



**SAMCHEM HOLDINGS BERHAD**

REGISTRATION NO. : 200701039535 (797567-U)

# Annual Report 2024





## Financial Highlight

**RM1.22 billion**  
FY2024 Revenue

Group	2023	2024
Revenue (RM'000)	1,162,429	<b>1,215,006</b>
Profit Before Tax (RM'000)	48,031	<b>26,531</b>
Profit After Tax (RM'000)	35,331	<b>19,953</b>
Earnings Per Share (sen)	5.65	<b>3.21</b>
Net Assets Per Share (sen)	58.45	<b>57.58</b>
Dividend Per Share (sen)	2.20	<b>2.40</b>

// FY2024 remains to be a profitable year with RM26.53 million PBT despite global economic challenges. //



*Samchem has been in operation for more than 30 years and is a leading industrial chemical distributor in Malaysia and South East Asia.*

*Samchem supplies about 500 different petrochemicals and services to more than 7,000 clients from industries such as automotive, paints and inks, oil & gas, and agriculture – across the region.*

# Overview

## 01

### Overview

01 Company Highlights

## 02

### Management Discussions and Analytics

02 Executive Chairman's Statement

06 Management's Statement

## 16

### Sustainability and Corporate Governance

16 Corporate Information

17 Corporate Structure

18 Directors' Profile

21 Corporate Governance Overview Statement

26 Sustainability Statement

52 Statement on Risk Management and Internal Control

55 Audit and Risk Management Committee Report

60 Additional Compliance Information

## 61

### Financials

62 Directors' Report

66 Statements of Comprehensive Income

67 Statements of Financial Position

69 Statements of Changes in Equity

72 Statements of Cash Flows

75 Notes to the Financial Statements

120 Statement by Directors

120 Statutory Declaration

121 Independent Auditors' Report

## 124

### Others

124 Particulars of Properties

126 Analysis of Shareholdings

128 Notice of Annual General Meeting

132 Statement Accompanying of the 18<sup>th</sup> Annual General Meeting

Proxy Form

# Executive Chairman's Statement



// Dear Valued Shareholders,

I am pleased to present to you our Annual Report for the financial year ended 31 December 2024 ("FY2024"). //

◀ **Ng Thin Poh** *Executive Chairman*

## | Year in Review

In FY2024, we had to navigate continued global economic uncertainty, shaped by elections, a prolonged war between Russia and Ukraine, escalating conflict in the Middle East, persistent inflationary pressures as well as looming recessionary risks.



China's economic performance remained a crucial factor, with its sluggish recovery weighing on global trade and manufacturing demand. The market dynamic was further strained by the imbalance between weak demand and China's rising chemical production capacity.

Additionally, uncertainties over the potential impact on global trade in the lead-up to the U.S. elections led many of our consumers to adopt a wait-and-see approach rather than scaling up inventory. The uncertainties and complexities of global trade continue to intensify in the start of FY2025.

Despite these uncertainties, the Group remained resilient and adaptive, staying committed to executing our business plans and strategies while maintaining a long-term growth focus. We acknowledge the impact of these headwinds on profitability, and continue to be disciplined in cost management, optimising our cost structures and our efficiencies, strengthening our market position, and positioning ourselves for future opportunities.

## Strategic Developments

In an environment of rising operational costs, regulatory changes, and intensifying competition, we focused on delivering solutions that are value driven while positioning ourselves as a reliable and relevant partner.

We expanded our logistics fleet through the acquisition of a CKJ Logistics Sdn Bhd, a bulk transportation company on 1 February 2024, enhancing our operational capacity and broadening our reach into new market segments.

As part of our strategic initiatives, we embarked on a major upgrading to our ERP software to enhance

operational efficiencies, streamline workflows, and improve data-driven decision-making, positioning the business for greater agility, productivity and scalability.

Looking ahead, we remain vigilant to global uncertainties, including fluctuating raw material costs, regulatory shifts, and evolving customer demands. However, our robust infrastructure, with the expansion of our warehousing capacity in both Malaysia and Vietnam, extensive market expertise, and strategic foresight position us to adapt and thrive in the face of these challenges. By continuously innovating and adapting, we are confident in our ability to harness growth opportunities as markets stabilise and demand rebounds.

***The Group remained resilient and adaptive, staying committed to executing our business plans and strategies while maintaining a long-term growth focus.***



***Phase 1 of Malaysia's new warehouse in Pulau Indah Industrial Park, Klang***

# Executive Chairman's Statement

## Financial Performance

Revenue for the Group in FY2024 reached RM1.22 billion, an improvement from RM1.16 billion in FY2023. This growth was driven by higher chemical sales volume, though partially offset by pricing pressures, particularly in the fourth quarter.

Profit before tax for FY2024 stood lower at RM26.53 million, compared to RM48.03 million in FY2023, primarily caused by lower realised margins and a sharp decline in prices during the last quarter of FY2024. Weak regional demand for chemicals persisted, with customers maintaining minimal inventory as no significant uptakes were anticipated.

Additionally, geopolitical tensions and the threat of trade wars further compressed margins, adding pressure on profitability. The Group's overall financial performance was also impacted by losses from our Indonesia operations, driven by the Rupiah's volatility against the USD, with fluctuations reaching 9% between its highest and lowest rates.

Consequently, PATAMI for the Group was also lower at RM17.47 million, down from RM30.73 million in the previous financial year. Whilst headwinds persist, we believe that we may be seeing the bottom of the market and a gradual recovery.

Geographically, Malaysia remained our largest revenue contributor, accounting for 50.03% of total Group revenue, followed by Vietnam at 41.86%, Indonesia at 5.79%, and Singapore at 2.31%.

The Group maintained a strong cash balance of RM75.41 million and a healthy gearing ratio of 0.42 at the end of FY2024, underscoring our commitment to financial prudence and stability.

Reflecting our confidence in the company's long-term growth trajectory, we declared a dividend of RM9.79 million for FY2024, representing a payout ratio of 56%. Our approach balances consistent shareholder returns with strategic reinvestment to drive future growth.



**Reflecting our confidence in the company's long-term growth trajectory, we declared a dividend of RM9.79 million for FY2024**



## Sustainability and Corporate Governance

Sustainability and governance remain a fundamental part of our business strategy. In FY2024, we reinforced our commitment to ESG principles by enhancing our environmental policies, expanding our bio based chemicals portfolio, and implementing more robust sustainability KPIs, details of which can be found in our Sustainability Report.

Our focus on ethical business practices and corporate integrity remains unwavering. We have continued to refine our corporate governance frameworks to ensure compliance with evolving regulatory requirements and industry best practices.

Recognising that our employees are the driving force behind business excellence and innovation, we have further enhanced our talent development programs to retain and attract the best human capital, fostering a dynamic and collaborative corporate culture.

By also prioritising employee wellbeing, diversity and inclusion, we strengthen our organisational resilience and adaptability in an evolving business landscape.

## Acknowledgments

I would like to express my sincere gratitude to our management team and employees for their unwavering dedication, adaptability, and commitment to our shared vision. Your collective efforts continue to be the driving force behind our success.

To our valued principals, customers, and business partners, we extend our deepest appreciation for your trust and collaboration. We remain committed to strengthening these relationships and achieving shared growth.

I also extend my heartfelt thanks to our Board of Directors for their leadership and strategic insights, which have been instrumental in steering the Group through an evolving business landscape.

Finally, to our shareholders, thank you for your confidence and continued support. We look forward to delivering sustained value and long-term growth in the years ahead.

**Ng Thin Poh**

*Executive Chairman*

# Management's Statement

**// Dear Valued Shareholders,**  
I am pleased to present the Annual Report and Management Statement for FY2024 performance for Samchem Holdings Berhad. **//**

► **Eugene Chong** *Chief Executive Officer*



FY2024 drew to a close with diverse results on different fronts. Total Group revenue rose by 5%, supported by increased sales volume. Net profit before tax ("NPBT") dropped by 45% attributed to a plunge of average selling prices ("ASP") by more than 10% and unfavourable forex movements against the preceding year.

Chemical players across the spectrum were indeed posed with a very challenging market throughout the year. Excess supply coupled with suppressed demand caused significant drop in ASPs and margins on a plethora of products.

Sales volume increases outpaced ASP, resulting in a rise of 5% in revenue, was contributed by penetration of new products into new markets in line with our past efforts in diversifying and expansion of our product portfolio.

Erratic and unpredictable movement of the US Dollar against Ringgit Malaysia, Vietnamese Dong as well as Indonesia Rupiah proved to be detrimental to importers like us which further hampered our bottom-line performance.

## Business Activities

### *Integrated Chemicals Distribution*

The core business of the Group is in Distribution of Chemicals that are used in various industries including automotive, manufacturing, paint and coating, foaming, agriculture, household (detergents, stain removers, and multi-purpose cleaners), construction, oil & gas and even in personal care & grooming (deodorant, mouthwash, shampoo, hair gel, toothpaste, cosmetics, and nail polish). Whilst the pandemic and restrictions impacted certain sectors more severely than others, the Samchem Group managed to deliver solid results because of our diversified business strategy across numerous industries, markets and expansion of product portfolio and agencies.

Samchem represents, amongst others, ExxonMobil Chemical, Shell, Petronas and BASF, the largest global producers of petrochemicals in this region. In the ensuing 30-odd years since its founding, Samchem has expanded out to other ASEAN countries, acquired

a wider range of products for distribution, including specialty premium chemicals, and established a vast network of customer base for mutual business growth and benefit with these principals.

Besides distribution of petrochemicals from the major petrochemicals producers, Samchem distributes for a large number of specialty chemical manufacturers (Momenive, Venator, Ineos, Arkema, Rohm, Shin-Etsu, Lanxess, Afton and etc.). These higher end, high premium products are used in industries such as paints & coatings, polyurethane foam (for mattresses and car seats), automotive, printing ink, construction, agriculture, adhesives, industrial cleaning, household and personal care, electronics, oil & gas and many more.

**ExxonMobil**  
Chemical



**MOMENTIVE**

**VENATOR**

**INEOS**

**ARKEMA**



**BASF**  
The Chemical Company

**RÖHM**

**Shin-Etsu**

**LANXESS**  
Energizing Chemistry

**Afton**  
CHEMICAL

The addition of inorganic chemicals into our portfolio extends our reach to the wider scope of the market, further cementing our position as the preferred integrated chemicals distributor. Its application in industries such as glove manufacturing, paints & coatings, printing ink, adhesives, plastics, industrial cleaning, tiles & paving, road markings and many more.

In addition to chemical distribution, the Group also offers integrated value-added services in the distribution chain including warehousing, bulkbreaking, blending and logistics. More and more companies are outsourcing their blending processes and Samchem's facilities has the capacity to meet these needs. The establishment of SC Udes Sdn Bhd also enhances our infrastructure network with the penetration into the bulk chemical transportation business.

#### **Authorised Distributorship for Shell Lubricants**

In 2016, Samchem Lubricants was appointed an authorised B2B distributor for Shell's range of lubricants in the East Coast states of Pahang, Terengganu and Kelantan. Warehouses were immediately set up in Kuantan and Kota Bharu to be closer to the major industrial clusters in these 2 states.

In 2017, the distributorship was extended to cover the Northern states of Perlis, Kedah, Penang and Perak. Samchem Lubricants effectively distributes products to the Northern half of Peninsular Malaysia, supported by existing Samchem operations in Ipoh and Penang. With additional manpower, both operations were re-located to bigger premises and warehouses to accommodate sales and sales support personnel and storage requirements.

# Management's Statement

On 1 July 2020, the distributorship was extended even further to the Central region to cover Selangor, Kuala Lumpur and Putrajaya. These expansion of territories in that timespan are testimony of our commitment to our Principals and in-depth knowledge of the markets that we serve.

## *Samchem's Logistics Arm*

Samchem Logistics Services Sdn Bhd ("SLS") was established in 2007 with the aim to provide swift and reliable last mile delivery services to its customers. Starting with just 5 trucks, SLS has multiplied its fleet to more than 35 trucks today plying the entire Peninsular Malaysia as well as Singapore.

In 2020, the scope of services of our logistics arm expanded considerably with the establishment of SC Udes Sdn Bhd to provide bulk liquid transportation for dangerous goods (DG cargoes) with 15 Isotank trucks. Our logistics capabilities further strengthened with the acquisition CKJ Logistics Sdn Bhd in 2024, also offering bulk liquid transportation services to customers and principals alike, with more than 50 trucks.

Our stringent requirements on Health, Safety and Environment ("HSE") policies and standards in an increasingly regulated industry is key to securing more contracts from the market especially multinational companies.

Reinforced by our existing infrastructures throughout the nation, our logistics arm is rapidly emerging as the desired logistic service provider, consistent with our vision to be the preferred distribution and solutions provider in the chemical and lubricant supply industry.

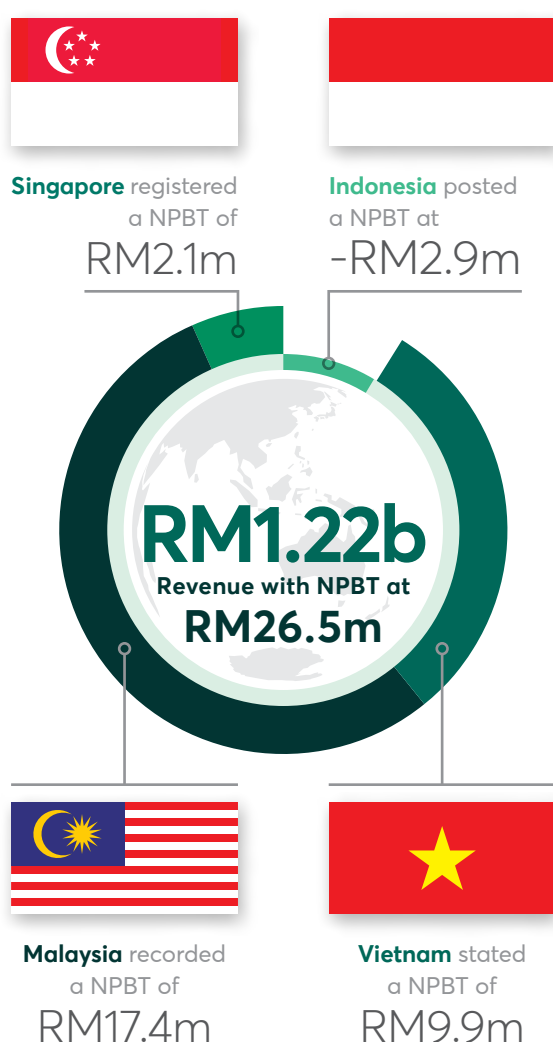


### Technical & Development ("T&D") Division for Market Development

The T&D division supports sales of specialty chemicals, facilitating the introduction of premium grades either as an upgrade or product replacement as well as in market creation (with technical support from principals). The T&D division plays a crucial role in the Group's sustainability in the chemical distribution business, augmenting the Group's earnings in the premium products sector as Samchem intensifies effort to become a major Specialty Chemicals player in the domestic and regional market. Complementing these endeavours are the establishment of 1 application and 2 Quality Control laboratories to reinforce market development efforts.

Besides this core activity, the division also oversees regulatory requirements such as Material Safety Data Sheets, compliance to the Globally Harmonised System ("GHS") of Classification and Labelling of Chemicals, as well as ensures the company's chemicals sales activities comply with all of the regulations and laws pertaining to the business.

### Performance Overview



FY2024 registered a group revenue of RM1.22 billion while net profit before tax is clocked at RM26.5 million. Group revenue is up 5% compared to the preceding year while NPBT dropped 45%.

Revenue recorded by our Malaysian business stands at RM607.9 million, up by 8% compared to RM561.5 million in FY2023 with earnings of RM17.4 million, down 41% from FY2023 figures of RM29.4 million.

Meanwhile our Indonesian business posted revenue of RM70.4 million with net loss of RM2.9 million versus FY2023's revenue of RM77.4 million and NPBT of RM0.34 million respectively.

Over in Vietnam, FY2024 revenue stood at RM508.6 million with PBT RM9.9 million. Compared to FY2023, revenue is 3% higher but NPBT dipped 38%.

The Singapore business stayed at RM2.1 million NPBT with revenue of RM28.1 million.

Our continued investments into our logistics arms to increase our fleet of Isotank and cargo trucks in Malaysian operations will further strengthen our infrastructure and better serve customers that have short delivery lead time demands.

# Management's Statement

The addition of blending operations in Q4 FY2024 in Indonesia to produce customised products for specific applications in the local industries will create additional revenue pipeline and at the same time further enhance our value-added services to the market there. It is also a necessary step as we prepare ourselves for the next wave of economic cycle.

Strategic expansion of the business will absolutely continue for us to achieve our greater goal to be the leading chemical distributor in South East Asia.

## Future Outlook

We foresee further consolidation among players in the chemical distribution business due to challenging business environment and tightening of regulations. It presents more opportunities as we continue to explore mergers and acquisitions exercise to further extend our new product and market coverage.

As a consequence of tariffs imposed by the United States to its trading partners, especially China, ASEAN is quickly becoming the next growth option for businesses to establish new supply chain networks to the world. Compounded by the weakening of domestic demand in China in the past 2 years, there is an increasing number of Chinese chemicals available in South East Asia at discounted prices. Powered by our extensive investments into our infrastructure and market development activities in this region, Samchem and its strategic partners are well positioned to face the challenges brought about by newcomers.

In spite of the increased competition, we are also actively sourcing and collaborating with reputable Chinese producers to solidify our position in the inorganic chemicals market.

The introduction of e-invoice by the Malaysian government has led to challenges and difficulties in the implementation stage especially to our customers in the SME sector. Samchem's system had started its implementation since Q4 FY2024 and is at hand to assist its customers to ensure smooth transition and mitigate its impact to the business.

Rising costs of doing business due to inflation, attributed by factors such as the impending removal of fuel subsidies, volatility of freight charges and increased minimum wages will continue to challenge the bottom-lines of all businesses. Samchem's well lubricated Sales and Distribution ("S&D") capabilities with good internal controls and continual effort in operational efficiency is poised to counteract against these inflationary pressures. Results has shown in sustained S&D expenses albeit an increase in sales volume in FY2024.

Samchem is well aware of the artificial intelligence ("AI") developments and exploring how this cutting-edge technology can assist in our business operations. Our upgraded Enterprise Resource Planning ("ERP") system is AI-ready and will be exploring its use for enhanced operational efficiency and improvement our bottom line.

## Business Sustainability

Samchem's business and work ethics adhere to proper business practices and are in compliance with all applicable laws and regulations. Samchem has in place an Anti-Bribery & Corruption Policy which is supplemented by its Whistleblowing Policy to prevent corrupt practices and foster a culture of transparency, integrity and ethical behaviour in our business dealings. Samchem's work locations observe Health, Safety and Environment ("HSE") principles to ensure workers' wellbeing and the environment is taken care of. Samchem is a signatory to Responsible Care® (in Malaysia), a global initiative by the chemical industry's desire to improve health, safety and environmental performance.

HSE management system an integral part of our business considerations as demonstrated by several initiatives undertaken in FY2023. More activities and programs will be rolled out to create a safer and cleaner working environment to safeguard our people and environment. Corporate social responsibility endeavours will also continue in order to play our part to give back to the society that we thrive in.

## 2024 Activities

On 12 June 2024, Samchem Lubricants Sdn Bhd conducted a Lube and Fuel Talk in collaboration with Shell Malaysia to impart knowledge on subsidised diesel control system, lubricants sustainability and advantages of using Shell's Gadus greases.





Meanwhile, our Vietnam's Sam Chem Sphere JSC received 2 accolades from BASF:

- 🏆 **Top Sales Boosters** to honor customers and resellers with the most notable sales.
- 🏆 **Top Social Impact Makers** to honor partners who have been accompanying BASF for many years in the school building and playground building program.



Every year, Sam Chem Sphere JSC collaborates with BASF and the non-government organisation Saigon Children's Charity to build new schools for children in remote areas across Vietnam. This program has made a tangible difference in these communities by providing better educational opportunities for the next generation.



## Corporate Social Responsibility

The Group organised its customary communal activity towards conserving nature in the form of river cleaning at Kampung Kuantan Firefly Park on 27 July 2024. The family-oriented event was also joined by the children of several staff members at the same time educating them on the importance of rivers as a lifeline to all living creatures on the planet.

### *Malaysia Nature Society Mangrove Tree Planting Programme*

On 29 September 2024, Samchem Nusajaya, joined by Samchem HQ staff, organised its annual Mangrove Planting Programme at Tanjung Piai Nature Park. Mangroves protect shorelines from damaging storm and winds, waves and floods. Mangroves also help prevent erosion by stabilising sediments with their tangled root systems, filtering pollutants and trapping sediments originating from land. The diminishing mangrove forest across Selangor's coastal areas is worrying as fishermen have seen drop in income because of lower catch of fish and cockles; the dwindling catch is a result of the polluted waterways of the rivers and coastline.



Recent studies have shown that mangroves can also function as a carbon sink that can stow away four times more carbon than rainforests can. Most of this carbon is stored in the soil beneath mangrove trees.

The objectives of this program are to develop effective protection and/or rehabilitation of mangrove ecosystems, to respond to climate change and to mitigate its effects through the protection and rehabilitation of mangrove ecosystems. By increasing mangrove cover, it contributes to overall coastal sustainability.



While in Vietnam, Sam Chem Sphere JSC partnering with BASF, have broken ground on a new school project at Phuong Ninh Primary and Secondary School, Phung Hiep District, Hau Giang province. Located about 250 kilometers from Ho Chi Minh City, the school is situated in a remote district of Hau Giang Province in the Mekong Delta region. It was built in the 1990s and is in rundown and unsafe condition for its over 600 students, especially in hot weather and flooding season. This project is set to upgrade the school by adding four new classrooms and a playground, aimed at enhancing the educational experience for both teachers and students. This project will benefit around 150 students annually upon its completion in the first quarter of FY2025.

Samchem firmly believes in giving back to the society and the community that we are in as proven in the social activities throughout the years. The most recent being a Sharity event whereby contributions of daily necessities and donations for the Persatuan Kebajikan Kanak-Kanak Cacat Yee Ran Jing Sheh, Penang were made on 12 December 2024 organised by Samchem Lubricants Sdn Bhd in collaboration Shell Malaysia.





## Appreciation

I would like to extend my heartfelt thanks to our esteemed Board of Directors, customers and business partners for their unrelenting support and trust in the Samchem brand. We shall continue to improve performance and bring superior value to both our shareholders and stakeholders.

The steeled resilience of Samchem Group to weather the unpredictable business climate is forged through the years with sheer hard work of all staff members, preemptive foresight of the Management and seamless inter-departmental cooperation.

## Eugene Chong

*Chief Executive Officer*



# Corporate Information

## Board of Directors

Ng Thin Poh  
Executive Chairman

Ng Ai Rene  
Executive Director

Cheong Chee Yun  
Executive Director

Lok Kai Chun  
Independent Non-Executive Director

Dato' Razali Basri  
Independent Non-Executive Director

Hor Wai Kong  
Independent Non-Executive Director

## Audit and Risk Management Committee

Hor Wai Kong  
Chairman

Dato' Razali Basri

Lok Kai Chun

## Remuneration Committee

Dato' Razali Basri  
Chairman

Lok Kai Chun

Hor Wai Kong

## Nomination Committee

Lok Kai Chun  
Chairman

Hor Wai Kong

Dato' Razali Basri

## Company Secretary

Wong Youn Kim (F)  
(MAICSA 7018778)  
SSM PC No.: 201908000410

Lee Chin Wen (F)  
(MAICSA 7061168)  
SSM PC No.: 202008001901

## Corporate Office

Lot 6, Jalan Sungai Kayu Ara 32/39  
Seksyen 32, 40460 Shah Alam  
Selangor Darul Ehsan  
Tel: 03-5740 2000  
Fax: 03-5740 2101  
Website: [www.samchem.com.my](http://www.samchem.com.my)  
E-mail: [inquiry@samchem.com.my](mailto:inquiry@samchem.com.my)

## Auditors

Baker Tilly Monteiro Heng PLT  
Baker Tilly Tower, Level 10, Tower 1  
Avenue 5, Bangsar South City  
59200 Kuala Lumpur

## Solicitors

Justin Faye & Partners

## Principal Bankers

Malayan Banking Berhad

Hong Leong Bank Berhad

United Overseas Bank Berhad

Citibank Berhad

## Stock Exchange Listing

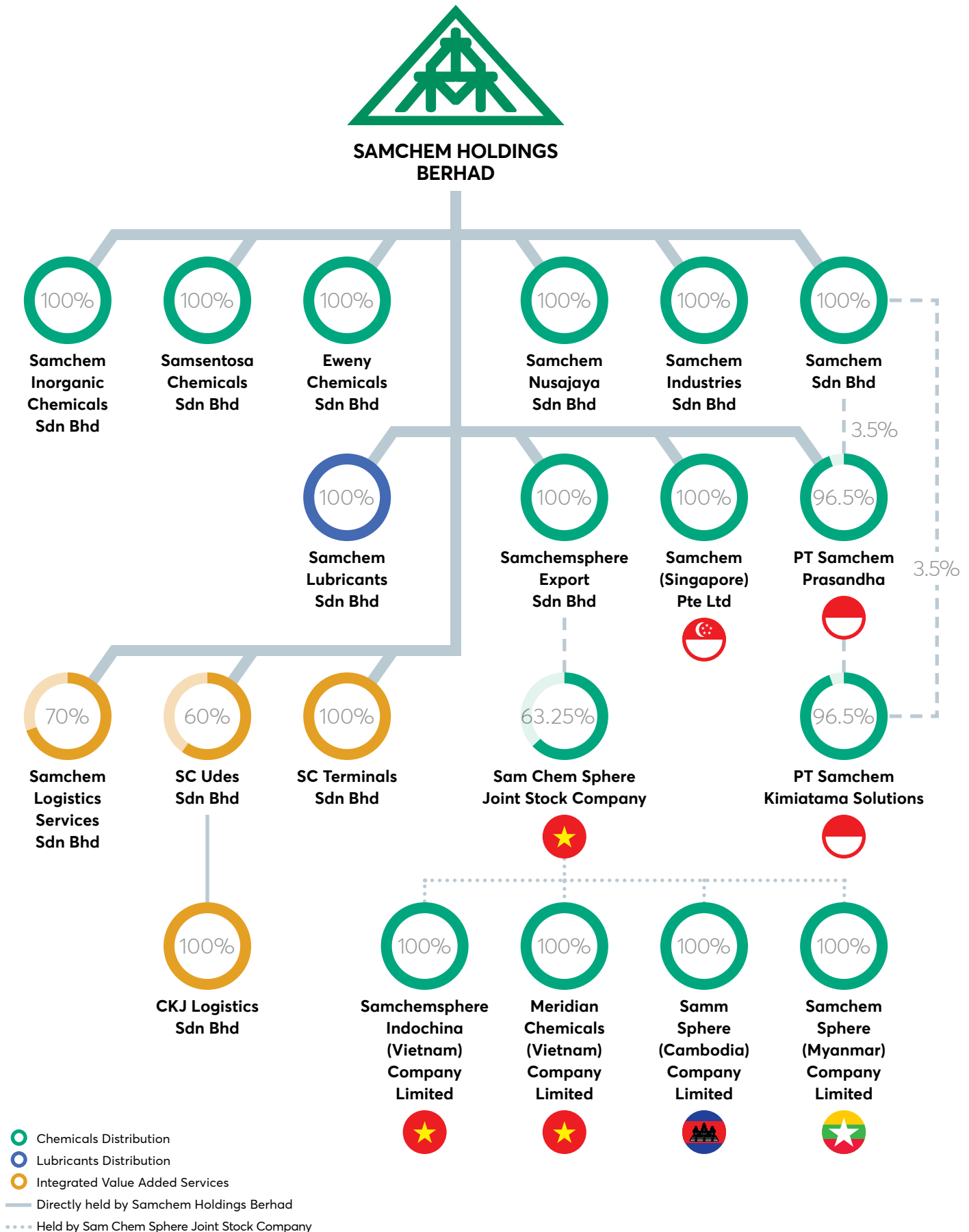
Main Market

Bursa Malaysia Securities Berhad

Stock Name: SAMCHEM

Stock Code : 5147

# Corporate Structure



## Director's Profile



Ng Thin Poh, a Malaysian aged 67, has been re-designated as our Executive Chairman effective 1 March 2014. He graduated with a Bachelor of Science (Honours) degree, majoring in chemistry, from University of Malaya in 1981. Upon graduation, he started his career in chemical distribution as a Sales Executive in Texchem Malaysia Sdn Bhd. In 1982 and 1983, he was a Sales Executive in Jebsen & Jessen (M) Sdn Bhd and Rhone-Poulenc Sdn Bhd respectively, of which both companies are distributors of chemicals. In 1989, he left Rhone-Poulenc Sdn Bhd and founded SCSB.

Ng Ai Rene, a Malaysian aged 40, was appointed to the Board as a Non-Independent Non-Executive Director on 10 November 2017. She joined the Board as an Executive Director on 20 February 2019.

She graduated with a Bachelor of Laws (LLB) from The University of Melbourne, Australia in 2008 and was admitted to the Supreme Court of Victoria, Australia as a solicitor in 2009. Thereafter she obtained the Certificate of Legal Practice in Malaysia in 2010.

She commenced her legal career in Malaysia as a pupil in Skrine in February of 2011 and was admitted as an Advocate and Solicitor of the High Court of Malaysia on 9 March 2012. She left Skrine in 2015 and continued legal practice in Abdullah Chan & Co, Ai Rene & Co, Putri Norlisa Chair and Kesavan, focusing on corporate and commercial law and has advised and acted in various mergers and acquisitions and business restructuring across a wide range of industries. She left the legal profession on 19 February 2019 to take up the appointment as an Executive Director of Samchem Holdings Berhad.

Ng Ai Rene is the daughter of Ng Thin Poh, the Executive Chairman of Samchem Holdings Berhad.



Cheong Chee Yun, a Malaysian aged 64, was appointed as Independent Non-Executive Director of Samchem Holdings Berhad on 17 August 2012 but has since been appointed and redesignated as an Executive Director on 1 August 2022. He is a Chartered Accountant member of the Malaysian Institute of Accountants, a member of the Certified Practising Accountant Australia (CPA Australia) and also a member of the Asian Institute of Chartered Bankers.

In the year 1985, he graduated with a Bachelor of Accounting (Hons) from University Malaya. In the same year, he started his career as an Executive Officer with RHB Bank Berhad (formerly known as D&C Bank). He was involved in all branch operational aspects, corporate banking, trade financing and international banking matters and last held a managerial position. Thereafter, he joined a PC assembly and monitor manufacturer, KT Technology Sdn Bhd as Financial Controller in the year 1998. He then joined a software development and system integration company known as Object Solutions Sdn Bhd as Director in the year 1999. In the year 2001, he joined Saferay (M) Sdn Bhd, a manufacturer and exporter of architectural mouldings as an Operation Director. In the year 2003, he was also appointed as a Non-Executive Director in CS Opto Semiconductors Sdn Bhd but had resigned in the year 2012. In the year 2006, he was appointed as Operational Director in Eastmont Sdn Bhd, a building construction services company. He has since resigned in November 2018.

In the year 2012, he joined Enco Holdings Sdn Bhd, a biomass thermal energy solutions provider as Head of Finance & Corporate Affairs and is now an Executive Director of the company. He is also a Non-Executive Director of Kencana Bio Energy Pte Ltd, Singapore (now known as Enco Power Pte. Ltd., Singapore) a biomass power generation holding company. Moreover, he currently holds the post of Independent Non-Executive Director for Innity Corporation Berhad.



Lok Kai Chun a Malaysian aged 72, was appointed to the Board as our Independent Non-Executive Director on 29 December 2015. He graduated with a business administration degree in London.

Mr. Lok has over 20 years of experience in the banking and finance sector. He has served in various capacities with financial institutions such as Supreme Finance, Maybank finance and MBF finance where he served as a Branch Manager until his resignation in 1994.

Mr. Lok join Recos Ind Sdn Bhd soon after, to become its General Manger, in charge of the operations and manufacturing of industrial foam. He stayed with Recos for many years and resigned in 2015, having been its Executive Director for 15 years.

Currently Mr. Lok is the Chief Operating Officer of Pharmacy Murni Marketing Sdn Bhd, a pharmaceutical retail outlet in Johore. Mr. Lok has acquired his experience in the finance and manufacturing industry, having worked for many years in both.

## Director's Profile



**Dato' Razali Basri**

*Independent  
Non-Executive Director*

Dato' Razali Basri, 68, retired with the rank of Deputy Commissioner of Police ("DCP") on 12 March 2018 after having served various branches (departments) of the Royal Malaysia Police ("RMP") for 36 years and a further 4 years on secondment to the Ministry of Home Affairs at Putrajaya as one of the pioneering members of the Prevention of Crime Board, a statutory body established under the Prevention of Crime Act, 1959 ("POCA"). Prior to that Dato' Razali is the Head of the IGP's Legal Division at Bukit Aman, a position he held for more than 5 years. He is also concurrently Chairman of Kaisar Maritime (M) Sdn Bhd, a company specialising on maritime security, a Board member of the GAMA Supermarket & Departmental Store, Penang and also Chairman of Residents' Association at Durian Tunggal Melaka where he lives.

Hailed from Taiping, Perak, Dato Razali received his early education at King Edward VII School Taiping. He later obtained a diploma in Strategic Studies at the University of Malaya and subsequently read law at the University of Wales, Cardiff, UK.

On his appointment as Independent Non-Executive Director with Samchem Holdings Berhad, he brings along knowledge and experiences from his days with RMP and Home Ministry on crime and legal matters, law enforcement, security issues and governmental functioning at ministry level.

Hor Wai Kong, a Malaysian aged 66, was appointed to our Board as our Independent Non-Executive Director on 1 December, 2021.

He is a member of The Malaysian Institute of Certified Public Accountants and also a member of The Malaysian Institute of Accountants.

He was in the public accountants practice for more than 10 years. He was involved in the audits of major trading & manufacturing companies, financial institutions, stockbroking and properties development companies. He has also been involved in tax planning and receivership assignments whilst with the public accountant's firm.

After his tenure with the public accounting firm, he was with Petroliam Nasional Berhad ("Petronas") for about 25 years. Whilst in Petronas, he was involved in corporate finance as well as merger & acquisition projects.

He was seconded by Petronas as the Chief Financial Controller of two joint venture chemical companies (BASF AG from Germany, and The Dow Chemical Company from USA) for about 10 years.

After the secondment, he returned to Petronas as the General Manager, Corporate Finance Downstream Business Division. Apart from being responsible for the downstream business corporate finance projects, he was also responsible for the implementation of GST for the downstream companies. He retired from Petronas in 2016.



**Hor Wai Kong**

*Independent  
Non-Executive Director*

### Notes

- Ng Thin Poh and Ng Ai Rene are father and daughter. Other than the above, none of the Directors has any family relationship with each other and with any substantial shareholders of the Company.
- None of the Directors has any conviction for offences, other than traffic offences, within the past 10 years.
- Other than the related party transactions disclosed in Note 27 of the Financial Statements, none of the Directors has conflict of interest with the Company.
- Except as disclosed above, none of the Directors holds any directorship in other public companies.
- The Directors' holdings in shares of the Company are disclosed in the Analysis of Shareholdings section of the Annual Report.

# Corporate Governance Overview Statement

This Corporate Governance Overview Statement is presented pursuant to Paragraph 15.25(1) of the Main Market Listing Requirements ("MMLR") of Bursa Malaysia Securities Berhad ("Bursa Securities"). The objective of this statement is to provide an overview of the application of the corporate governance practices of the Group during the financial year ended 31 December 2024 with reference to Board Leadership and Effectiveness, Effective Audit and Risk Management and Integrity in Corporate Reporting and Meaningful Relationship with Stakeholders as set out in the latest Malaysian Code on Corporate Governance ("MCCG").

The Board has also provided specific disclosures on the application of each Practices in its Corporate Governance Report ("CG Report"). This CG Report was announced together with the Annual Report of the Company on 30 April 2025. Shareholders may obtain this CG Report by accessing this link <http://www.samchem.com.my> for further details and are advised to read this overview statement together with the CG Report.

Except for the practices of gender diversity policy and integrating reporting framework, the Board has in all material aspect complies with the Practices as set out in the MCCG. The explanation for the departed practices are reported in the announced CG Report in Practices 4.4, 5.9, 5.10, 12.2 and 13.3 respectively.

## Principle A: Board Leadership and Effectiveness

### I. Board Responsibilities

The Board continues to ensure its effectiveness and to provide strong leadership to the Group and Management. In order to ensure that business is being properly managed, the Board is entrusted to overseeing the overall management of the business affairs of the Group, perform periodic review of the financial results and overseeing the conduct of the business.

The Board is mindful of the importance of the establishment of clear roles and responsibilities in discharging its fiduciary and leadership functions including those reserved for the Board's approval. The Board has defined its Board Charter and schedule of matter setting out the roles, duties and responsibilities of the Board, the principles and practices of corporate governance to be followed as well as the key matters reserved for the Board's approval. The Board Charter and Schedule of Matter are published on the Company's website at <http://www.samchem.com.my>.

The Chairman is responsible for instilling good governance practices, leadership and effectiveness of the Board.

The Board has established the following Committees, namely Audit and Risk Management Committee, Nomination Committee and Remuneration Committee to assist it in discharging its duties and responsibilities effectively. The terms of reference of each Board Committee are available on the Company's website at <http://www.samchem.com.my>. These Committees have the authority to examine particular issues and report to the Board with their recommendations. However, the ultimate responsibility for the final decision on all matters lies with the entire Board.

The Board has established the Code of Conducts and Ethics and Whistleblowing Policy in the Company's website and has published the same at <http://www.samchem.com.my>. Internally, the Board communicates the Code of Conducts and Ethics and Whistleblowing Policy to staff members through the Human Resource Department so that all staff members are clear on what is considered acceptable behaviour and practice in the Company and the policies and procedures on whistleblowing.

The Board is assisted by two (2) qualified and competent Company Secretaries. Both Company Secretaries are members of Malaysian Institute of Chartered Secretaries and Administrators. The Company Secretaries advise the Board, particularly with regards to compliance with regulatory requirements, guidelines, legislations and the principles of best corporate governance practices. All Directors have unrestricted access to the advice and services of the Company Secretaries. The appointment and removal of Company Secretaries or Secretaries of the Board Committees can only be made by the Board.

Further information of the roles and responsibilities carried out by the Company Secretaries during the financial year ended 31 December 2024 are set out in Practice 1.5 of the Company's CG Report.

Supply, timeliness and quality of the information affect the effectiveness of the Board to oversee the conduct of business and to evaluate the Management's performance of the Group. Board papers are distributed to Directors with sufficient notice prior to Board meetings to enable the Directors to review and consider the agenda items to be discussed and where necessary, to obtain further explanations in order to be fully briefed before the meeting.

## Corporate Governance Overview Statement

All Board members have unrestricted access to timely and accurate information in furtherance their duties and subject to Board's approval may seek independent professional advice, when necessary, in discharging its various duties, at the Company's expense.

The Company Secretaries ensure that all Board and Board Committees' meetings are properly convened. The Company Secretaries will ensure that accurate and proper records of the proceedings and resolutions passed are recorded and the minutes are circulated to the Board members as soon as possible before the next meetings.

The underlying factors of directors' commitment to the Company are devotion of time and continuous improvement of knowledge and skill sets.

The Board meets at least once every quarter and additional meetings are convened as and when necessary. During the financial year, five (5) Board meetings were held. The record of attendance is as follows:

Directors	Number of Meetings attended by Directors during the tenure in office
Ng Thin Poh	5/5
Ng Ai Rene	5/5
Cheong Chee Yun	5/5
Hor Wai Kong	5/5
Lok Kai Chun	5/5
Dato' Razali Basri	5/5

Save for Mr. Cheong Chee Yun, none of the Directors hold directorship in other listed company.

The Directors are aware of their duty to undergo appropriate training from time to time to ensure that they are equipped to carry out their duties effectively. The Board is mindful therefore of the need to keep abreast of changes in both the regulatory and business environments as well as with new developments within the industry in which the Group operates.

During the financial year ended 31 December 2024, the external training programmes and seminars attended by the Director are as follows:

Directors	Courses / Seminar / Conference
Ng Thin Poh	ESG briefing
	Stakeholder Interests & Conflict of Interest
Ng Ai Rene	Mandatory Accreditation Programme Part II : Leading for Impact (LIP)
	ESG briefing
Cheong Chee Yun	Mastering E-Invoicing Implementation in Malaysia
	MIA Webinar Series: Steering Climate Risk and ESG Roadmap for Corporates
	ESG briefing
	Live Webinar: Share Buy Back: A Regulatory Perspective
	Case Study – Based MFRS Seminar IFRS S1 and S2: The Essentials
	Board Ethics: Growing concerns from New Technology, stakeholders interests & conflict of interest
	Tratax Budget 2025 webinar
	The consolidation of ESG standards: Streamlining sustainability, reporting & planning
Hor Wai Kong	Economic outlook – Navigating cycles & structural shifts
	ESG briefing
	Corporate Board Leadership Symposium 2024
Dato' Razali Basri	ESG briefing
	Corporate Board Leadership Symposium 2024
	LIP Alumni Networking Gathering
Lok Kai Chun	ESG briefing

## II. Board Composition

The Board is satisfied with the current composition of the Board in providing a check and balance in the Board as well as diversity of perspectives and views in Board's decision-making process. Presently, the Board consists of Executive and Non-Executive Directors with a mixture of suitably qualified and experienced professionals. The Board is comprised of six (6) members, where half of the Board are Independent Non-Executive Directors. The Company fulfills Practice 5.2 of the MCCG which it requires non-large company to have at least half of the Board members comprised of Independent Directors.

Annually, the Nomination Committee would review the independence of the Independent Directors. Criteria for assessment of independence are based on the requirements and definition of "independent director" as set out in the MMLR. Each Independent Director is required to confirm their independence by giving the Board a written confirmation of their independence. In addition, consideration would also be given to assess whether the Independent Directors are able to meet the minimum criteria of "fit and proper" test of Independence, which is part of an annual assessment test, as enumerated in the Policy on appointment and continuous assessment of Directors and the suitability and ability of the Independent Non-Executive Director to perform his duties and responsibilities effectively shall be based on his calibre, qualifications, experience, expertise, personal qualities and knowledge of the Company and industry.

In accordance with the Board Charter, the maximum tenure of an Independent Non-Executive Director shall not exceed the cumulative term of nine (9) years from the date of first appointment as Director or upon the expiry of the on-going term of appointment as Director whichever is the later. Any extension beyond nine (9) years will require Board justification and shareholder approval unless the said Director wishes to be re-designated as Non-Independent Non-Executive Director which shall be a consideration for the Board to decide.

The Board presently does not have a formal gender diversity policy, and will strive to achieve the right balance of diversity over time, taking into account the size of the Board, the requirements of competencies, skills and experience of candidates. The Board currently has a female Executive Director among the six (6) Directors on the Board.

The appointment of Board and senior management are based on objective criteria, merit and with due regard for diversity in skills, experience, age, cultural background and gender. The current diversity in the ethnicity, age distribution and skillsets of the existing Board is as follows:

	Race/Ethnicity				Nationality		Gender	
	Malay	Chinese	Indian	Others	Malaysian	Foreign	Male	Female
Number of Directors	1	5	–	–	6	–	5	1
Top Three Senior Management	–	3	–	–	3	–	2	1
	30-39 years		40-49 years		50-59 years		60-69 years	
Number of Directors	–		1		–		5	
Top Three Senior Management	–		2		–		1	
Skill	Accounting & Finance Management		Chemistry		Legal / Law		Business Management	
Number of Directors	2		1		2		1	
Top Three Senior Management	1		1		1		–	

The Nomination Committee is chaired by an Independent Non-Executive Director. The Nomination Committee considers recommendations from existing board members, management, major shareholders and third-party sources to identify suitably qualified candidates, when necessary, before recommending to the Board for further deliberation.

There is no restriction on the number of Directorships for each Board member save as advised the limit of five (5) listed company Directorships by Bursa Malaysia under its Listing Requirements & Corporate Governance Guidelines. Board members are at liberty to accept other board appointments in other companies so long as the appointment is not in conflict of interest with the Company and does not affect his performance for the Company.

Board members are required to notify the Chairman of the Board and/or Company Secretary before accepting new external Directorships and indicating the time that will be spent on the new Directorship.

## Corporate Governance Overview Statement

The Nomination Committee undertakes annual assessment to evaluate the performance of each individual Directors, the effectiveness of the Board and the Board Committees by way of self-assessment. Directors are required to fill out the self-assessment forms and provide their feedback, views and suggestions for improvement. The results of these self-assessment forms are compiled and tabled to the Nomination Committee for review and deliberation.

### III. Remuneration

The remuneration of Directors will be formulated to be competitive and realistic with aims to attract, motivate and retain Directors with the relevant experience, expertise and quality needed to assist in managing the Company effectively. For Executive Directors, the remuneration packages link rewards to corporate and individual performance whilst for the Non-Executive Directors, the level of remuneration is linked to their experience and level of responsibilities undertaken. The level of remuneration for the Executive Directors is assessed by the Remuneration Committee after giving due consideration to the compensation levels for comparable positions among other similar Malaysian public listed companies.

The determination of directors' remuneration is subject to Board's approval. The director concerned should abstain from discussing his/her own remuneration.

Pursuant to Section 230(1) of the Companies Act, 2016, the fees of the directors and any benefits payable to the directors of a listed company and its subsidiaries shall be approved at a general meeting.

The amount of Directors' fee and benefits for the new financial year proposed for the shareholders' approval at the forthcoming AGM is RM400,000 and RM50,000 respectively.

The details of remuneration paid or payable to the Directors for the financial year and top three Senior Management are disclosed in Practice 8.1 and 8.2 of Corporate Governance Report.

including the financial reporting process. Presently, the members of the ARMC comprise of fully Independent Non-Executive Directors and the Chairman of the ARMC is not the Chairman of the Board.

When considering the appointment of former key audit partner from its current External Auditor's firm, the ARMC is mindful of the minimum three (3) years cooling off period best practice under the MCCG before appointing this partner as a member of the ARMC. The Board is satisfied that, with the present composition structure and practice, the ARMC is able to objectively review and report its findings and recommendations to the Board.

The present External Auditors of the Company was engaged since the financial year 2013. Annually, the ARMC will review the appointment, performance and remuneration of the External Auditors before recommending them to the Board to approve the recommendation for seeking shareholders' approval at the forthcoming AGM for re-appointment. In assessing the External Auditors, the ARMC will consider the adequacy of resources of the firm, quality of service and competency of the staffs assigned to the audit as well as the auditors' independence and fee.

The ARMC will convene meetings with the External Auditors and Internal Auditors without the presence of the Executive Directors and employees of the Group as and when necessary. As part of the ARMC review processes, the ARMC will also obtain assurance from the External Auditors confirming that they are, and have been, independent throughout the conduct of the audit engagement in accordance with the terms of all relevant professional and regulatory requirements.

### II. Risk Management and Internal Control

The Board as a whole are responsible for risk management through the oversight of the Audit and Risk Management Committee ("ARMC") while the Executive Directors together with the senior management team are primarily responsible for managing risks and implementing internal controls in the Group.

Information of the Group's internal control and risk management is presented in the Statement on Risk Management and Internal Control set out on pages 52 to 54 of the Annual Report. The Board has also commented in the said statement that they are satisfied with the effectiveness and adequacy of the existing level of systems of risk management and internal control.

## Principle B: Effective Audit and Risk Management

### I. Audit and Risk Management Committee

The Board has established an effective and independent Audit and Risk Management Committee ("ARMC"). The ARMC members are financially literate and are able to understand matters under the purview of the ARMC

The Internal Audit Function is carried out by Resolve IR Sdn. Bhd. ("Resolve") an outsourced internal audit consulting firm. The internal audit function is headed by a director who is assisted by a manager and supported by an audit executive. The Director in charge is a qualified accountant and a member of the Institute of Internal Auditors Malaysia while the rest of the team members are accounting graduates. The Internal Auditors have performed its work with reference to the principles of the International Professional Practice Framework of Institute of Internal Auditors covering the conduct of the audit planning, execution, documentations, communication of findings and consultation with key stakeholders. The Audit Committee will review the engagement between the Group and Resolve to ensure that the Internal Auditors' objectivity and independence are not impaired or affected.

## ***Principle C: Integrity in Corporate Reporting and Meaningful Relationship with Stakeholders***

### **I. Communication with Stakeholders**

The Board maintains an effective communications policy that enables both the Board and the management to communicate effectively with its shareholders, stakeholders and the public. The policy effectively interprets the operations of the Group to the shareholders and accommodates feedback from shareholders, which are factored into the Group's business decision.

The Board communicates information on the operations, activities and performance of the Group to the shareholders, stakeholders and the public through the following:

- i. the Annual Report, which contains the financial and operational review of the Group's business, corporate information, financial statements, and information on the ARMC and Board of Directors;
- ii. various announcements made to the Bursa Securities, which include announcements on quarterly results;
- iii. the Company website at <http://www.samchem.com.my>;
- iv. engages with research analysts, fund managers, shareholders and media to give them a better understanding of the business conducted by the Group in particular, and of the industry in

which the Group's business operates, in general, performance and major developments; and

- v. participation in surveys and research conducted by professional organisations as and when such requests arise.

Shareholders and investors are also encouraged to interact and provide feedback to the Chairman for opinions or concerns. Separately, the Company has also reported its Sustainability Statement on pages 26 to 51 of this Annual Report covering the aspects of governance, environment and social responsibility for stakeholders' reference.

### **II. Conduct of General Meetings**

The Annual General Meeting ("AGM") serves as an important means for shareholders communication. Notice of the AGM together with the Annual Reports are sent to shareholders 28 days prior to the meeting in line with the best practices as recommended by the MCCG and in accordance to the Company's Constitution and the provision in the Companies Act, 2016.

At each AGM, the Board presents the progress and performance of the Group's business and encourages participation of shareholders during questions and answers sessions. The Chairman and the Board will respond to all questions raised by the shareholders during the AGM.

Shareholders who are unable to attend the AGM are advised that they can appoint proxies to attend and vote on their behalf.

Explanation for each proposed resolution set out in the Notice of AGM will be provided, if needed during AGM to assist shareholders in making their decisions and exercising their voting rights. In line with Paragraph 8.29A(1) of the MMLR, all resolutions set out in the Notice of AGM will be put to vote by poll. The Company will also appoint an independent scrutineer to validate the vote cast in the AGM. The outcome of the AGM will be announced to Bursa Securities on the same meeting day while the summary of key matters discussed during the AGM will be posted on the Company website.

This Statement is made in accordance with the approval and resolution of the Board of Directors.


# Sustainability Statement

## About this Report

Samchem Holdings Berhad ("Samchem" or "the Group") presents its annual Sustainability Statement ("SS2024"), covering the financial year ended 31 December 2024 ("FY2024"). This statement outlines Samchem's environmental, social, and governance ("ESG") impacts, progress, and commitments.

## Reporting Frameworks and Standards

The SS2024 has been prepared in accordance with the Sustainability Reporting Guide (3<sup>rd</sup> Edition) of Bursa Malaysia Securities Berhad ("Bursa Malaysia"), aligning with the Main Market Listing Requirements. Additionally, this statement draws from established sustainability frameworks and guidelines to ensure comprehensive reporting, including:

 <p>Bursa Malaysia Sustainability Reporting Guide (3<sup>rd</sup> Edition)</p> <p><b>IN ACCORDANCE</b></p>	 <p>Global Reporting Initiative ("GRI") 2021 (Core Option)</p> <p><b>WITH REFERENCE</b></p>	 <p>FTSE4Good Bursa Malaysia ("F4GBM") Index</p> <p><b>WITH REFERENCE</b></p>
 <p>Task Force on Climate-related Financial Disclosures ("TCFD")</p> <p><b>IN ALIGNMENT</b></p>	 <p>International Sustainability Standards Boards ("ISSB") Standards</p> <p><b>WITH REFERENCE</b></p>	 <p>FTSE4Good Bursa Malaysia ("F4GBM") Index</p> <p><b>IN ALIGNMENT</b></p>

The reporting approach integrates the principles of the GRI Standards, focusing particularly on stakeholder inclusiveness, sustainability context, materiality, completeness, accuracy, balance, clarity, comparability, reliability, and timeliness.

## Basis of Scope, Boundary and Exclusion

Unless otherwise stated, SS2024 covers the Group's ESG impacts and activities in Malaysia for the reporting period of 1 January 2024 to 31 December 2024. Historical data has been included, where relevant, to allow meaningful performance comparisons. The scope spans Samchem's business activities across its key business divisions, encompassing the following subsidiaries held by Samchem Holdings Berhad:

- Samchem Inorganic Chemicals Sdn Bhd
- Samsentosa Chemicals Sdn Bhd

- Eweny Chemicals Sdn Bhd
- Samchem Nusajaya Sdn Bhd
- Samchem Industries Sdn Bhd
- Samchem Sdn Bhd
- Samchem Lubricants Sdn Bhd
- Samchemsphere Export Sdn Bhd
- Samchem Logistics Services Sdn Bhd
- SC Udes Sdn Bhd
- SC Terminals Sdn Bhd
- CKJ Logistics Sdn Bhd

Activities of our overseas based subsidiaries are not covered, but remain a focus for future governance and reporting enhancements.

## Data Quality, Assurance and Forward Looking Statements

Data presented in SS2024 is internally gathered and verified by respective data owners. The Sustainability Committee, Audit and Risk Management Committee, and Board of Directors have each conducted thorough reviews and collectively affirm that the statement accurately represents the Group's sustainability performance. This Sustainability Statement was approved by the Board on 15 April 2025.

Currently, Samchem has not engaged external third-party assurance for ESG data. However, financial information can be cross-referenced against audited figures presented in Samchem's Annual Report 2024. This statement has also not undergone an internal audit review.

Readers should note that any forward-looking statements regarding future plans, objectives, or expectations within this report are based on current assumptions and may vary due to changing risks, opportunities, or operational adjustments.

## Report Availability and Stakeholder Feedback

SS2024 is available for download on the Group's corporate website at [www.samchem.com.my](http://www.samchem.com.my), as part of Samchem's Annual Report 2024. The Group welcomes stakeholder feedback to continuously enhance its sustainability practices and reporting. Comments, queries, or suggestions can be directed to [info@samchem.com.my](mailto:info@samchem.com.my).

## Message from the Executive Director

### Dear Stakeholders,

It is my pleasure to present Samchem's Sustainability Statement for the financial year ended 31 December 2024 ("SS2024"), which outlines our progress in advancing responsible and sustainable business practices.

Sustainability continues to gain importance within Samchem's broader business agenda. While strong financial performance remains the foundation of our long-term success, it also serves as the enabler of our sustainability commitments. In FY2024, the Group achieved revenue of RM1.22 billion – reflecting our continued operational resilience and market presence. This performance enabled us to generate and distribute RM1.16 billion in economic value across key stakeholder groups, including employees, shareholders, government bodies, suppliers, and the communities we serve.

Aside from the sharing of prosperity, this strong financial footing has allowed us to meaningfully advance our sustainability efforts in key areas. In FY2024, we expanded the boundaries of our greenhouse gas ("GHG") emissions inventory to include business travel under Scope 3 emissions, and extended fuel consumption coverage to include equipment in addition to logistics vehicles. While this resulted in higher reported emissions, it reflects our commitment to accurately capturing the extent of our impact. We are also pleased to note that 25.3% of our electricity consumption is now sourced from renewable solar energy, which reduces our dependence on grid energy and contributes to 68.76 tCO<sub>2</sub>e in emissions avoidance. This led to a 20.56% reduction in our Scope 2 emissions intensity in FY2024, based on our FY2023 baseline.

We also took proactive steps to align our reporting practices with global developments in ESG disclosure. In preparation for future regulatory requirements under the National Sustainability Reporting Framework ("NSRF"), we have begun referencing the International Financial Reporting Standards ("IFRS") S1 and S2, which will guide us in strengthening climate-related financial reporting going forward.

As we advance on our climate agenda, we also recognise that our people remain central to the success of our sustainability journey. I'm pleased to report that in FY2024, we delivered an average of 9.96 training hours per employee, exceeding our target of 8 hours on average per annum and reinforcing our investment in workforce development. While we saw higher attrition in certain categories, we are continuing to enhance our retention

strategies through structured development pathways, competitive benefits, and engagement activities.

As a leader in the chemical distribution industry, health and safety remain a paramount focus in our employee management strategy. Comprehensive training was provided to our Emergency Response Teams, and robust safety management processes were strengthened. Although we recorded one warehouse incident, our proactive management helped maintain a low Lost Time Injury Rate of 1.12, underscoring our ongoing commitment to a safe working environment.

Our commitment to responsible growth also extends to the communities around us. In FY2024, we continued to support environmental conservation efforts through hands-on initiatives such as mangrove tree planting at Tanjung Piai National Park and a river clean-up at Kuala Selangor National Park. These efforts not only contribute to biodiversity and ecosystem resilience, and support climate action through carbon sequestration, but also serve to foster environmental awareness among our employees and the wider public – reinforcing the role we play in shaping a more sustainable future beyond our business operations.

On the governance front, we have continued to uphold our zero-tolerance stance on corruption and misconduct, backed by established policies, employee training, and secure whistleblowing channels. There were no reported cases of corruption or regulatory non-compliance in FY2024. The Board and Management continue to provide active oversight of our ESG agenda, ensuring that integrity, transparency, and accountability remain deeply embedded in how we operate and grow.

As we move forward, we do so with clarity of purpose and a firm belief that sustainable progress is built on shared responsibility. I extend my sincere appreciation to all our stakeholders for your trust, your partnership, and your continued support. Together, we will continue shaping a more resilient, inclusive, and sustainable future for Samchem and the communities we serve.

### NG AI RENE

Executive Director

## Sustainability Statement

### FY2024 Sustainability Highlights



**RM1.16bil**

in Total Economic Value  
Distributed to Stakeholders



**85%**

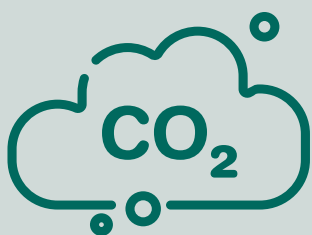
Target Score

Achieved  
Customer  
Satisfaction



**49.28%** Procurement  
Spending  
on Local Suppliers

*\*inclusive of the purchase of chemicals and packaging materials, and services of carriage inwards*



Expanded GHG Inventory  
Data Scope and Coverage



**25.3%** of Electricity  
Consumption  
from Renewable Solar Power

*Equivalent to 68.76 tCO<sub>2</sub>e of emissions avoided*



**210** Mangrove Saplings  
Planted

*with an estimated carbon sequestration potential of 257,124 kg CO<sub>2</sub>e for the lifetime of the tree*



Diverted 0.72 tonnes  
of Waste from Disposal  
from a total of 2.09 tonnes  
of waste generate



**287**

Total Workforce  
of which 97.90%  
are Permanent  
Employees



**RM26,040**

Total Amount Invested  
in the Community



**40%** Women  
Representation  
on Senior Management  
while women make up  
33% of Total Workforce






**Zero** Confirmed  
Incidents  
of Corruption



**Zero** Work-Related  
Fatalities  
with 519,224 manhours worked

## Sustainability Governance

The Board of Directors at Samchem holds ultimate responsibility for overseeing the Group's sustainability performance and ensuring that environmental, social, and governance ("ESG") considerations are embedded into its strategic direction. Sustainability governance is driven by a dedicated Management team, led by the Executive Director and guided by the Board. This team is tasked with implementing sustainability policies, managing ESG-related initiatives, and integrating sustainability considerations into daily operations and decision-making processes across the Group.

Roles & Composition	Responsibilities
 <b>Board of Directors ("Board")</b> <i>Executive &amp; Non-Executive Directors</i>	<ul style="list-style-type: none"> <li>● Holds ultimate accountability and maintains oversight on all sustainability and climate-related risks.</li> <li>● Formulates sustainability and climate-related strategies, policies, priorities, and targets in line with Group strategy.</li> <li>● The Audit and Risk Management Committee provides oversight and guidance on the Group's sustainability strategies and initiatives and ensures the integration of sustainability and climate-related considerations into the Group's business objectives.</li> </ul>
 <b>Sustainability Committee</b> <i>Representatives of various business functions, chaired by an Executive Director</i>	<ul style="list-style-type: none"> <li>● Develops the sustainability roadmap, strategy and aligning with business objectives</li> <li>● Identifies sustainability risks and opportunities</li> <li>● Advises the Board and seeking Board endorsement on the sustainability agenda</li> <li>● Oversees implementation of policies and assessing effectiveness</li> <li>● Identifies and implements the stakeholder engagement process</li> <li>● Reports to the Board on sustainability progress</li> </ul>
 <b>Working Team</b> <i>All Business Functions and Employees</i>	<ul style="list-style-type: none"> <li>● Involvement and participation from all the employees</li> <li>● Oversees the day-to-day execution of sustainability initiatives in their departments, roles and functions to achieve sustainability goals</li> </ul>

This governance structure ensures clear accountability, alignment with regulatory expectations, and continual progress toward Samchem's long-term ESG commitments.

## Stakeholder & Materiality

Samchem is committed to identifying and managing the Environmental, Social, and Governance ("ESG") matters most relevant to its business and stakeholders. The Group recognises that its operations both impact and are impacted by a diverse range of stakeholder groups. As such, its sustainability strategy is anchored in proactive stakeholder engagement and transparent communication. This approach enables Samchem to remain responsive to evolving expectations while ensuring that the most material ESG topics are identified, prioritised, and integrated into decision-making and business planning processes.

### Stakeholder Prioritisation

Stakeholders play a critical role in informing Samchem's sustainability priorities and direction. Defined as individuals, groups, or organisations that influence or are impacted by the Group's operations, their input is essential in shaping ESG strategies.

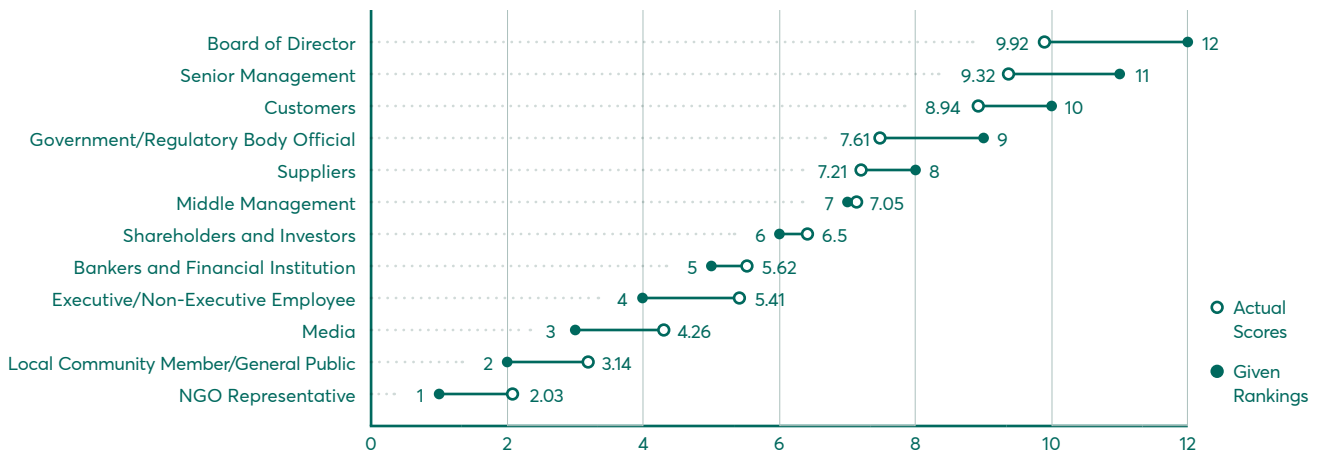
As part of the FY2023 full-scale materiality assessment exercise, Samchem identified and prioritised key stakeholder groups based on their level of influence and relevance to the Group's operations. This prioritisation helps ensure that the views of the most impactful stakeholders are appropriately considered in shaping the Group's sustainability agenda.

Stakeholders were systematically evaluated according to their ability to influence strategic decisions and their significance to the business. Higher weightage was given to those with greater influence – such as the Board of Directors – enhancing the alignment between materiality outcomes and the Group's strategic direction.

## Sustainability Statement

### Stakeholder Prioritisation (continued)

The resulting stakeholder ranking, derived from the materiality analysis, is presented below:



### Stakeholder Engagement

Through ongoing engagement, and particularly during the materiality assessment process, Samchem actively considers stakeholder expectations, ensuring that its business strategies and operational decisions remain aligned with evolving needs and interests.

Stakeholder Groups' Material Concerns	Our Response	Engagement Outcomes	Engagement Channel	Frequency
<b>Employees</b>				
Employees, including union and contract staff, form the backbone of our company. Aligned with the Group's vision, their dedicated efforts play a crucial role in executing the Group's strategies for business sustainability and growth.				
● Safe working environment	● Provide a safe working environment for our employees	● Increase work productivity	Day-to-day operations	Daily
● Ethical business practices	● Annual dinner	● Employee satisfaction	Internal communications	Periodically
● Well-being and mental health	● Adaptable work schedules		Training and competency development	Periodically
● Work-life balance	● Promote awareness of health and safety		Company announcements	As required
● Human rights	● Enact programs for the welfare of employees		Employee performance review	Annually
● Employee Welfare	● Celebrate festive seasons throughout the year		Talent Management Programme	Periodically
● Skill development and progression			Safety briefings and trainings	Periodically

Stakeholder Groups' Material Concerns	Our Response	Engagement Outcomes	Engagement Channel	Frequency
<b>Customers</b>				
Customers, as vital external stakeholders, play a crucial role in our long-term success by purchasing our products and services, contributing to our business's sustainability.				
<ul style="list-style-type: none"><li>● Health, safety, and environment</li><li>● Ethical business practices</li><li>● Product quality and delivery</li><li>● Product pricing and credit terms</li><li>● Technical support</li></ul>	<ul style="list-style-type: none"><li>● Initiate conversations with customers to address their concerns</li><li>● Conduct awareness sessions on anti-bribery and corruption</li><li>● Ensure a dependable provision of equipment and labour</li><li>● Develop distinct value propositions tailored to each customer segment</li></ul>	<ul style="list-style-type: none"><li>● Sustain customer loyalty and relationship</li><li>● Quality management &amp; assurance</li><li>● Customer satisfaction</li></ul>	Product launches and customer events	Periodically
			Meetings and business communication	Periodically
			Customer services	Periodically
			Customer satisfactory survey	Periodically
			Communication on Group's Policy	Periodically
			Company announcements	As required
<b>Vendors and Suppliers</b>				
As one of the important stakeholders, we foster mutually beneficial relationships with vendors and suppliers to ensure long-term sustainable business growth.				
<ul style="list-style-type: none"><li>● Continuous value creation</li><li>● Health, safety, and environment</li><li>● Ethical business practices</li><li>● Collaborations and partnerships</li><li>● Distribution support</li></ul>	<ul style="list-style-type: none"><li>● Enhance the advantages of our partnerships</li><li>● Reinforce positive Health, Safety, and Environment ("HSE") practices by leveraging each governance practice</li><li>● Optimise business performance, planning, and other commercial aspects</li></ul>	<ul style="list-style-type: none"><li>● Continuous supplies of excellent quality material from trustworthy vendors</li><li>● Maintain good relationship with vendors/suppliers</li><li>● Expand network for material and product sourcing</li></ul>	Product launches and trade exhibitions	Periodically
			Meetings and business communication	As required
			Vendor evaluation and registration	Periodically
			Company announcements and press releases	As Required
			Communication on Group's policy	Periodically
			<b>Shareholder and Investors</b>	
Shareholders, as the owners of our business, contribute capital to foster sustainable growth and equitable returns. They hold voting rights at general meetings.				
<ul style="list-style-type: none"><li>● Annual General Meetings ("AGM")</li><li>● Annual report</li><li>● Company announcements</li><li>● Corporate website</li><li>● Analyst reports published by research institutes</li><li>● Investor relation sessions</li></ul>	<ul style="list-style-type: none"><li>● Ensure timely disclosure of key topics</li><li>● Intensify communication frequency and transparency</li><li>● Enhance access to Board members and the management team</li></ul>	<ul style="list-style-type: none"><li>● Generate sustainable growth and shareholders returns</li><li>● Enhance our shareholders' funds and boost financial performance</li><li>● Building shareholder trust through transparent management and effective communication</li><li>● Safeguard shareholders' interest by enhancing corporate value and shareholders' return</li></ul>	Company website	As required
			Annual general meetings	Annually
			Announcements via Bursa Malaysia	As required
			Investors Briefings	Periodically
			Press releases	As required
			Meetings and conferences	As required
Annual reports	Annually			

## Sustainability Statement

Stakeholder Groups' Material Concerns	Our Response	Engagement Outcomes	Engagement Channel	Frequency
Financial Institutions				
Financial institutions contribute by providing financing products and services to our business, enabling financial support for expansion and growth.				
<ul style="list-style-type: none"><li>Operational, commercial and financial performance</li><li>Growth project progress and deliverables</li></ul>	<ul style="list-style-type: none"><li>Collaborate with applicable financial institutions sharing common objectives</li></ul>	<ul style="list-style-type: none"><li>Ensure credit management are conducted in efficient methods</li></ul>	Contractual arrangements and business transactions	As required
		<ul style="list-style-type: none"><li>Proactive balance sheet management to support the financial capability</li></ul>	Corporate website	As required
			Compliance audits	Periodically
			Surveys	As required
		<ul style="list-style-type: none"><li>Ensure the availability of financial resources for future business growth</li></ul>	Meetings & business communications	As required
			Annual report	Annually
		<ul style="list-style-type: none"><li>Flexibility and availability of bank facilities</li></ul>	Company announcements	As required
Local Communities				
Engaging local communities is essential for companies as it builds trust, fosters collaboration, and aligns business practices with community values, ultimately enhancing reputation and fostering sustainable success.				
<ul style="list-style-type: none"><li>Safety of our operations</li><li>Quality of land, air and water surrounding our base operations</li></ul>	<ul style="list-style-type: none"><li>Allocate resources to community development initiatives</li><li>Adopt rigorous best practices in Health, Safety, and Environment ("HSE")</li></ul>	<ul style="list-style-type: none"><li>Adopt stringent HSE best practices</li><li>Invest in community development programmes</li></ul>	Education Sponsorship	Periodically
			Financial Contribution	Periodically
			Corporate Website	As required
			Food Supply Donations for the Community	Periodically
			Environmental Conservation	Periodically
Government and Regulators				
Authorities and regulatory bodies administer governing legislation and statutory requirements, ensuring lawful business operations. Additionally, they support industry efforts to contribute to the economic growth of the country.				
<ul style="list-style-type: none"><li>Health, safety and environment</li><li>Anti-bribery and corruption</li><li>Ethical business practices</li><li>Compliance and regulations</li></ul>	<ul style="list-style-type: none"><li>Keeping abreast with the developments of the relevant changes in the act, regulations, orders &amp; SOPs for full compliance</li><li>Enhance transparent communication with relevant bodies</li><li>Stay updated on any changes in laws and regulations</li><li>Collaborate with pertinent agencies sharing common objectives</li><li>Awareness and training on preventing bribery and corruption</li></ul>	<ul style="list-style-type: none"><li>Better understanding on authorities' requirements and work together to ensure the Group complies to the highest standards</li><li>Better understand the strategic direction of the Government for the steel industry which enables the Group to strategically align its commercial business plans and direction</li><li>Government/ministry incentives</li></ul>	Statutory compliance	Periodically
			Industry-related initiatives and events	Periodically
			Dialogues and meetings	As required
			Leveraging on e-platform for financial & non-financial assistance from authorities	As required
			Surveys and feedbacks	As required

Stakeholder Groups' Material Concerns	Our Response	Engagement Outcomes	Engagement Channel	Frequency	
Industry Peers and Industry Associations Setting common industry goals and targets is crucial to enhancing mutual interests and positioning the industry at the forefront of Malaysia's industrialisation efforts.					
<ul style="list-style-type: none"><li>● Leadership and fair competition</li><li>● Product quality and development</li><li>● Sustainable value chain practices</li><li>● Corporate social responsibility</li><li>● Social economic agenda</li></ul>	<ul style="list-style-type: none"><li>● Implement leadership development programs</li></ul>	<ul style="list-style-type: none"><li>● Industry collaboration and exchange of ideas</li><li>● As a collective industry group, to engage with the authorities and to highlight issues to the Government more effectively for the benefit of the industry</li></ul>	Industry dialogues and meetings	As required	
	<ul style="list-style-type: none"><li>● Invest in research and development</li><li>● Integrate sustainability into the supply chain by collaborating with eco-friendly suppliers</li><li>● Develop and support community-oriented initiatives</li><li>● Implement policies that promote diversity, inclusion, and equitable opportunities within the company</li></ul>		Corporate website	As required	
			Surveys	As required	
			Industry-related initiatives and events	As required	
			Industry reports	As required	
			Company announcements	As required	

## Membership In Associations

Samchem maintains active membership in several recognised professional and industry associations, reflecting the Group's commitment to staying engaged, informed, and connected within the broader business landscape. These affiliations facilitate knowledge sharing, regulatory awareness, and collaborative opportunities that support industry advancement.

The Group is currently a member of the following associations:

- Chemical Industries Council of Malaysia ("CICM")
- Malaysian Paint Manufacturers Association

The Group is committed to ensure that its climate policies are consistent with the positions taken by the trade associations that Samchem is a member of, including addressing any discrepancies where an association's stance is significantly weaker or contradictory to that of the Group.

## Sustainability Statement

### Material Matters

Samchem undertakes materiality assessments periodically to identify and prioritise the ESG issues most relevant to its business and stakeholders. This includes evaluating emerging risks and opportunities that could significantly influence the Group's long-term performance, resilience, and impact on society and the environment.

A full-scale assessment is undertaken once every three to five years, most recently in FY2023, while limited-scale desktop reviews of the Group's material matters are conducted in the interim years such as in FY2024.

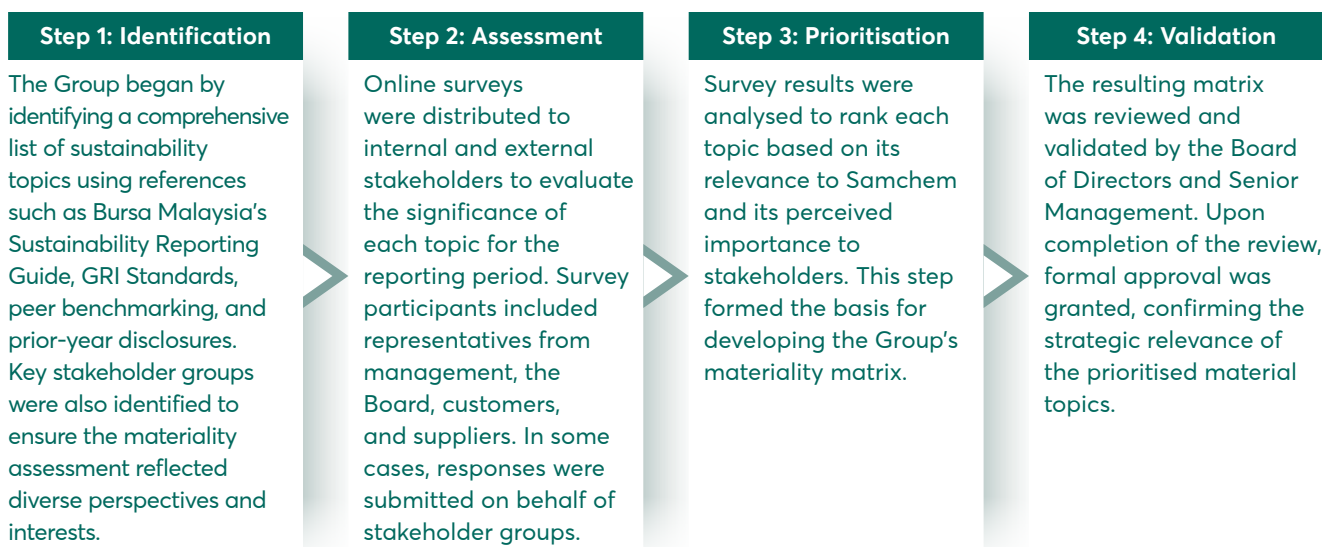
The insights derived from materiality assessments inform the focus areas of Samchem's sustainability strategy and reporting, ensuring alignment with global best practices such as the GRI Standards and FTSE4Good criteria. The resulting list of material topics reflects the Group's commitment to transparency, accountability, and responsible business conduct.

 <b>Economic Topics</b>	 <b>Governance Topics</b>	 <b>Environmental Topics</b>	 <b>Social Topics</b>
Digitalisation and Technology	Good Governance and Anti-Corruption	Climate Change and Emissions	Talent Management and Development
Quality and Customer Satisfaction	Environmental and Social Compliance	Energy Management	Occupational Safety and Health
Local Procurement	Sustainable Supply Chain	Resource Consumption	Labour and Human Rights
	Data Privacy and Security	Water Consumption	Diversity and Equality Opportunity Workplace
	Responsible Product Handling	Biodiversity	Local Community Development
		Waste Management	

### Materiality Assessment Process

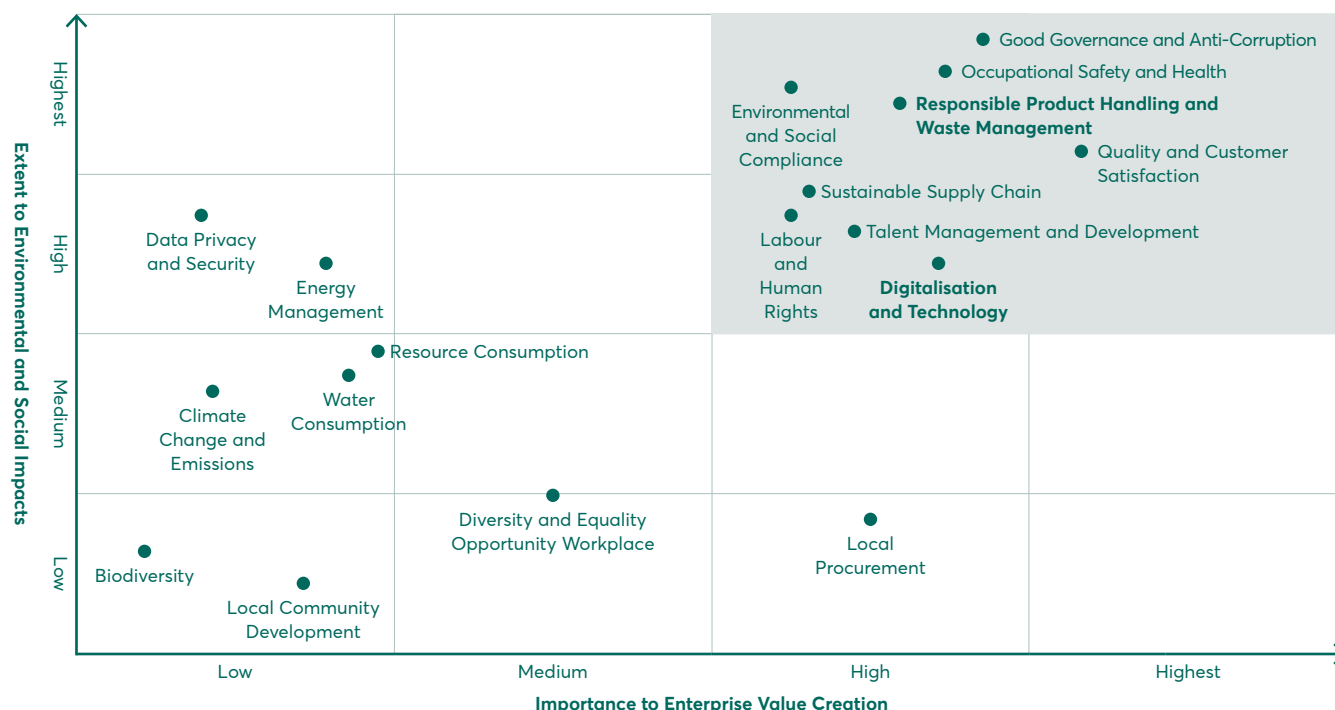
In line with the Bursa Malaysia Sustainability Reporting Guide (3<sup>rd</sup> Edition), Samchem conducted a full-scale materiality assessment process in FY2023 to identify and prioritise ESG topics most relevant to the Group and its stakeholders. This involved the development of assessment surveys covering a broad spectrum of ESG themes, tailored to the perspectives of key stakeholder groups.

Feedback collected from across the stakeholder spectrum was carefully analysed to ensure that the material topics reflect both internal priorities and external expectations. The full-scale materiality assessment process is summarised below:



## Materiality Matrix

A limited desktop review of the material matters was undertaken during the SS2024 report preparation process. Under the advice of the external ESG consultant, the Board and Senior Management of Samchem have confirmed the continued relevance of the resulting materiality matrix from SS2023. The following materiality matrix was adopted by the Board on 15 April 2025.




## ESG KPIs & Targets





Samchem remains committed to embedding ESG principles into its operations, aligning sustainability with long-term business value and stakeholder expectations. Defining and tracking meaningful ESG Key Performance Indicators ("KPIs") and targets not only supports compliance with Bursa Malaysia's requirements but also enhances operational efficiency, risk management, and stakeholder confidence.








In FY2024, Samchem continued building on its ESG performance by monitoring progress against defined KPIs while setting future targets to guide ongoing improvements. The process is anchored by strong leadership and oversight from the Management and Board, whose commitment to ESG is reflected in strategic decision-making and, where applicable, executive remuneration disclosures within the Annual Report.

The ESG scorecard below outlines Samchem's performance for FY2024 and its corresponding targets for FY2025:






Material Topic	KPI	2024 Target	2024 Status	2025 Target
<b>Economic</b>				
 <b>Quality And Customer Satisfaction</b>	Reduction in number of recalls/rejects.	Achieve less than 30 cases a year or 0.2% of total output, whichever is lower.	Achieved	Achieve less than 50 cases a year or 0.2% of total output, whichever is lower.
	Assess customer satisfaction rate through annual surveys.	Maintain 85% satisfaction rate per annum. <i>Note: Composite score based on product quality, sales person commitment, customer's service, delivery schedule, response on requisition and complaint.</i>	Achieved	Maintain 85% satisfaction rate per annum. <i>Note: Composite score based on product quality, sales person commitment, customer's service, delivery schedule, response on requisition and complaint.</i>



## Sustainability Statement

Material Topic	KPI	2024 Target	2024 Status	2025 Target
<b>Economic (continued)</b>				
 <b>Local Procurement</b>	Continued preference for local procurement for non-trading goods where commercially and operationally feasible.	To procure at least 80% of non-trading goods locally per annum.  <i>Note: Target is scoped to non-trading goods only as Samchem is highly dependent on overseas suppliers due to market forces. However, the Group remains committed to procuring locally when possible.</i>	Achieved	To procure at least 80% of non-trading goods locally per annum.  For other goods, no target established as Samchem is highly dependent on overseas suppliers and market forces. However, the Group remains committed to procuring locally when possible.
 <b>Digitalisation and Technology</b>	Progress status of ERP migration from present management information system or MIS.	Successful migration by Quarter 1 FY2025 (100% of Group operations to be migrated).	Progress as at end FY2024 60%	3 <sup>rd</sup> Quarter of FY2025 for Malaysia Operation.
	Software upgrades for e-invoicing	Completion of software upgrades for e-invoicing by July 2024.	Completed as at end FY2024	–
<b>Environmental</b>				
 <b>Climate Change and Emissions</b>	Reduction in Scope 2 Emissions Intensity (Tonnes CO <sub>2</sub> e/Revenue RM'million).	To achieve 3% reduction in Scope 2 emissions intensity by FY2024 based on FY2023 baseline.	Achieved 20.56% reduction due to solar energy integration	To achieve 3% reduction in Scope 2 emissions intensity by FY2025 based on FY2024 baseline.
	To establish baseline Scope 1 carbon emissions by FY2023.	To measure Scope 1 carbon emissions in FY2023 as baseline.	Achieved	To measure Scope 1 carbon emissions in FY2025.
 <b>Energy Management</b>	Reduction in electricity intensity (total electricity in kWh/Revenue in RM'million).	To achieve 2% reduction year-on-year based on a FY2023 baseline.	Not achieved	To achieve 2% reduction year-on-year based on a FY2024 baseline.
	Percentage of operations powered by solar generated electricity.	30% of Group electricity consumption to be derived from solar by FY2024.	Partially achieved. 25.3% of Group electricity consumption is solar generated	30% of Group electricity consumption to be derived from solar by FY2025.
	Establish baseline of total fuel used for lorries, forklift and other site equipment.	To establish baseline measurement by FY2024.	Achieved, baseline completed for FY2023	Continue measurement for FY2025.

Material Topic	KPI	2024 Target	2024 Status	2025 Target
<b>Environmental (continued)</b>				
 <b>Energy Management (continued)</b>	Progress of transition to LED lighting and inverter air-conditioning for Samchem office.	100% completion of LED lighting installation by FY2025.	On track at 75%	100% completion of LED lighting installation by FY2025.
		Transition to full Inverter air-conditioning at HQ use by FY2033, 8-9 units to be converted per annum.	On track at 7 units as at FY2024	Transition to full Inverter air-conditioning at HQ use by FY2033, 8-9 units to be converted per annum.
 <b>Water Consumption</b>	Establish baseline of total Group water consumption.	To establish baseline measurement by FY2024.	Achieved	Continue measurement for FY2025.
 <b>Resource Consumption</b>	Reduction in paper consumption per annum at Group level.	To lower paper consumption to below 700 rims per annum in FY2024.	Not achieved	Paper consumption not exceeding 800 rims per annum in FY2025.
	Establish baseline of total plastics consumption.	To establish baseline measurement by FY2024.	Achieved	To calculate plastic bottle consumption by FY2025.
 <b>Waste Management</b>	Establish baseline of total recycled waste.	To establish baseline for total 3R recycled waste for all offices by FY2024.	Achieved	Continue measurement for total 3R recycled waste for all offices for FY2025.
<b>Social</b>				
 <b>Talent Management and Development</b>	Average training hours per employee based on gender and employment category.	To achieve average 8 hours of training per employee per annum.	Achieved 9.96h per employee	To achieve average 8 hours of training per employee per annum.
	Reduction in employee turnover rates.	To reduce employee attrition rates to 12% by end FY2024.	Not achieved. Attrition rate for FY2024 is 20%	To reduce employee attrition rates to 15% by end FY2025.
 <b>Diversity and Equal Opportunity Workplace</b>	Number of women in management positions Group wide.	To achieve at least 30% women in management composition.	Achieved. 52% women in management composition	To achieve at least 30% women in management composition.
 <b>Labour and Human Rights</b>	Number of substantiated human rights incidences within Group operations.	Zero substantiated incidences of human rights violations per annum.	Achieved	Zero substantiated incidences of human rights violations per annum.
	Resolution rate of substantiated grievances.	To achieve 100% resolution rate for grievances per annum.	Achieved	To achieve 100% resolution rate for grievances per annum.

## Sustainability Statement

Material Topic	KPI	2024 Target	2024 Status	2025 Target
<b>Social (continued)</b>				
 <b>Occupational Safety and Health ("OSH")</b>	Number of warehouse/drumming accidents per annum.	To maintain zero incidents per annum.	1 incident logged	To maintain zero major incidents per annum.
	Number of chemical transport vehicle accidents.		No major incidents logged for 2024	To maintain zero major incidents per annum.
	Number of fatality cases per annum.		Zero	To maintain zero fatality.
	Number of LTIs per annum.	To establish baseline for year 2024 based on FY2023's data.	Total recordable LTI is 1.12	To maintain LTI below 1.5.
 <b>Local Community Development</b>	Number of CSR events held annually.	To achieve a minimum of two (2) events per year.	Achieved	To achieve a minimum of two (2) events per year.
	Number of employees volunteering for company CSR events.	To establish baseline based on FY2023 data.	Achieved	To increase participation by 10% in FY2025.
<b>Governance</b>				
 <b>Good Governance and Anti-Corruption</b>	Number of substantiated corruption cases per annum.	To maintain zero number of reported cases per annum.	Achieved	To maintain zero number of reported cases per annum.
	Number of staff briefed on anti-corruption policy and procedures.	To achieve 100% of staff per annum.	Anti-corruption policy available at website	To achieve 100% of staff per annum.
	Number of Board Directors briefed on MACC Section 17A and the Company's ABC Policy.	To achieve 100% of directors briefed per annum.	Not achieved	To achieve 100% of directors briefed on MACC Section 17A and the Company's ABC Policy.
	Percentage of suppliers who have complied/ provided written commitment with Samchem's ABC Policy.	To have 100% of suppliers by FY2025.	Not achieved	To have 100% of suppliers by FY2025.
 <b>Environmental and Social Compliance</b>	Number of non-compliance cases per annum.	To maintain zero number of reported cases per annum.	Achieved	To maintain zero number of reported cases per annum.
 <b>Data Privacy and Security</b>	Number of substantiated data breach complaints received.	To maintain zero number of incidents per annum.	Achieved	To maintain zero number of incidents per annum.

Material Topic	KPI	2024 Target	2024 Status	2025 Target
<b>Governance (continued)</b>				
 <b>Sustainable Supply Chain</b>	Percentage of suppliers who have provided written commitment to abide by environmental and social regulations including: – Workers' Minimum Standards of Housing and Amenities Act. – Zero child or illegal labour employment.	To have 100% of suppliers by FY2025.	Not achieved	To have 100% of suppliers compliance to written commitment by FY2025.
 <b>Responsible Product Handling</b>	Quantity of chemical spillage per annum.	Not exceeding 500kg per annum.	Zero chemical spillage for FY2024	Not exceeding 500kg per annum.

## Economic Pillar

### Economic Performance

As a publicly listed company on Bursa Malaysia's main market, Samchem emphasises generating and sustaining economic value as part of its broader sustainability commitments. Positioned prominently within the chemical industry, the Group consistently delivers resilient financial outcomes, securing sustainable returns for shareholders.

Samchem places significant emphasis on financial stability and robust business performance, aligning economic goals with responsible profitability. Beyond profit generation, sustained economic strength directly supports the Group's ESG objectives, enabling continued investments in local communities through prioritising local procurement, hiring local talent, and diligently fulfilling its tax obligations. These focused efforts advance local industries and enhance overall quality of life within the communities Samchem serves.

Complementing traditional financial metrics, Samchem actively invests in research and development, continually enhancing product offerings to address evolving market demands and technological advancements. In FY2024, Samchem's financial strength was demonstrated through a notable revenue of RM1.22 billion and NPBT of RM 26.53 million.

Aligned with the Global Reporting Initiative ("GRI") definition of economic value, Samchem captures not only financial outcomes but also broader economic and social contributions. The following table highlights economic value distributed to various stakeholders over the past three (3) years:

Economic Values Distributed (RM'000)	FY2022	FY2023	FY2024
Total procurement value paid to Suppliers	1,170,753	1,038,508	1,092,499
Total payout to Employees in salaries and benefits	30,764	35,144	38,480
Taxes paid to Government	21,330	13,651	9,754
Repayments to Financiers	7,395	7,407	9,277
Dividend Returns to Shareholders	19,040	11,968	13,056
<b>Total Economic Value Distributed</b>	<b>1,249,282</b>	<b>1,106,678</b>	<b>1,163,066</b>

Note:

- Data disclosed under the Economic Values Distributed table is for Samchem Holdings Berhad as a Group.
- Due to challenges in the segregation of procurement data, the Total procurement value paid to Suppliers is disclosed using the Cost of Sales figure, which can be cross referenced to the respective financial years' Statement of Comprehensive Income. The issue is expected to be resolved upon completion of the e-invoicing transition.

## Sustainability Statement

### Digitalisation and Technology

Samchem recognises that adopting digitalisation and innovative technologies is essential for enhancing product and service quality and optimising internal workflows. Through these measures, the Group ensures sustained competitiveness within a rapidly evolving industry. Digitalisation also promotes operational efficiency, reduces resource usage, and decreases greenhouse gas emissions, aligning Samchem's practices with sustainability.

In FY2024, Samchem advanced its ERP and cloud migration significantly, achieving 60% completion by year-end. The Group targets full migration of its Malaysia operations by the third quarter of FY2025. Similarly, middleware for e-invoicing systems had been completed by end-FY2024.

### Quality and Customer Satisfaction

Samchem prioritises customer satisfaction and brand loyalty through comprehensive market research and consistent engagement to understand and address customer needs. The delivery of high-quality products directly enhances customer loyalty and revenue growth. In FY2024, the Group successfully maintained fewer than 30 recall or rejection cases, representing less than 0.2% of total production output, and achieved its annual customer satisfaction target of 85%.

Looking ahead to FY2025, Samchem continues to uphold rigorous quality standards, targeting fewer than 50 cases or below 0.2% of total output, while maintaining an annual customer satisfaction rate of 85%. Samchem's subsidiaries, including Samchem Sdn Bhd, continue to uphold ISO 9001:2015 and ISO 14001:2015 certifications, demonstrating ongoing dedication to quality management, health, safety, and environmental excellence.

### Supporting Local Procurement

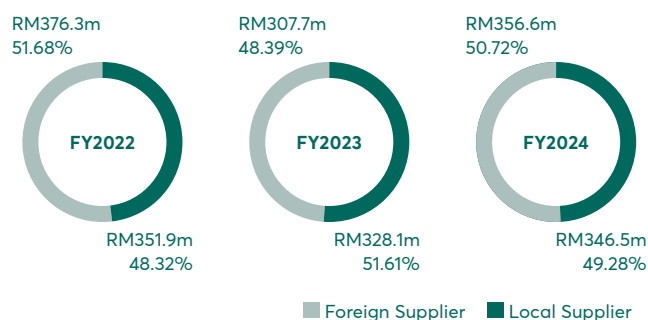
Samchem is firmly committed to prioritising local suppliers in its procurement processes, actively contributing to local economic growth through transparent, fair, and responsible sourcing practices. In FY2024, the Group successfully achieved its target of procuring at least 80% of non-trading goods locally, wherever commercially and operationally feasible.

While certain trading goods necessitate reliance on international production sources, Samchem remains dedicated to local sourcing opportunities whenever possible. Moving forward, the Group will continue to deepen partnerships with local vendors, enhance procurement transparency, and encourage ESG best practices within its supply chain.

### Total Procurement Spending (RM'000)



### Procurement Spending Data (Foreign/Local)



Procurement Data	FY2022	FY2023	FY2024
Total Number of Suppliers	263	256	262
Total Number of Local Suppliers	171	170	161
Total Number of Foreign Suppliers	92	86	101
Percentage of Local Suppliers (%)	65.02%	66.41%	61.45%

*Note: Procurement spend data and no. of suppliers are inclusive of the purchase of chemicals and packaging materials, and services of carriage inwards. The FY2022 and FY2023 procurement data has been restated to reflect the same data scope for comparability.*

## Environmental Topics

### Climate Change

Recognising the escalating global climate crisis, Samchem acknowledges the potential for significant impacts, both positive and negative, on its operations. These include potential physical risks such as extreme weather events, supply chain disruptions, and resource scarcity, as well as opportunities arising from the transition to a low-carbon economy, such as increased demand for sustainable products and services and access to new markets. To address these potential impacts, Samchem is committed to proactively integrating climate considerations across all aspects of our operations.

**FY2024 GHG**

**Intensity:**  
148.00 tCO<sub>2</sub>e/  
RM'million

**GHG Emissions**

Samchem's carbon emissions comprise of Scope 1, 2, and 3 emissions. Scope 1 covers the Group's direct emissions such as diesel and petrol consumption by our logistics fleet, machineries and equipment used on site.

Purchased electricity used in the Groups' operations are indirect emissions (Scope 2). Lastly, Scope 3 emissions comprise of other indirect emissions across its value chain. In FY2024, Samchem continued to enhance its climate change management efforts by expanding its GHG emission accounting scope. The Group has extended its tracking to fuel consumption for various equipment as well as employee commuting and business travel.

In FY2024, Samchem record GHG emissions totalling at 179,819 tCO<sub>2</sub>e. This marks a significant increase compared to FY2023 due to the inclusion of employee commuting and business travel data for FY2024.

GHG Emissions (tCO <sub>2</sub> e)	FY2022	FY2023	FY2024
Scope 1	–	8,022	3,235
• Petrol	–	–	118
• Diesel	–	–	3,117
Scope 2	248	245	203
Scope 3	–	1,179	176,381
• Employee Commuting	–	–	176,324
• Business Travel	–	–	57
<b>Total</b>	<b>248</b>	<b>9,446</b>	<b>179,819</b>

**Note:**

- Scope 1 emissions are tabulated from the fuel consumption data in FY2024. The higher Scope 1 emissions recorded in FY2023 were due to fuel consumption data being aggregated without differentiation between petrol and diesel. Emission calculations for that year were based on the assumption that the entire fuel volume comprised diesel, resulting in an overestimation of emissions.
- Scope 3 emissions for FY2024 comprise both employee commuting and business travel. In FY2023, emissions related to employee commuting were mistakenly reported under business travel. As such, FY2024 marks the first year that business travel emissions – derived from air travel and salesforce's road travel – are formally included in Samchem's GHG inventory. Notably, the shift from petrol cards to petrol allowances for sales personnel may have contributed to the observed reduction in Scope 3 emissions for business travel in FY2024.
- The emission factor for fuel consumption is derived from the Intergovernmental Panel on Climate Change ("IPCC") Guidelines for National Greenhouse Gas Inventories on Road Transportation.
- The emission factor for grid electricity is based on the United Nations Framework Convention on Climate Change ("UNFCCC") Harmonised Grid Factors 2021.

Samchem expanded its climate change reporting beyond simply reporting absolute GHG emissions. Recognising the need for a more meaningful assessment of our environmental impact, we shifted our focus towards calculating and analysing carbon intensity across our operations. We have adopted revenue as the primary metric for calculating

carbon intensity across Scope 1, 2, and 3 emissions, providing a more accurate reflection of our environmental performance relative to our business activities.

As a result of the expanded GHG inventory, Samchem's total emissions intensity rose significantly to 148.00 tCO<sub>2</sub>e/RM'mil in FY2024, from 8.12 tCO<sub>2</sub>e/RM'mil in FY2023. This increase is primarily attributed to the inclusion of previously unaccounted Scope 3 categories – namely, employee commuting and business travel – which significantly broadened the coverage of the Group's GHG reporting.

With regard to Scope 2 emissions, the intensity drastically decreased from 0.21 to 0.17 tCO<sub>2</sub>e/RM'mil in FY2024, representing a 20.56% decrease compared to the Group's target of achieving a 3% reduction against the FY2023 baseline. This outcome is due to the increased adoption of solar energy in FY2024, and the reclassification of Scope 2 energy sources by grid and solar sources, allowing a more precise determination of emissions from fossil fuel sources versus renewables. Looking ahead, Samchem remains focused on enhancing energy efficiency across its operations and aligning performance with its emissions intensity reduction goals.

GHG Intensity over Revenue (tCO <sub>2</sub> e/RM'million)	FY2022	FY2023	FY2024
Scope 1	–	6.90	2.66
Scope 2	0.2	0.21	0.17
Scope 3	–	1.01	145.17
<b>Total</b>	<b>0.2</b>	<b>8.12</b>	<b>148.00</b>

**Carbon Reduction Initiatives**

In FY2024, Samchem expanded its focus on carbon reduction by implementing several key initiatives. Building upon the successful installation of rooftop solar panels at the Shah Alam headquarters in FY2023, which contributed to 68.76 tCO<sub>2</sub>e of emissions avoided in FY2024, the Group is now exploring opportunities to further expand solar panel installations at other suitable locations within our operations.

**Energy Management**

Guided by our commitment to environmental stewardship, Samchem prioritised energy efficiency in FY2024. A key achievement was the progress towards transitioning to full LED lighting across all our facilities by FY2025, currently at 75%. This has contributed to the reduction in energy consumption. Seven new inverter air conditioning units have also been installed to replace older air conditioning units, contributing to the progress of fully transitioning to inverter

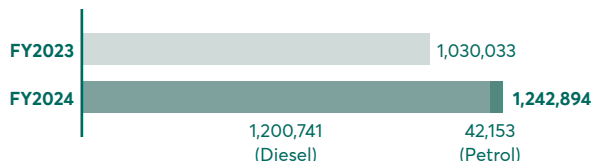
## Sustainability Statement

air condition at Samchem HQ by FY2033. Furthermore, we expanded our energy tracking efforts by implementing fuel consumption monitoring for various equipment, providing valuable data for future energy efficiency improvements.

### Fuel Consumption

As planned, a baseline measurement for the total fuel usage of lorries, forklifts, and other site equipment was established in FY2023, providing a crucial foundation for future fuel consumption reduction initiatives. Building on this, Samchem expanded its fuel consumption monitoring in FY2024 to encompass various equipment beyond logistics vehicles, allowing for more comprehensive energy tracking across operations.

#### Total Fuel Consumption (Litres)

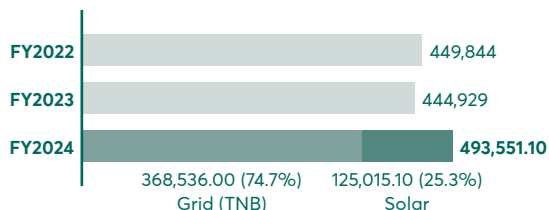


*Note: Data presented covers the operations of the following entities: Samchem Inorganic Chemicals Sdn Bhd, Samsentosa Chemicals Sdn Bhd, Eweny Chemicals Sdn Bhd, Samchem Nusajaya Sdn Bhd, Samchem Industries Sdn Bhd, Samchem Sdn Bhd, Samchem Lubricants Sdn Bhd, Samchemsphere Export Sdn Bhd, Samchem Logistics Services Sdn Bhd, SC Udes Sdn Bhd, SC Terminals Sdn Bhd, and CKJ Logistics Sdn Bhd.*

### Electricity Consumption

Tenaga Nasional Berhad ("TNB") supplies the Group's electricity needs, powering offices and warehouses. Recognising the importance of responsible energy consumption, the Group continues to focus on sustainable electricity consumption.

#### Total Electricity Consumption (kWh)



*Note: Data presented covers the operations of the following entities: Samchem Inorganic Chemicals Sdn Bhd, Samsentosa Chemicals Sdn Bhd, Eweny Chemicals Sdn Bhd, Samchem Nusajaya Sdn Bhd, Samchem Industries Sdn Bhd, Samchem Sdn Bhd, Samchem Lubricants Sdn Bhd, Samchemsphere Export Sdn Bhd, Samchem Logistics Services Sdn Bhd, SC Udes Sdn Bhd, SC Terminals Sdn Bhd, and CKJ Logistics Sdn Bhd.*

In FY2024, Samchem recorded a total electricity consumption of 493,551.10 kWh, resulting in an electricity intensity over revenue of 406.21 kWh/RM'million. This reflects a 6.13% increase compared to the FY2023 baseline, as opposed to the Group's 2% reduction target. 25.3% of the Group's electricity consumption was derived from solar generated electricity missing the target of 30% by FY2024.

### Total Energy Consumption

With the addition of fuel consumption from equipment, the Group observed a slight increase in total energy consumption compared to FY2023.

#### Total Energy Consumption (GJ)



*Note: Total energy consumption is calculated by converting total electricity consumption using the unit conversion factor (1 kWh = 0.0036 GJ). Meanwhile, fuel consumption is converted using the conversion factor from litres consumed to energy value, based on the Malaysia Energy Statistic Handbook 2020.*

*Data presented covers the operations of the following entities: Samchem Inorganic Chemicals Sdn Bhd, Samsentosa Chemicals Sdn Bhd, Eweny Chemicals Sdn Bhd, Samchem Nusajaya Sdn Bhd, Samchem Industries Sdn Bhd, Samchem Sdn Bhd, Samchem Lubricants Sdn Bhd, Samchemsphere Export Sdn Bhd, Samchem Logistics Services Sdn Bhd, SC Udes Sdn Bhd, SC Terminals Sdn Bhd, and CKJ Logistics Sdn Bhd.*

Moving forward, Samchem will continue to explore innovative ways to enhance energy efficiency across its operations.

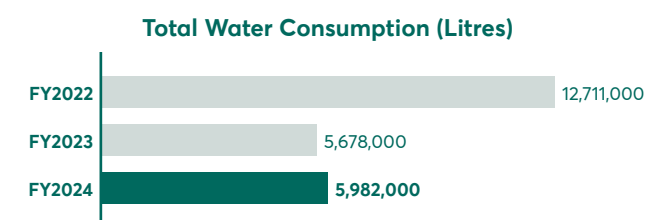
### Water Consumption

Samchem sources its water supply from local utilities for its daily operations. In line with our commitment to environmental sustainability, we strive to minimise water consumption and maximise water efficiency across all our operations. According to the World Resources Institute's Aqueduct Water Risk Atlas, none of Samchem's Malaysian-based operations scoped in this report is located in a high water-stress region. Nevertheless, we have implemented measures to monitor and track water usage, identify areas for improvement, and implement water conservation strategies.

Following the significant water consumption recorded in FY2022, the Group implemented a series of proactive measures to improve water efficiency. These included prioritising piping maintenance to prevent future leaks and initiating the installation of dual-flush systems for toilet tanks across its facilities. A rainwater harvesting system was also installed at Samchem PIIP site. Additionally, Samchem also conduct periodic water test to manage its effluents and liquid waste.

In FY2024, Samchem managed to establish a baseline measurement of the total Group water consumption and plans to continue tracking its water performance for subsequent years.

Water Performance Data (Litres)	FY2022	FY2023	FY2024
Water withdrawal by source:			
i. Surface water	0	0	0
ii. Groundwater	0	0	0
iii. Used quarry water	0	0	0
iv. Municipal potable water	12,711,000	5,678,000	5,982,000
v. External wastewater	0	0	0
vi. Harvested rainwater	0	0	0
vii. Ocean/Seawater	0	0	0
Total water withdrawal	12,711,000	5,678,000	5,982,000
Water withdrawal from water-stressed region	0%	0%	0%
Total water consumption	12,711,000	5,678,000	5,982,000
Total effluent/ water discharged	12,711,000	5,678,000	5,982,000



Data presented covers the operations of the following entities: Samchem Inorganic Chemicals Sdn Bhd, Samsentosa Chemicals Sdn Bhd, Eweny Chemicals Sdn Bhd, Samchem Nusajaya Sdn Bhd, Samchem Industries Sdn Bhd, Samchem Sdn Bhd, Samchem Lubricants Sdn Bhd, Samchemsphere Export Sdn Bhd, Samchem Logistics Services Sdn Bhd, SC Udes Sdn Bhd, SC Terminals Sdn Bhd, and CKJ Logistics Sdn Bhd.

## Waste Management

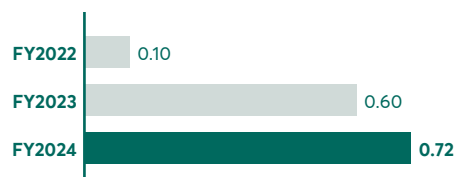
Effective waste management is crucial for environmental protection, public health, and overall sustainability. It helps prevent pollution, conserve resources, and mitigate climate change. For Samchem, proper waste management is essential for regulatory compliance, ensuring adherence to environmental regulations and avoiding potential penalties. Furthermore, it enhances the Company's reputation as an environmentally responsible entity, attracting and retaining customers. By minimising waste, Samchem can reduce costs, and improve operational efficiency ultimately contributing to a more sustainable and successful operation. General waste and recycled waste are collected by waste collectors which was approved by the local council, whereas scheduled waste are collected by a licensed waste collector.

In FY2024, Samchem successfully established a baseline for total recycled wastes across all offices, fulfilling our commitment to responsible waste management as outlined in the previous year's report. This achievement provides a crucial foundation for setting ambitious targets for waste reduction in the coming years. Additionally, 3 (42.9%) of 7 sites are covered by recognised environmental management systems including ISO14001:2015 Environmental Management Systems ("EMS") and Eco-Management Audit Scheme ("EMAS"). These sites include Samchem HQ, Samchem PIIP, and Samchem Nusajaya.

Waste Generated (Tonnes)	FY2022	FY2023	FY2024
Total waste generated	0.10	0.60	2.09
i. Diverted from disposal	–	–	0.72
ii. Directed to disposal	–	–	1.37
Hazardous waste	0.10	0.60	0.72
Non-hazardous waste	–	–	1.37

Note: The Group only monitors scheduled waste generation within the business compounds.

## Total Scheduled Waste Generation (Tonnes)



Note: Data presented covers the operations of the following entities: Samchem Inorganic Chemicals Sdn Bhd, Samsentosa Chemicals Sdn Bhd, Eweny Chemicals Sdn Bhd, Samchem Nusajaya Sdn Bhd, Samchem Industries Sdn Bhd, Samchem Sdn Bhd, Samchem Lubricants Sdn Bhd, Samchemsphere Export Sdn Bhd, Samchem Logistics Services Sdn Bhd, SC Udes Sdn Bhd, SC Terminals Sdn Bhd, and CKJ Logistics Sdn Bhd.

## Sustainability Statement

### Resource Management

Resource management is crucial for Samchem's long-term success and sustainability. Inefficient resource utilisation can lead to increased costs, environmental impacts, and potential supply chain disruptions. By prioritising resource efficiency, Samchem aims to minimise environmental impact, enhance operational efficiency, and ensure the long-term availability of critical resources.

As a leading industrial chemical distributor, Samchem relies on raw materials such as paper and plastic. In FY2024, the Group built upon its commitment to sustainable resource management, practiced paper usage control and paperless invoicing system to reduce paper usage. Furthermore, we established a baseline for total plastics consumption, providing a crucial foundation for future reduction targets and continuous improvement efforts. These initiatives demonstrate Samchem's ongoing dedication to sustainable practices and minimising our environmental footprint.

Raw materials used (Tonnes)	FY2024
Paper	2.67
Plastic	2.55
<b>Total</b>	<b>5.22</b>

*Note: Data presented covers the operations of the following entities: Samchem Inorganic Chemicals Sdn Bhd, Samsentosa Chemicals Sdn Bhd, Eweny Chemicals Sdn Bhd, Samchem Nusajaya Sdn Bhd, Samchem Industries Sdn Bhd, Samchem Sdn Bhd, Samchem Lubricants Sdn Bhd, Samchemsphere Export Sdn Bhd, Samchem Logistics Services Sdn Bhd, SC Udes Sdn Bhd, SC Terminals Sdn Bhd, and CKJ Logistics Sdn Bhd.*

### Biodiversity

Recognising the critical role of biodiversity in maintaining ecosystem balance and mitigating the impacts of climate change, Samchem has integrated biodiversity considerations into its business strategy. Samchem acknowledges the potential risks associated with biodiversity loss, such as disruptions to supply chains, increased exposure to environmental hazards, and reputational damage.

#### Biodiversity Initiatives

Key initiatives include the continued exploration of sustainable sourcing options through responsible extraction and conservation efforts. This reduces reliance on resources that may have negative impacts on biodiversity and supports local and sustainable supply chains. The Group also adopts a circular approach by repurposing by-products from chemical manufacturing into valuable secondary goods, diminishing waste and effluent outputs, ultimately minimising environmental impact and contributing to resource conservation.

Samchem has actively contributed to biodiversity conservation through tangible initiatives at vital ecological sites in Malaysia. At Tanjung Piai National Park, the Group undertook significant mangrove planting efforts, successfully replanting 140 mature mangroves and establishing 70 seedlings. The 210 mangrove trees have an estimated carbon sequestration potential of 257,124 kg CO<sub>2</sub>e for the lifetime of the tree, contributing to climate mitigation while bolstering the coastal ecosystem's resilience and biodiversity. Simultaneously,



210 mangrove saplings were planted at Tanjung Piai National Park, Johor.



292.6kg of waste were collected within a 40-minute timeframe during River Clean-Up operation at Kuala Selangor Fireflies Park, Selangor.

at Kuala Selangor Fireflies Park, Samchem engaged in a cleanup operation, diligently collecting 292.6kg of both recyclable and non-recyclable waste within a 40-minute timeframe. These actions demonstrate Samchem's commitment to environmental stewardship by directly enhancing habitat restoration and reducing pollution in critical natural areas.

### Environmental Compliance

Environmental compliance is integral to Samchem's commitment to responsible chemical distribution and operational excellence. This commitment is driven by the understanding that sound environmental practices are crucial for minimising its operational footprint, mitigating environmental risks, and meeting the expectations of stakeholders in an increasingly environmentally conscious world. Samchem proactively addresses air pollution from its operations by utilising a scrubber unit at Samchem Nusajaya to reduce emissions into the air. Furthermore, Samchem undertakes rigorous assessment of chemical materials for hazardous characteristics through classification, product labelling and product declaration. The company diligently adheres to industry and regulatory standards – Department of Environment ("DOE") Industrial Effluent Standard B for environmental pollution monitoring. For FY2024, Samchem is glad to report that all parameters for stack air monitoring, ambient air, boundary noise and water effluent remain within set thresholds.

## Social Topics

### Labour and Human Rights

Samchem is fundamentally committed to upholding and advocating for human rights throughout our operations and value chain. The Group believes in conducting business ethically and responsibly, recognising the dignity and rights of all individuals. This commitment is deeply embedded in our core values and actively demonstrated through our practices.

Samchem's dedication to human rights is operationalised through key policies and compliance with laws and regulations. Crucially, the Group's Code of Conduct and Business Ethics explicitly prohibits child labour, forced labour, and modern slavery in all forms. Other labour practices and commitments adopted in alignment with the International Bill of Human Rights include:



**Upholding equal opportunity and non-discrimination** of Race, Religion, Gender, Age, Disabilities and Nationality



**Respecting worker's right to dignity at work**



**Supporting a harassment-free and violence-free workplace**



**Ensuring Equal Work for Equally Pay** through compliance with Minimum Wage Order 2022 and laws governing working hours, overtime pay and fair compensation



**Prohibition and prevention of forced labour, debt bondage, human trafficking and all forms of modern slavery**



**Recognition of children's rights and prohibition and prevention of child labour**



**Respecting employees' right to Wellness, Mental Health and Work-Life Balance**



**Minimum notice period** for changes in terms of duties, work location or other operational changes



**Upholding the right to safe working conditions**

Reflecting the effectiveness of our proactive measures, Samchem recorded zero substantiated complaints concerning human rights violations in FY2024. We remain vigilant in our commitment to continuous improvement and fostering a workplace and business environment built on respect, fairness, and ethical conduct.

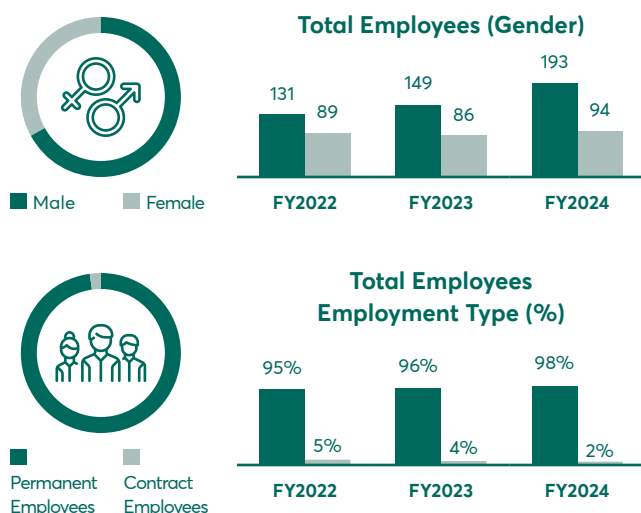
## Sustainability Statement

### Diversity and Equal Opportunity

Samchem firmly believes that its strength lies in the diversity of its people. The organisation is deeply committed to fostering a workplace where every individual is valued, respected, and empowered to thrive. The core principles are rooted in providing equal opportunities for all qualified Malaysians, particularly in the regions where Samchem operates, and championing diversity, equality, and inclusion throughout Samchem's talent management approach. Samchem recognises that a diverse workforce, representing varied backgrounds and perspectives, is essential for innovation and the organisation's continued success. Equality of opportunity is fundamental to attracting the best talent, and an inclusive environment ensures everyone can contribute their unique skills to their fullest potential.

Samchem's commitment is actively driven from the top down, with top management collaborating with hiring managers to prioritise diversity and equality in all employment decisions. To ensure these principles translate into practice, Samchem conducts regular, data-driven reviews of employee composition at both departmental and organisational levels, considering diversity beyond just ethnicity and gender where appropriate. This rigorous monitoring helps the organisation gain valuable insights and identify areas for enhancement in its workforce demographics. Should these reviews identify any discrepancies, Samchem is committed to taking decisive measures to enhance equal opportunity. This includes adjusting recruitment strategies, implementing targeted development programs, and reinforcing inclusive leadership training.

The following illustrates the Group's FY2024 workforce data:



### Talent Management and Development

Samchem recognises that effective talent management is essential for cultivating a productive and resilient workforce. Recognising that employee productivity directly supports sustainable growth and talent retention, the Group offers competitive compensation packages, including statutory benefits and defined contribution plans, detailed further in the Annual Report's financial statements.



#### Hiring and Attrition

In recruitment, Samchem matches hiring practices closely with organisational needs, carefully selecting candidates whose skills and attitudes align with the Group's strategic objectives and culture. Preference is consistently

given to local talent across all management and non-management positions.

Samchem's employee retention policy integrates competitive monetary incentives, promotion opportunities, targeted training, and continuous employee engagement tailored to individual needs. This comprehensive approach not only enhances job satisfaction, security, and overall employee well-being but also strengthens operational stability and continuity.

While Samchem has set a target to reduce its annual employee attrition rate to 12%, the full-time staff voluntary turnover rate in FY2024 stood at 20%, of which a majority are truck drivers. The following table details the Group's employee turnover by category:

Turnover by Employee Category	FY2022	FY2023	FY2024
Senior Management	1	1	0
Managers/Assistant Managers	8	4	1
Executives	21	9	8
Non-Executives	23	31	44
<b>Total Turnover</b>	<b>53</b>	<b>45</b>	<b>53</b>

Further supporting employee retention, Samchem provides parental leave for both male and female employees, offering 98 days of paid leave for female staff and 7 days of paid leave for male staff. The Group's parental leave utilisation and associated staff retention data are presented as follow:

Parental Benefits Data	FY2022	FY2023	FY2024
<b>Employees Entitled for Maternity and Paternity Leave</b>	3	5	10
Employees who took paternity leave	0	2	6
Employees who took maternity leave	3	3	4
<b>Return to Work</b> (After parental leave period)	3 (100%)	5 (100%)	10 (100%)
Male	0	2	6
Female	3	3	4
<b>Retention Rate</b> (Stay with the organisation for 12+ months after parental leave)	3 (100%)	5 (100%)	10 (100%)
Male	0	2	6
Female	3	3	4



**100%** of employees have had appraisals in FY2024

#### Training and Professional Development

In support of the United Nations Sustainable Development Goal 8, "Decent Work and Economic Growth," Samchem is committed to providing continuous personal development training for employees to support career growth, talent

retention, and organisational competitiveness. The Group offers tailored training programmes focusing on skills development, advanced technologies, sustainable practices, and regulatory compliance, ensuring that employees remain well-equipped to address the evolving demands of the chemical industry.

Employees are also encouraged to collaborate, innovate, and participate actively in mentorship opportunities, industry-related events, specialised workshops, and research initiatives. These targeted initiatives significantly contribute to employee retention, reinforcing Samchem's goal of nurturing a skilled, innovative, and motivated workforce capable of driving long-term growth and sustainability in the chemical sector.

Demonstrating the Group's dedication to continuous learning and equitable access to training, Samchem sets an annual target of an average of eight (8) training hours per employee. This proactive approach supports workforce diversity and inclusion, ensuring all employees are given equal opportunities to enhance their capabilities and progress professionally within the organisation.



**FY2024**  
**Total Training:**  
2,870 hours

In FY2024, the Group surpassed this goal, achieving an average of nine point ninety-six (9.96) training hours per employee. The training programmes conducted, and number of training hours logged by Samchem, are disclosed below.

- Accounting, Taxation & Financial Compliance**
  - Mastering E-Invoicing Implementation In Malaysia
  - National E-Invoicing Initiative & Income Tax Requirements – Impact on Business
  - Navigating the Dynamic of E-Invoices Implementation in Malaysia – by MPCMA
  - MIA Webinar Series: Payroll Tax Computation
  - Share Buy Back – A Regulatory Perspective
  - Trade Credit Risk Conference 2024
- Corporate Governance & Financial Reporting**
  - Ready For IFRS S1 and S2 Implementation
  - Know The Difference Between IAS1 and the New IFRS/MFRS18 Presentation and Disclosure in Financial Statements
  - Apply the Requirements of ISSB Sustainability Standards (S1 and S2)
  - Corporate Board Leadership Symposium 2024
- Trade, Supply Chain & Business Operations**
  - Understanding Incoterms 2020, Customs Process & Trade Financing International and Domestic Trade
  - Managing Effective Delivery with Incoterms and Shipping Operations for Importers & Exporters
  - Optimising Sourcing and Supply Chain Strategies
- Occupational Safety & Health (OSH) Training**
  - FMM OSH Conference 2024
  - OSH-Coordinator
  - Safety & Health Officer (Modular)
  - Basic Occupational First Aid, CPR, and AED
- Leadership, Communication & Management Skills**
  - Mastering Multigenerational Dynamics for Effective Leadership & Communication
  - (MC) Effective Supervisory Skills
  - Creative Selling and Proactive Strategies
  - Mandatory Accreditation Programme Part II ("MAP Part II") : Leading for Impact ("LIP")
- ESG, Sustainability & Compliance**
  - MIA Webinar Series: Steering Climate Risk and ESG Roadmap for Corporates
  - ESG Briefing by Joshua Rayan

## Sustainability Statement

### 7. HR & Employee Development

- HRD Corp Workshop 2024 – Employer
- Seminar Orang yang Berwibawa (OYB) Ke Arah Pematuhan yang Berterusan Siri 1 2024

### 8. IT & Digital Skills

- Microsoft Excel Basic

Training Hours by Employee Category	FY2022	FY2023	FY2024
Senior Management	224	63	210
Managers/Assistant Managers	56	133	924
Executives	77	119	1,162
Non-Executives	28	63	574
Total Training Hours as a Company	385	378	2,870
Average Training Hours per Employee	1.75	1.61	9.96

### Employee Engagement and Satisfaction

Samchem recognises that a highly engaged workforce contributes to a productive, motivated, and cohesive workplace.

In FY2024, the Group organised various interactive initiatives designed to enhance employee engagement. These initiatives included festive celebrations, team-building exercises, and knowledge-sharing sessions focused on professional development. Dialogue sessions were also conducted to facilitate open communication between employees and management, strengthening workplace relationships and collaboration.



Festivities celebration get-together events were organised for the staff.

### Occupational Safety and Health

Aligned with UNSDG Goal 3, "Good Health and Well-being," Samchem places utmost priority on maintaining stringent Occupational Safety and Health ("OSH") standards to ensure the safety and welfare of its employees and third-party contractors. The Group recognises that OSH incidents can lead to serious consequences, including operational disruptions, productivity losses, legal liabilities, reputational harm, or even loss of life. Continuous monitoring and proactive management of OSH metrics remain integral to Samchem's operational strategy, enabling timely identification, quantification, and mitigation of potential risks.

### Safety Management and Control Measures

Demonstrating its commitment to workplace safety, Samchem maintains an OSH management system fully compliant with applicable Malaysian regulations. This includes the Occupational Safety and Health Act 1994 and key supporting guidelines, such as the Guideline on Occupational Safety and Health Management Systems (2014) and the Guideline for Hazard Identification, Risk Assessment and Risk Control (2008), along with other related industry-specific regulations covering chemical handling, hazardous materials storage, transport safety, and accident notification requirements.

Beyond regulatory compliance, Samchem promotes a safe working environment by ensuring all operational sites are equipped with appropriate safety equipment and infrastructure. The Group's Health, Safety & Environment ("HSE") framework systematically reviews safety protocols, complemented by regular performance audits aimed at continuous improvement in safety management practices. The Group conducts internal audits alongside customer audits to effectively track and assess OSH performance. Samchem regularly conducts Hazard Identification, Risk Assessment, and Risk Control ("HIRARC") assessments across its operations, systematically addressing workplace safety and health risks.

Samchem maintains an ongoing commitment to OSH competency among its workforce. The Group's Emergency Response Teams ("ERT") regularly receive comprehensive training in critical safety areas such as first aid, evacuation protocols, rescue operations, firefighting, and incident investigation procedures. Additionally, Samchem facilitates comprehensive medical check-ups for all employees every two years and offers regular health screenings alongside various health programmes to promote healthier lifestyles, fostering a supportive and caring workplace environment.

### OSH Performance Monitoring

In FY2024, Samchem continued its proactive approach towards safety and health, measuring performance against predetermined targets. While the Group aimed to achieve zero incidents in warehouse/drumming operations, one incident was logged, prompting further safety enhancements. Positively, no major chemical transport vehicle incidents or fatalities occurred in the period. The Lost Time Injury ("LTI") rate was maintained at 1.12, establishing a performance baseline for future improvement.

OSH Site Data	FY2022	FY2023	FY2024
No. of Employees trained on Health and Safety Standards	–	35	111
Total Manhours Worked	–	–	519,224
No. of Work-Related Fatalities	0	0	0
Lost Time Incident Rate ("LTIR")	0	4.24	1.12

*Note: LTIR is calculated as a rate, where the number of lost time incidents during the reporting period are expressed per the total number of hours worked as at the end of the reporting period, calculated as No. of Lost Time Incidents/Total Manhours Worked x 200,000, where 200,000 represents a standardised value of the total amount of hours that 100 employees work weekly for 40 hours for a duration of 50 weeks. No. of Lost Time Incidents refer to those incidents where an employee is unable to return to work for at least one full work day following the day of the injury.*

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Samchem has established clear protocols for reporting, investigating, and addressing workplace incidents. All reported incidents undergo thorough investigation processes, with findings reviewed in quarterly safety committee meetings, which include employee representatives. This structured process ensures continuous oversight and effective management of safety concerns at the highest levels within the Group.

### Local Community Development

Samchem places significant emphasis on community engagement as an integral part of its sustainability and community-building objectives. In line with Samchem's commitment to responsible chemical management and minimising negative environmental impacts, the Group's approach to community investment prioritises environmental conservation, ecological stewardship, and raising community awareness of sustainability practices.

In FY2024, the Group continued its commitment to community and environmental initiatives through targeted CSR activities. Notably, employees participated



Employees participated in a mangrove tree planting initiative at Tanjung Piai National Park, Johor.

in a mangrove tree planting initiative at Tanjung Piai National Park, contributing RM7,000 towards biodiversity preservation and climate resilience. In July 2024, the Group also organised a River Clean-Up initiative at Kuala Selangor National Park, investing RM19,040 in the preservation and rehabilitation of local waterways, further supporting community health and environmental sustainability.



River Clean-Up initiative at Kuala Selangor National Park.

The following tables detail the number of saplings planted and investments made by the Group in recent years:

Community Initiatives	FY2022	FY2023	FY2024
No. of Saplings Planted	120	120	210
Total Amount Invested (RM) in the community where the target beneficiaries are external to the listed issuer	10,808	19,787	26,040
Total Number of Beneficiaries of the investment in communities	1	2	2

Through these initiatives, Samchem demonstrates an ongoing dedication to positively impacting local communities and ecosystems, reflecting its broader responsibility as an environmentally conscious business within the chemical industry. The Group's commitment to ecological stewardship aligns with its role in promoting responsible management of chemical products, minimising environmental impact, and supporting sustainable industry practices.

## Sustainability Statement

### Governance Pillar

#### Good Governance and Anti-Corruption

Samchem upholds a zero-tolerance stance on bribery and corruption, in any engagement involving the Group, its subsidiaries, suppliers, and business associates. The Group's Anti-Bribery and Corruption Policy clearly defines prohibited actions and applies universally to all forms of corruption comprehensively, mandating compliance from all Directors, employees, and representatives.

The Board, as the highest governance authority, maintains oversight of Samchem's anti-corruption initiatives, with Directors regularly participating in relevant training to ensure consistent adherence to rigorous governance standards. Employees are comprehensively briefed on Samchem's comprehensive anti-corruption standards as part of their onboarding.

Samchem maintains confidential whistleblowing channels to encourage staff to safely report suspected corruption or misconduct, guaranteeing anonymity and protection against retaliation. Furthermore, the effectiveness of anti-corruption measures is monitored by the ARMC, with clearly defined disciplinary actions established for policy violations.

Anti-Corruption Data	FY2022	FY2023	FY2024
Percentage of employees who have received training on anti-corruption by employee category	0	0	0
Senior Management	0	0	0
Managers/Assistant Managers	0	0	0
Executives	0	0	0
Non-Executives	0	0	0
Percentage of operations assessed for corruption-related risks	0	0	0
Number of confirmed corruption incidents	0	0	0
Cost of fines, penalties or settlements in relation to corruption	0	0	0
Number of staff disciplined/dismissed due to non-compliance with Anti-Bribery and Corruption Policy	0	0	0
Total amount of political contribution (RM)	0	0	0

#### Environmental and Social Regulatory Compliance

Samchem ensures strict compliance with all applicable environmental and social laws, regulations, and policies across every jurisdiction in which it operates. Such rigorous adherence protects the Group from regulatory penalties, sanctions, or licence revocations. Non-compliance would pose significant risks to Samchem's reputation, potentially eroding the confidence of employees, customers, suppliers, and other stakeholders. Demonstrating its ongoing commitment, Samchem maintains an exemplary record with zero incidents of non-compliance reported during the year.

Regulatory Compliance Data	FY2022	FY2023	FY2024
Has the company and/or subsidiaries been fined or censured for any environmental non-compliance?	0	0	0
Has the company and/or subsidiaries been fined or censured for any socioeconomic non-compliance?	0	0	0
Incidents of non-compliance with regulations resulting in a fine or penalty;	0	0	0
Incidents of non-compliance with regulations resulting in a warning;	0	0	0
Total monetary value of significant fines;	0	0	0
Total number of non-monetary sanctions;	0	0	0
Cases brought through dispute resolution mechanisms.	0	0	0

Samchem is also committed to providing accurate and reliable financial and corporate governance disclosures, in line with relevant legal requirements.

AGM Data	FY2022	FY2023	FY2024
AGM Notice Filing Date (DD-MM-YYYY)	29-04-2022	28-04-2023	30-04-2024
AGM Date (DD-MM-YYYY)	27-05-2022	31-05-2023	30-05-2024
No. of days between the date of notice and date of meeting	28	28	28

Note: Please refer to page 128 of this Annual Report for the FY2024 Notice of AGM.

## Responsible Product Handling

As an active participant in the Responsible Care® initiative under the Chemical Industries Council of Malaysia, Samchem continuously strives to enhance its health, safety, and environmental practices across all operations. Employees regularly undergo targeted training to ensure preparedness in effectively managing incidents. The Group's operational framework strictly adheres to Responsible Care principles, prioritising compliance with environmental standards and safeguarding the health of employees and surrounding communities. Samchem remains committed to strengthening its safety culture through proactive measures designed to minimise risks and prevent accidents.

## Sustainable Supply Chain

Samchem remains firmly committed to embedding environmental and social standards throughout its value chain. By collaborating closely with suppliers who demonstrate fairness, transparency, and ethical responsibility, the Group aims to achieve full compliance with environmental and social regulatory requirements by FY2025. This commitment encompasses strict adherence to regulations such as the Workers' Minimum Standards of Housing and Amenities Act, while firmly prohibiting any form of child or forced labour within the supply chain.

Samchem is committed to upholding stringent environmental and social standards across its supply chain in adherence to the following key commitments:

- **Environmental Issues:** Proactively addressing environmental concerns and reducing the supply chain's impact.
- **Energy Use:** Reducing energy consumption, enhancing energy efficiency and promoting renewable energy use.
- **Climate Change:** Reducing carbon footprint and GHG emissions.
- **Water Use:** Implementing water conservation measures to ensure sustainable water use.
- **Biodiversity:** Protecting ecosystems by avoiding harmful practices and promoting habitat conservation.
- **Resource Use:** Ensuring responsible sourcing and sustainable resource utilisation.
- **Waste Management:** Prioritising waste reduction, reuse, and recycling to support a circular economy.

- **Pollution:** Preventing pollution through rigorous waste management and emission control.
- **Child Labour Prevention:** Prohibiting child labour across the supply chain.
- **Forced Labour Prevention:** Ensuring all work is voluntary and preventing forced or compulsory labour.
- **Non-Discrimination and Equal Opportunities:** Fostering diversity, inclusion, and equality for all employees, workers and suppliers.
- **Freedom of Association and Collective Bargaining:** Upholding universal rights to freedom of association, union establishment and collective bargaining.
- **Working Hours:** Eliminating or reducing excessive working hours and ensuring fair working conditions.
- **Minimum Wage:** Guaranteeing a minimum or living wage to meet employees' basic needs.
- **Health and Safety Standards:** Maintaining high safety standards to protect employee well-being across the supply chain.

## Data Privacy and Security

Samchem places utmost importance on the protection of customer information, particularly sensitive and confidential data, strictly adhering to the Personal Data Protection Act 2010 ("PDPA"). The Group diligently maintains data security through comprehensive cybersecurity measures, including secure systems, continuous monitoring, and responsive mechanisms to mitigate potential threats.

During FY2024, Samchem fully complied with PDPA requirements, recording zero substantiated incidents or complaints relating to data breaches or loss of customer information. Employees found misusing data face stringent disciplinary measures, underscoring the Group's unwavering commitment to ethical standards and regulatory compliance.

Data Privacy	FY2022	FY2023	FY2024
Number of substantiated complaints concerning breaches of customer privacy and losses of customer data	0	0	0

# Statement on Risk Management and Internal Control

## Introduction

This Statement on Risk Management and Internal Control is made in accordance with the Statement on Risk Management and Internal Control: *Guidelines for Directors of Listed Issuers* and paragraph 15.26(b) of the Bursa Malaysia Securities Berhad Main Market Listing Requirements, which requires Malaysian public listed companies to maintain a sound system of risk management and internal control to safeguard the shareholders' investments and the Group's assets.

## Board Responsibilities

The Board acknowledges its responsibilities and reaffirms its commitment to recognise the importance of having an effective and appropriate system of risk management and internal control to enhance good corporate governance. In this respect, the Board is responsible for identifying principal risks, ensuring the implementation of appropriate systems to manage these risks and reviewing the adequacy and integrity of the Group's systems of risk management and internal control.

The systems of risk management and internal control cover inter alia, governance, financial organisation, operational and compliance control. However, the Board recognises that this system is designed to manage and control risk appropriately rather than eliminate the risks of failure to achieve the Group's business objectives. Accordingly, this system can only provide reasonable, but not absolute assurance against material misstatement of management and financial information and records or against financial losses or fraud.

The Board also acknowledges the guidelines on the Statement on Risk Management and Internal Control (Guidelines for Directors of Listed Issuers) which further emphasises the need for maintaining a sound system of risk management and internal control.

The management also assists the Board in the implementation of the Board's policies and procedures on risk and control by identifying and assessing the risks faced by the Group, and in the design, operation and monitoring of suitable internal controls to mitigate and control these risks.

## Risk Management Framework

The ARMC comprises of members who are all independent directors of the Group to oversee the Company's risk management framework and policies.

The ARMC is primarily tasked to identify, evaluate and manage the significant risks faced by the core business of the Group and to review the Risk Registers annually. In discharging its duties and responsibilities during the financial year, the ARMC reviewed, deliberated and discussed the key corporate risks at its quarterly Board meetings. During the later part of the 4<sup>th</sup> quarter of 2024, an internal assessment of the Group's risk profiles against the prevailing operating conditions was undertaken by the management team and the internal auditors. The assessment also involved the identification for any new enterprise risks that may be material to the Group. All identified risks were also reviewed for their impacts intensity. All risks were then ranked from low, medium or high based on their likelihood of occurrence and their financial impacts to strategise the risk management priorities and initiatives to be undertaken for FY2025. The findings and the recommendations were then deliberated with the ARMC first before the final proposal was discussed with the Board of Directors.

A culture of risk-awareness is created to ensure greater understanding of risk management and that its principles are embedded in the Group's management and control systems. The Board also relies largely on the close involvement of the Executive Directors of the Group and the senior management team in its daily operations. There are reviews of operational and financial performance at Management, ARMC and Board Meetings. Internal audit findings and opinions are also reviewed for the adequacy and effectiveness of the governance and risk control processes as well as the root causes to determine the right cause of corrective actions. The Board and Management ensure that appropriate measures are taken to address any significant risks. Other matters including proper disclosures in the financial reports, authority to carry out investigations, access to information and professional advice were also addressed.

The ARMC conducts annual review of the independence of the external auditors as well as internal auditors including their resource adequacies and competencies prior to recommendation for the appointment/re-appointment.

## Internal Audit Function

The Group's Internal Audit function is outsourced to an external professional service provider (internal auditor) to assist the Board and ARMC in providing independent assessment on the adequacy, efficiency and effectiveness of the Group's internal control system and the scope of the outsourced internal audit function and internal audit plan is deliberated and determined annually by the ARMC with feedback from Management prior to the commencement of the internal audit work.

Under the internal audit plan the outsourced Internal Auditor will have to provide the ARMC with the human resources that has been planned to be deployed for the audit implementation. There must be at least one person who is a qualified competent auditor from a recognised and acceptable Institution to supervise the audit work. The annual audit plan shall be a risk based plan after due assessment of the Company's risks and due evaluation of the Company's risk profile. The internal audit function shall be carried out with reference to the principles of the International Professional Practice Framework of the Institute of Internal Auditors. The Internal Auditor works closely with the Management and the ARMC in evaluating and assessing the risk register.

## Other Key Internal Control Processes

The Board has considered the system of internal controls in operation during the financial year and some of the key elements include the following:

- ✿ Annual budget is prepared for the Group.
- ✿ The Executive Directors and departmental heads meet quarterly to review the financial performance of the Group to ensure that they are in line with the corporate objectives, strategies and annual budget;
- ✿ Board Committees, namely the Audit and Risk Management Committee, Nomination Committee and Remuneration Committee have been established with defined terms of reference. The terms of reference are updated where applicable to be in line with the latest Corporate Governance Guide issued by Bursa Malaysia;
- ✿ Management organisation structure with reporting lines of accountability and authority have been defined and documented;
- ✿ There are proper procedures in place within the Group for hiring and termination of staff, training of staff, annual performance appraisals and other relevant procedures to ensure that staff are motivated, competent and adequately trained in carrying out their responsibilities;
- ✿ Continuous compliance and maintenance of the requirements of the ISO 9001:2015 and ISO 14001:2015 systems in major subsidiaries in Malaysia. This include continuous implementation, improvement and compliance to our business processes, quality control procedures, health, environmental and safety guidelines. Audits on the management systems are carried out by the Management and by a certification body. These audits are conducted periodically to provide assurance of compliance with the ISO 9001:2015 Quality Management System and ISO 14001:2015 Environmental Management System. In addition, the Group also implement stringent Health Safety Environment ("HSE") initiatives in accordance with the applicable laws, regulations as well as DOSH guidelines;
- ✿ The ARMC reviews the quarterly financial results, annual report, audited financial statements and internal control issues identified by the External Auditors, Internal Auditors and the management. The ARMC also review the effectiveness of the internal control processes and monitors the implementation of the recommendations proposed by the External Auditors and Internal Auditors;
- ✿ The outsourced internal audit function reviews the adequacy and integrity of the system of internal control according to the approved internal audit plan and reports its findings to the ARMC. During the financial year, some areas of improvement to the internal controls were identified and addressed accordingly. Improvements are recommended after identifying and reviewing the root cause. All recommended improvement plans and corrective actions will be followed up by monitoring the progress. Nevertheless, the identified weaknesses in the internal control have not resulted in any material impacts that require further disclosure in this Statement; and

## Statement on Risk Management and Internal Control

ARMC and the Board also monitor the business continuity plan for the Group on an enterprise level for improvement opportunities which will consider the latest corporate governance, sustainability, environmental and social guidelines as well as the latest regulatory requirements. This is to prepare the Group with a more robust plan to meet future challenges and any eventualities. The ARMC and the Board has also discussed the disclosure requirements for sustainability reporting under the National Sustainability Reporting Framework and will plan for the necessary accordingly.

The ARMC will conduct a separate private meetings with the external and internal auditors to discuss any concerns and issues that require attention. There were no private meeting during the financial year as no matters required to be brought up to the attention of ARMC.

### **Assurance Provided by the Group Chief Executive Officer and Group Financial Controller**

In line with the Guidelines, the Group Chief Executive Officer ("CEO") and Group Financial Controller have provided verbal assurance to the Board stating that the Group's risk management and internal control systems have been operating adequately and effectively, in all material aspects, to meet the Group's objective during the financial year under review.

The Board is of the view that the risk management and internal control systems are satisfactory and have not resulted in any material losses, contingencies or uncertainties that would require disclosure in the Group's annual report.

### **Conclusion**

The Board is of the view that the systems of internal controls and risk management, are in place for the year under review and up to the date of approval of this statement and is sound and sufficient to safeguard the shareholders' investment, the interests of customers, regulators and employees, and the Group's assets.

The Board also recognises that the systems of internal controls and risk management must continuously improve in line with the growth of the Group and evolving business environment. Therefore, the Board is committed to put in place adequate plans, where necessary, to continuously improve the Group's system of internal control and risk management.

### **Review of Statement on Internal Control by External Auditors**

Pursuant to Paragraph 15.23 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, the External Auditors have reviewed this Statement on Risk Management and Internal Control under a limited assurance engagement. Their limited assurance engagement was performed in accordance with Audit and Assurance Practice Guide ("AAPG") 3 Guidance for Auditors on Engagement to Report on Statement on Risk Management and Internal Control issued by the Malaysian Institute of Accountants.

Based on their limited assurance engagement, the External Auditors have reported to the Board that nothing has come to their attention that caused us to believe that this statement is not prepared in all material aspects, in accordance with disclosure required by paragraphs 41 and 42 of the Statement of Risk Management and Internal Control: Guidance for Directors of listed issuers, nor is the statement factually inaccurate.

This Statement is made in accordance with the approval and resolution of the Board of Directors.

# Audit and Risk Management Committee Report

The Audit and Risk Management Committee ("ARMC") of Samchem Holdings Berhad is pleased to present the ARMC Report for the financial year ended 31 December 2024.

## Composition of the ARMC and Attendance

The ARMC met five (5) times during the financial year ended 31 December 2024. The members of the ARMC, their attendance at the ARMC Meetings held during the financial year ended 31 December 2024 are as follows:

Members of the ARMC	Total Meetings Attended
Hor Wai Kong – Chairman Independent Non-Executive Director	5/5
Lok Kai Chun – Member Independent Non-Executive Director	5/5
Dato' Razali Basri – Member Independent Non-Executive Director	5/5

## Terms of Reference of ARMC

### (A) Terms of Membership

The ARMC shall be appointed by the Board of Directors amongst its members and consist of at least three (3) members, of whom all must be Non-Executive Directors with a majority of them being Independent Directors. The Chairman, who shall be elected by the ARMC, must be an independent director. Currently all the members are comprised of independent directors.

The Committee shall include one (1) member who is a member of the Malaysian Institute of Accountants ("MIA"); or if he is not a member of the MIA, he must have at least three (3) years' working experience and he must have passed the examinations specified in Part I of the First Schedule of the Accountants Act 1967; or he must be a member of one of the associations of accountants specified in Part II of the First Schedule of the Accountants Act 1967; or he must hold a degree/master/doctorate in accounting or finance and have at least three (3) years' post qualification experience in accounting or finance; or he must have at least seven (7) years' experience being a chief financial officer of a corporation or having the function of being primarily responsible for the management of the financial affairs of a corporation or fulfils such other requirements as prescribed or approved by Bursa Malaysia Securities Berhad.

In the event of any vacancy in the ARMC resulting in the non-compliance with the Listing Requirements of Bursa Securities, the Board shall appoint a new member within three (3) months.

The Board of Directors shall review the term of office and the performance of an ARMC and each of its members at least once in every three (3) years.

No alternate Director shall be appointed as a member of the ARMC.

### (B) Meetings and Quorum of the ARMC

In order to form a quorum in respect of a meeting of the ARMC, the majority of the members present must be independent directors. The Company Secretary shall act as secretary of the ARMC and shall be responsible, in conjunction with the Chairman, for drawing up the agenda and circulating it prior to each meeting.

The ARMC may require the attendance of any management staff from the Finance/Accounts Department or other departments deemed necessary together with a representative or representatives from the external auditors and/or internal auditors.

In any event, should the external auditors or internal auditors request, the Chairman of the ARMC shall convene a meeting of the committee to consider any matter the external auditors or internal auditors believe should be brought to the attention of the Director or shareholders.

### (C) Functions of the ARMC

The duties and responsibilities of the ARMC include the following:

1. To consider the appointment of the external auditor, the audit fee and any questions of resignation or dismissal;
2. To discuss with the external auditor before the audit commences, the nature and scope of the audit, and ensure co-ordination where more than one audit firm is involved;
3. To discuss with the external auditor on the evaluation of the system of internal controls and the assistance given by the employees to the external auditors;

## Audit and Risk Management Committee Report

4. To review and report to the Board if there is reason (supported by grounds) to believe that the external auditor is not suitable for reappointment;
5. To review the quarterly and year-end financial statements of the Company and Group prior to the approval of the Board, focusing particularly on:
  - a. Changes in or implementation of major accounting policies and practices;
  - b. Significant adjustments arising from the audit;
  - c. The going concern assumption;
  - d. Compliance with accounting standards and other legal requirements; and
  - e. Key audit matters and related party transactions.
6. To discuss problems and reservations arising from the interim and final audit, and any matter the auditors may wish to discuss (in the absence of management where necessary);
7. To review the external auditor's management letter and management's response;
8. To do the following in relation to the internal audit function:
  - a. reviews the adequacy of the scope, functions, competency and resources of the internal audit function, and that it has the necessary authority to carry out its work;
  - b. reviews the internal audit programmes and the results of the internal audit processes or investigation undertaken and where necessary ensure that appropriate action is taken on the recommendations of the internal audit function;
  - c. conducts appraisal or assessment of the performance of the internal auditors;
  - d. approves any appointment or termination of the internal auditors; and
  - e. takes cognisance of resignation of internal auditors and provide the resigning parties an opportunity to submit his reasons for resigning.
9. To review any related party transactions and conflict of interest situation that may arise within the Company or the Group;
10. To review and assess the Group's risk register on a periodic basis;
11. To consider the major findings of internal investigations and the management's response; and
12. To consider any other functions or duties as may be agreed by the Committees and the Board.

### (D) Rights of the ARMC

The ARMC wherever necessary and reasonable for the performance of its duties shall be empowered as follows:

1. have authority to investigate any matter within its terms of reference;
2. have the resources which are required to perform its duties;
3. have full and unrestricted access to any information pertaining to the Company and Group;
4. have direct communication channels with the external auditors and person(s) carrying out the internal audit function or activity;
5. be able to obtain independent professional or other advice when needed;
6. be able to convene meetings with the external auditors, the internal auditors or both, excluding the attendance of other directors and employees of the Group, whenever deemed necessary; and
7. where ARMC is of the view that there is a matter that has not been satisfactorily resolved that will result in a breach of the Main Market Listing Requirements of Bursa Malaysia, the ARMC shall promptly report such matter to the Bursa Securities.

**(E) Procedure of ARMC**

The ARMC regulates its own procedures by:

1. the calling of meetings;
2. the notice to be given of such meetings;
3. the voting and proceedings of such meetings;
4. the keeping of minutes; and
5. the custody, protection and inspection of such minutes.

**(F) Summary of Activities of the ARMC**

During the financial year up to the date of this Report, the ARMC carried out the following activities in discharging their duties and responsibilities:

**I Financial Results**

Review quarterly results and audited annual financial statements of the Group and Company before recommending to the Board for release to Bursa Malaysia Securities Berhad ("Bursa Malaysia"). The review focus primarily on:

- a. major judgmental areas, key audit matters as well as significant and unusual events;
- b. significant adjustments resulting from audit;
- c. the going concern assumptions;
- d. compliance with applicable approved accounting standards in Malaysia;
- e. compliance with Listing Requirements of Bursa Malaysia and other regulatory requirements; and
- f. related party transactions.

**II External Audit**

Reviewed with the external auditor, their audit plan for the financial year ended 31 December 2024 to ensure that their scope of work adequately covers the activities of the Group.

Reviewed the results and issues arising from their audit of the annual financial statements and their resolution of such issues as highlighted in their report to the Committee. The external auditors highlighted some new MFRS developments in particular MFRS 18 and amendments to MFRS

7, 9, 10, 107, 121 and 128. However, these are not expected to pose any material impact on the Group. Key and significant audit matters such as impairment of goodwill on business combination, inventory valuation and recoverability of trade receivables were also discussed, however, there were no material findings to be disclosed herein.

The external auditors also highlighted that the Sustainability statements as required under Practise Note 9 of the Main market Listing Rules will need to include a disclosure as to whether it has been subjected to an internal review by internal auditors or an independent third party assurance assessment. They also highlighted the requirements of the National Sustainability Reporting Framework ("NSRF") and in particular the disclosures required for IFRS S1 and IFRS S2. Management is currently working towards this endeavour.

As for recommendations in terms of improvement matters, suggestions had been made for control improvements in terms of documentation for the application of significant accounting estimates where management will be working on the improvement.

Reviewed their performance, competencies and resource adequacies and independence before recommending to the Board for their reappointment and remuneration. Also reviewed the fees to be paid for their scope of work.

**III Internal Audit**

Reviewed with the internal auditor their audit plan for the financial year ended 31 December 2024 ensuring that the principal risk areas prioritise the higher significant risks identified under their risk-based assessment plan;

Reviewed the internal audit reports and the main findings that were discussed are as follows:

- a. Vietnamese operations – Findings were basically to suggest improvements in the areas of corporate governance and regulatory compliance matters. Suggestions were given to review and improve the discretionary approval limits to instil better internal controls. The business continuity plan was also discussed with some improvement recommendations being provided. It was also

## Audit and Risk Management Committee Report

recommended that the communication protocols for reporting purposes to meet regulatory and statutory purposes be reviewed and updated to ensure it meet current requirements. The adequacy procedures for the implementation of the Group's Anti Corruption and Bribery policy were also reviewed where suggestions were also offered to further improve the implementation.

- b. Indonesian Operations – Key audit matters raised were in the Human Resource as well as warehouse and inventory management. There were lapses noted in monitoring and in timely updating of data resulting in computation errors. These are now being monitored by dedicated personnel to prevent such lapses. Suggestions for improvements were also brought up to improve the verification processes for the recording of the weights for the incoming and outgoing of packed products. Recommendations were also made to further strengthen the internal controls for recording and monitoring of the stock inventory movements.
- c. Malaysian Operations – Audit areas were into the Management Information System and the warehouse and inventory management activities. There were gaps found in the data recovery and data restoration activities where improvement suggestions were given to further improve the internal controls and strengthen the audit trail. Improvement suggestions were also made with regards to the process of weighing and recording of the products to further strengthen the internal controls.

All the above were noted by the ARMC and had duly informed the Board of Directors and the management team to take appropriate measures to address the findings. It was noted that there were no material findings from the internal audit which suggest significant risk impacts of concern to be reported herein.

Reviewed the competencies as well as the resources of the internal auditors in conducting and executing their audit plan. Ensure that the engagement director for the audit is a certified Internal Auditor from an accredited institution. The fees for the internal audit scope of work has also been reviewed.

### IV Other Activities

- a. **Recurrent Related Party Transactions ("RRPT")**
  - No matters of material concern were raised and at the point of the date of this report, the transactions were in compliance with the mandate obtained from the shareholders. These transactions are being recorded and documented accordingly for monitoring purposes. Reviewed the related party transactions for the financial year as well as the "Circular to Shareholders" in connection with the recurrent related party transactions of a revenue nature to ensure that such transactions were in the ordinary course of business and on terms not more favourable to the related parties prior to recommending for Board's approval. There were no material findings to disclosed for the related party transactions review. As a standard practise, all the directors have declared their interests prior to approving the issuance of the shareholders circular for RRPT approval.
- b. **Corporate Governance matters** – ARMC had undertaken the reviews as stated below.
  - ⚙ The Group's conflict of interest policy has been reviewed and amended to reflect the latest guidelines as provided by Bursa Malaysia.
  - ⚙ The separation of duties of the Group Chairman from board committees and executive functions has been implemented as a new CEO has been appointed on April 2023.
  - ⚙ The gender diversity at the management level has improved. Currently at the Board level, the Group has met the minimum requirements.
  - ⚙ There is now a guideline policy for the Group with regards to the use of Generative Artificial Intelligence models to ensure that data security and confidentiality of the Group's databases are safeguarded and are not compromised.

Reviewed and updated the Group's risks-based assessment model based on continuous monitoring and follow ups. Also reviewed the progress of the framework in preparation of the Sustainability statement where progresses are being made to improve the reporting framework to ensure it complies with the regulatory requirements and reporting standards.

Reviewed the corporate liability provisions as required under the MACC Act 2009 and assessed whether the implemented procedures in place are adequate to comply with the provisions accordingly. There were no issues being brought up for the financial year.

There were no private meeting during the financial year as no matters required to be brought up to the attention of ARMC.

Reviewed and recommended to the Board the following for approval and inclusion to the Group's annual report:

- ✿ ARMC Report;
- ✿ Statement of Risk Management and Internal Control;
- ✿ Corporate Governance Overview Statement; and
- ✿ Corporate Governance Report.

The ARMC Report was made in accordance with the approval of the Board of Directors on 15 April 2025.

## Additional Compliance Information

### 1. Utilisation of Proceeds

During the financial year, there were no proceeds raised from corporate proposals.

### 2. Share Buy-back

The Company did not carry out any share buy-back for the financial year under review.

### 3. Options, Warrants or Convertible Securities

There were no options, warrants or convertible securities issued during the financial year.

### 4. American Depositary Receipt ("ADR") or Global Depositary Receipt ("GDR")

The Company did not sponsor any ADR or GDR programme during the financial year.

### 5. Imposition of sanctions/penalties

There were no sanctions or penalties imposed by the relevant regulatory bodies on the Company or its subsidiaries, directors or management during the financial year.

### 6. Audit and Non-Audit fees

The amount of audit fees and non-audit fees paid or payable to the Company's external auditors for the financial year ended 31 December 2024 are as follows:

	Group RM	Company RM
Audit Fees	362,000	109,000
Non-audit Fees	9,000	9,000
<b>Total</b>	<b>371,000</b>	<b>118,000</b>

### 7. Profit Forecast or Projections

The Company did not announce any profit forecast or projections during the financial year.

### 8. Profit Guarantee

During the financial year, there were no profit guarantees given by the Group.

### 9. Recurrent Related Party Transactions of Revenue or Trading Nature

The recurrent related party transactions for the financial year ended 31 December 2024 was as follows:

Company in the Samchem Group involved	Transacting parties	Nature of transaction	Transaction value (RM)
Sam Chem Sphere & Meridian Chemicals (Vietnam) Company Limited (MCCL) Joint Stock Company (JSC)	Vigor Sphere Pte Ltd (VS)	Sales from VS to JSC & MCCL	4,012,257
Sam Chem Sphere Joint Stock Company (JSC)	Vigor Sphere Pte Ltd (VS)	Sales from JSC to VS	273,232

### 10. Revaluation Policy

The Company does not have a revaluation policy on landed properties.

### 11. Material Contract

There were no material contracts entered by the Company and its subsidiaries involving Directors' interests during the financial year.

### 12. Corporate Social Responsibility

As the Group expands its business, the Board believes that the responsibility towards the society increases and the operating conditions shall be harmonised to ensure that the people within and outside the Group benefit from the existence of our organisation.

### Safety and Health

The Group is committed to provide a safe and healthy working environment for the employees under the stringent requirements of Health, Safety and Environment ("HSE"). We constantly monitor and keep ourselves updated with the latest HSE requirements and regulations through various training programmes carried out by our suppliers, customers and external organisers. Our Group also undergoes regular audits of its warehousing and logistics functions which are carried out by representatives from our MNC suppliers and has complied with the stringent requirements of all such audits to-date.

# Financials

62	Directors' Report
66	Statements of Comprehensive Income
67	Statements of Financial Position
69	Statements of Changes in Equity
72	Statements of Cash Flows
75	Notes to the Financial Statements
120	Statement by Directors
120	Statutory Declaration
121	Independent Auditors' Report



## Directors' Report

The directors hereby submit their report together with the audited financial statements of the Group and of the Company for the financial year ended 31 December 2024.

### Principal Activities

The principal activities of the Company are investment holding and the provision of management services. The principal activities of its subsidiaries are distribution of Polyurethane ("PU"), intermediate, specialty and other industrial chemicals, blending of customised solvents, provision of logistics services, tank terminal storage and bulk breaking facilities.

There have been no significant changes in the nature of these principal activities during the financial year.

### Results

	Group RM'000	Company RM'000
Profit for the financial year	19,953	11,433
Attributable to:		
Owners of the Company	17,474	11,433
Non-controlling interests	2,479	–
	19,953	11,433

### Dividends

The amount of dividends declared or paid by the Company since the end of the previous financial year were as follows:

- (i) a third interim single-tier exempt dividend of 0.6 sen per ordinary share on 544,000,000 ordinary shares amounting to RM3,264,000 in respect of the financial year ended 31 December 2023, which was paid on 15 January 2024;
- (ii) a fourth interim single-tier exempt dividend of 0.8 sen per ordinary share on 544,000,000 ordinary shares amounting to RM4,352,000 in respect of the financial year ended 31 December 2023, which was paid on 24 April 2024;

- (iii) a first interim single-tier exempt dividend of 0.5 sen per ordinary share on 544,000,000 ordinary shares amounting to RM2,720,000 in respect of the financial year ended 31 December 2024, which was paid on 31 July 2024; and

- (iv) a second interim single-tier exempt dividend of 0.5 sen per ordinary share on 544,000,000 ordinary shares amounting to RM2,720,000 in respect of the financial year ended 31 December 2024, which was paid on 30 October 2024.

On 28 February 2025, a third interim single-tier exempt dividend of 0.8 sen per ordinary share on 544,000,000 ordinary shares amounting to RM4,352,000 in respect of the financial year ended 31 December 2024, which was paid on 8 April 2025. This third interim dividend will be accounted for in equity as an appropriation of retained earnings in the financial year ending 31 December 2025.

The directors do not recommend the payment of any final dividend in respect of the financial year ended 31 December 2024.

### Reserves or Provisions

There were no material transfers to or from reserves or provisions during the financial year other than those disclosed in the financial statements.

### Bad and Doubtful Debts

Before the financial statements of the Group and of the Company were prepared, the directors took reasonable steps to ascertain that action had been taken in relation to the writing off of bad debts and the making of allowance for doubtful debts and have satisfied themselves that all known bad debts had been written off and that adequate allowance had been made for doubtful debts.

At the date of this report, the directors are not aware of any circumstances which would render the amount written off for bad debts or the amount of allowance for doubtful debts in the financial statements of the Group and of the Company inadequate to any substantial extent.

### Current Assets

Before the financial statements of the Group and of the Company were prepared, the directors took reasonable steps to ensure that any current assets which were unlikely to be realised in the ordinary course of business including their values as shown in the accounting records of the Group and of the Company had been written down to an amount which they might be expected so to realise.

At the date of this report, the directors are not aware of any circumstances which would render the values attributed to the current assets in the financial statements of the Group and of the Company misleading.

### Valuation Methods

At the date of this report, the directors are not aware of any circumstances which have arisen which render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate.

### Contingent and Other Liabilities

At the date of this report, there does not exist:

- (i) any charge on the assets of the Group or of the Company which has arisen since the end of the financial year which secures the liabilities of any other person; and
- (ii) any contingent liabilities in respect of the Group or of the Company which has arisen since the end of the financial year.

In the opinion of the directors, no contingent or other liability of the Group or of the Company has become enforceable, or is likely to become enforceable, within the period of twelve months after the end of the financial year which will or may affect the ability of the Group or of the Company to meet their obligations as and when they fall due.

### Change of Circumstances

At the date of this report, the directors are not aware of any circumstances not otherwise dealt with in this report or the financial statements of the Group and of the Company which would render any amount stated in the financial statements misleading.

### Items of Material and Unusual Nature

In the opinion of the directors,

- (i) the results of the operations of the Group and of the Company for the financial year were not substantially affected by any item, transaction or event of a material and unusual nature; and
- (ii) no item, transaction or event of a material and unusual nature has arisen in the interval between the end of the financial year and the date of this report which is likely to affect substantially the results of the operations of the Group and of the Company for the financial year in which this report is made.

### Auditors' Remuneration

The remuneration paid or payable to the auditors of the Group and of the Company for their services as auditors during the financial year were RM580,548 and RM109,000 respectively.

The Company has agreed to indemnify the auditors of the Company as permitted under Section 289 of the Companies Act, 2016 in Malaysia.

### Issue of Shares and Debentures

During the financial year, no new shares or debentures were issued by the Company.

## Directors' Report

### Directors

The directors in office during the financial year and during the period from the end of the financial year to the date of this report are:

Ng Thin Poh\*  
Ng Ai Rene\*  
Cheong Chee Yun  
Lok Kai Chun  
Dato' Razali Bin Basri  
Hor Wai Kong

\* Directors of the Company and certain subsidiaries

Other than as stated above, the names of the directors of the subsidiaries of the Company in office during the financial year and during the period from the end of the financial year to the date of this report are:

Dennis Ho Chin Chye  
Eugene Chong Wee Yip  
Francis Huang Low Soo Yee  
Heng Kok Hui  
Koh Boon Siong  
Maisarah Tang Binti Abdullah  
Ng Bing Hong  
Rindang Ayu  
Tan Say Leng  
Wee Chai Peng

### Directors' Interests

According to the Register of Directors' Shareholdings required to be kept by the Company under Section 59 of the Companies Act, 2016 in Malaysia, the interests of directors in office at the end of the financial year in shares in the Company during the financial year were as follows:

### Interest in the Company

	Number of ordinary shares			
	At 1.1.2024 Unit '000	Trans- ferred in/ Bought Unit '000	Trans- ferred out/ Sold Unit '000	At 31.12.2024 Unit '000
<b>Direct Interests</b>				
Lok Kai Chun	30	–	–	30
Ng Ai Rene	2,557	–	–	2,557
<b>Indirect Interests*</b>				
Ng Thin Poh	249,028	–	–	249,028

\* Shares held in Continental Hallmark Sdn. Bhd.

By virtue of his interests in the ordinary shares of the Company and pursuant to Section 8 of the Companies Act, 2016 in Malaysia, Ng Thin Poh is deemed to have an interest in the ordinary shares of the subsidiaries to the extent that the Company has an interest.

Other than as stated above, none of the other directors in office at the end of the financial year had any interest in ordinary shares or debentures of the Company and its related corporations during the financial year.

### Directors' Benefits

Since the end of the previous financial year, no director of the Company has received or become entitled to receive any benefit (other than benefits included in the aggregate amount of emoluments received or due and receivable, by the directors as shown below) by reason of a contract made by the Company or a related corporation with the director or with a firm of which the director is a member, or with a company in which the director has a substantial financial interest.

The details of remuneration received by directors of the Group and of the Company during the financial year are as follows:

	Group RM'000	Company RM'000
<b>Directors of the Company</b>		
Director's fees	180	180
Salaries, bonus and other emoluments	1,269	54
	<b>1,449</b>	<b>234</b>

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

### Indemnity to Directors and Officers

During the financial year, the total amount of indemnity insurance coverage and insurance premium paid for the directors and officers of the Company and its subsidiaries were RM5,000,000 and RM8,110 respectively.

**Subsidiaries**

The details of the Company's subsidiaries are disclosed in Note 11 to the financial statements, which also serve for the purpose of this report.

The available auditors' reports on the accounts of the subsidiaries did not contain any qualification.

**Auditors**

The auditors, Messrs Baker Tilly Monteiro Heng PLT, have expressed their willingness to continue in office.

This report was approved and signed on behalf of the Board of Directors in accordance with a resolution of the directors.

**NG THIN POH**

Director

**NG AI RENE**

Director

Date: 15 April 2025

## Statements of Comprehensive Income

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024

	Note	Group		Company	
		2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000
Revenue	3	1,215,006	1,162,429	12,253	12,915
Cost of sales		(1,092,499)	(1,038,508)	–	–
<b>Gross profit</b>		<b>122,507</b>	123,921	<b>12,253</b>	12,915
Other income		3,701	15,024	–	–
Selling and distribution expenses		(20,178)	(18,824)	–	–
Administrative expenses		(67,864)	(64,365)	(820)	(892)
Net reversal of impairment on receivables		396	113	–	–
Other expenses		(3,926)	(1,387)	–	(3,360)
<b>Operating profit</b>		<b>34,636</b>	54,482	<b>11,433</b>	8,663
Finance income		1,172	956	–	–
Finance costs		(9,277)	(7,407)	–	–
<b>Profit before tax</b>	4	<b>26,531</b>	48,031	<b>11,433</b>	8,663
Income tax expense	6	(6,578)	(12,700)	–	–
<b>Profit for the financial year</b>		<b>19,953</b>	35,331	<b>11,433</b>	8,663
<b>Other comprehensive (loss)/income, net of tax</b>					
<i>Items that may be reclassified subsequently to profit or loss</i>					
Foreign currency translation		(9,317)	5,580	–	–
		(9,317)	5,580	–	–
<b>Total comprehensive income for the financial year</b>		<b>10,636</b>	40,911	<b>11,433</b>	8,663
<b>Profit attributable to:</b>					
Owners of the Company		17,474	30,729	11,433	8,663
Non-controlling interests		2,479	4,602	–	–
		19,953	35,331	11,433	8,663
<b>Total comprehensive income attributable to:</b>					
Owners of the Company		10,565	35,082	11,433	8,663
Non-controlling interests		71	5,829	–	–
		10,636	40,911	11,433	8,663
<b>Earnings per share attributable to ordinary shareholders of the Company (sen):</b>					
Basic	7	3.21	5.65		
Diluted	7	3.21	5.65		

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

# Statements of Financial Position

AS AT 31 DECEMBER 2024

		Group		Company	
	Note	2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000
ASSETS					
Non-current assets					
Property, plant and equipment	8	76,356	71,873	–	–
Right-of-use assets	9	41,553	32,071	–	–
Goodwill on business combination	10	5,867	–	–	–
Investment in subsidiaries	11	–	–	142,255	142,255
Deferred tax assets	12	626	577	–	–
Total non-current assets		124,402	104,521	142,255	142,255
Current assets					
Inventories	13	147,005	115,077	–	–
Trade receivables	14	217,997	207,447	–	–
Other receivables, deposits and prepayments	15	28,690	28,413	2	2
Current tax assets		7,161	8,249	58	58
Deposits with licensed banks	16	8,541	10,841	–	–
Cash and bank balances		66,869	65,728	288	1,464
		476,263	435,755	348	1,524
Non-current asset held for sale	17	–	1,176	–	–
Total current assets		476,263	436,931	348	1,524
TOTAL ASSETS		600,665	541,452	142,603	143,779

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

# Statements of Financial Position

AS AT 31 DECEMBER 2024

		Group		Company	
	Note	2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000
<b>EQUITY AND LIABILITIES</b>					
<b>Equity attributable to owners of the Company</b>					
Share capital	18	136,954	136,954	136,954	136,954
Reserves	19	147,746	150,237	5,107	6,730
		<b>284,700</b>	287,191	<b>142,061</b>	143,684
Non-controlling interests		<b>28,522</b>	30,780	–	–
<b>TOTAL EQUITY</b>		<b>313,222</b>	317,971	<b>142,061</b>	143,684
<b>Non-current liabilities</b>					
Borrowings	20	28,023	32,358	–	–
Lease liabilities	21	7,657	1,839	–	–
Deferred tax liabilities	12	1,530	1,543	–	–
Retirement benefit obligations	22	1,439	1,395	–	–
<b>Total non-current liabilities</b>		<b>38,649</b>	37,135	–	–
<b>Current liabilities</b>					
Trade payables	23	67,508	49,474	–	–
Other payables, deposits and accruals	24	8,478	8,352	542	95
Borrowings	20	162,854	122,508	–	–
Lease liabilities	21	7,483	2,084	–	–
Current tax liabilities		2,471	3,928	–	–
<b>Total current liabilities</b>		<b>248,794</b>	186,346	<b>542</b>	95
<b>TOTAL LIABILITIES</b>		<b>287,443</b>	223,481	<b>542</b>	95
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>600,665</b>	541,452	<b>142,603</b>	143,779

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

# Statements of Changes in Equity

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024

Attributable to Owners of the Company									
Note	Share Capital RM'000	Retained Earnings RM'000	Capital Reserve RM'000	Reverse Acquisition Reserve RM'000	Currency Translation Reserve RM'000	Total Other Reserves RM'000	Total Equity Attributable to Owners of the Company RM'000	Non-Controlling Interests RM'000	Total Equity RM'000
<b>Group</b>									
<b>At 1 January 2024</b>	<b>136,954</b>	<b>172,596</b>	<b>13,355</b>	<b>(40,726)</b>	<b>5,012</b>	<b>(22,359)</b>	<b>287,191</b>	<b>30,780</b>	<b>317,971</b>
Profit for the financial year	-	17,474	-	-	-	-	17,474	2,479	19,953
Foreign currency translation	-	-	-	-	(6,909)	(6,909)	(6,909)	(2,408)	(9,317)
<b>Total comprehensive income/(loss) for the financial year</b>	<b>-</b>	<b>17,474</b>	<b>-</b>	<b>-</b>	<b>(6,909)</b>	<b>(6,909)</b>	<b>10,565</b>	<b>71</b>	<b>10,636</b>
<b>Transactions with owners</b>									
Dividend paid to non-controlling shareholders of the subsidiaries	-	-	-	-	-	-	-	(2,329)	(2,329)
Dividends	-	(13,056)	-	-	-	-	(13,056)	-	(13,056)
	-	(13,056)	-	-	-	-	(13,056)	(2,329)	(15,385)
<b>At 31 December 2024</b>	<b>136,954</b>	<b>177,014</b>	<b>13,355</b>	<b>(40,726)</b>	<b>(1,897)</b>	<b>(29,268)</b>	<b>284,700</b>	<b>28,522</b>	<b>313,222</b>

25

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

# Statements of Changes in Equity

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024

Attributable to Owners of the Company									
Note	Share Capital RM'000	Retained Earnings RM'000	Capital Reserve RM'000	Reverse Acquisition Reserve RM'000	Currency Translation Reserve RM'000	Total Other Reserves RM'000	Total Equity Attributable to Owners of the Company RM'000	Non-Controlling Interests RM'000	Total Equity RM'000
<b>Group</b>									
<b>At 1 January 2023</b>	136,954	155,571	13,355	(40,726)	659	(26,712)	265,813	24,307	290,120
Profit for the financial year	-	30,729	-	-	-	-	30,729	4,602	35,331
Foreign currency translation	-	-	-	-	4,353	4,353	4,353	1,227	5,580
<b>Total comprehensive income for the financial year</b>	-	30,729	-	-	4,353	4,353	35,082	5,829	40,911
<b>Transactions with owners</b>									
Changes in ownership interests in subsidiaries	-	(1,736)	-	-	-	-	(1,736)	2,136	400
Dividend paid to non-controlling shareholders of the subsidiaries	-	-	-	-	-	-	-	(1,492)	(1,492)
Dividends	-	(11,968)	-	-	-	-	(11,968)	-	(11,968)
	-	(13,704)	-	-	-	-	(13,704)	644	(13,060)
<b>At 31 December 2023</b>	136,954	172,596	13,355	(40,726)	5,012	(22,359)	287,191	30,780	317,971

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

	Note	Share Capital RM'000	Retained Earnings RM'000	Total Equity RM'000
<b>Company</b>				
<b>At 1 January 2023</b>		136,954	10,035	146,989
Profit for the financial year, representing total comprehensive income for the financial year		–	8,663	8,663
		136,954	18,698	155,652
<b>Transactions with owners</b>				
Dividends	25	–	(11,968)	(11,968)
<b>At 31 December 2023</b>		136,954	6,730	143,684
Profit for the financial year, representing total comprehensive income for the financial year		–	11,433	11,433
		136,954	18,163	155,117
<b>Transactions with owners</b>				
Dividends	25	–	(13,056)	(13,056)
<b>At 31 December 2024</b>		136,954	5,107	142,061

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

## Statements of Cash Flows

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024

	Note	Group		Company	
		2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000
<b>Cash flows from operating activities</b>					
Profit before tax		26,531	48,031	11,433	8,663
Adjustments for:					
Bad debts written off		31	–	–	–
Deposits written off		66	–	–	–
Depreciation of:					
– property, plant and equipment	8	5,747	3,349	–	–
– right-of-use assets	9	8,755	3,380	–	–
Dividend income		–	–	(12,253)	(12,915)
Gain on termination of lease		(1)	(42)	–	–
Gain on disposal of:					
– property, plant and equipment		(193)	(296)	–	–
– non-current asset held for sale		(28)	(2,352)	–	–
Impairment losses on trade receivables	14	533	637	–	–
Impairment loss on investment in subsidiaries		–	–	–	3,360
Interest expense		9,277	7,407	–	–
Interest income		(1,172)	(956)	–	–
Inventories written down	13(d)	261	144	–	–
Net unrealised loss on foreign exchange		2,500	271	–	–
Property, plant and equipment written off		2	76	–	–
Retirement benefit obligations	22	274	264	–	–
Reversal of impairment losses on trade receivables	14	(929)	(750)	–	–
Reversal of inventories written down	13(e)	(9)	(5,458)	–	–
<b>Operating profit/(loss) before changes in working capital</b>		<b>51,645</b>	<b>53,705</b>	<b>(820)</b>	<b>(892)</b>
<u>Changes in working capital:</u>					
Inventories		(32,180)	27,646	–	–
Receivables		(8,449)	(31,080)	–	–
Payables		14,042	(31,526)	(3)	22
<b>Cash generated from/(used in) operations</b>		<b>25,058</b>	<b>18,745</b>	<b>(823)</b>	<b>(870)</b>
Retirement benefit paid		(7)	(2)	–	–
Dividend received		–	–	12,253	14,115
Income tax refunded		908	2	–	–
Income tax paid		(9,754)	(13,651)	–	–
<b>Net cash from operating activities</b>		<b>16,205</b>	<b>5,094</b>	<b>11,430</b>	<b>13,245</b>

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

	Note	Group		Company	
		2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000
<b>Cash flows from investing activities</b>					
Disposal of non-controlling interests in subsidiaries	11	–	400	–	400
Acquisition of a subsidiary, net of cash acquired	11	(9,835)	–	–	–
Interest received		1,172	956	–	–
Placement of deposits with licensed bank		(41)	–	–	–
Purchase of property, plant and equipment	8	(3,713)	(9,439)	–	–
Net proceeds from disposal of:					
– property, plant and equipment		203	480	–	–
– right-of-use assets		–	1,180	–	–
– non-current asset held for sale		1,204	3,054	–	–
Subscription of shares in subsidiaries		–	–	–	(3,860)
Net cash used in investing activities		(11,010)	(3,369)	–	(3,460)
<b>Cash flows from financing activities</b>					
Interest paid		(9,277)	(7,407)	–	–
Advances from a subsidiary		–	–	450	–
Net drawdown/(repayment) of bankers' acceptances	(a)	5,667	(17,926)	–	–
Drawdown of revolving credit	(a)	7,845	–	–	–
Repayments of hire purchase	(a)	(1,221)	(1,483)	–	–
Payments of lease liabilities	(a)	(8,052)	(3,058)	–	–
Net drawdown of foreign currency trade loan	(a)	7,585	7,644	–	–
Net drawdown of onshore foreign currency loans	(a)	281	4,036	–	–
Drawdown of term loans	(a)	175,757	188,124	–	–
Repayment of term loans	(a)	(163,131)	(165,343)	–	–
Dividend paid		(13,056)	(11,968)	(13,056)	(11,968)
Dividend paid to non-controlling shareholders of the subsidiaries		(2,329)	(1,492)	–	–
Net cash from/(used in) financing activities		69	(8,873)	(12,606)	(11,968)
Net increase/(decrease) in cash and cash equivalents		5,264	(7,148)	(1,176)	(2,183)
Effect of exchange rate changes		(8,664)	4,772	–	–
Cash and cash equivalents at the beginning of the financial year		76,415	78,791	1,464	3,647
Cash and cash equivalents at the end of the financial year	26	73,015	76,415	288	1,464

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

## Statements of Cash Flows

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024

(a) Reconciliation of liabilities arising from financing activities:

	1 January 2024 RM'000	Cash Flows RM'000	Non-cash			31 December 2024 RM'000
			Acquisition RM'000	Termination of Lease RM'000	Foreign Exchange Movement RM'000	
<b>Group</b>						
Banker acceptances	58,254	5,667	–	–	–	63,921
Foreign currency trade loan	9,883	7,585	–	–	–	17,468
Hire purchase payables	4,492	(1,221)	1,758	–	–	5,029
Lease liabilities	3,923	(8,052)	19,312	(38)	(5)	15,140
Onshore foreign currency loans	4,036	281	–	–	–	4,317
Revolving credit	–	7,845	–	–	–	7,845
Short term loans	46,219	15,471	–	–	(3,061)	58,629
Term loans	31,982	(2,845)	2,331	–	–	31,468
	158,789	24,731	23,401	(38)	(3,066)	203,817

	1 January 2023 RM'000	Cash Flows RM'000	Non-cash			31 December 2023 RM'000
			Acquisition RM'000	Termination of Lease RM'000	Foreign Exchange Movement RM'000	
<b>Group</b>						
Banker acceptances	76,180	(17,926)	–	–	–	58,254
Foreign currency trade loan	2,239	7,644	–	–	–	9,883
Hire purchase payables	5,041	(1,483)	922	–	12	4,492
Lease liabilities	5,429	(3,058)	1,900	(564)	216	3,923
Onshore foreign currency loans	–	4,036	–	–	–	4,036
Short term loans	38,596	5,989	–	–	1,634	46,219
Term loans	15,190	16,792	–	–	–	31,982
	142,675	11,994	2,822	(564)	1,862	158,789

### Company

Changes in liabilities arising from financing activities are changes arising from cash flows.

(b) Total cash outflows for leases

During the financial year, the Group had total cash outflows for leases of RM12,907,000 (2023: RM12,194,000).

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

# Notes to the Financial Statements

## 1. Corporate Information

Samchem Holdings Berhad ("the Company") is a public limited liability company, incorporated and domiciled in Malaysia and is listed on the Main Market of Bursa Malaysia Securities Berhad. The registered office and principal place of business of the Company are located at Lot 6, Jalan Sungai Kayu Ara 32/39, Seksyen 32, 40460 Shah Alam, Selangor Darul Ehsan.

The principal activities of the Company are investment holding and the provision of management services. The principal activities of the subsidiaries are disclosed in Note 11 to the financial statements.

There have been no significant changes in the nature of these principal activities during the financial year.

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the directors on 15 April 2025.

## 2. Basis of Preparation

### 2.1 Statement of compliance

The financial statements of the Group and of the Company have been prepared in accordance with Malaysian Financial Reporting Standards ("MFRSs"), International Financial Reporting Standards and the requirements of the Companies Act, 2016 in Malaysia.

### 2.2 Adoption of amendments to MFRSs

The Group and the Company have adopted the following applicable amendments to MFRSs for the current financial year:

Amendments to MFRSs	
MFRS 7	Financial Instruments: Disclosures
MFRS 16	Leases
MFRS 101	Presentation of Financial Statements
MFRS 107	Statement of Cash Flows

The adoption of the above amendments to MFRSs did not have any significant effect on the financial statements of the Group and of the Company and did not result in significant changes to the Group's and the Company's existing accounting policies.

### 2.3 New MFRSs and amendments to MFRSs that have been issued, but are yet to be effective

(a) The Group and the Company have not adopted the following new MFRSs and amendments to MFRSs that have been issued, but are yet to be effective:

New MFRSs		Effective for financial periods beginning on or after
MFRS 18	Presentation and Disclosure in Financial Statements	1 January 2027
MFRS 19	Subsidiaries without Public Accountability: Disclosures	1 January 2027

## Notes to the Financial Statements

### 2. Basis of Preparation (continued)

#### 2.3 New MFRSs and amendments to MFRSs that have been issued, but are yet to be effective (continued)

- (a) The Group and the Company have not adopted the following new MFRSs and amendments to MFRSs that have been issued, but are yet to be effective (continued):

Amendments to MFRSs		Effective for financial periods beginning on or after
MFRS 1	First-time Adoption of Malaysian Financial Reporting Standards	1 January 2026
MFRS 7	Financial Instruments: Disclosures	1 January 2026
MFRS 9	Financial Instruments	1 January 2026
MFRS 10	Consolidated Financial Statements	1 January 2026/Deferred
MFRS 107	Statement of Cash Flows	1 January 2026
MFRS 121	The Effect of Changes in Foreign Exchange Rates	1 January 2025
MFRS 128	Investments in Associates and Joint Ventures	Deferred

- (b) The Group and the Company plan to adopt the above applicable new MFRSs and amendments to MFRSs when they become effective. A brief discussion on the above significant new MFRSs and amendments to MFRSs that may be applicable to the Group and the Company are summarised below.

#### **MFRS 18 Presentation and Disclosure in Financial Statements**

MFRS 18 replaces *MFRS 101 Presentation of Financial Statements*. It retains many requirements from MFRS 101 without modification.

MFRS 18 introduces two subtotals which are to be presented in the statement of profit or loss – including “operating profit”, which has been specifically defined. Income and expenses shall be presented in five categories: operating, investing, financing, income taxes and discontinued operations.

MFRS 18 requires disclosure of explanations of the entity’s company-specific measures that are related to the statement of profit or loss, referred to as management-defined performance measures (“MPMs”). The entity is required to reconcile MPMs to a total or subtotal required by MFRS 18 or another MFRS Accounting Standards. MFRS 18 also requires other disclosures, including how each MPM is calculated, what the MPM communication about the entity’s financial performance, and any changes made to the MPMs in the year.

MFRS 18 adds new principles for aggregation and disaggregation of information. It requires the entity to classify the expenses in the “operating” category in the profit or loss by nature or function, or both. The entity that classifies operating expenses by functions are required to disclose in the notes to the financial statements, the amount of depreciation, amortisation, employee benefits, impairment losses and write-downs of inventories included in each line in the operating category. Subject to materiality, MFRS 18 requires items presented or disclosed as “other” to be labelled and/or described in as faithfully representative and precise a way as possible.

The initial application of the above applicable new MFRSs and amendments to MFRSs is not expected to have material financial impact to the current and prior years financial statements of the Group and of the Company.

#### 2.4 Functional and presentation currency

The individual financial statements of each entity in the Group are measured using the currency of the primary economic environment in which they operate (“the functional currency”). The consolidated financial statements are presented in Ringgit Malaysia (“RM”), which is also the Group’s functional currency, and has been rounded to the nearest thousand, unless otherwise stated.

## 2. Basis of Preparation (continued)

### 2.5 Basis of measurement

The financial statements of the Group and of the Company have been prepared on the historical cost basis, except as otherwise disclosed.

### 2.6 Basis of consolidation

Subsidiaries are entities over which the Group is exposed, or has rights, to variable returns through its power over the acquirees.

The Group applies the acquisition method to account for business combinations from the acquisition date when the acquired set of activities meets the definition of a business and control is transferred to the Group.

At the date of acquisition, components of non-controlling interests of the Group are measured at the non-controlling interest's proportionate share of the acquiree's identifiable net assets.

## 3. Revenue

	Group		Company	
	2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000
<b>Revenue from contract customers:</b>				
Sales of goods	1,170,668	1,132,799	–	–
Blending services	28,700	21,783	–	–
Transportation charges	15,638	7,847	–	–
	<b>1,215,006</b>	<b>1,162,429</b>	<b>–</b>	<b>–</b>
<b>Revenue from other sources:</b>				
Dividend income	–	–	12,253	12,915
	<b>1,215,006</b>	<b>1,162,429</b>	<b>12,253</b>	<b>12,915</b>

### (a) Material accounting policy information

The Group and the Company have applied the practical expedient for not to adjust the promised amount of consideration for the effects of a financing component if the Group and the Company expect that the period between the transfer of the promised goods or services to the customer and payment by the customer will be one year or less.

#### (i) Sales of goods

Revenue from the sale of goods is recognised at a point in time when control of the products has been transferred, being when the customer accepts the delivery of the goods.

Sales are made with a credit term ranging from 30 to 90 days, which is consistent with market practice, therefore, no element of financing is deemed present.

#### (ii) Blending services

Revenue from blending services is recognised at a point in time when services are rendered.

Sales are made with a credit term ranging from 30 to 90 days, which is consistent with market practice, therefore, no element of financing is deemed present.

## Notes to the Financial Statements

### 3. Revenue (continued)

#### (a) Material accounting policy information (continued)

##### (iii) Transportation charges

Transportation charges are recognised over time, based on time elapsed, to measure progress towards complete satisfaction of the service, because the customer simultaneously receives and consumes the benefits provided by the Group.

Sales are made with a credit term ranging from 30 to 90 days, which is consistent with market practice, therefore, no element of financing is deemed present.

#### (b) Disaggregation of revenue

The Group reports the following major segments: Malaysia, Republic of Indonesia, Socialist Republic of Vietnam and Republic of Singapore in accordance with MFRS 8 *Operating Segments*. For the purpose of disclosure of disaggregation of revenue, it disaggregates revenue into major goods or services and timing of revenue recognition (i.e. goods transferred at a point in time or services transferred over time).

Group	Malaysia RM'000	Republic of Indonesia RM'000	Socialist Republic of Vietnam RM'000	Republic of Singapore RM'000	Total RM'000
<b>2024</b>					
<b>Major goods or services</b>					
Chemical products	563,577	70,351	508,644	28,096	1,170,668
Blending services	28,700	–	–	–	28,700
Transportation charges	15,638	–	–	–	15,638
	607,915	70,351	508,644	28,096	1,215,006
<b>2023</b>					
<b>Major goods or services</b>					
Chemical products	531,858	77,436	493,858	29,647	1,132,799
Blending services	21,783	–	–	–	21,783
Transportation charges	7,847	–	–	–	7,847
	561,488	77,436	493,858	29,647	1,162,429
	Group		Company		
	2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000	
<b>Timing of revenue recognition:</b>					
At a point in time	1,199,368	1,154,582	–	–	
Over time	15,638	7,847	–	–	
	1,215,006	1,162,429	–	–	

#### (c) Transaction price allocated to the remaining performance obligation

The Group does not have performance obligations that are unsatisfied for contracts that have an original duration of more than one year at the reporting date.

The Group applies the practical expedient in paragraph 121(a) of MFRS 15 and accordingly, do not disclose information about remaining performance obligations that have original expected durations of one year or less.

#### 4. Profit Before Tax

Profit before tax has been arrived at after charging/(crediting):

	Group		Company	
	2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000
Auditors' remuneration – statutory audit				
– Baker Tilly Monteiro Heng PLT	362	334	109	97
– Member firms of Baker Tilly International	93	96	–	–
– Other auditors	126	91	–	–
Other services				
– Baker Tilly Monteiro Heng PLT	9	9	9	9
Bad debts written off	31	–	–	–
Depreciation of:				
– property, plant and equipment	5,747	3,349	–	–
– right-of-use assets	8,755	3,380	–	–
Deposits written off	66	–	–	–
Employee benefits expense (including key management personnel)				
– contributions to Employees Provident Fund	2,371	2,110	–	–
– retirement benefit obligations	274	264	–	–
– wages, salaries and others	35,655	32,574	54	59
Directors' fees	180	196	180	196
Expenses relating to short term leases	3,954	8,885	–	–
Gain on disposal of:				
– property, plant and equipment	(193)	(296)	–	–
– non-current asset held for sale	(28)	(2,352)	–	–
Gain on termination of lease	(1)	(42)	–	–
Impairment losses on:				
– investment in subsidiary	–	–	–	3,360
– trade receivables	533	637	–	–
Interest expense	9,277	7,407	–	–
Interest income	(1,172)	(956)	–	–
Inventories written down	261	144	–	–
Net (gain)/loss on foreign exchange:				
– realised	(1,011)	(3,642)	93	–
– unrealised	2,500	271	–	–
Property, plant and equipment written off	2	76	–	–
Rental income	(40)	(16)	–	–
Reversal of impairment losses on trade receivables	(929)	(750)	–	–
Reversal of inventories written down	(9)	(5,458)	–	–

## Notes to the Financial Statements

### 5. Directors' Remuneration

	Group		Company	
	2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000
<b>Directors of the Company</b>				
Executive directors				
– fees	–	16	–	16
– other emoluments	1,215	2,000	–	–
	1,215	2,016	–	16
Non-executive directors				
– fees	180	180	180	180
– other emoluments	54	41	54	41
	234	221	234	221
	1,449	2,237	234	237
<b>Directors of subsidiaries</b>				
Executive directors				
– other emoluments	2,909	3,825	–	–
	4,358	6,062	234	237

### 6. Income Tax Expense

	Group		Company	
	2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000
<b>Current tax:</b>				
Malaysian income tax				
– current year	5,830	7,678	–	–
– prior year	(817)	–	–	–
– real property gain tax	40	230	–	–
	5,053	7,908	–	–
Foreign income tax				
– current year	2,296	3,801	–	–
	7,349	11,709	–	–
<b>Deferred tax:</b>				
– current year	(672)	609	–	–
– prior year	(99)	382	–	–
	(771)	991	–	–
Income tax expense	6,578	12,700	–	–

## 6. Income Tax Expense (continued)

Domestic income tax is calculated at the Malaysian statutory income tax rate of 24% (2023: 24%) whilst the foreign entities in Republic of Indonesia, Socialist Republic of Vietnam and Singapore are subject to statutory income tax rate of 22%, 20% and 17% (2023: 22%, 20% and 17%) respectively of the estimated assessable profit for the financial year.

The reconciliations of income tax expense applicable to profit before tax at the statutory income tax rate to income tax expense at the effective income tax rate of the Group and of the Company are as follows:

	Group		Company	
	2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000
Profit before tax	26,531	48,031	11,433	8,663
Tax at applicable tax rate of 24% (2023: 24%)	6,367	11,527	2,744	2,079
Effect of different tax rates in foreign jurisdiction	(466)	(782)	–	–
Effect of real property gain tax	40	230	–	–
Tax effects arising from:				
– non-deductible expenses	1,431	1,993	197	1,021
– non-taxable income	(36)	(627)	(2,941)	(3,100)
Deferred tax assets not recognised in the financial statements	217	35	–	–
Utilisation of previously unrecognised deferred tax assets	(59)	(58)	–	–
Over provision of current tax in prior financial year	(817)	–	–	–
(Over)/Under provision of deferred tax liabilities in prior financial year	(99)	382	–	–
Income tax expense	6,578	12,700	–	–

## 7. Earnings Per Share Attributable to Ordinary Shareholders of the Company

### Basic earnings per share

Basic earnings per share are based on the profit for the financial year attributable to ordinary shareholders of the Company and the weighted average number of ordinary shares outstanding during the financial year, calculated as follows:

	2024	2023
Profit attributable to owners/ordinary shareholders of the Company (RM'000)	17,474	30,729
Weighted average number of ordinary shares for basic earnings per share (Unit'000)	544,000	544,000
Basic earnings per ordinary share (sen)	3.21	5.65

### Diluted earnings per share

The diluted earnings per share of the Company for the financial year ended 2024 and 2023 is same as the basic earnings per ordinary share of the Company as there were no potential dilutive ordinary shares.

## Notes to the Financial Statements

## 8. Property, Plant and Equipment

Group	Freehold Land RM'000	Buildings RM'000	Motor Vehicles RM'000	Plant and Machinery RM'000	Prime Movers and Trailers RM'000	Renovation and Office Equipment RM'000	Signboard, Furniture and Fittings RM'000	Total RM'000
<b>Cost</b>								
At 1 January 2024	7,276	50,278	17,960	11,509	–	6,402	962	94,387
Acquisition of a subsidiary (Note 11)	–	–	–	1,307	5,163	67	43	6,580
Additions	–	773	2,418	1,872	117	291	–	5,471
Disposals	–	–	(750)	–	–	(11)	–	(761)
Written off	–	–	–	–	–	(83)	–	(83)
Effect of movement in exchange rate	–	(1,441)	(248)	(494)	–	(112)	–	(2,295)
At 31 December 2024	7,276	49,610	19,380	14,194	5,280	6,554	1,005	103,299
<b>Accumulated depreciation</b>								
At 1 January 2024	–	5,720	8,848	2,527	–	4,985	434	22,514
Charge for the financial year	–	1,332	1,881	1,013	976	495	50	5,747
Disposals	–	–	(740)	–	–	(11)	–	(751)
Written off	–	–	–	–	–	(81)	–	(81)
Effect of movement in exchange rate	–	(71)	(179)	(150)	–	(86)	–	(486)
At 31 December 2024	–	6,981	9,810	3,390	976	5,302	484	26,943
<b>Carrying amount</b>								
At 31 December 2024	7,276	42,629	9,570	10,804	4,304	1,252	521	76,356

8. Property, Plant and Equipment (continued)

Group	Freehold Land RM'000	Buildings RM'000	Buildings Under Construction RM'000	Motor Vehicles RM'000	Plant and Machinery RM'000	Renovation and Office Equipment RM'000	Signboard, Furniture and Fittings RM'000	Total RM'000
<b>Cost</b>								
At 1 January 2023	7,276	17,146	33,005	15,328	9,090	7,919	767	90,531
Additions	-	14	6,405	3,069	219	187	467	10,361
Disposals	-	-	-	(731)	(418)	(11)	-	(1,160)
Written off	-	-	-	-	(4,391)	(1,760)	(291)	(6,442)
Reclassification	-	33,233	(40,329)	116	6,961	-	19	-
Effect of movement in exchange rate	-	(115)	919	178	48	67	-	1,097
At 31 December 2023	7,276	50,278	-	17,960	11,509	6,402	962	94,387
<b>Accumulated depreciation</b>								
At 1 January 2023	-	5,136	-	7,605	6,647	6,110	697	26,195
Charge for the financial year	-	531	-	1,764	507	528	19	3,349
Disposals	-	-	-	(636)	(332)	(8)	-	(976)
Written off	-	-	-	-	(4,391)	(1,693)	(282)	(6,366)
Effect of movement in exchange rate	-	53	-	115	96	48	-	312
At 31 December 2023	-	5,720	-	8,848	2,527	4,985	434	22,514
<b>Carrying amount</b>								
At 31 December 2023	7,276	44,558	-	9,112	8,982	1,417	528	71,873

## Notes to the Financial Statements

### 8. Property, Plant and Equipment (continued)

#### (a) Material accounting policy information

Property, plant and equipment are measured at cost less accumulated depreciation and any accumulated impairment losses, if any.

Freehold land has an unlimited useful life and therefore is not depreciated. Long term leasehold land is depreciated over the lease term of 99 years. Building under construction is not depreciated as the asset is not yet available for use.

All other property, plant and equipment are depreciated on straight-line basis by allocating their depreciable amounts over their remaining useful lives.

The principal annual rates used for this purpose are:

Buildings	2% - 5%
Motor vehicles	10% - 25%
Plant and machineries	10% - 25%
Prime movers and trailers	10%
Renovation and office equipment	10% - 33.3%
Signboard, furniture and fittings	10% - 15%

#### (b) Net carrying amounts of property, plant and equipment pledged as security for borrowings are as follows:

	Group	
	2024 RM'000	2023 RM'000
Freehold land	7,276	7,276
Buildings	25,490	26,105
Plant and machineries	2,005	1,196
	<b>34,771</b>	<b>34,577</b>

Net carrying amounts of property, plant and equipment pledged as security for hire purchase arrangement are as follows:

	Group	
	2024 RM'000	2023 RM'000
Motor vehicles	5,449	4,955
Plant and machineries	257	–
Prime movers and trailers	520	–
	<b>6,226</b>	<b>4,955</b>

#### (c) During the financial year, the Group made the following cash payments to purchase property, plant and equipment:

	Group	
	2024 RM'000	2023 RM'000
Additions of property, plant and equipment	5,471	10,361
Less: Financed by hire purchase	(1,758)	(922)
	<b>3,713</b>	<b>9,439</b>

## 9. Right-of-Use Assets

Information about leases for which the Group is lessees is presented below:

Group	Land RM'000	Buildings RM'000	Plant and Machineries RM'000	Storage Tank RM'000	Total RM'000
<b>Cost</b>					
At 1 January 2024	29,186	5,846	–	8,906	43,938
Acquisition of a subsidiary (Note 11)	–	–	1,674	–	1,674
Additions	–	1,032	–	16,734	17,766
Derecognition of lease	–	(221)	–	(2,201)	(2,422)
Effect of movement in exchange rate	(1,226)	(511)	–	(177)	(1,914)
At 31 December 2024	27,960	6,146	1,674	23,262	59,042
<b>Accumulated depreciation</b>					
At 1 January 2024	988	2,960	–	7,919	11,867
Depreciation charge for the financial year	573	1,447	202	6,533	8,755
Derecognition of lease	–	(184)	–	(2,201)	(2,385)
Effect of movement in exchange rate	(8)	(402)	–	(338)	(748)
At 31 December 2024	1,553	3,821	202	11,913	17,489
<b>Carrying amount</b>					
At 31 December 2024	26,407	2,325	1,472	11,349	41,553

Group	Land RM'000	Buildings RM'000	Storage Tank RM'000	Total RM'000	
<b>Cost</b>					
At 1 January 2023		31,087	8,419	10,693	50,199
Additions		–	1,633	267	1,900
Disposals		(1,290)	–	–	(1,290)
Transfer to non-current assets held for sale		(1,290)	–	–	(1,290)
Termination of lease		–	(4,115)	(2,424)	(6,539)
Reclassification		–	(292)	–	(292)
Effect of movement in exchange rate		679	201	370	1,250
At 31 December 2023		29,186	5,846	8,906	43,938
<b>Accumulated depreciation</b>					
At 1 January 2023		979	5,262	8,421	14,662
Depreciation charge for the financial year		226	1,488	1,666	3,380
Disposals		(110)	–	–	(110)
Transfer to non-current assets held for sale		(114)	–	–	(114)
Termination of lease		–	(3,593)	(2,424)	(6,017)
Reclassification		–	(292)	–	(292)
Effect of movement in exchange rate		7	95	256	358
At 31 December 2023		988	2,960	7,919	11,867
<b>Carrying amount</b>					
At 31 December 2023		28,198	2,886	987	32,071

## Notes to the Financial Statements

### 9. Right-of-Use Assets (continued)

#### (a) Material accounting policy information

The right-of-use assets are measured at cost less accumulated depreciation and any accumulated impairment losses, and adjusted for any remeasurement of the lease liabilities. The right-of-use assets are depreciated using the straight-line method from the commencement date to the end of the lease term.

The Company has elected not to recognise right-of-use assets and lease liabilities for short-term leases and leases of low value assets. The Company recognises the lease payments as an operating expense on a straight-line basis over the term of the lease.

- (b) The Group leases land, buildings and storage tank for its office use and operations. The leases generally have lease term between 1 to 99 years, including the renewed terms.

Land includes land use rights with carrying amount of RM14,334,012 (2023: RM15,999,967) over certain parcels of land located in the Republic of Indonesia and the Socialist Republic of Vietnam with remaining tenure of 16 years to 33 years (2023: 17 years to 34 years) respectively.

Land with carrying amount of RM12,073,898 (2023: RM12,199,185) is pledged as security for borrowings as disclosed in Note 20.

### 10. Goodwill on Business Combination

Group	RM'000
<b>Cost</b>	
At 1 January 2024	–
Acquisition of a subsidiary (Note 11)	5,867
At 31 December 2024	5,867
<b>Accumulated impairment loss</b>	
At 1 January/31 December 2024	–
<b>Carrying amount</b>	
At 31 December 2024	5,867

#### (a) Significant accounting judgements, estimates and assumptions

Goodwill is tested for impairment annually and at other times when such indicators exist. This requires an estimation of the value-in-use of the cash generating unit ("CGU") to which goodwill is allocated. When value-in-use calculations are undertaken, the Group uses its judgement to decide the discount rate applied in the recoverable amount calculation and assumptions supporting the underlying cash flow projections, including forecast growth rates and gross profit margin. Cash flows that are projected based on those inputs or assumptions may have a significant effect on the Group's financial position and results if the actual cash flows are less than the expected.

## 10. Goodwill on Business Combination (continued)

### (b) Goodwill impairment assessment

Goodwill arose from the acquisition of CKJ Logistics Sdn. Bhd. which operates in the logistic services segment.

Goodwill is assessed at least annually at each reporting date regardless of any indication of impairment by comparing the carrying amount with the recoverable amount of each cash generating unit ("CGU").

The recoverable amount of CGU has been determined based on value-in-use calculations using cash flows projection from financial budgets and forecasts approved by management covering a five-year period. Cash flows beyond five-year period are extrapolated.

The following describes each key assumptions for which management has based its five-year cash flows projections to undertake the impairment testing of goodwill:

	Revenue Growth	Gross Margin	Discount Rate
<b>2024</b>			
Logistic services	13%	30%	18%

The values assigned to the above key assumptions represent the Group's assessment of future trends in the industry and are based on both external sources and internal source of information.

- (i) Revenue growth – compound average growth rate over the five-year projection period based on number of trucks and sales volumes.
- (ii) Gross margin – average based on past experience and projected gross margin.
- (iii) Discount rate – based on the industry weighted average cost of capital. The discount rate applied to the cash flow projections is pre-tax and reflects management's estimate of the risks specific to the CGU at the date of assessment.

Based on the annual impairment testing undertaken by the Group, no impairment losses were required for the carrying amount of the goodwill assessed as the recoverable amount was in excess of the carrying amount of the CGU.

Based on the sensitivity analysis performed, the Group believes that there is no reasonably possible change in key assumptions that would cause the carrying amount of the CGU to exceed its recoverable amount.

## Notes to the Financial Statements

### 11. Investments in Subsidiaries

	Company	
	2024 RM'000	2023 RM'000
<b>At cost</b>		
Unquoted shares	88,495	92,155
Less: Accumulated impairment losses	(2,847)	(6,507)
	85,648	85,648
Capital contributions to subsidiaries	56,607	56,607
	142,255	142,255

The details of subsidiaries are as follows:

Name of Company	Principal Place of Business/ Country of Incorporation	Ownership Interest		Principal Activities
		2024	2023	
Held by the Company				
Samchem Logistics Services Sdn. Bhd.	Malaysia	70%	70%	Provision of logistics services
Samchem Industries Sdn. Bhd.	Malaysia	100%	100%	Distribution of specialty chemicals
Samchem Lubricants Sdn. Bhd.	Malaysia	100%	100%	Distribution of industrial lubricants
Samchem Nusajaya Sdn. Bhd.	Malaysia	100%	100%	Distribution of intermediate and specialty chemicals and blending of customised solvents
Eweny Chemicals Sdn. Bhd.	Malaysia	100%	100%	Ceased operation
Samchemsphere Export Sdn. Bhd.	Malaysia	100%	100%	Export of intermediate and specialty chemicals
Samchem Sdn. Bhd.	Malaysia	100%	100%	Distribution of Polyurethane (PU), intermediate and specialty chemicals and investment holding
* Sampro Distribution Sdn. Bhd.	Malaysia	–	95%	Ceased operation
Samsentosa Chemicals Sdn. Bhd.	Malaysia	100%	100%	Distribution of industrial chemicals
Samchem Inorganic Chemicals Sdn. Bhd.	Malaysia	100%	100%	Distribution of industrial chemicals
SC Udes Sdn. Bhd.	Malaysia	60%	60%	Provision of logistics services
SC Terminals Sdn. Bhd.	Malaysia	100%	100%	Dormant
^ PT Samchem Prasandha	Republic of Indonesia	96.5%	96.5%	Distribution of industrial chemicals
# Samchem (Singapore) Pte. Ltd.	Republic of Singapore	100%	100%	Distribution of intermediate and specialty chemicals and blending of customised solvents

## 11. Investments in Subsidiaries (continued)

The details of subsidiaries are as follows (continued):

Name of Company	Principal Place of Business/ Country of Incorporation	Ownership Interest		Principal Activities
		2024	2023	
Held through Samchem Sdn. Bhd.				
^ PT Samchem Prasandha	Republic of Indonesia	3.5%	3.5%	Distribution of industrial chemicals
^ PT Samchem Kimiatama Solution	Republic of Indonesia	3.5%	3.5%	Processing industry and wholesale trade
Held through SC Udes Sdn. Bhd.				
CKJ Logistics Sdn. Bhd.	Malaysia	100%	–	Providing freight forwarding, logistics services, equipment leasing and transport services
Held through PT Samchem Prasandha				
^ PT Samchem Kimiatama Solution	Republic of Indonesia	96.5%	96.5%	Processing industry and wholesale trade
Held through Samchemsphere Export Sdn. Bhd.				
# Sam Chem Sphere Joint Stock Company	Socialist Republic of Vietnam	63.25%	63.25%	Distribution of PU, intermediate and specialty chemicals
Held through Sam Chem Sphere Joint Stock Company				
# Samchemsphere Indochina (Vietnam) Company Limited	Socialist Republic of Vietnam	100%	100%	Blending of PU and intermediate chemicals
@Samm Sphere (Cambodia) Company Limited	Cambodia	100%	100%	Dormant
@Samchem Sphere (Myanmar) Company Limited	Myanmar	100%	100%	Dormant
# Meridian Chemicals (Vietnam) Company Limited	Socialist Republic of Vietnam	100%	100%	Blending and distribution of chemicals

# Audited by a firm of auditors other than Baker Tilly Monteiro Heng PLT.

<sup>^</sup> Audited by an independent member firm of Baker Tilly International.

@ Consolidated using unaudited management accounts, no statutory requirement for the financial statements to be audited at financial year end.

\* Subsidiary was struck off on 23 July 2024.

### (a) Material accounting policy information

In the Company's statement of financial position, investments in subsidiaries are measured at cost less any accumulated impairment losses.

Capital contributions represent unsecured, interest free, non-trade balances with subsidiaries. As these balances are, in substance, a part of the Company's net investment in the subsidiaries, they are stated at cost less accumulated impairment loss, if any. The settlement of these balances is neither planned nor likely to occur in the foreseeable future as it is the intention of the Company to treat them as long-term source of capital to the subsidiaries.

## Notes to the Financial Statements

### 11. Investments in Subsidiaries (continued)

#### (b) Acquisition of CKJ Logistics Sdn. Bhd.

On 1 February 2024, SC Udes Sdn. Bhd. acquired 100% of equity interest in the shares of CKJ Logistics Sdn. Bhd. ("CKJ"). CKJ is involved in the logistic services.

##### (i) Fair value of consideration transferred/payable:

	RM'000
Cash consideraton	8,530

##### (ii) Fair values of identifiable assets acquired and liabilities recognised:

	RM'000
<b>Assets</b>	
Property, plant and equipment (Note 8)	6,580
Right-of-use assets (Note 9)	1,674
Cash and bank balances	151
Current tax assets	92
Trade and other receivables	1,769
<b>Total assets</b>	<b>10,266</b>
<b>Liabilities</b>	
Borrowings	(3,787)
Lease liabilities	(1,546)
Deferred tax liabilities	(655)
Trade and other payables	(1,615)
<b>Total liabilities</b>	<b>(7,603)</b>
<b>Total identifiable net assets acquired</b>	<b>2,663</b>
Goodwill arising on acquisition (Note 10)	5,867
Fair value of consideration transferred	8,530

##### Goodwill

Goodwill arising from the acquisition comprises the value of expected synergies arising from the acquisition and non-identifiable intangible assets which are not separately recognised.

##### Acquisition-related costs

Acquisition-related costs of the business combination amounted to RM29,090, were recognised in profit or loss as administrative expenses.

##### (iii) Effects of acquisitions on cash flows:

	RM'000
Fair value of consideration transferred	8,530
Less: Cash and cash equivalents of subsidiary acquired, net of bank overdrafts	(1,305)
<b>Net cash outflows on acquisitions</b>	<b>9,835</b>

## 11. Investments in Subsidiaries (continued)

### (b) Acquisition of CKJ Logistics Sdn. Bhd. (continued)

#### (iv) Effects of acquisition in the consolidated statement of comprehensive income

From the date of acquisition, the subsidiary's contributed revenue and profit net of tax are as follows:

	RM'000
Revenue	8,600
Profit for the financial year	81

If the acquisition had occurred on 1 January 2024, the consolidated results for the financial year ended 31 December 2024 would have been as follows:

	RM'000
Revenue	1,215,665
Profit for the financial year	19,847

### (c) Changes in shareholdings in subsidiaries

#### 2024

On 12 March 2024, the directors of Sampro Distribution Sdn. Bhd., a subsidiary of the Company, approved to request the Companies Commission of Malaysia to exercise its power to strike the Company's name off the Register.

#### 2023

On 6 July 2023, the Company disposed of its 20% equity investment in SC Udes Sdn. Bhd. for a consideration of RM400,000. Consequently, the Company's effective ownership in SC Udes Sdn. Bhd. decreased from 80% to 60%.

### (d) Subscription of shares in subsidiaries

#### 2023

On 23 August 2023, the Company subscribed for 500,000 ordinary shares in Samchem Inorganic Chemicals Sdn. Bhd. for a total cash consideration of RM500,000.

On 5 December 2023, the Company subscribed for 3,360,000 ordinary shares in Sampro Distribution Sdn. Bhd. ("Sampro") for a total cash consideration of RM3,360,000. Consequently, the Company's effective ownership in Sampro increased from 60% to 95%.

### (e) Incorporation of subsidiary

#### 2023

On 8 September 2023, PT Samchem Prasandha and Samchem Sdn. Bhd., both wholly owned subsidiaries of the Company, incorporated PT Samchem Kimiatama Solution ("PTSKS") by way of subscription of 9,650,000 and 350,000 ordinary shares respectively for a total cash consideration of RM3,084,620. Consequently, PTSKS became an indirect subsidiary of the Company.

## Notes to the Financial Statements

### 11. Investments in Subsidiaries (continued)

#### (f) Non-controlling interests ("NCI") in subsidiaries

(i) The subsidiaries of the Group that have material NCI are as follows:

	Sam Chem Sphere Joint Stock Company RM'000	Other Individually Immaterial Subsidiaries RM'000	Total RM'000
<b>2024</b>			
NCI effective ownership interest and voting interest	36.75%		
Carrying amount of NCI	28,677	(155)	28,522
Profit/(Loss) allocated to NCI	2,759	(280)	2,479
Total other comprehensive loss allocated to NCI	(1,699)	(709)	(2,408)
Total comprehensive income/(loss) allocated to NCI	1,060	(989)	71
<b>2023</b>			
NCI effective ownership interest and voting interest	36.75%		
Carrying amount of NCI	29,844	936	30,780
Profit/(Loss) allocated to NCI	4,974	(372)	4,602
Total other comprehensive income allocated to NCI	796	431	1,227
Total comprehensive income allocated to NCI	5,770	59	5,829

(ii) The summarised financial information before intra-group elimination of the subsidiaries that have material NCI as at each reporting date are as follows:

	Sam Chem Sphere Joint Stock Company	
	2024 RM'000	2023 RM'000
<b>Assets and liabilities</b>		
Non-current assets	39,851	30,088
Current assets	142,155	139,138
Non-current liabilities	(5,778)	(666)
Current liabilities	(98,195)	(87,352)
Net assets	78,033	81,208

## 11. Investments in Subsidiaries (continued)

### (f) Non-controlling interests ("NCI") in subsidiaries (continued):

- (ii) The summarised financial information before intra-group elimination of the subsidiaries that have material NCI as at each reporting date are as follows (continued):

	Sam Chem Sphere Joint Stock Company	
	2024 RM'000	2023 RM'000
<b>Results</b>		
Revenue	472,380	493,772
Profit for the financial year	7,507	13,535
Other comprehensive (loss)/income	(4,622)	2,166
Total comprehensive income for the financial year	2,885	15,701
Cash flows generated from/(used in):		
– operating activities	3,773	13,542
– investing activities	(376)	32
– financing activities	(399)	(21,856)
Net increase/(decrease) in cash and cash equivalents	2,998	(8,282)
Dividends paid to NCI	2,329	1,492

- (iii) There are no restrictions in the ability of the Group to access or use the assets and settle the liabilities of the subsidiaries.

## 12. Deferred Tax Assets/(Liabilities)

	Group	
	2024 RM'000	2023 RM'000
At 1 January	(966)	(11)
Recognised in profit or loss	771	(991)
Acquisition of a subsidiary (Note 11)	(655)	–
Effect of movements in exchange rate	(54)	36
At 31 December	(904)	(966)

Presented after appropriate offsetting as follows:

	2024 RM'000	2023 RM'000
Deferred tax assets	626	577
Deferred tax liabilities	(1,530)	(1,543)
	(904)	(966)

## Notes to the Financial Statements

### 12. Deferred Tax Assets/(Liabilities) (continued)

The components of deferred tax assets and liabilities during the financial year prior to offsetting are as follows:

	At 1 January 2023 RM'000	Recognised in Profit or Loss (Note 6) RM'000	Exchange Differences RM'000	At 31 December 2023 RM'000	Recognised in Profit or Loss (Note 6) RM'000	Acquisition of A Subsidiary RM'000	Exchange Differences RM'000	At 31 December 2024 RM'000
<b>Group</b>								
Deductible temporary differences in respect of expenses	1,037	(317)	36	756	614	–	(54)	1,316
Difference between the carrying amounts of property, plant and equipment and their tax base	(1,048)	(636)	–	(1,684)	(140)	(655)	–	(2,479)
Unutilised tax losses	–	(38)	–	(38)	297	–	–	259
	(11)	(991)	36	(966)	771	(655)	(54)	(904)

The estimated amount of temporary differences for which no deferred tax assets are recognised in the financial statements are as follows:

	Group	
	2024 RM'000	2023 RM'000
Deductible temporary differences in respect of expenses	875	797
Unutilised tax losses	8,490	7,684
Unabsorbed capital allowances	117	340
	9,482	8,821

The unutilised tax losses are available for offset against future taxable profits of the subsidiaries up to the following financial years:

	Group	
	2024 RM'000	2023 RM'000
2028	6,834	6,834
2029	–	–
2030	66	66
2031	256	256
2032	146	146
2033	382	382
2034	806	–
	8,490	7,684

### 13. Inventories

	Group	
	2024 RM'000	2023 RM'000
At cost:		
Trading goods	142,461	110,105
Goods-in-transit	4,341	4,769
Packaging materials	203	203
	<b>147,005</b>	<b>115,077</b>

#### (a) Material accounting policy information

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

#### (b) Significant accounting judgements, estimates and assumptions

Reviews are made periodically by the Group on damaged and slow-moving inventories. These reviews require judgement and estimates. In determining the net realisable value of the inventories, an estimation of the recoverable amount of inventories on hand is performed by the Group based on the most reliable evidence available at the time the estimates are made. These estimates take into consideration the fluctuations of selling price or any inventories on hand that may not be realised, as a result of events occurring after the end of the reporting period to the extent such events confirm conditions existing at the end of the reporting period. Possible changes in these estimates could result in revisions to the valuation of inventories.

- (c) The cost of inventories of the Group recognised as an expense in cost of sales during the financial year was RM1,092,499,072 (2023: RM1,038,507,756).
- (d) The amount recognised as an expense in other expenses during the financial year in respect of write down of inventories to net realisable value was RM261,087 (2023: RM144,377).
- (e) During the financial year, the Group reversed inventories written down previously amounting to RM9,214 (2023: RM5,458,472), as these inventories were sold above their carrying amounts with the improvement in selling prices. The amount is included in other income.

## Notes to the Financial Statements

### 14. Trade Receivables

	Group	
	2024 RM'000	2023 RM'000
Trade receivables	223,738	213,894
Less: Allowance for impairment losses	(5,741)	(6,447)
	<b>217,997</b>	<b>207,447</b>

#### (a) Significant accounting judgements, estimates and assumptions

The provisions of expected credit losses for receivables are based on assumptions about risk of default and expected loss rate. The Group uses judgement in making these assumptions and selecting inputs to the expected credit losses ("ECL") calculation, based on the Group's past history, existing market conditions as well as forward looking estimates at the end of each reporting period.

The assessment of the correlation between historical observed default rates, forward-looking estimates and ECL is a significant estimate. The amount of ECL is sensitive to changes in circumstances and of forecast economic conditions over the expected settlement period of the trade receivables. The Group's assessment of the indicators, historical credit loss experience and forecast of economic conditions may also not be representative of customer's actual default in the future.

Trade receivables are non-interest bearing and normal credit terms offered by the Group and ranging from 30 to 90 days (2023: 30 to 90 days) from the date of invoices. Other credit terms are assessed and approved on a case-by-case basis.

The movement in the allowance for impairment losses of trade receivables is as follows:

	Group	
	2024 RM'000	2023 RM'000
At 1 January	6,447	6,636
Charge for impairment losses (Note 4)	533	637
Written off	–	(239)
Reversal of impairment losses (Note 4)	(929)	(750)
Effect of movement in exchange rate	(310)	163
At 31 December	<b>5,741</b>	<b>6,447</b>

The information about the credit exposures is disclosed in Note 30(b)(i).

**15. Other Receivables, Deposits and Prepayments**

	Group		Company	
	2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000
Other receivables	773	523	2	2
Advance payments to suppliers	2,822	7,280	–	–
GST/VAT refundable	22,497	18,411	–	–
Deposits	1,133	1,060	–	–
Prepayments	1,465	1,139	–	–
	<b>28,690</b>	<b>28,413</b>	<b>2</b>	<b>2</b>

(a) Included in GST/VAT refundable of the Group is an amount of RM22,492,000 (2023: RM18,407,000) being indirect taxes paid in advance to tax authorities by certain foreign subsidiaries.

**16. Deposits with Licensed Banks**

The deposits with licensed banks of the Group bear effective interest rates ranging from 0.80% to 2.40% (2023: 0.80% to 4.50%) per annum and mature between 31 days to 1 year (2023: 2 days to 1 year).

Deposits amounting to RM194,440 (2023: RM154,034) are pledged for bank borrowings granted to the subsidiaries (Note 20). As such, these deposits are not available for general use.

**17. Non-Current Asset Held for Sale**

	Group	
	2024 RM'000	2023 RM'000
Buildings	–	1,176

**2023**

On 26 December 2023, Samchem Sdn. Bhd., a wholly-owned subsidiary of the Company entered into a sale and purchase agreement with Let Ah Boon and Yeo Hui Lin for the disposal of two storey industrial shophot erected on a leasehold land for a total cash consideration of RM1,250,000 ("Building Disposal"). Accordingly, the building has been classified as non-current asset held for sale. The sale was completed during the financial year.

**18. Share Capital**

	Group and Company			
	2024 Number of Shares Unit '000	2024 Amount RM'000	2023 Number of Shares Unit '000	2023 Amount RM'000
<b>Issued and fully paid up (no par value):</b>				
At 1 January/31 December	<b>544,000</b>	<b>136,954</b>	<b>544,000</b>	<b>136,954</b>

The holders of ordinary shares are entitled to receive dividends from time to time and are entitled to one vote per share at meetings of the Company. All shares rank equally with regard to the Company's residual assets.

## Notes to the Financial Statements

### 19. Reserves

	Group		Company	
	2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000
Capital reserve	13,355	13,355	–	–
Reverse acquisition reserve	(40,726)	(40,726)	–	–
Currency translation reserve	(1,897)	5,012	–	–
Retained earnings	177,014	172,596	5,107	6,730
	147,746	150,237	5,107	6,730

#### (a) Capital reserve

Capital reserve relates to reserve arising from bonus issue in subsidiary.

#### (b) Reverse acquisition reserve

Reverse acquisition reserve relates to the difference between the issued equity of the Company together with the deemed business combination costs and the issued equity of Samchem Sdn. Bhd..

Pursuant to the share sales agreement signed between Samchem Sdn. Bhd. and Samchem Holdings Berhad on 16 June 2008, the Company had on 20 February 2009 completed the acquisition of a total of 8 companies ("Acquired Group") namely Samchem Sdn. Bhd., Samchem Logistics Services Sdn. Bhd., Samchem Industries Sdn. Bhd., Samchem Nusajaya Sdn. Bhd., Samchem Lubricants Sdn. Bhd., Eweny Chemicals Sdn. Bhd., Samchemsphere Export Sdn. Bhd. and Samchem Enviro Cycle Sdn. Bhd.. The Group's consolidated statement of comprehensive income, statement of financial position, statement of changes in equity and statement of cash flows are prepared and presented as a continuation of the Acquired Group (the acquirer for reverse acquisition accounting purposes).

For the purpose of reverse acquisition accounting, the cost of acquisition by the Acquired Group of the Company (the legal parent) is recorded as equity. The cost of acquisition is determined using the fair value of the issued equity of the Company before acquisition. It is deemed to be incurred by the Acquired Group in the form of equity issued to the owners of the legal parent.

Since such consolidated financial statements represent a continuation of the financial statements of the Acquired Group:

- (i) the assets and liabilities of the Acquired Group are recognised and measured in the consolidated statement of financial position at their pre-combination carrying amount;
- (ii) the retained earnings and the other equity balances recognised in those consolidated financial statements are the retained earnings and other equity balances of the Acquired Group immediately before the business combination; and
- (iii) the amount recognised as issued equity instruments in those consolidated financial statements is determined by adding to the issued equity of the Acquired Group immediately before the business combination the costs of the combination of the acquisition. However, the equity structure appearing in those consolidated financial statements (i.e. the number and type of equity instruments issued) reflect the equity structure of the legal parent (the Company), including the equity instruments issued by the Company to reflect the combination.

#### (c) Currency translation reserve

The currency translation reserve is used to record foreign currency exchange differences arising from the translation of the financial statements of foreign operations whose functional currencies are different from that of the Group's presentation currency.

## 20. Borrowings

	Group	
	2024 RM'000	2023 RM'000
<b>Non-current:</b>		
<b>Secured:</b>		
Hire purchase payables – RM	3,186	3,123
– IDR	9	–
Term loans – RM	15,143	14,891
– VND	9,685	14,344
<b>Total non-current borrowings</b>	<b>28,023</b>	<b>32,358</b>
<b>Current:</b>		
<b>Secured:</b>		
Bankers' acceptances – RM	63,921	58,254
Bank overdraft	2,200	–
Hire purchase payables – RM	1,783	1,310
– IDR	51	59
Short term loans – VND	58,629	46,219
Foreign currency trade loans – USD	10,126	–
Onshore foreign currency loans – USD	4,317	4,036
Revolving credit	7,845	–
Term loans – RM	1,798	1,552
– VND	4,842	1,195
	<b>155,512</b>	<b>112,625</b>
<b>Unsecured:</b>		
Foreign currency trade loans – USD	7,342	9,883
	<b>7,342</b>	<b>9,883</b>
<b>Total current borrowings</b>	<b>162,854</b>	<b>122,508</b>
<b>Total borrowings</b>	<b>190,877</b>	<b>154,866</b>

	Group	
	2024 RM'000	2023 RM'000
<b>Total borrowings</b>		
Bankers' acceptances	63,921	58,254
Bank overdraft	2,200	–
Hire purchase payables	5,029	4,492
Short term loans	58,629	46,219
Foreign currency trade loan	17,468	9,883
Onshore foreign currency loans	4,317	4,036
Revolving credit	7,845	–
Term loans	31,468	31,982
	<b>190,877</b>	<b>154,866</b>

## Notes to the Financial Statements

### 20. Borrowings (continued)

The secured borrowings of the Group are secured by the following:

- (a) letter of set-off over the deposits with licensed banks of subsidiaries (Note 16);
- (b) legal charge over the freehold land, leasehold land and buildings of subsidiaries (Notes 8 and 9); and
- (c) corporate guarantee from the Company and a subsidiary.

The borrowings bear interest at rates as follows:

	Group	
	2024 % per annum	2023 % per annum
Bankers' acceptances	3.80 to 4.27	3.50 to 4.58
Bank overdraft	7.30 to 7.79	Nil
Hire purchase payables	2.03 to 5.31	2.03 to 11.75
Short term loans	3.50 to 4.50	3.10 to 4.40
Foreign currency trade loan	5.26 to 7.25	6.21 to 6.49
Onshore foreign currency loans	5.45 to 5.58	6.50 to 6.55
Revolving credit	5.59	Nil
Term loans	3.57 to 7.65	3.12 to 8.49

The maturity profile of term loans is as follows:

	Group	
	2024 % per annum	2023 % per annum
Repayable within 1 year	6,640	2,747
Repayable after 1 year but not later than 2 years	6,640	5,428
Repayable after 2 years but not later than 3 years	6,640	5,428
Repayable after 3 years but not later than 4 years	1,717	5,428
Repayable after 4 years but not later than 5 years	1,631	4,232
Repayable after 5 years	8,200	8,719
	<b>31,468</b>	<b>31,982</b>

Certain motor vehicles of the Group as disclosed in Note 8 are pledged for hire purchase.

The maturity profile of hire purchase payables is as follows:

	Group	
	2024 RM'000	2023 RM'000
Future minimum payments		
– within 1 year	2,064	1,580
– between 2 and 5 years	3,406	3,346
	<b>5,470</b>	<b>4,926</b>
Future finance charges on hire purchase	(441)	(434)
Present value of minimum payments	5,029	4,492
Payable within 1 year (included under current liabilities)	(1,834)	(1,369)
Payable between 2 and 5 years (included under non-current liabilities)	3,195	3,123

## 21. Lease Liabilities

	Group	
	2024 RM'000	2023 RM'000
<b>Non-current</b>		
Lease liabilities	7,657	1,839
<b>Current</b>		
Lease liabilities	7,483	2,084
	<b>15,140</b>	<b>3,923</b>

The weighted average incremental borrowing rate applied to the lease liabilities was 5.59% (2023: 4.62%) per annum.

	Group	
	2024 RM'000	2023 RM'000
Future minimum lease payments	15,985	4,127
Less: Future finance charges	(845)	(204)
Total present value of minimum lease payments	<b>15,140</b>	<b>3,923</b>
<b>Current liabilities</b>		
Payable within one year		
Future minimum lease payments	8,071	2,226
Less: Future finance charges	(588)	(142)
Present value of minimum lease payments	<b>7,483</b>	<b>2,084</b>
<b>Non-current liabilities</b>		
Payable more than 1 year but not more than 5 years		
Future minimum lease payments	7,914	1,901
Less: Future finance charges	(257)	(62)
Present value of minimum lease payments	<b>7,657</b>	<b>1,839</b>
Total present value of minimum lease payments	<b>15,140</b>	<b>3,923</b>

## 22. Retirement Benefit Obligations

A subsidiary of the Company in Indonesia operates an unfunded defined benefit scheme, as required under the Labour Law of the Republic of Indonesia.

	Group	
	2024 RM'000	2023 RM'000
At 1 January	1,395	1,028
Provision made during the financial year	274	264
Utilised during the financial year	(7)	(2)
Effect of exchange rate difference	(223)	105
At 31 December	<b>1,439</b>	<b>1,395</b>

## Notes to the Financial Statements

### 22. Retirement Benefit Obligations (continued)

The amounts recognised in the statements of financial position are determined as follows:

	Group	
	2024 RM'000	2023 RM'000
Present value obligations	<b>1,439</b>	1,395

The expenses recognised in profit or loss are as follows:

	Group	
	2024 RM'000	2023 RM'000
Current service costs	<b>186</b>	185
Interest on obligation	<b>88</b>	79
	<b>274</b>	264

The defined benefit obligation expense was determined based on actuarial valuations prepared by an independent actuary using the projected unit credit method. Principal assumptions as at the reporting date are as follows:

	Group	
	2024	2023
Normal retirement age	<b>60 years old</b>	60 years old
Discount rate	<b>7.09%</b>	6.80%
Future salary increases	<b>9.00%</b>	9.00%
Withdrawal rate	<b>2.5% at age 15 and linearly decreasing up to age 59</b>	2.5% at age 15 and linearly decreasing up to age 59
Mortality rate	<b>TMI IV</b>	TMI IV

#### Sensitivity analysis

The sensitivity of the retirement benefits obligations to the significant actuarial assumptions at the end of the reporting date are shown below:

Group	Reasonably Possible Change in Assumption	Effect on Retirement Benefit Obligations	
		Increase RM'000	Decrease RM'000
<b>2024</b>			
Discount rate	<b>1.0%</b>	<b>(164)</b>	<b>211</b>
Future salary growth	<b>1.0%</b>	<b>212</b>	<b>(164)</b>
<b>2023</b>			
Discount rate	1.0%	(162)	212
Future salary growth	1.0%	212	(162)

The sensitivity analysis above have been determined based on a method that extrapolates the impact on retirement benefits obligations as a result of reasonable changes in significant actuarial assumptions occurring at the end of the reporting date.

At 31 December 2024, the weighted-average duration of the defined benefit obligation is 16.47 years (2023: 17.56 years).

### 23. Trade Payables

	Group	
	2024 RM'000	2023 RM'000
External parties	67,508	49,474

The normal trade credit term granted by the suppliers to the Group ranges from 30 to 90 days (2023: 30 to 90 days).

### 24. Other Payables, Deposits and Accruals

		Group		Company	
	Note	2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000
Sundry payables		2,608	3,410	–	–
Subsidiary	(a)	–	–	450	–
GST/SST/VAT payable		465	313	–	–
Contract liabilities	(b)	1,821	249	–	–
Accruals		3,584	4,380	92	95
		8,478	8,352	542	95

(a) The amounts owing from a subsidiary are non-trade in nature, unsecured, non-interest bearing, repayable on demand and expected to be settled in cash.

(b) The contract liabilities relate to the advances received from contract customers for sale of goods. The contract liabilities are expected to be recognised as revenue over a period of 30 to 90 days.

Significant changes to contract liabilities balance during the year are as follows:

	Group	
	2024 RM'000	2023 RM'000
Revenue recognised that was included in contract liabilities at the beginning of the financial year	(249)	(292)
Increase due to cash received, excluding amounts recognised as revenue during the financial year	1,821	249

### 25. Dividends

	Group and Company	
	2024 RM'000	2023 RM'000
<b>Recognised during the financial year</b>		
Dividends on ordinary shares:		
– Single-tier third interim dividend for the financial year ended 31 December 2023: 0.6 sen (2022: 0.6 sen) per ordinary share	3,264	3,264
– Single-tier fourth interim dividend for the financial year ended 31 December 2023: 0.8 sen (2022: 0.6 sen) per ordinary share	4,352	3,264
– Single-tier first interim dividend for the financial year ended 31 December 2024: 0.5 sen (2023: 0.5 sen) per ordinary share	2,720	2,720
– Single-tier second interim dividend for the financial year ended 31 December 2024: 0.5 sen (2023: 0.5 sen) per ordinary share	2,720	2,720
	13,056	11,968

## Notes to the Financial Statements

### 25. Dividends (continued)

On 28 February 2025, the directors declared a third interim single-tier exempt dividend of 0.8 sen per ordinary share on 544,000,000 ordinary shares amounting to RM4,352,000 in respect of the financial year ended 31 December 2024, which was paid on 8 April 2025. This third interim dividend will be accounted for in equity as an appropriation of retained earnings in the financial year ending 31 December 2025.

The directors do not recommend the payment of any final dividend for the financial year ended 31 December 2024.

### 26. Cash and Cash Equivalents

	Group		Company	
	2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000
Cash and bank balances	66,869	65,728	288	1,464
Deposits with licensed banks (Note 16)	8,541	10,841	–	–
Less: Fixed deposit pledged (Note 16)	(195)	(154)	–	–
Less: Bank overdraft (Note 20)	(2,200)	–	–	–
	73,015	76,415	288	1,464

### 27. Capital Commitment

The Group has made commitments for the following capital expenditures:

	Group	
	2024 RM'000	2023 RM'000
Plant and machineries	–	523

### 28. Related Parties

#### (a) Identity of related parties

Parties are considered to be related to the Group if the Group has the ability, directly or indirectly, to control the party or exercise significant influence over the party in making financial and operational decisions, or vice versa, or where the Group and the party are subject to common control. Related parties may be individuals or other entities.

Related parties of the Group include:

- (i) Subsidiaries;
- (ii) Entities in which the directors of the subsidiaries have substantial financial interests; and
- (iii) Key management personnel of the Group and the Company, comprise persons (including directors) having the authority and responsibility for planning, directing and controlling the activities directly or indirectly.

## 28. Related Parties (continued)

## (b) Significant related party transactions

Significant related party transactions other than disclosed elsewhere in the financial statements are as follows:

	Group	
	2024 RM'000	2023 RM'000
<b>Transactions with companies in which certain directors of subsidiaries have financial interests:</b>		
Purchases of products	4,012	1,445
Sales of products	(273)	(78)
Commission received	–	(330)
<hr/>		
	Company	
	2024 RM'000	2023 RM'000
<b>Transactions with subsidiaries:</b>		
Dividend income	(12,253)	(12,915)

Significant outstanding balances with related parties at the end of the reporting period are as disclosed in Note 24 to the financial statements.

## (c) Compensation of key management personnel

The remuneration of the key management personnel is as follows:

	Group		Company	
	2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000
<b>Directors of the Company and subsidiaries:</b>				
Non-executive director				
– Fees	180	180	180	180
– Other emoluments	54	41	54	41
	234	221	234	221
Executive directors				
– Short term employee benefits	3,816	5,399	–	–
– Post-employment benefits	308	426	–	–
– Fees	–	16	–	16
	4,124	5,841	–	16
	4,358	6,062	234	237
<b>Other key management personnel:</b>				
– Short term employee benefits	666	925	–	–
– Post-employment benefits	84	114	–	–
	750	1,039	–	–
	5,108	7,101	234	237

## Notes to the Financial Statements

### 29. Segment Information

The Group prepared the geographical segment information in accordance with MFRS 8 *Operating Segments* based on the internal reports of the Group's strategic business units which are regularly reviewed by the Group Chief Executive Officer ("CEO") for the purpose of making decisions about resource allocation and performance assessment.

The reportable operating segments are as follows:

- (i) Malaysia
- (ii) Republic of Indonesia
- (iii) Socialist Republic of Vietnam
- (iv) Republic of Singapore

#### Segment revenue and results

Segment results represents profit or loss before tax of the respective business segments. Inter-segment transactions are entered in the ordinary course of business based on terms mutually agreed upon by the parties concerned.

#### Segment assets and liabilities

Segment assets and liabilities are measured based on all assets and liabilities of segment other than those activities that are not part of any reportable segments.

	Malaysia RM'000	Republic of Indonesia RM'000	Socialist Republic of Vietnam RM'000	Republic of Singapore RM'000	Elimination RM'000	Total RM'000
<b>2024</b>						
<b>Revenue</b>						
External revenue	607,915	70,351	508,644	28,096	–	1,215,006
Inter-segment revenue (Note a)	190,203	–	1,253	2,610	(194,066)	–
<b>Total segment revenue</b>	<b>798,118</b>	<b>70,351</b>	<b>509,897</b>	<b>30,706</b>	<b>(194,066)</b>	<b>1,215,006</b>
<b>Results</b>						
Segment results/Profit/(Loss) before tax	17,366	(2,920)	9,957	2,128	–	26,531
Income tax expense						(6,578)
<b>Profit for the financial year</b>						<b>19,953</b>
<b>Assets</b>						
Total assets	335,614	51,699	206,089	7,263	–	600,665
<b>Liabilities</b>						
Total liabilities	145,948	8,549	130,129	2,817	–	287,443
<b>Other segment information</b>						
Depreciation	5,696	1,553	7,203	50	–	14,502
Employee benefits expense	22,363	3,738	10,865	1,334	–	38,300
Expenses relating to short term leases	1,474	44	2,359	77	–	3,954
Interest income (Note b)	(1,154)	(218)	(79)	–	279	(1,172)
Interest expense (Note b)	5,765	206	3,583	2	(279)	9,277
Impairment loss on trade receivables	344	81	108	–	–	533
Reversal of impairment loss on trade receivables	(186)	–	(98)	(645)	–	(929)

## 29. Segment Information (continued)

	Malaysia RM'000	Republic of Indonesia RM'000	Socialist Republic of Vietnam RM'000	Republic of Singapore RM'000	Elimination RM'000	Total RM'000
<b>2024 (continued)</b>						
<b>Other segment information (continued)</b>						
Inventories written down	193	68	–	–	–	261
Reversal of inventories written down	(9)	–	–	–	–	(9)
Additions to non-current assets other than financial instruments and deferred tax assets	19,428	1,240	16,690	–	–	37,358
<b>2023</b>						
<b>Revenue</b>						
External revenue	561,488	77,436	493,858	29,647	–	1,162,429
Inter-segment revenue (Note a)	186,607	725	38	4,230	(191,600)	–
Total segment revenue	748,095	78,161	493,896	33,877	(191,600)	1,162,429
<b>Results</b>						
Segment results/Profit before tax	29,375	343	16,106	2,207	–	48,031
Income tax expense						(12,700)
Profit for the financial year						35,331
<b>Assets</b>						
Total assets	301,730	46,879	185,027	7,816	–	541,452
<b>Liabilities</b>						
Total liabilities	111,635	6,806	103,963	1,077	–	223,481
<b>Other segment information</b>						
Depreciation	3,694	1,685	1,250	100	–	6,729
Employee benefits expense	20,612	3,260	9,668	1,604	–	35,144
Expenses relating to short term leases	1,400	40	7,449	(4)	–	8,885
Interest income (Note b)	(904)	(218)	(31)	–	197	(956)
Interest expense (Note b)	4,388	242	2,781	193	(197)	7,407
Impairment loss on trade receivables	236	7	69	325	–	637
Reversal of impairment loss on trade receivables	(750)	–	–	–	–	(750)
Inventories written down	144	–	–	–	–	144
Reversal of inventories written down	–	(1,364)	(4,094)	–	–	(5,458)
Additions to non-current assets other than financial instruments and deferred tax assets	6,086	287	5,888	–	–	12,261

Notes:

(a) Inter-segment revenues are eliminated on consolidation.

(b) Inter-segment interests are eliminated on consolidation.

## Notes to the Financial Statements

### 29. Segment Information (continued)

#### Information about geographical areas

Revenue information based on the geographical location of customers is as follows:

	2024 RM'000	2023 RM'000
Malaysia	607,915	561,488
Republic of Indonesia	70,351	77,436
Socialist Republic of Vietnam	508,644	493,858
Republic of Singapore	28,096	29,647
	<b>1,215,006</b>	<b>1,162,429</b>

Non-current assets which do not include financial instruments and deferred tax assets analysed by geographical location of the assets are as follows:

	2024 RM'000	2023 RM'000
Malaysia	74,828	61,139
Republic of Indonesia	2,337	2,904
Socialist Republic of Vietnam	46,605	39,842
Republic of Singapore	6	59
	<b>123,776</b>	<b>103,944</b>

#### Information about major customers

There is no single customer with revenue equal or more than 10% of the Group revenue.

### 30. Financial Instruments

#### (a) Categories of financial instruments

The following table analyses the financial instruments in the statements of financial position by the classes of financial instruments to which they are assigned:

##### (i) Amortised cost

Group	Amortised Cost RM'000	Total RM'000
<b>2024</b>		
<b>Financial assets</b>		
Receivables and deposits (exclude advance payment to suppliers, GST/VAT refundable and prepayments)	219,903	219,903
Deposits with licensed banks	8,541	8,541
Cash and bank balances	66,869	66,869
	<b>295,313</b>	<b>295,313</b>
<b>Financial liabilities</b>		
Payables and accruals (exclude GST/VAT payable and contract liabilities)	73,700	73,700
Loans and borrowings	190,877	190,877
	<b>264,577</b>	<b>264,577</b>

## 30. Financial Instruments (continued)

## (a) Categories of financial instruments (continued)

The following table analyses the financial instruments in the statements of financial position by the classes of financial instruments to which they are assigned (continued):

## (i) Amortised cost (continued)

Group	Amortised Cost RM'000	Total RM'000
<b>2023</b>		
<b>Financial assets</b>		
Receivables and deposits <i>(exclude advance payment to suppliers, GST/VAT refundable and prepayments)</i>	209,030	209,030
Deposits with licensed banks	10,841	10,841
Cash and bank balances	65,728	65,728
	<b>285,599</b>	<b>285,599</b>
<b>Financial liabilities</b>		
Payables and accruals <i>(exclude GST/SST/VAT payable and contract liabilities)</i>	57,264	57,264
Loans and borrowings	154,866	154,866
	<b>212,130</b>	<b>212,130</b>
<b>2024</b>		
<b>Financial assets</b>		
Receivables	<b>2</b>	<b>2</b>
Cash and bank balances	<b>288</b>	<b>288</b>
	<b>290</b>	<b>290</b>
<b>Financial liability</b>		
Other payable and accruals	<b>542</b>	<b>542</b>
<b>2023</b>		
<b>Financial assets</b>		
Receivables	2	2
Cash and bank balances	1,464	1,464
	<b>1,466</b>	<b>1,466</b>
<b>Financial liability</b>		
Accruals	95	95

## Notes to the Financial Statements

### 30. Financial Instruments (continued)

#### (b) Financial risk management

The Group and the Company are exposed to financial risks arising from their operations and the use of financial instruments. The key financial risks include credit risk, liquidity risk, interest rate risk and foreign currency risk. The Group's and the Company's overall financial risk management objective is to optimise value for their shareholders.

The Board of Directors reviews and agrees on policies and procedures for the management of these risks, which are executed by the Executive Directors and senior management. The audit committee provides independent oversight to the effectiveness of the risk management process.

The Group's and the Company's exposure to the financial risks and the objectives, policies and processes put in place to manage these risks are discussed below.

#### (i) Credit risk

Credit risk is the risk of financial loss to the Group and the Company that may arise on outstanding financial instruments should a counterparty default on its obligations. The Group and the Company are exposed to credit risk from their operating activities (primarily trade receivables), including deposits with banks and other financial instruments. The Group has a credit policy in place and the exposure to credit risk is managed through the application of credit approvals, credit limits and monitoring procedures. The Group has in place its debts recovery procedures including initiate legal proceedings to recover long overdue balances.

The Group and the Company consider a financial asset to be in default when:

- the counterparty is unable to pay its credit obligations to the Group and the Company in full, without taking into account any credit enhancements held by the Group and the Company; or
- the contractual payment of the financial asset is more than 90 days past due unless the Group and the Company have reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

At each reporting date, the Group and the Company assess whether financial assets carried at amortised cost are credit-impaired. A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired include observable data about the following events:

- significant financial difficulty of the counterparty;
- a breach of contract, such as a default of past due event;
- the lender(s) of the counterparty, for economic or contractual reasons relating to the counterparty's financial difficulty, having granted to the counterparty a concession(s) that the lender(s) would not otherwise consider; and
- it is becoming probable that the counterparty will enter bankruptcy or other financial reorganisation.

The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Group and the Company determine that the debtor does not have assets or source of income that could generate sufficient cash flows to repay the amounts subject to the write-off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Group's and the Company's procedure for recovery of amounts due.

### 30. Financial Instruments (continued)

#### (b) Financial risk management (continued)

##### (i) Credit risk (continued)

##### Trade receivables

As at the end of the reporting period, the maximum exposure to credit risk arising from trade receivables is represented by the carrying amounts in the statements of financial position.

The carrying amounts of trade receivables are not secured by any collateral or supported by any other credit enhancements. In determining the recoverability of these receivables, the Group considers any change in the credit quality of the receivables from the date the credit was initially granted up to the reporting date. The Group has adopted a policy of dealing with creditworthy counterparties as a means of mitigating the risk of financial loss from defaults.

##### Credit risk concentration profile

The exposure of credit risk for trade receivables before impairment loss as at the end of the financial year by geographic region are as follows:

	2024		Group		2023
	RM'000	% of total	RM'000	% of total	% of total
<b>By country:</b>					
Malaysia	127,631	57%	121,684	57%	
Indonesia	18,034	8%	16,837	8%	
Vietnam	74,984	34%	70,387	33%	
Singapore	3,089	1%	4,986	2%	
	<b>223,738</b>	<b>100%</b>	<b>213,894</b>	<b>100%</b>	

The Group applies the simplified approach to providing for expected credit losses ("ECL") prescribed by MFRS 9, which permits the use of the lifetime expected credit loss provision for all trade receivables. To measure the expected credit losses, trade receivables have been grouped based on the days past due which were estimated to be immaterial to the Group. The Group also individually assessed ECL of individual customers based on indicators such as changes in financial capability of the receivables, payment trends of the receivable and default or significant delay in payments. The determination of ECL also incorporate economic conditions during the period of historical data, current conditions and forward-looking information on the economic conditions over the expected settlement period of the receivables. The Group believes that changes in economic conditions over these periods would not materially impact the impairment calculation of the receivables.

## Notes to the Financial Statements

### 30. Financial Instruments (continued)

#### (b) Financial risk management (continued)

##### (i) Credit risk (continued)

##### Trade receivables (continued)

The information about the credit risk exposure on the Group's trade receivables as follows:

Group	Gross Carrying Amount RM'000	ECL Allowance RM'000	Net Balance RM'000
<b>2024</b>			
Current (not past due)	165,222	–	165,222
1 - 30 days past due	31,939	–	31,939
31 - 60 days past due	12,392	–	12,392
61 - 90 days past due	2,877	–	2,877
91 - 120 days past due	4,531	–	4,531
More than 120 days past due	1,036	–	1,036
Individually assessed (credit impaired)	5,741	(5,741)	–
	<b>223,738</b>	<b>(5,741)</b>	<b>217,997</b>
<b>2023</b>			
Current (not past due)	150,663	–	150,663
1 - 30 days past due	38,364	–	38,364
31 - 60 days past due	10,312	–	10,312
61 - 90 days past due	4,547	–	4,547
91 - 120 days past due	1,250	–	1,250
More than 120 days past due	2,311	–	2,311
Individually assessed (credit impaired)	6,447	(6,447)	–
	<b>213,894</b>	<b>(6,447)</b>	<b>207,447</b>

##### Other receivables and other financial assets

For other receivables and other financial assets (including deposits and cash and bank balances), the Group and the Company minimise credit risk by dealing exclusively with high credit rating counterparties. At the reporting date, the Group's and the Company's maximum exposure to credit risk arising from other receivables and other financial assets is represented by the carrying amount of each class of financial assets recognised in the statements of financial position.

The Group and the Company consider the probability of default upon initial recognition of asset and whether there has been a significant increase in credit risk on an ongoing basis throughout each reporting period. To assess whether there is a significant increase in credit risk the Group and the Company compare the risk of a default occurring on the asset as at the reporting date with the risk of default as at the date of initial recognition. It considers available reasonable and supportive forward-looking information.

The Group and the Company consider these financial assets to have low credit risk and any loss allowance would be negligible. The Group and the Company did not recognise any loss allowance for impairment for other receivables and other financial assets.

### 30. Financial Instruments (continued)

#### (b) Financial risk management (continued)

##### (i) Credit risk (continued)

###### Financial guarantee

The Company is exposed to credit risk in relation to financial guarantees given to banks in respect of banking facilities granted to certain subsidiaries and to suppliers for credit term granted to certain subsidiaries. The Company monitors the results of the subsidiaries and their repayment on an on-going basis. The maximum exposure to credit risk amounts to RM208,114,527 (2023: RM137,215,879) representing the outstanding banking facilities and certain trade payables of the subsidiaries at the reporting date. Generally, the Company considers the financial guarantees have low credit risk. As at the reporting date, there was no loss allowance for expected credit losses as determined by the Company for the financial guarantee.

The financial guarantees have not been recognised since the fair value on initial recognition was not material as most guarantees are provided as credit enhancements to the subsidiary companies' secured borrowings.

##### (ii) Liquidity risk

Liquidity risk is the risk that the Group and the Company will encounter difficulty in meeting financial obligations associated with financial liabilities. The Group's and the Company's exposure to liquidity risk arises primarily from mismatches of the maturities of financial assets and liabilities. The Group's and the Company's objective is to maintain a balance between continuity of funding and flexibility through use of stand-by credit facilities.

The Group's and the Company's liquidity risk management policy is to manage its debt maturity profile, operating cash flows and the availability of funding so as to ensure that refinancing, repayment and funding needs are met. In addition, the Group and the Company maintain sufficient levels of cash and available banking facilities at a reasonable level to their overall debt position to meet their working capital requirement.

## Notes to the Financial Statements

### 30. Financial Instruments (continued)

#### (b) Financial risk management (continued)

##### (ii) Liquidity risk (continued)

Analysis of financial instruments by remaining contractual maturities

The table below summarises the maturity profile of the Group's and the Company's financial liabilities at the reporting date based on contractual undiscounted repayment obligations:

Group	Carrying Amount RM'000	Contractual Cash Flows RM'000	On Demand or Within 1 Year RM'000	1 to 2 Years RM'000	2 to 5 Years RM'000	Over 5 Years RM'000
<b>2024</b>						
<b>Financial liabilities</b>						
Trade payables	67,508	67,508	67,508	—	—	—
Other payables, deposits and accruals*	6,192	6,192	6,192	—	—	—
Bankers' acceptances	63,921	63,921	63,921	—	—	—
Bank overdraft	2,200	2,200	2,200	—	—	—
Hire purchase payables	5,029	5,470	2,064	1,602	1,804	—
Lease liabilities	15,140	15,985	8,071	7,205	709	—
Foreign currency trade loan	17,468	17,468	17,468	—	—	—
Onshore foreign currency loans	4,317	4,317	4,317	—	—	—
Revolving credit	7,845	7,845	7,845	—	—	—
Short term loans	58,629	58,629	58,629	—	—	—
Term loans	31,468	36,367	7,723	7,634	11,777	9,233
	<b>279,717</b>	<b>285,902</b>	<b>245,938</b>	<b>16,441</b>	<b>14,290</b>	<b>9,233</b>
<b>2023</b>						
<b>Financial liabilities</b>						
Trade payables	49,474	49,474	49,474	—	—	—
Other payables, deposits and accruals*	7,790	7,790	7,790	—	—	—
Bankers' acceptances	58,254	58,254	58,254	—	—	—
Hire purchase payables	4,492	4,926	1,580	1,420	1,926	—
Lease liabilities	3,923	4,127	2,226	1,901	—	—
Onshore foreign currency loans	4,036	4,110	4,110	—	—	—
Foreign currency trade loan	9,883	10,091	10,091	—	—	—
Short term loans	46,219	46,808	46,808	—	—	—
Term loans	31,982	38,549	7,173	6,756	14,626	9,994
	<b>216,053</b>	<b>224,129</b>	<b>187,506</b>	<b>10,077</b>	<b>16,552</b>	<b>9,994</b>

\* Exclude GST/SST/VAT payable and contract liabilities

#### 2024/2023

##### Company

The Company's financial liabilities and its financial guarantee contracts as disclosed in Note 30(b)(i) at the reporting date either matures within one year or repayable on demand.

### 30. Financial Instruments (continued)

#### (b) Financial risk management (continued)

##### (iii) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of the Group's financial instruments will fluctuate because of changes in market interest rates.

The Group's exposure to interest rate risk arises primarily from deposits placed with licensed banks, amounts due from or to subsidiaries and borrowings. The deposits placed with licensed banks at fixed rate expose the Group to fair value interest rate risk.

Borrowings at floating rate amounting to RM185,848,223 (2023: RM104,154,509) expose the Group to cash flow interest rate risk. The Group manages its interest rate risk exposure by maintaining a mix of fixed and floating rate loans and borrowings.

The Group does not have any fixed rate financial assets and liabilities at fair value through profit or loss. Therefore, a change in interest rates at the reporting date would not affect profit or loss.

##### Sensitivity analysis for interest rate risk

If the interest rate had been 50 basis points higher/lower and all other variables were held constant, the Group's profit for the financial year ended 31 December 2024 would decrease/increase by RM721,932 (2023: RM395,787) as a result of exposure to floating rate borrowings.

##### (iv) Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

The Group has transactional currency exposures arising from sales or purchases that are denominated in currencies other than the functional currencies of the Group entities, primarily United States Dollar ("USD"), Vietnam Dong ("VND") and Indonesian Rupiah ("IDR"). The foreign currencies in which these transactions are mainly denominated are USD, Singapore Dollar ("SGD"), Euro and IDR.

Forward currency contracts may be used by certain subsidiaries to reduce exposure to fluctuations in foreign currency risk. In addition, the Group holds cash and cash equivalents denominated in foreign currencies to pay its foreign purchases as a natural hedge against fluctuations in foreign currency risk.

The Group is also exposed to currency translation risk arising from its net investments in foreign operations, including Republic of Indonesia, Socialist Republic of Vietnam and Republic of Singapore.

## Notes to the Financial Statements

### 30. Financial Instruments (continued)

#### (b) Financial risk management (continued)

##### (iv) Foreign currency risk (continued)

The Group's and the Company's unhedged financial assets and liabilities of the Group that are not denominated in their functional currencies are as follows:

	Group Functional Currencies					Company Functional Currency	
	Ringgit Malaysia RM'000	US Dollar RM'000	Vietnam Dong RM'000	Indonesian Rupiah RM'000	Total RM'000	Ringgit Malaysia RM'000	Total RM'000
<b>At 31 December 2024</b>							
Financial assets and liabilities not held in functional currencies:							
<b>Trade receivables</b>							
US Dollar	11,153	–	2,516	99	13,768	–	–
Singapore Dollar	57	1,834	–	–	1,891	–	–
	11,210	1,834	2,516	99	15,659	–	–
<b>Cash and short term deposits</b>							
US Dollar	6,297	–	999	99	7,395	3	3
Indonesian Rupiah	2	–	–	–	2	–	–
Singapore Dollar	174	2,548	–	–	2,722	–	–
	6,473	2,548	999	99	10,119	3	3
<b>Trade payables</b>							
US Dollar	(16,658)	–	(20,513)	(2,532)	(39,703)	–	–
Euro	(146)	–	–	–	(146)	–	–
Singapore Dollar	(8)	(287)	–	–	(293)	–	–
	(16,810)	(287)	(20,513)	(2,532)	(40,142)	–	–
<b>Borrowings</b>							
US Dollar	(16,474)	–	–	(3,133)	(19,607)	–	–
<b>Total</b>							
US Dollar	(15,682)	–	(16,998)	(5,467)	(38,147)	3	3
Euro	(146)	–	–	–	(146)	–	–
Indonesian Rupiah	2	–	–	–	2	–	–
Singapore Dollar	225	4,095	–	–	4,320	–	–
	(15,601)	4,095	(16,998)	(5,467)	(33,971)	3	3

## 30. Financial Instruments (continued)

## (b) Financial risk management (continued)

## (iv) Foreign currency risk (continued)

The Group's and the Company's unhedged financial assets and liabilities of the Group that are not denominated in their functional currencies are as follows (continued):

	Group Functional Currencies					Company Functional Currency	
	Ringgit Malaysia RM'000	US Dollar RM'000	Vietnam Dong RM'000	Indonesian Rupiah RM'000	Total RM'000	Ringgit Malaysia RM'000	Total RM'000
<b>At 31 December 2023</b>							
Financial assets and liabilities not held in functional currencies:							
<b>Trade receivables</b>							
US Dollar	8,307	–	4,074	103	12,484	–	–
Singapore Dollar	73	2,823	–	–	2,896	–	–
	8,380	2,823	4,074	103	15,380	–	–
<b>Cash and short term deposits</b>							
US Dollar	6,188	–	4,564	358	11,110	3	3
Indonesian Rupiah	2	–	–	–	2	–	–
Singapore Dollar	164	2,392	–	–	2,556	–	–
	6,354	2,392	4,564	358	13,668	3	3
<b>Trade payables</b>							
US Dollar	(3,858)	–	(16,085)	(3,246)	(23,189)	–	–
Euro	(8)	–	–	–	(8)	–	–
Singapore Dollar	–	(490)	–	–	(490)	–	–
	(3,866)	(490)	(16,085)	(3,246)	(23,687)	–	–
<b>Borrowings</b>							
US Dollar	(13,918)	–	–	–	(13,918)	–	–
<b>Total</b>							
US Dollar	(3,281)	–	(7,447)	(2,785)	(13,513)	3	3
Euro	(8)	–	–	–	(8)	–	–
Indonesian Rupiah	2	–	–	–	2	–	–
Singapore Dollar	237	4,725	–	–	4,962	–	–
	(3,050)	4,725	(7,447)	(2,785)	(8,557)	3	3

## Notes to the Financial Statements

### 30. Financial Instruments (continued)

#### (b) Financial risk management (continued)

##### (iv) Foreign currency risk (continued)

##### Sensitivity analysis for foreign currency risk

The following table demonstrates the sensitivity of the Group's and of the Company's profit for the financial year to a reasonably possible change in the USD and IDR exchange rates against the respective functional currencies of the Group entities, with all other variables held constant.

	Group	
	2024 RM'000	2023 RM'000
USD/RM		
– strengthened 5%	(600)	(120)
– weakened 5%	600	120
USD/VND		
– strengthened 5%	(680)	(300)
– weakened 5%	680	300
USD/IDR		
– strengthened 5%	(210)	(110)
– weakened 5%	210	110

### 31. Fair Value of Financial Instruments

The methods and assumptions used to determine the fair value of the following classes of financial assets and liabilities are as follows:

#### (a) Cash and cash equivalents, trade and other receivables and payables

The carrying amounts of cash and cash equivalents, trade and other receivables and payables are reasonable approximation of fair values due to short term nature of these financial instruments.

#### (b) Borrowings

The carrying amounts of the current portion of borrowings are reasonable approximation of fair values due to the insignificant impact of discounting.

The carrying amounts of long term floating rate loans approximate their fair values as the loans will be re-priced to market interest rate on or near reporting date.

The fair value of hire purchase payables is estimated using discounted cash flow analysis, based on current lending rate for similar types of borrowing arrangements.

### 32. Fair Value Hierarchy

As at 31 December 2024 and 2023, the Group held the following financial instruments not measured at fair value:

	Carrying Amount RM'000	Fair value		
		Level 1 RM'000	Level 2 RM'000	Level 3 RM'000
<b>2024</b>				
<b>Financial liabilities</b>				
Hire purchase payables	5,029	–	5,017	–
<b>2023</b>				
<b>Financial liabilities</b>				
Hire purchase payables	4,492	–	4,465	–

During the financial years ended 31 December 2024 and 2023, there was no transfer between fair value hierarchy.

### 33. Capital Management

The Group manages its capital to ensure that it maintains healthy capital ratios to support its business whilst maximising the return to its shareholders through the optimisation of the debt-to-equity ratio to reduce cost of capital. The Group's strategy in capital management remains unchanged from 2023.

The Group manages its capital structure and makes adjustments to it, in light of changes in business and economic conditions. To maintain or adjust structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders, issue new shares, redeem debts or sell assets to reduce debts, where necessary.

The debt-to-equity ratio is calculated as net debts divided by total capital of the Group. Net debts comprise bank borrowings and lease liabilities less deposits, cash and bank balances whilst total capital is the total equity of the Group. The debt-to-equity ratio as at 31 December 2024 and 2023, which are within the Group's objectives of capital management are as follows:

	Group	
	2024	2023
Total interest-bearing borrowings and lease liabilities (RM'000)	206,017	158,789
Less: Deposits, cash and bank balances (RM'000)	(75,410)	(76,569)
Total net debts (RM'000)	130,607	82,220
Total equity (RM'000)	313,222	317,971
Debt-to-equity ratio (%)	42	26

Certain subsidiaries of the Group are required to maintain certain level of capital requirements on gearing ratio, leverage ratio and net worth in respect of their bank borrowings requirements.

## Statement by Directors

(Pursuant to Section 251(2) of the Companies Act, 2016)

We, **NG AI RENE** and **NG THIN POH**, being two of the directors of SAMCHEM HOLDINGS BERHAD, do hereby state that in the opinion of the directors, the accompanying financial statements set out on pages 66 to 119 are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 2016 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2024 and of their financial performance and cash flows of the Group and of the Company for the financial year then ended.

Signed on behalf of the Board of Directors in accordance with a resolution of directors.

**NG AI RENE**

Director

**NG THIN POH**

Director

Date: 15 April 2025

## Statutory Declaration

(Pursuant to Section 251(1) of the Companies Act, 2016)

I, **NG BING HONG**, being the officer primarily responsible for the financial management of SAMCHEM HOLDINGS BERHAD, do solemnly and sincerely declare that to the best of my knowledge and belief, the accompanying financial statements set out on pages 66 to 119 are correct and I make this solemn declaration conscientiously believing the same to be true, and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared  
by the abovenamed at  
Petaling Jaya in the State of Selangor Darul Ehsan  
on 15 April 2025.

**NG BING HONG**

MIA Membership No.: 48425

Before me

**LEONG YUE CHOW [B480]**

Commissioner for Oaths

# Independent Auditors' Report

to the Members of Samchem Holdings Berhad

## Report on the Audit of the Financial Statements

### Opinion

We have audited the financial statements of Samchem Holdings Berhad, which comprise the statements of financial position as at 31 December 2024 of the Group and of the Company, and the statements of comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the financial year then ended, and notes to the financial statements, including material accounting policy information, as set out on pages 66 to 119.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Group and of the Company as at 31 December 2024, and of their financial performance and their cash flows for the financial year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 2016 in Malaysia.

### Basis for Opinion

We conducted our audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing. Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Independence and Other Ethical Responsibilities

We are independent of the Group and of the Company in accordance with the *By-Laws (on Professional Ethics, Conduct and Practice)* of the Malaysian Institute of Accountants ("By-Laws") and the International Ethics Standards Board for Accountants' *International Code of Ethics for Professional Accountants (including International Independence Standards)* ("IESBA Code"), and we have fulfilled our other ethical responsibilities in accordance with the By-Laws and the IESBA Code.

### Key Audit Matters

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

## Group

### Goodwill on business combination (Note 10 to the financial statements)

The Group has a goodwill arising from the acquisition of a subsidiary, CKJ Logistics Sdn. Bhd. amounting to RM5,870,000. The accounting policy of the Group is to test goodwill at least annually for impairment.

We focused on this area because the impairment assessment requires the exercise of significant judgement and estimates made by the directors on the discount rate applied in the recoverable amount calculation and assumptions supporting the underlying cash flow projection which include future revenue and gross profit margin.

### Our response:

Our audit procedures included, among others:

- discussing the appropriateness of the valuation methodology adopted by the Company;
- discussing the basis adopted by directors in relation to key assumptions applied in the projections;
- testing the mathematical computation of the impairment assessment; and
- performing a sensitivity analysis around key assumptions that are expected to be more sensitive to the recoverable amount.

### Inventory (Note 13 to the financial statements)

The Group's inventories, comprise mainly trading goods, are measured at the lower of cost or net realisable value. Significant judgement is required in estimating their net realisable value and in identifying any allowance required for slow-moving inventories.

### Our response:

Our audit procedures included, among others:

- understanding the design and implementation of controls associated with monitoring, detection and write down of slow-moving inventories or to net realisable value as at 31 December 2024;
- observing year end physical inventory count to examine physical existence and condition of the trading goods and understanding the design and implementation of controls during the count;
- comparing the estimated net realisable value of selected trading goods against their unit cost; and

# Independent Auditors' Report

to the Members of Samchem Holdings Berhad

- discussing with the Group whether the inventories have been written down to their net realisable value for inventory items with net realisable value lower than their cost, if any.

## Trade receivables (Note 14 to the financial statements)

The Group has significant trade receivables as at 31 December 2024 which include certain amounts which were long outstanding. We focused on this area because the Group made significant judgements over assumptions about risk of default and expected loss rate. In making the assumptions, the Group selected inputs to the impairment calculation, based on the Group's past history, existing market conditions as well as forward looking estimates at the end of the reporting period.

### Our response:

Our audit procedures included, among others:

- understanding the design and controls associated with monitoring and assessment on recoverability of outstanding receivables;
- understanding the significant credit exposures of receivables that were significantly overdue or deemed to be in default through analysis of ageing reports prepared by the Group;
- obtaining confirmation of balances from selected receivables;
- checking subsequent receipts and the level of activity with the customer and management explanation on recoverability of significantly past due balances; and
- testing the calculation of expected credit losses as at the end of the reporting period.

## Company

We have determined that there are no key audit matters in the audit of the separate financial statements of the Company to be communicated in our auditors' report.

## Information Other than the Financial Statements and Auditors' Report Thereon

The directors of the Company are responsible for the other information. The other information comprises the information included in the annual report, but does not include the financial statements of the Group and of the Company and our auditors' report thereon.

Our opinion on the financial statements of the Group and of the Company 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 of the Group and of the Company, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements of the Group and of the Company 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 Directors for the Financial Statements

The directors of the Company are responsible for the preparation of financial statements of the Group and of the Company that give a true and fair view in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 2016 in Malaysia. The directors are also responsible for such internal control as the directors determine is necessary to enable the preparation of financial statements of the Group and of the Company that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements of the Group and of the Company, the directors are responsible for assessing the Group's and the Company'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 the directors either intend to liquidate the Group or the Company or to cease operations, or have no realistic alternative but to do so.

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

Our objectives are to obtain reasonable assurance about whether the financial statements of the Group and of the Company as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with approved standards on auditing in Malaysia and International Standards on Auditing 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 approved standards on auditing in Malaysia and International Standards on Auditing, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

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

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

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

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

## Report on Other Legal and Regulatory Requirements

In accordance with the requirements of the Companies Act, 2016 in Malaysia, we report that the subsidiaries of which we have not acted as auditors are disclosed in Note 11 to the financial statements.

## Other Matters

This report is made solely to the members of the Company, as a body, in accordance with Section 266 of the Companies Act, 2016 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the contents of this report.

**Baker Tilly Monteiro Heng PLT**  
201906000600 (LLP0019411-LCA)  
& AF 0117  
Chartered Accountants

**Lee Kong Weng**  
02967/07/2025 J  
Chartered  
Accountant

Kuala Lumpur  
Date: 15 April 2025

## Particulars of Properties

Postal Address/ Title Details	Description/ Existing Use	Tenure/ Date of Expiry of Lease	Restriction in Interest/ Encumbrances	Date of Issuance of Certificate of Fitness for Occupation	Land Area and/or Built Up Area	Approximate Age of Building	Net Book Value As At 31.12.2024 (RM)	Cost of Investment (RM)
<b>Samchem Sdn Bhd</b>								
Lot 6, Jalan Sungai Kayu Ara 32/39 Seksyen 32, 40460 Shah Alam Selangor Darul Ehsan	Single-storey detached warehouse annexed with a 3-storey office building and a guard house/ Industrial	Freehold	Nil/Charges in favour of Maybank Berhad ("MBB") vide presentation no. 34391/2004, 34392/2004, 34393/2004 all dated 04.06.2004, 4087/2005 dated 31.01.2005, 9549/2006 and 9550/2006 dated 21.02.2006, 118146/2006 dated 27.12.2006 and 81512/2008 dated 26.08.2008	29.01.2007	103,431 sq.ft/ 78,470 sq.ft	17 years	7,782,033	10,576,993
H.S.(D) 57951 Lot No. 18, PT 57359 Mukim and Daerah Kelang Selangor Darul Ehsan								
Lot No.35 Pulau Indah Industrial Park Phase 3C HSD 164239, No. PT 152661 Mukim Klang, Klang Selangor Darul Ehsan	Single-storey detached warehouse annexed with a single-storey office building and a guard house/ Industrial	Leasehold – 99 years expiring on 30.03.2097	Charges in favour of HILBB vide reference no. 002611004704 dated 02.02.2018	31.01.2020	200,376 sq.ft	2 years	27,307,776	28,078,670

Postal Address/ Title Details	Description/ Existing Use	Tenure/ Date of Expiry of Lease	Restriction in Interest/ Encumbrances	Date of Issuance of Certificate of Fitness for Occupation	Land Area and/or Built Up Area	Approximate Age of Building	Net Book Value As At 31.12.2024 (RM)	Cost of Investment (RM)
<b>Samchem Nusajaya Sdn Bhd</b>								
PTD 152691, Jalan SILC 2 SILC, 81550 Gelang Patah Johor Darul Takzim	4 Block of single-storey factory and 1 Block of 3-storey office building	Freehold	Charges in favour of HLBB vide presentation no. 66343/2008 dated 19.08.2008	03.03.2009	200,000 sq.ft/ 81,064 sq.ft	15 years	9,750,757	11,807,824
H.S. (D) 440468 Lot No. PTD 152691 Mukim Pulai, Johor Bahru Johor Darul Takzim								
<b>Meridian Chemicals (Vietnam) Company Limited</b>								
Lot A3, Road No.1, Duc Hoa 3 Industrial Park, Tan A Dai Thanh Group, Duc Hanh 2 Hamlet, Duc Lap Ha Commune, Duc Hoa District, Long An Province, Vietnam	Single-storey warehouse, 1 Block of office building and a staff quarter	Leasehold – expiring on 31.12.2057	Charges in favour of OCBC	—	28,669 m <sup>2</sup> / 13,840 m <sup>2</sup>	2 years	30,114,085 [VND 170,166, 541,864]	31,302,421 [VND 176,879, 345,961]

## Analysis of Shareholdings

As At 20 March 2025

Number of Total Issued and Paid Up Share Capital:	544,000,000
Class of Shares:	Ordinary Share
Voting Rights:	One vote per ordinary share
Number of Shareholders:	4,830

### Analysis of Shareholdings

Size of Holdings	No. of Holders		No. of Shares		% of Shares	
	Malaysian	Foreign	Malaysian	Foreign	Malaysian	Foreign
Less than 100	9	0	116	0	0.00	0.00
100 – 1,000	407	3	241,504	1,500	0.04	0.00
1,001 – 10,000	2,238	14	12,672,240	92,000	2.33	0.02
10,001 – 100,000	1,807	20	64,152,160	666,300	11.79	0.12
100,001 and below 5%	319	11	185,719,128	4,080,800	34.14	0.75
5% and above	2	0	276,374,252	0	50.80	0.00
Total	4,782	48	539,159,400	4,840,600	99.11	0.89

### Substantial Shareholders

	Direct Interest		Indirect Interest	
	No. of Shares	%	No. of Shares	%
Ng Thin Poh	1,113,000	0.20	249,027,608	45.78
Tan Teck Beng	27,346,644	5.03	120,000*	0.02

\* Indirect interest held by spouse and children

### Directors' Shareholding

	Direct Interest		Indirect Interest	
	No. of Shares	%	No. of Shares	%
Ng Thin Poh	1,113,000	0.20	249,027,608	45.78
Ng Ai Rene	2,656,800	0.49	–	–
Cheong Chee Yun	–	–	–	–
Lok Kai Chun	29,200	0.01	–	–
Dato' Razali Basri	–	–	–	–
Hor Wai Kong	–	–	–	–

\* Indirect interest held by spouse and children

## List of Top 30 Shareholders

No.	Name	Shareholdings	%
1	Continental Hallmark Sdn. Bhd	249,027,608	45.78
2	Tan Teck Beng	27,346,644	5.03
3	Chooi Chok Khooi	20,016,184	3.68
4	Maybank Nominees (Tempatan) Sdn Bhd <i>Beneficiary: Pledged Securities Account for See Kok Wah</i>	7,905,600	1.45
5	HLB Nominees (Tempatan) Sdn Bhd <i>Beneficiary: Pledged Securities Account for Wong Yee Hui</i>	7,500,000	1.38
6	Maybank Nominees (Tempatan) Sdn Bhd <i>Beneficiary: Pledged Securities Account for Chen Tam Chai</i>	7,442,700	1.37
7	Cartaban Nominees (Tempatan) Sdn Bhd <i>Beneficiary: Exempt AN for Standard Chartered Bank Malaysia Berhad (Wealth Management) (Tempatan)</i>	6,695,000	1.23
8	Louis Lee Pershung	6,000,000	1.10
9	Ng Hoi Peng	5,063,600	0.93
10	Maybank Nominees (Tempatan) Sdn Bhd <i>Beneficiary: Pledged Securities Account for Erwin Selvarajah A/L Peter Selvarajah</i>	5,051,600	0.93
11	Cheong Yuen Lai	3,000,000	0.55
12	Public Nominees (Tempatan) Sdn Bhd <i>Beneficiary: Pledged Securities Account for Ng Hoi Peng (E-SJA)</i>	3,000,000	0.55
13	Michael Lee Fook Soon	2,900,000	0.53
14	Ong Eng Mun	2,800,000	0.51
15	CIMSEC Nominees (Tempatan) Sdn Bhd <i>Beneficiary: CIMB for Ng Ai Rene (PB)</i>	2,656,800	0.49
16	Phillip Nominees (Tempatan) Sdn Bhd <i>Beneficiary: Pledged Securities Account for Goh Choon Kim</i>	2,454,300	0.45
17	CGS International Nominees Malaysia (Tempatan) Sdn Bhd <i>Beneficiary: Pledged Securities Account for Yoong Kah Yin</i>	2,400,000	0.44
18	Susy Ding	2,200,000	0.40
19	CGS International Nominees Malaysia (Tempatan) Sdn Bhd <i>Beneficiary: Pledged Securities Account for Wong Yee Wah @ Wong Mok Choon (SS2 PJ-CL)</i>	2,082,500	0.38
20	Cheah Juw Teck	2,000,000	0.37
21	Ch'ng Yew Kiat	1,927,400	0.35
22	Ng Gan Hooi	1,867,800	0.34
23	Louisa Lee Pernee	1,800,000	0.33
24	Phillip Nominees (Tempatan) Sdn Bhd <i>Beneficiary: Exempt AN for Phillip Capital Management Sdn Bhd</i>	1,699,400	0.31
25	Wendy Ng Ai Hoon	1,582,800	0.29
26	Nahoorammah A/P Sithamparam Pillay	1,500,000	0.28
27	RHB Nominees (Tempatan) Sdn Bhd <i>Beneficiary: Pledged Securities Account for Liew Pou Lan</i>	1,455,000	0.27
28	HSBC Nominees (Asing) Sdn Bhd <i>Beneficiary: Exempt AN for Bank Julius Baer &amp; Co. Ltd. (Singapore Bch)</i>	1,434,300	0.26
29	Maybank Securities Nominees (Tempatan) Sdn Bhd <i>Beneficiary: Pledged Securities Account for Heng Tek Kai @ Heng Tek Chat (REM 166)</i>	1,380,000	0.25
30	T.O. Lim Holdings Sdn Bhd	1,300,000	0.24
<b>Total</b>		<b>383,489,236</b>	<b>70.49</b>

## Notice of Annual General Meeting

**NOTICE IS HEREBY GIVEN** that the Eighteenth Annual General Meeting of Samchem Holdings Berhad at Level 3, Lot 6, Jalan Sungai Kayu Ara 32/39, Seksyen 32, 40460 Shah Alam, Selangor Darul Ehsan, Friday, 30 May 2025 at 10.30 a.m. for the following purposes:

### Agenda

#### As Ordinary Business

- |  |                       |
|--|-----------------------|
| 1. To receive the Audited Financial Statements of the Group and of the Company for the financial year ended 31 December 2024 and the Report of the Directors and Auditors thereon. | <b>(Note A)</b>       |
| 2. To approve the payment of Directors' Fees amounting to RM225,000/- and benefits of RM9,000/- in respect of the year ended 31 December 2024.                                     | <b>(Resolution 1)</b> |
| 3. To approve the payment of Directors' Fees amounting to RM400,000/- and benefits of up to RM50,000/- from 1 January 2025 until the next Annual General Meeting.                  | <b>(Resolution 2)</b> |
| 4. To re-elect the following Directors who retire pursuant to Clause 97(b) of the Company's Constitution:  |                       |
| (i) CHEONG CHEE YUN  | <b>(Resolution 3)</b> |
| (ii) HOR WAI KONG  | <b>(Resolution 4)</b> |
| 5. To re-appoint Messrs. Baker Tilly Monteiro Heng PLT as the Auditors of the Company for the ensuing year and to authorise the Directors to fix their remuneration.               | <b>(Resolution 5)</b> |

#### As Special Business

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

- |   |                       |
|---|-----------------------|
| 6. <b>Ordinary Resolution</b><br><b>Authority to Issue Shares Pursuant to Sections 75 and 76 of the Companies Act, 2016</b> | <b>(Resolution 6)</b> |
|---|-----------------------|

"THAT subject to the Companies Act, 2016, the Constitution of the Company and the approvals of the Securities Commission, Bursa Malaysia Securities Berhad and other relevant governmental and/or regulatory authorities, if applicable, the Directors of the Company be and are hereby empowered pursuant to Sections 75 and 76 of the Companies Act, 2016 to issue shares in the Company at any time at such price, upon such terms and conditions, for such purposes and to such person or persons whomsoever as the Directors may in their absolute discretion deem fit, provided that the aggregate number of shares issued pursuant to this resolution does not exceed ten per centum (10%) of the total issued share capital of the Company for the time being; AND THAT such authority shall continue to be in force until the conclusion of the next Annual General Meeting ("AGM") of the Company.

THAT pursuant to Section 85 of the Companies Act, 2016, read together with Clause 13(d) of the Constitution of the Company, approval be and is hereby given to waive the statutory preemptive rights of the shareholders of the Company to be offered new shares ranking equally to the existing issued shares of the Company arising from any issuance of new shares pursuant to Sections 75 & 76 of the Companies Act, 2016."

- |   |                       |
|---|-----------------------|
| 7. <b>Ordinary Resolution</b><br><b>Authority to Continuing in Office as Independent Non-Executive Director</b> | <b>(Resolution 7)</b> |
|---|-----------------------|

"THAT Mr. Lok Kai Chun who has served as an Independent Non-Executive Director of the Company for a cumulative term of more than nine (9) years, to continue to act as Independent Non-Executive Director of the Company."

## 8. Ordinary Resolution

### Proposed Renewal of Authority for Purchase of Own Shares by the Company

(Resolution 8)

"THAT subject always to the provisions of the Companies Act, 2016 ("Act"), the Constitution of the Company, the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities") and other relevant statutory and/or regulatory requirements, the Company be authorised, to the fullest extent permitted by law, to buy-back such amount of Shares in the Company as may be determined by the Directors of the Company from time to time, through Bursa Securities, upon such terms and conditions as the Directors may deem fit and expedient in the interests of the Company, provided that:

- (i) the aggregate number of Shares bought-back does not exceed 10% of the total issued and paid-up ordinary share capital of the Company at any time;
- (ii) the maximum amount of funds to be allocated for the shares buy-back shall not exceed the Company's audited retained earnings and/or share premium account at any point in time;
- (iii) the Shares purchased shall be treated in the following manner:
  - (a) the purchased Shares shall be cancelled; or
  - (b) the purchased Shares shall be retained as treasury shares for distribution as dividend to the shareholders and/or resale on Bursa Securities in accordance with the relevant rules of Bursa Securities and/or cancellation subsequently; or
  - (c) part of the purchased Shares shall be retained as treasury shares and the remainder shall be cancelled; or
  - (d) in such other manner as Bursa Securities and other relevant authorities may allow from time to time; or
  - (e) any combination of (a), (b), (c) and (d) above.

AND THAT the authority conferred by this resolution shall commence upon the passing of this resolution until:

- (i) the conclusion of the next Annual General Meeting ("AGM") of the Company following the general meeting at which such resolution was passed, at which time the authority will lapse unless renewed by ordinary resolution, either unconditionally or subject to conditions; or
- (ii) the expiration of the period within which the next AGM after that date is required by law to be held; or
- (iii) revoked or varied by resolution passed by the Company in general meeting;

whichever occurs first.

AND FURTHER THAT authority be and is hereby given to the Directors of the Company to take all such steps as may be necessary or expedient (including without limitation, the opening and maintaining of central depository account(s) under the Securities (Central Depository) Industry Act, 1991, and the entering into and execution of all agreements, arrangements and guarantees with any party or parties) to implement, finalise and give full effect to the Proposed Share Buy-Back with full powers to assent to any conditions, modifications, revaluations, variations and/or amendments (if any) as may be imposed by the relevant authorities and with full power to do all such acts and things thereafter (including without limitation, the cancellation or retention as treasury shares of all or any part of the Shares bought-back) in accordance with the provisions of the Act, the Constitution of the Company, the Main Market Listing Requirements of Bursa Securities and all other relevant statutory and/or regulatory requirements."

## Notice of Annual General Meeting

### 9. Ordinary Resolution

#### **Proposed Renewal of Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature**

**(Resolution 9)**

"THAT subject always to the provisions of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities") and other relevant statutory and/or regulatory requirements, the Company be authorised, to the fullest extent permitted by law, to enter into and to give effect to the specified Recurrent Related Party Transactions of a revenue or trading nature with the Related Parties as set in Part A of the Circular to Shareholders dated 30 April 2025 which are necessary for its day-to-day operations, to be entered into by the Company on the basis that these transactions are entered into on transaction prices and terms which are not more favourable to the Related Parties than generally available to the public and are not detrimental to the minority shareholders of the Company;

THAT the Proposed Renewal of Shareholders' Mandate is subject to annual renewal. AND THAT any authority conferred by the Proposed Renewal of Shareholders' Mandate, shall only continue to be in force until:

- (i) the conclusion of the next Annual General Meeting ("AGM") of the Company following the general meeting at which such resolution was passed, at which time the authority will lapse unless renewed by ordinary resolution, either unconditionally or subject to conditions; or
- (ii) the expiration of the period within which the next AGM after that date is required to be held pursuant to Section 340(2) of the Companies Act, 2016 ("Act") (but shall not extend to such extension as may be allowed pursuant to Section 340(4) of the Act; or
- (iii) revoked or varied by resolution passed by the Company in general meeting;

whichever occurs first.

AND FURTHER THAT authority be and is hereby given to the Directors of the Company to complete and do all such acts and things (including executing such documents as may be required) to give effect to the Proposed Renewal of Shareholders' Mandate."

#### **Any Other Business**

- 10. To transact any other business for which due notice shall have been given in accordance with the Company's Constitution and the Companies Act, 2016.

By Order of the Board

**WONG YOUN KIM** (F) (MAICSA 7018778) (SSM PC No.: 201908000410)

**LEE CHIN WEN** (F) (MAICSA 7061168) (SSM PC No.: 202008001901)

Company Secretaries

30 April 2025

## NOTES:

(A) THE AGENDA ITEM IS MEANT FOR DISCUSSION ONLY AS THE PROVISION OF SECTION 340(1)(a) OF THE COMPANIES ACT, 2016 DOES NOT REQUIRE A FORMAL APPROVAL OF THE SHAREHOLDERS FOR THE AUDITED FINANCIAL STATEMENTS. HENCE, THIS AGENDA ITEM IS NOT PUT FORWARD FOR VOTING.

## (B) PROXY

- (i) A member of the Company entitled to attend and vote at this Meeting is entitled to appoint a proxy or proxies (or being a corporate member, a corporate representative) to attend and vote in his stead. A proxy may but need not be a member of the Company. There shall be no restriction as to the qualification of the proxy.
- (ii) Subject to Note B (v) below, where a member appoint two (2) or more proxies, the appointments shall be invalid unless he specifies the proportion of his shareholding to be represented by each proxy.
- (iii) The instrument appointing a proxy in the case of an individual shall be signed by the appointor or his attorney or in the case of a corporation executed under its common seal or signed on behalf of the corporation by its attorney duly authorised.
- (iv) To be valid, the instrument appointing a proxy or by an officer and the power of attorney or other authority (if any) must be completed and deposited at the Registered Office of the Company at Lot 6, Jalan Sungai Kayu Ara 32/39, Seksyen 32, 40460 Shah Alam, Selangor Darul Ehsan not less than forty-eight (48) hours before the time appointed for the holding of the Meeting or adjourned Meeting (or in the case of a poll before the time appointed for the taking of the poll).
- (v) Where a member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("omnibus account") as defined under the Securities Industry (Central Depositories) Act 1991, there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds.
- (vi) Only a depositor whose name appears on the Record of Depositors as at 23 May 2025 shall be entitled to attend the said meeting and to appoint a proxy or proxies to attend, speak and/or vote on his/her behalf.
- (vii) Pursuant to Clause 62 of the Constitution of the Company, all resolutions set out in this Notice will be put to vote by way of poll.

## (C) EXPLANATORY NOTES ON SPECIAL BUSINESS

**Resolution 6 – Renewal of Authority to issue shares pursuant to Sections 75 and 76 of the Companies Act, 2016.**

The proposed Resolution 6, if passed, will give the Directors of the Company, from the date of the above Annual General Meeting authority to issue and allot shares from the unissued capital of the Company for such purposes as the Directors may deem fit and in the interest of the Company. The authority, unless revoked or varied by the Company in general meeting, will expire at the conclusion of the next Annual General Meeting of the Company.

THAT pursuant to Section 85 of the Companies Act, 2016, read together with Clause 13(d) of the Constitution of the Company, approval be and is hereby given to waive the statutory pre-emptive rights of the shareholders of the Company to be offered new shares ranking equally to the existing issued shares of the Company arising from any issuance of new shares pursuant to Sections 75 & 76 of the Companies Act, 2016.

As at the date of this notice, no new shares in the Company were issued pursuant to the authority granted to the Directors at the Seventeenth Annual General Meeting held on 30 May 2024 and which will lapse at the conclusion of the Eighteenth Annual General Meeting.

The authority will provide flexibility to the Company for any possible fund-raising activities, including but not limited to further placing of shares, for purpose of funding future investment project(s), working capital and/or acquisitions.

**Resolution 7 – Authority to Continue in Office as Independent Non-Executive Director**

The Board of Directors applied Practice 5.3 of the Malaysian Code on Corporate Governance ("MCCG") and seek the shareholders' approval to continue retain Mr. Lok Kai Chun who has served as Independent Non-Executive Director of the Company for a cumulative term of office of more than Nine (9) years through a two-tier voting process at this AGM.

The Board through the Nomination Committee ("NC"), has determined that Mr. Lok Kai Chun is fair and impartial in carrying out his duties to the Company. As Director, he continues to bring independent and objective judgements to Board deliberations and decision-making process as a whole. Mr. Lok Kai Chun also has vast and diverse range of experiences and brings the right mix of skills to the Board. The Board therefore, endorsed the NC's recommendation for Mr. Lok Kai Chun to be retained as Independent Non-Executive Director of the Company based on the following justifications:

- (i) Mr. Lok Kai Chun has fulfilled the criteria under the definition of Independent Director as stated in the Main Market Listing Requirements of Bursa Securities, and hence, he would be able to provide an element of objectivity, independent judgement and balance to the Board;
- (ii) His length of services on the Board of more than Nine (9) years does not in any way interfere with his exercise of objective judgement or their ability to act in the best interests of the Company and Group. In fact, Mr. Lok Kai Chun, has been with the Company for more than Nine (9) years, is familiar with the Group's business operations and have devoted sufficient time and commitment to his role and responsibilities as an Independent Director for informed and balance decision making; and
- (iii) He has exercised due care during his tenures as Independent Director of the Company and has discharged his duties with reasonable skill and competence, bringing independent judgement and depth into the Board's decision making in the interest of the Company and its shareholders.

**Resolution 8 – Proposed Renewal of Authority for Purchase of Own Shares by the Company**

The proposed Ordinary Resolution 8 if passed, will empower the Company to purchase and/or hold up to ten per centum (10%) of the issued and paid-up share of the Company. This authority unless revoked or varied by the Company at a General Meeting will expire at the next Annual General Meeting.

Further information on the Proposed Renewal of Authority for Purchase of Own Shares by the Company is set out in Part B of the Circular to Shareholders of the Company which can be downloaded from our Corporate Website at [www.samchem.com.my](http://www.samchem.com.my).

**Resolution 9 – Proposed Renewal of Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature**

The proposed Ordinary Resolution 9 if passed, will empower the Company and its subsidiaries ("the Group") to enter into Recurrent Related Party Transactions of a revenue or trading nature which are necessary for the Group's day-to-day operations, subject to the transactions being in the ordinary course of business and on terms which are not more favourable to the Related Parties than generally available to the public and are not detrimental to the minority shareholders of the Company.

Further information on the Proposed Renewal of Shareholders' Mandate for Recurrent Related Party Transactions is set out in Part A of the Circular to Shareholders of the Company which can be downloaded from our Corporate Website at [www.samchem.com.my](http://www.samchem.com.my).

## Statement Accompanying Notice of the 18<sup>th</sup> Annual General Meeting

Pursuant to paragraph 8.28(2) of the Main Market Listing Requirement of Bursa Malaysia Securities Berhad

1. Directors who are standing for re-election at the 18<sup>th</sup> Annual General Meeting of the Company:
  - a) CHEONG CHEE YUN (Resolution 3)
  - b) HOR WAI KONG (Resolution 4)
2. The details profile of the above Directors who are standing for re-election are set out in the Directors' Profile set out on pages 19 to 20 of the Annual Report 2024.
3. The details of the Directors' attendance for Board Meetings are disclosed in the Corporate Governance Statement on page 22 of the Annual Report 2024.
4. The 18<sup>th</sup> Annual General Meeting of the Company will be held at Level 3, Lot 6, Jalan Sungai Kayu Ara 32/39, Seksyen 32, 40460 Shah Alam, Selangor Darul Ehsan on Friday, 30 May 2025 at 10.30 a.m.



SAMCHEM HOLDINGS BERHAD  
Registration No. 200701039535 (197567-U)  
(Incorporated in Malaysia)

## Proxy Form

\*I/\*We ..... NRIC No: .....  
(Full Name in Block Capitals)

of .....  
(Address)

being a member/members of Samchem Holdings Berhad, hereby appoint:

1) Name of proxy: ..... NRIC No: .....  
(Full Name in Block Capitals)

Address: ..... No. of shares  
Represented: .....

2) Name of proxy: ..... NRIC No: .....  
(Full Name in Block Capitals)

Address: ..... No. of shares  
Represented: .....

or, \*the Chairman of the Meeting as \*my/\*our proxy to vote for \*me/\*us on \*my/\*our behalf at the Eighteenth Annual General Meeting of the Company at Level 3, Lot 6, Jalan Sungai Kayu Ara 32/39, Seksyen 32, 40460 Shah Alam, Selangor Darul Ehsan on Friday, 30 May 2025 at 10.30 a.m. and at any adjournment thereof.

\*My/\*Our Proxy(ies) is/are to vote as indicated below:

No.	Resolutions	For*	Against*
1.	To approve the payment of Directors fees amounting to RM225,000 and benefits of RM9,000 for the financial year ended 31 December 2024.		
2.	To approve the payment of Directors' fees amounting to RM400,000 and benefits of up to RM50,000 from 1 January 2025 until the next Annual General Meeting.		
3.	To re-elect Cheong Chee Yun as Director.		
4.	To re-elect Hor Wai Kong as Director.		
5.	To re-appoint Messrs. Baker Tilly Monteiro Heng PLT as Auditors of the Company and to authorise the Directors to determine their remuneration.		
6.	<b>Special Business</b> – Authority to Issue Shares Pursuant to Sections 75 and 76 of the Companies Act, 2016.		
7.	<b>Special Business</b> – Authority to Continuing in Office as Independent Non-Executive Director – Mr. Lok Kai Chun		
8.	<b>Special Business</b> – Proposed renewal of authority for purchase of own shares by the Company		
9.	<b>Special Business</b> – Proposed renewal of Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature		

(Please indicate with an "X" in the appropriate space above how you wish your votes to be cast. If you do not do so, the Proxy will vote or abstain from voting at his discretion.)

Dated this ..... day of ..... 2025 Number of shares held .....

Signature / Seal of Shareholders:

[\* Delete if not applicable]

CDS Account No.



STAMP

To:

**Samchem Holdings Berhad**

Registration No. 200701039535 (797567-U)

Lot 6, Jalan Sungai Kayu Ara 32/39  
Seksyen 32, 40460 Shah Alam  
Selangor Darul Ehsan, Malaysia

**NOTES:**

- (a) A member entitled to attend and vote at the annual general meeting is entitled to appoint a proxy or proxies (or being a corporate member, a corporate representative) to attend and vote in his stead. A proxy may but need not be a member of the Company. There shall be no restriction as to the qualification of the proxy.
- (b) Subject to (e) below, where a member appoint two (2) or more proxies, the appointments shall be invalid unless he specifies the proportion of his shareholding to be represented by each proxy.
- (c) The instrument appointing a proxy in the case of an individual shall be signed by the appointer or his attorney or in the case of a corporation executed under its common seal signed on behalf of the corporation by its attorney or by an officer duly authorised.
- (d) Duly completed form of proxy should be deposited with the Company's Registered Office at Lot 6, Jalan Sungai Kayu Ara 32/39, Seksyen 32, 40460 Shah Alam, Selangor Darul Ehsan not less than forty-eight (48) hours before the time appointed for the holding of the Meeting or adjourned Meeting (or in the case of a poll before the time appointed for the taking of the poll).
- (e) Where a member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("omnibus account") as defined under the Securities Industry (Central Depositories) Act, 1991, there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds.
- (f) Only a depositor whose name appears on the Record of Depositors as at 23 May 2025 shall be entitled to attend the said meeting and to appoint a proxy or proxies to attend, speak and/or vote on his/her behalf.
- (g) Pursuant to Clause 62 of the Constitution of the Company, all resolutions set out in this Notice will be put to vote by way of poll.





[samchem.com.my](http://samchem.com.my)