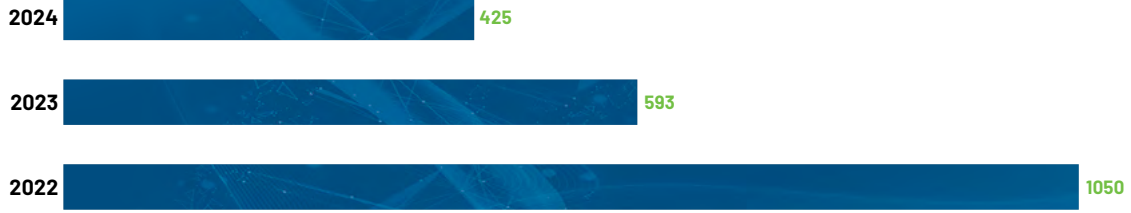


Anti-corruption % of employees trained



Sustainability Report

Child Education Subsidy \$ (Group)



Target

	2022	2023	2024	2025 Target
EcoVadis – Labour/Human Rights component	70	70	na	>=70

na – not available at time of printing

SOCIAL - SOCIETY

Objective

To play our part in nation building.

Approach

At Megachem, we recognize that businesses have a part to play in nation-building especially in providing assistance to people who are less fortunate than others. As such, we work closely with charitable organizations in finding ways for us to contribute to society. These come not just in the form of monetary contribution but also in committing time and effort in participating in these organizations' activities. Megachem visits several charitable homes during which we make donations as well as provide basic necessities to them. We also participate in several fund-raising events and in youth development program.

Megachem participates actively in charity programmes as part of our social responsibility to the community such as raising funds for Cancer research as well as donation to hospital and schools.

Performance Highlights

Donation \$



TCFD DISCLOSURE



The recommendations of the TCFD have four overarching elements – Governance, Strategy, Risk Management and Metrics & Targets.

Governance

Megachem's Board provides the leadership and formulates our Sustainability strategy and ensures that our management carries out the execution of its strategy effectively.

TCFD RECOMMENDED DISCLOSURES	Our Approach	Reference
Describe the Board's oversight of climate-related risks and opportunities	<p>Our Board's primary roles in our sustainability strategy are:</p> <ul style="list-style-type: none"> • to champion sustainability and climate-related strategy as an integral part of our long-term business strategy • to define our Sustainability Vision and Objectives • assess and identify the Group's ESG and TCFD risks and opportunities • to approve the material aspects of our sustainability program • to monitor and oversee progress of our climate commitments and sustainability journey • to approve our Sustainability Reports 	Sustainability Report - Board Statement
Describe management's role in assessing and managing climate-related risks and opportunities	<p>Steering our Sustainability journey are representatives from each functional team within the Group who collectively forms the Sustainability committee. This committee reports to the Executive Committee headed by our Managing Director.</p> <p>Our Executive Committee</p> <ul style="list-style-type: none"> • reviews and approves key sustainability approach • identifies, assess, monitors, and reports on climate-related issues and strategies to the Board • evaluates ESG performance against the targets • review and recommend the annual Sustainability Report for Board's approval <p>Our Sustainability Committee</p> <ul style="list-style-type: none"> • drives the implementation of our sustainability program and climate-related goals • prepares Sustainability Report annually 	Sustainability Report - Sustainability Leaders

Strategy

By effectively communicating our sustainability strategy, stakeholders can gain a deeper understanding of how climate-related issues may impact our future performance.

TCFD RECOMMENDED DISCLOSURES	Our Approach	Reference
Describe the climate-related risks and opportunities that the organisation has identified over the short, medium, and long term. Describe the impact of climate-related risks and opportunities on the organisation's businesses, strategy, and financial planning	<p>Based on feedback garnered from our key stakeholders, Megachem conducts materiality assessments annually to identify material ESG issues for the business. The following are key climate-related risks that may have significant impact on our stakeholders and us.</p> <ul style="list-style-type: none"> • there is an increasing emphasis on sustainability practices across the whole chemical supply chain. Failure to meet these sustainability standards may lead to loss of business. • Failure to meet climate-related regulations may lead to fines and loss of business. • There is potentially higher compliance cost in the form of carbon taxes, water tariffs or plastic tax. • Extreme changes in climate leading to floods and damage to goods 	Sustainability Report - Environment Sustainability Report - Managing Climate Risk

TCFD RECOMMENDED DISCLOSURES	Our Approach	Reference
Describe the resilience of the organisation's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario	<p>To ensure that our sustainability strategy remains resilient, we model our sustainability program against internationally-accepted standards.</p> <ul style="list-style-type: none"> Megachem is a member of the Responsible Care® program - a global environmental, health and safety (EHS) performance initiative for the chemical industry, Our Environment, Health and Safety Management System is audited by a third-party accredited certification body in accordance with ISO 14001 standard. We subject our sustainability practices to annual assessment by EcoVadis Sustainability Assessment System – an assessment system used widely in the chemical industry and assesses companies in the areas such as environment protection, labour practices, fair business practices and sustainable procurement Under Singapore's Green Nation Pledge program, we pledged to adopt environmental-friendly best practices to make our country a greener place. It marks our commitment in joining our nation to build a better and greener future. We are a member of Roundtable on Sustainable Palm Oil (RSPO) – an organization that brings together stakeholders across the supply chain to develop and implement global standards for producing and sourcing certified sustainable palm oil. <p>Megachem will explore the use of climate scenario analysis in the subsequent sustainability reporting.</p>	<p>Sustainability Report</p> <ul style="list-style-type: none"> External Charters, Principles, Certification Green Nation Pledge

Risk Management

Addressing the risks and managing the potential impact of those risks supports Megachem's achievement of their objectives.

TCFD RECOMMENDED DISCLOSURES	Our Approach	Reference
Describe Megachem's processes for identifying and assessing climate related risks	Our Sustainability Committee identified and assessed the material climate-related risks based on feedback garnered from our stakeholders and internal reviews.	Sustainability Report - Materiality Assessment
Describe Megachem's processes for managing climate-related risks	<p>The Board is responsible for the governance of risk across the Group, while ensuring that management maintains a sound system of risk management.</p> <p>The Management shares and discusses with the Board annually its significant risk issues and how these risks can be managed.</p>	Sustainability Report - Megachem Sustainability Strategy
Describe how processes for identifying, assessing, and managing climate-related risks are integrated into Megachem's overall risk management	Managing climate-related risks and opportunities is a key component of Megachem's ERM framework. Having identified the risks, processes are implemented to manage the risks. These processes are designed by adopting internationally recognised standards such as ISO management system and EcoVadis Sustainability Assessment System.	Sustainability Report - Megachem Sustainability Strategy

Metrics & Targets

Metrics and targets are used to assess and manage relevant climate-related risks and opportunities.

TCFD RECOMMENDED DISCLOSURES	Our Approach	Reference	
Disclose the metrics used by Megachem to assess climate-related risks and opportunities in line with its strategy and risk management process	Megachem's Sustainability plan has annual targets to track and monitor progress towards our ESG goals. Key metrics include carbon emissions, energy and water usage, and waste management, which are published in our Sustainability report.	Sustainability Report - Environment Performance Highlights	
Disclose Scope 1, Scope 2, and if appropriate, Scope 3 greenhouse gas (GHG) emissions, and the related risks	<ul style="list-style-type: none"> Megachem has measured and disclosed Scope 1 and Scope 2 GHG emissions and related risks. Megachem has also commenced the disclosure of Scope 3 emissions in its Sustainability Report. 	Sustainability Report - Environment Performance Highlights	
Describe the targets used by Megachem to manage climate-related risks and opportunities and performance against targets	2024 Targets		Sustainability Report - Environment Performance Highlights
	Chemical waste generated not exceeding	Maximum 0.5kg per 1000kg Sales Volume	
	Energy consumption (non-production activities)	Reduce 5%	
	Waste water generated from production (average per blending)	Reduce 4%	
	Scope 1 GHG Emission reduction	Reduce 2%	
	Scope 2 GHG Emission reduction	Reduce 2%	
Compliance with legislation relating environmental management	0 non-compliance		

Statement of use	Megachem Limited has reported the information cited in this GRI content index for the period 1 Jan 2024 - 31 December 2024 with reference to the GRI Standards.
GRI 1 used	GRI 1: Foundation 2021

GRI Standard	Disclosure	Page
GRI 2: General Disclosures 2021	2-1 Organizational details	70-73
	2-2 Entities included in the organization's sustainability reporting	74
	2-3 Reporting period, frequency and contact point	69
	2-4 Restatements of information	84. Waste water generation/MT output for 2022, 2023 corrected
	2-5 External assurance	69
	2-6 Activities, value chain and other business relationships	9-11
	2-7 Employees	23, 90-94
	2-8 Workers who are not employees	na
	2-9 Governance structure and composition	48-64, 78-79
	2-10 Nomination and selection of the highest governance body	52 - 55
	2-11 Chair of the highest governance body	17, 49
	2-12 Role of the highest governance body in overseeing the management of impacts	49-55, 71
	2-13 Delegation of responsibility for managing impacts	49-55, 71
	2-14 Role of the highest governance body in sustainability reporting	71
	2-15 Conflicts of interest	47, 52, 64, 79
	2-16 Communication of critical concerns	Nil
	2-17 Collective knowledge of the highest governance body	50
	2-18 Evaluation of the performance of the highest governance body	54-55
	2-19 Remuneration policies	55-58
	2-20 Process to determine remuneration	55-58
	2-21 Annual total compensation ratio	55-58
	2-22 Statement on sustainable development strategy	70
	2-23 Policy commitments	78-94
	2-24 Embedding policy commitments	78-94
	2-25 Processes to remediate negative impacts	78-94
	2-26 Mechanisms for seeking advice and raising concerns	60
	2-27 Compliance with laws and regulations	47, 79
	2-28 Membership associations	73
	2-29 Approach to stakeholder engagement	74
	2-30 Collective bargaining agreements	na

GRI 3: Material Topics 2021	3-1 Process to determine material topics	73
	3-2 List of material topics	73
	3-3 Management of material topics	78-94
GRI Standard	Disclosure	Page
GRI 201: Economic Performance 2016	201-1 Direct economic value generated and distributed	80
	201-2 Financial implications and other risks and opportunities due to climate change	81, TCFD disclosure 95-97
	201-4 Financial assistance received from government	120
GRI 203: Indirect Economic Impacts 2016	203-1 Infrastructure investments and services supported	81-82
	203-2 Significant indirect economic impacts	nil
GRI 205: Anti-corruption 2016	205-1 Operations assessed for risks related to corruption	47, 79
	205-2 Communication and training about anti-corruption policies and procedures	47, 79
	205-3 Confirmed incidents of corruption and actions taken	79
GRI 206: Anti-competitive Behavior 2016	206-1 Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	nil
GRI 207: Tax 2019	207-1 Approach to tax	guided by tax advisory firms to comply with local tax regulations
GRI 301: Materials 2016	301-2 Recycled input materials used	85
GRI 302: Energy 2016	302-1 Energy consumption within the organization	84-85
	302-3 Energy intensity	84-85
	302-4 Reduction of energy consumption	84-85
GRI 303: Water and Effluents 2018	303-2 Management of water discharge-related impacts	82
	303-4 Water discharge	84
	303-5 Water consumption	84
GRI 305: Emissions 2016	305-1 Direct (Scope 1) GHG emissions	85
	305-2 Energy indirect (Scope 2) GHG emissions	85
	305-3 Other indirect (Scope 3) GHG emissions	85
	305-4 GHG emissions intensity	80-81
	305-5 Reduction of GHG emissions	80-81
GRI 306: Waste 2020	306-1 Waste generation and significant waste-related impacts	84
	306-2 Management of significant waste-related impacts	82
	306-3 Waste generated	84
GRI 308: Supplier Environmental Assessment 2016	308-1 New suppliers that were screened using environmental criteria	89-90

GRI 401: Employment 2016	401-1 New employee hires and employee turnover	92-93
	401-3 Parental leave	Guided by local regulation
GRI Standard	Disclosure	Page
GRI 403: Occupational Health and Safety 2018	403-1 Occupational health and safety management system	86-87
	403-2 Hazard identification, risk assessment, and incident investigation	86-87
	403-3 Occupational health services	86-87
	403-4 Worker participation, consultation, and communication on occupational health and safety	86-87
	403-5 Worker training on occupational health and safety	86-87
	403-6 Promotion of worker health	86-87
	403-7 Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	86-87
	403-8 Workers covered by an occupational health and safety management system	86-87
	403-9 Work-related injuries	86-87
	403-10 Work-related ill health	86-87
GRI 404: Training and Education 2016	404-1 Average hours of training per year per employee	93
	404-2 Programs for upgrading employee skills and transition assistance programs	93
	404-3 Percentage of employees receiving regular performance and career development reviews	93
GRI 405: Diversity and Equal Opportunity 2016	405-1 Diversity of governance bodies and employees	78, 92-93
GRI 406: Non-discrimination 2016	406-1 Incidents of discrimination and corrective actions taken	nil
GRI 408: Child Labor 2016	408-1 Operations and suppliers at significant risk for incidents of child labor	92
GRI 409: Forced or Compulsory Labor 2016	409-1 Operations and suppliers at significant risk for incidents of forced or compulsory labor	92
GRI 413: Local Communities 2016	413-1 Operations with local community engagement, impact assessments, and development programs	94
GRI 414: Supplier Social Assessment 2016	414-1 New suppliers that were screened using social criteria	89-90
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Statement by Directors

The directors of the Company are pleased to present the accompanying financial statements of the Company and of the Group for the reporting year ended 31 December 2024.

1. Opinion of the directors

In the opinion of the directors,

- (a) the accompanying financial statements and the consolidated financial statements are drawn up so as to give a true and fair view of the financial position and performance of the Company and, of the financial position and performance of the Group for the reporting year covered by the financial statements or consolidated financial statements; and
- (b) at the date of the statement there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

The board of directors approved and authorised these financial statements for issue.

2. Directors

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

Chew Choon Tee	
Yasutaka Kawamura	
Sim Guan Seng	(appointed on 20 April 2024)
Yeo Wee Kiong	(appointed on 20 April 2024)
Daniel Loh Hong Chye	(appointed on 20 April 2024)

3. Directors' interests in shares and debentures

The directors of the Company holding office at the end of the reporting year were not interested in shares in or debentures of the Company or other related body corporate as recorded in the register of directors' shareholdings kept by the Company under section 164 of the Companies Act 1967 except as follows:

Name of director	Direct Interest		Deemed Interest	
	At beginning of the reporting year	At end of the reporting year	At beginning of the reporting year	At end of the reporting year
	Number of shares of no par value			
Chew Choon Tee	47,445,716	47,752,716	444,296	445,296

By virtue of section 7 of the Act, Mr Chew Choon Tee, who by virtue of his interest of not less than 20% of the issued capital of the Company, is deemed to have an interest in the Company and in all the related corporations of the Company.

The directors' interests as at 21 January 2025 were the same as at 31 December 2024.

4. Arrangements to enable directors to acquire benefits by means of the acquisition of shares and debentures

Neither at the end of the reporting year nor at any time during the reporting year did there subsist arrangements to which the Company is a party, being arrangements whose objects are, or one of whose objects is, to enable 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.

5. Options

During the reporting year, no option to take up unissued shares of the Company or other body corporate in the Group was granted.

During the reporting year, there were no shares issued by virtue of the exercise of an option to take up unissued shares.

At the end of the reporting year, there were no unissued shares under option.

6. Report of Audit Committee

The members of the Audit Committee at the date of this report are as follows:

Mr Sim Guan Seng	(Chairman of Audit Committee, Independent and Non-Executive Director)
Mr Yeo Wee Kiong	(Independent and Non-Executive Chairman)
Mr Daniel Loh Hong Chye	(Independent and Non-Executive Director)

The Audit Committee carried out its function in accordance with section 201B(5) of the Companies Act 1967. The Audit Committee's main functions are to:

- review the significant financial reporting issues and judgements so as to ensure the integrity of the financial statements of the Company and of the Group and any announcements relating to the Group's financial performance;
- review and report to the board annually the adequacy and effectiveness of the Group's internal controls, including financial, operational, compliance and information technology controls;
- review effectiveness of the Company's internal audit function;
- review the scope and results of the external audit and the independence and objectivity of the external auditors;
- make recommendations to the board on the proposals to the shareholders on the appointment, re-appointment and removal of the external auditors, and approve the remuneration and the terms of engagement of the external auditors;
- review with the internal auditor the scope and results of the internal audit procedures (including those relating to financial, operational and compliance controls and risk management) and the assistance given by the management to the internal auditor;
- review the Group's results announcements, consolidated financial statements and other documents accompanying the same before they are recommended to the board for approval; and
- review and, where appropriate, approve interested person transactions (as defined in Chapter 9 of the Singapore Exchange Securities Trading Limited's Listing Manual).

Other functions performed by the Audit Committee are described in the report on corporate governance included in the annual report. It also includes an explanation of how the independent auditor's objectivity and independence is safeguarded where the independent auditor provides non-audit services.

The Audit Committee has recommended to the board of directors that the independent auditor, RSM SG Assurance LLP, be nominated for re-appointment as independent auditor at the next annual general meeting of the Company.

7. Independent auditor

RSM SG Assurance LLP has expressed willingness to accept re-appointment.

8. Directors' opinion on the adequacy of internal controls

Based on the internal controls established and maintained by the Group, work performed by the internal and external auditors, and reviews performed by management, other committees of the board and the board, the Audit Committee and the board are of the opinion that Group's system of internal controls, addressing financial, operational, compliance risks, are adequate as at the end of the reporting year 31 December 2024.

Statement by Directors

9. Subsequent developments

There are no significant developments subsequent to the release of the Group's and the Company's preliminary financial statements, as announced on 20 February 2025, which would materially affect the Group's and the Company's operating and financial performance as of the date of this report.

On behalf of the directors

Chew Choon Tee
Managing Director

Yeo Wee Kiong
Independent and Non-Executive Chairman

18 March 2025

Report on the audit of the financial statements

Opinion

We have audited the accompanying financial statements of Megachem Limited (the "Company") and its subsidiaries (the "Group"), which comprise the consolidated statement of financial position of the Group and the statement of financial position of the Company as at 31 December 2024, and the consolidated statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows of the Group for the reporting year then ended, and notes to the financial statements, including material accounting policy information.

In our opinion, the accompanying consolidated financial statements of the Group and the statement of financial position of the Company are properly drawn up in accordance with the provisions of the Companies Act 1967 (the "Act") and the 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 2024 and of the consolidated financial performance, consolidated changes in equity and consolidated cash flows of the Group for the reporting year ended on that date.

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 are independent of the Group in accordance with the Accounting and Corporate Regulatory Authority ("ACRA") Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities ("ACRA Code"), as applicable to the audits of financial statements of public interest entities, together with the ethical requirements that are relevant to audits of the financial statements of public interest entities in Singapore. We have fulfilled our other ethical responsibilities in accordance with these requirements and the ACRA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matter

Key audit matter is the matter that, in our professional judgement, was of most significance in our audit of the financial statements of the current reporting year. This matter was 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 this matter.

Impairment of inventories

Refer to Note 2 for the relevant accounting policy and Note 17 for the breakdown of inventories at the reporting year end.

Key audit matter

The Group's inventories amounted to \$31,742,578 as at 31 December 2024, representing approximately 30% of the Group's total assets.

The Group's inventory provision policy takes into consideration the inventory aging profiles, as well as the inventories' sales patterns during the reporting year. Management is of the view that these amounts are realisable, based on their knowledge of the Group's operations, the industry and their technical assessment of the inventories. Allowance of inventories amounted to \$7,227,940 as at the end of the reporting year.

Determination of the method to use, years to consider for aging analysis, and percentages to apply to aged inventory requires significant management's judgement.

How we addressed the matter in our audit

We have assessed the reasonableness of Group's policy and management's judgement for inventory obsolescence based on our understanding of the business environment and our review of the inventories' sales patterns.

We have assessed the accuracy of Group's inventory aging as at the reporting year end, as well as tested the Group's computation for inventory obsolescence.

We have retrospectively assessed the historical accuracy of management's assumptions and estimates applied in the provision for inventory obsolescence.

We have tested the net realisable value ("NRV") of inventories by reviewing the subsequent selling prices. For inventories that have been written down to NRV, we have performed procedures to assess whether the write-down was appropriate.

We have also assessed the adequacy of the disclosures made in the financial statements.

Independent Auditor's Report

to the Members of MEGACHEM LIMITED

Other information

Management is responsible for the other information. The other information comprises the information included in the statement by directors and 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 the Singapore Financial Reporting Standards (International), 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.

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

- (a) 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.
- (b) 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.
- (c) Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- (d) 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.
- (e) 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.
- (f) Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group as a basis for forming an opinion on the consolidated financial statements. We are responsible for the direction, supervision and review of the audit work performed for purpose of the Group audit. We remain solely responsible for our audit opinion.

Independent Auditor's Report

to the Members of MEGACHEM LIMITED

Auditor's responsibilities for the audit of the financial statements (cont'd)

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

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

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial statements of the current year and are therefore the key audit matters. We describe these matters in our 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 and by those subsidiary corporations incorporated in Singapore of which we are the auditors have been properly kept in accordance with the provisions of the Act.

The engagement partner on the audit resulting in this independent auditor's report is Tan Beng Teck.

RSM SG Assurance LLP
Public Accountants and
Chartered Accountants
Singapore

18 March 2025

Engagement partner - effective from year ended 31 December 2022

Consolidated Statement of Profit or Loss and Other Comprehensive Income

Year Ended 31 December 2024

	Notes	Group	
		2024	2023
		\$	\$
Revenue	4	128,841,566	123,009,277
Cost of sales		(97,613,409)	(100,506,638)
Gross profit		31,228,157	22,502,639
Other income	4	10,666,947	3,678,155
Distribution costs		(22,201,359)	(21,158,317)
Administrative expenses		(6,400,920)	(6,238,656)
Other operating expenses		(3,912,346)	(3,257,428)
Finance costs	6	(1,909,787)	(2,036,940)
Share of profit of associates	15	1,222,096	1,171,091
Profit/(loss) before income tax		8,692,788	(5,339,456)
Income tax expense	8	(779,337)	(455,685)
Net profit/(loss)		7,913,451	(5,795,141)
Other comprehensive income/(loss):			
Items that may be reclassified subsequently to profit or loss:			
Exchange difference on translating foreign operations, net of tax		1,506,709	(1,156,142)
Total comprehensive income/(loss)		9,420,160	(6,951,283)
Net profit/(loss) attributable to equity holders of the Company		7,905,459	(5,907,704)
Net profit attributable to non-controlling interests		7,992	112,563
Net profit/(loss)		7,913,451	(5,795,141)
Total comprehensive income/(loss) attributable to equity holders of the Company		9,361,091	(7,032,154)
Total comprehensive income attributable to non-controlling interests		59,069	80,871
Total comprehensive income/(loss)		9,420,160	(6,951,283)
Earnings/(loss) per share for profit/(loss) attributable to equity holders of the Company (cents per share)			
Basic and diluted	10	5.93	(4.43)

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

Statements of Financial Position

As at 31 December 2024

	Notes	Group		Company	
		2024	2023	2024	2023
		\$	\$	\$	\$
ASSETS					
Non-current assets					
Property, plant and equipment	11	16,815,300	14,631,444	3,525,741	1,157,002
Right-of-use assets	12	2,341,082	2,348,784	974,087	1,007,676
Investment property	13	55,891	55,569	–	–
Investments in subsidiaries	14	–	–	7,936,563	5,723,472
Investments in associates	15	9,352,224	8,385,733	2,798,756	2,798,756
Financial assets at fair value through other comprehensive income	20	1,351,100	1,351,100	1,351,100	1,351,100
Transferable club memberships	16	25,245	24,093	4,001	4,001
Other receivables	18	–	–	–	229,084
Deferred tax assets	8	925,283	804,755	369,000	350,000
Total non-current assets		30,866,125	27,601,478	16,959,248	12,621,091
Current assets					
Inventories	17	31,742,578	33,561,171	15,514,618	15,473,216
Trade and other receivables	18	23,279,044	23,701,518	15,479,990	19,320,822
Financial assets at fair value through profit or loss	19	44,923	–	–	–
Other current assets	21	2,624,877	1,749,398	583,672	363,316
Cash and cash balances	22	15,968,531	13,629,981	2,013,090	3,357,298
Total current assets		73,659,953	72,642,068	33,591,370	38,514,652
Total assets		104,526,078	100,243,546	50,550,618	51,135,743
EQUITY AND LIABILITIES					
Capital and reserves attributable to equity holders of the Company					
Share capital	23	15,892,028	15,892,028	15,892,028	15,892,028
Other reserves	24	(6,262,011)	(7,717,643)	–	–
Retained earnings		48,918,376	41,787,913	5,335,778	298,539
		58,548,393	49,962,298	21,227,806	16,190,567
Non-controlling interests		1,945,289	3,196,889	–	–
Total equity		60,493,682	53,159,187	21,227,806	16,190,567
Non-current liabilities					
Borrowings	25	–	416,667	–	416,667
Financial liabilities – lease liabilities	27	2,745,445	2,647,092	1,473,851	1,391,705
Deferred tax liabilities	8	455,000	418,851	406,000	350,000
Total non-current liabilities		3,200,445	3,482,610	1,879,851	2,158,372
Current liabilities					
Current income tax liabilities		272,060	62,058	14,000	–
Trade and other payables	26	14,948,138	15,165,802	7,933,984	9,539,815
Borrowings	25	25,240,718	28,071,924	19,350,617	23,153,347
Financial liabilities – lease liabilities	27	362,351	251,101	143,793	93,642
Financial liabilities at fair value through profit or loss	28	8,684	50,864	567	–
Total current liabilities		40,831,951	43,601,749	27,442,961	32,786,804
Total liabilities		44,032,396	47,084,359	29,322,812	34,945,176
Total equity and liabilities		104,526,078	100,243,546	50,550,618	51,135,743

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

Consolidated Statement of Changes In Equity

Year Ended 31 December 2024

Group:	Notes	Total equity	Parent subtotal	Share capital	Other reserves	Retained earnings	Non-controlling interests
		\$	\$	\$	\$	\$	\$
Current year:							
Opening balance at 1 January 2024		53,159,187	49,962,298	15,892,028	(7,717,643)	41,787,913	3,196,889
Total comprehensive income for the reporting year		9,420,160	9,361,091	–	1,455,632	7,905,459	59,069
Interim dividend relating to the reporting year ended 31 December 2024 paid	9	(666,500)	(666,500)	–	–	(666,500)	–
Interim dividend relating to the reporting year ended 31 December 2024 paid to non-controlling interests		(258,876)	–	–	–	–	(258,876)
Acquisition of equity shares from non-controlling interests		(1,160,289)	(108,496)	–	–	(108,496)	(1,051,793)
Closing balance at 31 December 2024		60,493,682	58,548,393	15,892,028	(6,262,011)	48,918,376	1,945,289
Previous year:							
Opening balance at 1 January 2023		61,740,407	58,594,052	15,892,028	(6,593,193)	49,295,217	3,146,355
Total comprehensive (loss)/income for the reporting year		(6,951,283)	(7,032,154)	–	(1,124,450)	(5,907,704)	80,871
Final dividend relating to the reporting year ended 31 December 2022 paid	9	(1,599,600)	(1,599,600)	–	–	(1,599,600)	–
Final dividend relating to the reporting year ended 31 December 2022 paid to non-controlling interests		(30,337)	–	–	–	–	(30,337)
Closing balance at 31 December 2023		53,159,187	49,962,298	15,892,028	(7,717,643)	41,787,913	3,196,889

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

Consolidated Statement of Cash Flows

Year Ended 31 December 2024

	Notes	2024	2023
		\$	\$
Cash flows from operating activities			
Net profit/(loss) before tax		8,692,788	(5,339,456)
Adjustments for:			
Depreciation of property, plant and equipment and investment property		966,237	1,013,861
Depreciation of right-of-use assets		326,467	430,926
Finance costs		1,909,787	2,036,940
Gains on disposals of property, plant and equipment		(624,178)	(10,166)
Interest income		(123,374)	(85,283)
Inventory written down		1,689,628	8,557,525
Property, plant and equipment written down		–	811,080
Share of profit of associates		(1,222,096)	(1,171,091)
Changes in fair value of financial assets at fair value through profit or loss		(44,957)	–
Changes in fair value of financial liabilities at fair value through profit or loss		8,690	50,864
Operating cash flows before working capital changes		11,578,992	6,295,200
Changes in working capitals:			
Trade and other receivables		703,303	3,537,942
Other current assets		(891,452)	51,738
Inventories		380,193	6,862,712
Trade and other payables		(317,620)	76,443
Foreign exchange adjustment differences		67,903	24,358
Net cash flows from operations		11,521,319	16,848,393
Income tax paid		(595,899)	(1,111,070)
Interest received		123,374	85,283
Net cash from operating activities		11,048,794	15,822,606
Cash flows used in investing activities			
Dividends received from associates		537,913	619,944
Purchase of equity shares from non-controlling interests		(1,160,289)	–
Purchase of financial assets at fair value through other comprehensive income		–	(1,351,100)
Purchase of property, plant and equipment		(2,735,332)	(1,185,390)
Proceeds from disposals of property, plant and equipment		943,819	11,036
Net cash used in investing activities		(2,413,889)	(1,905,510)
Cash flows used in financing activities			
Dividends paid		(666,500)	(1,599,600)
Dividends paid by subsidiary to non-controlling interest		(258,876)	(30,337)
Repayments of long term bank loans		(500,000)	(500,000)
Proceeds from/(repayments of) bill payables		1,940,567	(6,447,488)
Repayments of short term bank loans		(4,736,990)	(528,590)
Lease liabilities		(522,187)	(598,522)
Interest paid		(1,768,966)	(1,941,608)
Net cash used in financing activities		(6,512,952)	(11,646,145)
Net increase in cash and cash equivalents			
Cash and cash equivalents, statement of cash flows, beginning balance		2,121,953	2,270,951
Effects of exchange rate changes on cash and cash equivalents		13,024,005	10,949,160
		145,426	(196,106)
Cash and cash equivalents, statement of cash flows, ending balance	22A	15,291,384	13,024,005

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

Notes to The Financial Statements

31 December 2024

1. General information

The Company is incorporated in Singapore with limited liability. The financial statements are presented in Singapore Dollar and they cover the Company (referred to as “parent”) and its subsidiaries.

The board of directors approved and authorised these financial statements for issue on the date of the statement by directors. The directors have the power to amend and reissue the financial statements.

The principal activities of the Company consist of trading in chemicals and chemical-related products and investment holding. It is listed on Catalist which is a share market on Singapore Exchange Securities Trading Limited.

The principal activities of the subsidiaries are described in Note 14 below.

The registered office is: 11 Tuas Link 1, Singapore 638588. The Company is situated in Singapore.

Statement of compliance with financial reporting standards

These financial statements have been prepared in accordance with the Singapore Financial Reporting Standards (International) (“SFRS (I)s”) and the related Interpretations to SFRS (I)s (“SFRS (I)s INT”) as issued by the Accounting Standards Committee under Accounting and Corporate Regulatory Authority (“ASC”). They comply with the provisions of the Companies Act 1967 and with the IFRS Accounting Standards (“IFRSs”) as issued by the International Accounting Standards Board (“IASB”).

Basis of preparation of the financial statements

The financial statements are prepared on a going concern basis under the historical cost convention except where a SFRS (I) requires an alternative treatment (such as fair values) as disclosed where appropriate in these financial statements. The accounting policies in the SFRS (I)s may not be applied when the effect of applying them is not material. The disclosures required by SFRS (I)s may not be provided if the information resulting from that disclosure is not material.

Basis of presentation and principle of consolidation

The consolidated financial statements of the Group include the financial statements made up to the end of the reporting year of the Company and all of its subsidiaries, presented as those of a single economic entity and are prepared using uniform accounting policies for like transactions and other events in similar circumstances. All significant intragroup balances and transactions are eliminated on consolidation. Subsidiaries are consolidated from the date the Group obtains control of the investee. They are de-consolidated from the date that control ceases.

Changes in the Group’s ownership interest in a subsidiary that do not result in the loss of control are accounted for within equity as transactions with owners in their capacity as owners. The carrying amounts of the Group’s and non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiary. When the Group loses control of a subsidiary it derecognises the assets and liabilities and related equity components of the former subsidiary. Any gain or loss is recognised in profit or loss. Any investment retained in the former subsidiary is measured at fair value at the date when control is lost and is subsequently accounted as equity investments financial assets in accordance with the Singapore Financial Reporting Standards (International) on financial instruments.

The Company’s separate financial statements have been prepared on the same basis, and as permitted by the Companies Act 1967, the Company’s separate statement of profit or loss and other comprehensive income and separate statement of changes in equity are not presented.

2. Material accounting policy information and other explanatory information

2A. Material accounting policy information

Revenue and income recognition

General – Revenue is recognised at an amount that reflects the consideration to which the entity expects to be entitled in exchange for transferring goods or services to a customer (which excludes estimates of variable consideration that are subject to constraints, such as right of return exists, and modifications), net of any related taxes and excluding any amounts collected on behalf of third parties. An asset (goods or services) is transferred when or as the customer obtains control of that asset. As a practical expedient the effects of any significant financing component is not adjusted if the payment for the good or service will be within one year.

2. Material accounting policy information and other explanatory information (cont'd)

2A. Material accounting policy information (cont'd)

Revenue and income recognition (cont'd)

Sale of goods – Revenue is recognised at a point in time when the performance obligation is satisfied by transferring a promised good or service to the customer. Control of the goods is transferred to the customer, generally on delivery of the goods (in this respect, incoterms are considered).

Services – Revenue from short-term service orders is recognised when the entity satisfies the performance obligation at a point in time generally when the significant acts have been completed and when transfer of control occurs or for services that are not significant transactions revenue is recognised as the services are provided.

Employee compensation

Contributions to a defined contribution retirement benefit plan are recorded as an expense as they fall due. The entity's legal or constructive obligation is limited to the amount that it is obligated to contribute for the Singapore employees to an independently administered fund (such as the Central Provident Fund in Singapore, a government managed defined contribution retirement benefit plan). Certain subsidiaries overseas have defined contribution retirement benefit plans in which employees are entitled to join upon fulfilling certain conditions. The assets of the fund may or may not be held separately from those of the entity in an independently administered fund. The entity contributes an amount equal to a fixed percentage of the salary of each participating employee. For employee leave entitlement the expected cost of short-term employee benefits in the form of compensated absences is recognised in the case of accumulating compensated absences, when the employees render service that increases their entitlement to future compensated absences; and in the case of non-accumulating compensated absences, when the absences occur. A liability for bonuses is recognised where the entity is contractually obliged or where there is constructive obligation based on past practice.

An overseas subsidiary has arrangements for defined benefit plans. Under the defined benefit plan contributions are set at a level that is expected to be sufficient to pay the benefits falling due in the same year; and future benefits earned during the current year will be paid out of future contributions and the employees' benefits are determined by the length of their service. Such a plan creates actuarial risk for the entity: if the ultimate cost of benefits already earned at the end of the reporting year is more than expected, the entity will have either to increase its contributions or to persuade employees to accept a reduction in benefits.

Borrowing costs

Borrowing costs are interest and other costs incurred in connection with the borrowings. Interest expense is calculated using the effective interest rate method. Borrowing costs are recognised as an expense in the period in which they are incurred except that borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset that necessarily take a substantial period of time to get ready for their intended use or sale are capitalised as part of the cost of that asset until substantially all the activities necessary to prepare the qualifying asset for its intended use or sale are complete.

Income tax

Tax expense (tax income) is the aggregate amount included in the determination of profit or loss for the reporting year in respect of current tax and deferred tax. Current income tax is the expected tax payable on the taxable income for the reporting year; calculated using rates enacted or substantively enacted at the statement of financial position date; and inclusive of any adjustment to income tax payable or recoverable in respect of previous reporting years. Deferred tax is recognised using the liability method; based on temporary differences between the carrying amounts of assets and liabilities in the financial statements and their respective income tax bases; and determined using tax rates that have been enacted or substantively enacted by the reporting year end date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled. A deferred tax amount is recognised for all temporary differences, unless the deferred tax amount arises from the initial recognition of an asset or liability in a transaction which (i) is not a business combination; and (ii) at the time of the transaction, affects neither accounting profit nor taxable profit (tax loss).

A deferred tax liability or asset is recognised for all taxable temporary differences associated with investments in subsidiaries and associates, except where the Group is able to control the timing of the reversal of the taxable temporary difference and it is probable that the taxable temporary difference will not reverse in the foreseeable future or for deductible temporary differences, they will not reverse in the foreseeable future and they cannot be utilised against taxable profits.

Foreign currency transactions

The functional currency is the Singapore Dollar as it reflects the primary economic environment in which the entity operates. Transactions in foreign currencies are recorded in the functional currency at the rates ruling at the dates of the transactions. At each end of the reporting year, recorded monetary balances and balances measured at fair value that are denominated in non-functional currencies are reported at the rates ruling at the end of the reporting year and fair value measurement dates respectively. All realised and unrealised exchange adjustment gains and losses are dealt with in profit or loss except when a gain or loss on a non-monetary item is recognised in other comprehensive income, any exchange component of that gain or loss is recognised in other comprehensive income. The presentation is in the functional currency.

Notes to The Financial Statements

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2. Material accounting policy information and other explanatory information (cont'd)

2A. Material accounting policy information (cont'd)

Translation of financial statements of other entities

Each component in the group determines the appropriate functional currency as it reflects the primary economic environment in which the relevant Group operates. In translating the financial statements of such an entity for incorporation in the consolidated financial statements in the presentation currency the assets and liabilities denominated in other currencies are translated at end of the reporting year rates of exchange and the income and expense items for each statement presenting profit or loss and other comprehensive income are translated at average rates of exchange for the reporting year. The resulting translation adjustments (if any) are recognised in other comprehensive income and accumulated in a separate component of equity until the disposal of that relevant Group.

Property, plant and equipment

Property, plant and equipment are carried at cost on initial recognition and after initial recognition at cost less any accumulated depreciation and any accumulated impairment losses.

Cost includes acquisition cost, borrowing cost capitalised and any cost directly attributable to bringing the asset or component to the location and condition necessary for it to be capable of operating in the manner intended by management. Subsequent costs are recognised as an asset only when it is probable that future economic benefits associated with the item will flow to the entity and the cost of the item can be measured reliably. All other repairs and maintenance are charged to profit or loss when they are incurred.

An asset is depreciated when it is available for use until it is derecognised even if during that period the item is idle. Depreciation is provided on a straight-line method to allocate the gross carrying amounts of the assets less their residual values over their estimated useful lives of each part of an item of these assets (or, for certain leased assets, the shorter lease term).

The useful lives of assets, useful lives of assets and recognised impairment losses are reviewed, and adjusted if appropriate, whenever events or circumstances indicate that a revision is warranted.

Investment property

Investment property is property (land or a building or part of a building or both) held (by the owner or by the lessee as a right-of-use asset under a finance lease) to earn rentals or for capital appreciation or both, rather than for: (a) use in the production or supply of goods or services or for administrative purposes; or (b) sale in the ordinary course of business. It includes an investment property in the course of construction.

After initial recognition at cost including transaction costs the cost model is used to measure the investment property using the treatment for property, plant and equipment, that is, at cost less any accumulated depreciation and any accumulated impairment losses. An investment property that meets the criteria to be classified as held for sale is carried at the lower of carrying amount and fair value. For disclosure purposes only, the investment property is valued at least once in five years by external independent professional valuers having an appropriate recognised professional qualification and recent experience in the location and category of the property being valued.

Right-of-use assets

The right-of-use assets are accounted and presented as if they were owned such as property, plant and equipment.

Leases of lessee

A lease conveys the right to use an asset (the underlying asset) for a year of time in exchange for consideration. Where a lease arrangement is identified, a liability to the lessor is recognised as a lease obligation calculated at the present value of minimum lease payments. A corresponding right-of-use asset is recorded (or included in property, plant and equipment). Lease payments are apportioned between finance costs and reduction of the lease liability so as to reflect the interest on the remaining balance of the liability. Finance charges are recorded as an finance cost. Right-of-use assets are depreciated over the shorter of the estimated useful life of the asset and the lease term. Leases with a term of 12 months or less and leases for low value are not recorded as a liability and lease payments are recognised as an expense in profit or loss on a straight-line basis over the lease term.

2. Material accounting policy information and other explanatory information (cont'd)

2A. Material accounting policy information (cont'd)

Subsidiaries

A subsidiary is an entity including unincorporated and special purpose entity that is controlled by the Group and the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. The existence and effect of substantive potential voting rights that the Group has the practical ability to exercise (that is, substantive rights) are considered when assessing whether the Group controls another entity. In the Group's separate financial statements, an investment in a subsidiary is accounted for at cost less any allowance for impairment in value. Impairment loss recognised in profit or loss for a subsidiary is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. The carrying value and the net book value of the investment in a subsidiary are not necessarily indicative of the amount that would be realised in a current market exchange.

Associates

An associate is an entity including an unincorporated entity in which the Group has a significant influence and that is neither a subsidiary nor a joint arrangement of the Group. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies. An investment in an associate includes goodwill on acquisition, which is accounted for in accordance with the Singapore Financial Reporting Standards (International) on business combinations. In the company's separate financial statements, an investment in an associate is accounted for at cost less any allowance for impairment in value. Impairment loss recognised in profit or loss for an associate is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. The carrying value and the net book value of an investment in the associate are not necessarily indicative of the amounts that would be realised in a current market exchange.

In the consolidated financial statements, the accounting for investments in an associate is on the equity method. Under the equity method the investment is initially recognised at cost and adjusted thereafter for the post-acquisition change in the Group's share of the investee's net assets. The carrying value and the net book value of the investment in the associate are not necessarily indicative of the amounts that would be realised in a current market exchange. The Group's profit or loss includes its share of the investee's profit or loss and the investor's other comprehensive income includes its share of the investee's other comprehensive income. Accounting policies of associates are changed where necessary to ensure consistency with the policies adopted by the Group.

Non-controlling interests

The non-controlling interest is equity in a subsidiary not attributable, directly or indirectly, to the Group as the parent. The non-controlling interest is presented in the consolidated statement of financial position within equity, separately from the equity of the owners of the parent. For each business combination, any non-controlling interest in the acquiree (subsidiary) is initially measured either at fair value or at the non-controlling interest's proportionate share of the acquiree's identifiable net assets. Where the non-controlling interest is measured at fair value, the valuation techniques and key model inputs used are disclosed in the relevant note. Profit or loss and each component of other comprehensive income are attributed to the owners of the parent and to the non-controlling interests. Total comprehensive income is attributed to the owners of the parent and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

Inventories

Inventories are measured at the lower of cost (first in first out method) and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale. A write down on cost is made for where the cost is not recoverable or if the selling prices have declined. Cost includes all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition.

Notes to The Financial Statements

31 December 2024

2. Material accounting policy information and other explanatory information (cont'd)

2A. Material accounting policy information (cont'd)

Financial instruments

Recognition and derecognition of financial instruments

A financial asset or a financial liability is recognised when, and only when, the Group becomes party to the contractual provisions of the instrument. All other financial instruments (including regular-way purchases and sales of financial assets) are recognised and derecognised, as applicable, using trade date accounting or settlement date accounting. A financial asset is derecognised when the contractual rights to the cash flows from the financial asset expire or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Group neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset. A financial liability is removed from the statement of financial position when, and only when, it is extinguished, that is, when the obligation specified in the contract is discharged or cancelled or expires. At initial recognition the financial asset or financial liability is measured at its fair value plus or minus, in the case of a financial asset or financial liability not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability.

Classification of financial assets and financial liabilities and subsequent measurement

The Singapore Financial Reporting Standards (International) on financial instruments requires certain classification of financial assets and financial liabilities. At the end of the reporting year, the Group had the following classes:

- Financial asset classified as measured at amortised cost: A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at fair value through profit or loss ("FVTPL"), that is (a) the asset is held within a business model whose objective is to hold assets to collect contractual cash flows; and (b) the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. Typically trade and other receivables, bank and cash balances are in this class.
- Financial asset that is an equity investment measured at fair value through other comprehensive income ("FVTOCI"): On initial recognition of an equity investment that is not held for trading, an irrevocable election may be made to present subsequent changes in fair value in OCI. This election is made on an investment-by-investment basis. Fair value changes are recognised in OCI but dividends are recognised in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. The gain or loss that is presented in OCI includes any related foreign exchange component arising on non-monetary investments (eg, equity instruments). On disposal, the cumulative fair value changes are not recycled to profit or loss but remain in reserves within equity. The weighted average or specific identification method is used when determining the cost basis of equities being disposed of.
- Financial asset classified as measured at FVTPL: All other financial assets are classified as measured at FVTPL. In addition, on initial recognition, management may irrevocably designate a financial asset as measured at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise from measuring assets or liabilities or recognising the gains and losses on them on different bases.
- Financial liabilities are categorised at FVTPL in either of the following circumstances: (1) the liabilities are managed, evaluated and reported internally on a fair value basis; or (2) the designation eliminates or significantly reduces an accounting mismatch that would otherwise arise. All other financial liabilities are carried at amortised cost using the effective interest method. Reclassification of any financial liability is not permitted.

Cash and cash equivalents

For the statement of cash flows, cash and cash equivalents includes cash and cash equivalents less cash subject to restriction and bank overdrafts payable on demand that form an integral part of cash management. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

Cash flows are reported using the indirect method, whereby profit or loss is adjusted for the effects of transactions of a non-cash nature, and items of income or expense associated with investing or financing cash flows.

2. Material accounting policy information and other explanatory information (cont'd)

2A. Material accounting policy information (cont'd)

Derivative financial instruments

A derivative financial instrument is a financial instrument with all three of the following characteristics, (a) its value changes in response to the change in a specified interest rate, financial instrument price, commodity price, foreign exchange rate, index of prices, credit ratings or other variable, provided in the case of a non-financial variable that the variable is not specific to a party to the contract; (b) it requires no initial net investment or an initial net investment that is smaller than would be required for other types of contracts that would be expected to have a similar response to changes in market factors; and (c) it is settled at a future date. Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured to their fair value at each reporting date with the gain or loss recognised immediately in profit or loss.

Fair value measurement

The fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. When measuring the fair value of an asset or a liability, market observable data to the extent possible is used. If the fair value of an asset or a liability is not directly observable, an estimate is made using valuation techniques that maximise the use of relevant observable inputs and minimise the use of unobservable inputs (eg by use of the market comparable approach that reflects recent transaction prices for similar items, discounted cash flow analysis, or option pricing models refined to reflect the issuer's specific circumstances). Inputs used are consistent with the characteristics of the asset / liability that market participants would take into account. The entity's intention to hold an asset or to settle or otherwise fulfil a liability is not taken into account as relevant when measuring fair value.

Fair values are categorised into different levels in a fair value hierarchy based on the degree to which the inputs to the measurement are observable and the significance of the inputs to the fair value measurement in its entirety: Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities. Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (ie as prices) or indirectly (ie derived from prices). Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs). Transfers between levels of the fair value hierarchy are recognised at the end of the reporting year during which the change occurred.

The carrying values of current financial instruments approximate their fair values due to the short-term maturity of these instruments and the disclosures of fair value are not made when the carrying amount of current financial instruments is a reasonable approximation of the fair value. The fair values of non-current financial instruments may not be disclosed separately unless there are significant differences at the end of the reporting year and in the event the fair values are disclosed in the relevant notes to the financial statements.

Segment reporting

The Group discloses financial and descriptive information about its reportable segments. Reportable segments are operating segments or aggregations of operating segments that meet specified criteria. Operating segments are components about which separate financial information is available that is evaluated regularly by the chief operating decision maker in deciding how to allocate resources and in assessing performance. Generally, financial information is reported on the same basis as is used internally for evaluating operating segment performance and deciding how to allocate resources to operating segments.

2B. Judgements and sources of estimation uncertainties

Disclosures on significant judgements made in the process of applying the accounting policies and on material information about the assumptions management made about the future, and other major sources of estimation uncertainty at the end of the reporting year, that have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below. These estimates and assumptions are periodically monitored to ensure they incorporate all relevant information available at the date when financial statements are prepared. However, this does not prevent actual figures differing from estimates.

Assessment of allowance on inventories:

A review is made periodically for excess inventory, obsolescence and declines in net realisable value below cost and an allowance is recorded against the inventory balance for any such declines. These reviews require management to consider the future demand for the products. In any case the realisable value represents the best estimate of the recoverable amount and is based on the most reliable evidence available at the end of the reporting year and inherently involves estimates regarding the future expected realisable value. The usual considerations for determining the amount of allowance or write-down include ageing analysis, technical assessment and subsequent events. In general, such an evaluation process requires significant judgement and materially affects the carrying amount of inventories at the end of the reporting year. Possible changes in these estimates could result in revisions to the stated value of the inventories. The carrying amounts of inventories at the end of the reporting year is disclosed in Note 17 on inventories.

Notes to The Financial Statements

31 December 2024

2. Material accounting policy information and other explanatory information (cont'd)

2B. Judgements and sources of estimation uncertainties (cont'd)

Estimating income tax amounts:

The tax liabilities and assets tax are recognised based on an estimation of the likely taxes due, which requires significant judgement as to the ultimate tax determination of certain items. Where the actual amount arising from these issues differs from these estimates, such differences will have an impact on income tax and deferred tax amounts in the period when such determination is made. In addition, management judgement is required in determining the amount of current and deferred tax recognised and the extent to which amounts should or can be recognised. A deferred tax asset is recognised for unused tax losses if it is probable that the entity will earn sufficient taxable profit in future periods to benefit from a reduction in tax payments. This involves the management making assumptions within its overall tax planning activities and periodically reassessing them in order to reflect changed circumstances as well as tax regulations. As a result, due to their inherent nature assessments of likelihood are judgemental and not susceptible to precise determination. The income tax amounts are disclosed in Note 8 on income tax.

Measurement of impairment of subsidiaries:

Where an investee is in net equity deficit and/or has suffered losses, a test is made whether the investment in the investee has suffered any impairment. This measurement requires significant judgement. An estimate is made of the future profitability of the investee, and the financial health of and near-term business outlook for the investee, including factors such as industry and sector performance, and operational and financing cash flow. It is impracticable to disclose the extent of the possible effects. It is reasonably possible, based on existing knowledge, that outcomes within the next reporting year that are different from assumptions could require a material adjustment to the carrying amount of the asset. The carrying amount of the specific investees at the end of the reporting year affected by the assumption is \$1,672,822 (2023: \$620,019).

Assessment of expected credit loss allowance on trade receivables:

The assessment of the expected credit losses ("ECL") requires a degree of estimation and judgement. In measuring the expected credit losses, management considers all reasonable and supportable information such as the reporting entity's past experience at collecting receipts, any increase in the number of delayed receipts in the portfolio past the average credit period, and forward-looking information such as forecasts of future economic conditions. The carrying amounts might change materially within the next reporting year but these changes may not arise from assumptions or other sources of estimation uncertainty at the end of the reporting year. The carrying amount is disclosed in Note 18 on trade and other receivables.

Measuring the fair value of unquoted equity shares measured at FVTOCI:

The Group's unquoted equity shares measured at FVTOCI are not based on quoted prices in active markets, and therefore there is material measurement uncertainty involved in this measurement of fair value. Management has determined it is necessary to use a model to value these instruments based on their structure and terms and to make any adjustments where necessary to the output of the model to reflect the assumptions that marketplace participants would use in similar circumstances. The measurement methods used and carrying amounts are disclosed in Note 20 on financial assets at FVTOCI.

3. Related party relationships and transactions

3A. Related companies and related parties

SFRS(I) 1-24 defines a related party as an entity or person that directly or indirectly through one or more intermediaries controls, is controlled by, or is under common or joint control with, the entity in governing the financial and operating policies, or that has an interest in the entity that gives it significant influence over the entity in financial and operating decisions. It also includes members of the key management personnel or close members of the family of any individual referred to herein and others who have the ability to control, jointly control or significantly influence or for which significant voting power in such entity resides with, directly or indirectly, any such individual. The definition includes parents, subsidiaries, fellow subsidiaries, associates, joint ventures and post-employment benefit plans, if any.

There are transactions and arrangements between the Group and members of the Group and the effects of these on the basis determined between the parties are reflected in these financial statements. The current related party balances are unsecured without fixed repayment terms and interest unless stated otherwise. For any significant non-current balances and significant financial guarantees, an interest or charge is charged or imputed unless stated otherwise.

Notes to The Financial Statements

31 December 2024

3. Related party relationships and transactions (cont'd)

3A. Related companies and related parties (cont'd)

Intragroup transactions and balances that have been eliminated in these consolidated financial statements are not disclosed as related party transactions and balances below.

In addition to the transactions and balances disclosed elsewhere in the notes to the financial statements, significant transactions that took place between the Group and related parties during the reporting year are as follows:

	Group	
	2024	2023
	\$	\$
<u>Associates:</u>		
Sale of inventories	219,051	243,050
Purchases of inventories	(87,567)	(36,482)
<u>Related parties:</u>		
Purchases of inventories	(654,899)	(586,714)

The above transactions with related parties are with Chori Co., Ltd, a controlling shareholder of the Company, and its related companies.

3B. Key management compensation

	Group		Company	
	2024	2023	2024	2023
	\$	\$	\$	\$
Salaries and other short-term employee benefits of key management	4,770,227	4,060,558	2,550,541	1,902,140
Remuneration of directors of the Company	1,169,674	643,746	1,169,674	643,746
Fees to directors of the Company	202,000	202,000	202,000	202,000

Key management personnel are the directors and those persons having authority and responsibility for planning, directing and controlling the activities of the Group directly or indirectly. The above amounts for key management compensation are for all the directors and other key management personnel.

Notes to The Financial Statements

31 December 2024

4. Revenue and other income

	Group	
	2024	2023
	\$	\$
Sale of goods	125,211,604	119,622,779
Rendering of services	3,629,962	3,386,498
Total revenue	<u>128,841,566</u>	<u>123,009,277</u>
Other income		
- Trade receivables recovered	144,068	367,688
- Changes in fair value of financial assets at FVTPL – forward foreign exchange contract (Note 28)	44,957	–
- Gains on disposals of property, plant and equipment	624,178	10,166
- Government grant	42,640	44,508
- Interest income – banks	123,374	85,283
- Insurance claims	9,673,038	3,155,631
- Rental income	14,692	14,879
Other income	<u>10,666,947</u>	<u>3,678,155</u>
Total revenue and other income	<u><u>139,508,513</u></u>	<u><u>126,687,432</u></u>

The revenue from sale of goods and rendering of services is recognised based on point in time and all contracts with customers are less than 12 months.

The insurance claims pertain to the claims received from the Group's insurer during the reporting year and previous reporting year for compensation of the losses suffered by the Group in the fire incident that broke out in its Singapore warehouse building on 5 July 2023. The Group's insurance claim process is ongoing as at the end of the reporting year. Any further insurance claims are subject to the approval from the insurer.

5. Expense by nature

The material components and other selected components include the following:

	Group	
	2024	2023
	\$	\$
Cost of inventories	92,543,378	88,766,772
Changes in fair value of financial liabilities at FVTPL – forward foreign exchange contract (Note 28)	8,690	50,458
Compensation claims	8,279	809,355
Demolition and decontamination costs	1,030,772	2,320,000
Depreciation of investment property (Note 13)	2,753	2,788
Depreciation of property, plant and equipment (Note 11)	963,484	1,011,073
Depreciation of right-of-use assets (Note 12)	326,467	430,926
Employee compensation (Note 7)	18,056,903	16,479,316
Impairment of doubtful trade receivables (Note 18)	78,860	62,525
Inventories written down (Note 17)	1,689,628	8,557,525
Property, plant and equipment written off	–	811,080
Net foreign exchange translation losses	678,463	88,208
Rental on short term leases (Note 27)	262,646	210,130
Waste disposal costs	2,777,902	921,810
Warehouse storage charges	<u>3,437,877</u>	<u>2,714,631</u>

Notes to The Financial Statements

31 December 2024

6. Finance costs

	Group	
	2024	2023
	\$	\$
Interest expense:		
- Bills payable to banks	1,030,295	962,184
- Bank loans	656,349	838,812
- Bank overdraft	56,179	81,569
- Lease liabilities (Note 27)	166,964	154,375
Total finance costs	1,909,787	2,036,940

7. Employee compensation

	Group	
	2024	2023
	\$	\$
Wages and salaries	16,521,855	15,155,012
Contributions to defined contribution plans	1,535,048	1,324,304
Total employee compensation (Note 5)	18,056,903	16,479,316

8. Income tax expense

8A. Components of tax expense recognised in profit or loss include

	Group	
	2024	2023
	\$	\$
<u>Current tax expense:</u>		
Current year	772,527	499,314
(Over)/under adjustments to current tax in respect of prior years	(15,024)	57,898
Withholding taxes	106,213	103,422
Subtotal	863,716	660,634
<u>Deferred tax (income)/expense:</u>		
Current year	25,891	(218,037)
(Over)/under adjustments to deferred tax in respect of prior years	(110,270)	13,088
Subtotal	(84,379)	(204,949)
Total income tax expense	779,337	455,685

Notes to The Financial Statements

31 December 2024

8. Income tax expense (cont'd)

8A. Components of tax expense recognised in profit or loss include (cont'd)

The reconciliation of income taxes below is determined by applying the Singapore corporate tax rate where the Company is domiciled. The income tax expense varied from the amount of income tax expense determined by applying the Singapore income tax rate of 17% (2023: 17%) to profit or loss before income tax as a result of the following differences:

	Group	
	2024	2023
	\$	\$
Profit/(loss) before tax	8,692,788	(5,339,456)
Less: share of profit of associates	(1,222,096)	(1,171,091)
	<u>7,470,692</u>	<u>(6,510,547)</u>
Income tax expense/(income) at the above rate	1,270,018	(1,106,793)
Tax effect of non-deductible expenses	796,974	778,798
Tax effect of tax exemptions	(50,933)	(17,425)
Tax effect of different tax rates in other jurisdictions, tax rebates and incentives	47,062	93,072
(Over)/under adjustments to the current and deferred tax in respect of prior years	(125,294)	70,986
Deferred tax assets not recognised	–	533,625
Utilisation of deferred tax assets previously not recognised	(1,264,703)	–
Withholding taxes	106,213	103,422
Total income tax expense	<u>779,337</u>	<u>455,685</u>

There are no income tax consequences of dividends to owners of the Company.

8B. Deferred tax income recognised in profit or loss

	Group	
	2024	2023
	\$	\$
<u>Deferred tax liabilities:</u>		
Excess of net book value of plant and equipment over tax values	120,123	(113,054)
Amount in connection with interests in associate	95,000	(7,000)
<u>Deferred tax assets:</u>		
Provisions	(197,190)	(82,400)
Tax loss carryforwards	(102,312)	(2,495)
Total deferred tax income recognised in profit or loss	<u>(84,379)</u>	<u>(204,949)</u>

Notes to The Financial Statements

31 December 2024

8. Income tax expense (cont'd)

8C. Deferred tax balance in the statement of financial position

The deferred tax amounts and movements during the year are as follows:

	Group		Company	
	2024	2023	2024	2023
	\$	\$	\$	\$
<u>Deferred tax liabilities:</u>				
Excess of net book value of plant and equipment over tax values	296,161	176,038	59,000	39,000
Amount in connection with interests in associate	406,000	311,000	406,000	311,000
Total deferred tax liabilities	702,161	487,038	465,000	350,000
<u>Deferred tax assets:</u>				
Provisions	(913,326)	(716,136)	(428,000)	(350,000)
Tax loss carryforwards	(259,118)	(156,806)	–	–
Total deferred tax assets	(1,172,444)	(872,942)	(428,000)	(350,000)
Net deferred tax (assets) / liabilities	(470,283)	(385,904)	37,000	–
Disclosed in the statement of financial position as:				
Deferred tax assets	(925,283)	(804,755)	(369,000)	(350,000)
Deferred tax liabilities	455,000	418,851	406,000	350,000

It is impracticable to estimate the amount expected to be settled or used within one year.

Deferred income tax assets are recognised for tax losses carried forward to the extent that realisation of the related tax benefits through future taxable profits is probable. The Group has unrecognised tax losses and capital allowances of \$3,321,000 and \$90,000 (2023: \$10,679,000 and \$310,000) respectively which can be carried forward and used to offset against future taxable income subject to meeting certain statutory requirements by those companies with unrecognised tax losses and capital allowances in their respective countries of incorporation. These tax losses have no expiry date except for \$1,881,000 (2023: \$1,380,000) which will expire between 2025 to 2032 (2023: expire between 2024 to 2031). Unutilised capital allowances do not have expiry dates.

For the Singapore companies, the realisation of the future income tax benefits from tax losses carry forwards and temporary differences from capital allowances is available for an unlimited future year, subject to conditions imposed by law including the retention of majority shareholders as defined.

A deferred tax liability or asset is recognised for all taxable temporary differences associated with investments in subsidiaries and associates except where the Group is able to control the timing of the reversal of the taxable temporary difference and it is probable that the taxable temporary difference will not reverse in the foreseeable future or for deductible temporary differences, they will not reverse in the foreseeable future and they cannot be utilised against taxable profits.

9. Dividends

	Group and Company	
	2024	2023
	\$	\$
Final tax exempt dividend paid of Nil cents (2023: tax exempt 1.2 cents) per share in respect of the previous reporting year	–	1,599,600
Interim tax exempt dividend paid of 0.5 cents (2023: tax exempt Nil cents) per share in respect of current reporting year	666,500	–
Total dividends paid in the year	666,500	1,599,600

In respect of the current reporting year, the directors have proposed that a final tax exempt dividend of 0.5 cents per share, subject to the approval by shareholders at the next Annual General Meeting to be convened. The dividend has not been included as liability in these financial statements.

Notes to The Financial Statements

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10. Earnings per share

Basic earnings per share is calculated by dividing the net profit attributable to equity holders of the Company by the weighted average number of ordinary shares of no par value in issue during the reporting year.

	Group	
	2024	2023
The calculation of earnings per share is based on the following:		
Net profit/(loss) for the year attributable to equity holders of the Company (\$)	7,905,459	(5,907,704)
Weighted average number of ordinary shares on issue for basic earnings per share	133,300,000	133,300,000

The Group and Company do not have any discontinued operations.

There is no dilution of earnings per share as there are no dilutive potential ordinary shares outstanding as at the year end. The denominators used are the same as those detailed above for both basic and diluted earnings per share.

11. Property, plant and equipment

Group	Freehold land	Freehold buildings	Buildings on leasehold land	Machinery and equipment	Motor vehicles	Computer equipment, furniture and fixtures	Construction in progress	Total
	\$	\$	\$	\$	\$	\$	\$	\$
<i>Cost:</i>								
At 1 January 2023	2,930,887	5,661,430	10,534,166	5,253,283	1,631,894	4,996,615	–	31,008,275
Currency translation differences	(161,939)	(320,809)	(7,354)	(30,037)	(21,002)	(65,570)	–	(606,711)
Additions	–	288,097	–	227,193	803,549	212,016	77,435	1,608,290
Disposals/written off	–	–	(3,228,240)	(743,635)	(242,645)	(275,735)	–	(4,490,255)
At 31 December 2023	2,768,948	5,628,718	7,298,572	4,706,804	2,171,796	4,867,326	77,435	27,519,599
Currency translation differences	145,998	318,105	11,605	34,317	15,862	49,562	–	575,449
Additions	–	5,656	34,387	321,994	240,472	75,217	2,304,823	2,982,549
Disposals/written off	(312,210)	(121,415)	(7,685)	(15,493)	(200,350)	(1,464,421)	–	(2,122,574)
At 31 December 2024	2,602,736	5,831,064	7,336,879	5,047,622	2,227,780	3,526,684	2,382,258	28,955,023
<i>Accumulated depreciation:</i>								
At 1 January 2023	–	188,913	5,588,611	4,081,335	1,227,320	4,562,920	–	15,649,099
Currency translation differences	–	(13,689)	(2,408)	(11,617)	(13,288)	(52,710)	–	(93,712)
Depreciation for the year	–	117,056	309,578	181,282	227,102	176,055	–	1,011,073
Disposals/written off	–	–	(3,053,312)	(277,849)	(109,805)	(237,339)	–	(3,678,305)
At 31 December 2023	–	292,280	2,842,469	3,973,151	1,331,329	4,448,926	–	12,888,155
Currency translation differences	–	16,384	3,000	17,737	12,382	41,514	–	91,017
Depreciation for the year	–	112,140	242,778	174,181	249,534	184,851	–	963,484
Disposals/written off	–	(121,415)	(7,685)	(8,807)	(200,350)	(1,464,676)	–	(1,802,933)
At 31 December 2024	–	299,389	3,080,562	4,156,262	1,392,895	3,210,615	–	12,139,723
<i>Carrying value:</i>								
At 1 January 2023	2,930,887	5,472,517	4,945,555	1,171,948	404,574	433,695	–	15,359,176
At 31 December 2023	2,768,948	5,336,438	4,456,103	733,653	840,467	418,400	77,435	14,631,444
At 31 December 2024	2,602,736	5,531,675	4,256,317	891,360	834,885	316,069	2,382,258	16,815,300

Notes to The Financial Statements

31 December 2024

11. Property, plant and equipment (cont'd)

	Buildings on leasehold land	Machinery and equipment	Motor vehicles	Computer equipment, furniture and fixtures	Construction in progress	Total
Company	\$	\$	\$	\$	\$	\$
<u>Cost:</u>						
At 1 January 2023	3,574,468	756,226	975,477	2,624,024	–	7,930,195
Additions	–	54,313	752,941	132,751	77,435	1,017,440
Disposals/written off	(3,228,240)	(728,914)	(181,146)	(272,809)	–	(4,411,109)
At 31 December 2023	346,228	81,625	1,547,272	2,483,966	77,435	4,536,526
Additions	–	96,550	240,472	20,470	2,304,823	2,662,315
Disposals/written off	–	(2,115)	(188,323)	(618,900)	–	(809,338)
At 31 December 2024	346,228	176,060	1,599,421	1,885,536	2,382,258	6,389,503
<u>Accumulated depreciation:</u>						
At 1 January 2023	3,114,092	260,075	731,466	2,552,976	–	6,658,609
Depreciation for the year	65,345	47,587	175,242	32,770	–	320,944
Disposals/written off	(3,053,313)	(263,997)	(48,306)	(234,413)	–	(3,600,029)
At 31 December 2023	126,124	43,665	858,402	2,351,333	–	3,379,524
Depreciation for the year	11,541	25,530	205,415	51,090	–	293,576
Disposals/written off	–	(2,115)	(188,323)	(618,900)	–	(809,338)
At 31 December 2024	137,665	67,080	875,494	1,783,523	–	2,863,762
<u>Carrying value:</u>						
At 1 January 2023	460,376	496,151	244,011	71,048	–	1,271,586
At 31 December 2023	220,104	37,960	688,870	132,633	77,435	1,157,002
At 31 December 2024	208,563	108,980	723,927	102,013	2,382,258	3,525,741

The useful lives of Group and Company's property, plant and equipment are as follows:

Freehold buildings	–	50 years
Buildings on leasehold land	–	20 to 30 years
Machinery and equipment	–	5 to 12 years
Motor vehicles	–	3 to 5 years
Computer equipment, furniture and fixtures	–	3 to 5 years

Freehold land and construction in progress are not depreciated.

The depreciation expense is charged to profit or loss under:

	Group	
	2024	2023
	\$	\$
Cost of sales	67,939	59,301
Operating expenses	895,545	951,772
Total	963,484	1,011,073

Notes to The Financial Statements

31 December 2024

11. Property, plant and equipment (cont'd)

The Group and Company incurred costs of \$2,304,823 (2023: \$77,435) on the planned re-construction of the warehouse building at 132 Pioneer Road Singapore. The construction works have yet to be commenced as of reporting year end.

Motor vehicles with carrying value of \$602,319 as at 31 December 2024 (2023: \$516,440) were acquired under finance lease agreements (Note 27).

For the purpose of consolidated statement of cash flows, the Group's additions to property, plant and equipment during the reporting year, comprised of:

	Group	
	2024	2023
	\$	\$
Additions of property, plant and equipment	2,982,549	1,608,290
Acquired under finance lease arrangements (including cost of motor vehicle of \$240,472 and other item of \$6,745)	(247,217)	(422,900)
Cash payments to acquire property, plant and equipment	2,735,332	1,185,390

12. Right-of-use assets

Group	Leasehold lands	Office premises	Office equipment	Motor vehicles	Total
	\$	\$	\$	\$	\$
<u>Cost:</u>					
At 1 January 2023	2,285,423	1,093,265	8,343	73,218	3,460,249
Currency translation differences	–	(14,988)	(461)	3,195	(12,254)
Additions	–	–	–	127,698	127,698
Write off of expired and terminated leases	–	–	–	(75,386)	(75,386)
Lease modification	65,845	–	–	–	65,845
At 31 December 2023	2,351,268	1,078,277	7,882	128,725	3,566,152
Currency translation differences	–	3,408	543	1,974	5,925
Additions	–	287,930	2,201	41,582	331,713
Write off of expired and terminated leases	–	(762,741)	–	(20,683)	(783,424)
At 31 December 2024	2,351,268	606,874	10,626	151,598	3,120,366
<u>Accumulated depreciation:</u>					
At 1 January 2023	263,048	552,172	1,251	53,784	870,255
Currency translation differences	–	(10,158)	(114)	1,845	(8,427)
Depreciation for the year	66,485	311,288	1,621	51,532	430,926
Write off of expired and terminated leases	–	–	–	(75,386)	(75,386)
At 31 December 2023	329,533	853,302	2,758	31,775	1,217,368
Currency translation differences	–	5,520	233	453	6,206
Depreciation for the year	66,929	199,832	1,784	57,922	326,467
Write off of expired and terminated leases	–	(762,741)	–	(8,016)	(770,757)
At 31 December 2024	396,462	295,913	4,775	82,134	779,284
<u>Carrying value:</u>					
At 1 January 2023	2,022,375	541,093	7,092	19,434	2,589,994
At 31 December 2023	2,021,735	224,975	5,124	96,950	2,348,784
At 31 December 2024	1,954,806	310,961	5,851	69,464	2,341,082

Notes to The Financial Statements

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12. Right-of-use assets (cont'd)

Company	Leasehold land
	\$
<u>Cost:</u>	
At 1 January 2023	1,140,235
Lease modification	32,878
At 31 December 2023 and 31 December 2024	<u>1,173,113</u>
<u>Accumulated depreciation:</u>	
At 1 January 2023	131,847
Depreciation for the year	33,590
At 31 December 2023	165,437
Depreciation for the year	33,589
At 31 December 2024	<u>199,026</u>
<u>Carrying value:</u>	
At 1 January 2023	<u>1,008,388</u>
At 31 December 2023	<u>1,007,676</u>
At 31 December 2024	<u>974,087</u>

The useful lives of Group and Company's right-of-use assets are as follows:

Leasehold land	–	35 years
Office premises	–	2 to 5 years
Office equipment	–	5 years
Motor vehicles	–	3 to 5 years

The depreciation expense for the Group and Company is charged under other operating expenses.

The leasehold lands, on which the buildings of the Company and one of its subsidiary in Singapore are built are under a non-cancellable operating lease expiring in 2053 and 2054. The annual land rent payable is subject to annual revision. Lease modification is accounted for upon the revision of annual land rent.

There are restrictions or covenants imposed by the leases to sublet the asset to another party. The right-of-use asset can only be used by the lessee. Unless permitted by the owner, the lease prohibits from selling or pledging the underlying leased assets as security. Typically the leases are either non-cancellable or may only be cancelled by incurring a substantive termination fee. Insurance, and maintenance fees on right-of-use assets are usually required under the lease contracts.

Other information about the leasing activities relating to the material right-of-use assets are summarised as follows:

	Group			Company
	Leasehold lands	Office premises	Motor vehicles	Leasehold land
<u>2024</u>				
Number of right-of-use assets	2	7	5	1
Remaining term – range (years)	29-30	0-5	1-2	29
Remaining term – average (years)	29	2	1	29
<u>2023</u>				
Number of right-of-use assets	2	7	5	1
Remaining term – range (years)	30-31	0-5	1-3	30
Remaining term – average (years)	30	1	2	30

Notes to The Financial Statements

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13. Investment property

	Group	
	2024	2023
	\$	\$
<u>At cost:</u>		
Balance at beginning of year	120,774	127,838
Currency translation differences	6,928	(7,064)
Balance at end of year	127,702	120,774
<u>Accumulated depreciation:</u>		
Balance at beginning of year	65,205	66,150
Currency translation differences	3,853	(3,733)
Depreciation for the year	2,753	2,788
Balance at end of year	71,811	65,205
<u>Carrying value:</u>		
Balance at beginning of year	55,569	61,688
Balance at end of year	55,891	55,569
Fair value:		
Fair value at end of year	303,490	293,179
Rental and service income from investment property	14,692	14,879
<u>Description / Location</u>	<u>Gross floor area</u>	<u>Tenure of land</u>
Condominium BL 20-3, 20th Floor, Mont' Kiara Palma, Jalan 1/70C, Off Bukit Kiara, Kuala Lumpur 50480, Malaysia	1,389 square feet	Freehold

The useful life of the building on freehold land is 50 years.

The fair value was measured based on the highest and best use method to reflect the actual market state and circumstances as of the end of the reporting year. The fair value was determined on a systematic basis at least once in five years by the independent professional valuer. Management determined that the highest and best use of the asset is the current use and that it would provide maximum value to market participants principally through its use in combination with other assets.

For fair value measurements categorised within the fair value hierarchy below, a description of the valuation techniques and the significant other observable inputs used in the fair value measurement are as follows:

Asset:	Freehold property at BL 20-3, 20th Floor, Mont' Kiara Palma, Jalan 1/70C, Off Bukit Kiara, Kuala Lumpur 50480, Malaysia
Fair value and fair value hierarchy – Level:	\$303,490 (2023: \$293,179); and Level 2 (2023: Level 2).
Valuation technique for recurring fair value measurements:	Comparison with market evidence of recent transaction prices for similar properties.
Significant observable inputs and range (weighted average):	Price per square feet \$218 – \$221 (2023: \$207 – \$213)
Sensitivity on management's estimates – 10% variation from estimate	Impact – lower by \$30,349; higher by \$30,349

The investment property was leased out for the reporting years ended 31 December 2024 and 31 December 2023.

The direct operating expenses (including repairs and maintenance) arising from the investment property that generated rental income during the year are not material.

Notes to The Financial Statements

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14. Investments in subsidiaries

	Company	
	2024	2023
	\$	\$
Movements during the year:		
Balance at beginning of year	5,723,472	5,723,472
Acquisition of equity shares from non-controlling interests #	1,160,289	–
Subscriptions of additional equity shares of subsidiaries ^	1,652,802	–
Allowance for impairment	(600,000)	–
Balance at end of year	7,936,563	5,723,472
Total cost comprising:		
Unquoted equity shares at cost	9,901,063	7,087,972
Allowance for impairment	(1,964,500)	(1,364,500)
Total at cost	7,936,563	5,723,472
Movements in allowance for impairment:		
At beginning of year	1,364,500	1,364,500
Impairment loss charged to profit or loss included in other losses *	600,000	–
At end of the year	1,964,500	1,364,500

Acquisition of non-controlling interest without change in control

During the reporting year, the Company acquired 9% and 12% of the equity interests held by non-controlling shareholders in the subsidiaries, Megachem Raya Pte Ltd ("Megachem Raya") and Megachem (UK) Ltd ("Megachem UK"), for cash considerations of \$766,874 and \$393,415 respectively. Upon completion of these acquisitions, the Company's equity interests held in Megachem Raya and Megachem UK had increased to 83% and 97% respectively. The carrying amount of the non-controlling interests of Megachem Raya and Megachem UK at date of acquisitions were approximately \$719,461 and \$332,332. The difference between the changes in the balance of non-controlling interests and the considerations the Company paid, amounting to \$108,496 in total, was recognised in retained earnings.

^ During the reporting year, the Company's receivables from Megachem Specialty Chemicals (I) Private Limited ("Megachem India") and Megachem Australia Pty Ltd ("Megachem Australia") of \$750,433 and \$902,369 respectively were converted to the costs of investments in these two subsidiaries.

* The additional impairment loss was recognised on the Company's investment in Megachem India during the year. The decreasing performance of Megachem India Limited was considered sufficient evidence for recognition of impairment loss as at 31 December 2024.

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14. Investments in subsidiaries (cont'd)

Details of the subsidiaries are as follows:

Name of subsidiary, principal activities, country of incorporation and place of operations	Effective percentage of equity held by Group	
	2024	2023
	%	%
<u>Held by the Company</u>		
C.N. Chemicals Sdn. Bhd. ^(b) Trading in industrial chemicals Malaysia	100	100
Megachem Manufacturing Pte Ltd ^(a) Blending of chemicals and chemical-related products Singapore	100	100
Megachem Phils., Inc ^(c) Trading in chemicals and chemical-related products Philippines (Alas, Oplas & Co., CPA)	90	90
Megachem Raya Pte Ltd ^(a) Trading in chemicals and chemical-related products Singapore	83	74
Megachem (Shanghai) Pte Ltd ^(a) Trading in chemicals and chemical-related products Singapore	85	85
Megachem (UK) Ltd ^(c) Trading in chemicals and chemical-related products United Kingdom (Sumer Auditco Ltd)	97	85
Megachem Middle East FZE ^(b) Trading in chemicals and chemical-related products U.A.E	100	100
Megachem Specialty Chemicals (I) Private Limited ^{(b) (e)} Trading in chemicals and chemical-related products India	100	100
Megachem Vietnam Company Limited ^(b) Trading in chemicals and chemical-related products Vietnam	100	100
Megachem Australia Pty Ltd ^(d) Trading in chemicals and chemical-related products Australia	100	100

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14. Investments in subsidiaries (cont'd)

Name of subsidiary, principal activities, country of incorporation and place of operations	Effective percentage of equity held by Group	
	2024	2023
	%	%
Held by Megachem (Shanghai) Pte Ltd		
Megachem International Trading (Shanghai) Co., Ltd ^(b)	85	85
Trading in chemicals and chemical-related products		
People's Republic of China		
(SBA Stone Forest CPA Co Ltd)		
Held by Megachem Raya Pte Ltd		
P.T. Mega Kemiraya ^(b)	83	74
Trading in chemicals and chemical-related products		
Indonesia		

(a) Audited by RSM SG Assurance LLP.

(b) Audited by member firms of RSM International of which RSM SG Assurance LLP in Singapore is a member.

(c) Other independent auditor. Audited by firm of accountants other than member firms of RSM International of which RSM SG Assurance LLP in Singapore is a member. Their names are indicated above.

(d) Not audited as relieved from the requirement to prepare and lodge an audited financial report with the local authorities. The subsidiary is not material to the Group.

(e) 1% of the equity interest is held through a subsidiary, Megachem Manufacturing Pte Ltd.

(f) Audited by an affiliate firm of RSM SG Assurance LLP.

There are no subsidiaries that have non-controlling interests that are considered material to the Group.

As is required by Rule 716 of the Listing Manual of The Singapore Exchange Securities Trading Limited, the Audit Committee and the board of directors of the Company have satisfied themselves that the appointment of different auditors for certain of its overseas subsidiaries would not compromise the standard and effectiveness of the audit of the Group.

15. Investments in associates

	Group	
	2024	2023
	\$	\$
Movements in carrying value during the year:		
Balance at beginning of year	8,385,733	7,901,273
Currency translation differences	282,308	(66,687)
Share of profit for the year	1,222,096	1,171,091
Dividends received, net of tax	(537,913)	(619,944)
Balance at end of year	9,352,224	8,385,733
Share of net book value of associates	9,352,224	8,385,733

Notes to The Financial Statements

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15. Investments in associates (cont'd)

	Company	
	2024	2023
	\$	\$
Carrying value:		
Unquoted equity shares at cost	2,798,756	2,798,756

Details of the associates are as follows:

Name of associates, principal activities, country of incorporation and place of operations	Effective percentage of equity held by Group	
	2024	2023
	%	%
Megachem (Thailand) Public Company Limited ("Megachem Thailand") ^(a) Trading in chemicals and chemical-related products Thailand (EY Office Limited Bangkok) <u>Held by Megachem Thailand</u>	36	36
<i>Subsidiaries of Megachem Thailand:</i>		
Green Leaf Chemical Co., Limited ^(b) Import and distribution of chemicals for manufacturing of personal care products Thailand	20	20
Megachem Plus Limited ^(c) Import and distribution of ethanol chemicals Thailand	29	29
Megachem (Myanmar) Limited ^(d) Trading in construction material, hospital equipment, seeds and fertilizers Myanmar	18	18
<i>Joint venture of Megachem Thailand:</i>		
Mega Fuji Graphite Limited ^(e) Production and sales of expandable graphite Thailand	18	18

(a) Other independent auditor. Audited by firm of accountants other than member firms of RSM International of which RSM SG Assurance LLP in Singapore is a member. The name is indicated above.

(b) Green Leaf Chemical Co., Limited is 55% owned by Megachem Thailand.

(c) Megachem Plus Limited is 80% owned by Megachem Thailand.

(d) Megachem (Myanmar) Limited is 51% owned by Megachem Thailand.

(e) Mega Fuji Graphite Limited is 49% owned by Megachem Thailand.

As is required by Rule 716 of the Listing Manual of The Singapore Exchange Securities Trading Limited, the Audit Committee and the board of directors of the Company have satisfied themselves that the appointment of different auditors for its overseas associates would not compromise the standard and effectiveness of the audit of the Group.

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15. Investments in associates (cont'd)

Megachem Thailand is considered material to the Group. The summarised financial information of Megachem Thailand and its subsidiaries and the amounts (and not the Group's share of those amounts) based on the financial statements of Megachem Thailand and its subsidiaries are as follows. These are adjusted to reflect adjustments made by the Group when using the equity method.

	2024	2023
	\$	\$
Dividends paid	1,518,000	1,699,500
Revenue	40,945,306	37,700,919
Profit	3,963,607	3,534,712
Other comprehensive (loss)/income	(648)	56,244
Total comprehensive income	3,962,960	3,590,956
Current assets	25,080,207	18,640,903
Non-current assets	17,954,989	18,000,107
Current liabilities	(10,642,072)	(7,272,988)
Non-current liabilities	(1,927,190)	(1,981,401)
Net assets of the associate	30,465,934	27,386,621
Associate's non-controlling interest	4,626,778	4,217,773
Proportion of the Group's interest in the associate	36.194%	36.194%
Carrying amount of the interest in the associate	9,352,224	8,385,733

16. Transferable club memberships

	Group		Company	
	2024	2023	2024	2023
	\$	\$	\$	\$
Transferable club memberships at cost	77,871	77,871	47,071	47,071
Currency translation differences	(9,556)	(10,708)	–	–
Less: allowance for impairment	(43,070)	(43,070)	(43,070)	(43,070)
Total transferable club memberships	25,245	24,093	4,001	4,001
Movement in allowance for impairment:				
Balance at beginning and end of year	43,070	43,070	43,070	43,070

The carrying value of club memberships is at cost less allowance for impairment. The fair value of the club memberships is deemed to be not reliably measurable as the probabilities of the various estimates within the range cannot be reasonably assessed and used in estimating fair values. Consequently it is carried at cost less allowance for impairment.

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17. Inventories

	Group		Company	
	2024	2023	2024	2023
	\$	\$	\$	\$
Finished goods	31,742,578	33,561,171	15,514,618	15,473,216
Inventories are stated after allowance.				
Movements in allowance during the year:				
Balance at beginning of the year	6,103,650	4,661,436	2,405,000	1,858,000
Charge to profit or loss	1,689,628	8,557,525	433,760	7,497,208
Amount written off against allowance	(612,732)	(7,024,686)	(534,760)	(6,950,208)
Currency translation differences	47,394	(90,625)	–	–
Balance at end of the year	7,227,940	6,103,650	2,304,000	2,405,000

	Group	
	2024	2023
	\$	\$
The write-downs of inventories charged to profit or loss included in cost of sales (Note 5)	1,689,628	8,557,525
Decrease in inventories of finished goods charged to profit or loss included in cost of sales	1,818,593	15,777,133
Purchase of inventories	92,461,807	81,456,539

Certain inventories are pledged as security for banking facilities as at 31 December 2024 and 31 December 2023 (see Note 25).

Notes to The Financial Statements

31 December 2024

18. Trade and other receivables

	Group		Company	
	2024	2023	2024	2023
	\$	\$	\$	\$
Current :				
<u>Trade receivables:</u>				
Non-related parties	23,287,120	23,357,899	6,776,872	8,242,572
Subsidiaries	–	–	8,004,848	7,548,451
Associates	12,480	35,672	12,480	29,483
Less: allowance for impairment – non-related parties	(432,295)	(415,663)	(49,094)	(50,356)
Less: allowance for impairment – subsidiaries	–	–	(2,105,000)	(1,582,000)
Net trade receivables – subtotal	22,867,305	22,977,908	12,640,106	14,188,150
<u>Other receivables:</u>				
Short term loans to subsidiaries	–	–	1,496,704	3,322,456
Long term loans to subsidiaries	–	–	229,167	391,002
Subsidiaries	–	–	2,400,285	2,386,251
Advance payments to subsidiary	–	–	147,370	370,056
Non-related parties	411,739	723,610	1,358	3,907
Less: allowance for impairment - subsidiaries	–	–	(1,435,000)	(1,341,000)
Net other receivables – subtotal	411,739	723,610	2,839,884	5,132,672
Total net trade and other receivables - current	23,279,044	23,701,518	15,479,990	19,320,822
Non-current:				
<u>Other receivables:</u>				
Long term loans to subsidiaries	–	–	–	846,084
Less: allowance for impairment	–	–	–	(617,000)
Total other receivables – non-current	–	–	–	229,084
Total trade and other receivables	23,279,044	23,701,518	15,479,990	19,549,906

The non-trade amounts due from subsidiaries are unsecured, interest-free and are repayable on demand.

The short term loans to subsidiaries are unsecured, bear interest at 7.2% to 8.2% (2023: 7.0% – 8.3%) per annum and are repayable on demand. The short term and long term loans receivables from the subsidiaries, Megachem India, amounted to \$750,433 and Megachem Australia, amounted to \$902,369 were converted to additional costs of investment in these two subsidiaries (see Note 14).

The long term loans to subsidiaries are unsecured, bear interest at 1.8% (2023: 1.8% and 7.8%) per annum and have an average maturity of 1 year from the end of the reporting year (2023: 2 and 6 years).

The carrying values of trade and other receivables approximate their fair values due to the short-term maturity.

Certain trade and other receivables are pledged as security for banking facilities as at 31 December 2024 and 31 December 2023 (see Note 25).

The expected credit losses (“ECL”) on the trade receivables are based on the simplified approach to measuring the ECL which uses a lifetime ECL allowance approach for all trade receivables recognised from initial recognition of these assets. These assets are grouped based on shared credit risk characteristics and the days past due for measuring the ECL. The allowance matrix is based on the historical observed default rates (over a year of 36 months) over the expected life of the trade receivables and is adjusted for forward-looking estimates. At every reporting date the historical observed default rates are updated and changes in the forward-looking estimates are analysed.

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18. Trade and other receivables (cont'd)

Excluding specific provision as at reporting year ended 31 December 2024 of Nil for receivables (i) past due over 6 months, invoice aged less than 1 year; and (ii) past due 4 to 6 months (31 December 2023: \$23,647 and \$9,519 for receivables (i) past due over 6 months, invoice aged less than 1 year; and (ii) past due 4 to 6 months, respectively), respectively, the ageing of the Group's trade receivables is as follows:

Group	Gross amount		Expected loss rate		Loss allowance	
	2024	2023	2024	2023	2024	2023
	\$'000	\$'000	%	%	\$'000	\$'000
Current	19,632	18,921	–	–	–	–
Past due less than 1 month	2,460	3,286	–	–	–	–
Past due 1 to 2 months	498	536	–	–	–	–
Past due 2 to 3 months	160	125	–	–	–	–
Past due 3 to 4 months	51	54	–	–	–	–
Past due 4 to 6 months	28	32	–	–	–	–
Past due over 6 months, invoice aged less than 1 year	44	25	11.6	9.3	5	2
Past due over 6 months, invoice aged over 1 year	427	381	100.0	100.0	427	381
Total	23,300	23,360			432	383

Excluding trade receivables from subsidiaries and specific provision as at reporting year ended 31 December 2024 of Nil for receivables (i) past due over 6 months, invoice aged less than 1 year; and (ii) past due 4 to 6 months (31 December 2023: \$23,647 and \$9,519 for receivables (i) past due over 6 months, invoice aged less than 1 year; and (ii) past due 4 to 6 months, respectively), respectively, the ageing of the Company's trade receivables is as follows:

Company	Gross amount		Expected loss rate		Loss allowance	
	2024	2023	2024	2023	2024	2023
	\$'000	\$'000	%	%	\$'000	\$'000
Current	5,743	6,463	–	–	–	–
Past due less than 1 month	951	1,650	–	–	–	–
Past due 1 to 2 months	41	95	–	–	–	–
Past due 2 to 3 months	5	–	–	–	–	–
Past due 3 to 4 months	–	–	–	–	–	–
Past due 4 to 6 months	–	14	–	–	–	–
Past due over 6 months, invoice aged less than 1 year	–	–	–	–	–	–
Past due over 6 months, invoice aged over 1 year	49	17	100.0	100.0	49	17
Total	6,789	8,239			49	17

There are no collateral held as security and other credit enhancements for the trade receivables held by the Group and Company.

The amounts are written off when there are indications that there is no reasonable expectation of recovery or the failure of a debtor to make contractual payments over an extended year.

18. Trade and other receivables (cont'd)

Other receivables are normally with no fixed terms and therefore there is no maturity. Except for the other receivables from subsidiaries of \$1,435,000 (2023: \$1,341,000) that management had determined they are credit impaired, the other receivables are regarded as of low credit risk as the debtors have strong capacities to meet their contractual cash flow obligations in the near term. As at end of the reporting year, no loss allowance is needed.

(i) *Trade receivables that are neither past due nor impaired*

Trade receivables that are neither past due nor impaired are substantially companies with a good collection track record with the Group.

The Group's and Company's non-related party trade receivables not past due include receivables that amounted to \$19,619,000 (2023: \$18,886,000) and \$5,739,000 (2023: \$6,452,000) respectively.

(ii) *Trade receivables that are past due but not impaired*

The age analysis of non-related party trade receivables past due but not impaired is as follows:

	Group		Company	
	2024	2023	2024	2023
	\$000	\$000	\$000	\$000
Past due less than 1 month	2,460	3,286	951	1,650
Past due 1 to 2 months	498	536	38	91
Past due 2 to 3 months	160	125	–	–
Past due 3 to 4 months	51	54	–	–
Past due over 4 months	67	55	–	–
Total	3,236	4,056	989	1,741

(iii) *Trade receivables that are past due and impaired*

The carrying amount of non-related party trade receivables determined to be impaired and the movement in the related allowance for impairment are as follows:

	Group		Company	
	2024	2023	2024	2023
	\$000	\$000	\$000	\$000
Gross amount	432	416	49	50
Less: allowance for impairment – ECL	(432)	(383)	(49)	(17)
Less: allowance for impairment – specific	–	(33)	–	(33)
Total	–	–	–	–
Movements in allowance for impairment during the year:				
Balance at beginning of year	416	559	50	24
Currency translation differences	8	(7)	–	–
Additions	79	62	–	33
Bad debt written off against allowance	(7)	(93)	–	–
Bad debt recovered	(64)	(105)	(1)	(7)
Balance at end of year	432	416	49	50

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18. Trade and other receivables (cont'd)

(iii) *Trade receivables that are past due and impaired (cont'd)*

The carrying amount of trade and other receivables from subsidiaries determined to be impaired, and the movement in the related allowance for impairment are as follows:

	Company	
	2024	2023
	\$'000	\$'000
Gross amount	3,540	3,540
Less: allowance for impairment	(3,540)	(3,540)
Total	–	–
Movements in allowance for impairment during the year:		
Balance at beginning and end of year	3,540	3,540

(iv) *Concentration of credit risk*

The number of debtors that individually represented 5-10% of non-related party trade receivables are as follows:

	Group		Company	
	2024	2023	2024	2023
Number of debtors that represent:				
5-10% of non-related party trade receivables	None	1	None	3

There is no concentration of credit risk with respect to trade receivables as there are a large number of customers.

(v) *Credit risk exposure*

The credit risk for non-related party trade receivables by geographical areas is as follows:

	Group		Company	
	2024	2023	2024	2023
	\$'000	\$'000	\$'000	\$'000
<u>By geographical areas</u>				
Africa	6	98	6	98
America	32	21	14	24
ASEAN	12,587	13,757	6,310	7,770
Australia	1,254	1,491	30	–
Middle East	2,890	2,691	38	39
North Asia	3,691	2,424	267	240
South Asia	829	950	99	34
UK and Europe	1,998	1,926	13	38
Total non-related party trade receivables	23,287	23,358	6,777	8,243

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19. Financial assets at fair value through profit or loss (“FVTPL”)

	Group		Company	
	2024	2023	2024	2023
	\$	\$	\$	\$
At fair value:				
Forward foreign exchange contracts (Level 2) (Note 28)	44,923	–	–	–
Total financial assets at FVTPL	44,923	–	–	–

There were no transfers between fair value hierarchies during the year.

20. Financial assets at fair value through other comprehensive income (“FVTOCI”)

	Group and Company	
	2024	2023
	\$	\$
At fair value:		
Unquoted equity shares	1,351,100	1,351,100
Total financial assets at FVTOCI	1,351,100	1,351,100

20A. Movements in balances

	Group and Company	
	2024	2023
	\$	\$
Movements during the year:		
Fair value at beginning of the year	1,351,100	–
Additions	–	1,351,100
Fair value at end of the year	1,351,100	1,351,100

20B. Disclosures relating to investments in equity shares at FVTOCI

For fair value measurements categorised within Level 3 of the fair value hierarchy, a description of the valuation techniques and information in the fair value measurement are as follows:

Industry	Manufacturing
Location	Singapore
Fair value	\$1,351,100 (2023: \$1,351,100)
Fair value hierarchy	Level 3 (2023: Level 3)
Valuation technique	Market comparable approach (2023: cost approximates fair value)
Significant unobservable inputs and range	Market Capitalisation / Sales at multiple of 2.3 (2023: Not applicable)

Notes to The Financial Statements

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21. Other current assets

	Group		Company	
	2024	2023	2024	2023
	\$	\$	\$	\$
Advance payments to suppliers	1,285,540	904,764	252,156	241,223
Deposits to secure services	256,472	243,397	2,620	2,680
Prepayments	1,082,865	601,237	328,896	119,413
Total other current assets	2,624,877	1,749,398	583,672	363,316

22. Cash and bank balances

	Group		Company	
	2024	2023	2024	2023
	\$	\$	\$	\$
Not restricted in use	15,968,531	13,629,981	2,013,090	3,357,298
Interest earning balances	3,680,585	3,209,736	–	–

Interest earning balances have an average maturity of one month (2023: one month) from the end of the reporting year with the following average interest rates:

	Group	
	2024	2023
Indonesian Rupiah	4.2%	3.6%
Indian Rupee	6.6%	6.6%
Malaysian Ringgit	3.2%	3.0%
Vietnamese Dong	3.1%	2.2%

22A. Cash and cash equivalents in the consolidated statement of cash flows

	Group	
	2024	2023
	\$	\$
Cash and bank balances	15,968,531	13,629,981
Less : bank overdraft	(677,147)	(605,976)
Cash and cash equivalents for statement of cash flows purposes at end of the year	15,291,384	13,024,005

Notes to The Financial Statements

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22. Cash and bank balances (cont'd)

22B. Reconciliation of liabilities arising from financing activities

	2023	Cash flows	Non-cash changes ^{(a) (b)}	2024
	\$	\$	\$	\$
Long term bank loans	916,667	(500,000)	–	416,667
Bill payables	13,309,198	1,940,567	(22,621)	15,227,144
Short term bank loans	13,656,750	(4,736,990)	–	8,919,760
Lease liabilities	2,898,193	(522,187)	731,790	3,107,796
Total liabilities from financing activities	30,780,808	(3,818,610)	709,169	27,671,367

	2022	Cash flows	Non-cash changes ^{(a) (b)}	2023
	\$	\$	\$	\$
Long term bank loans	1,416,667	(500,000)	–	916,667
Bill payables	19,760,870	(6,447,488)	(4,184)	13,309,198
Short term bank loans	14,195,816	(528,590)	(10,476)	13,656,750
Lease liabilities	2,729,539	(598,522)	767,176	2,898,193
Total liabilities from financing activities	38,102,892	(8,074,600)	752,516	30,780,808

Included in non-cash changes:

- (a) Foreign exchange movements
- (b) Interest expenses, additions and lease modification (Note 27)

23. Share capital

	Group and Company	
	Number of shares issued	Share capital
		\$
Ordinary shares of no par value:		
Balance at 1 January 2023, 31 December 2023 and 31 December 2024	133,300,000	15,892,028

The ordinary shares of no par value are fully paid, carry one vote each and have no right to fixed income. The Company is not subject to any externally imposed capital requirements.

In order to maintain its listing on the Singapore Stock Exchange it has to have share capital with a free float of at least 10% of the shares. The Company met the capital requirement on its initial listing and the rules limiting treasury share purchases mean it will automatically continue to satisfy that requirement, as it did throughout the reporting year. Management receives a report from the share registrars frequently on substantial share interests showing the non-free float to ensure continuing compliance with the 10% limit throughout the reporting year.

The Company is a Catalyst company and had appointed a sponsor to comply with the Catalyst Rules and to facilitate certain corporate actions including rights issues, placement of shares, warrants or other convertible securities for cash, major transactions, transactions requiring shareholders' approval and schemes of arrangement.

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24. Other reserves

	Group	
	2024	2023
	\$	\$
Currency translation reserve	(6,262,011)	(7,717,643)

The currency translation reserve accumulates all foreign exchange differences arising from the translation of financial statements denominated in currencies other than the presentation currency.

This reserve is not available for cash dividends unless realised.

Movements in currency translation reserve during the year:

	Group	
	2024	2023
	\$	\$
Balance at beginning of year	(7,717,643)	(6,593,193)
Net currency translation differences of financial statements of foreign subsidiaries	1,455,632	(1,124,450)
Balance at end of year	(6,262,011)	(7,717,643)

25. Borrowings

	Group		Company	
	2024	2023	2024	2023
	\$	\$	\$	\$
Current:				
Bank overdraft (unsecured)	677,147	605,976	–	–
Bill payables (unsecured)	13,918,794	12,393,383	10,814,190	9,896,597
Bill payables (secured)	1,308,350	915,815	–	–
Short term bank loans (unsecured)	8,919,760	13,656,750	8,119,760	12,756,750
Long term bank loans (unsecured)	416,667	500,000	416,667	500,000
Current, total	25,240,718	28,071,924	19,350,617	23,153,347
Non-current:				
Long term bank loans (unsecured)	–	416,667	–	416,667
Non-current, total	–	416,667	–	416,667
Total borrowings	25,240,718	28,488,591	19,350,617	23,570,014

The secured bill payables and short term bank loans as at 31 December 2024 and 31 December 2023 are collateralised on fixed and floating charges over the present and future assets and undertaking of certain subsidiaries.

25. Borrowings (cont'd)

(a) Maturity of borrowings

The bill payables and short term bank loans have an average maturity of 2 months and 1 month respectively (2023: 2 months and 1 month) from the end of the reporting year. The long term bank loans have an average maturity of 1 year from the end of the reporting year (2023: 2 years).

(b) Interest rate

All borrowings for the Group and Company are at floating interest rates except for a long term bank loan (unsecured) of \$416,667 (2023: \$916,667) at fixed rate of 1.75% (2023: 1.75%) per annum.

The weighted average effective interest rates of borrowings at the reporting date are as follows:

	2024			2023		
	Singapore Dollar	United States Dollar	Others	Singapore Dollar	United States Dollar	Others
<u>Group</u>						
Bank overdraft	–	9.5%	–	–	10.4%	–
Bill payables	4.1%	5.9%	5.2%	4.9%	6.9%	3.2%
Short term bank loans	4.5%	5.9%	6.2%	5.3%	6.7%	6.5%
Long term bank loans	1.8%	–	–	1.8%	–	–
<u>Company</u>						
Bill payables	4.1%	5.8%	2.5%	4.9%	6.7%	2.9%
Short term bank loans	4.4%	5.9%	6.2%	5.3%	6.7%	6.5%
Long term bank loans	1.8%	–	–	1.8%	–	–

(c) Carrying amounts and fair values

The fair value (Level 2) of bank borrowings carried with floating interest rates is a reasonable approximation of the carrying amount as they are frequently re-priced to market interest rates.

The fair value of bank borrowings carried with fixed interest rates is a reasonable approximation of the carrying amount based on the measurement using the current market interest rate.

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26. Trade and other payables

	Group		Company	
	2024	2023	2024	2023
	\$	\$	\$	\$
<u>Trade payables:</u>				
Non-related parties	6,307,974	7,070,787	2,603,229	2,764,395
Associate	7,285	3,353	–	3,353
Subsidiaries	–	–	263,001	715,087
Trade payables – subtotal	6,315,259	7,074,140	2,866,230	3,482,835
<u>Other payables:</u>				
Associates	15,551	7,908	12,672	5,119
Subsidiaries	–	–	64,026	390,584
Loans from subsidiary	–	–	523,904	1,419,108
Advance receipts from customers	213,690	73,535	8,758	17,676
Advance receipts from a subsidiary	–	–	141,486	487,085
Accrued liabilities	6,468,504	6,165,744	3,469,215	2,803,572
Other payables	1,935,134	1,844,475	847,693	933,836
Other payables – subtotal	8,632,879	8,091,662	5,067,754	6,056,980
Total trade and other payables	14,948,138	15,165,802	7,933,984	9,539,815

The non-trade amounts due to subsidiaries and associate are unsecured, interest-free and are repayable on demand.

The loans from subsidiary are unsecured, bear interest at range of 7.4% to 8.1% (2023: 7.4% to 8.3%) per annum and are repayable on demand.

27. Lease liabilities

	Group		Company	
	2024	2023	2024	2023
	\$	\$	\$	\$
<u>Current:</u>				
Finance lease liabilities	126,675	77,357	126,675	77,357
Other lease liabilities	235,676	173,744	17,118	16,285
Sub-total	362,351	251,101	143,793	93,642
<u>Non-current:</u>				
Finance lease liabilities	403,460	304,195	403,460	304,195
Other lease liabilities	2,341,985	2,342,897	1,070,391	1,087,510
Sub-total	2,745,445	2,647,092	1,473,851	1,391,705
	3,107,796	2,898,193	1,617,644	1,485,347

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27. Lease liabilities (cont'd)

Movements of lease liabilities for the reporting year are as follows:

	Group		Company	
	2024	2023	2024	2023
	\$	\$	\$	\$
Balance at beginning of year	2,898,193	2,729,539	1,485,347	1,086,409
Currency translation differences	(1,437)	(3,642)	–	–
Additions	578,930	550,598	247,217	422,900
Accretion of interest (Note 6)	166,964	154,375	82,694	67,520
Lease payments	(522,187)	(598,522)	(197,614)	(124,360)
Lease termination/modification	(12,667)	65,845	–	32,878
Balance at end of year	<u>3,107,796</u>	<u>2,898,193</u>	<u>1,617,644</u>	<u>1,485,347</u>

The lease liabilities above include finance leases under hire purchase agreements. The lease liabilities above do not include the short-term leases of less than 12 months and leases of low-value underlying assets. Variable lease payments which do not depend on an index or a rate or based on a percentage of revenue are not included from the initial measurement of the lease liability and the right-of-use assets. The property, plant and equipment acquired under finance lease agreements and right-of-use assets are disclosed in Note 11 and Note 12 respectively.

Only variable lease payments that depend on an index or a rate; payments that vary to reflect changes in market rental rates are included in the measurement of the lease liability. Such variable amounts that are unpaid at the commencement date are included in the measurement of lease liability. Variable lease payments would also include extension options and termination options; residual value guarantees; and leases not yet commenced to which the lessee is committed. The variable lease payments based on revenue are recognised in profit or loss in the year in which the condition that triggers those payments occurs.

A summary of the maturity analysis of lease liabilities is disclosed in Note 29E.

Total cash outflows for leases for the year ended 31 December 2024 and 31 December 2023 are shown in the statement of cash flows.

Subsequent to initial measurement, the liability will be reduced for payments made and increased for interest. It is re-measured to reflect any reassessment or modification, or if there are changes to in-substance fixed payments. When the lease liability is re-measured, the corresponding adjustment is reflected in the right-of-use asset, or profit and loss if the right-of-use asset is already reduced to zero.

There were no future cash outflows to which the lessee is potentially exposed that are not reflected in the measurement of lease liabilities above.

At the end of the reporting year, there were no commitments on leases which had not yet commenced.

Apart from the disclosures made in other notes to the financial statements, amounts relating to leases include the following:

	Group		Company	
	2024	2023	2024	2023
	\$	\$	\$	\$
Expense relating to short-term leases included in other operating expenses	262,646	210,130	334,980	336,360

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28. Financial assets/(liabilities) at fair value through profit or loss

	Group		Company	
	2024	2023	2024	2023
	\$	\$	\$	\$
<u>Forward foreign exchange contracts</u>				
Balance at beginning of year	(50,864)	(74,912)	–	164
Realisation of forward contracts	50,864	74,912	–	(164)
Currency translation differences	(28)	(406)	–	–
Unrealised fair value loss (Note 5)	(8,690)	(50,458)	(567)	–
Unrealised fair value gains (Note 4)	44,957	–	–	–
Balance at end of year	36,239	(50,864)	(567)	–
Presented in statement of financial position as:				
Financial assets at FVTPL (Note 19)	44,923	–	–	–
Financial liabilities at FVTPL	(8,684)	(50,864)	(567)	–
Net	36,239	(50,864)	(567)	–

Forward foreign exchange contracts are entered into to manage exposure to fluctuations in foreign currency exchange rates on expected sales and purchases denominated in United States Dollar (“USD”) and Euro (“Euro”).

The table below sets out the notional principal amounts of the outstanding forward foreign exchange contracts of the Group and the Company, and their corresponding favourable and unfavourable fair values (Level 2) at the reporting date. The amount of notional amount outstanding is not necessarily a measure or indication of market risk.

	Notional principal		Favourable fair value		Unfavourable fair value	
	2024	2023	2024	2023	2024	2023
	\$	\$	\$	\$	\$	\$
<u>Group</u>						
Purchase Euro	902,398	851,782	–	–	(7,979)	(81)
Purchase USD	2,018,933	1,601,342	44,923	–	(705)	50,945
	2,921,331	2,453,124	44,923	–	(8,684)	50,864
<u>Company</u>						
Purchase USD	272,140	–	–	–	(567)	–
	272,140	–	–	–	(567)	–

The fair value (Level 2) of forward foreign exchange contracts is based on the current value of the difference between the contractual exchange rate and the market rate at the end of the reporting year. The valuation technique uses market observable inputs.

At 31 December 2024, the settlement date on forward foreign exchange contracts for the Group and the Company ranges from 1 to 3 months (2023: 1 to 5 months) and 3 months (2023: Nil) respectively.

29. Financial instruments: information on financial risks and other explanatory information

29A. Categories of financial assets and financial liabilities

The following table categorises the carrying amount of financial assets and liabilities recorded at the end of the reporting year:

	Group		Company	
	2024	2023	2024	2023
	\$000	\$000	\$000	\$000
<u>Financial assets</u>				
Financial assets at amortised cost	39,248	37,331	17,346	22,537
Financial assets at FVTOCI	1,351	1,351	1,351	1,351
Financial assets at FVTPL	45	–	–	–
At end of the year	40,644	38,682	18,697	23,888
<u>Financial liabilities</u>				
Financial liabilities at amortised cost	43,083	46,479	28,752	34,090
Financial liabilities at FVTPL	9	51	1	–
At end of the year	43,092	46,530	28,753	34,090

Further quantitative disclosures are included throughout these financial statements.

29B. Financial risk management

The main purpose for holding or issuing financial instruments is to raise and manage the finances for the entity's operating, investing and financing activities. There are exposures to the financial risks on the financial instruments such as credit risk, liquidity risk and market risk comprising interest rate, currency risk and price risk exposures.

The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the Group.

Management sets the objectives and underlying principles of financial risk management for the Group. This includes establishing policies such as authority levels, oversight responsibilities, risk identification and measurement, exposure limits and hedging strategies in accordance with the objectives and underlying principles approved by the board of directors.

There have been no changes to the exposures to risk; the objectives, policies and processes for managing the risk and the methods used to measure the risk.

29C. Fair values of financial instruments

The analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 3 are disclosed in the relevant notes to the financial statements. These include the material financial instruments stated at amortised cost and at fair value in the statement of financial position. The carrying values of current financial instruments approximate their fair values due to the short-term maturity of these instruments. The disclosures of fair value are not made when the carrying amount of current financial instruments is a reasonable approximation of the fair value.

Notes to The Financial Statements

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29. Financial instruments: information on financial risks and other explanatory information (cont'd)

29D. Credit risk on financial assets

Financial assets subject to concentrations of credit risk and failures by counterparties to discharge their obligations in full or in a timely manner arise principally from cash balances with banks, receivables and other financial assets. The general approach in the Singapore Financial Reporting Standards (International) on financial instruments is applied to measure expected credit losses ("ECL") allowance on financial assets. On initial recognition, a day-1 loss is recorded equal to the 12 month ECL unless the assets are considered credit impaired. The ECL allowance for debt assets is recognised at an amount equal to the lifetime ECL if the credit risk on that financial instrument has increased significantly since initial recognition. However, for trade receivables that do not contain a material financing component or when the Group applies the practical expedient of not adjusting the effect of a material financing component, the simplified approach in calculating ECL is applied. Under the simplified approach, the loss allowance is recognised at an amount equal to lifetime ECL at each reporting date using historical loss rates for the respective risk categories and incorporating forward-looking estimates. Lifetime ECL may be estimated individually or collectively. For the credit risk on the financial assets an ongoing credit evaluation is performed on the financial condition of the debtors and any loss is recognised in profit or loss. Reviews and assessments of credit exposures in excess of designated limits are made. Renewals and reviews of credits limits are subject to the same review process.

Note 22 discloses the cash balances. There was no identified impairment loss.

As the Group and Company do not hold any collateral, the maximum exposure to credit risk for each class of financial instruments is the carrying amount of that class of financial instruments presented on the statement of financial position except for corporate guarantees provided to banks (Note 30).

29E. Liquidity risk – financial liabilities maturity analysis

Liquidity risk refers to the difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset. It is expected that all the liabilities will be settled at their contractual maturity. The average credit year taken to settle trade payables is about 60 days (2023: 60 days). The classification of the financial assets is shown in the statement of financial position as they may be available to meet liquidity needs and no further analysis is deemed necessary.

The following table analyses the Group's and the Company's non-derivative financial liabilities by remaining contractual maturity (contractual and undiscounted cash flows).

Group	More than 1 year but less than			Total
	Less than 1 year	5 years	Over 5 years	
	\$'000	\$'000	\$'000	\$'000
<u>2024:</u>				
Trade and other payables	14,734	–	–	14,734
Gross borrowing commitments	25,412	–	–	25,412
Gross lease liabilities	517	1,217	3,429	5,163
	40,663	1,217	3,429	45,309
<u>2023:</u>				
Trade and other payables	15,092	–	–	15,092
Gross borrowing commitments	28,288	420	–	28,708
Gross lease liabilities	400	1,075	3,570	5,045
	43,780	1,495	3,570	48,845

Notes to The Financial Statements

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29. Financial instruments: information on financial risks and other explanatory information (cont'd)

29E. Liquidity risk – financial liabilities maturity analysis (cont'd)

Company	More than 1 year but less than			Total
	Less than 1 year	5 years	Over 5 years	
	\$'000	\$'000	\$'000	\$'000
<u>2024:</u>				
Trade and other payables	7,784	–	–	7,784
Gross borrowing commitments	19,472	–	–	19,472
Gross lease liabilities	227	726	1,699	2,652
	<u>27,483</u>	<u>726</u>	<u>1,699</u>	<u>29,908</u>
<u>2023:</u>				
Trade and other payables	9,035	–	–	9,035
Gross borrowing commitments	23,323	420	–	23,743
Gross lease liabilities	169	621	1,770	2,560
	<u>32,527</u>	<u>1,041</u>	<u>1,770</u>	<u>35,338</u>

The following table analyses the Group's derivative financial instruments for which contractual maturities are essential for understanding of the timing of cash flows by remaining contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

	Group	
	2024	2023
	\$'000	\$'000
Gross settled forward foreign exchange contracts		
- Receipts	2,921	2,453
- Payments	(2,887)	(2,504)

Financial guarantee contracts – At the end of the reporting year, no claims on the financial guarantee are expected. All the corporate guarantees provided are disclosed in Note 30. The underlying bank facilities mature within 1 year (2023: 1 year).

The Group and Company manage the liquidity risk by maintaining sufficient cash balances and the availability of funding through an adequate amount of committed credit facilities.

29F. 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 value of a financial instrument will fluctuate due to changes in market interest rates. As the Group has no significant interest-bearing assets, the Group's income and operating cash flows are substantially independent of changes in market interest rates. The Group's interest rate risk mainly arises from bills payable to banks and short term bank loans at floating interest rates. The Group manages its interest rate risk by keeping bills payable and short term bank loans to the minimum required to sustain the operations of the Group.

The floating rate debt instruments are with interest rates that are re-set at regular intervals. The interest rates are disclosed in the respective notes.

Notes to The Financial Statements

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29. Financial instruments: information on financial risks and other explanatory information (cont'd)

29F. Interest rate risk (cont'd)

The following table demonstrates the sensitivity of the Group's and Company's net profit or loss after tax and equity to changes in interest rates movement (assuming all other variables are consistent):

	2024		2023	
	Profit after tax	Equity attributable to the equity holders of the company	Loss after tax	Equity attributable to the equity holders of the company
	\$'000	\$'000	\$'000	\$'000
Group				
Increased by 100 basis points	(210)	(207)	235	(232)
Decreased by 100 basis points	210	207	(235)	232
Company				
Increased by 100 basis points	(157)	(157)	188	(188)
Decreased by 100 basis points	157	157	(188)	188

29G. Foreign currency risk

Foreign exchange risk arises on financial instruments that are denominated in a foreign currency, ie in a currency other than the functional currency in which they are measured. For the purpose of this Singapore Financial Reporting Standards (International) on financial instruments: disclosures, currency risk does not arise from financial instruments that are non-monetary items or from financial instruments denominated in the functional currency.

The Group operates internationally and is exposed to foreign exchange risk arising from various currency exposures primarily with respect to United States Dollar ("USD"), Sterling Pound ("GBP") and Malaysia Ringgit ("RM").

The Group's currency exposure is as follows:

Group	Exposure in					
	SGD	USD	GBP	RM	Others	Total
2024	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Financial assets						
Cash and bank balances	2,209	4,357	69	4,394	4,940	15,969
Trade and other receivables #	5,109	14,788	3,258	3,061	11,300	37,516
Subtotal	7,318	19,145	3,327	7,455	16,240	53,485
Financial liabilities						
Trade and other payables #	5,989	15,269	2,040	670	4,571	28,539
Borrowings	6,344	13,841	2,077	–	2,978	25,240
Lease liabilities	2,712	–	212	6	178	3,108
Subtotal	15,045	29,110	4,329	676	7,727	56,887
Net financial (liabilities)/assets	(7,727)	(9,965)	(1,002)	6,779	8,513	(3,402)
Less: Net financial liabilities/(assets) denominated in respective entities' functional currencies	7,216	(767)	923	(6,779)	(5,236)	(4,643)
Add: Currency forward contracts	–	2,019	–	–	902	2,921
Net currency exposure	(511)	(8,713)	(79)	–	4,179	(5,124)

* The amount is before elimination of intragroup balances.

Notes to The Financial Statements

31 December 2024

29. Financial instruments: information on financial risks and other explanatory information (cont'd)

29G. Foreign currency risk (cont'd)

The Group's currency exposure is as follows (cont'd):

Group	Exposure in					
	SGD	USD	GBP	RM	Others	Total
2023	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<u>Financial assets</u>						
Cash and bank balances	3,045	2,732	62	1,859	5,932	13,630
Trade and other receivables #	6,004	20,148	3,111	3,255	10,975	43,493
Subtotal	9,049	22,880	3,173	5,114	16,907	57,123
<u>Financial liabilities</u>						
Trade and other payables #	7,321	18,785	2,075	626	5,661	34,468
Borrowings	9,492	14,572	1,697	–	2,728	28,489
Lease liabilities	2,596	–	107	5	190	2,898
Subtotal	19,409	33,357	3,879	631	8,579	65,855
Net financial (liabilities)/assets	(10,360)	(10,477)	(706)	4,483	8,328	(8,732)
Less: Net financial liabilities/(assets) denominated in respective entities' functional currencies	9,589	600	388	(4,483)	(4,805)	1,289
Add: Currency forward contracts	–	1,601	–	–	852	2,453
Net currency exposure	(771)	(8,276)	(318)	–	4,375	(4,990)

The amount is before elimination of intragroup balances

The Company's currency exposure is as follows:

Company	Exposure in		
	USD	Others	Total
2024	\$'000	\$'000	\$'000
<u>Financial assets</u>			
Cash and bank balances	587	2	589
Trade and other receivables	12,397	2,421	14,818
Subtotal	12,984	2,423	15,407
<u>Financial liabilities</u>			
Trade and other payables	3,224	249	3,473
Borrowings	12,559	1,248	13,807
Subtotal	15,783	1,497	17,280
Net financial (liabilities)/assets	(2,799)	926	(1,873)
Add : Currency forward contracts	272	–	272
Net currency exposure	(2,527)	926	(1,601)

Notes to The Financial Statements

31 December 2024

29. Financial instruments: information on financial risks and other explanatory information (cont'd)

29G. Foreign currency risk (cont'd)

The Company's currency exposure is as follows (cont'd):

Company	Exposure in		
	USD	Others	Total
	\$'000	\$'000	\$'000
2023			
<u>Financial assets</u>			
Cash and bank balances	766	3	769
Trade and other receivables	15,288	2,930	18,218
Subtotal	16,054	2,933	18,987
<u>Financial liabilities</u>			
Trade and other payables	3,681	508	4,189
Borrowings	13,383	1,596	14,979
Subtotal	17,064	2,104	19,168
Net financial (liabilities)/assets and net currency exposure	(1,010)	829	(181)

Sensitivity analysis: The effect on pre-tax profit of the Group and Company is not material.

The Company has certain investments in foreign operations, whose net assets are exposed to currency translation risk. The Company does not hedge such currency translation risk.

29H. Capital risk

The Group's objectives when managing capital are to safeguard the Group's ability to continue its business operations as a going concern and to maintain an optimal capital structure so as to maximise shareholders' value.

In order to maintain or achieve an optimal capital structure, the Group may adjust the amount of dividend payment, return capital to shareholders, issue new shares, buy back issued shares, obtain new borrowings or reduce borrowings.

Under loans granted by a bank to a subsidiary, the Group is required by bank to observe certain financial covenants such as a minimum consolidated tangible network of \$30 million and a maximum consolidated leverage ratio of 1.0. The Group monitors its capital regularly to ensure these covenants are not breached. In addition, the Group seeks to maintain maximum gearing ratio of 0.6 internally to minimise financial risks.

The bank defines leverage ratio as total bank borrowings divided by total tangible network and shareholders' network as aggregate of paid up capital and revenue reserves.

	Group	
	2024	2023
Total borrowings (\$'000)	25,241	28,489
Total tangible network (\$'000)	58,548	49,962
Leverage ratio	0.43	0.57

The Group and the Company are in compliance with all externally imposed capital requirements for the reporting years ended 31 December 2024 and 31 December 2023.

Notes to The Financial Statements

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30. Contingent liabilities

The Company has provided an undertaking to provide continuing financial support to the subsidiaries, Megachem Australia Pty Ltd and Megachem Specialty Chemicals (I) Private Limited, to enable the subsidiaries to meet their obligations as and when they fall due. As at 31 December 2024, the net liabilities of Megachem Australia Pty Ltd and Megachem Specialty Chemicals (I) Private Limited amounted to \$1,481,000 (2023: \$2,392,000) and \$812,000 (2023: \$1,080,000) respectively. The net liabilities of these two subsidiaries are mainly made up of their payables owed to the Company.

The Company has also provided corporate guarantees to banks for subsidiaries' loans. The corporate guarantees are as follows:

	Company	
	2024	2023
	\$'000	\$'000
Corporate guarantees provided to subsidiaries' bank loans	5,890	4,919

Fair value of the corporate guarantee was not recognised by the Company.

31. Capital commitments

	Group		Company	
	2024	2023	2024	2023
	\$	\$	\$	\$
Purchase of property, plant and equipment	15,138,501	1,404,282	14,932,789	1,404,282

32. Financial information by operating segments

Disclosure of information about operating segments, products and services, the geographical areas, and the major customers are made as required by SFRS (I) 8 Operating Segments. This disclosure standard has no impact on the reported results or financial position of the Group.

Management has determined the operating segments based on the reports reviewed by the Executive Committee ("Exco") that are used to make strategic decisions. The Exco comprises the Managing Director, the Chief Financial Officer and the Group Finance Manager.

The Exco considers the business from geographic segment perspective. The Group operates in five main geographical segments (Singapore, Malaysia, United Kingdom, China and Middle East) by location of revenue and assets. Other geographical areas mainly comprise the Philippines, Vietnam, India, Australia and Indonesia, none of which constitute a separately, reportable segment. All geographic locations are engaged in the trading in chemical and chemical-related products. In addition, the segment in Singapore also derives revenue from blending.

As the revenue and assets for blending becomes a significant portion of the Singapore segment, the Exco considers it beneficial to review it as a separate business segment from the distribution activities of the Group.

The Exco assesses the performance of the operating segments based on net profit before tax.

Inter-segment sales are measured on the basis that the entity actually used to price the transfers. Internal transfer pricing policies of the Group are as far as practicable based on market prices. The accounting policies of the operating segments are the same as those described in the summary of significant accounting policies.

Notes to The Financial Statements

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32. Financial information by operating segments (cont'd)

There are no customers with revenue transactions of over 10% of the Group revenue.

The following tables illustrate the information about the reportable segment profit or loss, assets and liabilities.

Profit or loss and reconciliations for geographical segments

	Singapore	Malaysia	United Kingdom	China	Middle East	Others	Unallocated	Group
2024	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Sales								
Total sales by segment	60,996	14,231	19,004	12,932	11,100	24,779	–	143,042
Inter-segment sales	(8,959)	(278)	(1,121)	(3,234)	(75)	(533)	–	(14,200)
	<u>52,037</u>	<u>13,953</u>	<u>17,883</u>	<u>9,698</u>	<u>11,025</u>	<u>24,246</u>	<u>–</u>	<u>128,842</u>
Segment result								
Interest income – banks	–	–	–	–	–	–	123	123
Finance costs	–	–	–	–	–	–	(1,910)	(1,910)
Share of profit of associates	–	–	–	–	–	–	1,222	1,222
Profit/(loss) before income tax	7,159	1,923	73	420	229	(547)	(565)	8,692
Income tax expense	–	–	–	–	–	–	(779)	(779)
Net profit/(loss)	<u>7,159</u>	<u>1,923</u>	<u>73</u>	<u>420</u>	<u>229</u>	<u>(547)</u>	<u>(1,344)</u>	<u>7,913</u>
Other segment items								
Capital expenditure	2,906	12	18	4	2	41	–	2,983
Depreciation	660	276	95	72	37	153	–	1,293

	Singapore	Malaysia	United Kingdom	China	Middle East	Others	Unallocated	Group
2023	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Sales								
Total sales by segment	60,211	13,320	20,677	10,987	10,665	23,122	–	138,982
Inter-segment sales	(8,856)	(268)	(2,884)	(3,616)	(49)	(300)	–	(15,973)
	<u>51,355</u>	<u>13,052</u>	<u>17,793</u>	<u>7,371</u>	<u>10,616</u>	<u>22,822</u>	<u>–</u>	<u>123,009</u>
Segment result								
Interest income – banks	–	–	–	–	–	–	85	85
Finance costs	–	–	–	–	–	–	(2,037)	(2,037)
Share of profit of associates	–	–	–	–	–	–	1,171	1,171
(Loss)/profit before income tax	(5,603)	839	253	336	(98)	(286)	(781)	(5,340)
Income tax expense	–	–	–	–	–	–	(455)	(455)
Net (loss)/profit	<u>(5,603)</u>	<u>839</u>	<u>253</u>	<u>336</u>	<u>(98)</u>	<u>(286)</u>	<u>(1,236)</u>	<u>(5,795)</u>
Other segment items								
Capital expenditure	1,064	411	17	8	8	100	–	1,608
Depreciation	676	288	98	69	138	176	–	1,445

32. Financial information by operating segments (cont'd)

Assets and liabilities and reconciliations for geographical segments

	Singapore	Malaysia	United Kingdom	China	Middle East	Others	Unallocated	Group
2024	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Segment assets	38,754	17,955	6,541	5,465	6,995	14,858	–	90,568
Associates	–	–	–	–	–	–	9,352	9,352
Deferred tax assets	–	–	–	–	–	–	925	925
Interest earning cash balances	–	–	–	–	–	–	3,681	3,681
Consolidated total assets	38,754	17,955	6,541	5,465	6,995	14,858	13,958	104,526
Segment liabilities	(10,714)	(997)	(2,204)	(1,458)	(932)	(1,759)	–	(18,064)
Borrowings	–	–	–	–	–	–	(25,241)	(25,241)
Current income tax liabilities	–	–	–	–	–	–	(272)	(272)
Deferred tax liabilities	–	–	–	–	–	–	(455)	(455)
Consolidated total liabilities	(10,714)	(997)	(2,204)	(1,458)	(932)	(1,759)	(25,968)	(44,032)

	Singapore	Malaysia	United Kingdom	China	Middle East	Others	Unallocated	Group
2023	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Segment assets	37,790	16,771	5,568	4,160	6,726	16,828	–	87,843
Associates	–	–	–	–	–	–	8,386	8,386
Deferred tax assets	–	–	–	–	–	–	805	805
Interest earning cash balances	–	–	–	–	–	–	3,210	3,210
Consolidated total assets	37,790	16,771	5,568	4,160	6,726	16,828	12,401	100,244
Segment liabilities	(10,782)	(1,305)	(1,840)	(933)	(928)	(2,327)	–	(18,115)
Borrowings	–	–	–	–	–	–	(28,488)	(28,488)
Current income tax liabilities	–	–	–	–	–	–	(62)	(62)
Deferred tax liabilities	–	–	–	–	–	–	(419)	(419)
Consolidated total liabilities	(10,782)	(1,305)	(1,840)	(933)	(928)	(2,327)	(28,969)	(47,084)

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32. Financial information by operating segments (cont'd)

Profit or loss and reconciliations for business segments

	Distribution	Manufacturing	Unallocated	Group
2024	\$'000	\$'000	\$'000	\$'000
Sales				
Total sales by segment	125,063	4,716	–	129,779
Inter-segment sales	(143)	(794)	–	(937)
	<u>124,920</u>	<u>3,922</u>	<u>–</u>	<u>128,842</u>
Segment result				
Interest income – banks	–	–	123	123
Finance costs	–	–	(1,910)	(1,910)
Share of profit of associates	–	–	1,222	1,222
Profit/(loss) before income tax	<u>8,338</u>	<u>919</u>	<u>(565)</u>	<u>8,692</u>
Income tax expense	–	–	(779)	(779)
Net profit/(loss)	<u>8,338</u>	<u>919</u>	<u>(1,344)</u>	<u>7,913</u>
Other segment items				
Capital expenditure	2,739	244	–	2,983
Depreciation	994	299	–	1,293
	<u>3,733</u>	<u>543</u>	<u>–</u>	<u>4,276</u>
2023				
Sales				
Total sales by segment	119,354	4,429	–	123,783
Inter-segment sales	(57)	(717)	–	(774)
	<u>119,297</u>	<u>3,712</u>	<u>–</u>	<u>123,009</u>
Segment result				
Interest income – banks	–	–	85	85
Finance costs	–	–	(2,037)	(2,037)
Share of profit of associates	–	–	1,171	1,171
Loss before income tax	<u>(4,312)</u>	<u>(247)</u>	<u>(781)</u>	<u>(5,340)</u>
Income tax expense	–	–	(455)	(455)
Net loss	<u>(4,312)</u>	<u>(247)</u>	<u>(1,236)</u>	<u>(5,795)</u>
Other segment items				
Capital expenditure	1,562	46	–	1,608
Depreciation	1,126	321	–	1,447
	<u>2,688</u>	<u>367</u>	<u>–</u>	<u>3,055</u>

Notes to The Financial Statements

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32. Financial information by operating segments (cont'd)

Assets and liabilities and reconciliations for business segments

	Distribution	Manufacturing	Unallocated	Group
2024	\$'000	\$'000	\$'000	\$'000
Segment assets	83,726	6,842	–	90,568
Associates	–	–	9,352	9,352
Deferred tax assets	–	–	925	925
Interest earning cash balances	–	–	3,681	3,681
Consolidated total assets	83,726	6,842	13,958	104,526
Segment liabilities	(16,137)	(1,927)	–	(18,064)
Borrowings	–	–	(25,241)	(25,241)
Current income tax liabilities	–	–	(272)	(272)
Deferred tax liabilities	–	–	(455)	(455)
Consolidated total liabilities	(16,137)	(1,927)	(25,968)	(44,032)
2023	\$'000	\$'000	\$'000	\$'000
Segment assets	81,438	6,405	–	87,843
Associates	–	–	8,386	8,386
Deferred tax assets	–	–	805	805
Interest earning cash balances	–	–	3,210	3,210
Consolidated total assets	81,438	6,405	12,401	100,244
Segment liabilities	(15,733)	(2,382)	–	(18,115)
Borrowings	–	–	(28,488)	(28,488)
Current income tax liabilities	–	–	(62)	(62)
Deferred tax liabilities	–	–	(419)	(419)
Consolidated total liabilities	(15,733)	(2,382)	(28,969)	(47,084)

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33. Items in the statement of profit or loss and other comprehensive income

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

	Group	
	2024	2023
	\$000	\$000
Fees on audit services to independent auditors:		
- Company's independent auditor	132	126
- Other independent auditors	106	99
Total	238	225
Other fees to independent auditors:		
- Company's independent auditor	20	19
- Other independent auditors	23	28
Total	43	47

34. Changes and adoption of Singapore Financial Reporting Standards (International)

For the current reporting year the ASC issued certain new or revised Singapore Financial Reporting Standards (International). None had a material impact on the Group and Company.

35. New or amended standards in issue but not yet effective

The ASC issued certain new or revised Singapore Financial Reporting Standards (International) for the future reporting years. Those applicable to the reporting entity for future reporting years are listed below.

SFRS (I) No.	Title	Effective date for years beginning on or after
SFRS(I) 1-21	The Effects of Changes in Foreign Exchange Rates (amendment) Lack of Exchangeability	1 January 2025
SFRS(I) 9 and 7	Classification and Measurement of Financial Instruments – Amendments	1 January 2026
SFRS(I) 18	Presentation and disclosures in financial statements	1 January 2027
SFRS(I) 19	Subsidiaries without Public Accountability: Disclosures	1 January 2027

The transfer to these new or revised standards from the effective dates is not expected to result in material modification of the measurement methods or the presentation in the financial statements for the following reporting year from the known or reasonably estimable information relevant to assessing the possible impact that application of the new or revised standards may have on the Group's financial statements in the period of initial application, except for the below:

SFRS(I) 18 Presentation and Disclosure in Financial Statements, replaces SFRS(I) 1-1. The new version includes (a) revised presentation of specified categories and defined subtotals in the statement of profit or loss; (b) new disclosures on management-defined performance measures in the notes to the financial statements; and (c) improved disclosures of aggregation and disaggregation of balances.

Statistics of Shareholding

As at 10 March 2025

Number of Issued Shares	:	133,300,000
Class of Shares	:	Ordinary
Voting Rights	:	One vote per share
Number of Treasury Shares	:	Nil
Number of Subsidiary Holdings	:	Nil

DISTRIBUTION OF SHAREHOLDERS BY SIZE OF SHAREHOLDINGS AS AT 10 MARCH 2025

SIZE OF SHAREHOLDINGS	NO. OF SHAREHOLDERS	%	NO. OF SHARES	%
1 - 99	3	0.88	144	0.00
100 - 1,000	34	10.00	25,168	0.02
1,001 - 10,000	161	47.35	988,200	0.74
10,001 - 1,000,000	131	38.53	7,783,730	5.84
1,000,001 AND ABOVE	11	3.24	124,502,758	93.40
TOTAL	340	100.00	133,300,000	100.00

TWENTY-ONE LARGEST SHAREHOLDERS AS AT 10 MARCH 2025

NO.	SHAREHOLDER'S NAME	NUMBER OF SHARES HELD	%
1	CITIBANK NOMINEES SINGAPORE PTE LTD	39,995,670	30.00
2	CHEW CHOON TEE	38,821,716	29.12
3	TAN BOCK CHIA	20,000,000	15.00
4	HONG LEONG FINANCE NOMINEES PTE LTD	9,005,000	6.76
5	RAFFLES NOMINEES (PTE) LIMITED	5,466,883	4.10
6	HSBC (SINGAPORE) NOMINEES PTE LTD	2,794,000	2.10
7	PUAR HAI KUAN OR CHONG SIEW LEE MICHELE	2,385,600	1.79
8	LIM CHYE HUAT @ BOBBY LIM CHYE HUAT	2,200,000	1.65
9	FUNG KOON YAU	1,428,000	1.07
10	CGS INTERNATIONAL SECURITIES SINGAPORE PTE. LTD.	1,344,600	1.01
11	YEO KAI HOE	1,061,289	0.80
12	OCBC NOMINEES SINGAPORE PTE LTD	502,700	0.38
13	DBS NOMINEES PTE LTD	461,600	0.35
14	LIAU BIN BIN	445,296	0.33
15	LEE SIEW TIONG	352,000	0.26
16	LIM AND TAN SECURITIES PTE LTD	300,000	0.23
17	CHAN KHAI LEONG	299,000	0.22
18	OCBC SECURITIES PRIVATE LTD	294,000	0.22
19	TAN KIM HEOH	207,000	0.16
20	LIM HIANG LAN	200,000	0.15
21	ONG AH INN	200,000	0.15
	TOTAL	127,764,354	95.85

Statistics of Shareholding

As at 10 March 2025

SUBSTANTIAL SHAREHOLDERS AS AT 10 MARCH 2025

	DIRECT INTEREST		DEEMED INTEREST	
	NO. OF SHARES	%	NO. OF SHARES	%
CHEW CHOON TEE ^{(1), (2)}	47,821,716	35.88	445,296	0.33
TAN BOCK CHIA ⁽³⁾	25,435,083	19.08	–	–
CHORI CO., LTD ⁽⁴⁾	39,976,670	29.99	–	–
TORAY INDUSTRIES, INC ⁽⁵⁾	–	–	39,976,670	29.99

Notes:

- 1) Chew Choon Tee is deemed to have an interest in the 445,296 shares held in the name of his spouse, Liao Bin Bin, by virtue of Section 7 of the Companies Act 1967.
- 2) 9,000,000 shares of Chew Choon Tee are held through nominees.
- 3) 5,435,083 shares of Tan Bock Chia are held through nominees.
- 4) 39,976,670 shares of Chori Co., Ltd are held through nominees.
- 5) Deemed interest arising from 39,976,670 shares held by Chori Co., Ltd. Toray Industries, Inc owns 52.33% of the issued share capital of Chori Co., Ltd.

PERCENTAGE OF SHAREHOLDINGS IN PUBLIC HANDS

14.72% of the Company's issued and paid-up capital is held in the hands of public. Accordingly, the Company had complied with Rule 723 of the Listing Manual Section B: Rules of Catalist of the Singapore Exchange Securities Trading Limited.

Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN that the Annual General Meeting (“AGM”) of the Company will be held at 11 Tuas Link 1, Singapore 638588 on Tuesday, 22 April 2025 at 10.00 a.m. to transact the following business:

AS ORDINARY BUSINESS

1. To receive and adopt the Statement by Directors and Audited Financial Statements of the Company for the financial year ended 31 December 2024 together with the Independent Auditor’s Report thereon. **(Resolution 1)**
2. To approve Directors’ fees of S\$202,000 for the financial year ending 31 December 2025 (2024: S\$202,000). **(Resolution 2)**
3. To declare a final tax exempt dividend of 0.5 cents per share for the financial year ended 31 December 2024. **(Resolution 3)**
4. To re-elect Mr Chew Choon Tee who is retiring pursuant to Regulation 117 of the Company’s Constitution. **(Resolution 4)**
Mr Chew Choon Tee will upon re-election as a Director of the Company, continue to serve as the Managing Director and as a member of the Nominating Committee.
Key information on Mr Chew Choon Tee is found on page 18 of the Company’s 2024 annual report.
5. To re-elect Mr Yeo Wee Kiong who is retiring pursuant to Regulation 122 of the Company’s Constitution. **(Resolution 5)**
Mr Yeo Wee Kiong, will upon re-election as a Director of the Company, continue to serve as Non-Executive Chairman and Independent Director, Chairman of the Nominating Committee and member of the Audit Committee and the Remuneration Committee. Mr Yeo Wee Kiong is considered independent for the purpose of Rule 704(7) of the Listing Manual of the Singapore Exchange Securities Trading Limited Section B: Rules of Catalyst (the “Catalist Rules”).
Key information on Mr Yeo Wee Kiong is found on page 17 of the Company’s 2024 annual report.
6. To re-elect Mr Daniel Loh Hong Chye who is retiring pursuant to Regulation 122 of the Company’s Constitution. **(Resolution 6)**
Mr Daniel Loh Hong Chye, will upon re-election as a Director of the Company, continue to serve as Independent Director, Chairman of the Remuneration Committee and member of the Audit Committee. Mr Daniel Loh Hong Chye is considered independent for the purpose of Rule 704(7) of the Catalyst Rules.
Key information on Mr Daniel Loh Hong Chye is found on page 19 of the Company’s 2024 annual report.
7. To re-elect Mr Sim Guan Seng who is retiring pursuant to Regulation 122 of the Company’s Constitution. **(Resolution 7)**
Mr Sim Guan Seng, will upon re-election as a Director of the Company, continue to serve as Independent Director, Chairman of the Audit Committee and member of the Nominating Committee and the Remuneration Committee. Mr Sim Guan Seng is considered independent for the purpose of Rule 704(7) of the Catalyst Rules.
Key information on Mr Sim Guan Seng is found on page 20 of the Company’s 2024 annual report.
8. To re-appoint Messrs RSM SG Assurance LLP as auditors of the Company and to authorise the Directors to fix their remuneration. **(Resolution 8)**

Notice of Annual General Meeting

AS SPECIAL BUSINESS

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

9. Authority to allot and issue shares and convertible securities

(Resolution 9)

- (a) "That pursuant to Section 161 of the Companies Act 1967, and Rule 806 of the Catalist Rules, authority be and is hereby given to the Directors of the Company at any time to such persons and upon such terms and for such purposes as the Directors may in their absolute discretion deem fit, to:
- (i) issue and allot shares in the capital of the Company ("Shares") whether by way of rights, bonus or otherwise;
 - (ii) make or grant offers, agreements or options (collectively, "Instruments") that might or would require Shares to be issued or other transferable rights to subscribe for or purchase Shares including but not limited to the creation and issue of warrants, debentures or other instruments convertible into Shares;
 - (iii) issue additional Instruments arising from adjustments made to the number of Instruments previously issued in the event of rights, bonus or capitalisation issues; and
- (b) (notwithstanding the authority conferred by the shareholders may have ceased to be in force) issue shares in pursuance of any Instrument made or granted by the Directors while the authority was in force,

provided always that

- (i) the aggregate number of Shares to be issued pursuant to this resolution (including Shares to be issued in pursuance of Instruments made or granted pursuant to this resolution) does not exceed 100% of the total number of issued shares excluding treasury shares and subsidiary holdings of the Company, of which the aggregate number of Shares (including Shares to be issued in pursuance of Instruments made or granted pursuant to this resolution) to be issued other than on a pro rata basis to shareholders of the Company does not exceed 50% of the total number of issued shares excluding treasury shares of the Company.

For the purpose of this resolution, the total number of issued shares excluding treasury shares is based on the Company's total number of issued shares excluding treasury shares and subsidiary holdings at the time this resolution is passed, after adjusting for;

- (a) new shares arising from the conversion or exercise of convertible securities; or
 - (b) new shares arising from exercising share options or vesting of share awards outstanding or subsisting at the time this resolution is passed provided the options or awards were granted in compliance with Part VIII of Chapter 8 of the Catalist Rules; and
 - (c) any subsequent bonus issue, consolidation or subdivision of the Company's shares, and
- (ii) such authority shall, unless revoked or varied by the Company at a general meeting, continue in force until the conclusion of the next Annual General Meeting or the date by which the next Annual General Meeting of the Company is required by law to be held, whichever is the earlier."

[See Explanatory Note (i)]

Notice of Annual General Meeting

10. To approve the renewal of Interested Person Transactions Mandate

(Resolution 10)

“That: -

- (a) approval be and is hereby given for the purposes of Chapter 9 of the Catalist Rules (“Chapter 9”), for the Company, its subsidiaries and associated companies (if any) that are considered to be “entities at risk” under Chapter 9, or any of them, to enter into any of the transactions falling within the types of interested person transactions described in the Appendix dated 1 April 2025 (the “Appendix”), with any party who is of the class of interested persons described in the Appendix provided that such transactions are made on normal commercial terms and are not prejudicial to the interests of the Company and its minority shareholders and in accordance with the Company’s review procedures for such interested person transactions (the “IPT Mandate”);
- (b) the IPT Mandate shall, unless revoked or varied by the Company in general meeting, continue in force until the conclusion of the next Annual General Meeting of the Company or the date by which the next Annual General Meeting of the Company is required by law to be held, whichever is earlier; and
- (c) the Directors of the Company and each of them be and are hereby authorised to complete and do all such acts and things (including executing such documents as may be required) as they and/or each of them may consider expedient, necessary to give effect to the transactions contemplated and/or authorised by this ordinary resolution as they or each of them may in their or each of their absolute discretion deem fit in the interests of the Company.”

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

ADDITIONAL INFORMATION ON DIRECTORS SEEKING RE-ELECTION

Mr Chew Choon Tee, Mr Yeo Wee Kiong, Mr Daniel Loh Hong Chye and Mr Sim Guan Seng are the Directors seeking re-election at the forthcoming AGM of the Company to be convened on 22 April 2025 (collectively, the “Retiring Directors” and each a “Retiring Director”).

Pursuant to Rule 720(5) of the Catalist Rules, the additional information relating to the Retiring Director as set out in Appendix 7F to the Catalist Rules are disclosed on pages 17 to 20 of the Company’s 2024 annual report.

NOTICE OF RECORD DATE

NOTICE IS HEREBY GIVEN that subject to approval being obtained at the Annual General Meeting to be held at 11 Tuas Link 1, Singapore 638588 on Tuesday, 22 April 2025 at 10.00 a.m.:-

- 1. A final tax exempt dividend of 0.5 cents per share for the financial year ended 31 December 2024 will be paid on 26 June 2025.
- 2. The Share Transfer Books and Register of Members of the Company will be closed on 10 June 2025 for the purpose of determining member’s entitlements to the proposed final tax exempt dividend. Duly completed and stamped transfers received by the Company’s Share Registrar, Tricor Barbinder Share Registration Services (a division of Tricor Singapore Pte Ltd), 9 Raffles Place, #26-01 Republic Plaza, Singapore 048619, up to 5.00 p.m. on 9 June 2025 (the “Record Date”) will be registered to determine member’s entitlements to the proposed dividend. Members (being depositors) whose securities account with The Central Depository (Pte) Limited are credited with ordinary shares as at Record Date will be entitled to the payment of the proposed dividend.

BY ORDER OF THE BOARD

Kwok Hwee Peng
Peck Jen Jen
Company Secretaries

1 April 2025

Notice of Annual General Meeting

Explanatory Notes:

- (i) The ordinary resolution in item no. 9 is to authorise the Directors of the Company from the date of this Meeting until the next Annual General Meeting to issue shares and convertible securities in the Company up to an amount not exceeding in aggregate 100% of the issued share capital of the Company of which the total number of shares and convertible securities issued other than on a pro-rata basis to existing shareholders shall not exceed 50% of the issued share capital of the Company at the time the resolution is passed, for such purposes as they consider would be in the interests of the Company. This authority will, unless revoked or varied at a general meeting, expire at the next Annual General Meeting of the Company.

Notes:

1. The members of the Company (the “**Members**”) are invited to attend physically at the AGM. There will be no option for the Members to participate virtually.
2. Printed copies of this Notice of AGM, Proxy Form and the Request Form (to request for printed copy of the Annual Report and Appendix) have been despatched to the Members and are also available on the Company’s website at <http://megachem.listedcompany.com/newsroom.html>. and SGX website at <https://www.sgx.com/securities/company-announcements>.
3. The Annual Report has been published and is available for download or online viewing by the Members on the Company’s website at <http://megachem.listedcompany.com/newsroom.html>. and SGX website at <https://www.sgx.com/securities/company-announcements>. Printed copies of the Annual Report will not be sent to the Members unless requested by the Members via the submission of the Request Form. Members who wish to receive a printed copy of the Annual Report are required to complete the Request Form and return it to the Company by **12 April 2025** by post to the Company’s registered office at 11 Tuas Link 1, Singapore 638588; or if by email enclosing a clear scanned completed and signed Request Form, be received by Kwok Hwee Peng at hpkwok@sg.megachem.com.
4. Members (including investors who hold shares through the Relevant Intermediaries, including Central Provident Fund (“**CPF**”) Investment Scheme (“**CPF Investors**”) and/or Supplementary Retirement Scheme (“**SRS Investors**”)) may participate in the AGM by:
 - (a) attending the AGM in person;
 - (b) raising questions at the AGM or submitting questions in advance of the AGM; and/or
 - (c) voting at the AGM (i) themselves personally; or (ii) through their duly appointed proxy(ies).

CPF Investors and SRS Investors who wish to appoint the Chairman of the AGM (and not third-party proxy(ies)) as proxy should approach their respective CPF Agent Banks or SRS Operators to submit their votes by **10.00 a.m. on 10 April 2025**, being at least seven (7) working days prior to the date of the AGM.

To attend the AGM, please bring along your NRIC/passport so as to enable the Company to verify your identity. Members are requested to arrive early to facilitate the registration process.

5. A Member, who is not a Relevant Intermediary, is entitled to appoint not more than two (2) proxies to attend, speak and vote on his/her/its behalf at the AGM. A Member, which is a corporation, is entitled to appoint its authorised representative or proxy to vote on its behalf. A proxy need not be a Member.

Where such Member appoints two (2) proxies, the proportion of his/her/its shareholding to be represented by each proxy shall be specified. If no proportion is specified, the Company shall be entitled to treat the first named proxy as representing the entire number of shares entered against his/her/its name in the Depository Register and any second named proxy as an alternate to the first named.

A Member, who is a Relevant Intermediary, is entitled to appoint more than two (2) proxies to attend, speak and vote at the AGM, but each proxy must be appointed to exercise the rights attached to a different share or shares held by such Member. Where such Member appoints more than two (2) proxies, the number and class of shares in relation to which each proxy has been appointed shall be specified in the Proxy Form.

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

6. A Member can appoint the Chairman of the AGM as his/her/its proxy but this is not mandatory.

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

Notice of Annual General Meeting

7. The instrument appointing a proxy, together with the power of attorney or other authority under which it is signed (if applicable) or a notarial certified copy thereof, must be deposited in the following manner:
- (a) if submitted by post, be lodged with the Company's Share Registrar, Tricor Barbinder Share Registration Services at 9 Raffles Place, #26-01 Republic Plaza, Singapore 048619; or
 - (b) if submitted electronically, be submitted via email to sg.is.proxy@vistra.com.

in either case, by no later than **10.00 a.m. on 19 April 2025**, being at least 72 hours before the time appointed for holding the AGM. Members are strongly encouraged to submit the completed proxy forms electronically by email.

The instrument appointing the proxy(ies) must be signed by the appointor or his attorney duly authorised in writing. Where the instrument appointing the proxy(ies) 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 Company shall be entitled to reject the instrument appointing the proxy if it is incomplete, improperly completed, illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified in the instrument appointing the proxy (including any related attachment) (such as in the case where the appointor submits more than one instrument appointing the proxy).

In addition, in the case of Shares entered in the Depository Register maintained by The Central Depository (Pte) Limited, the Company may reject any instrument appointing the Chairman of the AGM as proxy lodged if the Member, being the appointor, is not shown to have Shares entered against his name in the Depository Register as at 72 hours before the time appointed for holding the AGM.

8. Members may raise questions at the AGM and/or submit questions related to the Ordinary Resolutions to be tabled for approval at the AGM, in advance of the AGM. All questions, together with the members' full names, identification numbers, contact numbers and email addresses and manner in which they hold shares in the Company (e.g. via CDP, CPF or SRS), must be submitted no later than **10.00 a.m. on 9 April 2025** via email to Kwok Hwee Peng at hpkwok@sg.megachem.com or by post to the registered office of the Company at 11 Tuas Link 1, Singapore 638588.

The Company will endeavour to address all substantial and relevant questions submitted by the Members prior to 10.00 a.m. on 9 April 2025 via SGXNet by 15 April 2025 after 5.00 p.m. Where substantially similar questions are received, the Company will consolidate such questions and consequently not all questions may be individually addressed. The Company endeavours to address (i) subsequent clarifications sought; (ii) follow-up questions; or (iii) subsequent substantial and relevant questions which are received after 10.00 a.m. on 9 April 2025, at the AGM itself. The Company will publish the responses made during the AGM to such questions together with the minutes of the AGM on the SGX website at <https://www.sgx.com/securities/company-announcements> and the Company's website <http://megachem.listedcompany.com/newsroom.html> within one (1) month after the date of the AGM.

Personal Data Privacy

"**Personal data**" in this Notice of AGM has the same meaning as "personal data" in the Personal Data Protection Act 2012, which includes the Member's name and its proxy's and/or representative's name, address, email address and NRIC/Passport number. By submitting an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the AGM and/or any adjournment thereof, a Member (i) consents to the collection, use and disclosure of the Member's personal data by the Company (or its agents or service providers) for the purpose of processing, administration and analysis by the Company (or its agents or service providers) of the 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 or service providers) to comply with any applicable laws, listing rules, take-over 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 or service providers), 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 or service providers) 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. The Member's personal data and its proxy's and/or representative's personal data may be disclosed or transferred by the Company to its subsidiaries, its share registrar and/or other agents or bodies for any of the Purposes, and retained for such period as may be necessary for the Company's verification and record purposes.

Photographic, sound and/or video recordings of the AGM may be made by the Company for record keeping and to ensure the accuracy of the minutes prepared for the AGM. Accordingly, the personal data of a Member or its proxy and/or representative (such as his/her name, his/her presence at the AGM and any questions he/she may raise or motions he/she proposes/seconds) may be recorded by the Company for such purpose.

MEGACHEM LIMITED

(Company Registration No.: 198803293M)
(Incorporated in the Republic of Singapore)

PROXY FORM

IMPORTANT

1. The Annual General Meeting ("AGM") will be held physically at the registered office of the Company. **Members have no option to participate virtually.**
2. For CPF Investors/SRS Investors who have used their CPF/SRS monies to buy the Company's shares, this Proxy Form is not valid to use by CPF Investors/ SRS Investors and shall be ineffective for all intents and purposes if used or purported to be used by them. CPF Investors/SRS Investors should contact their respective Agent Banks/ SRS Operators if they have any queries regarding their appointment as proxies.
3. By submitting an instrument appointing a proxy(ies) and/or representative(s), a member accepts and agrees to the personal data privacy terms set out in the Notes to this Proxy Form.

I/We _____ (Name) NRIC/Passport No _____

of _____ (Address)

being a member/member of Megachem Limited (the "Company"), hereby appoint: -

Name	Address	NRIC/ Passport No.	Proportion of shareholdings to be represented by proxy (%)	
			No. of shares	(%)

*and/or

Name	Address	NRIC/ Passport No.	Proportion of shareholdings to be represented by proxy (%)	
			No. of shares	(%)

or failing which, the Chairman of the Annual General Meeting ("AGM") of the Company as *my/our *proxy/proxies to attend, speak and vote for *me/us on *my/our behalf at the AGM of the Company to be held at 11 Tuas Link 1, Singapore 638588 on Tuesday, 22 April 2025 at 10.00 a.m. and at any adjournment thereof.

*I/We direct *my/our *proxy/proxies to vote for, against or abstain the Resolutions proposed at the AGM as indicated hereunder.

No.	Resolutions	For*	Against*	Abstain*
Ordinary Business				
1.	To receive and adopt the Statement by Directors and Audited Financial Statements of the Company for the financial year ended 31 December 2024 together with the Auditor's Report thereon.			
2.	To approve Directors' fees of S\$202,000 for the financial year ending 31 December 2025.			
3.	To declare a final tax exempt dividend of 0.5 cents per share for the financial year ended 31 December 2024.			
4.	To re-elect Mr Chew Choon Tee pursuant to Regulation 117 of the Company's Constitution.			
5.	To re-elect Mr Yeo Wee Kiong pursuant to Regulation 122 of the Company's Constitution.			
6.	To re-elect Mr Daniel Loh Hong Chye pursuant to Regulation 122 of the Company's Constitution.			
7.	To re-elect Mr Sim Guan Seng pursuant to Regulation 122 of the Company's Constitution.			
8.	To re-appoint Messrs RSM SG Assurance LLP as auditors of the Company and to authorise the Directors to fix their remuneration.			
Special Business				
9.	To authorise Directors to issue shares pursuant to Section 161 of the Companies Act 1967.			
10.	To approve the renewal of Interested Person Transactions Mandate.			

* If you wish to exercise all your votes "For", "Against" or "Abstain", please indicate with a "✓" in the box provided. Alternatively, please indicate the number of shares as appropriate. If no specific direction as to voting is given, the proxy/proxies (except where the Chairman of the AGM is appointed as my/our proxy) will vote or abstain from voting at his/her/their discretion on any matter arising at the AGM and at any adjournment thereof. In the absence of specific directions in respect of a resolution, the appointment of the Chairman of the AGM as my/our proxy for that resolution will be treated as invalid.

Dated this _____ day _____ 2025

Total Number of Shares Held

Signature(s) of Member(s) or
Common Seal of Corporate Member

* Delete accordingly

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 maintained by The Central Depository (Pte) Limited, 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 (other than a Relevant Intermediary*) is entitled to attend and vote at the AGM or is entitled to appoint not more than two proxies to attend and vote in his/her stead. A proxy need not be a member of the Company.
3. Where a member (other than a Relevant Intermediary*) appoints two proxies, the proportion of his/her/its shareholding to be represented by each proxy shall be specified. If no proportion is specified, the Company shall be entitled to treat the first named proxy as representing the entire number of shares entered against his/her/its name in the Depository Register and any second named proxy as an alternate to the first named.
4. A Relevant Intermediary may appoint more than two proxies, but each proxy must be appointed to exercise the rights attached to a different share or shares held by it. Where such member appoints more than two proxies, the number and class of shares in relation to which each proxy has been appointed shall be specified in this Proxy Form.
5. Subject to note 10, completion and return of this instrument appointing a proxy shall not preclude a member from attending and voting at the AGM. Any appointment of a proxy or proxies 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.
6. This Proxy Form is not valid for use by investors who hold shares through Central Provident Fund ("CPF") Investment Scheme ("CPF Investors") and/or Supplementary Retirement Scheme ("SRS Investors") and shall be ineffective for all intents and purposes if used or purported to be used by them. CPF and SRS Investors: (a) may vote at the AGM if they are appointed as proxies by their respective CPF Agent Banks or SRS Operators, and should contact their respective CPF Agent Banks or SRS Operators if they have any queries regarding their appointment as proxies; or (b) may appoint the Chairman of the AGM as proxy to vote on their behalf at AGM, in which case they should approach their respective CPF Agent Banks or SRS Operators to submit their votes by 10.00 a.m. on 10 April 2025, being at least seven working days prior to the date of the AGM.
7. The instrument appointing the proxy, together with the letter or power of attorney or other authority under which it is signed or a duly certified copy thereof (if applicable), must be submitted either: -
 - (a) if submitted by post, be lodged with the Company's Share Registrar, Tricor Barbinder Share Registration Services at 9 Raffles Place, #26-01 Republic Plaza, Singapore 048619; or
 - (b) if submitted electronically, be submitted via email to sg.is.proxy@vistra.com.in either case, by **10.00 a.m. on 19 April 2025**, being not less than seventy-two (72) hours before the time appointed for holding the Meeting (or any adjournment thereof) and in default the instrument of proxy shall not be treated as valid. Members are strongly encouraged to submit the completed proxy forms electronically by email.

A member can appoint the Chairman of the Meeting as his/her/its proxy, but this is not mandatory.
8. The Proxy Form must be under the hand of the appointor or of his attorney duly authorised in writing. Where the Proxy Form is executed by a corporation, it must be executed either under its seal or under the hand of an officer or attorney duly authorised. Where a Proxy Form 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 Proxy Form, failing which the Proxy Form may be treated as invalid.
9. The Company shall be entitled to reject the Proxy Form if it is incomplete, improperly completed or illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified in the Proxy Form. In addition, in the case of members of the Company whose Shares are entered against their names in the Depository Register, the Company shall be entitled to reject any Proxy Form lodged if such members are not shown to have Shares entered against their names 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.
10. A CPF Investor or SRS Investor may attend and cast his vote(s) at the AGM in person. CPF and SRS Investors who are unable to attend the AGM but would like to vote, may inform their respective CPF Agent Banks or SRS Operators to appoint the Chairman of the AGM to act as their proxy, in which case, the CPF and SRS Investors shall be precluded from attending the AGM.

A Relevant Intermediary means:

 - (a) a banking corporation licensed under the Banking Act 1970 or a wholly-owned subsidiary of such a banking corporation, whose business includes the provision of nominee services and who holds shares in that capacity;
 - (b) a person holding a capital markets services licence to provide custodial services for securities under the Securities and Futures Act 2001 and who holds shares in that capacity; or
 - (c) the Central Provident Fund Board established by the Central Provident Fund Act 1953, in respect of shares purchased under the subsidiary legislation made under that Act providing for the making of investments from the contributions and interest standing to the credit of members of the Central Provident Fund, if the Board holds those shares in the capacity of an intermediary pursuant to or in accordance with that subsidiary legislation

PERSONAL DATA PRIVACY

By submitting an instrument appointing a proxy(ies) and/or representative(s), the member accepts and agrees to the personal data privacy terms set out in the Notice of AGM dated 1 April 2025.

Affix
Stamp

The Company Secretary
MEGACHEM LIMITED
c/o Tricor Barbinder Share Registration Services
9 Raffles Place, #26-01 Republic Plaza,
Singapore 048619



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