Annex 1

1. How would the Company be affected if the US and Chinese economies decoupled to some extent and China continued to roll out policy measures to boost economic recovery?

Company's Response:

1) The decoupling of the economies of the US and China would have varying impacts on the global economy and as such, the Company's businesses may inevitably be impacted as well.

2) At present, the Company's businesses are not impacted and this could be attributable to the following key factors: (i). The Company's business in China is projected to grow due to China's increasing domestic consumption and the fact that the Company does not procure jet fuel from the US; (ii). The Company's US subsidiary, North American Fuel Corporation ("**NAFCO**"), has so far not been directly impacted by the US tariffs considering that NAFCO primarily engages in bonded jet fuel trading and aviation marketing business in the US; and (iii). The Company's businesses in the other geographical regions, such as the Asia-Pacific and Europe, are performing well and remain unaffected by the current geopolitical situations.

3) The Company's jet fuel business and other oil products trading business could possibly be impacted by the following factors: (i). The decrease in global air passenger and cargo volumes would likely lead to the decline in Company's jet fuel business; (ii). The implementation of vessel restrictions and nationality-specific port fees would result in increased shipping costs for the Company; and (iii). Although Company's share prices had declined recently due to a negative overall market sentiment, the decline was less than the Straits Times Index. To date, the Company's business fundamentals have remained robust, and hence, the Company maintains a cautiously optimistic outlook for FY2025.

2. Why was the Company's profit growth in the second half of 2024 substantially lower than that in the first half of 2024?

Company's Response:

NAFCO's aviation marketing business saw reduced profitability due to intense competition in the North American market. In addition, due to the overall business environment in 2024 and the lack of arbitrage opportunities, NAFCO did not perform as well as it did in the first half of 2024 and this led to the Company's lower consolidated profit for the second half of 2024. Nevertheless, the Company's other businesses remained stable, with the Company achieving significant progress in its sustainable aviation fuel ("**SAF**") supply business.

3. The Company's gross profit margin in FY2024 is only 0.26% and this figure has not exceeded 0.5% in the past 5 years. What measures does the Company plan to take to improve its gross profit margin?

Company's Response:

1) The Company's limited gross profit margin is characteristic of businesses in the bulk commodities industry. In addition, the Company would invariably be exposed to various risks when engaging in commodities transactions, and these transactions might not always be profitable.

2) As the Company is committed to safeguarding shareholder interests, it conducts all its businesses in a prudent manner and employs necessary hedging strategies to mitigate potential risks. The Company would not engage in any high-risk or highly leveraged businesses but would instead focus on generating steady income streams underpinned by a prudent risk management approach.

3) The nature of a company's business varies significantly across different industries, and using the same financial indicators for all companies can be inaccurate. For instance, a high-technology business typically reports several times higher gross margin than that of a trading company and therefore, shareholders should pay attention to more objective factors such as the stability of a company's business, etc. Moreover, the Company's return on equity of nearly 8% for FY2024 would be considered good for a trading business.

4) While focusing solely on the Company's jet fuel business would significantly increase its gross profit margin, this over-reliance on a single product would not be in line with the Company's diversification strategy.

4. Is it possible for the Company to consider increasing its dividend, such as paying an interim dividend or increasing the dividend payout ratio to 40% to 50% of the Company's consolidated net profit to better reward shareholders?

Company's Response:

1) To commemorate its 30th anniversary of establishment in Singapore and to celebrate profitable growth post-COVID, the Company had made a one-off special dividend distribution to shareholders for FY2023. A special dividend is a non-recurring distribution to shareholders and should not be considered as part of the Company's ongoing dividend policy. Excluding the special dividend, the Company's ordinary dividend payout ratio for FY2024 increased 37.2% compared to the previous year.

2) Moving forward, to generate more investor interest, the Company would be focusing on establishing its SAF business. However, one should not expect this new business to be profitable in the initial stages. In fact, the Company might be required to make large upfront investment in the early developmental phases of the SAF business.

3) The Company would need to maintain a robust internal cash flow to fund its investments in oil-related assets as well as to manage the day-to-day operational expenses of the Company.

4) Without the support and trust from shareholders, the Company would not be able to achieve continuous and steady growth. The Board of Directors of the Company would consider the concerns of shareholders relating to the Company's dividend payout ratio.

5. At present, the Company has a strong cash balance that is nearing its market capitalisation. Does the Company need to hold such large amount of cash?

Company's Response:

The bulk commodities industry is considered capital-intensive. For instance, the estimated value of a jet fuel cargo shipment of 300,000 metric tonnes could range between USD100 million and USD200 million, and as such, the Company would require significant working capital outlay to fund its day-to-day business operational needs. Besides utilising internal financial resources, the Company would also use short-term financing through bank-issued letters of credit and other means, to manage business volume peaks and ensure the Company has sufficient funds to continue operating smoothly.

6. Considering the current depreciation of the US dollar and the Company's ongoing businesses in China, does the Company perform foreign exchange hedges on its RMB and USD cash holdings to mitigate translation risks?

Company's Response:

1) Considering that the US dollar is one of the most stable currencies in the world, the Company's functional and settlement currency being US dollars, would mitigate the impact of a weakening US dollar.

2) Whenever appropriate, the Company would conduct settlements in renminbi ("**RMB**") and allocate a portion of its RMB holdings for businesses in China to minimise the impact of exchange rate fluctuations and foreign exchange conversion losses.

Another shareholder requested that Mr Hee Theng Fong, Chairman of the Risk Management Committee of the Company, to also comment on the impact of the depreciation of the U.S. dollar and the stability of the RMB on the Company's business.

Mr Hee Theng Fong responded that the Company has developed a robust risk management system and as an affirmation of its comprehensive and effective implementation of risk management measures, the Company was awarded the Singapore Corporate Awards' Best Risk Management Award (Gold) in 2024. Mr Hee added that the Company has been closely monitoring geopolitical and foreign exchange risks to ensure smooth running of the Company's business operations. He also took the opportunity to mention that the Independent Directors of the Board often engages in in-depth discussions with the Company's management, aiming to find a balance between the amount of dividend distribution and maintaining sufficient capital for the Company's business needs. He said that the Board is fully cognizant of the concerns of shareholders in this regard and mentioned that the Board would further deliberate on this matter at the next Board of Directors' Meeting of the Company.

7. The Company has previously mentioned that the US-China tariffs have led to an increase in the Company's freight costs, could the Company quantify the exact impact? What is the Company's philosophy on treasury management?

Company's Response:

1) It would be difficult for the Company to specifically quantify the impact of rising freight costs on the Company's profits. However, using a recent situation for illustrative purposes, the freight cost for a cargo vessel bound for the US had increased from USD1.5 million to USD1.7 million.

2) The Company would actively monitor and respond to fluctuations in its trading-related costs for its North America operations and would consider prioritising local procurement within North America when shipping fees or oil prices rise significantly.

3) The Company would ensure that its financial resources are effectively allocated to support its business needs and working capital requirements. It should be noted that the USD500 million cash balance reflected in the Company's balance sheet as at 31 December 2024, represents a snapshot of the Company's cash holdings at that specific point in time, and not a constant level throughout the year. Moreover, the Company has been actively seeking investment opportunities in oil-related assets and hence, has maintained a high cash holding to finance suitable investments when the opportunity arises.