



CHEMLITE

202401021849 (1567698-V)



EXPERTISE

IN SURFACE FINISHING

ANNUAL REPORT 2024

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DESIGN RATIONALE

The cover design centers on our mission, vision and core values which are related to become an established surface finishing treatment solutions provider. This design ultimately signifies our dedication to make significant strides in our industry by leveraging on groundbreaking innovation and collaborative efforts.



CORPORATE INFORMATION

BOARD OF DIRECTORS

Choo Yih Woei

Independent Non-Executive
Chairman

Chong Yuen Fong

Executive Director /
Chief Executive Officer

Heng Chee Kiang

Executive Director /
Chief Operating Officer

Lee Kooi Hoon

Independent Non-Executive
Director

Lim Paik Nee

Independent Non-Executive
Director

Wong Wan Chin

Independent Non-Executive
Director

AUDIT AND RISK MANAGEMENT COMMITTEE

Lee Kooi Hoon

Chairperson

Lim Paik Nee

Member

Wong Wan Chin

Member

REMUNERATION COMMITTEE

Lim Paik Nee

Chairperson

Lee Kooi Hoon

Member

Wong Wan Chin

Member

NOMINATION COMMITTEE

Wong Wan Chin

Chairperson

Lee Kooi Hoon

Member

Lim Paik Nee

Member

COMPANY SECRETARIES

Yeow Sze Min

SSM PC No. 201908003120
(MAICSA 7065735)

Low Seow Wei

SSM PC No. 202008000437
(MAICSA 7053500)

SHARE REGISTRAR

Tricor Investor & Issuing House Services Sdn Bhd

Unit 32-01, Level 32, Tower A

Vertical Business Suite

Avenue 3, Bangsar South

No. 8, Jalan Kerinchi

59200 Kuala Lumpur

Wilayah Persekutuan

Tel : (03) 2783 9299

Fax : (03) 2783 9222

Email : is.enquiry@my.tricorglobal.com

REGISTERED OFFICE

Suite 18.05, MWE Plaza

No. 8 Lebuhr Farquhar

10200 George Town

Pulau Pinang

Tel : (04) 263 1966

Fax : (04) 262 8544

Email : info@sshsb.com.my

HEAD OFFICE

No. 1297, Lorong Perindustrian Bukit

Minyak 22

Taman Perindustrian Bukit Minyak

(Penang Science Park)

14100 Simpang Ampat

Pulau Pinang

Tel : (04) 688 0388

Fax : (04) 688 0383

Website : www.chemlite.com.my

Email : ir.enquiry@chemlite.com.my

AUDITORS

Forvis Mazars PLT

(formerly known as Mazars PLT)

201706000496

(LLP0010622-LCA) & AF 001954

Wisma Golden Eagle Realty

11th Floor, South Block

142-A, Jalan Ampang

50450 Kuala Lumpur

Tel : (03) 2702 5222

SPONSOR

UOB Kay Hian Securities (M) Sdn Bhd

Suite 19.03, 19th Floor

Menara Keck Seng

203 Jalan Bukit Bintang

55100 Kuala Lumpur

Wilayah Persekutuan

Tel : (03) 2147 1888

Fax : (03) 2147 1950

STOCK EXCHANGE LISTING

ACE Market of Bursa Malaysia Securities Berhad

Stock Code: 0348

Stock Name: CLITE

Sector: Industrial Products & Services



GROUP PROFILE

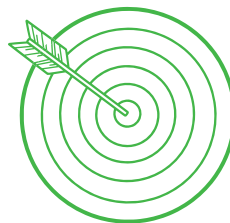
ABOUT US

CHEMLITE is a leading provider of surface finishing treatment solutions for diverse industries, including semiconductor, telecommunication, medical devices and automotive sectors. Our mission is to deliver superior solutions that exceed client expectations, guided by values of quality, innovation and responsibility. Founded in 2007 and located in Penang, Malaysia, CHEMLITE's journey began with dozens of employees who were passionate about providing quality surface finishing treatment solutions.

Today, CHEMLITE has grown into a global approved vendor for surface finishing treatment solutions to a multination company. CHEMLITE is committed and will continue to grow to become a renowned surface finishing treatment solutions provider.

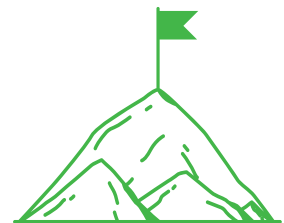


OUR VISION



To become a renowned surface finishing treatment solutions provider.

OUR MISSION



Provide superior surface finishing treatment solutions that exceed client expectations.

OUR CORE VALUES

To make significant strides in our industry by leveraging on groundbreaking innovation and collaborative efforts.



QUALITY



INNOVATION



RESPONSIBILITY

CORPORATE STRUCTURE



CHEMLITE

Chemlite Innovation Berhad

(Registration No. 202401021849 (1567698-V))

100.00%

Chemlite Industries Sdn Bhd

(Registration No. 200701005133 (763132-D))

Chemlite Innovation Berhad

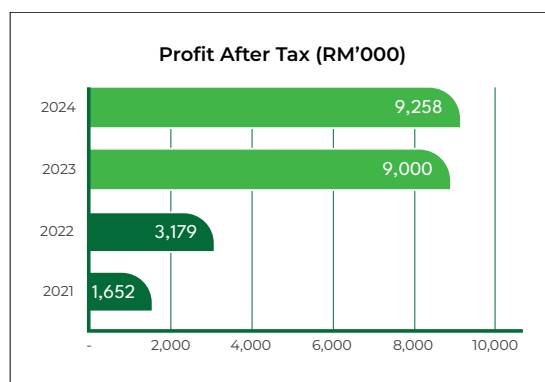
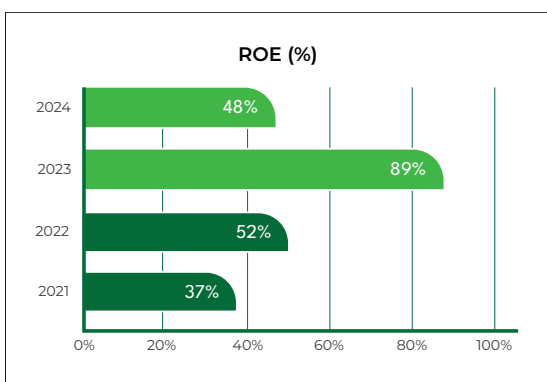
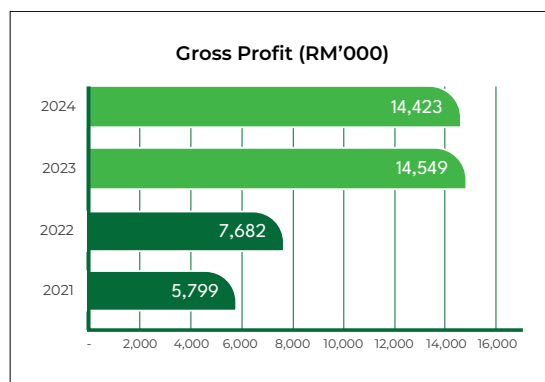
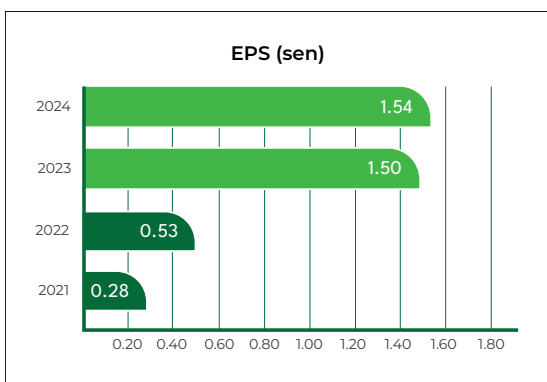
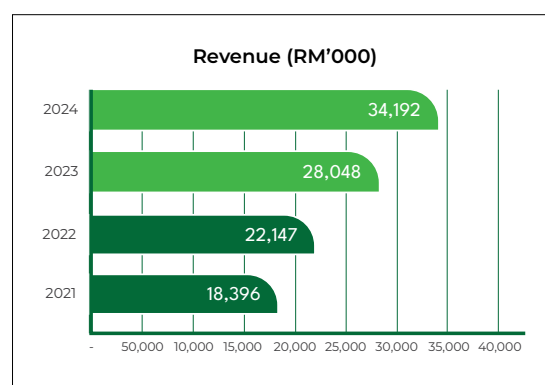
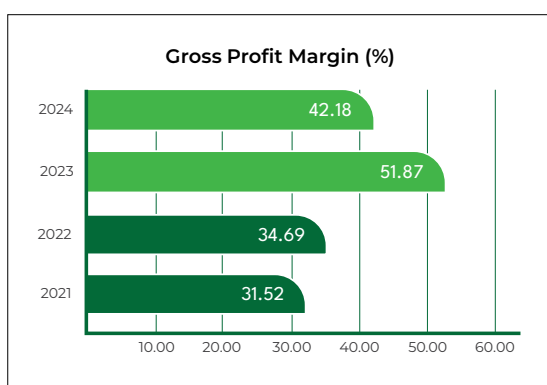
Investment holding

Chemlite Industries Sdn Bhd

Provision of surface finishing
treatment services

FINANCIAL HIGHLIGHTS

	2021 RM'000	2022 RM'000	2023 RM'000	2024 RM'000
Revenue	18,396	22,147	28,048	34,192
Gross Profit	5,799	7,682	14,549	14,423
Profit After Tax	1,652	3,179	9,000	9,258
Gross Profit Margin (%)	31.52	34.69	51.87	42.18
Earning Per Share ("EPS")(sen)	0.28	0.53	1.50	1.54
Return of Equity ("ROE") (%)	37%	52%	89%	48%



PROFILE OF DIRECTORS



Choo Yih Woei

*Independent Non-Executive
Chairman*

NATIONALITY	GENDER	AGE
MALAYSIAN	MALE	55

Academic/Professional Qualification(s)

1. Bachelor of Engineering (with Honours Class I) in Mechanical, University of Malaya

Date first appointed to the Board

24 June 2024

Membership of Board Committee

None

Present Directorship(s) and/or Appointment(s) in other Public Listed Companies

None

Working Experience and Occupation

1. Assistant Manager, Trane Malaysia Sales and Services Sdn Bhd (1995-2003)
2. Managing Director, Total Solutions M&E Sdn Bhd (2004-Present)
3. Managing Director, Total Solutions M&E (Northern) Sdn Bhd (2013-Present)

Family relationship with any director and/or major shareholder of Chemlite Innovation Berhad

None

Conflict of interests with Chemlite Innovation Berhad

None

Convictions for offences within the past five (5) years and particulars of any public sanction or penalty imposed by the relevant regulatory bodies (other than traffic offences) during the financial year

None

Number of board meetings attended in the financial year

1/1

PROFILE OF DIRECTORS (cont'd)



Chong Yuen Fong

*Executive Director
and Chief Executive Officer*

NATIONALITY	GENDER	AGE
MALAYSIAN	MALE	56

Academic/Professional Qualification(s)

1. Diploma in Science, Tunku Abdul Rahman College (presently known as Tunku Abdul Rahman University of Management and Technology)
2. Bachelor of Science, Campbell University, North Carolina, United States

Date first appointed to the Board

31 May 2024

Membership of Board Committee

None

Present Directorship(s) and/or Appointment(s) in other Public Listed Companies

None

Working Experience and Occupation

1. QA Engineer, Sharp North Malaysia Sdn Bhd (1994)
2. Quality Assurance and Production Engineer, Eng Hardware Engineering Sdn Bhd (1994-1996)
3. QA Engineer, CAM Advanced Technologies (M) Sdn Bhd (1996)
4. Production Engineer, Eng Teknologi Sdn Bhd (1996-1997)
5. Supplier Quality Engineer, Perai Seagate Storage Products Sdn Bhd (1997-2001)
6. New Product Introduction Engineer, Flextronics Technology (M) Sdn Bhd (2001-2002)
7. Business Development Manager, Chemlite (M) Sdn Bhd (2002-2003)
8. Director, Chemlite Technology Sdn Bhd (presently known as CH Asset Management Sdn Bhd) (2003-2023)

Family relationship with any director and/or major shareholder of Chemlite Innovation Berhad

None

Conflict of interests with Chemlite Innovation Berhad

None

Convictions for offences within the past five (5) years and particulars of any public sanction or penalty imposed by the relevant regulatory bodies (other than traffic offences) during the financial year

None

Number of board meetings attended in the financial year

1/1

PROFILE OF DIRECTORS (cont'd)



Heng Chee Khiang

*Executive Director
and Chief Operating Officer*

NATIONALITY	GENDER	AGE
MALAYSIAN	MALE	55

Academic/Professional Qualification(s)

1. Diploma in Science from Tunku Abdul Rahman College (presently known as Tunku Abdul Rahman University of Management and Technology)
2. Bachelor of Science, Campbell University, North Carolina, United States

Date first appointed to the Board

31 May 2024

Membership of Board Committee

None

Present Directorship(s) and/or Appointment(s) in other Public Listed Companies

None

Working Experience and Occupation

1. Process Engineer, Precico Sdn Bhd (1994-1995)
2. Quality Assurance Engineer, Eng Teknologi Sdn Bhd (1995-1997)
3. Quality Assurance Engineer, Xolox Malaysia Sdn Bhd (1997-1998)
4. Senior Quality Assurance Engineer, PCA Mahlin Technology Sdn Bhd (1998-2002)
5. Operations Manager, Chemlite (M) Sdn Bhd (2002-2003)
6. Director, Chemlite Technology Sdn Bhd (presently known as CH Asset Management Sdn Bhd) (2003-2023)

Family relationship with any director and/or major shareholder of Chemlite Innovation Berhad

None

Conflict of interests with Chemlite Innovation Berhad

None

Convictions for offences within the past five (5) years and particulars of any public sanction or penalty imposed by the relevant regulatory bodies (other than traffic offences) during the financial year

None

Number of board meetings attended in the financial year

1/1

PROFILE OF DIRECTORS (cont'd)



Lee Kooi Hoon

Independent Non-Executive Director

NATIONALITY	GENDER	AGE
MALAYSIAN	FEMALE	55

Academic/Professional Qualification(s)

1. Bachelor of Business in Accountancy, Charles Sturt University-Riverina, Australia
2. Master in Development Management, Asian Institute of Management, Manila, Philippines
3. Member of Australian Society of Accountants (now known as CPA Australia)
4. Member of Malaysian Institute of Accountants

Date first appointed to the Board

24 June 2024

Membership of Board Committee

1. Audit And Risk Management Committee (Chairperson)
2. Remuneration Committee (Member)
3. Nomination Committee (Member)

Present Directorship(s) and/or Appointment(s) in other Public Listed Companies

None

Working Experience and Occupation

1. Audit Assistant, Ismail Chong & Associates (1993-1994)
2. Audit Senior, Price Waterhouse PLT (presently known as PricewaterhouseCoopers PLT) (1995-1997)
3. Senior Internal Audit Executive, Hunza Consolidation Berhad (presently known as Master-Pack Group Berhad) (1997-1998)
4. Assistant Finance Manager, Hunza Marine Products Sdn Bhd (a subsidiary of Hunza Consolidation Berhad) (1998-1999)
5. Internal Audit Officer, Shangri-La Hotels (M) Berhad (1999-2000)
6. Finance Manager, Cargill (Malaysia) Sdn Bhd (2001-2003)
7. Finance Manager, International SOS Pte Ltd (2003-2012)
8. Chief Financial Officer, DFI Lucky Private Limited (a subsidiary of DFI Retail Group Holdings Limited (2012-2021)
9. Finance Advisor, Olympia Medical Hub Co Ltd (2022-2024)
10. Financial Controller, Emits Technology Sdn Bhd (2024-Present)

Family relationship with any director and/or major shareholder of Chemlite Innovation Berhad

None

Conflict of interests with Chemlite Innovation Berhad

None

Convictions for offences within the past five (5) years and particulars of any public sanction or penalty imposed by the relevant regulatory bodies (other than traffic offences) during the financial year

None

Number of board meetings attended in the financial year

1/1

PROFILE OF DIRECTORS (cont'd)



Lim Paik Nee

Independent Non-Executive Director

NATIONALITY	GENDER	AGE
MALAYSIAN	FEMALE	58

Academic/Professional Qualification(s)

1. Bachelor of Law, University of New South Wales, Australia
2. Bachelor of Commerce, University of New South Wales, Australia
3. Advocate and Solicitor of the High Court of Malaya

Date first appointed to the Board

24 June 2024

Membership of Board Committee

1. Remuneration Committee (Chairperson)
2. Audit And Risk Management Committee (Member)
3. Nomination Committee (Member)

Present Directorship(s) and/or Appointment(s) in other Public Listed Companies

None

Working Experience and Occupation

1. Partner, Messrs Chin Eng Adlina & Lim (1993-2003)
2. Managing Partner, Messrs P.N. Lim & Associate (2004-2006)
3. Partner, Messrs P.N. Lim & Ong (2006-2007)
4. Managing Partner, Messrs P.N. Lim & Associate (2007-2010)
5. Partner, Messrs C.M. Teh & P.N. Lim (presently known as Messrs C.M. Teh & Ang) (2010-2024)
6. Legal Consultant, Messrs C.M. Teh & Ang (2024-Present)

Family relationship with any director and/or major shareholder of Chemlite Innovation Berhad

None

Conflict of interests with Chemlite Innovation Berhad

None

Convictions for offences within the past five (5) years and particulars of any public sanction or penalty imposed by the relevant regulatory bodies (other than traffic offences) during the financial year

None

Number of board meetings attended in the financial year

1/1

PROFILE OF DIRECTORS (cont'd)



Wong Wan Chin

Independent Non-Executive Director

NATIONALITY	GENDER	AGE
MALAYSIAN	FEMALE	50

Academic/Professional Qualification(s)

1. Bachelor of Laws, University of Malaya
2. Advocate and Solicitor of the High Court of Malaya

Date first appointed to the Board

24 June 2024

Membership of Board Committee

1. Nomination Committee (Chairperson)
2. Audit And Risk Management Committee (Member)
3. Remuneration Committee (Member)

Working Experience and Occupation

1. Partner, Messrs Wong Chooi & Mohd Nor (1999-2009)
2. Partner, Messrs Lio & Partners (2009-2017)
3. Managing Partner, Messrs Wong & Loh (2017-Present)

Present Directorship(s) and/or Appointment(s) in other Public Listed Companies

1. Independent Non-Executive Chairman, Volcano Berhad (a company listed on the ACE Market of Bursa Malaysia Securities Berhad)
2. Independent Non-Executive Director, Iconic Worldwide Berhad (a company listed on the Main Market of Bursa Malaysia Securities Berhad)

Family relationship with any director and/or major shareholder of Chemlite Innovation Berhad

None

Conflict of interests with Chemlite Innovation Berhad

None

Convictions for offences within the past five (5) years and particulars of any public sanction or penalty imposed by the relevant regulatory bodies (other than traffic offences) during the financial year

None

Number of board meetings attended in the financial year

1/1

PROFILE OF KEY SENIOR MANAGEMENT

Ng Swee Ping

Financial Controller

NATIONALITY	GENDER	AGE
MALAYSIAN	MALE	33

Academic/Professional Qualification(s)

1. Bachelor of Arts with Honours in Accounting and Finance, University of Exeter, United Kingdom
2. Master of Science in Accountancy and Finance, Birmingham City University, United Kingdom
3. Fellow Member of the Association of Chartered Certified Accountants
4. Member of the Malaysian Institute of Accountants

Date first appointed as Key Senior Management

24 June 2024

Present Directorship(s) and/or Appointment(s) in other Public Listed Companies

None

Working Experience and Occupation

1. Audit Assistant, CHI-LLTC (presently known as TNL Partners PLT) (2016-2017)
2. Audit Assistant Manager, BDO Malaysia (presently known as BDO PLT) (2017-2021)
3. Finance Manager, Netpoint Coating Sdn Bhd (2021-2023)
4. Financial Controller, Chemlite Industries Sdn Bhd (2023-Present)

Family relationship with any director and/or major shareholder of Chemlite Innovation Berhad

None

Conflict of interests with Chemlite Innovation Berhad

None

Convictions for offences within the past five (5) years and particulars of any public sanction or penalty imposed by the relevant regulatory bodies (other than traffic offences) during the financial year

None

Fernando Maruli

Operations Manager

NATIONALITY	GENDER	AGE
INDONESIAN	MALE	49

Academic/Professional Qualification(s)

1. Bachelor of Chemical Engineering, Sriwijaya University, Indonesia

Date first appointed as Key Senior Management

24 June 2024

Present Directorship(s) and/or Appointment(s) in other Public Listed Companies

None

Working Experience and Occupation

1. Process Engineer, PT Multi Usage Indonesia (2002-2007)
2. Senior Process Engineer, ZDGP Technology Sdn Bhd (2008-2012)
3. Process Engineer, Netpoint Coating Sdn Bhd (2012-2013)
4. Process Engineer, NPC Technology Sdn Bhd (2013-2015)
5. Factory Manager, PT Multi Usage Indonesia (2015-2019)
6. Process Manager, Chemlite Industries Sdn Bhd (2019-2023)
7. Operations Manager, Chemlite Industries Sdn Bhd (2023-Present)

Family relationship with any director and/or major shareholder of Chemlite Innovation Berhad

None

Conflict of interests with Chemlite Innovation Berhad

None

Convictions for offences within the past five (5) years and particulars of any public sanction or penalty imposed by the relevant regulatory bodies (other than traffic offences) during the financial year

None

MANAGEMENT DISCUSSION AND ANALYSIS

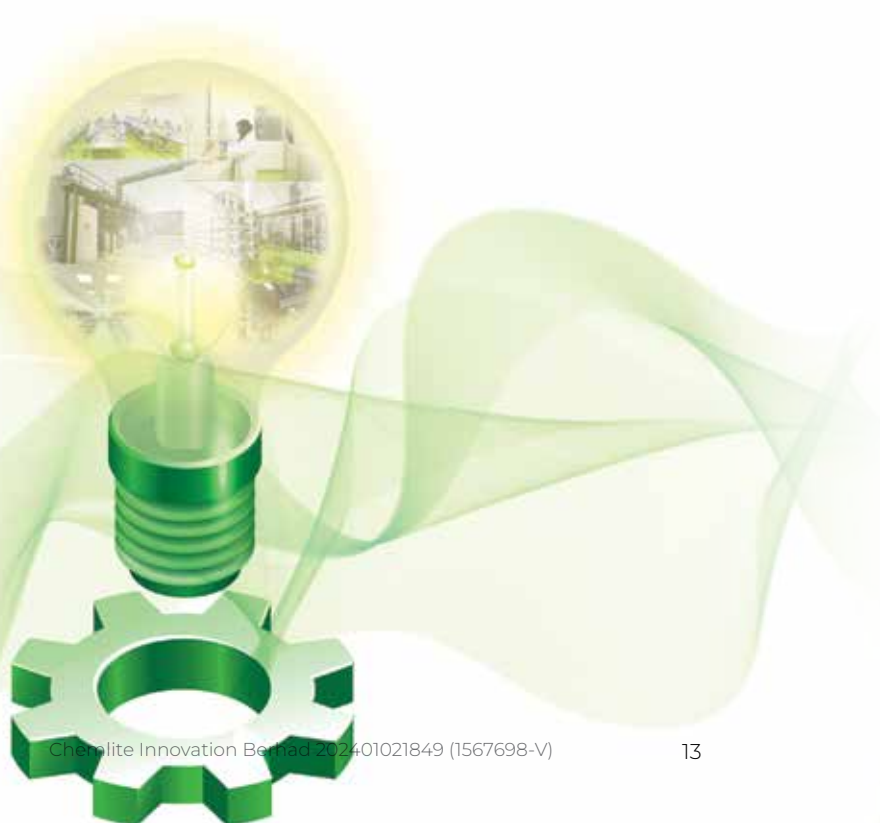
The following is the management discussion and analysis (“**MD&A**”) of the business operations and performance of Chemlite Innovation Berhad (“**Chemlite Innovation**” or “**Company**”) and its subsidiary (“**Chemlite Innovation Group**” or “**Group**”) for the financial year ended 31 December 2024 (“**FYE 2024**”). This MD&A should be read in conjunction with the financial statements and notes to the financial statements of the Company and the Group for the FYE 2024 as set out in this annual report.

BUSINESS OVERVIEW

We are an engineering support services provider, focusing on surface finishing treatment services and primarily specialise in the following:-

- (i) provision of metal plating services on intermediate metal products with expertise in plating a composition of multi-layer metal coatings, involving gold, silver, palladium and/or nickel through electroplating and electroless plating techniques; and
- (ii) provision of non-metal plating services on intermediate metal products, which includes anodising and other non-metal plating services as and when requested by our customers on an ad-hoc basis.

Our core competency lies in our technical capabilities in providing comprehensive range of surface finishing treatment services, experienced and technically skilled key management team, established track record of consistently meeting stringent customer requirements in terms of quality and turnaround time as well as our comprehensive operating facility.



MANAGEMENT DISCUSSION AND ANALYSIS (cont'd)

FINANCIAL PERFORMANCE REVIEW

The key indicators used to measure our Group's financial performance for the FYE 2024 as compared with the previous financial year ended 31 December 2023 ("**FYE 2023**") are set out in the table below.

	FYE 2024	FYE 2023	Changes	
	(RM'000)	(RM'000)	(RM'000)	(%)
Revenue	34,192	28,048	6,144	21.91
Gross Profit (" GP ")	14,423	14,549	(126)	(0.87)
Profit Before Tax (" PBT ")	8,678	12,117	(3,439)	(28.38)
Profit After Tax (" PAT ")	9,258	9,000	258	2.87
GP margin (%)	42.18	51.87	-	-
PBT margin (%)	25.38	43.20	-	-
PAT margin (%)	27.08	32.09	-	-
Basic earnings per share (sen)	1.54	1.50	-	-
No. of shares post IPO ('000)	600,000	600,000	-	-

Revenue

Our Group's revenue by business segments is illustrated in the table below:

	FYE 2023		FYE 2024	
	(RM'000)	(%)	(RM'000)	(%)
Metal plating	24,120	86.00	29,320	85.75
Non-metal plating	3,928	14.00	4,872	14.25
Total revenue	28,048	100.00	34,192	100.00

MANAGEMENT DISCUSSION AND ANALYSIS (cont'd)

Our Group's revenue by geographical locations is illustrated in the table below:

	FYE 2023		FYE 2024	
	(RM'000)	(%)	(RM'000)	(%)
Malaysia	14,835	52.89	25,655	75.03
Philippines	13,213	47.11	8,517	24.91
Others [^]	-	-	20	0.06
Total revenue	28,048	100.00	34,192	100.00

Note:

[^] Comprising Japan and Singapore.

Our Group recorded revenue of RM34.19 million for the FYE 2024, representing an increase of 21.89% or RM6.14 million from the FYE 2023 of RM28.05 million, primarily attributed to the following factors:-

- (i) revenue from the metal plating segment increased by 21.56% or RM5.20 million to RM29.32 million in the FYE 2024 (FYE 2023: RM24.12 million) as our Group managed to secure a higher amount of purchase orders with higher value from one of our major customers operating in the electrical and electronics industry; and
- (ii) revenue from the non-metal plating segment increased by 23.92% or RM0.94 million to RM4.87 million in the FYE 2024 (FYE 2023: RM3.93 million) mainly due to the increase in number of purchase orders from our existing customers in Malaysia.

GP & GP margin

Our Group's overall GP decreased marginally by approximately 0.89% or RM0.13 million to RM14.42 million in the FYE 2024 (FYE 2023: RM14.55 million) while the overall GP margin decreased by 9.69% to 42.18% in the FYE 2024 (FYE 2023: 51.87%). The decrease in GP margin was mainly due to the increase in the cost of sales in both metal and non-metal plating segments in the FYE 2024.

PBT & PBT margin

Our Group recorded a lower PBT of RM8.68 million in the FYE 2024, representing a decrease of 28.38% or RM3.44 million from the PBT of RM12.12 million recorded in the FYE 2023. The PBT margin also decreased from 43.20% to 25.38% in the FYE 2024. The decrease in both PBT and PBT margin was mainly attributed to the decrease in the GP, GP margin and increase in administrative and general expenses of our Group.

MANAGEMENT DISCUSSION AND ANALYSIS (cont'd)

Financial Position and Liquidity

As at FYE 2024, the total assets of our Group increased by RM8.62 million or 27.18% to RM40.33 million mainly due to the increase in trade and other receivables primarily attributable to the prepayment for property, plant and equipment and right-of-use assets in relation to the purchase of cleanroom machineries and equipment and acquisition of a leasehold land. The total liabilities of our Group decreased by RM0.65 million or 3.02% to RM20.90 million as at FYE 2024 (FYE 2023: RM21.55 million) primarily due to the settlement and discharge of other financial liabilities and repayment of bank borrowings.

The net assets of our Group increased to RM19.43 million in the FYE 2024 from RM10.17 million in the FYE 2023.

Our Group's cash and bank balances stood at RM1.27 million in the FYE 2024 as compared to RM3.99 million in the FYE 2023. The decrease in cash and bank balances was mainly due to the repayment of term loans as well as payments made for the construction of the second fully automated anodising line.

Overall, our Group's financial position remains healthy, with a higher current ratio of 2.33 times (FYE 2023: 1.48 times) indicating strong short-term liquidity. Our Group's gearing ratio had also improved from 1.59 times in the FYE 2023 to 0.85 times in the FYE 2024 following the repayment of certain bank borrowings.

DIVIDENDS

Our Group's ability to pay dividends is dependent upon a number of factors, including the level of cash and retained earnings, gearing, results of operations, anticipated capital expenditure requirement and financial conditions and other relevant factors.

At this juncture, our Company has not adopted a formal dividend payout policy. Any dividend declared will be subject to the recommendation of the Board, taking into consideration our Group's capital structure and ensuring sufficient funds for future growth. Any final dividends declared will be subject to the approval of the shareholders of our Group at the annual general meeting.

MANAGEMENT DISCUSSION AND ANALYSIS (cont'd)

OPERATIONS REVIEW

FYE 2024 marks the first full year of our Group commencing operations in our newly constructed operating facility at Penang Science Park ("**Penang Science Park Facility**") since our relocation in late November 2023. The relocation to the Penang Science Park Facility was part of our Group's strategic business expansion plan where our Group had transitioned towards operating 5 semi-automated metal plating lines and 2 fully automated anodising lines from operating 2 semi-automated metal plating lines and 1 semi-automated anodising line at the previous operating facility. The increased operating capacity and enhanced technical capabilities (in particular, the automation of surface finishing treatment processes) has enabled our Group to better serve our customers by ensuring consistent and high-quality outputs within a quick turnaround time.

KEY BUSINESS RISKS

Dependence on major customers

Our Group's revenue is heavily reliant on our 2 major customers, both of whom have collectively contributed to 86.30% of our total revenue in the FYE 2024 (FYE 2023: 87.48%). In addition, given the significant volume and frequency of purchase orders from the 2 major customers, our Group has dedicated 4 semi-automated metal plating lines to cater to their production needs, resulting in our Group operating only 1 semi-automated metal plating line to meet the demands of other customers. This reliance on the 2 major customers will expose our Group to operational risks, as it limits our ability to diversify our customer base. As a result, any adverse changes to the business relationship between our Group and the major customers such as cancellation of orders or a termination of the relationship may lead to a negative impact on our Group's operations and financial performance.

Notwithstanding the above, our Group has built long-standing relationships spanning from 11 to 18 years with our major customers, which had resulted from our Group's technical capabilities, strong emphasis on quality and ability to meet customer demands within a quick turnaround time. Further, to mitigate this risk, our Group is proactively engaging new customers to diversify our customer base and conducting research and development ("**R&D**") activities to expand our range of service offerings.

Disruption to business operations

Our Group's business operations are dependent on our operating facility to operate smoothly and efficiently without any major disruptions. Although scheduled service and maintenance are carried out on the machineries and equipment on a weekly basis, there is no assurance that the production lines will remain operational as the production lines could be out of service due to defects, wear and tear, unanticipated failures or damages sustained during our Group's business operations. Further, our Group's daily operations are also subject to risks that are beyond our control such as water supply disruption, outbreak of fire, flood, power failure, burglary and other calamities.

MANAGEMENT DISCUSSION AND ANALYSIS (cont'd)

As a result of such disruptions, the production schedules and timely delivery of the treated intermediate metal products may be affected, which may lead to cancellation of purchase orders and may eventually impact our Group's relationships with our customers. This could have an adverse impact on the business operations, financial performance and industry reputation of our Group.

To mitigate such risks and ensure operational continuity, our Group has implemented safeguards such as adopting insurance policies to protect our Group's assets from various risks and uncertainties as well as installed water storage tanks to ensure that our Group is able to continue operating our surface finishing treatment processes in the event of any major water supply disruption.

PROSPECTS

Despite heightened geopolitical tensions and potential trade and investment restrictions, the outlook of Malaysia's electrical and electronics ("**E&E**") and semiconductor industries remains positive as the industries continues to reap the benefits from the ongoing global technology upcycle, in line with the double-digit growth in global semiconductor sales as projected by the World Semiconductor Trade Statistics (WSTS) in 2025. In 2024, the E&E industry attracted RM55.8 billion in approved investments, representing 46.3% of total investments in the manufacturing sector. These investments are primarily focused on expanding production capacity to meet increasing demand. The momentum is further supported by ongoing government initiatives by the Malaysian government, which includes the National Semiconductor Strategy (NSS) and the New Industrial Master Plan 2030 (NIMP 2030). These initiatives and efforts are expected to collectively contribute to the continued growth of the E&E and semiconductor industries.

This positive outlook also benefits related sectors, in particular, the engineering support services and the surface engineering industry. As demand for products produced by the end-user industries such as semiconductors, E&E, and machinery and equipment increases due to advancement in technology, the demand for high-quality surface finishing treatments will grow in tandem accordingly. As such, our Group is poised to benefit from the growing demand given that our solution offerings play a key role in enhancing the functionality, durability, and performance of intermediate metal components.

MANAGEMENT DISCUSSION AND ANALYSIS (cont'd)

In anticipation to capitalise on the growth driven by the semiconductor and E&E industries, our Group intends to scale up our operations and strengthen our operational capabilities in the following manner:

- (i) construction of an additional operating facility (which is envisaged to be operational within the next 3 years) to expand our production floor space and production capacity to cater for our Group's increasing production needs. Our Group had, on 26 November 2024, entered into a sale and purchase agreement to acquire a parcel of industrial leasehold land from the Penang Development Corporation for the construction of the additional operating facility;
- (ii) setting up of cleanrooms to offer cleanroom cleaning and cleanroom packaging services to cater to the demand from customers in the semiconductor and E&E industries; and
- (iii) investing in automation technologies as well as R&D activities to further enhance the operational capacity and technical capabilities of our Group.

By leveraging on our Group's competitive strengths, our Group is confident that our strategic emphasis on the expansion of our operating capacity and service offerings coupled with ongoing investments in our operations will contribute positively to our Group's financial performance in the coming financial years.

SUSTAINABILITY STATEMENT (ESG)

Overview

Chemlite Innovation Berhad (“**Chemlite Innovation**” or the “**Company**”) and its subsidiary (“**Chemlite Innovation Group**” or the “**Group**”) are pleased to present our Sustainability Statement (“**Statement**”), which covers the sustainability performance of the Group from 1 January 2024 to 31 December 2024. This Statement reflects our commitment to creating value for our stakeholders and the environment through our business activities.

For information purposes, the Company was listed on the ACE Market of Bursa Malaysia Securities Berhad (“**Bursa Securities**”) on 26 March 2025 (“**Listing**”). The Listing was a subsequent event after the financial year ended 31 December 2024 (“**FYE 2024**”).

Scope and Basis of Scope

This Statement provides an overview of the sustainability performance and progress of the Group, covering the entirety of our business operations.

Reporting Frameworks and Standards

This Statement has been prepared in compliance with the ACE Market Listing Requirements of Bursa Malaysia Securities Berhad (“**Bursa Securities**”) (“**Listing Requirements**”), with reference to Bursa Securities’ Sustainability Reporting Guide (3rd Edition), Global Reporting Initiative (GRI) Standards, Task Force on Climate-related Financial Disclosures (TCFD) Recommendations, Sustainability Accounting Standards Board (SASB) Standards and the International Sustainability Standards Boards (ISSB) Standards.

Our Approach to Sustainability

The Group’s sustainability governance structure is established based on the Integrated Sustainability Model. As the Group looks to ensure that sustainability is embedded across all aspects of our organisation, the responsibilities of the Board of Directors of the Company (“**Board**”) and its committees have been broadened to encompass sustainability elements. The Board is ultimately responsible for the Group’s strategic direction on sustainability while being supported by the Sustainability and Risk Committee (“**SRC**”) and Sustainability and Risk Working Group (“**SRWG**”) by virtue of delegation.

Our SRC, led by our Chief Executive Officer (“**CEO**”) and supported by our Chief Operating Officer (“**COO**”), Financial Controller (“**FC**”) and Quality Assurance (“**QA**”) Manager, supports the Board with managing the sustainability matters of the Group.

The SRC oversees the SRWG, which is represented by employees identified by the Management and the Board. The SRWG is responsible for the day-to-day implementation of the organisation’s sustainability strategies and plans.

SUSTAINABILITY STATEMENT (ESG) (cont'd)

The Board strives to continuously equip the Directors of the Company with the necessary knowledge regarding the management of sustainability (including climate-related risks and opportunities) to drive informed decision making by attending Environmental, Social and Governance (“**ESG**”) programmes.

The Board also evaluates the sustainability competencies of the Group on a regular basis to improve on leadership and oversight on sustainability matters.

Sustainability-linked Key Performance Indicators (“**KPIs**”) have been established and embedded within the Board’s and the Management’s performance evaluation scorecard to drive Group-wide accountability in steering our sustainability performance.

SUSTAINABILITY GOVERNANCE STRUCTURE

Board of Directors

Board of Directors

The Board is ultimately accountable for managing sustainability matters in the organisation

Sustainability and Risk Committee

Sustainability and Risk Committee

The SRC, comprising of the CEO, COO, FC and QA Manager, reports to the Board on sustainability matters and coordinates the team in their duties and responsibilities

Sustainability and Risk Working Group

Sustainability and Risk Working Group

The SRWG comprise of employees identified by the Management and the Board to manage sustainability initiatives

SUSTAINABILITY STATEMENT (ESG) (cont'd)

Stakeholder Engagement

The Group recognises the significance of engaging with our stakeholders as a primary means to achieve sustainability. Through direct interactions with both internal and external stakeholders, we gather valuable feedback and insights that help bridge the gap between their expectations and our actions. We define stakeholders as individuals, entities, or groups impacted by our business operations or presence, including those with a vested interest or potential influence on our practices.

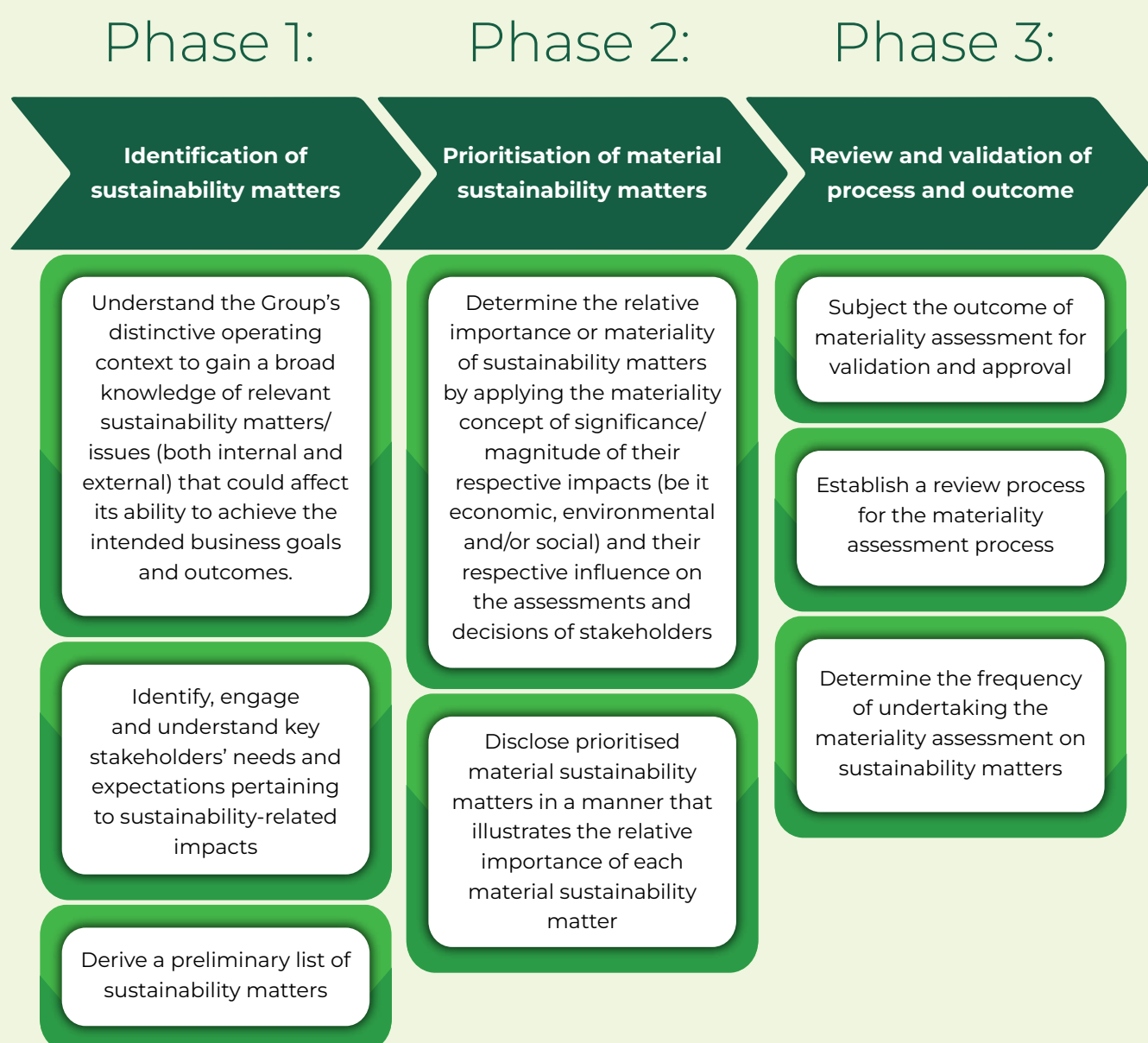
Throughout the year, we have embraced an inclusive approach towards shaping our sustainability direction, drawing upon input gathered from various engagement activities. Our stakeholders are integral to our long-term business success, and we remain committed to engaging them through diverse activities and communication channels. The following outlines our ongoing and future means of engagement with our stakeholders:

Key Stakeholders	Areas of Interest	Engagement Platforms	Engagement Frequency
Shareholders	<ul style="list-style-type: none"> • Business strategies and future plans • Dividend payout • Group overall performance 	<ul style="list-style-type: none"> • Annual General Meeting • Annual Report • Quarterly financial results • Company announcements • Corporate website • Analyst briefing 	<ul style="list-style-type: none"> • Annually • Annually • Quarterly • Ad-Hoc • Ongoing • Ad-Hoc
Government / Regulatory Authorities	<ul style="list-style-type: none"> • Regulatory compliance including environmental and social compliance • Corporate governance practice 	<ul style="list-style-type: none"> • Participation in seminars/ workshops/briefings sessions organised by regulatory authorities • Site visits • Consultation with authorities 	<ul style="list-style-type: none"> • As needed
Customers	<ul style="list-style-type: none"> • Value added services • Service quality • Reliable delivery • Competitive prices 	<ul style="list-style-type: none"> • Customer meetings • Audits and site visits • Customer feedback 	<ul style="list-style-type: none"> • As needed • Annually • Ongoing
Employees	<ul style="list-style-type: none"> • Remuneration and benefits • Career development and upskilling opportunities • Health and safety at the workplace 	<ul style="list-style-type: none"> • Internal communication channel • Performance appraisal • Training 	<ul style="list-style-type: none"> • As needed • Annually
Suppliers	<ul style="list-style-type: none"> • Fair procurement practices • Product cost and quality • Prompt payments within credit period • Business prospects and financial stability 	<ul style="list-style-type: none"> • Supplier meetings • Regular feedback to suppliers on their quality and performance 	<ul style="list-style-type: none"> • As needed • Ongoing

SUSTAINABILITY STATEMENT (ESG) (cont'd)

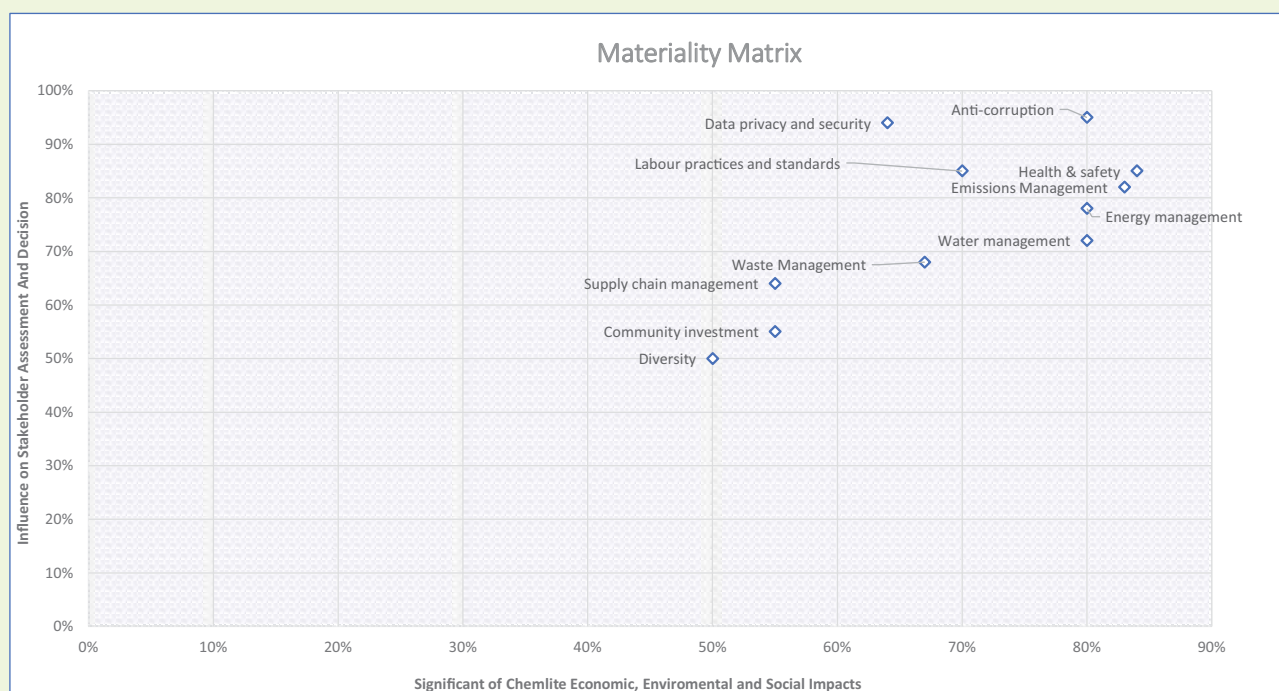
Materiality Assessment

Our materiality assessment process, which will be conducted every three (3) years, enables us to identify and assess key risks and opportunities to ensure long term sustainable growth. The assessment involves evaluating the significance of each sustainability issue based on its level of impact and influence on the Group and its stakeholders. The illustration below summarises our materiality assessment process which is typically made up of three (3) distinctive phases.



SUSTAINABILITY STATEMENT (ESG) (cont'd)

Our sustainability assessment revealed eleven (11) sustainability matters. The following figure shows how we prioritised these issues in the Sustainability Materiality matrix, which has been reviewed by our SRC and approved by the Board.



Economic	Environmental	Social	Governance
<ul style="list-style-type: none"> Supply chain management 	<ul style="list-style-type: none"> Water management Waste Management Energy Management Emission Management 	<ul style="list-style-type: none"> Community investment Diversity Health and safety Labour practices and standards Data privacy and security 	<ul style="list-style-type: none"> Anti-corruption

Risk Management

Chemlite Innovation has established risk management practices to safeguard the Group's business interest from risk events that may impede the achievement of business strategies and provide assurance to the Group's various stakeholders. Our CEO and COO have provided the Board with the assurance that the Group's risk management and internal control systems are operating adequately and effectively, in all material aspects, to ensure the achievement of corporate objectives.

The main components of the Group's risk governance and structure consists of the Board, the Audit and Risk Management Committee ("**ARMC**") and the Senior Management of the Group. The structure allows for strategic risk discussions to take place between the Board, the ARMC and the Senior Management on a periodical basis, where necessary.

SUSTAINABILITY STATEMENT (ESG) (cont'd)

Sustainability Framework

Our sustainability framework is aligned with our business strategies and future plans. Through our framework, we aspire to meet our stakeholders' needs, minimise our environmental impact and support the local communities where we operate. Our framework focuses on four areas, i.e. Economic, Environmental, Social and Governance.

Economic

- Conduct business in an open, transparent, and accountable manner;
- Ensure continued commercial success to achieve total customer satisfaction;
- Enhance the availability of Economic, Environmental, Social and Governance information for decision making;
- Facilitate sustainable solutions by encouraging responsible consumption and usage of resources in business operations;
- Establish and continually improve the effectiveness of our management system in all operations and service delivery; and
- Engage in continuous, timely, transparent, and meaningful communication with shareholders and stakeholders.

Environmental

- Our current production processes generate very minimum waste;
- Committed to environmental protection and stewardship by minimising risks and impacts to the environment in our daily operations;
- Ensure minimum consumable waste and proper consumable waste disposal methods;
- Comply with all relevant environmental regulatory and legal requirements including climate-related practices;
- Embrace responsible energy and resource management in daily operations; and
- Inculcate environmentally sustainable practices among our employees.

Social

- Ensure an ethical, safe, healthy, and conducive work environment for our employees;
- Cultivate a diverse and inclusive culture that recognises and values individuality;
- Ensure equal access to opportunities regardless of one's age, gender, ethnicity, religion, national origin, disability, sexual orientation or any other relevant characteristics;
- Eliminate improper conduct and practices, including but not limited to workplace bullying, discrimination against individual differences, discriminatory and sexual harassment, intimidation and victimisation;
- Empower our workforce by supporting their personal and professional growth;
- Respect and uphold fundamental human rights through the elimination of child labour and forced labour of all forms; and
- Contribute to the well-being and development of the surrounding community through corporate social responsibility programmes and donation activities.

Governance

- Maintain high standards of business ethics, integrity, and corporate governance practices;
- Establish and continually improve appropriate governance structures and processes;
- Comply with all applicable laws and regulations in relation to corporate governance;
- Resolve verifiable complaints, grievances (if any) and conflicts through an open, transparent and consultative process; and
- Establish policies and procedures to ensure the adequacy and integrity of the Group's internal control system.

SUSTAINABILITY STATEMENT (ESG) (cont'd)

Management Approach for Material Matters

SUPPLY CHAIN MANAGEMENT



Why is this important?

Chemlite Innovation believes in the power of local communities and their potential to drive positive change. Hence, we strive to source our materials and services from local suppliers whenever possible, and to contribute to the economic development of the communities where we operate.

Our procurement policy is guided by the principles of responsibility, transparency and fairness, and we seek to establish long-term partnerships with our suppliers based on mutual trust and respect.



Our action & initiatives

Chemlite Innovation prioritises local suppliers for procurement, while ensuring cost efficiency and product quality. We aim to provide fair business opportunities to local suppliers and help them grow their capabilities and competitiveness.



Our performance

In FYE 2024, we primarily source our purchases from local suppliers as shown in the table below.

	FYE 2024
Proportion of spending on local suppliers	99.99%

SUSTAINABILITY STATEMENT (ESG) (cont'd)

Management Approach for Material Matters

WATER MANAGEMENT



Why is this important?

Our water management practices is a reflection of Chemlite Innovation's commitment to sustainability and social responsibility.



Our action & initiatives

Our Group is cognisant that water is an invaluable resource. Water is required for our operational needs in order to provide surface finishing treatment services. As such, we have installed waste water treatment systems in our operating facility to ensure that the contaminated water discharged during the surface finishing treatment processes is treated and disposed of in a compliant manner.

Our Group keeps track of our water usage and is committed to continuously improving our water management practices.



Our performance

Water consumption

Our operations' total water usage is as shown in the table below.

	FYE 2024
Total water inflow (Megalitres)	30.018
Total treated water by our waste water treatment systems (Megalitres)	16.358
Total water usage (Megalitres)	13.660

SUSTAINABILITY STATEMENT (ESG) (cont'd)

Management Approach for Material Matters

WASTE MANAGEMENT



Why is this important?

Effective waste management is crucial for Chemlite Innovation due to its environmental, regulatory and financial impact. By implementing effective waste management practices, we ensure responsible handling of waste thereby minimising its adverse impacts on both the environment and human health. Demonstrating strong ESG commitments — especially in waste management — can also enhance investor confidence, regulatory compliance and long-term sustainability.



Our action & initiatives

As part of our commitment to sustainability, we have also implemented waste management initiatives focused on recycling and waste diversion which includes the adoption of 3Rs principle: Reduce, Reuse and Recycle. Our efforts aim to minimise environmental impact by reducing wastes and promoting the reuse of materials within our operations.



Our performance

	FYE 2024
Waste generated (kg)	51,326
Waste diverted from disposal (kg)	16,698
Waste directed to disposal (kg)	34,628

SUSTAINABILITY STATEMENT (ESG) (cont'd)

Management Approach for Material Matters

ENERGY & EMISSION MANAGEMENT



Why is this important?

Effective energy and emission management is essential for Chemlite Innovation as it supports regulatory compliance, cost efficiency, investor confidence, and environmental responsibility. Integrating strong energy and emission control measures can reduce our utility costs by using energy more efficiently, especially as energy prices increase. Moreover, we can reduce our greenhouse gas emissions by consuming less energy, thereby enhancing our ESG credibility and long-term sustainability.



Our action & initiatives

Chemlite Innovation's energy consumption is mainly electricity consumption to operate our production lines and operating facility. To address this, we actively educate our employees on energy conservation practices by encouraging them to switch off lights, air conditioning and electrical equipment when not in use, particularly during extended breaks and after working hours. These measures are part of a broader effort to instill a culture of sustainability within our workforce, recognising that every action contributes to our overall energy efficiency.

The main source of emissions for Chemlite Innovation is from direct combustion of fossil fuel such as diesel and petrol (Scope 1) for company fleet and purchased electricity (Scope 2), which were used for our daily operations. Emissions from employee commute were also one of the Company's main source of emissions (Scope 3).

We are dedicated to reducing our energy consumption and emissions as we continue to explore innovative solutions and technologies to further enhance our energy and emissions management practices and reduce our carbon footprint.

SUSTAINABILITY STATEMENT (ESG) (cont'd)

Management Approach for Material Matters

ENERGY & EMISSION MANAGEMENT



Our performance

The total energy consumption of our Group is summarised in the table below.

	FYE 2024
Total electricity consumption (MW)	548.452

Our Group measured the Green House Gas (“**GHG**”) emissions following the definition below:

- Scope 1 emissions, direct GHG emissions: CO₂ emissions mainly from the consumption of petrol and diesel for vehicles owned by our Group.
- Scope 2 emissions, indirect GHG emissions: CO₂ emissions arising from the generation of purchased electricity consumed by our Group.
- Scope 3 emissions, all other indirect emissions not covered under Scope 1 and Scope 2: CO₂ emissions arising from the activities of our Group but occur from sources not owned or controlled by us.

Scope 1 Emission

	FYE 2024
Company Fleet (metric tonnes CO ₂ e)*	46.729

*Calculated using Greenhouse Gas Protocol Calculator

Scope 2 Emission

	FYE 2024
Electricity (metric tonnes CO ₂ e) [^]	415.727

[^]Based on TNB CO₂ emission factor of 0.758 kgCo₂e/kwh

Scope 3 Emission

	FYE 2024
Business Flight Trip (metric tonnes CO ₂ e)	1.544
Employee Commute (metric tonnes CO ₂ e)*	71.474

SUSTAINABILITY STATEMENT (ESG) (cont'd)

Management Approach for Material Matters

COMMUNITY INVESTMENT



Why is this important?

Chemlite Innovation is committed to creating a positive social impact in the areas where we operate. We focus our community engagement efforts primarily on three groups of people who face difficulties in their everyday lives: senior citizens, orphans and people with disabilities. We aim to be a good corporate citizen by giving our time, resources or skills to these causes.



Our action & initiatives

Chemlite Innovation has committed to allocate a certain budget every year to support the local community in need. We will carefully evaluate and select suitable charity organisations, orphanages, senior citizen homes and handicapped centers to provide them with necessary assistance. Through this corporate social responsibility initiative, we aim to inspire positive change, foster a sense of belonging and build a stronger, more inclusive society for all.

These initiatives not only benefit the community but also foster a spirit of kindness and generosity among our employees. We encourage volunteerism and proudly recognise their contributions through meaningful incentives.



Our performance

Our contribution to the society is shown in the table below.

	FYE 2024
Total amount invested where the target beneficiaries are external to Chemlite Innovation (RM)	6,296
Total number of beneficiaries of the investment in communities	2

SUSTAINABILITY STATEMENT (ESG) (cont'd)

Management Approach for Material Matters

DIVERSITY



Why is this important?

Chemlite Innovation believes that diversity is essential for our Company's growth and innovation. Diversity means embracing the variety of people's backgrounds, identities, experiences, perspectives, skills and abilities as well as gender, age, race and nationality. Diversity enables us to create a culture of innovation, creativity and inclusion. Diversity also helps us to attract and retain talent, improve customer satisfaction and enhance our reputation.



Our action & initiatives

Our approach to diversity is based on the following principles:

Respect

Recognising and valuing the uniqueness of each individual and treating them with dignity and fairness.

Equity

Providing equal opportunities and access to resources, benefits and outcomes for all employees, regardless of their differences.

Inclusion

Creating a sense of belonging and involvement for all employees, where they can contribute fully and authentically to Chemlite Innovation's success.

We are committed to upholding fair employment practices and regularly evaluating our hiring process to promote equality from the start, in accordance with our principle. Moreover, we also welcome and support employees with disabilities, ensuring their specific needs are accommodated.

At Chemlite Innovation, employees enjoy competitive salaries, career growth and reward and recognition without any discrimination. We have 50% of women representation at the Board level.

SUSTAINABILITY STATEMENT (ESG) (cont'd)

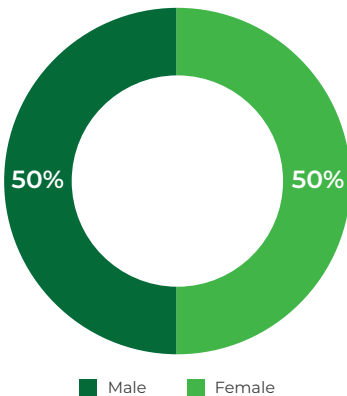
Management Approach for Material Matters

DIVERSITY

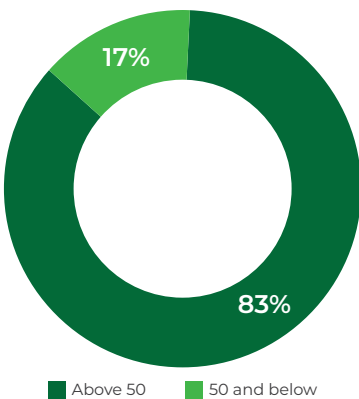


Our performance

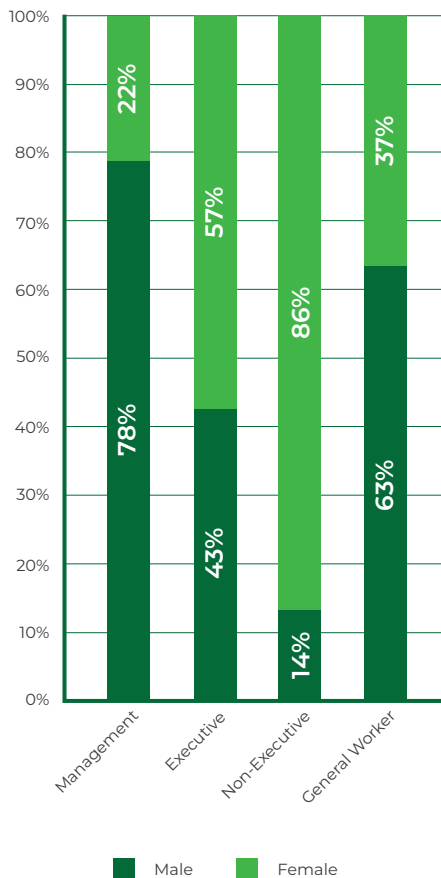
Board (by Gender)



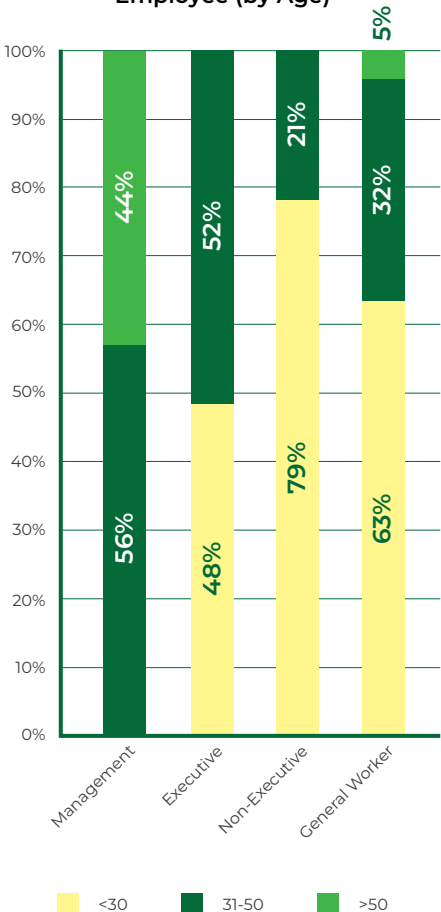
Board (by Age)



Employee (by Gender)



Employee (by Age)



SUSTAINABILITY

STATEMENT (ESG) (cont'd)

Management Approach for Material Matters

HEALTH AND SAFETY



Why is this important?

Health and safety are vital aspects of Chemlite Innovation's culture and values. The Group is committed to protecting our employees' health and safety as the well-being of our employees is of utmost importance.



Our action & initiatives

At Chemlite Innovation, we are committed to maintaining the highest levels of safety and hygiene in our operations and facility. Our goal is to minimise the frequency and impact of work-related injuries and illnesses, as well as to improve the quality and efficiency of our services.

We have appointed a safety and health officer as well as established a safety and health committee comprising employee representatives from different departments to oversee the Group's safety and health related matters. The safety and health committee performs periodic workplace inspection to identify and manage any safety and health hazard risks to prevent accidents from happening. The outcome of the workplace inspection will be discussed during the safety and health committee meeting on a bimonthly basis. To promote safety consciousness and promote safety awareness among our employees, we provide them with various trainings on safety procedures to ensure they are equipped with relevant skills required to conduct their work safely and to keep abreast with the latest regulatory requirements. Further, we have also appointed independent parties to conduct safety control assessments typically on an annual basis.

Chemlite Innovation also cares deeply about the employees' health and wellbeing. As such, we offer coverage of medical fee as part of the employees' benefits.

SUSTAINABILITY

STATEMENT (ESG) (cont'd)

Management Approach for Material Matters

HEALTH AND SAFETY



Our performance

Chemlite Innovation has performed the various safety control assessments in compliance with the regulations in FYE 2024 as shown in the table below.

No.	Activities	Result
1	Chemical Health Risk Assessment	In compliance
2	Initial Noise Risk Assessment	In compliance
3	Personal Chemical Exposure Monitoring	In compliance
4	Medical Surveillance	In compliance
5	Boundary Noise Monitoring	In compliance
6	Local Exhaust Ventilation	In compliance

Throughout FYE 2024, Chemlite Innovation Group did not experience any work-related accidents or injuries during our operations. This achievement reflects our continuous efforts to prioritise safety and implement effective measures to prevent workplace incidents. We have appointed a safety and health officer as well as established a safety and health committee comprising employee representatives from different departments to oversee the Group's safety and health related matters. Moving forward, we remain dedicated to upholding high standards of occupational health and safety, continuously improving our practices and fostering a culture of safety awareness among our employees.

	FYE 2024
Number of work-related injuries	0
Lost time injury rate (LTIR)	0
Number of employees trained on health and safety standards	2

SUSTAINABILITY STATEMENT (ESG) (cont'd)

Management Approach for Material Matters

LABOUR PRACTICES AND STANDARDS



Why is this important?

Chemlite Innovation understands that our employees are our key assets who are vital to our business operations to stay competitive in the market and to sustain long term business growth and success. As such, we are committed to upholding the highest standards of labour practices and human rights across all our operations. We also strive to attract, develop and retain high-performing employees and to provide them with a work environment that is both supportive and empowering.



Our action & initiatives

We have put in place initiatives to empower our workforce, focusing, in particular, on the following areas:

- (i) Talent acquisition and onboarding
- (ii) Enhancing the skills of our workforce
- (iii) Performance management
- (iv) Succession planning

We also adhere to all relevant laws and regulations that protect labour rights, health and safety, diversity and inclusion, and human rights. We strictly prohibit child labour and forced labour and we respect the rights of employees to freely participate in trade unions and workers' organisations, as well as collective bargaining. Further, the Group also provides accommodations to our foreign workers in compliance with the Employees' Minimum Standards of Housing, Accommodations and Amenities Act 1990. We constantly review and improve on our labour performance based on the feedback obtained from our employees.

SUSTAINABILITY STATEMENT (ESG) (cont'd)

Management Approach for Material Matters

LABOUR PRACTICES AND STANDARDS



Our performance

	FYE 2024
Overall employee turnover rate	20%
Number of employee turnover by employee category	
Management	0
Executive	4
Non-Executive	9
General worker	17
Total	30
Percentage of employees that are contractors or temporary staff	0%
Employee training hours by employee category	
Management	198
Executive	469
Non-Executive	157
General worker	1403
Total	2227

In FYE 2024, there were no complaints related to human rights violations, including any issues of forced or child labour, discrimination, or harassment. This achievement reflects our ongoing efforts to create and maintain a workplace rooted in respect, fairness, and integrity.

The total number of substantiated complaints concerning human rights violations is as follows:

	FYE 2024
Number of substantiated complaints concerning human rights violation	0

SUSTAINABILITY STATEMENT (ESG) (cont'd)

Management Approach for Material Matters

DATA PRIVACY AND SECURITY



Why is this important?

At Chemlite Innovation, we value data privacy and security as key aspects of our business that deals with sensitive or personal data of our customers, employees and other stakeholders.

Data privacy and security are essential for Chemlite Innovation as it:-

- (i) enable us to establish trust and reputation with customers who share their data with us;
- (ii) enable us to adhere to the legal and regulatory requirements that regulate data protection, i.e. Personal Data Protection Act (PDPA) 2010; and
- (iii) enable us to avoid or reduce the risks of data breaches, cyberattacks, identity theft, fraud and
- (iv) other potential threats that could harm us and our stakeholders.



Our action & initiatives

We have implemented measures, protocols and practices which includes keeping track of user access and activities to avoid any unauthorised use as well as installed a robust security system to safeguard our server storing customers' data. Our information technology systems, including our cybersecurity and data policy, will undergo internal audit regularly. We also make sure that we collect data in a legal way and obtain the consent of our customers and employees.



Our performance

In FYE 2024, there were zero substantiated complaints concerning breaches in customer privacy or data loss.

FYE 2024	
Number of substantiated complaints concerning breach in customer privacy or data loss	0

SUSTAINABILITY STATEMENT (ESG) (cont'd)

Management Approach for Material Matters

ANTI-CORRUPTION



Why is this important?

Chemlite Innovation Group is committed to conduct its businesses activities with the highest standard of professionalism, integrity, ethics and legality. This is important for us to protect the interests of both the business and stakeholders while building trust and reinforcing the confidence of our stakeholders.



Our action & initiatives

Chemlite Innovation's zero tolerance stance against corruption is outlined in our Anti-Bribery and Anti-Corruption Policy ("**ABC Policy**"), which is regularly reviewed to ensure alignment with the Malaysian Anti-Corruption Commission Act 2009.

The Group has adopted a Code of Conduct and Ethics which sets out the ethical standards that the Group practices and serves as a guidance for the conduct of all directors and employees in carrying out their responsibilities. Further, the ABC Policy also extends to the Group's customers, suppliers, contractors and any other parties with whom it conducts business with. This ensures that unethical business practices are prevented and that these external parties adopt, conform to and uphold the values and ethical standards established by the Group.



Our performance

Corruption related awareness

Percentage of employees who have received training on anti-corruption by employee category	FYE 2024
Management	100%
Executive	100%
Non-Executive	100%
General Worker	100%

Assessment of corruption-related risks

	FYE 2024
Percentage of operations assessed for corruption-related risks	100%

Corruption incidents

	FYE 2024
Number of confirmed corruption incidents	0

SUSTAINABILITY STATEMENT (ESG) (cont'd)

Performance Data Table

Indicator	Unit	FYE 2024	Target
Supply chain management			
Proportion of spending on local suppliers	Percentage	99.99%	90%
Water management			
Total water inflow	megalitres	30.018	
Total treated water by our waste water treatment systems	megalitres	16.358	>50% treated water
Total water usage	megalitres	13.660	
Waste Management			
Total waste generated	Kg	51,326	
Waste diverted from disposal	Kg	16,698	
Waste directed to disposal	Kg	34,628	
Energy Management			
Total electricity consumption	megawatt	548.452	Invest in renewable energy by 2026
Emission Management			
Company Fleet	Metric ton	46.729	
Electricity	Metric ton	415.727	
Business Flight Trip	Metric ton	1.544	
Employee Commute	Metric ton	71.474	
Community investment			
Total amount invested where the target beneficiaries are external to Chemlite Innovation	RM	6,296	Minimum contribution of RM5,000 annually
Total number of beneficiaries of the investment in communities	Number	2	2
Diversity			
Gender diversity by employee category:			
Management - M	Percentage	78%	
Management - F	Percentage	22%	
Executive - M	Percentage	43%	
Executive - F	Percentage	57%	
Non-Executive - M	Percentage	14%	
Non-Executive - F	Percentage	86%	
General worker - M	Percentage	63%	
General worker - F	Percentage	37%	

SUSTAINABILITY STATEMENT (ESG) (cont'd)

Performance Data Table

Indicator	Unit	FYE 2024	Target
Age diversity by employee category:			
Management (<30)	Percentage	0%	
Management (30 - 50)	Percentage	56%	
Management (>50)	Percentage	44%	
Executive (<30)	Percentage	48%	
Executive (30 - 50)	Percentage	52%	
Executive (>50)	Percentage	0%	
Non-Executive (<30)	Percentage	79%	
Non-Executive (30 - 50)	Percentage	21%	
Non-Executive (>50)	Percentage	0%	
General worker (<30)	Percentage	63%	
General worker (30 - 50)	Percentage	32%	
General worker (>50)	Percentage	5%	
Percentage of director by gender and age group:			
Male	Percentage	50%	
Female	Percentage	50%	
50 and below	Percentage	17%	
Above 50	Percentage	83%	
Health and safety			
Number of work-related injuries	Number	0	Zero case
Lost time injury rate (LTIR)	Rate	0	Zero
Number of employees trained on health and safety standards	Number	2	1
Labour practices and standards			
Overall employee turnover rate	Percentage	20%	Less than 20%
Number of employee turnover by employee category:			
Management	Number	0	
Executive	Number	4	
Non-Executive	Number	9	
General worker	Number	17	
Percentage of employees that are contractors or temporary staff	Percentage	0%	
Employee training hours by employee category:			
Management	Hours	198	
Executive	Hours	469	
Non-Executive	Hours	157	
General worker	Hours	1403	

SUSTAINABILITY STATEMENT (ESG) (cont'd)

Performance Data Table

Indicator	Unit	FYE 2024	Target
Number of substantiated complaints concerning human rights violation	Number	0	Zero case
Data privacy and security			
Number of substantiated complaints concerning breach in customer privacy or data loss	Number	0	Zero case
Anti-corruption			
Percentage of employees who have received training on anti-corruption by employee category:			
<i>Management</i>	Percentage	100%	100%
<i>Executive</i>	Percentage	100%	100%
<i>Non-Executive</i>	Percentage	100%	100%
<i>General worker</i>	Percentage	100%	100%
Percentage of operations assessed for corruption-related risks	Percentage	100%	100%
Number of confirmed corruption incidents	Number	0	Zero case

CORPORATE GOVERNANCE OVERVIEW STATEMENT

The Board of Directors of Chemlite Innovation Berhad (“**Chemlite Innovation**” or the “**Company**”) (“**Board**”) recognises the importance of sustaining a high standard of corporate governance in ensuring that the interests of Chemlite Innovation and its subsidiary (the “**Group**”), shareholders and other stakeholders are protected. The Board remains fully committed towards adhering to the principles and recommendations of the Malaysian Code on Corporate Governance 2021 (“**MCCG**”). As such, the Board will continue to review and enhance good corporate governance practices to ensure its ability to meet future challenges and to establish long-term sustainable shareholders’ value. This statement discloses the manner in which the Group has applied the principles of good corporate governance and the extent to which it has complied with the MCCG.

This Corporate Governance Overview Statement (“**CG Overview Statement**”) provides shareholders with an overview of the Board’s commitment towards a high standard of corporate governance practices and ethical business conducts for the financial year ended 31 December 2024 (“**FYE 2024**”), in line with the principles and best practices set out in the MCCG, where possible. The CG Overview Statement makes reference to the following three (3) key principles of the MCCG:

Principle A: Board Leadership and Effectiveness

Principle B: Effective Audit and Risk Management

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

This CG Overview Statement is prepared in accordance with Rule 15.25 of the ACE Market Listing Requirements of Bursa Malaysia Securities Berhad (“**Bursa Securities**”) (“**Listing Requirements**”), and is to be read together with the Corporate Governance Report of the Company for FYE 2024 (“**CG Report**”) which is available on the Group’s website at www.chemlite.com.my.

For information purposes, the Company was listed on Bursa Securities on 26 March 2025 (“**Listing**”) and hence the Listing was a subsequent event after the FYE 2024.

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS

I. BOARD RESPONSIBILITIES

1. **The Board is responsible for the Company’s leadership and is collectively responsible for meeting the Company’s objectives and goals. It strives to accomplish this through overseeing the proper conduct of the Group’s business and affairs.**

1.1 Setting Company’s Strategic Directions, Values and Standards

The Board has full control and is responsible for providing strategic direction, approving corporate plans, monitoring and reviewing corporate performance, ensuring adequate systems for good internal control and risk management are in place, overseeing succession planning and adopting sound financial and operational management practices.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (cont'd)

The Chief Executive Officer and Chief Operating Officer present and update the Board on their recommended strategies and business plans at a dedicated session. The Board reviews and comments on the recommended strategies and proposed business plans in order to achieve the best outcome for the Group.

The Board is responsible for the good corporate governance practices of the Group. The Board guides and monitors the affairs of the Group on behalf of the shareholders and other stakeholders, which is consistent with the Board Charter and the Code of Conduct and Ethics ("**Code**") published on the Company's website at www.chemlite.com.my.

The responsibilities and decision-making powers of the Board are included in the Board Charter of the Company and are accessible on the Company's website at <https://www.chemlite.com.my/chemlite-policy-disclosures>.

1.2 Chairman of the Board

Mr Choo Yih Woei, an Independent Non-Executive Director ("**INED**"), was appointed as the Chairman of the Board. He is responsible for the leadership and effective functioning of the Board. He sets the Board's agenda and ensures adequate time is given for discussion of all agenda items. He also ensures that all directors receive complete, adequate and timely information. He facilitates the effective contribution of non-executive directors and ensures constructive communication between the executive and non-executive directors.

Mr Choo acts as a spokesperson for the Board during shareholders' meetings and ensures effective communication with shareholders and stakeholders. He leads the Board in practicing good corporate governance and ensures compliance with all relevant laws and regulations.

1.3 Separation of Roles of Chairman and Chief Executive Officer ("**CEO**")

The Chairman, Mr Choo Yih Woei, is responsible for the leadership and governance of the Board in ensuring its effectiveness whereas the CEO/ Executive Director, Mr Chong Yuen Fong, is responsible for the day-to-day management of the Company's business and its operations as well as the implementation of the Board's policies and decisions.

There is a clear division of duties and responsibilities between the Chairman and the CEO to ensure a balance of power and authority so that no one individual has unfettered powers over decision making. The requirement for the roles of the Chairman and CEO to be held by two (2) separate individuals as well as a clear division of responsibilities are set out in the Board Charter.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (cont'd)

1.4 The Chairman and Board Committee

Mr Choo Yih Woei is only the Chairman of the Board and is not a member or Chairman of any of the Board Committees.

1.5 Company Secretaries

The Board is supported by two (2) qualified, experienced and competent Company Secretaries. Both the Company Secretaries are qualified Secretaries as per Section 235(2) of the Companies Act 2016 and are registered with the Companies Commission of Malaysia ("CCM").

The Company Secretaries play an advisory role to the Board in relation to the Company's Constitution and advise the Board on any updates relating to new statutory, relevant regulatory and Listing Requirements pertaining to the duties and responsibilities of Directors as and when necessary. The Company Secretaries are also responsible for ensuring that the Board's policies and procedures are followed, and that the applicable statutory and regulatory requirements are observed.

The Company Secretaries attend and ensure that all Board and Board Committee meetings are properly convened and that the proceedings and all resolutions passed are properly recorded and maintained.

1.6 Board Meetings and Access to Information

The Board members have direct and unrestricted access to all information pertaining to the Group's business and affairs and the Management supplies accurate and complete information to the Board in a timely manner to enable the Board to discharge its duties effectively.

Board members are provided with the notice of meeting together with the full agenda at least seven (7) days prior to the respective Board meetings. In addition, the appropriate documents, which includes the Board papers and agenda items are circulated to the Board members at least five (5) working days prior to the Board meetings. This is to enable the Board members to have an overview of matters to be discussed or reviewed at the meetings and to seek further clarifications.

As stated in the Board Charter, the minimum number of Board Committee meetings to be held in a financial year is five (5) meetings. Additional meetings may be called at any time, at the discretion of the Chairman. However, as the Listing was a subsequent event after the FYE 2024, the Board has thus only convened one (1) meeting in the FYE 2024 with full attendance of the Directors.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (cont'd)

Upon conclusion of the Board meetings, the minutes are circulated to the Board members and the Management for review on a timely basis to ensure that the minutes of meetings accurately reflect the deliberations and decisions of the Board or Board Committees.

All Directors have direct access to the advice and services of the Company Secretaries. The Directors are also entitled to seek independent professional advice, including but not limited to legal, accounting and financial, either collectively or individually as may be considered necessary in furtherance of their duties and responsibilities at the expense of the Company.

2. Demarcation of responsibilities

2.1 Board Charter

The Board is guided by a Board Charter which clearly sets out the respective roles and responsibilities of the Board and also the functions and responsibilities delegated to the Board Committees, individual Directors as well as to the Management.

The objectives of the Board Charter are to ensure that the members of the Board are aware of their roles, duties and responsibilities and the application of principles and practices of good corporate governance in their business conduct and dealings in respect of, and on behalf of, the Company and the various laws and legislations governing them and the Company.

The Board reviews the Board Charter periodically and makes relevant amendments as and when the Board deems necessary to ensure that it continues to remain relevant and appropriate to any development in the prevailing legislation and practices.

The Board Charter is made available on the Company's website at <https://www.chemlite.com.my/chemlite-policy-disclosures>.

3. Good Business Conduct and Corporate Culture

3.1 Code

The Company has established the Code to promote good business conduct and maintain a healthy corporate culture that engenders integrity, transparency, and fairness throughout the Group. This policy articulates acceptable practices and guide the behaviour of Board and employees.

All Directors and employees have free access to the Code which is made available on the Company's website at <https://www.chemlite.com.my/chemlite-policy-disclosures>.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (cont'd)

3.2 Whistle Blower Policy

The Board is committed to upholding the highest standard of integrity, openness, transparency and accountability in all of the Group's business endeavours. The Whistle Blower Policy is established to facilitate the reporting by employees, members of the public and other stakeholders of any suspicious or improper conduct within the Group as well as protects the whistle blower from reprisal and safeguards such person's confidentiality as a consequence of making a report.

The Whistle Blower Policy is made available on the Company's website at <https://www.chemlite.com.my/chemlite-policy-disclosures>.

3.3 Anti-Bribery and Anti-Corruption Policy

In line with the new Section 17A of the Malaysian Anti-Corruption Commission Act 2009 on corporate liability for corruption which came into force on 1 June 2020, the Board had adopted an Anti-Bribery & Anti-Corruption Policy ("**ABC Policy**") in line with its zero-tolerance policy against all forms of fraud, bribery and corruption throughout the Group. The adoption of the ABC Policy signalled commitment by the Board and the Group to conduct all businesses in an honest and ethical manner requiring all Directors and employees to act professionally, fairly and with integrity in all of the Group's business dealings and relationships.

The ABC Policy is made available on the Company's website at <https://www.chemlite.com.my/chemlite-policy-disclosures>.

4. Sustainable Practice

4.1 Responsibility for oversight and strategic management of sustainability matters

The Board acknowledges the importance of embedding sustainability considerations into the Group's operations when developing the business strategies in achieving its short-term and long-term objectives.

The Board assumes the ultimate responsibility for the integration of sustainability within the Group, which includes, amongst others, to review, approve and adopt the strategic plans or direction of the Company and the Group and to ensure that they support long term value creation after having taken into account economic, environmental, social and governance considerations underpinning sustainability. The Sustainability and Risk Committee ("**SRC**") and Sustainability and Risk Working Group ("**SRWG**") is responsible for implementing the policies, strategies and decisions adopted by the Board.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (cont'd)

4.2 Public disclosure as well as ongoing internal and external stakeholder's engagement on the management of sustainability matters

Sustainability reporting is prepared in accordance with the Listing Requirements as a channel to communicate with stakeholders regarding the Company's performance and its impact on a wide range of sustainability topics, spanning economic, environmental, social and governance parameters.

The Sustainability Statement forms part of the Company's Annual Report for the FYE 2024 which is accessible on the Company's website at <https://www.chemlite.com.my/chemlite-annual-reports>.

4.3 Principles of sustainability form part and parcel of professional development and board skills matrix

The Company's approach to sustainability governance is led by the Board to ensure sustainable business strategies, risk management concepts, operational guidance and direction are strongly employed within the Group. The Group identifies the sustainability issues through stakeholder's engagement and materiality assessment. The Board had and will continue to actively discuss sustainability issues and provide recommendations for execution by the SRC and SRWG.

The Directors will also continuously undertake professional training to keep abreast with sustainability issues relevant to the Group.

4.4 Performance Evaluation of Board and Senior Management

The Board is required to conduct an annual evaluation relating to sustainability which includes the performance of the Board and Senior Management in managing sustainability risks and opportunities that affect the Group and its business, and the conduct of the Board in keeping up with and understanding the relevant sustainability issues. As the Listing was a subsequent event after the FYE 2024, the Group will implement a yearly performance review system for the Board and Senior Management (which considers, amongst others, sustainability risks) in respect of the financial year ending 31 December 2025 and onwards.

4.5 Managing Sustainability Strategically

The Financial Controller has been designated by the Board to manage sustainability related risks.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (cont'd)

II. BOARD COMPOSITION

5. **The Board acknowledges the importance of boardroom diversity and recognises the importance and benefits that it can bring and will work towards achieving this objective through good practices recommended by MCCG as outlined below:**

5.1 Refreshing the Board Composition

The key responsibility of the Nomination Committee is to recommend suitable candidates to the Board for the appointment as Directors of the Company to ensure that the composition of the Board comprise of qualified individuals with mixed skills, knowledge, expertise and experience. As the Listing was a subsequent event after the FYE 2024, the Nomination Committee will hence review the Board Composition and its performance in respect of the financial year ending 31 December 2025 and onwards.

To ensure that a candidate for nomination, election or re-election as a Director of the Company fulfils the fit and proper requirements, the Board had adopted a Directors' Fit and Proper Policy to serve as a guide to the Nomination Committee, Remuneration Committee and the Board in their review and assessment of the potential candidates.

5.2 Board Balance

The Board currently comprises of six (6) members, of which four (4) of them are INEDs and the remaining are Executive Directors. This composition complies with Rule 15.02 of the Listing Requirements to have at least one-third (1/3) of the Board members as INEDs and the recommendation in Practice 5.2 of the MCCG where at least half of the Board comprise of Independent Directors.

The Board deems its composition appropriate in terms of experience, skill and size and views the current number of INEDs comprised in the Board as adequate in providing the necessary check and balance to the Board's decision-making process. The Board is well represented by individuals with diverse professional backgrounds and experience in the areas of operation management, finance and accounting and legal.

5.3 Tenure of Independent Directors

The Board notes the recommendations of the MCCG which provides that the tenure of an Independent Director should not exceed a cumulative term of nine (9) years. However, if the Board intends to retain the Independent Director after nine (9) years, the Board must justify its decision and seek shareholders' approval through a two-tier voting process at a general meeting.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (cont'd)

None of the INEDs have exceeded a cumulative term of nine (9) years in the Company as all of the INEDs were appointed to the Board on 24 June 2024.

5.4 Appointment of the Board and Senior Management

The Board delegates the responsibility of reviewing any new candidate as a Director or the recruitment of key management positions to the Nomination Committee.

The Nomination Committee is responsible to ensure that the procedures for appointing new candidates are transparent and appointments are based on objective criteria, merit and with due regard for diversity in skills, experience, age, cultural background and gender.

In evaluating the suitability of candidates to fill any vacancies in the Board, the Nomination Committee shall ensure that the candidates selected possess the necessary skills, knowledge, expertise and experience and that their personal characteristics are befitting of the positions. The Nomination Committee also actively engages with the Senior Management to identify skill gaps and review succession planning and other human resource contingencies.

5.5 Identification of Candidates for Board Appointment

The Board has established a clear and transparent nomination process for the appointment of Directors regardless of the source of recommendation. The nomination process involves the following stages:

- (i) identifying candidates;
- (ii) evaluation of suitability of the candidates;
- (iii) meeting up with the candidates,
- (iv) final deliberation by Nomination Committee and Remuneration Committee; and
- (v) recommendation to the Board.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (cont'd)

5.6 Nomination Committee

The Nomination Committee is chaired by Ms Wong Wan Chin, the INED of the Company. In accordance with the terms of reference of the Nomination Committee, the Nomination Committee shall comprise at least three (3) members, exclusively of non-executive Directors and a majority of whom shall be independent which are free from any business relationship that would materially interfere with their judgement as members of the Committee. The present Nomination Committee comprises exclusively of INEDs as follows:

Name	Designation
Wong Wan Chin	Chairperson
Lee Kooi Hoon	Member
Lim Paik Nee	Member

The terms of reference of the Nomination Committee can be viewed on the Company's website at <https://www.chemlite.com.my/chemlite-policy-disclosures>.

5.7 Female Board Representation

The Board presently comprises three (3) female Directors out of a total of six (6) Directors, representing 50% of the Board composition. This demonstrates the Company's commitment on gender diversity as the Company had exceeded the prevailing requirements of Practice 5.9 of the MCCG to have at least 30% female Directors on the Board.

5.8 Gender Diversity Policy

The Board is supportive of gender diversity in the Board and in the Senior Management team. The Board will consider gender diversity as part of its future selection and will look into increasing female representation going forward.

6. Overall Effectiveness of the Board and Individual Directors

6.1 Annual Evaluation

The Nomination Committee undertakes annual assessment on the effectiveness of the Board as a whole, its committees and contributions of each individual Director. The annual assessments are carried out through a comprehensive evaluation questionnaire to appraise the performance of the Board and also involves individual Directors undertaking self-evaluation. The Board Committees are assessed annually on their composition, expertise, and whether their functions and responsibilities were effectively discharged in accordance with their respective terms of reference.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (cont'd)

The results of all assessments and comments by Directors are tabled for review and discussion at the Nomination Committee meeting. Thereafter, the Chairman of the Nomination Committee would report on the results and deliberations to the Board.

The Board is satisfied with the level of commitment given by the Directors and that they have devoted sufficient time to carry out their responsibilities as Directors and to regularly update their knowledge and enhance their skills through continuing education and learning so that they can perform their duties more effectively.

In addition, the Nomination Committee also assesses the independence of the Independent Directors at least once a year. All Independent Directors of the Company fulfilled the criteria of “independence” as prescribed under Chapter 1 of the Listing Requirements. The Company also fulfils Rule 15.02 of the Listing Requirements to have at least one-third (1/3) of its Board members as INEDs and the recommendation in Practice 5.2 of the MCGG where at least half (1/2) of the Board shall comprise Independent Directors.

Directors' Training

The following are the seminar, conference, webinar and sharing session attended by the Directors during the FYE 2024.

Directors	Mode of Training	Title
Chong Yuen Fong	Physical	BDO Tax Seminar on Budget 2025
Heng Chee Khiang	Physical	BDO Tax Seminar on Budget 2025
Lee Kooi Hoon	Virtual	Practicing Emotional Intelligence for Enhanced Workplace Success
	Virtual	Mandatory Accreditation Programme Part II: Leading for Impact (LIP)
	Physical	MIA 2025 Budget Seminar
Wong Wan Chin	Virtual	Mandatory Accreditation Programme Part II: Leading for Impact (LIP)
	Physical	Understanding Corporate Governance in the ESG Context

All of the Directors had attended and completed the Mandatory Accreditation Programme (MAP) Part I subsequent to the FYE 2024 but prior to the Listing, in compliance with Guidance Note 10 of the Listing Requirements.

The Board will, on a continuous basis, evaluate and determine the other training needs of its members to assist them in the discharge of their duties as Directors. The Directors will also continue to participate in other relevant training programs to further enhance their skills and knowledge in discharging their duties as Directors in an effective manner.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (cont'd)

III. REMUNERATION

7. Level and Composition of Remuneration

7.1 Remuneration Policy

The Board has formalised a Remuneration Policy and Procedure to provide guidelines to determine the remuneration package for Directors and Senior Management with the objective to attract, motivate and retain experienced, qualified and high calibre talent in the Board and Senior Management team.

As for INEDs, the level of fee and other benefits is reflective of their experience, expertise, contribution to the Group, duty and level of responsibilities undertaken by them including the number of Board meetings attended. The determination of Directors' fees for the INEDs including Independent Non-Executive Chairman shall be a matter for the Board as a whole.

The Remuneration Committee is established to ensure the Remuneration Policy and Procedure and decisions are made through a transparent and independent process. The Remuneration Policy and Procedure will be reviewed regularly. During the process of determining the remuneration package for Directors and Senior Management, the Committee takes into account the level of duties and responsibilities as well as the skills and experiences so as to ensure competitiveness within the relevant market and industry.

The Remuneration Policy and Procedure is accessible on the Company's website at <https://www.chemlite.com.my/chemlite-policy-disclosures>.

7.2 Remuneration Committee

The Remuneration Committee comprises of three (3) members, all of whom are INEDs. The current composition of the Remuneration Committee is as follows:

Name	Designation
Lim Paik Nee	Chairperson
Lee Kooi Hoon	Member
Wong Wan Chin	Member

The Remuneration Committee is empowered by the Board and its terms of reference to, among others, appraise the performance of the Executive Directors and Senior Management in proposing salary increment as well as annual bonus and consider the appropriate level of remuneration for the INEDs, taking into account factors such as effort and time spent, and responsibilities of the said Directors.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (cont'd)

8. Remuneration of Directors and Key Senior Management

8.1 Directors' Remuneration

The detailed disclosure on named basis for the fees and remuneration of individual Directors for FYE 2024 are as disclosed below:

Name	Director Fee (RM)	Remuneration (RM)	Total (RM)
Choo Yih Woei	15,000	-	15,000
Chong Yuen Fong	-	566,817	566,817
Heng Chee Khiang	-	566,817	566,817
Lee Kooi Hoon	15,000	-	15,000
Lim Paik Nee	15,000	-	15,000
Wong Wan Chin	15,000	-	15,000

8.2 Remuneration of Senior Management

The Board recognises the importance of transparency in remuneration disclosure as recommended by the MCCG. However, the Board believes that disclosing the remuneration package of the top five (5) Senior Management personnel is not necessary and could be detrimental to the Group's business interests. The Group operates in a highly competitive human capital environment and faces constant headhunting for personnel with the right skills, knowledge, and experience.

Revealing specific remuneration information may cause recruitment and retention problems in the future. The Board will ensure that the remuneration of the Senior Management personnel commensurates with the level of responsibilities, with due consideration in attracting, retaining and motivating Senior Management to lead and run the Group successfully.

PRINCIPLE B: EFFECTIVE AUDIT AND RISK MANAGEMENT

I AUDIT AND RISK MANAGEMENT COMMITTEE

9. Effective and Independent Audit and Risk Management

The composition of the Audit and Risk Management Committee ("**ARMC**"), its terms of reference and attendance of meetings by the individual members are in the ARMC report.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (cont'd)

9.1 Chairman of Audit Committee

The Chairman of the ARMC is not the chairman of the Board as to ensure robust and open deliberations by the Board on matters referred by the ARMC.

The ARMC is chaired by Ms Lee Kooi Hoon who is not the Chairman of the Board.

9.2 Appointment of Former Key Audit Partner

None of the members of the Board are former key audit partners of the external audit firm of the Group.

As a measure to safeguard the independence and objectivity of the audit process, the terms of reference of the ARMC stipulates that former key audit partners are required to observe a cooling-off period of at least three (3) years before being considered for appointment as a member of the ARMC.

9.3 Suitability, Objectivity and Independence of the External Auditors

The ARMC makes recommendations on the appointment of new external auditors or the reappointment or discontinuation of the current external auditors to the Board. In making such recommendations, the ARMC shall assess the competency, independence, previous audit quality, governance and leadership structure of the audit firm and the measures undertaken by the firm to train its staff to uphold audit quality and manage risks.

The ARMC maintains an appropriate and transparent relationship with the external auditors. In the course of auditing of the Group's financial statements, the external auditors highlight to the ARMC and the Board matters that require the Board's attention. ARMC meetings are attended by the external auditors for purposes of presenting their audit plan and report, and comments on the audited financial statements and to make representations to the ARMC on any other findings revealed in the course of their audit. The external auditors have carried out their audit plan diligently and in a timely manner. The external auditors are required to declare their independence annually to the ARMC as specified by the By-Laws issued by the Malaysian Institute of Accountants.

As the Listing was a subsequent event after the FYE 2024, the ARMC had on 8 April 2025 assessed the independence of the external auditors, Forvis Mazars PLT and was satisfied with Forvis Mazars PLT's competency and audit independence.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (cont'd)

The external auditors have confirmed to the ARMC that they are, and have been, independent throughout the conduct of the audit engagement in accordance with the By-Laws issued by the Malaysian Institute of Accountants ("MIA").

9.4 Composition of the ARMC

In accordance to the terms of reference of the ARMC, the ARMC shall be appointed by the Board and shall comprise at least three (3) members, consisting solely of INEDs who are free from any business or other relationship that would materially interfere with their judgement as members of the ARMC.

Presently, the ARMC consists of three (3) members, who are all INEDs. The current composition of the ARMC is as follows:-

Name	Designation
Lee Kooi Hoon	Chairperson
Lim Paik Nee	Member
Wong Wan Chin	Member

9.5 Diversity in skills of the ARMC

The composition of the ARMC meets the requirement of Rule 15.09(1)(c) of the Listing Requirements that at least one member of the audit committee has accounting or financial acumen. Ms Lee Kooi Hoon, who is a member of the MIA is the Chairperson of the ARMC. The academic and professional background of the rest of the ARMC members varies. With vast knowledge, skills and experience from various industries, they are able to understand matters under the purview of the ARMC and therefore are able to effectively discharge their roles and responsibilities.

9.6 Provision of Non-Audit Services by External Auditors

The provision of non-audit services by the external auditors and their affiliates must receive the prior approval of the ARMC. In granting such approval, the ARMC shall consider the nature and the extent of such services and the appropriateness of the quantum of fees.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (cont'd)

10. Effective Risk Management and Internal Control Framework

10.1 Risk Management and Internal Control Framework

The Group has established risk management practices to safeguard the Group's business interest from risk events that may impede the achievement of business strategies and provide assurance to the Group's various stakeholders.

The main components of the Group's risk governance and structure consist of the Board, the Senior Management and the key personnel of the Group. This structure allows for strategic risk discussions to take place between the Board and the Senior Management on a periodical basis. Regular project-based discussions are conducted and attended by the Group's senior and middle management and key employees. This is part of the Group's ongoing initiatives to sustain risk awareness and risk management capabilities.

10.2 Features of Risk Management and Internal Control Framework

The Board has disclosed the overview of the risk management framework and internal control system within the Company and the adequacy and effectiveness of the framework in the Statement on Risk Management and Internal Control ("**SORMIC**") contained in the Annual Report.

The Board is satisfied with the existing level of systems of risk management and internal control. The Board also received assurance from the Executive Directors that to the best of their knowledge, the Company's risk management and internal control systems are adequate and effective.

The SORMIC was reviewed by the Company's external auditors.

11. Effective Governance, Risk Management and Internal Control

11.1 Internal Audit Function

In conjunction with the Company's listing on the ACE Market of Bursa Securities, the Company has appointed an independent professional consulting firm, JWC Consulting Sdn Bhd ("**JWC**") to conduct an independent assessment of the internal control environment of the Group to ensure compliance with the MCCG and the Listing Requirements.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (cont'd)

The internal controls assessment undertaken by JWC focused on existing operations/functional areas of the Group. The findings by the internal auditor have been presented to the Board, who has since recommended the management to undertake the relevant steps to ensure that appropriate actions are being taken to enhance and strengthen the Group's current internal control systems.

Subsequent to the Listing and in respect of the financial year ending 31 December 2025, the Group intends to continue to outsource the internal audit function to JWC to carry out internal audit reviews on the Group and to assist the ARMC in discharging its duties and responsibilities.

11.2 Objectivity and Independence of Internal Auditors

The ARMC is satisfied that JWC has adequate resources and expertise to carry out the internal audit function in respect of financial year ending 31 December 2025 and will ensure that the internal audit personnel are free from any conflict of interest with the Company. The ARMC has full and direct access to the internal auditors and receives reports on all internal audits performed. The internal auditors independently and objectively monitor compliance with regard to policies and procedures, and the effectiveness of the internal controls systems. Significant findings and recommendations for improvement are highlighted to the Management and the ARMC, with periodic follow-up of the implementation of action plans.

PRINCIPLE C: INTEGRITY IN CORPORATE REPORTING AND MEANINGFUL RELATIONSHIP WITH STAKEHOLDERS

I ENGAGEMENT WITH STAKEHOLDERS

12. Communication with Stakeholders

12.1 Effective, Transparent and Regular Communication with Stakeholders

The Group is committed to maintaining regular, transparent, coherent, timely and equitable dissemination of relevant and material information on the development of the Group to shareholders and stakeholders whilst balancing commercial confidentiality and regulatory considerations. Presently, the Board and the Management of the Company communicate with its stakeholders through the following channels:

12.1.1 *Company Website (www.chemlite.com.my)*

The Company website incorporates all announcements made by the Company as well as corporate governance practice documents such as the Board Charter, Code and Terms of Reference of the Board Committees.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (cont'd)

12.1.2 Bursa Malaysia Securities Berhad (www.bursamalaysia.com)

The Company releases all announcements through Bursa Securities which are accessible by the public.

12.1.3 Analyst Briefings

The Management conducts briefing/meeting with analyst and fund managers from time to time to provide updates on the Company's strategy and performance.

The detailed stakeholder engagement method is set out in the Company's Sustainability Statement.

12.2 Integrated Report

Integrated reporting is not applicable to the Group as the Group does not fall within the definition of "Large Companies".

II CONDUCT OF GENERAL MEETINGS

13. Engagement with Shareholders

13.1 Notice of Annual General Meeting

The Company despatches its Notice of Annual General Meeting at least twenty-eight (28) days before the date of the Annual General Meeting of the Company ("**AGM**") to allow the shareholders to make the necessary arrangements to attend and participate in the AGM.

13.2 Attendance of Directors

Barring any unforeseen circumstances, the Directors, Senior Management, Company Secretaries as well as representatives from the external auditors will be present at the forthcoming AGM of the Company.

13.3 Leverage technology to facilitate voting and shareholders' participation

Chemlite Innovation will adopt paper poll voting at its first AGM as a public listed company.

As an alternative practice, the shareholders who are unable to attend the general meetings of the Company may appoint any person(s) as their proxies to attend and vote on their behalf at the general meetings.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (cont'd)

13.4 Shareholder Participation at AGM

The Chairman will brief the members, corporate representatives and proxies present of their right to participate, speak and vote on the resolutions set out in the Notice of AGM. Shareholders are invited to raise questions on each item on the agenda before putting the resolution to vote.

13.5 Virtual General Meeting

The forthcoming AGM will be conducted physically. The Company encourages participation of shareholders through the appointment of proxies when shareholders are unable to attend and vote in person at the AGM.

13.6 Minutes of the AGM

Minutes of the AGM will be made available on the Company's website within thirty (30) business days after the conclusion of the AGM.

COMPLIANCE STATEMENT

The Board will continue to strive for high standards of corporate governance throughout the Group. Presently, the Board is of the view that the Company has, in all material aspects, satisfactorily complied with the principles and practices set out in the MCCG, except for the departures set out in the CG Report.

This CG Overview Statement is made in accordance with a resolution of the Board of Directors dated 15 April 2025.



STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

Pursuant to Rule 15.26(b) of the ACE Market Listing Requirements of Bursa Malaysia Securities Berhad (“**Bursa Securities**”) (“**Listing Requirements**”) and Practice 10.2 of the Malaysian Code on Corporate Governance 2021 (“**MCCG**”), with the guidance of the Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers, the Board of Directors (“**Board**”) of Chemlite Innovation Berhad (“**Chemlite Innovation**” or the “**Company**”) and its subsidiary (the “**Group**”) is pleased to present the Statement on Risk Management and Internal Control (“**Statement**”), which outlines the nature and scope of risk management and internal control of the Group for the financial year ended 31 December 2024 (“**FYE 2024**”).

For information purposes, the Company was listed on the ACE Market of Bursa Securities on 26 March 2025 (“**Listing**”) and the Listing was a subsequent event after the FYE 2024.

BOARD RESPONSIBILITY

The Board acknowledges the importance of sound risk management and internal control being embedded into the culture, processes and structures of the Group. The systems of internal control cover risk management and financial, organisational, operational, project and compliance controls.

The Board affirms its overall responsibility for upholding the Group's risk management and internal control systems and for reviewing the effectiveness and efficiency of these systems to ensure their viability and robustness. It should be noted, however, that such systems are designed to manage, rather than eliminate, the risks of failure to achieve corporate objectives. Inherently, it can only provide reasonable and not absolute assurance against material misstatement, loss or fraud.

CONTROL STRUCTURE AND ENVIRONMENT

The Board is committed to maintain sound systems of risk management and internal control. The Board has implemented and maintained the following structure and environment to ensure proper conduct of the Group's business operations and activities:

- The Board shall meet at least quarterly and has set a schedule of matters which is required to be brought to its attention for discussion, thus ensuring that it maintains full and effective supervision over appropriate controls. The Chief Executive Officer and Chief Operating Officer shall lead the presentation of board papers and provide explanations of pertinent issues. In addition, the Board will be kept updated on the Group's activities and operations on a regular basis;

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL (cont'd)

- An organisation structure with well-defined scopes of responsibility, clear lines of accountability, and levels of delegated authority. Such delegation of authority with clear lines of accountability and responsibility serves as a tool of reference in identifying the approving authority for various transactions including matters that require the Board's approval;
- A process of hierarchical reporting which provides for a documented and auditable trail of accountability;
- A set of documented internal policies and procedures for operational and human resource management, which is subject to review and improvement from time to time to meet changing needs;
- Performance management framework with regular reporting of relevant information by the Management, covering financial and operational performance and key business indicators, for effective monitoring and decision making. The executive board members and Senior Management team meet regularly to review the Group's performance; and
- An internal audit function, which reports directly to the Audit and Risk Management Committee ("**ARMC**"), reviews the system of internal control as well as the effectiveness of the processes of the Group that are in place to identify, evaluate, manage and report risks.

RISK MANAGEMENT

The Group has established risk management practices to safeguard the Group's business interest from risk events that may impede the achievement of business strategies and provide assurance to the Group's various stakeholders. The Chief Executive Officer, Chief Operating Officer and Financial Controller have provided the Board with the assurance that the Group's risk management and internal control systems are operating adequately and effectively, in all material aspects, to ensure the achievement of corporate objectives. The main components of the Group's risk governance and structure consist of the Board, the ARMC and the Senior Management. This structure allows for strategic risk discussions to take place between the Board, the ARMC and the Senior Management on a periodical basis, where necessary. The summary of the accountabilities of the risk governance structure are as follows:

a. Board of Directors

- Overall risk oversight responsibility;
- Determines that the principal risks are identified through the ARMC and with the assistance of the Senior Management and Internal Auditors, and ensure comprehensive and appropriate systems are put in place to manage these risks; and

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL (cont'd)

- Reviews the adequacy and the integrity of the Group's internal control systems and information systems, including systems for compliance with applicable laws, regulations, rules, directives and guidelines.

b. Senior Management and key personnel of the Group

- Oversees the effective implementation of risk policies and guidelines, and cultivation of risk management culture within the organisation; and
- Reviews and monitors the status of the Group's principal risks and their mitigation actions periodically and updates the ARMC and the Board accordingly, where necessary.

In essence, risk management is conducted through an ongoing process between the Board, the Senior Management and employees of the Group. The Group believes that the risk management framework and guidelines adopted and implemented have strengthened the risk ownership and risk management culture amongst the employees.

Internal Audit Function

The Group has outsourced its internal audit function to an external independent professional consultancy firm, JWC Consulting Sdn Bhd ("**JWC**") to review the adequacy and sufficiency of systems, procedures and controls of the Group. JWC is free from any relationships or conflicts of interest which could potentially impair the objectivity and independence for assuming the internal audit function and does not have any direct operational responsibility or authority over the activities and operations of the Group.

The internal audit reports directly to the ARMC and the internal audit reports are presented at least twice annually for review and discussion at the ARMC meetings and onward reporting to the Board for notation.

In conjunction with the Company's listing on the ACE Market of Bursa Securities, the Company has appointed JWC to conduct an independent assessment of the internal control environment of the Group to ensure compliance with the MCCG and the Listing Requirements.

The internal controls assessment undertaken by JWC focused on existing operations/functional areas of the Group. The findings by the internal auditor have been presented to the Board, who has since recommended the Management to undertake the relevant steps to ensure that appropriate actions are being taken to enhance and strengthen the Group's current internal control systems.

The work of the internal audit function, its observations and recommendations in respect of the financial year ending 31 December 2025 will be tabled to the ARMC for review in the following financial year.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL (cont'd)

Review of the Statement by External Auditors

As required under Rule 15.23 of the Listing Requirements, the external auditors have reviewed this Statement on Risk Management and Internal Control for inclusion in this Annual Report. The limited assurance review was performed in accordance with the Malaysian Approved Standard on Assurance Engagements, ISAE 3000 (Revised) *Assurance Engagements Other than Audits or Reviews of Historical Financial Information* and Audit and Assurance Practice Guide 3 ("**AAPG 3**") *Guidance for Auditors on Engagements to Report on the Statement on Risk Management and Internal Control Included in the Annual Report* issued by the Malaysian Institute of Accountants which does not require the external auditors to form an opinion on the adequacy and effectiveness of the risk management and internal control system of the Group.

Based on their procedures performed, the external auditors have reported to the Board that nothing has come to their attention which causes them to believe that this Statement is not prepared, in all material respects, in accordance with the disclosures required by Paragraph 41 and 42 of the Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers, nor is factually inaccurate. AAPG 3 does not require the external auditors to consider whether this Statement covers all risk and controls, or to form an opinion on the adequacy and effectiveness of the Group's risk and control procedures.

Conclusion

The Board, having received assurance from the Executive Directors and Financial Controller, is of the view that the risk management and internal control systems adopted by the Group are adequate and effective to safeguard the interest of stakeholders and assets of the Group for the financial year under review and up to the date of approval of this Statement, and have not resulted in any material losses, contingencies or uncertainties that would require disclosure in this Annual Report.

The Board continues to take measures to review and, where necessary, enhance the risk management and internal control systems of the Group to meet the strategic objectives of the Group.

This Statement is made in accordance with the resolution of the Board dated 15 April 2025.

AUDIT AND RISK MANAGEMENT COMMITTEE REPORT

The Board of Directors ("**Board**") of Chemlite Innovation Berhad ("**Chemlite Innovation**" or the "**Company**") is pleased to present the Audit and Risk Management Committee ("**ARMC**") report, which provides insights as to the approach taken by the ARMC in discharging its functions in the financial year ended 31 December 2024 ("**FYE 2024**").

The ARMC was established by the Board on 24 June 2024 and is tasked to assist the Board to ensure the effective discharge of its fiduciary duties for financial reporting, corporate governance as well as risk management and internal control. The key responsibilities of the ARMC include the following:

- a. ensure integrity of financial information by overseeing the financial reporting policies and practices of Chemlite Innovation and its subsidiary ("**Chemlite Innovation Group**" or the "**Group**") by ensuring compliance with relevant accounting standards and required disclosures as administered by relevant accounting standards bodies and any other laws and regulations as amended from time to time;
- b. assess the Group's processes in relation to its risks, governance (including conflict of interests and related party transactions) and control environment; and
- c. establish a transparent and professional arrangement for maintaining an appropriate relationship with the Group's external and internal auditors.

For information purposes, the Company was listed on the ACE Market of Bursa Malaysia Securities Berhad ("**Bursa Securities**") on 26 March 2025 ("**Listing**"). The Listing was a subsequent event after the FYE 2024.

TERMS OF REFERENCE

The terms of reference of the ARMC stipulating its role and the authority delegated by the Board are available on the Group's website at www.chemlite.com.my.

COMPOSITION OF ARMC

The ARMC comprises three (3) members, all of whom are Independent Non-Executive Directors. The members of the ARMC as at the date of this report are as follows:

Name	Designation
Lee Kooi Hoon	Chairperson
Wong Wan Chin	Member
Lim Paik Nee	Member

AUDIT AND RISK MANAGEMENT COMMITTEE REPORT (cont'd)

The Chairperson of the ARMC, Ms. Lee Kooi Hoon is a member of the Malaysian Institute of Accountants ("MIA") and an Association of CPA Australia.

The above composition of the ARMC complies with the requirements of Rule 15.09 of the ACE Market Listing Requirements of Bursa Securities ("**Listing Requirements**") and Paragraph 9.4 of the Malaysian Code on Corporate Governance 2021 issued by the Securities Commission Malaysia ("**MCCG**").

ATTENDANCE OF MEETINGS

As stipulated in the terms of reference of the ARMC, the ARMC is scheduled to meet at least four (4) times in a financial year. However, as the Listing was a subsequent event after the FYE 2024, the ARMC had only convened one (1) ARMC meeting in the FYE 2024 to, amongst others, review matters relating to the accounting and reporting practices of the Group and the Company for the FYE 2024.

SUMMARY OF ACTIVITIES

The ARMC primarily deliberated on matters pertaining to the accounting and financial reporting practices of the Group and the Company at its sole meeting during the FYE 2024. As the Company had not yet been listed on the ACE Market of Bursa Securities during the financial year under review, the ARMC primarily focused on discussing on the accounting and reporting practices of the Group in anticipation of the Listing, which subsequently took place on 26 March 2025.

For information purposes, subsequent to the FYE 2024 and up to the date of this statement, the ARMC had convened two (2) ARMC meetings in April 2025 and details of the attendance of each member of the ARMC are as follows:

Name of Directors	Attendance
Lee Kooi Hoon	2/2
Wong Wan Chin	2/2
Lim Paik Nee	2/2

The activities of the ARMC subsequent to the FYE 2024 will be reported in the annual report of the Group for the financial year ending 31 December 2025.

AUDIT AND RISK MANAGEMENT COMMITTEE REPORT (cont'd)

INTERNAL AUDIT FUNCTION

In conjunction with the Listing, the Company has appointed an independent professional consulting firm, JWC Consulting Sdn Bhd ("**JWC**") to conduct an independent assessment of the internal control environment of the Group to ensure compliance with the MCCG and the Listing Requirements. The total costs incurred for the internal control review for the FYE 2024 amounted to RM54,400.

The internal controls assessment undertaken by JWC focused on existing operations/functional areas of the Group. The findings by the internal auditor have been presented to the Board, who has since recommended the Management to undertake the relevant steps to ensure that appropriate actions are being taken to enhance and strengthen the Group's current internal control systems.

Subsequent to the Listing and in respect of the financial year ending 31 December 2025, the Group intends to continue to outsource the internal audit function to JWC to carry out internal audit reviews on the Group and to assist the ARMC in discharging its duties and responsibilities.

This ARMC report is made in accordance with the resolution of the Board dated 15 April 2025.



STATEMENT OF DIRECTORS' RESPONSIBILITY

FOR THE AUDITED FINANCIAL STATEMENTS

The Directors are required by the Companies Act 2016 ("**Act**") to prepare financial statements for each financial year in accordance with applicable Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Act in Malaysia.

The Directors are responsible to ensure that the financial statements give a true and fair view of the financial position of Chemlite Innovation Berhad ("**Company**") and its subsidiary ("**Group**") as at 31 December 2024, and of their financial performance and cash flows for the financial year then ended.

In preparing the financial statements, the Directors have:

- (i) adopted appropriate accounting policies and applied them consistently;
- (ii) made judgements and estimates that are reasonable and prudent;
- (iii) ensured that all applicable accounting standards have been adhered to, subject to any material departures disclosed and explained in the financial statements; and
- (iv) prepared the financial statements on a going concern basis.

The Directors are responsible to ensure that the Company and the Group maintain proper accounting records that disclose the financial positions of the Company and the Group with reasonable accuracy, enabling them to ensure that the financial statements comply with the Act.

The Directors have general responsibility for taking such steps which are reasonably available to them to manage risks associated with the business of the Company and the Group, to safeguard the assets of the Company and the Group and to detect and prevent fraud and other irregularities.



ADDITIONAL COMPLIANCE INFORMATION

1. Utilisation of proceeds

Chemlite Innovation Berhad ("**Company**") was listed on the ACE Market of Bursa Malaysia Securities Berhad on 26 March 2025 ("**Listing**"). The Listing was a subsequent event after the financial year ended 31 December 2024 ("**FYE 2024**").

For information purposes, the Company undertook a public issue of 120,000,000 new ordinary shares at an issue price of RM0.25 per share in conjunction with the Listing, raising gross proceeds of approximately RM30.0 million ("**IPO Proceeds**"). Further details of the Listing and utilisation of the IPO Proceeds are disclosed in the Company's prospectus dated 5 March 2025 in relation to the Listing.

2. Audit and Non-Audit Fees

The amount of audit fees and non-audit fees incurred for services rendered to the Company and its subsidiary ("**Group**") by the External Auditors for the FYE 2024 are as follows:

	Group RM	Company RM
Audit services rendered	65,000	20,000
Non-audit services rendered	6,000	6,000
Total	71,000	26,000

3. Material Contracts

There were no material contracts entered into by the Group, involving the interests of Directors, chief executive and major shareholders subsisting at the end of the FYE 2024 or entered into since the end of the previous financial year.

4. Recurrent Related Party Transactions

There were no recurrent related party transactions entered into by the Group during the FYE 2024.

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Notes to The Financial Statements

DIRECTORS' REPORT

FOR THE FINANCIAL YEAR/PERIOD ENDED 31 DECEMBER 2024

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

CHANGE OF STATUS

The Company was incorporated on 31 May 2024 as a private limited company under the name Chemlite Innovation Sdn. Bhd..

On 24 June 2024, the Company converted from a private limited company to a public limited company and altered its name from Chemlite Innovation Sdn. Bhd. to Chemlite Innovation Berhad.

PRINCIPAL ACTIVITIES

The principal activity of the Company is engaged in investing holding. The principal activities of the subsidiary are disclosed in note 5 to the financial statements.

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

RESULTS

	Group RM	Company RM
Profit/(Loss) for the financial year/period	<u>9,257,791</u>	<u>(126,494)</u>

DIVIDEND

No dividend was paid or declared by the Company since the date of incorporation.



DIRECTORS' REPORT (cont'd)

FOR THE FINANCIAL YEAR/PERIOD ENDED 31 DECEMBER 2024

ISSUE OF SHARES AND DEBENTURES

The Company was incorporated with share capital of RM1,000 comprising 1,000 ordinary shares which were subscribed for on the date of incorporation.

During the financial period, the Company issued 479,999,000 new ordinary shares for a total consideration of RM10,559,978 pursuant to the acquisition of the entire issued share capital of its subsidiary.

The new ordinary shares issued rank pari passu in all respects with the then existing ordinary shares of the Company.

There was no issuance of debentures since the date of incorporation.

SHARE OPTIONS

No option was granted to any person to take up unissued shares of the Company during the financial period.

RESERVES AND PROVISIONS

There were no material transfers to or from reserves and provisions during the financial year/period.

SUBSIDIARY

Details of the subsidiary are set out in note 5 to the financial statements. There is no qualified auditors' report on the financial statements of the subsidiary for the financial period in which this report is made.

As at the end of the financial period, the subsidiary did not hold any shares in the Company.

DIRECTORS

The directors in office during the period commencing from the beginning of the financial period to the date of this report are:

Chong Yuen Fong

(first director)

Heng Chee Khiang

(first director)

Choo Yih Woei

(appointed on 24 June 2024)

Lee Kooi Hoon

(appointed on 24 June 2024)

Lim Paik Nee

(appointed on 24 June 2024)

Wong Wan Chin

(appointed on 24 June 2024)

DIRECTORS' REPORT (cont'd)

FOR THE FINANCIAL YEAR/PERIOD ENDED 31 DECEMBER 2024

DIRECTORS OF THE SUBSIDIARY

The directors in office of the subsidiary during the period commencing from the beginning of the financial period to the date of this report are:

Chong Yuen Fong
Heng Chee Khiang

DIRECTORS' INTERESTS IN SHARES

The following directors, who held office at the end of the financial period, had interests in shares in the Company as follows:

	Number of ordinary shares			
	At 31 May 2024 (date of incorporation)	Acquisition	Disposal	At 31 December 2024
<i>The Company</i>				
Chong Yuen Fong - Direct interest	550	263,999,450	-	264,000,000
Heng Chee Khiang - Direct interest	450	215,999,550	-	216,000,000

By virtue of their interests in shares in the Company, they are also deemed interested in shares of the subsidiary, to the extent that the Company has interest.

Other than as disclosed above, none of the other directors in office at the end of the financial period held any interests in shares in the Company and its subsidiary during the financial period.

DIRECTORS' BENEFITS

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

DIRECTORS' REPORT (cont'd)

FOR THE FINANCIAL YEAR/PERIOD ENDED 31 DECEMBER 2024

Since the date of incorporation, no director of the Company has received or become entitled to receive any benefit 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, other than fee, remuneration and other benefits received or due and receivable by the directors of the Company from the Company or its subsidiary during the financial year/period as presented below:

	Group RM	Company RM
Directors' fee	60,000	60,000
Short-term benefits	1,232,435	-
Defined contribution plan	115,200	-
	1,407,635	60,000

OTHER INFORMATION

Before the financial statements were made out, the directors took reasonable steps:

- (i) to ascertain that appropriate action had been taken in relation to the writing off of bad debts and the making of allowance for doubtful debts, and satisfied themselves that no known bad debts to be written off and that adequate allowance had been made for doubtful debts; and
- (ii) to ensure that any current assets which were unlikely to be realised in the ordinary course of business including the values of current assets as shown in the accounting records of the Group and of the Company had been written down to an amount which the current assets might be expected so to realise.

At the date of this report, the directors are not aware of any circumstances:

- (i) which would render it necessary to write off any bad debts or the amount of the allowance for doubtful debts inadequate to any substantial extent; or
- (ii) which would render the values attributed to the current assets in the financial statements misleading; or
- (iii) 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.

DIRECTORS' REPORT (cont'd)

FOR THE FINANCIAL YEAR/PERIOD ENDED 31 DECEMBER 2024

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/period which secures the liabilities of any other person; or
- (ii) any contingent liability which has arisen since the end of the financial year/period.

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

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 which would render any amount stated in the financial statements misleading.

In the opinion of the directors:

- (i) the results of the operations of the Group and of the Company during the financial year/period were not substantially affected by any item, transaction or event of a material and unusual nature; and
- (ii) there has not arisen in the interval between the end of the financial year/period and the date of this report any item, transaction or event of a material and unusual nature likely to affect substantially the results of the operations of the Group and of the Company for the financial year/period in which this report is made.

EVENTS AFTER THE REPORTING PERIOD

- (i) On 5 March 2025, the Company issued its prospectus in relation to its initial public offering in conjunction with the listing of and quotation for the entire enlarged issued ordinary share capital on the ACE Market of Bursa Malaysia Securities Berhad.
- (ii) Upon issue of 120,000,000 new ordinary shares in the Company at an issue price of RM0.25 per share, on 26 March 2025, the Company's enlarged issued ordinary shares are listed on the ACE Market of Bursa Malaysia Securities Berhad.

INDEMNITY AND INSURANCE FOR DIRECTORS, OFFICERS AND AUDITORS

There were no indemnity given to or liability insurance effected for any Director, officer and auditor of the Group or the Company during the financial year.

DIRECTORS' REPORT (cont'd)

FOR THE FINANCIAL YEAR/PERIOD ENDED 31 DECEMBER 2024

AUDITORS

The total amount of fees paid to or receivable by the auditors as remuneration for their services as auditors of the Group and of the Company for the current financial year/period is RM71,000 and RM26,000 respectively.

The auditors, Forvis Mazars PLT (*formerly known as Mazars PLT*), Chartered Accountants, have expressed their willingness to accept re-appointment.

APPROVAL OF THE DIRECTORS' REPORT

This report is approved by the board of directors, and signed on behalf of the board of directors in accordance with a directors' resolution.

.....
CHONG YUEN FONG
Director

.....
HENG CHEE KHIANG
Director



STATEMENT BY DIRECTORS

PURSUANT TO SECTION 251(2) OF THE COMPANIES ACT 2016

We, Chong Yuen Fong and Heng Chee Khiang, being two of the directors of Chemlite Innovation Berhad, do hereby state that, in the opinion of the directors, the accompanying financial statements are drawn up so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2024, and financial performance and cash flows of the Group and of the Company for the financial period from 31 May 2024 (date of incorporation) to 31 December 2024 in accordance with MFRS Accounting Standards, IFRS® Accounting Standards and the requirements of the Companies Act 2016 in Malaysia.

Signed on behalf of the board of directors in accordance with a directors' resolution.

.....
CHONG YUEN FONG
Director

.....
HENG CHEE KHIANG
Director



STATUTORY DECLARATION

PURSUANT TO SECTION 251(1)(B) OF THE COMPANIES ACT 2016

I, Chong Yuen Fong (I/C No.: 690606-07-5359), being the director primarily responsible for the financial management of Chemlite Innovation Berhad, do solemnly and sincerely declare that, to the best of my knowledge and belief, the accompanying financial statements 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
Chong Yuen Fong
at Pulau Pinang
on **15 April 2025**

.....
CHONG YUEN FONG
Director

Before me:

Commissioner for Oaths



INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF CHEMLITE INNOVATION BERHAD

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Chemlite Innovation Berhad (the "Company"), which comprise the statements of financial position as at 31 December 2024 of the Group and of the Company, and the statement of comprehensive income, statement of changes in equity and statement of cash flows of the Group for the financial year ended 31 December 2024 and the statement of comprehensive income, statement of changes in equity and statement of cash flows of the Company for the financial period from 31 May 2024 (date of incorporation) to 31 December 2024, and notes to the financial statements, including material accounting policy information, as set out on pages 84 to 134.

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 the Group's financial performance and cash flows for the financial year ended 31 December 2024 and of the Company's financial performance and cash flows for the financial period from 31 May 2024 (date of incorporation) to 31 December 2024, in accordance with MFRS Accounting Standards as issued by the Malaysian Accounting Standards Boards, IFRS Accounting Standards as issued by the International Accounting Standards Board 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.

INDEPENDENT AUDITORS' REPORT (cont'd)

TO THE MEMBERS OF CHEMLITE INNOVATION BERHAD

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the Group and of the Company for the current financial year/period. 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.

(a) Group

Expected Credit Losses ("ECL") of Trade Receivables

Refer to note 8 in the financial statements for trade receivables and estimations and judgements.

The Risk:

The Group's gross trade receivables and loss allowance for ECL as at 31 December 2024 amounted to RM9,439,050 and RM134,795, respectively.

At each reporting date, directors of the Company estimate the amount of ECL of trade receivables using a provision matrix that is based on historical trend and data of trade receivables and is adjusted for forward-looking factors relevant to the trade receivables. In the preparation of the financial statements for the financial year ended 31 December 2024, the directors have considered reasonable and supportable information that is relevant for the ECL assessment. Such assessment has taken into consideration the quantitative and qualitative historical information, and the relevant forward-looking factors. In estimating the ECL, the directors exercised significant judgement to identify and apply appropriate and relevant historical and forward-looking information.

We have identified the directors' ECL assessment of trade receivables as a key audit matter because the carrying amount of trade receivables is material to the financial statements; and the ECL assessment of trade receivables involved significant judgements exercised by the directors and the ECL is subject to estimation uncertainty.

Our Response:

Our audit procedures included, among others, obtained an understanding of the Group's methodology and the basis used by the directors in the measurement of ECL of trade receivables. We evaluated the appropriateness of the methodology used by the directors in the assessment of ECL of trade receivables. We tested and challenged the key assumptions and data used by the directors in the estimation of ECL. We tested, on a sampling basis, the accuracy of trade receivables' ageing profile. We evaluated the overall reasonableness of the allowance for ECL of trade receivables recognised by the directors; and the related disclosure in the financial statements.

INDEPENDENT AUDITORS' REPORT (cont'd)

TO THE MEMBERS OF CHEMLITE INNOVATION BERHAD

(b) Company

We do not have any key audit matters in connection with the audit of the separate financial statements of the Company to be communicated in this 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 the Directors for the Financial Statements

The directors of the Company are responsible for the preparation of the financial statements of the Group and of the Company that give a true and fair view in accordance with MFRS Accounting Standards, IFRS Accounting 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 the 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.

INDEPENDENT AUDITORS' REPORT (cont'd)

TO THE MEMBERS OF CHEMLITE INNOVATION BERHAD

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 the 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 of 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.

INDEPENDENT AUDITORS' REPORT (cont'd)

TO THE MEMBERS OF CHEMLITE INNOVATION BERHAD

- 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 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, actions taken to eliminate threats of safeguards applied.

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

Other Matter

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 content of this report.

Forvis Mazars PLT
(formerly known as Mazars PLT)
201706000496 (LLP0010622-LCA)
AF 001954
Chartered Accountants

Lee Soo Eng
03230/02/2026 J
Chartered Accountant

Kuala Lumpur

15 April 2025

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2024

	Note	2024 RM	2023 RM
ASSET			
<i>Non-current Assets</i>			
Property, plant and equipment	4	16,840,999	16,916,415
Right-of-use assets	6	5,617,690	2,431,801
		22,458,689	19,348,216
<i>Current Assets</i>			
Inventories	7	1,572,136	1,434,912
Trade and other receivables	8	12,243,492	6,894,222
Current tax assets		2,777,731	48,783
Cash and bank balances		1,272,317	3,985,776
		17,865,676	12,363,693
TOTAL ASSETS		40,324,365	31,711,909



CONSOLIDATED STATEMENT OF FINANCIAL POSITION (cont'd)

AS AT 31 DECEMBER 2024

	Note	2024 RM	2023 RM
EQUITY AND LIABILITIES			
Equity			
Share capital	9	10,560,978	1,650,000
Merger reserve	10	(8,909,978)	-
Retained earnings	10	17,773,850	8,516,059
		19,424,850	10,166,059
Non-current Liabilities			
Borrowings	11	9,761,533	11,381,987
Lease liabilities	6	2,617,314	706,428
Other financial liabilities	12	-	315,789
Deferred tax liabilities	13	848,784	768,157
		13,227,631	13,172,361
Current Liabilities			
Trade and other payables	14	3,325,820	3,975,150
Borrowings	11	3,215,313	3,833,389
Lease liabilities	6	1,130,751	537,290
Other financial liabilities	12	-	27,660
		7,671,884	8,373,489
TOTAL LIABILITIES		20,899,515	21,545,850
TOTAL EQUITY AND LIABILITIES		40,324,365	31,711,909

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024

	Note	2024 RM	2023 RM
Revenue	15	34,192,459	28,048,371
Cost of sales		(19,769,723)	(13,498,746)
Gross profit		14,422,736	14,549,625
Other income and gains	16	1,586,158	3,280,628
Distribution expenses		(228,161)	(221,425)
Administrative and general expenses		(6,026,863)	(4,913,275)
Loss allowance (net of reversals of loss allowance) on trade receivables	8	(71,737)	(43,911)
Finance costs	17	(1,004,310)	(534,650)
Profit before tax	18	8,677,823	12,116,992
Tax income/(expense)	19	579,968	(3,116,721)
Profit and total comprehensive income for the financial year		9,257,791	9,000,271
Earnings per share - basic and diluted (sen)	21	3.58	545.47

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024

	Note	Share capital RM	Merger reserve RM	Retained earnings RM	Total equity RM
At 1 January 2023		1,650,000	-	4,515,788	6,165,788
Profit and total comprehensive income for the financial year		-	-	9,000,271	9,000,271
Dividends	22	-	-	(5,000,000)	(5,000,000)
At 31 December 2023		1,650,000	-	8,516,059	10,166,059
Transfer to merger reserve	9	(1,650,000)	1,650,000	-	-
Issuance of shares	9	1,000	-	-	1,000
Issuance of shares pursuant to the Internal Reorganisation	9	10,559,978	(10,559,978)	-	-
		8,910,978	(8,909,978)	-	1,000
Profit and total comprehensive income for the financial year		-	-	9,257,791	9,257,791
At 31 December 2024		10,560,978	(8,909,978)	17,773,850	19,424,850



CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024

	2024 RM	2023 RM
OPERATING ACTIVITIES		
Profit before tax	8,677,823	12,116,992
Adjustments for:		
Depreciation of investment properties	-	23,112
Depreciation of property, plant and equipment	1,956,773	659,094
Depreciation of right-of-use assets	854,975	658,207
Finance costs	1,004,310	534,650
Gain on disposal of investment properties	-	(804,388)
Gain on disposal of property, plant and equipment	-	(205,445)
Interest income	(37,340)	(36,157)
Loss allowance (net of reversals of loss allowance) on trade receivables	71,737	43,911
Net gain from financial guarantee contracts	(343,449)	(26,535)
Net loss/(gain) on lease terminations and modifications	942	(2,674)
Net unrealised (gain)/loss on foreign exchange	(53,789)	5,558
Property, plant and equipment written-offs	-	102,447
Rental income	-	(96,254)
Operating profit before working capital changes	12,131,982	12,972,518
Changes in inventories	(137,224)	(321,103)
Changes in receivables	(3,192,827)	(525,927)
Changes in payables	(440,692)	314,691
Cash from operations	8,361,239	12,440,179
Finance costs paid	(62,534)	(34,084)
Interest received	37,340	36,157
Tax paid	(2,068,353)	(2,732,219)
Net cash from operating activities	6,267,692	9,710,033

CONSOLIDATED STATEMENT OF CASH FLOWS (cont'd)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024

	2024 RM	2023 RM
INVESTING ACTIVITIES		
Acquisition of property, plant and equipment	(2,315,598)	(9,195,488)
Acquisition of right-of-use assets	(2,445,849)	(45,388)
Net proceeds from disposal of investment properties	-	2,921,500
Proceeds from disposal of property, plant and equipment	-	378,489
Rental received	-	96,254
Net cash used in investing activities	(4,761,447)	(5,844,633)
FINANCING ACTIVITIES		
Dividends paid	-	(5,000,000)
Drawdown of borrowings	340,000	4,458,700
Finance costs paid	(941,776)	(626,715)
Proceeds from issuance of shares	1,000	-
Repayment of borrowings	(2,511,083)	(2,497,408)
Repayment of lease liabilities	(1,041,255)	(565,206)
Net cash used in financing activities	(4,153,114)	(4,230,629)
Net changes in cash and cash equivalents	(2,646,869)	(365,229)
Effect of exchange rate fluctuation	857	(45,690)
Cash and cash equivalents brought forward	3,098,714	3,509,633
Cash and cash equivalents carried forward	452,702	3,098,714
Cash and cash equivalents comprise of:		
Cash and bank balances	1,272,317	3,985,776
Bank overdraft	(819,615)	(887,062)
	452,702	3,098,714

STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2024

	Note	Company RM
ASSET		
<i>Non-current Assets</i>		
Investment in the subsidiary	5	10,559,978

<i>Current Assets</i>		
Cash and bank balances		1,000
TOTAL ASSETS		<u>10,560,978</u>

	Note	Company RM
EQUITY AND LIABILITY		
<i>Equity</i>		
Share capital	9	10,560,978
Accumulated losses		(126,494)

		10,434,484

<i>Current Liabilities</i>		
Other payables	14	126,494
TOTAL EQUITY AND LIABILITY		<u>10,560,978</u>



STATEMENT OF COMPREHENSIVE INCOME

FOR THE FINANCIAL PERIOD FROM 31 MAY 2024
(DATE OF INCORPORATION) TO 31 DECEMBER 2024

	Note	Company RM
Revenue		-
Administrative and general expenses		(126,494)

Loss before tax	18	(126,494)
Tax expense	19	-
Loss and total comprehensive loss for the financial period		<u>(126,494)</u>



STATEMENT OF CHANGES IN EQUITY

FOR THE FINANCIAL PERIOD FROM 31 MAY 2024
(DATE OF INCORPORATION) TO 31 DECEMBER 2024

	Note	Share capital RM	Accumulated losses RM	Total equity RM
At 31 May 2024 (date of incorporation)		-	-	-
Issuance of shares	9	1,000	-	1,000
Issuance of shares pursuant to the Internal Reorganisation	9	10,559,978	-	10,559,978
Loss and total comprehensive loss for the financial period		-	(126,494)	(126,494)
At 31 December 2024		<u>10,560,978</u>	<u>(126,494)</u>	<u>10,434,484</u>



STATEMENT OF CASH FLOWS

FOR THE FINANCIAL PERIOD FROM 31 MAY 2024
(DATE OF INCORPORATION) TO 31 DECEMBER 2024

	Company RM
OPERATING ACTIVITIES	
Loss before tax, representing operating loss before working capital changes	(126,494)
Changes in payables	70,000
Net cash used in operating activities	(56,494)
FINANCING ACTIVITIES	
Advance from the subsidiary	56,494
Proceeds from issuance of shares	1,000
Net cash from financing activities	57,494
Net changes in cash and bank balances	1,000
Cash and bank balances at the date of incorporation	-
Cash and bank balances at the end of the financial period	1,000



NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR/PERIOD ENDED 31 DECEMBER 2024

1. GENERAL INFORMATION

Chemlite Innovation Berhad (the “Company”) is a public company limited by way of shares which is incorporated on 31 May 2024 and domiciled in Malaysia. The Company is listed on the ACE Market of Bursa Malaysia Securities Berhad on 26 March 2025. The addresses of the registered office and principal place of business of the Company are disclosed on page 2.

The financial statements of the Group as at 31 December 2024 and for the financial year then ended comprise the Company and its subsidiary (collectively referred to as the “Group”).

Throughout the financial year, in the opinion of the directors of the Company, the ultimate controlling parties of the Group are Chong Yuen Fong and Heng Chee Khiang, jointly (the “Controlling Parties”, collectively).

The Company is principally engaged in investment holding. The principal activities of the subsidiary are disclosed in note 5. There have been no significant changes in the nature of these activities during the financial year/period.

BASIS OF PREPARATION

2. The financial statements of the Group and of the Company have been prepared in accordance with MFRS Accounting Standards as issued by the Malaysian Accounting Standards Board (“MASB”), IFRS Accounting Standards as issued by the International Accounting Standards Board and the requirements of the Companies Act 2016 in Malaysia.

The financial statements are presented in Ringgit Malaysia (“RM”), which is also the Company’s functional currency.

The financial statements have been prepared on the historical cost basis, except for other measurement bases applied, including fair value, as stated in the material accounting policies set out in note 3.

The internal restructuring

In connection with the listing of the entire issued share capital of the Company on the ACE Market of Bursa Malaysia Securities Berhad, the Company undertook an internal group reorganisation (the “Internal Reorganisation”). On 12 June 2024, the Company entered into an internal reorganisation agreement for the acquisition of the entire issued share capital of Chemlite Industries Sdn. Bhd. (“Chemlite Industries”) from the Controlling Parties for a purchase consideration of RM10,559,978 satisfied by way of issuance of 479,999,000 new ordinary shares in the Company. The acquisition of Chemlite Industries was completed on 18 June 2024. Thereafter, Chemlite Industries became a wholly-owned subsidiary of the Company.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

FOR THE FINANCIAL YEAR/PERIOD ENDED 31 DECEMBER 2024

The Company and Chemlite Industries are ultimately controlled by the Controlling Parties throughout the financial years/period presented in these financial statements. The Group resulted from the Internal Reorganisation is regarded as a continuing entity in accordance with the principles of merger accounting for business combination under common control as set out in note 3.

Application of amendments to MFRS Accounting Standards

In the current financial period, the Group and the Company have applied a number of amendments to MFRS Accounting Standards that became effective mandatorily for the financial periods beginning on or after 1 January 2024.

Amendments to MFRS Accounting Standards and new standards issued that are not yet effective

The Group and the Company have not applied the following amendments to MFRS Accounting Standards and new standards that have been issued by the MASB but are not yet effective.

		<i>Effective Date</i>
Amendments to MFRS 121	Lack of Exchangeability	1 January 2025
Amendments to MFRS 9 and MFRS 7	Amendments to the Classification and Measurement of Financial Instruments	1 January 2026
Amendments to MFRS 1, MFRS 7, MFRS 9, MFRS 10 and MFRS 107	Annual Improvements to MFRS Accounting Standards - Volume 11	1 January 2026
Amendments to MFRS 9 and MFRS 7	Contracts Referencing Nature-dependent Electricity	1 January 2026
MFRS 18	Presentation and Disclosure in Financial Statements	1 January 2027
MFRS 19	Subsidiaries without Public Accountability: Disclosures	1 January 2027
Amendments to MFRS 10 and MFRS 128	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	To be announced by the MASB

The adoption of the above amendments to MFRS Accounting Standards and new standards is not expected to have material impact on the financial position and financial performance of the Group and of the Company except for the adoption of MFRS 18 which may result in changes to certain presentation and disclosure in the financial statements. However, it will not impact the recognition and measurement of items in the financial statements.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

FOR THE FINANCIAL YEAR/PERIOD ENDED 31 DECEMBER 2024

Accounting estimates and judgements

The preparation of the financial statements requires the Group and the Company to exercise judgements in the process of applying the accounting policies. The Group and the Company make estimates and assumptions concerning the future that affect the reported assets, liabilities, income and expenses.

Although these estimates are based on the Group's and the Company's best knowledge of current events and actions, historical experience and various other factors (including expectations for future events that are believed to be reasonable under the circumstances), actual results may ultimately differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

The significant areas of estimations uncertainty and critical judgements in applying accounting policies that have significant risk of causing a material adjustment to the amounts recognised in the financial statements, where applicable, are disclosed in the respective notes to the financial statements.

3. MATERIAL ACCOUNTING POLICIES

(a) Basis of consolidation

Consolidation

The consolidated financial statements incorporate the financial statements of the Company and of the entities controlled by the Company made up to the end of the financial year/period.

The Company controls an investee if and only if the Company:

- has power over the investee;
- is exposure, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

When the Company has no majority voting rights of an investee, it considers that it has power over the investee if the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally.

The consolidated financial statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances. All intra-group balances, transactions, income and expenses are eliminated in full on consolidation. Consolidation of an investee shall begin from the date the Company obtains control of the investee and cease when the investor loses control of the investee.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

FOR THE FINANCIAL YEAR/PERIOD ENDED 31 DECEMBER 2024

Business Combination under Common Control

The entities or businesses under common control are accounted for in accordance with merger accounting.

The combined financial statements incorporate the financial statements of the combining entities or businesses in which the common control combination occurs as if they had been combined from the date when the combining entities or businesses first came under the control of the Controlling Parties.

All intra-group balances, transactions, income and expenses are eliminated in full on combination and the combined financial statements reflect external transactions only.

The net assets of the combining entities or businesses are combined using the existing carrying amounts from the Controlling Parties' perspective. No amount is recognised in respect of goodwill or excess of the acquirer's interest in the net fair value of acquiree's identifiable assets, liabilities and contingent liabilities over the acquisition cost at the time of common control combination. All differences between the cost of acquisition and the amounts at which the assets and liabilities are recorded, arising from common control combination, have been recognised directly in equity as part of the merger reserve.

The combined statements of comprehensive income include the results of each of the combining entities or businesses from the earliest date presented or since the date when the combining entities or businesses first came under the common control, where this is a shorter period, regardless of the date of the common control combination.

(b) Property, plant and equipment

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

Depreciation is recognised to write off the depreciable amount of property, plant and equipment on a straight-line basis over their estimated useful lives. A depreciable amount is determined after deducting the residual value from the cost.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

FOR THE FINANCIAL YEAR/PERIOD ENDED 31 DECEMBER 2024

Freehold land and construction work-in-progress are not depreciated. The annual depreciation rates:

Freehold buildings	2.00%
Renovation	10.00%
Office equipment and furniture	10.00% - 20.00%
Plant, machinery and equipment	10.00% - 20.00%
Motor vehicles	20.00%

The residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each reporting date.

Property, plant and equipment are derecognised upon disposal or when no future economic benefits are expected from their use. On disposal or retirement of an asset, the difference between the net disposal proceeds and the carrying amount is recognised in profit or loss.

(c) Impairment of tangible assets

Tangible assets with finite useful lives are assessed at each reporting date to determine whether there is any indication of impairment.

If such an indication exists, the asset's recoverable amount is estimated. The recoverable amount is the higher of an asset's fair value less cost to sell and its value in use. Value in use is the present value of the future cash flows expected to be derived from the asset. Recoverable amounts are estimated for individual assets or, if it is not possible, for the cash-generating unit to which the asset belongs.

An impairment loss is recognised whenever the carrying amount of an asset or a cash-generating unit exceeds its recoverable amount. Impairment losses are recognised in profit or loss, except for assets that are previously revalued where the revaluation was recognised in other comprehensive income. In this case the impairment is also recognised in other comprehensive income up to the amount of any previous revaluation.

Any reversal of an impairment loss as a result of a subsequent increase in recoverable amount should not exceed the carrying amount that would have been determined (net of amortisation or depreciation, if applicable) had no impairment loss been previously recognised for the asset.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

FOR THE FINANCIAL YEAR/PERIOD ENDED 31 DECEMBER 2024

(d) Leases

The Group as Lessee

Right-of-use assets and corresponding lease liabilities are recognised with respect to all lease agreements, except for short-term leases and leases of low value assets.

For short-term leases (i.e. leases with a lease term of twelve months or less) and leases of low value assets, lease payments are recognised as an expense on a straight-line basis over the lease term.

The lease liability is initially measured at the present value of the lease payments that are not paid at the lease commencement date, discounted using the rate implicit in the lease or incremental borrowing rate, where applicable. Lease payments included in the measurement of the lease liabilities comprise: (i) fixed lease payments, less lease incentives; (ii) variable lease payments based upon an index or a rate; and (iii) payments of penalties for terminating the lease.

The right-of-use assets comprise the corresponding lease liabilities, lease payments made at or before the lease commencement date and initial direct costs. Whenever there is an obligation to dismantle and remove a leased asset, restore the site on which it is located or restore the underlying asset to the agreed condition, a provision is recognised. These costs are included in the related right-of-use assets.

Right-of-use assets are measured at cost less accumulated depreciation and impairment losses (if any). They are depreciated over the shorter period of lease term and useful life of the underlying assets. The depreciation starts on the lease commencement date. The depreciation periods and depreciation methods are reviewed, and adjusted if appropriate, at each reporting date.

The Group as Lessor

Leases are classified as finance leases or operating leases. Whenever the lease transfers substantially all the risks and rewards of ownership to the lessee, the contract is classified as a finance lease. All other leases are classified as operating leases.

Rental income from operating leases is recognised on a straight-line basis over the lease term. Initial direct costs incurred are added to the carrying amount of the leased asset and recognised as an expense on a straight-line basis over the lease term.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

FOR THE FINANCIAL YEAR/PERIOD ENDED 31 DECEMBER 2024

(e) Inventories

Inventories are measured at the lower of cost and net realisable value. Cost is determined on a first-in-first-out basis.

Cost comprises cost of purchase that have been incurred in bringing the inventories to their present location and condition.

(f) Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. Financial assets and financial liabilities are recognised when an entity becomes a party to the contractual provisions of an instrument.

Financial assets and financial liabilities are initially recognised at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities on initial recognition.

Financial Assets

All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

Subsequent Measurement

All recognised financial assets are subsequently measured in their entirety at either amortised cost or fair value, depending on the classification of the financial assets. Financial assets are measured subsequently in the following manners:

- at amortised cost (debt instruments); or
- at fair value through other comprehensive income ("FVTOCI"), with recycling of cumulative gains and losses (debt instruments); or
- designated at FVTOCI, without recycling of cumulative gains and losses (equity instruments); or
- at fair value through profit or loss ("FVTPL").

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

FOR THE FINANCIAL YEAR/PERIOD ENDED 31 DECEMBER 2024

Financial Assets at Amortised Cost

Debt instruments that meet the following conditions are subsequently measured at amortised cost:

- the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at amortised cost are subsequently measured using the effective interest method and are subject to impairment. Gains and losses are recognised in profit or loss when an asset is derecognised, modified or impaired.

Impairment of Financial Assets

Loss allowance is recognised for expected credit losses ("ECL") for all debt instruments not held at FVTPL, i.e. financial assets at amortised cost.

ECL is based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that are expected to receive, discounted at an approximation of the original effective interest rate ("EIR"). The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms. The amount of ECL is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial asset.

Management measures the loss allowance of trade receivables at an amount equal to their lifetime ECL (i.e. simplified approach). The ECL on these financial assets is estimated based on historical credit loss experience, and where appropriate, adjusted for forward-looking factors specific to the trade receivables and the economic environment.

For all other financial assets at amortised cost, where credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECL is provided for credit losses that result from default events that are possible within twelve months after the reporting date. For those credit exposures for which there has been a significant increase in the likelihood or risk of a default occurring since initial recognition (instead of on evidence of a financial asset being credit-impaired at the reporting date or an actual default occurring), a loss allowance is required for credit losses expected over the remaining life of the financial assets.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

FOR THE FINANCIAL YEAR/PERIOD ENDED 31 DECEMBER 2024

Derecognition of Financial Assets

A financial asset is derecognised only when the contractual rights to the cash flows from the financial asset are expired; or when the financial asset is transferred and substantially all the risks and rewards of ownership of the financial asset are transferred to another party.

If the entity neither transfers nor retains substantially all the risks and rewards of ownership and continues to control a transferred financial asset, the entity recognises its retained interest in the financial asset and an associated liability for amounts it may have to pay. If the entity retains substantially all the risks and rewards of ownership of a transferred financial asset, the entity continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

On derecognition of a financial asset measured at amortised cost, the difference between the financial asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss.

Financial Liabilities and Equity Instruments

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Financial Liabilities

All financial liabilities are subsequently measured at FVTPL or at amortised cost.

Financial Liabilities at Amortised Cost

These financial liabilities are subsequently measured at amortised cost using the effective interest method.

The effective interest method is a method of calculating the amortised cost of a debt instrument or a financial liability by allocating interest income/expense over the relevant periods. The EIR is the rate that exactly discounts estimated future cash receipts/payments (including all fees and points paid or received that form an integral part of the EIR, transaction costs and other premiums or discounts) through the expected life of a debt instrument or a financial liability, to the amortised cost of the debt instrument or the financial liability.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

FOR THE FINANCIAL YEAR/PERIOD ENDED 31 DECEMBER 2024

Derecognition of Financial Liabilities

Financial liabilities are derecognised when, and only when, the obligations under the liabilities are discharged, cancelled or expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

When an existing financial liability is replaced by another financial liability from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as derecognition of the original liability and the recognition of a new liability.

Equity Instruments

Equity instruments issued are recognised at the proceeds received. Costs incurred directly attributable to the issuance of the equity instruments are accounted for as a deduction from equity.

Financial Guarantee Contracts

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payments when due in accordance with the terms of a debt instrument.

Financial guarantee contracts issued are initially measured at their fair values and, if not designated as at FVTPL and do not arise from a transfer of a financial asset, are subsequently measured at the higher of:

- the loss allowance determined in accordance with MFRS 9; and
- the amount recognised initially less, where appropriate, cumulative amount of income recognised.

(g) Revenue recognition

Revenue from a contract with a customer is recognised when control of the goods or services is transferred to the customer. Revenue is measured based on the consideration specified in the contract to which the entity expects to be entitled in exchange for transferring the goods or services to the customer, excluding amounts collected on behalf of third parties.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

FOR THE FINANCIAL YEAR/PERIOD ENDED 31 DECEMBER 2024

If a contract with a customer contains more than one performance obligation, the total consideration is allocated to each performance obligation based on the relative stand-alone selling prices of the goods or services promised in the contract.

Rendering of Services

Revenue is recognised at a point in time, when the performance obligation of a service is satisfied at a point in time.

(h) Borrowing costs

A qualifying asset is an asset that necessarily takes a substantial period of time to get ready for its intended use or sale.

Capitalisation of borrowing costs commences when the activities to prepare a qualifying asset for its intended use or sale are in progress and the expenditures and borrowing costs are incurred. Capitalisation of borrowing costs ceases when the qualifying asset is ready for its intended use or sale.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

(i) Employee benefits

Short-term Employee Benefits

Wages, salaries, paid leave, bonuses and non-monetary benefits are recognised as an expense (at the undiscounted amount) in the period in which the associated services are rendered by the employees.

Defined Contribution Plan

The Group makes monthly contributions to the Employees Provident Fund which is a defined contribution plan. The obligation of the Group is limited to the amount that it agrees to contribute to the defined contribution plans. The contributions to the plans are recognised as an expense when the employees have rendered services entitling them to the contributions.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

FOR THE FINANCIAL YEAR/PERIOD ENDED 31 DECEMBER 2024

(j) Taxation

The income tax expense represents the aggregate of current tax and deferred tax.

Current tax and deferred tax are recognised in profit or loss. Current tax and deferred tax are recognised in other comprehensive income or directly in equity, if the tax relates to items that are recognised in other comprehensive income or directly in equity. Where deferred tax arises from a business combination, the tax effect is included in the accounting for the business combination.

Current Tax

Current tax is the expected income tax payable on the taxable profit for the period, estimated using the tax rates enacted or substantially enacted by the reporting date.

A provision is recognised for those matters for which the tax determination is uncertain but it is considered probable that there will be a future payment to a tax authority. The provisions are measured at the best estimate of the amount expected to become payable.

Deferred Tax

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, which is accounted for using the liability method.

A deferred tax liability is recognised for all taxable temporary differences. A deferred tax asset is only recognised for deductible temporary differences and unutilised tax credit to the extent that it is probable that taxable profit will be available in future against which the deductible temporary differences and unutilised tax credit can be utilised.

No deferred tax is recognised for temporary differences arising from the initial recognition of: (i) goodwill; or (ii) an asset or liability (which is not in a business combination) at the time of the transaction that affects neither accounting profit nor taxable profit.

Deferred taxes are measured based on tax consequences that would follow from the manner in which the asset or liability is expected to be recovered or settled, and based on the tax rates enacted or substantially enacted at the reporting date that are expected to apply to the period when the asset is realised or when the liability is settled.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

FOR THE FINANCIAL YEAR/PERIOD ENDED 31 DECEMBER 2024

(k) Foreign currencies

Transactions in currencies other than the functional currency ("foreign currencies") are recognised at the prevailing exchange rate on the date of the transaction. At the reporting date, monetary items denominated in foreign currencies are translated at the prevailing exchange rate on that date.

Non-monetary items which are measured in terms of historical costs denominated in foreign currencies are translated at the prevailing exchange rate on the date of the transaction. Non-monetary items which are measured at fair values denominated in foreign currencies are translated at the prevailing exchange rate on the date when the fair values were determined.

Exchange differences are recognised in profit or loss.

(l) Fair value

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

All assets and liabilities, for which fair value is measured or disclosed, are categorised within the fair value hierarchy set out below based on the inputs that are significant to the fair value measurement. Fair value measurement is derived from:

Level 1:	Unadjusted quoted prices in active markets (for identical assets or liabilities).
Level 2:	Inputs (other than quoted prices included within Level 1) are observable either directly (i.e. as prices) or indirectly (i.e. derived from prices).
Level 3:	Valuation techniques that include unobservable inputs (not based on observable market data).

(m) Cash and cash equivalents

Cash and cash equivalents comprise cash and bank balances that are readily convertible to known amounts of cash and which are subject to insignificant risk of changes in value.

For the purposes of the consolidated statement of cash flows, cash and cash equivalents are presented net of bank overdraft.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

FOR THE FINANCIAL YEAR/PERIOD ENDED 31 DECEMBER 2024

4. PROPERTY, PLANT AND EQUIPMENT

Group 2024 Cost	Freehold buildings RM	Motor vehicles RM	Office equipment and furniture RM	Renovation RM	Plant, machinery and equipment RM	Total RM
At 1 January	6,711,728	524,502	963,264	1,504,509	8,225,765	17,929,768
Additions	46,600	-	350,968	340,601	1,143,188	1,881,357
At 31 December	6,758,328	524,502	1,314,232	1,845,110	9,368,953	19,811,125
Accumulated depreciation						
At 1 January	61,963	151,080	202,109	55,003	543,198	1,013,353
Charge for the financial year	134,934	81,602	173,059	174,105	1,393,073	1,956,773
At 31 December	196,897	232,682	375,168	229,108	1,936,271	2,970,126
Carrying amount						
At 31 December	6,561,431	291,820	939,064	1,616,002	7,432,682	16,840,999

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

FOR THE FINANCIAL YEAR/PERIOD ENDED 31 DECEMBER 2024

Group 2024 Cost	Freehold land and buildings RM	Motor vehicles RM	Office equipment and furniture RM	Renovation RM	Plant, machinery and equipment RM	Construction work-in- progress RM	Total RM
At 1 January	155,000	463,142	468,999	106,326	2,903,670	7,361,942	11,459,079
Additions	-	408,000	237,375	245,081	720,644	8,266,484	9,877,584
Disposals	(155,000)	(346,640)	(35,592)	-	(80,347)	-	(617,579)
Written-offs	-	-	(200,599)	(106,326)	(2,482,391)	-	(2,789,316)
Reclassification	6,711,728	-	493,081	1,259,428	7,164,189	(15,628,426)	-
At 31 December	6,711,728	524,502	963,264	1,504,509	8,225,765	-	17,929,768
Accumulated depreciation							
At 1 January	26,040	463,134	335,497	55,587	2,605,405	-	3,485,663
Charge for the financial year	63,048	34,584	93,032	61,454	406,976	-	659,094
Disposals	(27,125)	(346,638)	(26,115)	-	(44,657)	-	(444,535)
Written-offs	-	-	(200,305)	(62,038)	(2,424,526)	-	(2,686,869)
At 31 December	61,963	151,080	202,109	55,003	543,198	-	1,013,353
Carrying amount							
At 31 December 2023	6,649,765	373,422	761,155	1,449,506	7,682,567	-	16,916,415

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

FOR THE FINANCIAL YEAR/PERIOD ENDED 31 DECEMBER 2024

- (a) Construction work-in-progress refers to the construction of a new plant. Included in the cost of construction work-in-progress are cumulative capitalised borrowing costs of Nil (2023: RM377,564), calculated using a capitalisation rate at 3.92% per annum, which is the EIR of the borrowing.

- (b) Acquisition of property, plant and equipment

Group	2024 RM	2023 RM
Additions of property, plant and equipment	1,881,357	9,877,584
Finance costs capitalised	-	(136,684)
Changes in receivables	225,603	(399,563)
Changes in payables	208,638	(145,849)
Cash paid	<u>2,315,598</u>	<u>9,195,488</u>

- (c) Contractual commitments

Group	2024 RM	2023 RM
Acquisition of property, plant and equipment	<u>3,095,100</u>	<u>-</u>

- (d) Freehold land and buildings have been pledged to secure borrowings of the Group as disclosed in note 11.

- (e) Estimations and judgements

Property, plant and equipment are depreciated on a straight-line basis to write off their costs to their residual values over their estimated useful lives. Management estimates the useful lives and residual values of the property, plant and equipment. Changes in the expected level of usage, physical wear and tear and technological development could impact the economic useful lives and residual values of these assets, and therefore future depreciation charges could be revised.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

FOR THE FINANCIAL YEAR/PERIOD ENDED 31 DECEMBER 2024

5. INVESTMENT IN THE SUBSIDIARY

Company	2024 RM
Unquoted shares, at cost	<u>10,559,978</u>

The details of the subsidiary are as follows:

Name of entity	Equity interest	Principal place of business and place of incorporation	Principal activities
Chemlite Industries	100.00%	Malaysia	Provision of surface finishing treatment services

6. RIGHT-OF-USE ASSETS AND LEASE LIABILITIES

The Group as lessee

(i) Right-of-use assets

Group	2024 RM	2023 RM
At 1 January	2,431,801	2,446,130
Additions	3,990,838	669,864
Terminations	(2,524)	(25,986)
Modifications	52,550	-
Charge for the financial year	(854,975)	(658,207)
At 31 December	<u>5,617,690</u>	<u>2,431,801</u>

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

FOR THE FINANCIAL YEAR/PERIOD ENDED 31 DECEMBER 2024

Right-of-use assets comprise of:

Group	2024 RM	2023 RM
Buildings	141,876	245,105
Leasehold land	1,136,643	1,160,827
Motor vehicles	544,918	909,071
Computer software	-	2
Plant and machinery	3,794,253	116,796
	<u>5,617,690</u>	<u>2,431,801</u>

The lease period is as follows:

Buildings	2 to 5 years
Leasehold land	60 years
Motor vehicles	5 years
Computer software	10 years
Plant and machinery	5 to 10 years

Lease liabilities relating to motor vehicles, computer software and plant and machinery are secured by motor vehicles, computer software and plant and machinery of the Group under hire purchase arrangements.

Leasehold land and buildings have been pledged to secure borrowings of the Group as disclosed in note 11.

Total cash outflows for additions of right-of-use assets during the financial year are RM2,445,849 (2023: RM45,388).

Contractual commitments

Group	2024 RM	2023 RM
Leasehold land	<u>7,798,582</u>	<u>-</u>

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

FOR THE FINANCIAL YEAR/PERIOD ENDED 31 DECEMBER 2024

(ii) Lease liabilities

Group	2024 RM	2023 RM
Current	1,130,751	537,290
Non-current	2,617,314	706,428
	<u>3,748,065</u>	<u>1,243,718</u>

The movements of lease liabilities are as follows:

Group	2024 RM	2023 RM
At 1 January	1,243,718	1,202,573
<i>Cash flows:</i>		
Finance costs paid	(264,177)	(49,026)
Repayments	(1,041,255)	(565,206)
	<u>(1,305,432)</u>	<u>(614,232)</u>
<i>Non-cash:</i>		
Additions	3,494,634	624,476
Finance costs	264,177	59,561
Terminations	(2,899)	(28,660)
Modifications	53,867	-
	<u>3,809,779</u>	<u>655,377</u>
At 31 December	<u>3,748,065</u>	<u>1,243,718</u>

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

FOR THE FINANCIAL YEAR/PERIOD ENDED 31 DECEMBER 2024

The lease payments associated with short-term leases or leases of low-value assets are recognised as an expense on a straight-line basis over the lease term. No right-of-use assets and lease liabilities are recognised for these leases.

Total cash outflows for leases during the financial year are RM1,368,314 (2023: RM674,457).

7. INVENTORIES

Group	2024 RM	2023 RM
Consumables	1,572,136	1,434,912

Inventories of RM9,916,333 (2023: RM7,430,067) were recognised as an expense and included in cost of sales during the financial year.

8. TRADE AND OTHER RECEIVABLES

Group	2024 RM	2023 RM
Receivables from contracts with customers	9,439,050	6,647,563
Loss allowance (b)	(134,795)	(63,058)
	9,304,255	6,584,505
Other receivables	5,350	66,632
Deposits	378,740	212,496
Prepayments	379,899	-
Prepayment for property, plant and equipment	225,603	30,589
Prepayment for right-of-use assets	1,949,645	-
	12,243,492	6,894,222

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

FOR THE FINANCIAL YEAR/PERIOD ENDED 31 DECEMBER 2024

- (a) The Group applies simplified approach (i.e. lifetime ECL) in measuring the loss allowance for trade receivables. The ECL on trade receivables is estimated using provision matrix by reference to past default experience of the debtors and an analysis of the debtors' financial position, adjusted for factors that are specific to the debtors, general economic conditions of the industry in which the debtors operate and an assessment of both the current as well as the forecast direction of conditions at the reporting date.

Trade receivables are generally on terms of 30 to 90 days.

The movements in loss allowance on trade receivables are as follows:

Group	2024 RM	2023 RM
At 1 January	63,058	19,147
Net remeasurement of loss allowance	71,737	43,911
At 31 December	<u>134,795</u>	<u>63,058</u>

The risk profile of trade receivables and the provision matrix are as follows:

Group	ECL rate	Gross carrying amount RM	Loss allowance RM
2024			
Not past due	0.47%	7,422,025	34,545
1 to 30 days past due	0.52%	1,467,172	7,599
31 to 60 days past due	0.76%	30,535	232
61 to 90 days past due	3.20%	178,635	5,718
Over 90 days past due	25.45%	340,683	86,701
		<u>9,439,050</u>	<u>134,795</u>
2023			
Not past due	0.47%	3,976,524	18,805
1 to 30 days past due	0.50%	1,217,634	6,090
31 to 60 days past due	0.74%	716,193	5,318
61 to 90 days past due	4.45%	736,902	32,775
Over 90 days past due	22.58%	310	70
		<u>6,647,563</u>	<u>63,058</u>

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

FOR THE FINANCIAL YEAR/PERIOD ENDED 31 DECEMBER 2024

The Group has assessed the impairment of trade receivables as at the end of the reporting period, and an adequate loss allowance has been recognised for ECL on the portion of carrying amount. For those past due balances not impaired or remaining credit exposure, based on past experience and no adverse information to date, the directors are of the opinion that no loss allowance is necessary in respect of these balances as there has not been a significant change in the credit quality and these balances are still considered fully recoverable.

(b) Estimations and judgements

The Group assesses the ECL for trade receivables at each reporting date. Credit losses are the difference between the contractual cash flows that are due to the Group and the cash flows that it actually expects to receive.

In determining the ECL, the Group uses historical credit loss experience for trade receivables to estimate the ECL. The Group is not only required to consider historical information that is adjusted to reflect the effects of current conditions and information that provides objective evidence that trade receivables are impaired in relation to incurred losses, but the Group is also considering, where applicable, reasonable and supportable information that may include current and forecasts of future economic conditions when estimating the ECL, on an individual and collective basis. The need to consider forward-looking factors information means that the Group exercises considerable judgements as to how changes in macroeconomic factors will affect the ECL on trade receivables.

9. SHARE CAPITAL

Group	Number of shares	RM
Issued and fully paid ordinary shares (no par value):		
At 1 January 2023/31 December 2023 (a)	1,650,000	1,650,000
Transfer to merger reserve (b)	(1,650,000)	(1,650,000)
Issuance of shares (c)	1,000	1,000
Issuance of shares pursuant to the Internal Reorganisation (d)	479,999,000	10,559,978
At 31 December 2024 (e)	<u>480,000,000</u>	<u>10,560,978</u>

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

FOR THE FINANCIAL YEAR/PERIOD ENDED 31 DECEMBER 2024

Company	Number of shares	RM
At 31 May 2024 (date of incorporation)	-	-
Issuance of shares	1,000	1,000
Issuance of shares pursuant to the Internal Reorganisation (d)	479,999,000	10,559,978
At 31 December 2024	<u>480,000,000</u>	<u>10,560,978</u>

- (a) The amount represents issued and fully paid ordinary shares of Chemlite Industries.
- (b) Upon incorporation of the Company, all the share capital of Chemlite Industries is transferred to merger reserve applying the principle of merger accounting.
- (c) The Company was incorporated on 31 May 2024, and 1,000 ordinary shares in the Company were issued for cash consideration of RM1,000.
- (d) Pursuant to the Internal Reorganisation, 479,999,000 new ordinary shares in the Company were issued at RM10,559,978 as consideration for the acquisition of the entire equity interest in Chemlite Industries.
- (e) At 31 December 2024, the share capital represents solely the issued and fully paid ordinary shares of the Company.

10. RESERVES

Merger Reserve

The merger reserve arises as and when the common control business combination takes place. It comprises the difference between the total consideration paid by the Company and carrying amount of the subsidiary's issued share capital.

Retained Earnings

Retained earnings (if any) of the Company and its subsidiary are available for distributions by way of dividends. Subject to applicable law on taxability of dividend income, under the single tier tax system, income tax on the taxable profit is a final tax in Malaysia, and any dividends distributed are not subject to income tax in the hands of the shareholders.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

FOR THE FINANCIAL YEAR/PERIOD ENDED 31 DECEMBER 2024

11. BORROWINGS

Group	2024 RM	2023 RM
Banker acceptance (a)	1,636,134	1,869,485
Bank overdraft (b)	819,615	887,062
Bank term loans (c)	10,521,097	12,458,829
	<hr/> 12,976,846 <hr/>	<hr/> 15,215,376 <hr/>
Borrowings are classified as follows:		
Current	3,215,313	3,833,389
Non-current	9,761,533	11,381,987
	<hr/> 12,976,846 <hr/>	<hr/> 15,215,376 <hr/>

- (a) Banker acceptance is repayable on demand, carries interest rate at 5.01% (2023: 5.00%) per annum and is secured by:
- guarantee by Credit Guarantee Corporation Malaysia Berhad ("CGC").
 - joint and several guarantee by all the directors of Chemlite Industries.
 - leasehold land and buildings as disclosed in note 6.
- (b) Bank overdraft is repayable on demand, carries interest rate at 7.92% (2023: 7.92%) per annum and is secured by:
- guarantee by CGC.
 - joint and several guarantee by all the directors of Chemlite Industries.
 - leasehold land and buildings as disclosed in note 6.
- (c) Bank term loans carry average EIR ranges from 3.50% to 10.17% (2023: 3.75% to 10.17%) per annum and are secured by:
- guarantee by CGC.
 - guarantee by Syarikat Jaminan Pembiayaan Perniagaan Berhad.
 - joint and several guarantee by all the directors of Chemlite Industries.
 - freehold buildings as disclosed in note 4.
 - leasehold land and buildings as disclosed in note 6.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

FOR THE FINANCIAL YEAR/PERIOD ENDED 31 DECEMBER 2024

(d) The movements of borrowings (excluding bank overdraft) are as follows:

Group	2024 RM	2023 RM
At 1 January	14,328,314	12,367,022
<i>Cash flows:</i>		
Drawdowns	340,000	4,458,700
Finance costs paid	(677,599)	(577,689)
Repayments	(2,511,083)	(2,497,408)
	(2,848,682)	1,383,603
<i>Non-cash:</i>		
Finance costs	677,599	577,689
At 31 December	12,157,231	14,328,314

12. OTHER FINANCIAL LIABILITIES

Group	2024 RM	2023 RM
Non-current		
Financial guarantee contracts	-	315,789
Current		
Financial guarantee contracts	-	27,660
Total	-	343,449

Related companies of the Group borrowed approximately RM5,580,000 from various banks. The bank term loans have maturity ranges from ten to twenty years. Chemlite Industries guaranteed the bank term loans jointly with other guarantors until maturity of the bank term loans. The bank term loans have been fully repaid by the related companies on 27 June 2024.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

FOR THE FINANCIAL YEAR/PERIOD ENDED 31 DECEMBER 2024

13. DEFERRED TAX LIABILITIES

The movements of deferred tax liabilities are as follows:

Group	2024 RM	2023 RM
At 1 January	768,157	(30,064)
Recognised in profit or loss	80,627	798,221
At 31 December	<u>848,784</u>	<u>768,157</u>

The components of deferred tax liabilities are as follows:

Group	2024 RM	2023 RM
Right-of-use assets	34,050	58,825
Lease liabilities	(35,001)	(60,362)
Loss allowance on trade receivables	(32,351)	(15,134)
Property, plant and equipment	885,523	801,174
Others	(3,437)	(16,346)
	<u>848,784</u>	<u>768,157</u>

14. TRADE AND OTHER PAYABLES

	Group	Company	
	2024 RM	2023 RM	2024 RM
Trade payables	1,933,783	1,945,006	-
Other payables (a)	373,013	1,360,470	-
Accruals	1,019,024	669,674	70,000
Amount due to the subsidiary (b)	-	-	56,494
	<u>3,325,820</u>	<u>3,975,150</u>	<u>126,494</u>

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

FOR THE FINANCIAL YEAR/PERIOD ENDED 31 DECEMBER 2024

- (a) Included in the Group's other payables is an amount of RM278,000 (2023: RM486,638) being payable for acquisition of property, plant and equipment.
- (b) The balance is non-trade in nature, unsecured, non-interest bearing and repayable on demand. The balance is expected to settle in cash.

15. REVENUE

Revenue from contracts with customers represents the provision of surface finishing treatment services which is recognised as and when the services are rendered (i.e. at a point in time).

Revenue from contracts with customers based on the type of surface finishing treatment services is as follows:

Group	2024 RM	2023 RM
Metal plating	29,319,789	24,120,054
Non-metal plating	4,872,670	3,928,317
	<u>34,192,459</u>	<u>28,048,371</u>

Revenue from contracts with customers based on the geographical location of customers is as follows:

Group	2024 RM	2023 RM
Domestic customers	25,654,708	14,835,275
Foreign customers	8,537,751	13,213,096
	<u>34,192,459</u>	<u>28,048,371</u>

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

FOR THE FINANCIAL YEAR/PERIOD ENDED 31 DECEMBER 2024

16. OTHER INCOME AND GAINS

Group	2024 RM	2023 RM
Gain on disposal of investment properties	-	804,388
Gain on disposal of property, plant and equipment	-	205,445
Interest income	37,340	36,157
Net gain from financial guarantee contracts	343,449	26,535
Net gain on lease terminations and modifications	-	2,674
Net realised gain on foreign exchange	-	297,217
Net unrealised gain on foreign exchange	53,789	-
Rental income	-	96,254
Sales of metal residue	1,142,040	1,796,171
Others	9,540	15,787
	<u>1,586,158</u>	<u>3,280,628</u>

17. FINANCE COSTS

Group	2024 RM	2023 RM
Banker acceptance	55,650	71,396
Bank overdraft	62,534	34,084
Bank term loans	621,949	506,293
Lease liabilities	264,177	59,561
	<u>1,004,310</u>	<u>671,334</u>
Amounts capitalised in construction work-in-progress under property, plant and equipment	-	(136,684)
	<u>1,004,310</u>	<u>534,650</u>

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

FOR THE FINANCIAL YEAR/PERIOD ENDED 31 DECEMBER 2024

18. PROFIT/(LOSS) BEFORE TAX

	----- 2024 RM	Group ----- 2023 RM	Company ----- 2024 RM
Auditors' remuneration			
- statutory audit	55,000	36,400	10,000
- other services	41,000	265,000	16,000
Depreciation of investment properties	-	23,112	-
Depreciation of property, plant and equipment	1,956,773	659,094	-
Depreciation of right-of-use assets	854,975	658,207	-
Direct expenses of investment properties that generated from rental income	-	8,429	-
Net loss on lease terminations and modifications	942	-	-
Net realised loss on foreign exchange	248,312	-	-
Net unrealised loss on foreign exchange	-	5,558	-
Property, plant and equipment written-offs	-	102,447	-
Short-term leases	62,882	60,225	-
	<u> </u>	<u> </u>	<u> </u>

19. TAX (INCOME)/EXPENSE

	----- 2024 RM	Group ----- 2023 RM	Company ----- 2024 RM
Current tax			
- current financial year/period	960,000	2,240,000	-
- prior financial year	(1,620,595)	-	-
	<u> </u>	<u> </u>	<u> </u>
	(660,595)	2,240,000	-
Deferred tax	80,627	798,221	-
Real property gain tax	-	78,500	-
	<u> </u>	<u> </u>	<u> </u>
	(579,968)	3,116,721	-

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

FOR THE FINANCIAL YEAR/PERIOD ENDED 31 DECEMBER 2024

The corporate income tax rate in Malaysia is 24.00% (the “statutory tax rate”). Qualified micro, small and medium enterprises (the “Qualified Enterprises”) enjoy lower income tax rates. For the years of assessment 2023 and 2024, the Qualified Enterprises are subject to income tax at the rate of 15.00% on chargeable income of first RM150,000 and 17.00% on chargeable income above RM150,000 up to RM600,000 and 24.00% on chargeable income in excess of RM600,000.

The difference between tax (income)/expense and the amount of tax determined by multiplying the profit/(loss) before tax to the applicable tax rate, is analysed as follows:

	----- Group -----	----- Company -----	
	2024 RM	2023 RM	2024 RM
Profit/(Loss) before tax	8,677,823	12,116,992	(126,494)
Tax at the statutory tax rate	2,082,678	2,908,078	(30,359)
Tax incentives	(45,000)	(45,000)	-
Non-taxable income	(136,058)	(229,243)	-
Non-deductible expenses	327,867	404,386	30,359
Utilisation of reinvestment allowance	(1,188,860)	-	-
Real property gain tax	-	78,500	-
Overprovision of income tax for the previous financial year	(1,620,595)	-	-
	(579,968)	3,116,721	-

The Finance (No. 2) Act 2023 gazetted on 29 December 2023, introduced domestic top-up tax and multinational top-up tax (the “Pillar Two Global Minimum Tax”) effective for financial period beginning on or after 1 January 2025. Subsequently, the Finance Act 2024 gazetted on 31 December 2024, introduced further improvements to the legislation on Pillar Two Global Minimum Tax including the adoption of new measures under the Global Anti-Base Erosion Model Rules. The Group and the Company are in the process of assessing their exposure to the Pillar Two income tax when it comes into effect.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

FOR THE FINANCIAL YEAR/PERIOD ENDED 31 DECEMBER 2024

20. EMPLOYEE BENEFITS EXPENSE

	Group	Company
	2024 RM	2023 RM
Director		
Fees	60,000	-
Short-term benefits	1,232,435	850,237
Defined contribution plan	115,200	95,040
	1,407,635	945,277
Other key management personnel		
Short-term benefits	543,735	211,491
Defined contribution plan	37,982	7,063
	581,717	218,554
Other employees		
Short-term benefits	5,656,029	3,423,784
Defined contribution plan	306,814	223,160
	5,962,843	3,646,944
	7,952,195	4,810,775
	60,000	

21. EARNINGS PER SHARE

Group	2024 RM	2023 RM
Earnings used in the calculation of basic EPS (RM)	9,257,791	9,000,271
Number of ordinary shares for the purpose of the calculation of basic EPS	258,360,705	1,650,000
Basic EPS (sen)	3.58	545.47

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

FOR THE FINANCIAL YEAR/PERIOD ENDED 31 DECEMBER 2024

The basic and diluted EPS are equal as the Group has no potential dilutive ordinary shares as at the end of each financial year.

Number of ordinary shares for the financial year ended 31 December 2023 represent the ordinary shares of Chemlite Industries; while the number of ordinary shares for the financial year ended 31 December 2024 represent the ordinary shares of the Company.

22. DIVIDENDS

Group	2024 RM	2023 RM
<i>In respect of the financial year ended 31 December 2022:</i>		
First interim single-tier dividend of approximately RM0.88 per share	-	1,450,000
Second interim single-tier dividend of approximately RM2.15 per share	-	3,550,000
	<hr/>	<hr/>
	-	5,000,000
	<hr/>	<hr/>

(a) Classification

23. FINANCIAL INSTRUMENTS

	Group	Company	
	2024	2023	2024
	RM	RM	RM
<i>Financial assets at amortised cost</i>			
Trade and other receivables	9,688,345	6,863,633	-
Cash and bank balances	1,272,317	3,985,776	1,000
	<hr/>	<hr/>	<hr/>
	10,960,662	10,849,409	1,000
	<hr/>	<hr/>	<hr/>

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

FOR THE FINANCIAL YEAR/PERIOD ENDED 31 DECEMBER 2024

	Group	Company	
	2024 RM	2023 RM	2024 RM
<i>Financial liabilities at amortised cost</i>			
Trade and other payables	3,325,820	3,975,150	126,494
Borrowings	12,976,846	15,215,376	-
	<u>16,302,666</u>	<u>19,190,526</u>	<u>126,494</u>
<i>Other financial liability</i>			
Financial guarantee contracts	-	343,449	-
	<u>-</u>	<u>343,449</u>	<u>-</u>

(b) Fair value

Management assessed that the fair values of all financial assets and financial liabilities approximate or are at their carrying amounts mainly due to their short term maturities or their interest-bearing nature (where their interest rates approximate or are at the market rates applicable to those financial instruments).

24. FINANCIAL RISK MANAGEMENT

The Group's and the Company's business activities are exposed to a variety of financial risks. The board of directors sets policies, manages and monitors the financial risks relating to the operations of the Group and of the Company. The Group and the Company seek to mitigate the potential adverse effects arising from these risks on the financial position and financial performance of the Group and of the Company.

There have been no significant changes on the Group's and the Company's exposure to financial risks or the manner in which these risks are managed and measured during the financial year/period.

Foreign currency risk

The Group undertakes transactions denominated in foreign currencies. Consequently, the Group is exposed to risk arising from fluctuation of exchange rates. The foreign currency giving rise to this risk is primarily United States Dollar. Foreign currency risk is monitored closely on an ongoing basis to ensure that the net exposure is at an acceptable level.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

FOR THE FINANCIAL YEAR/PERIOD ENDED 31 DECEMBER 2024

The Group's exposure to foreign currency risk, based on carrying amounts at the reporting date:

Group	2024 RM	2023 RM
Trade receivables	2,215,493	2,441,533
Cash and bank balances	35,941	750,200
	<u>2,251,434</u>	<u>3,191,733</u>

Sensitivity Analysis

A 10.00% strengthening or weakening of RM against the abovementioned foreign currency at the reporting date would increase or decrease profit before tax by approximately RM225,000 (2023: RM319,000), with all other variables remaining constant. The Group's exposure to foreign currency risk does not have any impact to other equity.

The sensitivity analysis is unrepresentative of the inherent foreign currency risk as a financial year end exposure does not reflect the exposure during the financial year.

Interest rate risk

The Group's exposure to the risk of changes in interest rates relates to primarily borrowings at floating interest rates. The carrying amounts of these financial instruments are disclosed in the respective note.

The Group monitors the interest rate risk exposure regularly to align its risk exposure and defined risk appetite, ensuring significant adverse impact on the Group's financial performance due to changes in interest rates is mitigated.

Sensitivity Analysis

If interest rates increase or decrease by 5.00% with all other variables held constant, the Group's profit before tax would decrease or increase by approximately RM649,000 (2023: RM761,000). The Group's exposure to interest rate risk does not have any impact to other equity.

The sensitivity analysis is unrepresentative of the inherent interest rate risk as a financial year end exposure does not reflect the exposure during the financial year.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

FOR THE FINANCIAL YEAR/PERIOD ENDED 31 DECEMBER 2024

Credit risk

Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Group's and the Company's exposure to credit risk relates primarily to trade and other receivables and cash and bank balances.

Trade Receivables

The carrying amounts of these financial assets, which represent the maximum exposure to credit risk, are disclosed in the respective note.

Customer credit risk is managed by each business unit subject to established policies, procedures and controls relating to customer credit risk management. Credit quality of a customer is assessed and individual credit limit is determined according to this assessment. Trade receivables are regularly monitored by the Group.

An impairment analysis is performed at each reporting date to measure the ECL. The calculation reflects information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions.

The Group manages concentration of credit risk by monitoring the profile of its trade receivables on an ongoing basis. At the reporting date, the Group had a significant concentration of credit risk in the form of outstanding balances arising from two (2023: two) customers representing approximately 85.00% (2023: 88.00%) of the total trade receivables respectively.

Other Receivables

Other receivables are mainly arising from receivables from external parties and have low credit risks.

An impairment analysis is performed at each reporting date to measure the ECL. The calculation reflects information that is available at the reporting date about whether there has been any significant increase in credit risk since initial recognition of a receivable. At the reporting date, there is no significant increase in credit risk associated with other receivables.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

FOR THE FINANCIAL YEAR/PERIOD ENDED 31 DECEMBER 2024

Liquid Funds and Financial Guarantees

The credit risk attributable to liquid funds is limited because the counterparties are financial institutions with high credit-ratings assigned by reputable credit-rating agencies.

The Group was exposed to credit risk in relation to financial guarantees given to related companies. The Group's maximum exposure in this respect was the maximum amount the Group would have to pay if the guarantee is called, as disclosed "Liquidity risk" section.

The Group assesses the credit risk of financial guarantees with reference to the financial capability and probability of default.

Liquidity risks

Liquidity risk is the risk that the Group and the Company will not be able to meet their financial obligations as and when they fall due.

The Group and the Company seek to ensure all business units always maintain optimum levels of liquidity, sufficient for their operating, investing and financing activities. The Group and the Company expect to meet their obligations from operating cash flows. Nonetheless, the Group also seeks to maintain sufficient credit facilities available to meet its liquidity requirements while ensuring effective working capital management within the Group. At the reporting date, the Group has unused credit facilities amounted to approximately RM544,000 (2023: RM6,500,000).



NOTES TO THE FINANCIAL STATEMENTS (cont'd)

FOR THE FINANCIAL YEAR/PERIOD ENDED 31 DECEMBER 2024

The table below summarised the maturity profile of the Group's and of the Company's financial liabilities. The liquidity analysis for non-derivative financial liabilities is based on contractual undiscounted cash outflows (include principal and interest). The maturity is based on the earliest date on which the Group and the Company can be required to pay.

Group	On demand or within one year RM	One to five years RM	More than five years RM	Total RM
2024				
Trade and other payables	3,325,820	-	-	3,325,820
Borrowings	3,789,033	4,359,478	7,400,071	15,548,582
	7,114,853	4,359,478	7,400,071	18,874,402
Lease liabilities	1,365,968	2,924,032	-	4,290,000
	8,480,821	7,283,510	7,400,071	23,164,402
2023				
Trade and other payables	3,975,150	-	-	3,975,150
Borrowings	4,471,705	5,981,976	9,382,924	19,836,605
	8,446,855	5,981,976	9,382,924	23,811,755
Lease liabilities	584,937	747,662	-	1,332,599
	9,031,792	6,729,638	9,382,924	25,144,354
<i>Company</i>				
2024				
Other payables	126,494	-	-	126,494

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

FOR THE FINANCIAL YEAR/PERIOD ENDED 31 DECEMBER 2024

The table below summarised issued financial guarantee contracts of the Group, which represent the maximum amounts of the guarantees, and are allocated to the earliest period in which the guarantees could be called. However, based on circumstances at the reporting date, the directors do not foresee the guarantees will be called.

	On demand or within one year RM	One to five years RM	More than five years RM	Total RM
2024				
Financial guarantee contracts	-	-	-	-
2023				
Financial guarantee contracts	430,536	1,722,144	1,420,713	3,573,393

25. SEGMENTAL INFORMATION

Segmental information is primarily presented in respect of the Group's business segment which is based on the Group's management and internal reporting structure.

(a) Business segment

The principal business of the Group is carrying on the business of the provision of surface finishing treatment services which is substantially within a single business segment. As such, segmental reporting by business segment is not presented.

(b) Geographical segment

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

Group	2024 RM	2023 RM
Domestic	25,654,708	14,835,275
Foreign	8,537,751	13,213,096
	<u>34,192,459</u>	<u>28,048,371</u>

The Group's non-current assets are all located in Malaysia.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

FOR THE FINANCIAL YEAR/PERIOD ENDED 31 DECEMBER 2024

(c) Major customers

Revenue from major customers with individual revenue equal or more than 10.00% of the Group's revenue:

Group	2024 RM	2023 RM
Customer A	20,969,305	11,323,672
Customer B	8,516,973	13,213,096
	<u>29,486,278</u>	<u>24,536,768</u>

26. RELATED PARTY TRANSACTIONS

Other than those related party transactions and outstanding balances disclosed elsewhere in the financial statements, the significant related party transactions are disclosed below:

Group	2024 RM	2023 RM
Transactions with related parties in which a director of the Company has substantial interest		
Acquisition of property, plant and equipment	-	648,000
Disposal of property, plant and equipment	-	369,489
Rendering of services	-	2,024,165
Rental payable/paid	-	63,000
Rental receivable/received	-	11,250
	<u>-</u>	<u>2,111,804</u>

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

FOR THE FINANCIAL YEAR/PERIOD ENDED 31 DECEMBER 2024

27. CAPITAL MANAGEMENT

The primary objective of capital management is to maximise the shareholders' value. For the purpose of capital management, capital includes issued ordinary share capital and retained earnings.

The Group and the Company manage their capital structure and make adjustments in light of changes in economic conditions. To maintain or adjust the capital structure, the Group and the Company may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares.

There have been no significant changes on the objective and strategy for capital management during the financial year/period.

28. COMPARATIVE FIGURES

The Group

The acquisition of the entire issued share capital of Chemlite Industries (details are set out in note 2) is a business combination involving entities under common control. Accordingly, the Group is a continuation of the acquired entity and is accounted for using principles of merger accounting set out in note 3.

The comparative figures of the Group's financial statements (i.e. financial year ended 31 December 2023) are based on the combined financial statements of the Group for the financial year ended 31 December 2023. Although the Group was not in legal existence in the previous financial year, as the acquisition of Chemlite Industries was completed during current financial year, the comparative figures of the Group's financial statements are presented as if the Internal Reorganisation had occurred before the commencement of the earliest financial period presented in these financial statements.

The Company

The separate financial statements of the Company covered the financial period from 31 May 2024 (date of incorporation) to 31 December 2024. Consequently, there are no comparative figures for the Company as this is the first set of separate financial statements prepared by the Company.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

FOR THE FINANCIAL YEAR/PERIOD ENDED 31 DECEMBER 2024

29. EVENTS AFTER THE REPORTING PERIOD

- (i) On 5 March 2025, the Company issued its prospectus in relation to its initial public offering in conjunction with the listing of and quotation for the entire enlarged issued ordinary share capital on the ACE Market of Bursa Malaysia Securities Berhad.
- (ii) Upon issue of 120,000,000 new ordinary shares in the Company at an issue price of RM0.25 per share, on 26 March 2025, the Company's enlarged issued ordinary shares are listed on the ACE Market of Bursa Malaysia Securities Berhad.

30. AUTHORISATION FOR ISSUE OF THE FINANCIAL STATEMENTS

The financial statements were authorised for issue by the board of directors on 15 April 2025.



LIST OF PROPERTY

AS AT 31 DECEMBER 2024

NO.	REGISTERED / BENEFICIAL OWNER	PARTICULAR OF TITLE / POSTAL ADDRESS	DESCRIPTION / EXISTING USE	TENURE / EXPIRY OF LEASE (IF ANY)	APPROXIMATE AGE OF THE BUILDING	LAND AREA/ BUILT-UP AREA (square feet)	DATE OF ACQUISITION	NET BOOK VALUE AS AT 31 DECEMBER 2024 (RM'000)
1.	Chemlite Industries Sdn Bhd	<u>Title</u> PN 10624, Lot 20243, Mukim 13, Seberang Perai Tengah, Pulau Pinang <u>Address</u> No. 1297, Lorong Perindustrian Bukit Minyak 22, Taman Perindustrian Bukit Minyak (Penang Science Park), 14100 Simpang Ampat, Pulau Pinang	Two-storey factory with three-storey office / Factory and office	Leasehold / 60 years expiring on 4 November 2072	1 year	65,401 / 50,000	8 February 2012	7,698

ANALYSIS OF SHAREHOLDINGS

AS AT 04 / 04 / 2025

Total Number of Issued Shares : 600,000,000 ordinary shares
 Class of Shares : Ordinary shares
 Voting Rights : One vote per ordinary share

DISTRIBUTION OF SHAREHOLDINGS

SIZE OF SHAREHOLDINGS	NO. OF SHAREHOLDERS	%	NO. OF SHARES	%
1 - 99	0	0.00	0	0.00
100 - 1,000	141	4.68	75,000	0.01
1,001 - 10,000	1,446	47.98	7,939,800	1.32
10,001 - 100,000	1,230	40.81	42,601,200	7.10
100,001 to less than 5% of issued shares	195	6.47	129,384,000	21.57
5% and above of issued shares	2	0.06	420,000,000	70.00
TOTAL	3,014	100.00	600,000,000	100.00



ANALYSIS OF SHAREHOLDINGS (cont'd)

AS AT 04 / 04 / 2025

DIRECTORS' SHAREHOLDINGS

NO.	NAME	DIRECT INTEREST	%	INDIRECT INTEREST	%
1	CHOO YIH WOEI	250,000	0.04	-	-
2	CHONG YUEN FONG	231,000,000	38.50	-	-
3	HENG CHEE KHIANG	189,000,000	31.50	1,500,000 [#]	0.25
4	LEE KOOI HOON	200,000	0.03	-	-
5	LIM PAIK NEE	200,000	0.03	-	-
6	WONG WAN CHIN	200,000	0.03	-	-

Note:

Deemed interested by virtue of his daughter's interest pursuant to Section 59(11)(c) of the Companies Act 2016 ("**Act**").

SUBSTANTIAL SHAREHOLDERS' SHAREHOLDINGS

NO.	NAME	DIRECT INTEREST	%	INDIRECT INTEREST	%
1	CHONG YUEN FONG	231,000,000	38.50	-	-
2	HENG CHEE KHIANG	189,000,000	31.50	1,500,000 [#]	0.25

Note:

Deemed interested by virtue of his daughter's interest pursuant to Section 59(11)(c) of the Act.

ANALYSIS OF SHAREHOLDINGS (cont'd)

AS AT 04 / 04 / 2025

THIRTY (30) LARGEST SHAREHOLDERS

(without aggregating the securities from different securities accounts belonging to the same person)

NO.	NAME	NO. OF SHARES	%
1	CHONG YUEN FONG	231,000,000	38.50
2	HENG CHEE KHIANG	189,000,000	31.50
3	CITIGROUP NOMINEES (ASING) SDN BHD <i>EXEMPT AN FOR CITIBANK NEW YORK (NORGES BANK 19)</i>	8,000,000	1.33
4	AMANAHRAYA TRUSTEES BERHAD <i>AHAM AIIMAN QUANTUM FUND</i>	6,500,000	1.08
5	CIMB ISLAMIC NOMINEES (TEMPATAN) SDN BHD <i>PMB INVESTMENT BERHAD FOR MAJLIS AMANAH RAKYAT</i>	4,807,900	0.80
6	MAYBANK NOMINEES (TEMPATAN) SDN BHD <i>MAYBANK TRUSTEES BERHAD FOR AHAM EQUITY FUND (930090)</i>	4,100,000	0.68
7	BIMSEC NOMINEES (TEMPATAN) SDN BHD <i>PLEDGED SECURITIES ACCOUNT FOR PERMODALAN RISDA BERHAD (MGNM84201)</i>	3,500,000	0.58
8	BIMSEC NOMINEES (TEMPATAN) SDN BHD <i>PLEDGED SECURITIES ACCOUNT - PERMODALAN RISDA BERHAD FOR YAYASAN ISLAM NEGERI KEDAH (MGNM84201)</i>	3,500,000	0.58
9	BIMSEC NOMINEES (TEMPATAN) SDN BHD <i>PLEDGED SECURITIES ACCOUNT - PERMODALAN RISDA BERHAD FOR YAYASAN ISLAM PERLIS (MGNM84201)</i>	3,500,000	0.58
10	PELABURAN MARA BERHAD	3,213,500	0.54
11	BEK YONG HUAT	3,000,000	0.50
12	LEE HENG LIANG	3,000,000	0.50
13	YEOH BENG HOOI	3,000,000	0.50
14	PHILLIP NOMINEES (TEMPATAN) SDN BHD <i>EXEMPT AN FOR CITY EXOTIC SDN. BHD.</i>	2,623,400	0.44
15	CHIA BOON KWEE	2,450,000	0.41
16	TAN LEE PING	2,255,000	0.38
17	CITIGROUP NOMINEES (TEMPATAN) SDN BHD <i>GREAT EASTERN TAKAFUL BERHAD (MAJMUUK)</i>	2,090,000	0.35

ANALYSIS OF SHAREHOLDINGS (cont'd)

AS AT 04 / 04 / 2025

NO.	NAME	NO. OF SHARES	%
18	CGS INTERNATIONAL NOMINEES MALAYSIA (TEMPATAN) SDN. BHD. <i>PLEDGED SECURITIES ACCOUNT FOR PERBADANAN USAHAWAN JOHOR SDN. BHD. (M10080)</i>	2,000,000	0.33
19	GOH CHUN WOOL	2,000,000	0.33
20	SIM KHA POH	2,000,000	0.33
21	TAN WEE LEE	1,668,700	0.28
22	CITIGROUP NOMINEES (TEMPATAN) SDN BHD <i>GREAT EASTERN LIFE ASSURANCE (MALAYSIA) BERHAD (LASF)</i>	1,600,000	0.27
23	RHB NOMINEES (TEMPATAN) SDN BHD <i>PLEDGED SECURITIES ACCOUNT FOR HENG JIA QI</i>	1,500,000	0.25
24	TAN JWING HXEN	1,500,000	0.25
25	TOH CHIN SIANG	1,500,000	0.25
26	LEMBAGA TABUNG AMANAH WARISAN NEGERI TERENGGANU	1,450,000	0.24
27	BIMSEC NOMINEES (TEMPATAN) SDN BHD <i>PLEDGED SECURITIES ACCOUNT - PERMODALAN RISDA BERHAD FOR YAYASAN NEGERI SEMBILAN (MGNM84201)</i>	1,440,000	0.24
28	SIM KHA POH	1,400,000	0.23
29	CITYGROUP NOMINEES (TEMPATAN) SDN BHD <i>GREAT EASTERN LIFE ASSURANCE (MALAYSIA) BERHAD (LSMCF)</i>	1,364,600	0.23
30	PERTUBUHAN PELADANG KEBANGSAAN (NAFAS)	1,290,000	0.22

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the First Annual General Meeting (“**AGM**”) of Chemlite Innovation Berhad (the “**Company**”) will be held at Iconic 1 & 2, Iconic Hotel, 71 Jalan Icon City, Icon City, 14000 Bukit Mertajam, Penang on Thursday, 29 May 2025 at 10.30 a.m., or any adjournment thereof for the purpose of considering and, if thought fit, passing with or without modifications the resolutions as set out in this notice:

AGENDA

Ordinary Business:

1. To receive the Audited Financial Statements for the financial year ended 31 December 2024 together with the Directors’ Report and Auditors’ Report thereon. *(Please refer to Explanatory Note 1)*
2. To re-elect the following Directors who are retiring in accordance with Section 205(3) of the Companies Act 2016 and being eligible, have offered themselves for re-election:
 - (i) Choo Yih Woei **Resolution 1**
 - (ii) Chong Yuen Fong **Resolution 2**
 - (iii) Heng Chee Khiang **Resolution 3**
 - (iv) Wong Wan Chin **Resolution 4**
 - (v) Lee Kooi Hoon **Resolution 5**
 - (vi) Lim Paik Nee **Resolution 6**
3. To approve the payment of Directors’ fees of RM5,000.00 per month for each of the Independent Non-Executive Directors for the period commencing from 30 May 2025 until the next AGM of the Company in the year 2026. **Resolution 7**
4. To approve the payment of Directors’ benefits (excluding Directors’ fees) to the Independent Non-Executive Directors up to an amount of RM30,000.00 for the period commencing from 30 May 2025 until the next AGM of the Company in the year 2026. **Resolution 8**
5. To re-appoint Forvis Mazars PLT as Auditors of the Company until the conclusion of the next AGM of the Company and to authorise the Directors to fix their remuneration. **Resolution 9**
6. To transact any other business of which due notice shall have been given.

By Order of the Board

YEOW SZE MIN (SSM PC No. 201908003120, MAICSA 7065735)

LOW SEOW WEI (SSM PC No. 202008000437, MAICSA 7053500)

Company Secretaries

Penang

30 April 2025

NOTICE OF ANNUAL GENERAL MEETING (cont'd)

Notes:

Appointment of Proxy and/or Authorised Representative

1. In respect of deposited securities, only members whose names appear on the Record of Depositors on **20 May 2025** (General Meeting Record of Depositors) shall be eligible to attend the AGM or appoint proxy(ies) to attend and/or vote on his behalf.
2. A member entitled to attend and vote at the AGM is entitled to appoint more than one (1) proxy but not more than two (2) proxies to attend, participate, speak and vote instead of him. Where a member appoints more than one (1) proxies, the appointment shall be invalid unless he specifies the proportions of his holdings to be represented by each proxy. A proxy may but need not be a member of the Company and a member may appoint any person to be his proxy. There shall be no restriction as to the qualification of the proxy. A proxy appointed to attend and vote at the AGM shall have the same rights as the member to speak and vote at the AGM.
3. Where a member is an authorised nominee as defined under the Securities Industry (Central Depositories) Act 1991, it may appoint not more than two (2) proxies in respect of each securities account it holds with ordinary shares of the Company standing to the credit of the said securities account. The appointment of two (2) proxies in respect of any particular securities account shall be invalid unless the authorised nominee specifies the proportion of its shareholding to be represented by each proxy.
4. Where a member is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one (1) securities account ("**Omnibus Account**"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each Omnibus Account it holds.
5. The instrument appointing a proxy shall be in writing under the hand of the appointer or his attorney duly authorised in writing or, if such appointer is a corporation, the instrument appointing a proxy must be either under the appointer's common seal or under the hand of an officer or attorney duly authorised.
6. The instrument appointing proxy(ies) may be made in the form of hardcopy or by electronic means in the following manner and must be received by the Company not less than forty-eight (48) hours before the time appointed for holding the AGM or any adjournment thereof:
 - (i) **In hardcopy form**

The Proxy Form must be deposited at the Company's Registered Office at Suite 18.05, MWE Plaza, No. 8, Lebuh Farquhar, 10200 George Town, Pulau Pinang, Malaysia.
 - (ii) **By electronic means**

The Proxy Form can also be lodged electronically by email to eservices@sshsb.com.my.

NOTICE OF ANNUAL GENERAL MEETING (cont'd)

Explanatory Notes

1. Audited Financial Statements for the financial year ended 31 December 2024

This Agenda item is meant for discussion only, as the provision of Section 340(1)(a) of the Companies Act 2016 ("**Act**") does not require a formal approval from the shareholders for the Audited Financial Statements. Hence, this Agenda item is not put forward for voting.

2. Resolutions 1 to 6: Re-election of Directors

Section 205(3) of the Act states that at the first AGM of a public company, all directors shall retire from office at the conclusion of the meeting. A retiring director shall be eligible for re-election as if he is not disqualified under the Act.

In determining the eligibility of the Directors to stand for re-election at the forthcoming AGM, the Nomination Committee ("**NC**"), guided by the Directors' Fit and Proper Policy has considered the criteria as stated in the said policy as well as Guidance Note 9 of the ACE Market Listing Requirements of Bursa Malaysia Securities Berhad ("**Listing Requirements**") for the requirements of independence applicable to the Independent and Non-Executive Directors of the Company, and recommended the re-election of the following Directors in accordance with Section 205(3) of the Act:

- (i) Mr. Choo Yih Woei;
- (ii) Mr. Chong Yuen Fong;
- (iii) Mr. Heng Chee Khiang;
- (iv) Ms. Wong Wan Chin;
- (v) Ms. Lee Kooi Hoon; and
- (vi) Ms. Lim Paik Nee.

(collectively, the "**Retiring Directors**").

The Retiring Directors have consented to their re-election and have abstained from deliberations and decisions on their eligibility to stand for re-election at the relevant NC and Board of Directors ("**Board**") meetings.

The details and profile of the Retiring Directors are provided in the Profile of Directors contained in the Annual Report 2024.

NOTICE OF ANNUAL GENERAL MEETING (cont'd)

3. Resolutions 7 and 8: Directors' fees and benefits

Clause 21.4 of the Company's Constitution states that any fees and benefits payable to Directors shall be subject to annual shareholders' approval at a general meeting. Pursuant thereto, shareholders' approval is sought for the payment of fees to Independent Non-Executive Directors (Resolution 7) and benefits payable to Independent Non-Executive Directors (Resolution 8).

The shareholders' approval shall be sought at this AGM for the payment of Directors' fees of RM5,000.00 per month for each of the Independent Non-Executive Directors for the period commencing from 30 May 2025 until the next AGM of the Company in the year 2026, to be payable on monthly basis in arrears.

The Remuneration Committee and the Board opined that it is just and equitable for the Directors to be paid such payment upon them discharging their responsibilities and rendering their services to the Company.

The payment of Directors' fees and benefits to the Independent Non-Executive Directors has been reviewed by the Remuneration Committee and the Board, which recognises that the Directors' fees and benefits payable is in the best interest of the Company for the applicable period commencing from 30 May 2025 until the next AGM of the Company in the year 2026. The benefits payable to the Independent Non-Executive Directors comprise the meeting allowance, which will only be accorded based on actual attendance of meetings by the Directors.

The Directors who are also shareholders of the Company and persons connected to them will abstain from voting on the resolutions in respect of the fees and benefits payable to them at the AGM of the Company.

4. Resolution 9: Re-appointment of Auditors

The Audit and Risk Management Committee ("**ARMC**") and the Board have considered the re-appointment of Forvis Mazars PLT as Auditors of the Company, are satisfied with the competency, audit approach and independence of Forvis Mazars PLT and have collectively agreed that they have met the relevant criteria prescribed by Rule 15.21 of the Listing Requirements.

The Board endorsed ARMC's recommendation to seek shareholders' approval to re-appoint Forvis Mazars PLT as the external auditors of the Company and to authorise the Directors to fix their remuneration.

NOTICE OF ANNUAL GENERAL MEETING (cont'd)

Personal data privacy:

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

STATEMENT ACCOMPANYING NOTICE OF AGM

(Pursuant to Rule 8.29(2) of the Listing Requirements)

As at date of this notice, there are no individuals who are standing for election as Directors (excluding the above Directors who are standing for re-election) at the AGM of the Company.





CHEMLITE INNOVATION BERHAD
(Registration No.: 202401021849 (1567698-V))
(Incorporated in Malaysia)

PROXY FORM

CDS Account No. _____

No. of ordinary shares held _____

I/We _____ Tel No. _____
(Full Name in Capital Letters)

NRIC No./Passport No./Registration No. _____

of _____

(Full Address in Capital Letters)

being a member of **CHEMLITE INNOVATION BERHAD** (the "Company") hereby appoint:

First Proxy			
Full Name and Address (in Capital Letters)	NRIC No./Passport No.	No. of shares	% of shareholding

and/or*

Second Proxy			
Full Name and Address (in Capital Letters)	NRIC No./Passport No.	No. of shares	% of shareholding

or failing him/her*, the Chairman of the Meeting, as my/our* proxy/proxies* to attend and to vote for me/us* on my/our* behalf at the First Annual General Meeting ("AGM") of the Company to be held at Iconic 1 & 2, Iconic Hotel, 71 Jalan Icon City, Icon City, 14000 Bukit Mertajam, Penang on Thursday, 29 May 2025 at 10.30 a.m., or at any adjournment thereof.

My/Our* proxy is to vote as indicated below:

Ordinary Resolution		For	Against
Resolution 1	To re-elect Mr. Choo Yih Woei as a Director of the Company		
Resolution 2	To re-elect Mr. Chong Yuen Fong as a Director of the Company		
Resolution 3	To re-elect Mr. Heng Chee Kiang as a Director of the Company		
Resolution 4	To re-elect Ms. Wong Wan Chin as a Director of the Company		
Resolution 5	To re-elect Ms. Lee Kooi Hoon as a Director of the Company		
Resolution 6	To re-elect Ms. Lim Paik Nee as a Director of the Company		
Resolution 7	To approve the payment of Directors' fees of RM5,000.00 per month for each of the Independent Non-Executive Directors for the period commencing from 30 May 2025 until the next AGM of the Company in the year 2026		
Resolution 8	To approve the payment of Directors' benefits (excluding Directors' fees) to the Independent Non-Executive Directors up to an amount of RM30,000.00 for the period commencing from 30 May 2025 until the next AGM of the Company in the year 2026		
Resolution 9	To re-appoint Forvis Mazars PLT as Auditors of the Company		

(Please indicate with 'X' in the space provided against each resolution on how you wish your vote to be casted. In the absence of specific directions, your proxy(ies) or Chairman of the AGM will vote or abstain as he/she* thinks fit.

Note: Please note that the short description given above on the Resolutions to be passed does not in any way whatsoever reflect the intent and purpose of the Resolutions. Members are encouraged to refer to the Notice of AGM for the full purpose and intent of the Resolutions to be passed.

Signed this _____ day of _____, 2025.

Signature/Common Seal of Member

* Strike out whichever not applicable.

Notes:

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2. A member entitled to attend and vote at the AGM is entitled to appoint more than one (1) proxy but not more than two (2) proxies to attend, participate, speak and vote instead of him. Where a member appoints more than one (1) proxies, the appointment shall be invalid unless he specifies the proportions of his holdings to be represented by each proxy. A proxy may but need not be a member of the Company and a member may appoint any person to be his proxy. There shall be no restriction as to the qualification of the proxy. A proxy appointed to attend and vote at the AGM shall have the same rights as the member to speak and vote at the AGM.
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 - (ii) **By electronic means**
The Proxy Form can also be lodged electronically by email to eservices@sshsb.com.my.

Personal data privacy:

By submitting the duly executed proxy form, the member and his proxy consent to the Company and/or its agents/service providers to collect, use and disclose the personal data therein in accordance with the Personal Data Protection Act 2010, for the purpose of the AGM of the Company and any adjournment thereof.

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To,

CHEMLITE INNOVATION BERHAD
(Registration No.: 202401021849 (1567698-V))
(Incorporated in Malaysia)

Registered Office
Suite 18.05, MWE Plaza
No. 8, Lebuhr Farquhar
10200 George Town
Pulau Pinang
Malaysia

Then fold here



CHEMLITE INNOVATION BERHAD

(Registration No.: 202401021849 (1567698-V)) (Incorporated in Malaysia)



No.1297, Lorong Perindustrian Bukit Minyak 22,
Taman Perindustrian Bukit Minyak (Penang Science Park),
14100 Simpang Ampat, Pulau Pinang.



Tel : +604 - 688 0388



Business : enquiry@chemlite.com.my



Investor Relationship : ir.enquiry@chemlite.com.my