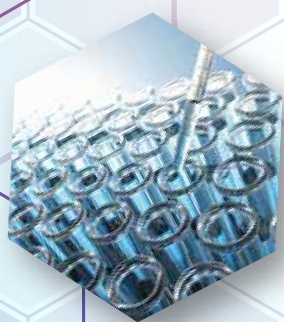
LUXCHEM

LUXCHEM CORPORATION BERHAD

Registration No. 199101014102 (224414-D)



2021

ANNUAL REPORT

CONTENT

CORPORATE INFORMATION

BOARD OF DIRECTORS

DATUK KWAN FOH KWAI
Independent Non-Executive Chairman

TANG YING SEE
Managing Director/Chief Executive Officer

CHIN SONG MOOI
Executive Director

CHEN MOI KEW
Executive Director/Chief Financial Officer

TAUFIQ AHMAD @
AHMAD MUSTAPHA BIN GHAZALI
Independent Non-Executive Director

TAN TECK KIONG
Independent Non-Executive Director

COMPANY SECRETARIES

WONG WAI FOONG
SSM PC No. 202008001472 (MAICSA 7001358)
CHEN MOI KEW
SSM PC No. 202008001043 (MIA 6359)
LIM YOU JING
SSM PC No. 202108000369 (MAICSA 7075638)

AUDIT AND RISK MANAGEMENT COMMITTEE

TAUFIQ AHMAD @
AHMAD MUSTAPHA BIN GHAZALI
Chairman
DATUK KWAN FOH KWAI
Member
TAN TECK KIONG
Member

NOMINATING COMMITTEE

TAN TECK KIONG
Chairman
TAUFIQ AHMAD @
AHMAD MUSTAPHA BIN GHAZALI
Member
DATUK KWAN FOH KWAI
Member

REMUNERATION COMMITTEE

DATUK KWAN FOH KWAI
Chairman
TAUFIQ AHMAD @
AHMAD MUSTAPHA BIN GHAZALI
Member
TAN TECK KIONG
Member

CORPORATE INFORMATION
cont'd

SHARE REGISTRAR

Tricor Investor & Issuing House Services Sdn. Bhd.
Registration No. 197101000970 (11324-H)
Unit 32-01, Level 32
Tower A, Vertical Business Suite
Avenue 3, Bangsar South
No. 8, Jalan Kerinchi
59200 Kuala Lumpur
Telephone No. : (03) 2783 9299
Facsimile No. : (03) 2783 9222

CORPORATE OFFICE

No. 6, Jalan SS21/58
Damansara Utama
47400 Petaling Jaya
Selangor Darul Ehsan
Telephone No. : (03) 7728 2155
Facsimile No. : (03) 7728 2806
Website : www.luxchem.com.my

PRINCIPAL BANKERS

CIMB Bank Berhad *[197201001799 (13491-P)]*
Citibank Berhad *[199401011410 (297089-M)]*
HSBC Bank Malaysia Berhad *[198401015221 (127776-V)]*
Malayan Banking Berhad *[196001000142 (3813-K)]*
United Overseas Bank (Malaysia) Berhad
[199301017069 (271809-K)]

REGISTERED OFFICE

Unit 30-01, Level 30
Tower A, Vertical Business Suite
Avenue 3, Bangsar South
No. 8, Jalan Kerinchi
59200 Kuala Lumpur
Telephone No. : (03) 2783 9191
Facsimile No. : (03) 2783 9111

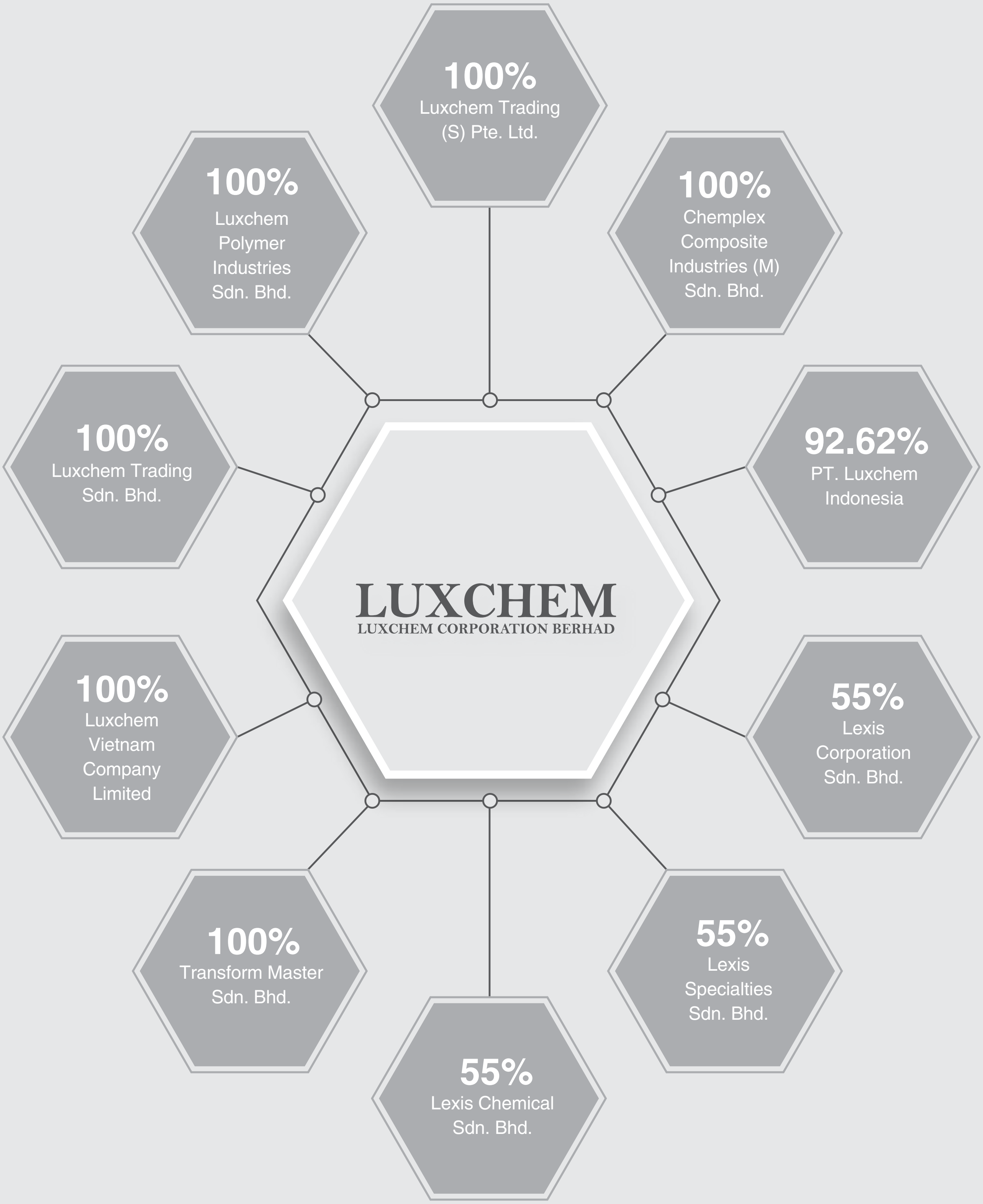
AUDITORS

BDO PLT (LLP0018825-LCA & AF 0206)
Level 8, BDO @ Menara CenTARa
360 Jalan Tuanku Abdul Rahman
50100 Kuala Lumpur
Telephone No. : (03) 2616 2888
Facsimile No. : (03) 2616 3190, 2616 3191

STOCK EXCHANGE LISTING

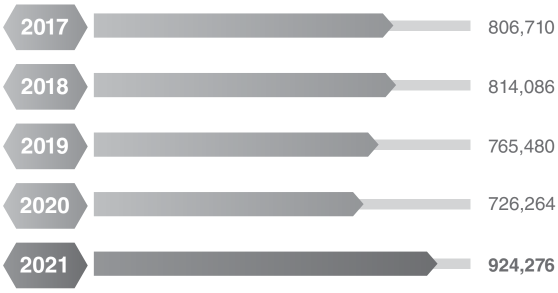
The Main Market of Bursa Malaysia
Securities Berhad
Stock Name : LUXCHEM
Stock Code : 5143
Date of listing : 27 June 2008

CORPORATE STRUCTURE

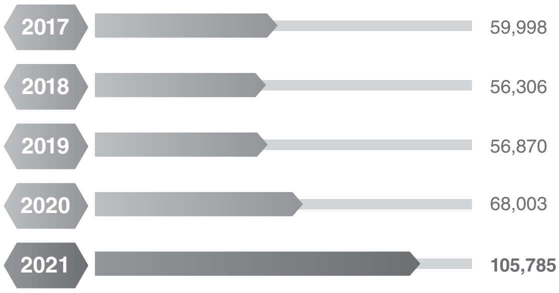


FINANCIAL HIGHLIGHTS

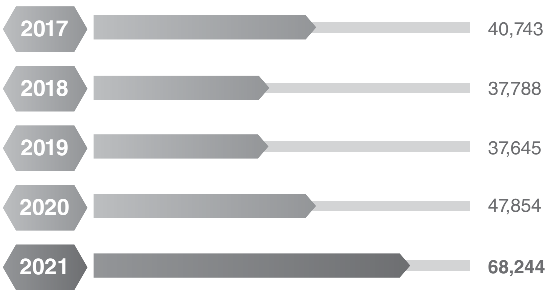
REVENUE (RM'000)



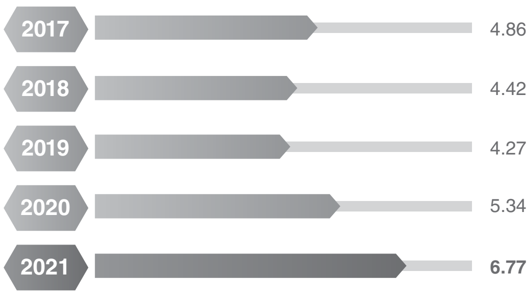
EBITDA (RM'000)



PROFIT ATTRIBUTABLE TO OWNERS OF THE COMPANY (RM'000)



EARNINGS PER SHARE (SEN)



	2017 RM'000	2018 RM'001	2019 RM'000	2020 RM'000	2021 RM'000
Revenue	806,710	814,086	765,480	726,264	924,276
Earnings before interest, tax, depreciation and amortisation ("EBITDA")	59,998	56,306	56,870	68,003	105,785
Profit Before Taxation ("PBT")	55,781	49,880	50,121	62,523	98,391
Profit Attributable to Owners of the Company	40,743	37,788	37,645	47,854	68,244
Earnings Per Share - Basic (sen) *	4.86	4.42	4.27	5.34	6.77
Earnings Per Share - Diluted (sen) *	4.67	4.31	-	-	-

FINANCIAL HIGHLIGHTS
cont'd

* **FYE 2021:**
  Earning Per Share - Basic
  Computed based on Profit Attributable to Owners of the Company and divided by the weighted average number of shares in issue during the financial year ended 31 December 2021 of 1,008,140,289.

  Earning Per Share - Diluted
  Fully diluted earnings per share were not computed as at 31 December 2021 as there were no outstanding potential ordinary shares to be issued.

* **FYE 2020:**
  Earning Per Share - Basic
  Computed based on Profit Attributable to Owners of the Company and divided by the weighted average number of shares in issue during the financial year ended 31 December 2020 of 895,808,553.

  Earning Per Share - Diluted
  Fully diluted earnings per share were not computed as at 31 December 2020 as there were no outstanding potential ordinary shares to be issued.

* **FYE 2019:**
  Earning Per Share - Basic
  Computed based on Profit Attributable to Owners of the Company and divided by the weighted average number of shares in issue during the financial year ended 31 December 2019 of 881,864,209.

  Earning Per Share - Diluted
  The Employee's Share Option Scheme with a tenure of five (5) years have expired on 30 November 2019.
  Fully diluted earnings per share were not computed as at 31 December 2019 as there were no outstanding potential ordinary shares to be issued.

* **FYE 2018:**
  Earning Per Share - Basic
  Computed based on Profit Attributable to Owners of the Company and divided by the weighted average number of shares in issue during the financial year ended 31 December 2018 of 855,857,346.

  Earning Per Share - Diluted
  Computed based on Profit Attributable to Owners of the Company and divided by the adjusted weighted average number of shares in issue during the financial year ended 31 December 2018 of 876,393,664.

* **FYE 2017:**
  Earning Per Share - Basic
  Computed based on Profit Attributable to Owners of the Company and divided by the weighted average number of shares in issue during the financial year ended 31 December 2017 of 837,810,471.

  Earning Per Share - Diluted
  Computed based on Profit Attributable to Owners of the Company and divided by the adjusted weighted average number of shares in issue during the financial year ended 31 December 2017 of 872,024,391.

  Upon the completion of the Company's share split exercise on 8 September 2017, the issued and paid-up ordinary shares of the Company as of that date were increased from 281,617,551 shares to 844,852,653 share. The share split involved as subdivision of one (1) existing ordinary share into three (3) ordinary shares.

DIRECTORS' PROFILE

DATUK KWAN FOH KWAI
Independent Non-Executive Chairman,
Male, Malaysian, 70 year-old

Datuk Kwan Foh Kwai was appointed as the Independent Non-Executive Chairman of the Company on 13 March 2020.

He is the Chairman of the Remuneration Committee, a member of the Audit and Risk Management Committee, and Nominating Committee of Luxchem Corporation Berhad.

He holds a Bachelor of Engineering (Hons) from University Malaya in 1977.

Datuk Kwan has over 40 years of working experience in the construction industry in both public and private sectors. He began his career as a Contract Engineer in 1977 with Department of Public Works, Malaysia. In 1980, he joined Promet Construction Sdn. Bhd. as Site Manager and in 1984, he joined Alam Baru Sdn. Bhd. as General Manager. From 1986 to 1996, he was the General Manager of Taisei (Malaysia) Sdn. Bhd..

Datuk Kwan joined Sungei Way Construction Berhad in 1996 as Executive Director. He was subsequently promoted to Managing Director of Sunway Construction Berhad in 2001. He was appointed as Senior Managing Director of Sunway Construction Group Berhad in 2014 until his retirement in December 2015. After his retirement, he was appointed as the Non-Independent Non-Executive Director of Sunway Construction Group Berhad untill 31 December 2017. In 2017, he became the Group Advisor of Sunway Construction Group until end of March 2020.

Datuk Kwan served as the President (2010-2012), Immediate Past President (2012-2016) and Honorary Advisor (2016-2018) of Master Builders Association of Malaysia. He was a Board Member and Chairman of Finance Committee of International Federation of Asian & Western Pacific Contractors' Association (IFAWPCA) from 2012 to 2016. In addition, he is:

- Member of the Institution of Engineers, Malaysia (IEM);
- Fellow of the Chartered Institute of Building (FCIOB);
- The Chairman of the Board of Governors of SMJK Yuk Choy, Ipoh, Perak;
- Deputy President of Perak Chinese Assembly Hall;
- Deputy President of Perak Nam Hoi Wui Kwun; and
- Central Committee Member of the Federation of Chinese Associations Malaysia (Hua Zong).

On 4 June 2016, Datuk Kwan was conferred the Panglima Jasa Negara (PJN) by the Honourable DYMM Almu'tasimu Billahi Muhibbudin Tuanku AlHaj Abdul Halim Mu'adzam Shah ibni Almarhum Sultan Badhishah.

He does not have any family relationship with any Directors and/or substantial shareholders of the Company, nor does he have any conflict of interest with the Company and its subsidiaries. He does not hold any other directorships in public companies and listed entities.

He attended all five Board of Directors' meetings held during the financial year ended 31 December 2021.

Notes :

1. ***Conviction of Offences (other than traffic offences)***

   Datuk Kwan Foh Kwai has not convicted of any offences within the past five years.

2. ***Public Sanction or Penalty imposed***

   There were no public sanction or penalties imposed on Datuk Kwan Foh Kwai by any relevant regulatory bodies during the financial year ended 31 December 2021.

DIRECTORS' PROFILE
cont'd

MR TANG YING SEE
Managing Director/Chief Executive Officer,
Male, Malaysian, 70 year-old

Mr Tang Ying See is the Managing Director/Chief Executive Officer of the Company. He is one of the First Directors appointed to the Board of the Company on 4 September 1991.

He was also appointed as a Director of Lexis Corporation Sdn. Bhd., Lexis Specialties Sdn. Bhd. and Lexis Chemical Sdn. Bhd. respectively on 24 August 2021 after the acquisition of 55% equity interest each in Lexis Corporation Sdn. Bhd., Lexis Specialties Sdn. Bhd. and Lexis Chemical Sdn. Bhd. by the Company on 24 August 2021.

As the founder of the Company, he has been instrumental in our development, growth and success. He brings with him approximately 41 years of experience in the industrial chemicals industry and he is mainly responsible for the overall strategic business direction of the Group.

He obtained a Bachelor of Science Degree majoring in Physics from Nanyang University, Singapore in 1975 and has been a member of the Malaysian Institute of Management since 1990. Upon graduation, he joined a chemical trading company as a Sales Representative and was promoted to Senior Manager in 1983.

In 1984, he left and established Lux Trading, a sole proprietorship, which business was taken over by Luxchem Trading Sdn. Bhd. in 1987. He currently holds several directorships in a number of private limited companies but does not hold any other directorships in other listed entities.

He is the spouse of Madam Chin Song Mooi, a director and substantial shareholder of the Company. He does not have any conflict of interest with the Company and its subsidiaries.

He attended all five Board of Directors' meetings held during the financial year ended 31 December 2021.

Notes :

1. ***Conviction of Offences (other than traffic offences)***

   Mr Tang Ying See has not convicted of any offences within the past five years.

2. ***Public Sanction or Penalty imposed***

   There were no public sanction or penalties imposed on Mr Tang Ying See by any relevant regulatory bodies during the financial year ended 31 December 2021.

DIRECTORS' PROFILE
cont'd

MADAM CHIN SONG MOOI
Executive Director,
Female, Malaysian, 70 year-old

Madam Chin Song Mooi is an Executive Director of the Company. She is one of the First Directors appointed to the Board of the Company on 4 September 1991.

She graduated in 1976 with a Bachelor of Commerce Degree in Accountancy from Nanyang University, Singapore. Her career began upon her graduation in 1976 when she joined Khoo, Junus & Co., an accounting firm located in Kuala Lumpur as an Auditor. In 1978, she left and joined Universal Cable (M) Bhd as an Accountant in Johor Bahru branch. In 1979, she left and joined Syarikat Pembinaan Beng Teck Sdn. Bhd., a building and construction company, as an Accountant.

In 1988, she left to take up the position as Director of Finance and Administration with Luxchem Trading Sdn. Bhd.. She is mainly responsible for overseeing all aspects of finance and administration functions of the Group. She currently holds several directorships in a number of private limited companies but does not hold any other directorships in other listed entities.

She is the spouse of Mr Tang Ying See, a director and substantial shareholder of the Company. She does not have any conflict of interest with the Company and its subsidiaries.

She attended all five Board of Directors' meetings held during the financial year ended 31 December 2021.

Notes :

1. ***Conviction of Offences (other than traffic offences)***

   Madam Chin Song Mooi has not convicted of any offences within the past five years.

2. ***Public Sanction or Penalty imposed***

   There were no public sanction or penalties imposed on Madam Chin Song Mooi by any relevant regulatory bodies during the financial year ended 31 December 2021.

DIRECTORS' PROFILE
cont'd

MADAM CHEN MOI KEW
Executive Director/Chief Financial Officer,
Female, Malaysian, 59 year-old

Madam Chen Moi Kew was appointed as an Executive Director/Chief Financial Officer of the Company on 2 January 2008.

She was appointed as a Director of Lexis Corporation Sdn. Bhd., Lexis Specialties Sdn. Bhd. and Lexis Chemical Sdn. Bhd. respectively on 24 August 2021 after the acquisition of 55% equity interest each in Lexis Corporation Sdn. Bhd., Lexis Specialties Sdn. Bhd. and Lexis Chemical Sdn. Bhd. by the Company on 24 August 2021.

She obtained her Bachelor of Accounting Degree with First-Class Honours from the University of Malaya, Kuala Lumpur in 1987. She has been a member of both the Malaysian Institute of Accountants and the Malaysian Institute of Certified Public Accountants since 1990 and a Member of the Financial Planning Association of Malaysia since 2003.

She began her career in 1987 when she joined Arthur Andersen & Co as an Audit Staff Assistant. In 1991, she left and joined United Malayan Banking Corporation Berhad as an Assistant Manager. In 1993, she left and took up the position as Deputy Manager in Southern Bank Berhad. In 1996, she left and was appointed as a Financial Controller at the Weld Centre (M) Sdn. Bhd..

She left in 1997 to join Luxchem Trading Sdn. Bhd.. She is currently mainly responsible for overseeing the accounting and finance functions as well as formulating financial strategies for the Group.

She does not have any family relationship with any Directors and/or substantial shareholders of the Company, nor does she have any conflict of interest with the Company and its subsidiaries. She does not hold any other directorships in public companies and listed entities.

She attended all five Board of Directors' meetings held during the financial year ended 31 December 2021.

Notes :

1. ***Conviction of Offences (other than traffic offences)***

   Madam Chen Moi Kew has not convicted of any offences within the past five years.

2. ***Public Sanction or Penalty imposed***

   There were no public sanction or penalties imposed on Madam Chen Moi Kew by any relevant regulatory bodies during the financial year ended 31 December 2021.

DIRECTORS' PROFILE
cont'd

ENCIK TAUFIQ AHMAD @ AHMAD MUSTAPHA BIN GHAZALI
Independent Non-Executive Director,
Male, Malaysian, 74 year-old

Encik Taufiq Ahmad @ Ahmad Mustapha Bin Ghazali was appointed as an Independent Non-Executive Director of the Company on 13 March 2020.

He is the Chairman of the Audit and Risk Management Committee, a member of the Remuneration Committee and Nominating Committee of Luxchem Corporation Berhad.

He is a member of the Malaysian Institute of Accountants, a Fellow of the Association Chartered Certified Accountants (UK), a Fellow of the Institute of Chartered Accountants (England and Wales) and a member of the Malaysian Institute of Certified Public Accountants. He holds a Masters in Business Administration (MBA) from the University of Leicester, England and MSc in International Business Administration from School of Oriental and African Studies, University of London, England.

He has more than 30 years of professional practicing experience, including being a partner of Big Four accounting firm. His areas of specialisation are audit and financial advisory services and currently, he is a partner of an accounting practice.

He does not have any family relationship with any Directors and/or substantial shareholders of the Company, nor does he have any conflict of interest with the Company and its subsidiaries. He does not hold any other directorships in public companies and listed entities.

He attended all five Board of Directors' meetings held during the financial year ended 31 December 2021.

Notes :

1. ***Conviction of Offences (other than traffic offences), Public Sanction or Penalty imposed***

   Encik Taufiq Ahmad @ Ahmad Mustapha Bin Ghazali, being a former Director of a Public Listed Company under Bursa Malaysia Securities Berhad, was sanctioned together with the other directors of that Company by Securities Commission Malaysia ("SC") on 27 January 2022 for breach of Section 354(1)(a) of the Capital Markets and Services Act 2007 ("CMSA") (read together with Sections 369(b)(B) and 367(1) of the CMSA). Consequently, SC has imposed a reprimand and a penalty. On 23 February 2022, he appealed to the SC on the said sanctions and is waiting for a response from the SCM.

DIRECTORS' PROFILE
cont'd

MR TAN TECK KIONG
Independent Non-Executive Director,
Male, Malaysian, 64 year-old

Mr Tan Teck Kiong was appointed as an Independent Non-Executive Director of the Company on 13 March 2020.

He is the Chairman of the Nominating Committee, a member of the Audit and Risk Management Committee and Remuneration Committee of Luxchem Corporation Berhad.

He holds a B.A. Accounting Degree from the University of Kent, Canterbury, United Kingdom and a Degree in Law from the Polytechnic of Central London. He is a Barrister-at-law (Lincoln's Inn) and was called to the Malaysian Bar on 29 October 1983.

With over 30 years of working experience in legal services, he specialises in Corporate Banking and Commercial Litigation as well as Divorce matters. He began with Messrs Abdul Aziz, Ong & Co as legal assistant in 1983, Subsequently, he held the position as Senior Litigation Lawyer of Messrs Kadir, Tan & Ramli in 1985 and thereafter the Litigation Partner of Messrs Tunku Mukhrizah & Partners in 1991. He is currently the Litigation Partner of Messrs Heiley Hassan, Tan & Partners since 1999.

He is currently the Chairman of Golden Land Berhad.

He does not have any family relationship with any Directors and/or substantial shareholders of the Company, nor does he have any conflict of interest with the Company and its subsidiaries.

He attended all five Board of Directors' meetings held during the financial year ended 31 December 2021.

Notes :

1. ***Conviction of Offences (other than traffic offences)***

   Mr Tan Teck Kiong has not convicted of any offences within the past five years.

2. ***Public Sanction or Penalty imposed***

   There were no public sanction or penalties imposed on Mr Tan Teck Kiong by any relevant regulatory bodies during the financial year ended 31 December 2021.

KEY SENIOR MANAGEMENT'S PROFILE

MR TEW KAR WAI @ TEOH KAR WAI
Director/Commercial Director, PVC Division of Luxchem Trading Sdn. Bhd. ("LTSB"), Male, Malaysian, 60 year-old

Mr Tew Kar Wai @ Teoh Kar Wai was appointed as a Director of LTSB since 1 March 2010.

He obtained a General Certificate of Education from Anglo-Chinese School, Ipoh in 1978.

He joined LTSB in 1991. He is currently responsible for overseeing and managing the sales performance and operations of PVC Division of LTSB, including its two branches located in Penang and Ipoh.

He is also a director of PT. Luxchem Indonesia.

He does not have any family relationship with any Directors and/or substantial shareholders of the Company, nor does he have any conflict of interest with the Company. He does not hold any directorships in public companies and listed entities.

MR NG CHAI TEIK
Director/Commercial Director, Latex Division of Luxchem Trading Sdn. Bhd. ("LTSB"), Male, Malaysian, 49 year-old

Mr Ng Chai Teik was appointed as a Director of LTSB on 26 April 2016.

He obtained his Bachelor Degree in Polymer Technology [B. Tech] with First-Class Honours from University Science Malaysia (USM) in 1997. In 2003, he obtained the Master of Business Administration (MBA) from University Utara Malaysia (UUM).

He began his career in 1997 when he joined Asia Pacific Latex Sdn. Bhd. as Production Executive. In 1999, he left and joined Allegiance Healthcare Sdn. Bhd. as a Process Engineer. In 2002, he left and took up the position as a Technical Service Manager in LTSB. He is currently responsible for overseeing and managing the sales performance and operations of the Latex Division.

He has also been appointed as a director of Transform Master Sdn. Bhd. on 29 April 2016. On 24 August 2021, he was appointed as a Director of Lexis Corporation Sdn. Bhd., Lexis Specialties Sdn. Bhd. and Lexis Chemical Sdn. Bhd..

He does not have any family relationship with any Directors and/or substantial shareholders of the Company, nor does he have any conflict of interest with the Company. He does not hold any directorships in public companies and listed.

KEY SENIOR MANAGEMENT'S PROFILE
cont'd

MR FAN KOCK KEONG
Director of Luxchem Polymer Industries Sdn. Bhd. ("LPI"),
Male, Malaysian, 55 year-old

Mr Fan Kock Keong was appointed as a Director of LPI since 1 March 2010.

He obtained his Bachelor of Engineering (Honours) – Chemical from the University of Malaya, Kuala Lumpur in 1991. He has been a member of the Board of Engineers, Malaysia since 1994 and a Member of the Institution of Engineers Malaysia since 2001.

He began his career in 1991 when he joined Toray Plastic (M) Sdn. Bhd. as a Chemical Engineer. In 1996, he left and joined Hypak Sdn. Bhd. as an Assistant Production Manager. In 1997, he left and took up the position of Production Manager in Olympic Cable Co. Sdn. Bhd..

He left in 2003 to join LPI as a Plant Manager. He is currently responsible for leading, overseeing and managing LPI.

Mr Fan has tendered his resignation as the Director of LPI and his last day of employment with LPI will be 31 March 2022. In light of his in depth knowledge and experience, he will be engaged as Technical Advisor under contract for service of LPI after 31 March 2022.

He does not have any family relationship with any Directors and/or substantial shareholders of the Company, nor does he have any conflict of interest with the Company. He does not hold any directorships in public companies and listed entities.

MR JOSEPH TJENDRA
President Director of PT. Luxchem Indonesia ("PTLI"),
Male, Indonesian, 48 year-old

Mr Joseph Tjendra was appointed as a Director of PTLI since 2 January 2012.

He obtained his Bachelor of Business – Management from the University of Tarumanagara, Jakarta in 1997 and began his career in 1997 when he joined Mitsui & Co., Ltd. as a Sales Executive of First Plastic Division. In year 2003, he took up the position in PT. Ustrada Sakti Supplies as a Sales Manager of PVC Division and under the same group company, he was also assigned as Sales Manager of PT. Indo Lysaght until the end of 2011. In 2012, he decided to join PTLI as a Marketing Director. On 1 August 2017, he was appointed as President Director of PTLI.

He is currently responsible for daily operations in PTLI, and leading the company to achieve its direction, vision and mission.

He is the spouse of Ms Trisia Claudia. He does not have any conflict of interest with the Company nor does he hold any other directorships in public companies and listed entities.

KEY SENIOR MANAGEMENT'S PROFILE
cont'd

MS TRISIA CLAUDIA
Finance Director of PT. Luxchem Indonesia ("PTLI"),
Female, Indonesian, 49 year-old

Ms Trisia Claudia was appointed as a Director of PTLI since 11 October 2011.

She obtained her Bachelor of Business – Management from the University of Atma Jaya, Jakarta in 1995 and was also active as a Student Senate member until she graduated.

She began her career in 1995 when she joined Mitsui & Co., Ltd. as a Secretary to the General Manager of Chemical Division. She continued her position as a Secretary and Marketing Assistant when Mitsui & Co., Ltd. changed the company status from Representative Office to Foreign Investment Company called PT. Mitsui Indonesia in year 2000. She left in 2007 and established a new company called PT. Atraco Maju Sejahtera as a Finance Director.

In October 2011, PT. Atraco Maju Sejahtera and Luxchem Corporation Berhad agreed to establish a Joint Venture Company called PTLI and she also remains her position as a Finance Director in the company.

She is currently responsible for leading, directing, overseeing and managing finance and administrative matters of PTLI.

She is the spouse of Mr Joseph Tjendra. She does not have any conflict of interest with the Company nor does she hold any other directorships in public companies and listed entities.

MR PANG TEE KING
Director of Luxchem Polymer Industries Sdn. Bhd. ("LPI"),
Male, Malaysian, 56 year-old

Mr Pang Tee King was appointed as a Director of LPI on 25 March 2019.

He obtained his Bachelor of Business Administration – Marketing in 1989 and Master of Arts – Economics in 1992 from Eastern Michigan University, United States of America.

He began his career in 1992 when he joined Southern Products Marketing Sdn. Bhd. as Marketing Executive. He left the company in 1996 as Marketing Manager and joined Equal Definite Sdn. Bhd. as a Business Development Manager. In 1999, he started an import and export trading company, Jed Timur Import-Export Sdn. Bhd. as a Managing Director. He took up the position as a Business Development Manager in Luxchem Trading Sdn. Bhd. in 2001. He is currently responsible for overseeing and managing the sales performance and operations of the FRP and Coating Division.

He does not have any family relationship with any Directors and/or substantial shareholders of the Company, nor does he have any conflict of interest with the Company. He does not hold any directorships in public companies and listed entities.

KEY SENIOR MANAGEMENT'S PROFILE

cont'd

MR CHUAH KIM PIEW

Company Director of Lexis Chemical Sdn. Bhd. ("Lexis Chemical"),
Lexis Specialties Sdn. Bhd. ("Lexis Specialties") and Lexis Corporation Sdn. Bhd. ("Lexis Corporation"),
Male, Malaysian, 50 year-old

Mr Chuah Kim Piew is the co-founder and Director of Lexis Chemical, Lexis Specialties and Lexis Corporation respectively. Luxchem Corporation Berhad acquired 55% equity interest of Lexis Chemical, Lexis Specialties and Lexis Corporation on 24 August 2021.

As the key person of the Company, he is responsible for the overall strategic business direction and growth of the Company.

He obtained his Bachelor of Science Degree, majoring in Chemistry from University of Malaya in 1996. He started his career as a R&D chemist with a Japanese brand's paint manufacturing company.

In 2002, he joined a multinational specialties chemical company as the regional Technical Service Manager. He was later promoted as the Technical Service Director of Asia in 2008 and was based in Shanghai, China. After 10 years with the specialties chemical company, he returned to Malaysia to join a chemical company as a Senior Technical Service Manager.

Armed with his technical knowledge and more than 20 years of experience in the chemical manufacturing industry, he had successfully built the Company to become one of the specialties chemical market leader for rubber gloves industry in less than five years, together with another co-founder, Mr Lee Juinn Yong.

He does not have any family relationship with any Directors and/or substantial shareholders of the Company, nor does he have any conflict of interest with the Company. He does not hold any directorships in public companies and listed entities.

KEY SENIOR MANAGEMENT'S PROFILE
cont'd

MR LEE JUINN YONG
Executive Director of Lexis Chemical Sdn. Bhd. ("Lexis Chemical"),
Lexis Specialties Sdn. Bhd. ("Lexis Specialties") and Lexis Corporation Sdn. Bhd. ("Lexis Corporation"),
Male, Malaysian, 44 year-old

Mr Lee Juinn Yong is the co-founder and Director of Lexis Chemical, Lexis Specialties and Lexis Corporation respectively. Luxchem Corporation Berhad acquired 55% equity interest of Lexis Chemical, Lexis Specialties and Lexis Corporation on 24 August 2021.

He obtained his Bachelor Degree (Honours) In Technology Management majoring in Marketing from Universiti Teknologi Malaysia in 2001.

He started his career in 2001 as Sales Engineer for a US based company focusing in sales of industrial products. For career advancement, he left the company in 2005 and joined a multinational company as Country Manager, specialised in the sales of chemicals for coating business. In 2009, after accumulated many years of sales management experience, he joined another company as Business Development Manager with focus in the sales of specialty chemical for rubber glove industry. During these years, he accelerated sales management, operation and development experience, gained invaluable knowledge of the rubber glove market, and build his reputation and network in the industry.

Pursuing his entrepreneurial dream, he then decided in year 2016 to start his own business and co-founded Lexis Chemical together with Mr Chuah Kim Piew. Both Mr Lee and Mr Chuah Kim Piew also jointly set up Lexis Specialties and Lexis Corporation in the later years.

With his vast experience in sales & marketing, proven track performance, leadership and passion for continuous improvement, Mr Lee now plays an important role in accelerating sales growth and transforming Lexis Chemical from a new setup to a recognizable player in the rubber glove industry within a short period of time.

He does not have any family relationship with any Directors and/or substantial shareholders of the Company, nor does he have any conflict of interest with the Company. He does not hold any directorships in public companies and listed entities.

Notes :

1. ***Conviction of Offences (other than traffic offences)***

   None of the Key Senior Management has convicted of any offences within the past five years.

2. ***Public Sanction or Penalty imposed***

   There were no public sanction or penalties imposed on the Key Senior Management by any relevant regulatory bodies during the financial year ended 31 December 2021.

MANAGEMENT DISCUSSION AND ANALYSIS

Dear Valued Shareholders,

ON BEHALF OF THE BOARD OF DIRECTORS OF LUXCHEM CORPORATION BERHAD, IT IS MY PLEASURE TO PRESENT TO YOU THE MANAGEMENT DISCUSSION AND ANALYSIS ("MDA") ON THE GROUP. THE OBJECTIVE OF THIS MDA IS TO PROVIDE SHAREHOLDERS WITH A BETTER UNDERSTANDING AND AN OVERVIEW OF THE GROUP'S BUSINESS, OPERATIONS, FINANCIAL POSITION IN THE YEAR 2021 AND OUTLOOK FOR THE YEAR 2022.

A. GROUP STRUCTURE

Luxchem Corporation Berhad ("LCB") is an investment holding company, with the following subsidiaries:

- Luxchem Trading Sdn. Bhd. ("LTSB")
- Luxchem Polymer Industries Sdn. Bhd. ("LPI")
- Transform Master Sdn. Bhd. ("TMSB")
- Chemplex Composite Industries (M) Sdn. Bhd. ("CCI")
- PT. Luxchem Indonesia ("PTLI")
- Luxchem Trading (S) Pte Ltd ("LTSPL")
- Luxchem Vietnam Company Limited ("LVCL")
- Lexis Corporation Sdn. Bhd. ("Lexis Corporation") *
- Lexis Chemical Sdn. Bhd. ("Lexis Chemical") *
- Lexis Specialties Sdn. Bhd. ("Lexis Specialties") *

* On 24 August 2021, the Company completed the acquisition of 55% equity interest each in Lexis Chemical, Lexis Specialties and Lexis Corporation. Accordingly, Lexis Chemical, Lexis Specialties and Lexis Corporation are now subsidiaries of the Company. The effect of business combination has been reflected in this report using the latest available financial information of Lexis Chemical, Lexis Specialties and Lexis Corporation as at 31 August 2021. All the income and expenses prior to this date would be accounted for as pre-acquisition reserve.

B. OVERVIEW OF LCB BUSINESS ACTIVITIES

The Group has two reportable business segments comprising:

1. Trading

Trading activities comprising mainly of import, export and distribution of petrochemical and other related products and these activities are carried out by LTSB, PTLI, LTSPL, Lexis Specialties and LVCL.

Our products are mainly sold to manufacturers in the Latex, Fibreglass Reinforced Plastic ("FRP"), Polyvinyl Chloride ("PVC"), Rubber, Coating and Ceramic industries.

29% of trading revenue (before inter-segment revenue) for FYE 2021 was contributed by export sales.

Our objectives are to remain focused on the Latex, FRP, PVC, Rubber and Coating industries. Within these industries, we will expand our product range, to continuously source from reliable suppliers for higher quality products and to increase our customer base, both locally and overseas.

MANAGEMENT DISCUSSION AND ANALYSIS
cont'd

B. OVERVIEW OF LCB BUSINESS ACTIVITIES *cont'd*

2. Manufacturing

Manufacturing activities comprised the following:

(i) Manufacturing and trading of Unsaturated Polyester Resin ("UPR") and related products;
This activity is carried out by LPI.

(ii) Manufacturing and trading of latex chemical dispersions, latex processing chemicals and specialty chemicals for the rubber gloves industry; and
This activity is carried out by TMSB.

(iii) Manufacturing and trading of former cleaning agents, powder free coagulants and polymer coatings. These chemicals are mostly used in the rubber gloves industry.
This activity is carried out by Lexis Chemical.

Approximately 41% of our manufacturing segment revenue (before inter-segment revenue) for FYE 2021 was contributed by export sales. Our major exporting countries for our manufacturing segment are Vietnam, Thailand, China, Indonesia, Australia, Sri Lanka and Bangladesh.

Our objectives are to increase our capacity utilisation, improve our plant efficiencies and to improve our margins through close monitoring of raw material price trends. We will study market carefully and expand our capacity further if it is justified.

C. GROUP FINANCIAL PERFORMANCE

The Group performed well for FYE 2021.

Despite the challenges caused by Covid-19 pandemic, the Group achieved higher revenue and profit after tax.

This was attributable to higher selling prices, stable foreign currency exchange rates, higher recoveries and lower impairments of trade receivables. The acquisition and consolidation of Lexis Group of Companies further contributed to our growth in revenue and profit after tax.

Financial performance of the Group

	2021 RM	2020 RM	CHANGES RM	CHANGES %
Revenue	924,276,387	726,264,486	198,011,901	27.26%
Cost of sales	(786,474,586)	(632,353,552)	(154,121,034)	24.37%
Gross profit	137,801,801	93,910,934	43,890,867	46.74%
Other operating income	3,841,596	4,395,840	(554,244)	-12.61%
Selling and distribution costs	(11,497,921)	(5,769,187)	(5,728,734)	99.30%
Administrative expenses	(28,512,711)	(23,621,412)	(4,891,299)	20.71%
Other operating expenses	(3,419,147)	(1,188,316)	(2,230,831)	187.73%
Net gain/(loss) on impairment of financial assets	3,313,922	(2,618,666)	5,932,588	(2.27)
Operating profit	101,527,540	65,109,193	36,418,347	55.93%
Finance costs	(3,136,781)	(2,586,116)	(550,665)	21.29%
Profit before Tax	98,390,759	62,523,077	35,867,682	57.37%
Taxation	(24,357,688)	(15,577,303)	(8,780,385)	56.37%
Profit for the period	**74,033,071**	**46,945,774**	**27,087,297**	**57.70%**

MANAGEMENT DISCUSSION AND ANALYSIS
cont'd

C. GROUP FINANCIAL PERFORMANCE *cont'd*

Financial performance of the Group *cont'd*

Revenue

The Group's revenue for FYE 2021 has increased by RM198.01 million or 27.26% as compared to FYE 2020. The increase in Revenue was attributable to :

i) Higher selling prices during FYE 2021
ii) Revenue from Lexis group of companies

Gross Profit

The Group's gross profit for FYE 2021 increased RM43.89 million or 46.74% as compared to FYE 2020. The higher gross profit achieved was due to :

i) Higher Revenue during FYE 2021
ii) Higher gross profit margin from PTLI
iii) Gross profit from Lexis group of companies

Operating Profit

The Group's operating profit for FYE 2021 increased RM36.42 million or 55.93% as compared to FYE 2020. The higher operating profit was mainly due to higher gross profit during FYE 2021.

Profit After Tax

The Group achieved profit after tax of RM74.03 million, an increase of RM27.09 million from FYE 2020. This was mainly due to higher gross profit.

D. OPERATIONS & FINANCIAL PERFORMANCE BY BUSINESS SEGMENTS

1. SEGMENT : MANUFACTURING

Overview - Manufacturing

The performance of the Manufacturing segment in FYE 2021 as compared to FYE 2020 is summarised below:

	MANUFACTURING SEGMENT			
	2021 RM	2020 RM	CHANGES RM	CHANGES %
Total revenue	372,132,590	273,337,496	98,795,094	36.14%
Inter-segment revenue	(165,649,909)	(143,356,019)	(22,293,890)	15.55%
External sales	206,482,681	129,981,477	76,501,204	58.86%
Results				
Segment results	41,260,535	32,446,777	8,813,758	27.16%
Dividend,interest and rental income	548,986	153,831	395,155	256.88%
Operating profit	41,809,521	32,600,608	9,208,913	28.25%
Finance costs	(570,252)	(79,189)	(491,063)	620.12%
Profit before taxation	41,239,269	32,521,419	8,717,850	26.81%
Taxation	(10,191,090)	(7,680,861)	(2,510,229)	32.68%
Profit for the financial year	31,048,179	24,840,558	6,207,621	24.99%

MANAGEMENT DISCUSSION AND ANALYSIS
cont'd

D. OPERATIONS & FINANCIAL PERFORMANCE BY BUSINESS SEGMENTS *cont'd*

1. SEGMENT : MANUFACTURING *cont'd*

Overview - Manufacturing *cont'd*

Manufacturing revenue, net of inter-company transactions, increased to RM206.48 million, an increase of RM76.50 million or 58.86% as compared to FYE 2020. This increase was due to increase in LPI revenue, as well as revenue from Lexis Chemical.

Profit after tax from the Manufacturing segment for FYE 2021 increased RM6.21 million as compared to FYE 2020 mainly due to higher operating profit.

Manufacturing Unsaturated Polyester Resin ("UPR")

This manufacturing activity including the marketing of UPR are carried out by LPI, under the brand name POLYMAL.

Our various UPR grades are used in a wide range of applications such as FRP composites, land and sea transportation, industrial equipment and structures, construction, electricals, safety equipment, anti-corrosion vessels, household furniture, architectures, flooring, and coating applications.

LPI started operations in 1997 and is located in Taman Teknologi Cheng, Melaka. We have obtained the following certifications:

- ISO9001:2015
- ISO14001:2015
- ISO45001:2018

Our products are sold locally and internationally.

For sales to domestic markets, LPI's distribution channel is through LTSB. For exports to Indonesia, LPI distributes through PTLI whereas sales to other countries are exported directly by LPI.

Our production capacity now is 40,000MT, utilisation for FYE 2021 was about 65%.

In order to sustain our business growth, LPI's strategies include the following:

- Product development
- Development of overseas markets
- Close monitoring of USD/RM exchange rates
- Prompt collection of export proceeds

Manufacturing rubber latex chemical dispersions, latex processing chemicals and specialty chemicals for latex industry

This manufacturing activity including the marketing of rubber latex chemical dispersions, latex processing chemicals, latex surfactant, dispersant and specialty chemicals for the latex industry are carried out by TMSB.

TMSB started its operations in 2011 and is located in Sitiawan, Perak. We have obtained the following certifications:

- ISO9001:2015
- ISO14001:2015

TMSB's production capacity in FYE 2021 was 27,600 MT and had achieved the utilisation rate of 63%.

TMSB will focus on improvement of operational efficiencies and utilisation rates.

MANAGEMENT DISCUSSION AND ANALYSIS
cont'd

D. OPERATIONS & FINANCIAL PERFORMANCE BY BUSINESS SEGMENTS *cont'd*

1. SEGMENT : MANUFACTURING *cont'd*

Manufacturing of industrial cleaning agents, polymer coatings, coagulants, specialties chemicals and additives for the rubber glove industry

This manufacturing of industrial cleaning agents, polymer coatings, coagulants, specialties chemicals and additives for the rubber glove industry are carried out by Lexis Chemical.

Lexis Chemical was established in early year 2016 as a total solution provider for rubber glove industries in Malaysia and international markets. Lexis Chemical is located at Kapar, Selangor.

Lexis Chemical has obtained the following certification : -

- ISO 9001:2015

Lexis Chemical production capacity in FYE 2021 was 31,200 MT and had achieved the utilisation rate of 92%

In order to sustain its business growth, Lexis Chemical strategies include the following:-

- Product Development, including building a double-storey R&D Centre.
- Continue to expand in local and overseas market.

2. SEGMENT : TRADING

Marketing and distribution of industrial chemicals and materials

This activity is carried out by LTSB, Lexis Specialties, PTLI, LTSPL and LVCL.

The performance of Trading segment in FYE 2021 as compared to FYE 2020 is summarised below:

	TRADING SEGMENT			
	2021 RM	2020 RM	CHANGES RM	CHANGES %
Total revenue	725,575,466	598,510,618	127,064,848	21.23%
Inter-segment revenue	(7,781,760)	(2,227,609)	(5,554,151)	249.33%
External sales	717,793,706	596,283,009	121,510,697	20.38%
Results				
Segment results	59,248,645	31,979,974	27,268,671	85.27%
Dividend,interest and rental income	1,232,527	874,412	358,115	40.95%
Operating profit	60,481,172	32,854,386	27,626,786	84.09%
Finance costs	(2,566,529)	(2,506,927)	(59,602)	2.38%
Profit before taxation	57,914,643	30,347,459	27,567,184	90.84%
Taxation	(13,974,362)	(7,790,342)	(6,184,020)	79.38%
Profit for the financial year	43,940,281	22,557,117	21,383,164	94.80%

Under Trading segment, our activities are import, export and distribution of petrochemical and other related products to the Latex, Fibreglass Reinforced Plastic ("FRP"), Polyvinyl Chloride ("PVC"), Rubber, Coating and Ceramic industries.

MANAGEMENT DISCUSSION AND ANALYSIS
cont'd

D. OPERATIONS & FINANCIAL PERFORMANCE BY BUSINESS SEGMENTS *cont'd*

2. SEGMENT : TRADING *cont'd*

Marketing and distribution of industrial chemicals and materials *cont'd*

The major products are as follows:

- Synthetic latex
- Latex chemical
- Rubber chemicals
- Polymer resins and fibreglass materials
- PVC resins, plasticizers and additives

In FYE 2021, revenue from Trading segment increased RM121.51 million or 20.38% as compared to FYE 2020.

The increase was mainly due to higher revenue from LTSB.

Profit After Tax ("PAT") increased RM21.38 million due to higher PAT from LTSB and PTLI.

Strategies

In order to remain competitive, our strategies include the following:

- Keeping stocks at optimum levels
- Ensuring prompt collection from customers
- Close monitoring of foreign currency exposures and exchange rates
- Expanding our product range

E. REVENUE BY GEOGRAPHICAL SEGMENTS

	2021	2020	Changes	
Country	RM	RM	RM	%
Malaysia	**608,777,164**	**511,212,542**	**97,564,622**	**19.08%**
Indonesia	99,921,743	86,177,969	13,743,774	15.95%
Vietnam	86,602,307	77,703,376	8,898,931	11.45%
Thailand	38,942,790	22,414,400	16,528,390	73.74%
China	24,986,712	28,292	24,958,420	88215.99%
Singapore	25,497,722	5,833,725	19,663,997	337.07%
Australia	11,444,475	4,179,896	7,264,579	173.80%
Sri Lanka	6,986,264	3,542,007	3,444,257	97.24%
Bangladesh	6,745,416	4,585,919	2,159,497	47.09%
New Zealand	4,223,785	2,837,036	1,386,749	48.88%
Philippines	2,957,144	3,466,137	(508,993)	-14.68%
Hong Kong	1,776,817	155,245	1,621,572	1044.52%
Cambodia	1,441,289	1,398,233	43,056	3.08%
Others	3,972,759	2,729,708	1,243,051	45.54%
Total exports	**315,499,223**	**215,051,944**	**100,447,279**	**46.71%**
Total	**924,276,387**	**726,264,486**	**198,011,901**	**27.26%**

MANAGEMENT DISCUSSION AND ANALYSIS
cont'd

E. REVENUE BY GEOGRAPHICAL SEGMENTS *cont'd*

In FYE 2021, local sales increased RM97.56 million or 19.08%. This was mainly due to higher sales from LTSB.

Export revenue increased RM100.45 million or 46.71% as compared to FYE 2020.

The increase in export revenue was due to increase in PTLI sales and increase in exports from LPI, LTSB and LCSB.

F. OUTLOOK

For FYE 2022, we expect similar challenging factors to continue to affect our operations due to USD/RM fluctuations, raw material price fluctuations, raw material demand and supply situations, keen competition and Covid-19 pandemic.

While the Group is closely monitoring these external uncontrollable factors, we will improve our productivity and efficiency to achieve better results.

In our trading segment, we will strive to improve our quality of service to customers by providing technical advice to customers, sourcing higher quality raw materials and closely monitoring raw materials prices as well as supply and demand trends.

In our manufacturing segment, we will focus on product development to increase our product range to existing customers as well as to increase our customer base.

The Group also continues to upgrade the IT system to improve operational efficiency.

The prospects for LCB in FYE 2022 will remain to be challenging. However, we are cautiously optimistic that our Group will continue to expand and strive for better performance and results.

SUSTAINABILITY REPORT

SUSTAINABILITY DIRECTION

In 2021, the Group continues its transitional journey through fine-tuning and aligning its business and operational decisions as well as activities towards a sustainable organisation.

The Group embraces three major sustainability pillars as follows:

- Environment protection and safeguarding
- Caring and responsible employer
- Responsible business practices and conducts

The three pillars are important in delivering high quality products and services of the Group to our customers.

REPORTING PERIOD

This Sustainability Report covers the initiatives taken by the management for the financial year ended 31 December 2021 (“FY 2021”).

THE SCOPE

The scope of sustainability management shall be applicable to Luxchem Trading Sdn. Bhd. (“LTSB’), Luxchem Polymer Industries Sdn. Bhd. (“LPI”) and Transform Master Sdn. Bhd. (“TMSB”), which are the three major subsidiaries of the Group operating in Malaysia.

GROUP SUSTAINABILITY MANAGEMENT STRUCTURE

Managing the sustainability in the Group requires involvement and participation from all the employees. From Directors to Heads of Department, the sustainability roles and responsibilities are set as follows:

- The Board of Directors (“Board”) shall review the Group sustainability matters quarterly and continue to provide advice and direction of overall sustainability in the Group in addition to approving sustainability report.

- Managing Director/Chief Executive Officer of the Group is leading and driving the sustainability initiatives of the Group, including advising, discussing, reviewing and monitoring the progress of the sustainability matters.

- The sustainability managers are generally the Heads of Subsidiaries, Divisions, Departments and Branches who are tasked or responsible for assessing and identifying sustainability factors, undertaking actions necessary to address sustainability concerns and reporting the progress to the Managing Director or Board.

The Group believes that the sustainability structure above will be able, and necessary, to drive the sustainability efforts and results of the Group in this aspect.

SUSTAINABILITY REPORT
cont'd

STAKEHOLDERS' ENGAGEMENT

Since the setting of the material sustainability matters for the Group in 2018, The Group has reviewed and refined the overall sustainability focuses as follows:

Stakeholder / Interested parties	Engagement Efforts	Sustainability Management		
		Environment Interest	Economic Interest	Social Interest
Customers	Sales visits, appreciation visits, compliance audits, customer satisfaction surveys and trade exhibitions.	Align to/ comply with statutory and regulatory requirements on safeguarding and protection of environment.	Product pricing and quality, technical and after sales support.	Align to / comply with human rights, business integrity, employee welfare, safety and health compliance.
Employees	Appraisals, orientation, open-door communication, meetings, appreciation and recreational activities.		Financial and job stability, job enrichment, career progression, rewards and recognition.	
Suppliers, Principals / Agencies	Supplier visits and correspondences, product trainings and meetings, market / product feedback.		Financial stability, product sales performance and brand awareness.	Social Responsibility and compliance with business ethic.
Government Agencies	Correspondences, audits, inspection, seminar and dialogue sessions.		Regulatory compliance, job creation, and labour productivity.	
Shareholders & Investors	Annual General Meetings, interviews, company website and annual reports.		Returns on investment, sustainable business growth.	

With the stakeholders' Analysis, our sustainability efforts can be planned, initiated, managed, and incorporated in our business activities and operations.

SUSTAINABILITY REPORT
cont'd

MANAGING MATERIAL SUSTAINABILITY MATTERS

Customers

Our sustainability initiative/activities with regards to our customers are as follows:

<table>
<tr><th colspan="2">Environment Interest</th></tr>
<tr><th>Trading Segment</th><th>Manufacturing Segment</th></tr>
<tr><td>• Promote and supply the products that meet customers' environmental requirements and product specifications.
• Coordinate product / chemical testing and address customer's concern promptly.
• Commit to customer environmental audit / compliance request. Ensure that important suggestions made to us are being considered and acted on.
• Keep abreast with the pricing information in the market and maintain a competitive pricing strategy while staying on positive profit margin.</td><td>• Comply with Environment Quality Act, 1974. All industrial wastes are handled as per Environmental Quality (Scheduled Wastes) Regulation 2005.
• Proper air pollution control system is in place to comply with the Environmental Quality (Clean Air) Regulation 2004.
• Reduce environmental pollutants through upgrading our systems of work and processes.
• Align to, improve on or comply with environment certification systems: ISO 14001:2015 and ISO 45001:2018.</td></tr>
<tr><th colspan="2">Economic Interest</th></tr>
<tr><th>Trading Segment</th><th>Manufacturing Segment</th></tr>
<tr><td>• Gauge our customer satisfaction level regularly and resolve issues quickly and effectively.
• Gauge the performance of our trade suppliers and service providers in order to ensure quality products and services to us as well as our customers.
• Participate in conference and exhibition for enhancing our branding.</td><td>• Improve work efficiency and efficiency through automation, application / upgrade of information system and employee development which bring about better productivity, quality and services to our customers.</td></tr>
<tr><td colspan="2">• Maintain our ISO 9001:2015 certifications in our Trading and Manufacturing Segments</td></tr>
<tr><th colspan="2">Social Interest</th></tr>
<tr><th>Trading Segment</th><th>Manufacturing Segment</th></tr>
<tr><td colspan="2">• Establish, review and update of workforce policy confirming Group's stand on child labour, forced labour and other important labour practices.
• Establish, review, update and implement policies relating to Section 17A of Malaysian Anti-Corruption Commission Act 2009 ("MACC Act 2009").
• Comply with Personal Data Protection Act 2010.</td></tr>
</table>

SUSTAINABILITY REPORT
cont'd

MANAGING MATERIAL SUSTAINABILITY MATTERS *cont'd*

Employees

As the main driving force of the Group's businesses, employee sustainability matters will be one of the main sustainability focuses. Our workforce composition and diversity information are available in this Annual Report. Employee sustainability focuses are as follows:

<table>
<tr><th colspan="2">Environment Interest</th></tr>
<tr><th>Trading Segment</th><th>Manufacturing Segment</th></tr>
<tr><td>• Promote and incorporate environment-friendly work habits in daily work of the employee: Reuse, Reduce and Recycle.</td><td>• Train and develop environmental and waste management professionals.</td></tr>
<tr><th colspan="2">Economic Interest</th></tr>
<tr><th>Trading Segment</th><th>Manufacturing Segment</th></tr>
<tr><td colspan="2">• Establish, review and update of appropriate job grading structure and salary ranges for the segments so as to ensure that salaries are competitive with the market and career progression can be planned structurally and strategically.
• Review, improve and implement employee benefits as well as rewards and recognition programmes for achieving greater employee engagement.
• Upskill and develop employees on work competencies and knowledge as well as supporting employee on educational programmes.
• Plan and execute annual and recreational activities for employees across the Group.
• Establish Anti-Bribery and Anti-Corruption Policy and Whistleblowing Policy.</td></tr>
<tr><th colspan="2">Social Interest</th></tr>
<tr><th>Trading Segment</th><th>Manufacturing Segment</th></tr>
<tr><td colspan="2">• Comply with the prevailing labour legislatives and implement recommendations from labour audits accordingly.
• Establish and update of workforce policy confirming Group's stand on child labour, forced labour and other important labour practices.
• Build and foster culture of trust between management and employees through barrier-free and open communication. We strive for a better and inclusive work culture as a Group.
• Establish and implement safety policy and programme for cultivating and promoting safety first culture.</td></tr>
</table>

Our average training hours per employee for the past 3 years as follows:

Year	2021	2020	2019	2018
Average Training Hours Per Employee*	20.11	7.19	15.16	12.69

*LTSB + LPI + TMSB

In addition, our Group has zero work fatality for the past 3 years:

Year	2021	2020	2019	2018
Number of work fatality*	0	0	0	0

*LTSB + LPI + TMSB

SUSTAINABILITY REPORT
cont'd

MANAGING MATERIAL SUSTAINABILITY MATTERS *cont'd*

Suppliers, Principals/Agencies

In our trading business, trade suppliers are pivotal in ensuring that the products and services to our customers are up to standards and expectation.

<table>
<tr><th colspan="2">Environment Interest</th></tr>
<tr><th>Trading Segment</th><th>Manufacturing Segment</th></tr>
<tr><td>• As a trader of chemical supplies, ensure that customers and Company requirements of the products and services are communicated to the suppliers.
• Coordinate product testing with suppliers' to ensure products meet the set specification and environmental requirements of the Customer's.</td><td>• Source for chemical raw materials and produce chemical products that meet the specification and the environmental requirements for our manufacturing products.</td></tr>
<tr><th colspan="2">Economic Interest</th></tr>
<tr><th>Trading Segment</th><th>Manufacturing Segment</th></tr>
<tr><td>• Provide feedback from customers to suppliers, principals/agencies on the product performance for product improvement/betterment.
• Attend product training/briefing organised by the suppliers.
• Resolve customer complaints with suppliers quickly and efficiently.</td><td>• Keep abreast with new or alternate chemical raw materials in the market that has better features.</td></tr>
<tr><th colspan="2">Social Interest</th></tr>
<tr><th>Trading Segment</th><th>Manufacturing Segment</th></tr>
<tr><td colspan="2">• Establish, review, update and implement policies relating to Section 17A of MACC Act 2009.</td></tr>
</table>

SUSTAINABILITY REPORT
cont'd

MANAGING MATERIAL SUSTAINABILITY MATTERS *cont'd*

Shareholders/Investors

The Group believes in bringing good value to our shareholders and investors. With this in mind, our sustainability focuses are:

<table>
<tr><th colspan="2">Environment Interest</th></tr>
<tr><th>Trading Segment</th><th>Manufacturing Segment</th></tr>
<tr><td colspan="2">• Align to / comply with the environmental laws and regulations as stated.
• Explore the applicability of green energy technology in our trading and manufacturing segment.</td></tr>
<tr><th colspan="2">Economic Interest</th></tr>
<tr><th>Trading Segment</th><th>Manufacturing Segment</th></tr>
<tr><td colspan="2">• Hold Annual General Meeting, Extraordinary General Meeting (If necessary) and Analyst Briefing so as to ensure effective communication with the stakeholders / investors of matters important to them.
• Comply with Main Market Listing Requirements and to make announcement with Bursa Securities within the stipulated timeframe that investor would consider important in making an investment decision.
• Regular review and update of Group's website so that the shareholders and investors are provided with or able to access latest information from our website.
• Expand the Group's business in terms of product portfolio and operation excellence so as to ensure the sustainable growth of the Group's business.
• Seek to expand group's corporate structure from time to time for ensuring continuous growth and expansion.</td></tr>
<tr><th colspan="2">Social Interest</th></tr>
<tr><th>Trading Segment</th><th>Manufacturing Segment</th></tr>
<tr><td colspan="2">• Establish, review, update and implement policies relating to Section 17A of MACC Act 2009.
• Elevate and emphasise work professionalism and business ethic in the Group through Code of Best Practices exercise for directors, key management personnel, heads of department and sales personnel.
• To provide investor relationship feedback.
• Comply with Personal Data Protection Act 2010.</td></tr>
</table>

Our dividend payout record for the last three years as follows:

Year	2020	2019	2018
Dividend payout expressed in percentage to Profit After Tax	62%	55%	52%

In the past 3 years, there is zero whistleblowing report to our Internal Audit as follows:

Year	2021	2020	2019
Number of Whistleblowing Report received by Internal Auditor	0	0	0

MANAGING MATERIAL SUSTAINABILITY MATTERS *cont'd*

Government Agencies

The Group is operating and supporting highly regulated industries and environment. As such, laws and regulations compliance are important in our business. Our sustainability focuses in this aspect are:

<table>
<tr><th colspan="2">Environment Interest</th></tr>
<tr><th>Trading Segment</th><th>Manufacturing Segment</th></tr>
<tr><td colspan="2">• Align to/comply with the environmental laws and regulations as stated.
• Explore the applicability of green energy technology in our trading and manufacturing segment.</td></tr>
<tr><th colspan="2">Economic Interest</th></tr>
<tr><th>Trading Segment</th><th>Manufacturing Segment</th></tr>
<tr><td colspan="2">• Provide Group's statistical information regularly to the government / statistic department.</td></tr>
<tr><th colspan="2">Social Interest</th></tr>
<tr><th>Trading Segment</th><th>Manufacturing Segment</th></tr>
<tr><td colspan="2">• Comply with labour laws and regulations including implementing suggestions from labour authorities and etc.
• Align to / comply with safety and health regulations.
• Provide internship opportunity for unemployed / undergraduates.
• Keep abreast and comply with the laws and regulations, e.g. Companies Act 2016, Main Market Listing Requirements, Securities Commission Malaysia ("SC") and etc.</td></tr>
</table>

MANAGEMENT OF SUSTIANABILITY MATTERS IN 2021

In 2021, the Covid-19 pandemic situation was turning to worst from the previous year. The infection and death cases were skyrocketed. Strict lockdown and roadblocks were imposed in many parts of Malaysia. Stricter rules and Standard Operating Procedures ("SOPs") were imposed across all sectors and vaccination pace was quicken by the Government to fight against the pandemic.

The demands from our glove manufacturers remained robust and encouraging, however, the Group's operations were affected considerably due to strict operating rules.

Despite the challenging time, the Group continued to play its pandemic-fighting roles by adhering to the rules and SOPs imposed by the Government strictly, operated within approvals and ensured all of the subsidiaries and operating units complied with the SOPs stringently. Management established guidelines and reporting channel, communicated promptly and speedily with all the Heads, ensured all levels of employees were inoculated, monitored cases in all the workplaces and made quick decisions in handling the situation efficiently without jeopardising the safety and health of the employees while operating.

ENVIRONMENTAL

- The Company had undertaken the project of switching the diesel fuel to natural gas for its plant in Melaka. The gas pipeline and metering station have been completed. The project is estimated to complete and operational by 1st quarter of 2022. It is expected that the project will be beneficial to the plant in reducing the energy cost and reducing the CO_2 generation.

- The Company had begun its assessment of green technology application such as solar power in its manufacturing plants. The assessment shall continue in the year of 2022.

SUSTAINABILITY REPORT
cont'd

COMMUNITY INVESTMENT

The Company made donation through its subsidiary to Food Drive Program to help families of B40 who were adversely affected by the Covid-19 pandemic. The Company had also donated a unit of O_2 concentrator to Hospital Manjung during the high case of Covid-19 in 2021.

CONCLUSION

The Group is of the view that it has taken reasonable steps and has proper governance structure in addressing the sustainability issues during FY 2021 despite the limitations faced due to Covid-19 pandemic. Our sustainability journey and efforts shall continue in many years to come. The Group will continue to drive its sustainability ideas including new sustainability requirements from SC from time to time, and align its operations accordingly.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

The Board of Directors ("the Board") of Luxchem Corporation Berhad ("the Company") recognises the importance of corporate governance and is committed to practise it throughout the Company and its subsidiaries ("the Group") to protect and enhance the shareholders' value and the financial performance of the Group.

The Board is pleased to provide a Corporate Governance Overview Statement pursuant to Paragraph 15.25(1) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities") ("MMLR") that explains an overview of the application of the corporate governance practices of the Group during the financial year ended 31 December 2021 ("FY 2021") in this Annual Report with reference to the following three principles as set out in the Malaysian Code on Corporate Governance issued by Securities Commission Malaysia on 28 April 2021 ("MCCG"):

A. Board Leadership and Effectiveness;
B. Effective Audit and Risk Management; and
C. Integrity in Corporate Reporting and Meaningful Relationship with Stakeholders.

The Board has also provided specific disclosures on the application of each Practice in its Corporate Governance Report ("CG Report"), which was announced together with the Annual Report of the Company on 6 April 2022. Shareholders may obtain this CG Report by accessing this link www.luxchem.com.my for further details.

All the objectives, terms of reference, scope and capacity of the Board and its Board Committees are regularly reviewed and updated in the Board Charter of the Company to ensure their relevance and applicability to the changing business environment, regulatory requirements and operational compliance.

The Board is of the view that the Company has, in all material aspect, complied with majority of the Principles and Practices as set out in the MCCG. The explanations for the departures of the Principles and Practices are also provided in the CG Report. During the FY 2021, there was no whistleblowing concern being reported to the Company.

PRINCIPAL A: BOARD LEADERSHIP AND EFFECTIVENESS

(I) Board Responsibilities

The Board comprises of three Independent Directors namely, Datuk Kwan Foh Kwai, Encik Taufiq Ahmad @ Ahmad Mustapha Bin Ghazali and Mr Tan Teck Kiong in FY 2021.

The Independent Directors and its existing Board members are responsible for the overall corporate governance of the Group. In addition to their Board's responsibility, the Independent Directors also sit in the following Board Committees of the Company:

Designation	Audit And Risk Management Committee	Nominating Committee	Remuneration Committee
Chairman	Encik Taufiq Ahmad @ Ahmad Mustapha Bin Ghazali	Mr Tan Teck Kiong	Datuk Kwan Foh Kwai
Members	Datuk Kwan Foh Kwai Mr Tan Teck Kiong	Encik Taufiq Ahmad @ Ahmad Mustapha Bin Ghazali Datuk Kwan Foh Kwai	Encik Taufiq Ahmad @ Ahmad Mustapha Bin Ghazali Mr Tan Teck Kiong

The Board, leads by three Independent Directors and three Executive Directors, continues to ensure its effectiveness and to provide strong leadership to the Management of the Group by establishing the Group's objectives and targets clearly and communicating these objectives and targets across the Management in the Group. In order to ensure the businesses are being properly managed, the Board reviews and adopts its strategic plan, performs periodic review of the financial results, risk assessment and oversees the conduct of the business.

CORPORATE GOVERNANCE OVERVIEW STATEMENT
cont'd

PRINCIPAL A: BOARD LEADERSHIP AND EFFECTIVENESS *cont'd*

(I) Board Responsibilities *cont'd*

To uphold good corporate governance, the Board reviews the Board Charter periodically and makes the necessary amendments when needed to ensure that it remains relevant and consistent with the Board's objective, current law and regulations and the best practices to enable the Board to discharge its responsibilities. The Board Charter also serves as a reference for the Directors' fiduciary duties, responsibilities and the functions of the Board Committees.

The last review of the Board Charter was conducted on 10 November 2021 to take into account and reflect the changes arising from the revised MCCG issued by the Securities Commission Malaysia on 28 April 2021 and the same had published on the Company's website at www.luxchem.com.my.

The Board also defined its schedule of matters reserving key decisions to be made by the Board, which was attached together with the Board Charter. By reserving these matters, the Board ensures that the control in the Group is retained in the Board.

Nonetheless, the Board may, at its discretion, delegate consideration and/or approval of any of the reserved matters to a Committee of the Board specifically constituted for that purpose. Furthermore, the Audit and Risk Management Committee, the Nominating Committee and the Remuneration Committee shall consider and determine such matters for which they are responsible in accordance with their terms of reference in force from time to time. The Terms of Reference of the Board Committees, as annexed in the Board Charter, were reviewed and approved by the Board on 10 November 2021, with recommendations from the respective Board Committees.

The Board has also put in place a Directors' Code of Best Practice, setting out the standards of ethics and conducts needed to create good corporate behaviour. The Directors' Code of Best Practice is annexed and updated in the Board Charter which also serves as a reference for all personnel in the Group. Since FY 2019, the Board has extended the Code of Best Practice to the Group's Key Management, Heads of Department and sales personnel of the Group. Such extension promotes good corporate governance behaviours among all levels of employees in the Group.

The positions of Chairman and Managing Director/Chief Executive Officer ("MD/CEO") are separately held in ensuring balance of power, accountability and division of roles and responsibilities of the Board and Management. Nonetheless, the leadership and effectiveness of the Board are integrated into management through the MD/CEO. Board authority conferred to management is delegated to the MD/CEO. Formal position descriptions for the Chairman and MD/CEO outlining their respective roles and responsibilities are set out in the Board Charter.

In order to uphold the Board effectiveness, the Board ensures that it is supported by qualified and competent Company Secretaries. Presently, the Board is assisted by three qualified and competent Company Secretaries. One of them is a member of Malaysian Institute of Accountants whilst the other two are members of Malaysian Institute of Chartered Secretaries and Administrators. The Company Secretaries provide support to the Board in carrying out its fiduciary duties and stewardship role in shaping the standard of corporate governance of the Group. In this respect, they play an advisory role to the Board, particularly with regards to compliance with regulatory requirements, codes, guidelines, legislations and the principles of best corporate governance practices.

All Directors have unrestricted access to the advice and services of the Company Secretaries for the purposes of the Board's affairs and the business of the Group. The appointment and removal of Company Secretaries or Secretaries of Board Committees shall be the prerogative of the Board as a whole.

Further information on the roles and responsibilities carried out by the Company Secretaries during the FY 2021 are set out in Practice 1.5 of the Company's CG Report.

The Board understands that the supply, timeliness and quality of the information affect the effectiveness of the Board to oversee the conduct of business and to evaluate the Management's performance of the Group. All Board members have full and unrestricted access to all information pertaining to the Group's business and affairs, including amongst others, financial, operational and corporate matters as well as activities and performance of the Company to enable them to discharge their duties effectively.

CORPORATE GOVERNANCE OVERVIEW STATEMENT
cont'd

PRINCIPAL A: BOARD LEADERSHIP AND EFFECTIVENESS *cont'd*

(I) Board Responsibilities *cont'd*

When external advices are necessary, the requesting Director should provide proper notice to the Company Secretary of his/her intention to seek independent advice and the name(s) of the professional advisors that he or she intends to contact, together with a brief summary of the subject matter for which professional advice is sought. In the event that one or more Directors seek to appoint one or more advisors, the Chairman should take steps to facilitate discussions to arrive at a consensus.

Fees for the independent professional advice will be payable by the Company with the approval from the Chairman before engagement of such professional advice.

For avoidance of doubt, the above restriction shall not apply to Executive Directors in furtherance their executive responsibilities and within the Board's delegated powers on access to information and professional advice.

The fundamental of Directors' commitment to leadership and effectiveness is devotion of time and continuous improvement of knowledge and skillsets. The Board undertakes to meet at least four times a year, which are scheduled in advance to facilitate the Directors in planning their meeting schedule for the year. During the FY 2021, five Board meetings were held and the details of attendance of each Director at the meetings were as follows:

Name of Directors	Designation	Attendance
Datuk Kwan Foh Kwai	Independent Non-Executive Chairman	5/5
Encik Taufiq Ahmad @ Ahmad Mustapha Bin Ghazali	Independent Non-Executive Director	5/5
Mr Tan Teck Kiong	Independent Non-Executive Director	5/5
Mr Tang Ying See	Managing Director/Chief Executive Officer	5/5
Madam Chin Song Mooi	Executive Director	5/5
Madam Chen Moi Kew	Executive Director/Chief Financial Officer	5/5

Attending relevant corporate training and seminars would enable all Board members to discharge their duties more effectively during their tenure. The Board, via the Nominating Committee continues to identify and assess the training needs of the Directors from time to time.

The details of the internal/external trainings including seminars and conferences attended by Directors during the FY 2021 were as follows:

Course Title
Tricor Tax and 2022 Malaysian Budget
MAICSA Annual Conference 2021: The New Norm: Managing Disruption – Resilience and Recovery
MIA Webinar Series: MFRS 13 Fair Value Measurements Practical revision course with illustrative examples
MIA Webinar Series: Presentation of Financial Statements using MPERS
MIA Webinar Series: Corporate Liability on Corruption under Section 17A of the MACC Act 2009
MIA Webinar Series: Securities Commission Guidelines on the Conduct of Directors of Listed Corporations and Their Subsidiaries
Sustainability Reporting Workshops: Scope & Materiality in Sustainability Reporting
Board's Role in The Changing World of Work
Legal Plus Webinar Series – Covid-19 Act 2020: Is It Practical and Effective?
Bridging The Generation Gap and Gender Gap at the Workplace
SSM National Conference 2021
Refresher Training on Terms & Conditions of Trade Credit Insurance Policy with Euler Hermes
CICM Webinar: Managing Covid-19 Pandemic by the Chemical Industry
HSBC's Quarterly FX Outlook

CORPORATE GOVERNANCE OVERVIEW STATEMENT
cont'd

PRINCIPAL A: BOARD LEADERSHIP AND EFFECTIVENESS *cont'd*

(II) Board Composition

In order to drive the Board's leadership and effectiveness, the Board, through the Nominating Committee, ensures that it has the right board composition in enhancing the Board decision-making process and the transparency of policies and procedures in selection and evaluation of Directors. Presently, the Board consists of Executive and Non-Executive Directors with a mix of suitably qualified and experienced professionals. The Board comprises six members, where half of the Board is Independent Non-Executive Directors. This is in line with Practice 5.2 of the MCCG where it requires non-Large Companies to have at least half of the Board members comprises independent directors. In addition, the Board has also met the 30% women directors target where two of its board members are female, which is in line with Practice 5.9 of the MCCG.

The Nominating Committee also assisted the Board in conducting performance evaluation and providing constructive feedback through reviewing the summary of the evaluation to the Board Members of their performance during the FY 2021. In this way, the Board ensured its effectiveness is maintained and enhanced continuously.

The Nominating Committee is responsible for making recommendations of new appointments to the Board and Key Senior Management. New nomination, if any, is assessed and recommended to the Board for appointment. The Nominating Committee may also utilise independent sources to identify suitably qualified candidates for new appointment to the Board in the future.

During FY 2021, there was no new appointment of director to the Board.

The Board takes cognisance of the importance of independence and objectivity in relation to the decision-making process and effectiveness of the Board's function. The Board therefore has adopted the same criteria of "Independent" used in the definition of "independent directors" prescribed by the MMLR. Nominating Committee also carries out the evaluation on the independence of each Independent Director on an annual basis.

On 17 February 2022, all the members of the Board through the Nominating Committee, had assessed Datuk Kwan Foh Kwai, Encik Taufiq Ahmad @ Ahmad Mustapha Bin Ghazali and Mr Tan Teck Kiong and the Executive Directors. In summary, all the members of the Board met the qualification, performance criteria and expectation of the Board.

The Board is also satisfied with its current composition in providing a check and balance in the Board, with appropriate representations of minority interest through the composition of Independent Non-Executive Directors on the Board.

A summary of the Board Composition is set out below:

Gender	%	Ethnicity	%	Independence	%
Male	67	Chinese	83	Independence Director	50
Female	33	Malay	17	Non-Independence Director	50

(III) Remuneration

Board leadership and effectiveness is supported by diversity of talents in the Board and Management. The Board, through its Remuneration Committee, evaluates and determines the level of remuneration of its Director and Senior Management on annual basis which enables the Group to attract, retain and motivate Directors and Senior Management with relevant experience and expertise needed.

The Board has formalised its Director Remuneration Policy on 14 February 2020 and it is published in the Company's website at www.luxchem.com.my. The Board is satisfied that that all Executive Directors and Senior Management are remunerated based on the Group's performance, market conditions and their responsibilities whilst the remuneration of the Non-Executive Directors is determined in accordance with their experience, level of responsibilities assumed in the Board and the Board Committee; their attendance and/or special skills and expertise they bring to the Board.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

cont'd

PRINCIPAL A: BOARD LEADERSHIP AND EFFECTIVENESS *cont'd*

(III) Remuneration *cont'd*

The aggregate remuneration paid or payable to all Directors of the Company during the FY 2021 is listed on a named basis with the detailed remuneration breakdown available under Practice 8.1 of the CG Report. However, the Board decided not to disclose the top five Senior Management's remuneration in bands of RM50,000.00 as the Board is of the opinion that the disclosure on a named basis for the Senior Management would not be in the best interest of the Group due to confidentiality concerns.

PRINCIPAL B: EFFECTIVENESS AUDIT AND RISK MANAGEMENT

(I) Audit and Risk Management Committee

The Board has established an effective and independent Audit and Risk Management Committee ("ARMC"). All the members of ARMC are Independent Non-Executive Directors and the Chairman of the ARMC is not the Chairman of the Board. With the present composition structure and practice, the ARMC is able to objectively review and report its findings and recommendations to the Board.

Annually, the ARMC reviews the suitability, objectivity, independence and remuneration of the External Auditors before recommending them to the shareholders for re-appointment at the AGM. During FY 2021, the ARMC convened one private meeting with the External Auditors and Internal Auditors without the presence of the Executive Directors and Management of the Company. As part of the ARMC review processes, the ARMC has also obtained assurance from the External Auditors confirming that they are, and have been, independent throughout the conduct of the audit engagement in accordance with the terms of all relevant professional and regulatory requirements.

The amount of audit fees and non-audit fees paid/payable to the Messrs BDO PLT by the Company and by the Group for the FY 2021 were as follows:

	Company RM	Group RM
Statutory audit fees paid/payable to BDO PLT	82,000	327,000
Non-audit fees paid/payable to BDO PLT	5,000	33,000
Total	**87,000**	**360,000**

Collectively, the ARMC possesses a wide range of necessary skills to discharge its duties. In order to strengthen the present financial literacy of each member and the ability to understand matters under the purview of the ARMC including the financial reporting process, all members of the ARMC are encouraged to participate in continuous professional development programmes on accounting and auditing standards, practices and rules.

The Board is responsible for ensuring the financial statements of the Company present a fair and balance view and assessment of the Group's financial position, performance and prospects and such financial statements are drawn up in accordance with the provisions of the Companies Act 2016 and applicable approved accounting standards. The Board is assisted by the ARMC to review the accuracy, adequacy, disclosure requirements as well as compliance with applicable financial reporting standards of the Group's financial statements.

(II) Risk Management and Internal Control Framework

The Board acknowledges that risk management and internal control systems are an integral part of effective management practices. The underlying risk management principle of the Group is to balance the costs and benefits of managing and treating risks. There is an on-going process in place to identify, evaluate, monitor and manage the key risks faced by the Group. The Board reviews the key risks highlighted on a regular basis to ensure that relevant actions are taken to mitigate the risks of the Group to safeguard shareholders' investment and Group's assets.

CORPORATE GOVERNANCE OVERVIEW STATEMENT
cont'd

PRINCIPAL B: EFFECTIVENESS AUDIT AND RISK MANAGEMENT *cont'd*

(II) Risk Management and Internal Control Framework *cont'd*

The Board has established an Internal Audit Function which is outsourced to an independent professional firm, Crowe Governance Sdn. Bhd.. The ARMC reviews and approves the Internal Audit plan, scope of work and the fees for the Internal Audit Function in order to ensure that the internal audit is functioned effectively and independently. Functionally, the Internal Auditors report directly to the ARMC and they are responsible for conducting periodic reviews and appraisals of risk management and internal controls systems of the Group. The performance of the Internal Audit Function is also assessed by the ARMC.

The Internal Auditors have performed its work in accordance with the principles of the international internal auditing standards covering the conduct of the audit planning, execution, documentations, communication of findings and consultation with key stakeholders on the audit concerns. Further disclosure on the conduct of the Internal Audit Function and performance assessment by the ARMC is reported in this Annual Report.

The Board is assisted by the ARMC to ensure that the risk and control framework is embedded into the culture, processes and structures of the Group. Further details of the Group's state of risk management and internal control systems covering the key features of risk management and internal control systems, Board's and Management's responsibilities in risk management, as well as the Management's assurance to the Board, are reported in the Statement on Risk Management and Internal Control which is included in the Annual Report.

PRINCIPAL C: INTEGRITY AND CORPORATE REPORTING AND MEANINGFUL RELATIONSHIP WITH STAKEHOLDERS

(I) Engagement with Stakeholders

The Board values the importance of continuous communication between the Company and stakeholders to facilitate mutual understanding of each other's objectives and expectations. It is generally recognised that on-going engagement and communication with stakeholders builds trust and understanding between the Company and its stakeholders as well as enables the shareholders to appreciate the Company's objectives and the strength of its management.

The Company organises its announcements in appropriate categories in its corporate website to ease stakeholders in accessing the various announcements made. The Company also provides highlights of past financial information and a list of frequently asked questions to provide shareholders with a greater understanding of the Company's business and performance.

Separately, disclosures on management of material economic, environmental and social risks and opportunities are reported in the Sustainability Report as contained in this Annual Report for stakeholders' reference.

(II) Conduct of General Meetings

The Board recognises the rights of shareholders.

During the FY 2021, the Company conducted its first virtual AGM and EGM on 27 May 2021 and 11 August 2021 respectively, by leveraging on technology to facilitate voting in absentia and remote shareholders' participation.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

cont'd

PRINCIPAL C: INTEGRITY AND CORPORATE REPORTING AND MEANINGFUL RELATIONSHIP WITH STAKEHOLDERS *cont'd*

(II) Conduct of General Meetings *cont'd*

At the last AGM, the Company had given at least 28 days' notice period for Notice of the Twenty-Ninth AGM prior to the meeting and all Board members attended the said AGM. The Chairman also provided sufficient time and opportunities for the shareholders to seek clarifications from the Chairman, Chairman of Board Committees and Management during the AGM on any matters pertaining to the matters disclosed in the Annual Report, corporate developments in the Group, the resolutions being proposed and the operational and financial performance of the Company.

Explanations were provided for the proposed resolutions set out in the Notice of the Twenty-Ninth AGM to assist shareholders in making their decisions and exercising their voting rights. In line with Paragraph 8.29A(1) of the MMLR and best MCCG practice, all the resolutions set out in the Notice of the Twenty-Ninth AGM were put to vote via the remote participation and voting facilities which were available on Tricor's TIIH online website at https://tiih.online. The Company also appointed an independent scrutineer, Scrutineer Solutions Sdn. Bhd. to verify the poll results of the AGM before the Chairman declared that all the resolutions were carried. The outcome of the AGM was announced to Bursa Securities on the same meeting day.

This Statement was approved by the Board on 17 February 2022.

STATEMENT OF DIRECTORS' RESPONSIBILITY

The Directors are required to prepare financial statements for each financial year which have been made out in accordance with the approved accounting standards so as to give a true and fair view of the financial position of the Group and the Company at the end of the financial year and of their financial performance and cash flows for that financial year.

In preparing the financial statements of the Group and of the Company for the financial year ended 31 December 2021, the Directors have:

- adopted appropriate accounting policies and applied them consistently;
- made judgements and estimates that are reasonable and prudent;
- ensured the preparation of financial statements in compliance with MFRSs and IFRSs; and
- prepared the financial statements on a going concern basis as the Directors have a reasonable expectation, having made enquiries that the Group and the Company have adequate resources to continue in operational existence for the foreseeable future.

The Directors are responsible for ensuring that proper accounting and other records are kept which enable the preparation of the financial statements with reasonable accuracy and in compliance with the Companies Act 2016.

The Directors are also responsible for taking reasonable steps to ensure that appropriate systems are in place to safeguard the assets of the Group and to prevent and detect fraud and other irregularities.

AUDIT AND RISK MANAGEMENT COMMITTEE REPORT

The Board of Directors ("the Board") of Luxchem Corporation Berhad ("the Company") is pleased to present its Audit and Risk Management Committee ("ARMC") Report for the financial year ended 31 December 2021 ("FY 2021") in accordance with Paragraph 15.15 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities") ("MMLR").

1. COMPOSITION

The ARMC comprises three Independent Non-Executive Directors ("INEDs"), all of them were appointed to the Board on 13 March 2020. All the INEDs meet the independence criteria set out in Paragraph 1.01 and Practice Note 13 of the MMLR. Hence, the Company has complied with the requirements of Paragraphs 15.09(1) and (2) and 15.10 of the MMLR, and Step-Up Practice 9.4 of the Malaysian Code on Corporate Governance ("MCCG").

The Chairman and members of ARMC are:

Name of Committee Members	Position
Encik Taufiq Ahmad @ Ahmad Mustapha Bin Ghazali	Chairman
Datuk Kwan Foh Kwai	Member
Mr Tan Teck Kiong	Member

The Chairman of ARMC, namely Encik Taufiq Ahmad @ Ahmad Mustapha Bin Ghazali is not the Chairman of the Board. He is a member of the Malaysian Institute of Accountants, a Fellow of the Association Chartered Certified Accountants (UK), Fellow of the Institute of Chartered Accountants (England and Wales) and a member of the Malaysian Institute of Certified Public Accountants.

The full profiles of the ARMC are available in this Annual Report and the Company's website at www.luxchem.com.my.

2. MEETING AND ATTENDANCE

During the FY 2021, five meetings were held. The details of attendance of each member at the meetings were as follows:

Name of Committee Members	Attendance
Encik Taufiq Ahmad @ Ahmad Mustapha Bin Ghazali	5/5
Datuk Kwan Foh Kwai	5/5
Mr Tan Teck Kiong	5/5

AUDIT AND RISK MANAGEMENT COMMITTEE REPORT
cont'd

3. SUMMARY OF WORK OF THE ARMC

During the FY 2021, the ARMC carried out its duties and functions in line with its Terms of Reference. Following are the summary of work carried out by the ARMC

i. Ensuring Financial Statements Comply with Applicable Financial Reporting Standards

a) Reviewed all interim financial statements and financial results of the Group with Management before recommending the same for the Board's approval and release to Bursa Securities. When reviewing the interim financial results in the quarterly meetings, the Managing Director/Chief Executive Officer ("MD/CEO") and Executive Director/Chief Financial Officer ("ED/CFO") were invited to present these interim financial results to the ARMC. During the presentation, MD/CEO and ED/CFO gave their explanations for any material changes in the Group's financial performance to the ARMC and ensure that the interim financial statements are in compliance with relevant accounting standards and treatments.

b) Reviewed the annual audited financial statements of the Group, Directors' and Auditors' Reports and other significant accounting issues together with the External Auditors. The External Auditors, BDO PLT were invited to present their audit review findings to the ARMC. The key considerations in the deliberation of these financial statements were whether the financial statements prepared by Management complied with the relevant Malaysian Financial Reporting Standards (MFRS) and the audit opinion to be rendered by the External Auditors.

ii. Reviewing the Audit Findings of the External Auditors and Assessing their Performance, Suitability and Independence of External Auditors

a) Reviewed the audit plan of the Group prepared by the External Auditors in relation to their scope of audit, audit methodology and timetable, audit materiality, areas of focus and fraud risk assessment prior to the commencement of their annual audit. The External Auditors also updated the ARMC on audit related matters, including but not limited to, new MFRS and key audit matters to be included in the auditors' report.

b) Conducted private sessions with the External Auditors without the presence of Executive Directors and Management. This review process ensures that critical issues, if any, are being objectively brought up to the attention of the ARMC.

c) Reviewed the performance and independence of the External Auditors. At the ARMC meeting held on 10 November 2021, the meeting took note of the audit services rendered by BDO PLT and Mr Tan Seong Yuh, the engagement partner also confirmed that BDO PLT has been independent throughout the conduct of their audit engagement in accordance with the relevant ethical requirements to safeguard the quality and reliability of audited financial statements. The ARMC also considered the information presented in the Annual Transparency Report of BDO PLT in assessing its suitability and objectivity.

iii. Review the Group's Risk Management Framework

Reviewed the Risk Management framework of the Group. At the ARMC meeting held on 11 August 2021, the ARMC members were briefed on the framework by the Company. The ARMC members also took note of the risk management activities that had taken place in all the major subsidiaries of the Company annually. The ARMC is satisfied that the risks were identified, evaluated, actioned and followed up accordingly.

AUDIT AND RISK MANAGEMENT COMMITTEE REPORT
cont'd

3. SUMMARY OF WORK OF THE ARMC *cont'd*

iv. Overseeing the Governance Practices in the Company

a) Reviewed the Corporate Governance ("CG") Overview Statement, CG Report, ARMC Report and Statement on Risk Management and Internal Control, and Sustainability Report and recommended to the Board for consideration and approval.

b) Reviewed the related party transactions entered into by the Group on a quarterly basis and conflict of interest situation that may arise within the Group, if any, to ensure that they were not detrimental to the interests of the minority shareholders.

c) Reviewed the adequacy and effectiveness of the Group's risk management and internal control systems based on the Risk Management Committee's presentation and internal audit reports, and report to the Board accordingly.

v. Reviewing the Internal Audit Findings and Assisting the Board in Reviewing the Effectiveness and Adequacy of the Internal Control System in Key Operation Processes

a) Reviewed and approved the internal audit plan to ensure adequate scope and coverage on key activities of the Group.

b) Reviewed the internal audit reports of the Group, which outlined the audit issues, recommendations for improvements on reported weaknesses to ensure that management action plans are taken promptly to improve the systems of internal control based on the Internal Auditors' recommendations.

c) Reviewed the adequacy of the scope, functions, competency and resources of the internal audit function to ensure that the internal audit function is effective.

d) Reviewed the Terms of Reference of ARMC at the ARMC meeting held on 10 November 2021 following the adoption of best practices of the revised Malaysian Code on Corporate Governance 2021 ("MCCG"), which was issued by the Securities Commission Malaysia ("SC") on 28 April 2021. The updated Terms of Reference of ARMC has been included in the Board Charter and is available on the Company's website at www.luxchem.com.my.

The Board was satisfied that the ARMC had discharged their functions, duties and responsibilities in accordance with its Term of Reference in ensuring the Company upheld its CG Standards during the FY 2021.

4. SUMMARY OF WORK OF THE INTERNAL AUDIT FUNCTION

The Group has outsourced its internal audit function to an independent professional internal audit service provider, i.e. Crowe Governance Sdn. Bhd. ("Internal Auditors"). The Internal Auditors conduct their assessment and provide independent and objective assurance to the ARMC and the Board on the adequacy and effectiveness of the risk management and internal control system of the Group.

All the internal audit personnel involved are free from any relationships or conflicts of interest, which could impair their objectivity and independence. All employees in the firm are required to complete the Independence Declaration Form on annual basis. In addition, all the internal audit personnel involved are required to acknowledge on the Employee Professional Conduct and Ethics Declaration on assignment basis. The internal audit department of Crowe Governance Sdn. Bhd. is led by Mr Amos Law and consists of 25 permanent internal audit personnel and 1 admin personnel. The Internal Auditors are led by Mr Amos Law, and his qualification is as follows:

Name	:	Amos Law, Executive Director
Professional Qualification	:	Certified Internal Auditor ("CIA"), Chartered Institute of Internal Auditors ("CIMA") and Certification in Risk Management Assurance ("CRMA")

AUDIT AND RISK MANAGEMENT COMMITTEE REPORT
cont'd

4. SUMMARY OF WORK OF THE INTERNAL AUDIT FUNCTION *cont'd*

All the internal audit functions were carried out in accordance with International Professional Practices Framework issued by The Institute of Internal Auditors Malaysia.

The Internal Auditors report directly to the ARMC on the outcome of its appraisal of the Group's risk management activities which includes its internal control system. The Internal Auditors organised their work in accordance to the principles of the internal auditing standards covering the conduct of audit planning, execution, documentations, communication of findings and consultation with key stakeholders on audit concerns.

The internal audit plan was reviewed and approved by the ARMC. The internal audit reports were presented to the ARMC on a quarterly basis. The ARMC reviews the audit findings and action plans taken by the Management to address the audit findings and issues, before reporting to the Board. The Internal Auditors also follow up on the Management implementation of all the audit recommendations and ascertain the status of implementation thereof for improvement on the systems of internal control.

The Internal Auditors attended four ARMC meetings during the FY 2021 and conducted their reviews on the following entities and their respective key audit areas:

i. Malaysian Anti-Corruption Post-Implementation Review;
ii. Transform Master Sdn. Bhd. on Production, Quality Assurance and Inventory Management.
iii. Luxchem Polymer Industries Sdn. Bhd. on Production, Quality Assurance and Inventory Management;
iv. Follow-Up Report for Latex Division of Luxchem Trading Sdn. Bhd. & Penang Branch;

The Internal Auditors had reported their findings and reviews to ARMC and all the reviews were adequate and met the ARMC's expectations.

The fee incurred for the internal audit function in respect of FY 2021 was RM84,000 (2020: RM84,000).

This ARMC Report was approved by the Board on 17 February 2022.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

The Board of Directors ("the Board") of Luxchem Corporation Berhad ("the Company") is pleased to present its Statement on Risk Management and Internal Control. This Statement describes the state of risk management and internal control of the Company and its subsidiaries ("the Group") during the financial year ended 31 December 2021 is made pursuant to Paragraph 15.26(b) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities") ("MMLR") and the "Statement on Risk Management & Internal Control: Guidelines for Directors of Listed Issuers" ("SORMIC Guidelines") which was issued by the Taskforce on Internal Control with the support and endorsement of Bursa Securities.

BOARD RESPONSIBILITIES

The Board acknowledges its responsibility for reviewing the adequacy and integrity of the Group's risk management and internal control systems; identifying the principal risks in the Group; and establishing appropriate control environment and framework to manage risks. The Board has laid down the following processes and used the following information in deriving its comfort on the state of internal control and risk management of the Group presently:

- Periodic review of financial information covering financial performance, quarterly financial results and key business indicators;
- Financial performance analysis against business objectives and targets;
- Audit and Risk Management Committee's review and consultation with the management on the integrity of the financial results, annual report and audited financial statements;
- Presentation of annual risk management assessment and results by Risk Management Committee ("RMC");
- External Auditors' comments on internal controls noted in their course of statutory audits, if any;
- Audit findings and reports on the review of systems of internal control presented by the internal auditors; and
- Management assurance that the Group's risk management and internal control systems have been operating adequately and effectively, in all material respects.

GROUP'S RISK MANAGEMENT AND INTERNAL CONTROL SYSTEM

Risk Management

The Group has established a RMC to assist the Board in reviewing the effectiveness of risk management in the Group. The RMC is headed by Managing Director and assisted by Key Senior Management and Heads of Department to undertake the following duties:

- To identify, evaluate and monitor the risks;
- To formulate and carry out strategies and actions needed to manage risks;
- To promote and embed risk awareness within the Group and in the operational processes;
- To ensure adequate information and resources are in place for managing risks effectively; and
- To report to the Board periodically on material risks and their impacts on operations and status of management actions to manage these risks.

During the financial year under review, the risks of the Group that have been identified were discussed, reviewed, evaluated, controlled and monitored in order to manage the risks accordingly.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

cont'd

GROUP'S RISK MANAGEMENT AND INTERNAL CONTROL SYSTEM *cont'd*

Internal Control System

The Board is committed to maintain a strong control structure to facilitate the achievement of the Group's business objectives, and has delegated its responsibility of overseeing the Group's internal control system to the Audit and Risk Management Committee.

The Board has outsourced its internal audit function to an independent professional internal audit service provider, i.e. Crowe Governance Sdn. Bhd. ("Independent internal Auditors") to carry out the reviews and assessments on the adequacy and effectiveness of the Group's internal control system. The Independent Internal Auditors will present its findings and recommendations of each review to the Audit and Risk Management Committee at its meetings on a quarterly basis.

Following are the internal controls designed to provide reasonable assurance that the likelihood of significant adverse impact on business objectives arising from an event, is at an acceptable level to the Group:

I. Organisation structure defining the management responsibilities and hierarchy structure of monitoring and reporting lines as well as accountability to the Board Committees;

II. The establishment of Board Committees namely the Audit and Risk Management Committee, Nominating Committee and Remuneration Committee with written Terms of Reference to assist the Board in discharging its specific responsibilities;

III. Limit of authority and approval facilitating delegation of authority, and management succession planning;

IV. Operational reporting process covering periodic reporting from the Heads of Management to the Executive Directors to assure that business operations progress in accordance with the desirable objectives and targets;

V. Monthly management and credit meetings with Heads of Department enabling Management to share, monitor and decide on the business development, changes and actions to be taken to ensure that financial exposures, if any, are minimised;

VI. Provision of training and development programmes to enhance the competitiveness and capability of the staff to carry out their respective duties in achieving the Group's objectives;

VII. Daily and offsite information systems back up procedures;

VIII. ISO 9001:2015 Quality Management Systems in Luxchem Trading Sdn. Bhd. ISO 9001:2015 and ISO 14001:2015 for Transform Master Sdn. Bhd. ISO 9001:2015, ISO 14001:2015 and ISO 45001:2018 management systems in Luxchem Polymer Industries Sdn. Bhd. forming the basis of production, operational and management procedures of all these subsidiaries;

IX. The Audit and Risk Management Committee reviews the quarterly financial reports, annual financial statements, group risk management report and the internal audit reports;

X. The Independent Internal Auditors provide an independent and objective assurance to the Audit and Risk Management Committee and the Board on the adequacy and effectiveness of the Group's risk management and internal control system;

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL
cont'd

GROUP'S RISK MANAGEMENT AND INTERNAL CONTROL SYSTEM *cont'd*

Internal Control System *cont'd*

XI. The Whistleblowing Policy, which is available on the Company's website at www.luxchem.com.my, continues to be in force during the financial year under review. The Whistleblowing Policy provides a structured reporting channel and guidance for all stakeholders to provide or disclose information on frauds, concerns or non-compliance of rules or procedures that may affect the reputation of the Company. In addition, the Company has also established and made known its official stance on anti-corruption on a Group basis. Apart from Anti-Bribery & Anti-Corruption Policy which is available for reading on the Company's website, the Company has also undertaken several activities as follows:

- Establishment of Code of Ethics & Conduct for Business Partners, Code of Ethics & Conduct for Employees and Conflict of Interest Policy which in combination, strengthen the spirit of compliance of laws, regulations and proper and responsible conducts within the Group and its business chains.
- Review and revision of operational processes necessary for enhancing the Group's integrity especially in the areas of appointing and assessing the suitability of new and existing vendors, potential new hires and, proper and responsible conducts of employees.
- Establishment of a structured, systematic and periodical review of internal risks relating to or combating bribery and corruption.

XII. The procedure of Annual Declaration of Independent and Interest which is generally applied to the Board of Directors and company directors was expanded to all the Heads of Division, Branch and Department of all subsidiary companies including all the sales personnel during the financial year under review. Such extension is important to amplify the Group's determination in promoting and educating professionalism in all levels of employees in the Group as well as advocating the adoption of good corporate governance practices of the Group as a whole.

Management Responsibilities and Assurance to the Board

Management is responsible to the Board for:

- Identifying risks relevant to the Group's business objectives and strategies implementation;
- Designing, implementing and monitoring the implementation of the risk management framework in line with the Group's strategic direction and risk appetite; and
- Reporting to the Board on the changes to the risks or emerging risks and actions taken to mitigate these risks.

The Board has received assurance from the Managing Director/Chief Executive Officer and Executive Director/Chief Financial Officer that, to the best of their knowledge, the Group's risk management and internal control systems are operating adequately and effectively, in all material respects during the financial year under review and up to the date of issuance of this Statement.

CONCLUSION

The Board recognises that it is imperative for the Group's risk management and internal control system to be continuously improved and adaptive to the changing and the evolving business environment. Therefore, the Board is committed in strengthening the Group's system of risk management and internal controls to achieve its business objectives.

The Board is satisfied with the existing on-going processes for identifying, evaluating, monitoring and managing significant risks faced by the Group, and that the existing level of risk management and internal control system are adequate and effective to help the Group to achieve its business objectives and strategies. There were no material losses that have resulted from any inadequacy or failure of the Group's risk management and internal control system that would require separate disclosure in the 2021 Annual Report.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

cont'd

REVIEW OF STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL BY EXTERNAL AUDITORS

Pursuant to Paragraph 15.23 of the MMLR, the External Auditors have reviewed this Statement on Risk Management and Internal Control for inclusion in the 2021 Annual Report. Their review was performed in accordance with Audit and Assurance Practice Guide 3: Guidance for Auditors on Engagements to Report on the Statement on Risk Management and Internal Control included in the Annual Report (revised in February 2018) ["AAPG 3"] issued by the Malaysian Institute of Accountants. The External Auditors' procedures have been conducted to assess whether the Statement on Risk Management and Internal Control is supported by the documentation prepared by or for the Directors and that it is an appropriate reflection of the process adopted by the Directors in reviewing the adequacy and integrity of the system of internal control for the Group.

AAPG 3 does not require the External Auditors to consider whether this Statement covers all risks and controls, or to form an opinion on the adequacy and effectiveness of the Group's risk and control procedures. 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 Paragraphs 41 and 42 of the SORMIC Guidelines for Directors of Listed Issuers, nor is factually inaccurate.

This Statement on Risk Management and Internal Control was approved by the Board on 17 February 2022.

ADDITIONAL COMPLIANCE INFORMATION

- **UTILISATION OF PROCEEDS**

The status of utilisation of proceeds raised from the Private Placement during the financial year ended 31 December 2021 is as follows:

Purpose	Proposed Utilisation RM	Actual Utilisation RM	Balance Utilised RM	Intended timeframe for utilisation from completion of Private Placement
i. Acquisition and/or investment in complementary business and/or assets	45,564,500	45,564,500	-	Within 24 months
ii. Working Capital	25,294,803	25,294,803	-	Within 24 months
iii. Estimated expenses for Private Placement	1,715,197	1,715,197	-	Immediate
Total	**72,574,500**	**72,574,500**	**-**	

- **MATERIAL CONTRACTS INVOLVING DIRECTORS' OR MAJOR SHAREHOLDERS' INTEREST**

There were no material contracts entered into by the Company and its subsidiaries which involved the Directors' and major shareholders' interest subsisting at the end of the financial year ended 31 December 2021.

- **RECURRENT RELATED PARTY TRANSACTION OF A REVENUE OF TRADING NATURE ("RRPT")**

The Company did not enter into any RRPT during the financial year ended 31 December 2021.

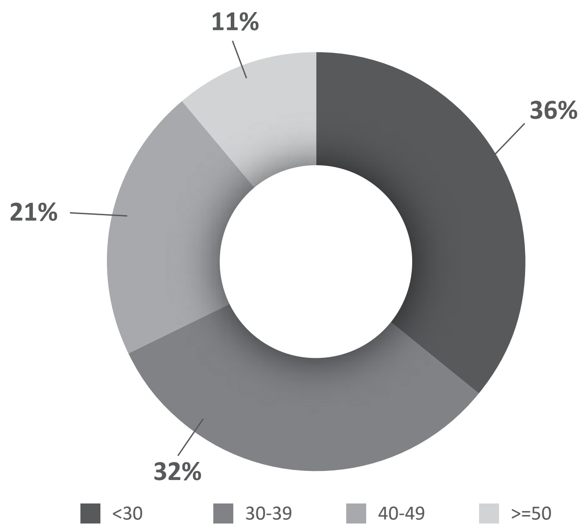
ADDITIONAL COMPLIANCE INFORMATION

cont'd

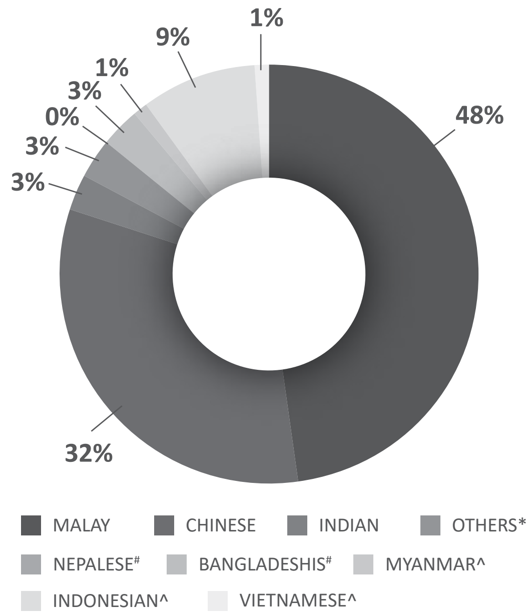
- **WORKFORCE DIVERSITY**

  The Group's workforce statistics in terms of age, ethnicity, gender and nationality as at 31 December 2021 are disclosed below:

i) AGE GROUP

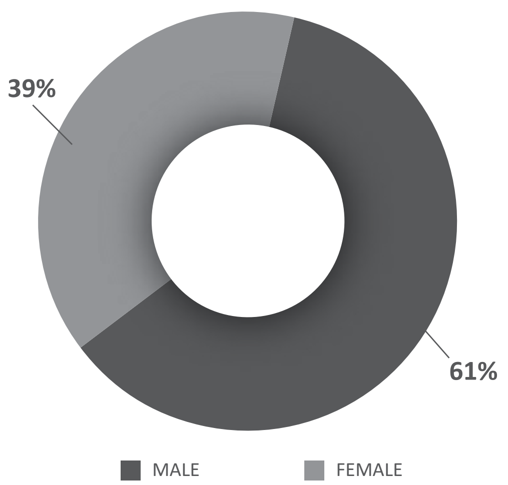


ii) ETHNICITY

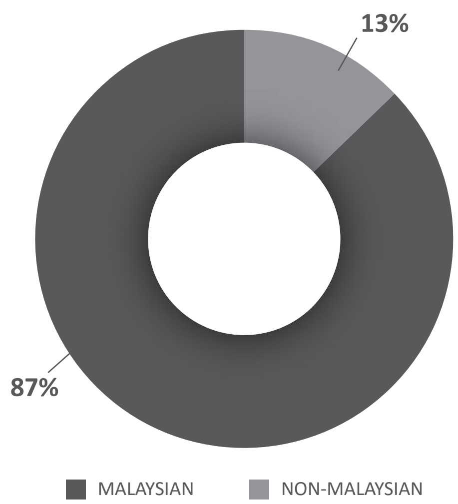


* Other races in Malaysia
\# Foreign workers in Malaysia
^ Employees outside of Malaysia

iii) GENDER



iv) NATIONALITY



FINANCIAL STATEMENTS

DIRECTORS' REPORT

The Directors have pleasure in submitting their report and the audited financial statements of the Group and of the Company for the financial year ended 31 December 2021.

PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding. The principal activities and the details of the subsidiaries are set out in Note 9 to the financial statements. There have been no significant changes in the nature of these activities of the Group and of the Company during the financial year.

RESULTS

	Group RM	Company RM
Profit for the financial year	74,033,071	43,456,825
Attributable to:		
Owners of the parent	68,244,345	43,456,825
Non-controlling interests	5,788,726	-
	74,033,071	43,456,825

DIVIDENDS

Dividends paid, declared or proposed since the end of the previous financial year were as follows:

	RM
Second single-tier interim dividend of 2.00 sen per ordinary share in respect of the financial year ended 31 December 2020, paid on 12 May 2021	19,939,491
First single-tier interim dividend of 0.90 sen per ordinary share in respect of the financial year ended 31 December 2021, paid on 03 June 2021	8,972,771
Second single-tier interim dividend of 0.80 sen per ordinary share in respect of the financial year ended 31 December 2021, paid on 30 September 2021	8,558,929
	37,471,191

Subsequent to the financial year, the Board of Directors of the Company had on 17 February 2022 declared a third single-tier interim dividend of 1.00 sen per ordinary share amounting to RM10,697,661 for the financial year ended 31 December 2021. The financial statements for the current financial year do not reflect this interim dividend. Such dividend will be accounted for in shareholders' equity as an appropriation of retained earnings in the financial year ending 31 December 2022.

The Directors do not recommend the payment of any final dividend in respect of the current financial year.

RESERVES AND PROVISIONS

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

DIRECTORS' REPORT
cont'd

ISSUE OF SHARES AND DEBENTURES

During the financial year, the issued and fully paid-up ordinary shares of the Company was increased from 895,808,553 to 1,069,866,119 by way of issuance of 174,057,566 new ordinary shares pursuant to the followings:

(i) private placement of 75,000,000 ordinary shares of RM0.710 each for cash totalling RM53,250,000;

(ii) private placement of 15,000,000 ordinary shares of RM0.730 each for cash totalling RM10,950,000;

(iii) private placement of 11,166,000 ordinary shares of RM0.750 each for cash totalling RM8,374,500 and;

(iv) issuance of 72,891,566 new ordinary shares for RM0.725 each for the purpose of acquisition of subsidiaries. Further details of the acquisition is disclosed in the Note 9(d) to the financial statements.

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

The Company did not issue any debentures during the financial year.

OPTIONS GRANTED OVER UNISSUED SHARES

No options were granted to any person to take up unissued ordinary shares of the Company during the financial year.

REPURCHASE OF SHARES

During the financial year, the Company repurchased 100,000 of its issued ordinary shares from the open market of Bursa Securities at an average price of RM0.70 per share.

As at 31 December 2021, a total of 100,000 (2020: Nil) treasury shares at a total cost of RM70,536 (2020: Nil) are held by the Company. The shares repurchased are being held as treasury shares in accordance with Section 127(4)(b) of the Companies Act 2016 and the Main Market Listing Requirements and applicable guideline of Bursa Securities.

The number of ordinary shares as at 31 December 2021, net of treasury shares is 1,069,766,119 (2020: 895,808,553). Further details is disclosed in Note 15(c) to the financial statements.

DIRECTORS

The Directors who have held office during the financial year and up to the date of this report are as follows:

Tang Ying See*
Chin Song Mooi*
Chen Moi Kew*
Datuk Kwan Foh Kwai
Tan Teck Kiong
Taufiq Ahmad @ Ahmad Mustapha Bin Ghazali

* *Directors of the Company and its subsidiaries*

DIRECTORS' REPORT
cont'd

DIRECTORS *cont'd*

Subsidiaries of Luxchem Corporation Berhad (excluding Directors who are also Directors of the Company)

Tew Kar Wai @ Teoh Kar Wai
Joseph Tjendra
Trisia Claudia
Ng Chai Teik
Fan Kock Keong
Pang Tee King
Kor Soo Bee
Lee Juinn Yong
Chuah Kim Piew

DIRECTORS' INTERESTS

The Directors holding office at the end of the financial year and their beneficial interests in ordinary shares of the Company and of its related corporations during the financial year ended 31 December 2021 as recorded in the Register of Directors' Shareholdings kept by the Company under Section 59 of the Companies Act 2016 in Malaysia were as follows:

	Number of ordinary shares			
	Balance as at 1.1.2021	**Acquired**	**Disposed**	**Balance as at 31.12.2021**
Shares in the Company				
Tang Ying See				
- Direct	8,904,600	987,800	-	9,892,400
- Indirect*	438,326,500	-	-	438,326,500
Chin Song Mooi				
- Direct	6,791,700	-	-	6,791,700
- Indirect**	440,439,400	987,800	-	441,427,200
Chen Moi Kew				
- Direct	4,590,000	-	-	4,590,000
Datuk Kwan Foh Kwai				
- Direct	2,126,600	-	-	2,126,600
- Indirect***	2,100,000	100,000	-	2,200,000

* *Deemed interested by virtue of his substantial shareholdings in Chemplex Resources Sdn. Bhd., his spouse, Chin Song Mooi's shareholding and his son, Tang Chii Shyan's shareholding in the Company.*

** *Deemed interested by virtue of her substantial shareholdings in Chemplex Resources Sdn. Bhd., her spouse, Tang Ying See's shareholding and her son, Tang Chii Shyan's shareholding in the Company.*

*** *Deemed interested by virtue of his spouse, Datin Lee Hung Kuen's shareholding in the Company.*

DIRECTORS' REPORT
cont'd

DIRECTORS' INTERESTS *cont'd*

	Number of ordinary shares			
	Balance as at 1.1.2021	**Acquired**	**Disposed**	**Balance as at 31.12.2021**
Shareholdings in holding company, Chemplex Resources Sdn. Bhd.				
Tang Ying See - Direct	782	-	-	782
Chin Song Mooi - Direct	218	-	-	218

By virtue of their interests in shares in the holding company, Tang Ying See and Chin Song Mooi are also deemed to be interested in shares in the Company and its subsidiaries to the extent of interests held by the holding company and for which there were no movements in their interests in the shares held during the financial year.

None of the other Directors holding office at the end of the financial year held any interest in the ordinary shares of the Company and of its related corporations during the financial year.

DIRECTORS' BENEFITS

Since the end of the previous financial year, none of the Directors have received or become entitled to receive any benefit (other than those benefits included in the aggregate amount of remunerations received or due and receivable by the Directors as shown in the financial statements) 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 certain Directors who received remunerations from the subsidiaries as Directors of the subsidiaries.

There were no arrangements made during and at the end of the financial year, to which the Company is a party, which had the object of enabling Directors to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

DIRECTORS' REMUNERATION

The details of Directors' remuneration are disclosed in Note 23 to the financial statements.

INDEMNITY AND INSURANCE FOR OFFICERS, DIRECTORS AND AUDITORS

The Group and the Company effected Directors' liability insurance during the financial year to protect the Directors of the Group and of the Company against potential costs and liabilities arising from claims brought against the Directors.

The amount of insurance premium paid for the Directors and the officers of the Group and of the Company was RM7,220.

There were no indemnity given to or insurance effected for the auditors of the Group and of the Company during the financial year.

DIRECTORS' REPORT
cont'd

OTHER STATUTORY INFORMATION REGARDING THE GROUP AND THE COMPANY

(I) AS AT THE END OF THE FINANCIAL YEAR

(a) Before the financial statements of the Group and of the Company were prepared, the Directors took reasonable steps:

(i) to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of provision for doubtful debts and satisfied themselves that all known bad debts had been written off and that adequate provision had been made for doubtful debts; and

(ii) to ensure that any current assets other than debts, which were unlikely to realise their book values in the ordinary course of business have been written down to their estimated realisable values.

(b) In the opinion of the Directors, the results of operations of the Group and of the Company during the financial year have not been substantially affected by any item, transaction or event of a material and unusual nature.

(II) FROM THE END OF THE FINANCIAL YEAR TO THE DATE OF THIS REPORT

(c) The Directors are not aware of any circumstances:

(i) which would render the amount written off for bad debts or the amount of provision for doubtful debts in the financial statements of the Group and of the Company inadequate to any material extent;

(ii) which would render the values attributed to current assets in the financial statements of the Group and of the Company misleading; and

(iii) which have arisen which would render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate.

(d) In the opinion of the Directors:

(i) there has not arisen any item, transaction or event of a material and unusual nature which is likely to affect substantially the results of operations of the Group and of the Company for the financial year in which this report is made; and

(ii) no contingent or other liability has become enforceable, or is likely to become enforceable, within the period of twelve (12) months after the end of the financial year which will or may affect the ability of the Group and of the Company to meet their obligations as and when they fall due.

(III) AS AT THE DATE OF THIS REPORT

(e) There are no charges on the assets of the Group and of the Company which have arisen since the end of the financial year to secure the liabilities of any other person.

(f) There are no contingent liabilities of the Group and of the Company which have arisen since the end of the financial year.

(g) 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 of the Group and of the Company misleading.

DIRECTORS' REPORT
cont'd

HOLDING COMPANY

The Directors regard Chemplex Resources Sdn. Bhd., a company incorporated in Malaysia as the holding company.

SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR

Significant events during the financial year are disclosed in Note 32 to the financial statements.

AUDITORS

The auditors, BDO PLT (LLP0018825-LCA & AF 0206), have expressed their willingness to continue in office.

The details of auditors' remuneration of the Company and its subsidiaries for the financial year ended 31 December 2021 are disclosed in Note 23 to the financial statements.

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

Tang Ying See
Director

Chen Moi Kew
Director

Kuala Lumpur
9 March 2022

STATEMENT BY DIRECTORS

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

We, Tang Ying See and Chen Moi Kew, being two of the Directors of Luxchem Corporation Berhad, do hereby state that, in the opinion of the Directors, the accompanying financial statements set out on pages 63 to 123 have been drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the provisions of the Companies Act 2016 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2021 and of the financial performance and cash flows of the Group and of the Company for the financial year then ended.

On behalf of the Board,

Tang Ying See
Director

Chen Moi Kew
Director

Kuala Lumpur
9 March 2022

STATUTORY DECLARATION

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

I, Chen Moi Kew (CA 6359), being the Director primarily responsible for the financial management of Luxchem Corporation Berhad, do solemnly and sincerely declare that the financial statements set out on pages 63 to 123 are, to the best of my knowledge and belief, correct and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared by)
the abovenamed at Kuala Lumpur)
this 9 March 2022)

Chen Moi Kew

Before me:

INDEPENDENT AUDITORS' REPORT

To the Members of Luxchem Corporation Berhad
(Incorporated in Malaysia)

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the financial statements of Luxchem Corporation Berhad, which comprise the statements of financial position as at 31 December 2021 of the Group and of the Company, and the statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the financial year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 63 to 123.

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 2021, and of their financial performance and cash flows for the financial year then ended in accordance with Malaysian Financial Reporting Standards ("MFRSs"), International Financial Reporting Standards ("IFRSs") 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 ("ISAs"). Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence and Other Ethical Responsibilities

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

Key Audit Matters

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

a) Determination of fair value of identifiable assets acquired and liabilities assumed on business combination

As disclosed in Note 9(d) to the financial statements, the Group acquired Lexis Chemical Sdn. Bhd., Lexis Specialties Sdn. Bhd. and Lexis Corporation Sdn. Bhd. in August 2021 for the purchase consideration of RM113,346,385. As part of the purchase price allocation performed by management, this amount has been allocated to the fair value of identifiable assets acquired and liabilities assumed, resulting in the recognition of intangible asset amounting to RM122,854,717 in the form of trade formulas and goodwill of RM28,903,774.

We determined the fair value of the identifiable assets acquired and liabilities assumed, including the intangible assets identified, on the business combination to be a key audit matter as the purchase price allocation require significant judgement by management.

Audit response

Our audit procedures included the following:

(a) assessed the methodology and the appropriateness of the key assumptions applied by management on the intangible asset recognised as disclosed in Note 9(d) to the financial statements; and

(b) considered whether the relevant disclosures were appropriate in the financial statements.

INDEPENDENT AUDITORS' REPORT

To the Members of Luxchem Corporation Berhad
(Incorporated in Malaysia)
cont'd

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS *cont'd*

Key Audit Matters *cont'd*

b) Impairment assessment of goodwill

The carrying amount of goodwill arising on consolidation as at 31 December 2021 amounted to RM64,706,662 as disclosed in Note 7 to the financial statements.

We determined this to be a key audit matter because it requires management to exercise significant judgements and estimates about the future results and key assumptions applied to the probability weighted expected cash flows of the CGUs in determining the recoverable amount. These key assumptions include forecast growth in revenues, operating profit margins and terminal values as well as determining an appropriate pre-tax discount rate.

Audit response

Our audit procedures included the following:

(a) compared prior period projections to actual outcome to assess the reliability of management forecasting process;

(b) compared cash flow projections against recent performance, and assessed and challenged the key assumptions in projection to available external industry sources of data;

(c) evaluated the reasonableness of projected operating profit margins and growth rates by assessing evidence available to support the key assumptions in projection;

(d) verified pre-tax discount rates for the CGUs by comparing to the weighted average cost of capital of the Group and relevant risk factors; and

(e) performed sensitivity analysis of our own to stress test the key assumptions in the impairment models.

c) Impairment assessment of investments in subsidiaries

As at 31 December 2021, the carrying amount of the investments in subsidiaries amounted to RM278,223,261 as disclosed in Note 9 to the financial statements.

We determined this to be a key audit matter because it requires management to exercise significant judgements and estimates about the future results and key assumptions applied to the probability weighted expected cash flows of these subsidiaries in determining the recoverable amount. These key assumptions include forecast growth in revenues, operating profit margins and terminal values as well as determining an appropriate pre-tax discount rate.

Audit response

Our audit procedures included the following:

(a) compared prior period projections to actual outcome to assess the reliability of management forecasting process;

(b) compared cash flow projections against recent performance, and assessed and challenged the key assumptions in projection to available external industry sources of data;

(c) evaluated the reasonableness of projected operating profit margins and growth rates by assessing evidence available to support the key assumptions in projection;

(d) verified pre-tax discount rate for each subsidiaries by comparing to the weighted average cost of capital of the Group and relevant risk factors; and

(e) performed sensitivity analysis of our own to stress test the key assumptions in the impairment models.

INDEPENDENT AUDITORS' REPORT

To the Members of Luxchem Corporation Berhad
(Incorporated in Malaysia)
cont'd

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 financial statements of the Group and of the Company that give a true and fair view in accordance with MFRSs, IFRSs and the requirements of the Companies Act 2016 in Malaysia. The Directors are also responsible for such internal control as the Directors determine is necessary to enable the preparation of financial statements of the Group and of the Company that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements of the Group and of the Company, the Directors are responsible for assessing the ability of the Group and of the Company to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Group or the Company or to cease operations, or have no realistic alternative but to do so.

AUDITORS' RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the financial statements of the Group and of the Company as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with approved standards on auditing in Malaysia and ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with approved standards on auditing in Malaysia and ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

a) Identify and assess the risks of material misstatement of the financial statements 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.

b) Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of internal control of the Group and of the Company.

c) Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.

INDEPENDENT AUDITORS' REPORT

To the Members of Luxchem Corporation Berhad
(Incorporated in Malaysia)
cont'd

AUDITORS' RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS *cont'd*

As part of an audit in accordance with approved standards on auditing in Malaysia and ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also: *cont'd*

d) 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 ability of the Group or of the Company 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.

e) 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.

f) Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial statements of the Group. We are responsible for the direction, supervision and performance 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 or 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 year and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

In accordance with the requirements of the Companies Act 2016 in Malaysia, we report that the subsidiaries of which we have not acted as auditors, are disclosed in Note 9 to the financial statements.

OTHER MATTERS

This report is made solely to the members of the Company, as a body, in accordance with Section 266 of the Companies Act 2016 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.

BDO PLT
LLP0018825-LCA & AF 0206
Chartered Accountants

Tan Seong Yuh
03314/07/2023 J
Chartered Accountant

Kuala Lumpur
9 March 2022

STATEMENTS OF FINANCIAL POSITION

As at 31 December 2021

		Group		Company	
		2021	2020	2021	2020
	Note	RM	RM	RM	RM
ASSETS					
Non-current assets					
Property, plant and equipment	5	83,598,532	63,220,609	-	-
Investment property	6	2,715,087	2,743,392	-	-
Goodwill	7	64,706,662	35,802,888	-	-
Intangible assets	8	125,427,414	4,742,149	-	-
Investments in subsidiaries	9	-	-	278,223,261	161,172,210
Other investments	10	1,931,214	3,666,985	-	-
Deferred tax assets	11	598,017	1,569,340	-	-
		278,976,926	111,745,363	278,223,261	161,172,210
Current assets					
Inventories	12	129,765,121	72,882,379	-	-
Trade and other receivables	13	171,024,954	159,956,059	7,413	2,607,033
Current tax assets		3,225,652	2,422,688	-	-
Cash and bank balances	14	208,519,046	140,355,897	26,058,865	10,949,403
		512,534,773	375,617,023	26,066,278	13,556,436
TOTAL ASSETS		791,511,699	487,362,386	304,289,539	174,728,646
EQUITY AND LIABILITIES					
Equity attributable to owners of the parent					
Share capital	15	298,077,797	174,372,109	298,077,797	174,372,109
Treasury shares	15	(70,536)	-	(70,536)	-
Reserves	16	191,799,737	162,481,019	6,016,078	30,444
		489,806,998	336,853,128	304,023,339	174,402,553
Non-controlling interests		75,308,614	413,258	-	-
TOTAL EQUITY		565,115,612	337,266,386	304,023,339	174,402,553

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

STATEMENTS OF FINANCIAL POSITION

As at 31 December 2021
cont'd

		Group		Company	
		2021	2020	2021	2020
	Note	RM	RM	RM	RM
LIABILITIES					
Non-current liabilities					
Retirement benefits	17	658,106	781,762	-	-
Lease liabilities	18	406,137	268,279	-	-
Borrowings	20	8,977,147	-	-	-
Deferred tax liabilities	11	31,271,016	1,324,304	-	-
		41,312,406	2,374,345	-	-
Current liabilities					
Trade and other payables	19	94,477,530	81,203,301	225,347	325,175
Lease liabilities	18	476,187	397,984	-	-
Borrowings	20	86,135,956	63,793,408	-	-
Current tax liabilities		3,994,008	2,326,962	40,853	918
		185,083,681	147,721,655	266,200	326,093
TOTAL LIABILITIES		226,396,087	150,096,000	266,200	326,093
TOTAL EQUITY AND LIABILITIES		791,511,699	487,362,386	304,289,539	174,728,646

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

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the Financial Year Ended 31 December 2021

		Group		Company	
		2021	2020	2021	2020
	Note	RM	RM	RM	RM
Revenue	21	924,276,387	726,264,486	40,700,000	23,600,000
Cost of sales		(786,474,586)	(632,353,552)	-	-
Gross profit		137,801,801	93,910,934	40,700,000	23,600,000
Other operating income		3,841,596	4,395,840	5,401,600	544,027
Selling and distribution costs		(11,497,921)	(5,769,187)	-	-
Administration expenses		(28,512,711)	(23,621,412)	(895,825)	(564,521)
Other operating expenses		(3,419,147)	(1,188,316)	(1,556,714)	(7,210,741)
Finance costs	22	(3,136,781)	(2,586,116)	-	-
Net gain/(loss) on impairment of financial assets		3,313,922	(2,618,666)	-	-
Profit before tax	23	98,390,759	62,523,077	43,649,061	16,368,765
Taxation	24	(24,357,688)	(15,577,303)	(192,236)	(106,100)
Profit for the financial year		74,033,071	46,945,774	43,456,825	16,262,665
Other comprehensive income/(loss), net of tax					
Items that may be reclassified subsequently to profit or loss					
Foreign currency translation		214,866	261,576	-	-
Items that will not be reclassified subsequently to profit or loss					
Remeasurement of defined benefit obligation		83,690	(63,915)	-	-
Fair value (loss)/gain on equity investments at fair value through other comprehensive income		(1,735,771)	1,900,280	-	-
		(1,652,081)	1,836,365	-	-
Total other comprehensive (loss)/income for the financial year, net of tax		(1,437,215)	2,097,941	-	-
Total comprehensive income for the financial year		72,595,856	49,043,715	43,456,825	16,262,665

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

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the Financial Year Ended 31 December 2021

cont'd

		Group		Company	
		2021	2020	2021	2020
	Note	RM	RM	RM	RM
Profit attributable to:					
Owners of the parent		68,244,345	47,854,100	43,456,825	16,262,665
Non-controlling interests		5,788,726	(908,326)	-	-
		74,033,071	46,945,774	43,456,825	16,262,665
Total comprehensive income attributable to:					
Owners of the parent		66,789,909	49,949,801	43,456,825	16,262,665
Non-controlling interests		5,805,947	(906,086)	-	-
		72,595,856	49,043,715	43,456,825	16,262,665
Earnings per ordinary share attributable to owners of the parent (sen):					
- Basic	25	6.77	5.34		
- Diluted	25	6.77	5.34		

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the Financial Year Ended 31 December 2021

Group	Note	Share capital	Exchange translation reserve	Fair value reserve	Treasury shares	Retained earnings	Total	Non-controlling interests	Total equity
		← Non-distributable		→	← Distributable	→			
		RM	RM	RM	RM	RM	RM	RM	RM
Balance as at 1 January 2021		174,372,109	8,334	3,371,643	-	159,101,042	336,853,128	413,258	337,266,386
Profit for the financial year		-	-	-	-	68,244,345	68,244,345	5,788,726	74,033,071
Foreign currency translations		-	203,821	-	-	-	203,821	11,045	214,866
Fair value loss on equity investments		-	-	(1,735,771)	-	-	(1,735,771)	-	(1,735,771)
Remeasurement of defined benefit obligations		-	-	-	-	77,514	77,514	6,176	83,690
Total comprehensive income		-	203,821	(1,735,771)	-	68,321,859	66,789,909	5,805,947	72,595,856
Transactions with owners									
Acquisition of subsidiaries	9(d)	-	-	-	-	-	-	69,089,409	69,089,409
Ordinary shares issued pursuant to acquisition of subsidiaries	15	52,846,385	-	-	-	-	52,846,385	-	52,846,385
Ordinary shares issued pursuant to private placements	15	72,574,500	-	-	-	-	72,574,500	-	72,574,500
Share issued expenses	15	(1,715,197)	-	-	-	-	(1,715,197)	-	(1,715,197)
Repurchase of treasury shares of the Company	15(c)	-	-	-	(70,536)	-	(70,536)	-	(70,536)
Dividends paid	26	-	-	-	-	(37,471,191)	(37,471,191)	-	(37,471,191)
Total transactions with owners		123,705,688	-	-	(70,536)	(37,471,191)	86,163,961	69,089,409	155,253,370
Balance as at 31 December 2021		298,077,797	212,155	1,635,872	(70,536)	189,951,710	489,806,998	75,308,614	565,115,612

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the Financial Year Ended 31 December 2021
cont'd

		← Non-distributable		→	Distributable			
		Share capital	Exchange translation reserve	Fair value reserve	Retained earnings	Total	Non-controlling interests	Total equity
Group	**Note**	**RM**	**RM**	**RM**	**RM**	**RM**	**RM**	**RM**
Balance as at 1 January 2020		174,372,109	(246,285)	1,471,363	133,409,491	309,006,678	(628,315)	308,378,363
Profit for the financial year		-	-	-	47,854,100	47,854,100	(908,326)	46,945,774
Foreign currency translations		-	254,619	-	-	254,619	6,957	261,576
Fair value gain on equity investments		-	-	1,900,280	-	1,900,280	-	1,900,280
Remeasurement of defined benefit obligations		-	-	-	(59,198)	(59,198)	(4,717)	(63,915)
Total comprehensive income		-	254,619	1,900,280	47,794,902	49,949,801	(906,086)	49,043,715
Transactions with owners								
Accretion of interest in a subsidiary		-	-	-	(1,947,659)	(1,947,659)	1,947,659	-
Dividends paid	26	-	-	-	(20,155,692)	(20,155,692)	-	(20,155,692)
Total transactions with owners		-	-	-	(22,103,351)	(22,103,351)	1,947,659	(20,155,692)
Balance as at 31 December 2020		174,372,109	8,334	3,371,643	159,101,042	336,853,128	413,258	337,266,386

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

STATEMENT OF CHANGES IN EQUITY

For the Financial Year Ended 31 December 2021

		Non-distributable	Distributable		
		Share capital	Treasury shares	Retained earnings	Total equity
Company	**Note**	**RM**	**RM**	**RM**	**RM**
Balance as at 1 January 2021		174,372,109	-	30,444	174,402,553
Profit for the financial year		-	-	43,456,825	43,456,825
Other comprehensive income, net of tax		-	-	-	-
Total comprehensive income		-	-	43,456,825	43,456,825
Transaction with owners					
Ordinary shares issued pursuant to acquisition of subsidiaries	9(d)	52,846,385	-	-	52,846,385
Ordinary shares issued pursuant to private placements	15	72,574,500	-	-	72,574,500
Share issued expenses	15	(1,715,197)	-	-	(1,715,197)
Repurchase of treasury shares of the Company	15(c)	-	(70,536)	-	(70,536)
Dividends paid	26	-	-	(37,471,191)	(37,471,191)
Total transaction with owners		123,705,688	(70,536)	(37,471,191)	86,163,961
Balance at 31 December 2021		298,077,797	(70,536)	6,016,078	304,023,339

		Non-distributable	Distributable	
		Share capital	Retained earnings	Total equity
Company	**Note**	**RM**	**RM**	**RM**
Balance as at 1 January 2020		174,372,109	3,923,471	178,295,580
Profit for the financial year		-	16,262,665	16,262,665
Other comprehensive income, net of tax		-	-	-
Total comprehensive income		-	16,262,665	16,262,665
Transaction with owners				
Dividends paid	26	-	(20,155,692)	(20,155,692)
Total transaction with owners		-	(20,155,692)	(20,155,692)
Balance at 31 December 2020		174,372,109	30,444	174,402,553

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

STATEMENTS OF CASH FLOWS

For the Financial Year Ended 31 December 2021

		Group		Company	
		2021	2020	2021	2020
	Note	RM	RM	RM	RM
CASH FLOWS FROM OPERATING ACTIVITIES					
Profit before tax		98,390,759	62,523,077	43,649,061	16,368,765
Adjustments for:					
Amortisation of intangible assets	8	2,290,110	256,050	-	-
Bad debts written off	23	8,841	-	-	-
Depreciation of investment property	6	28,305	28,304	-	-
Depreciation of property, plant and equipment	5	4,128,731	3,923,878	-	-
Defined benefit obligations	17(b)	(31,802)	146,459	-	-
Dividend income	23	(331,383)	(156,413)	(40,700,000)	(23,600,000)
Loss/(Gain) on changes in fair value of forward exchange contracts	23	40,393	(180,548)	-	-
Gain on disposal of property, plant and equipment	23	(156,762)	(18,442)	-	-
Gain on termination of lease		(2,303)	-	-	-
Impairment losses on trade receivables	13(i)	127,505	3,858,681	-	-
Impairment losses on investment in subsidiaries	9	-	-	889,059	6,885,434
Interest income	23	(2,189,197)	(1,314,840)	(807,317)	(446,994)
Interest expense	22	3,136,781	2,586,116	-	-
Inventories written down	12(d)	1,645,073	987,305	-	-
Inventories written off	12(f)	536,843	608,205	-	-
Intangible asset written off	8	3	-	-	-
Property, plant and equipment written off	5	14,395	208,956	-	-
Net unrealised loss/(gain) on foreign exchange	23	173,818	(337,515)	373	558
Reversal of impairment losses on investment in a subsidiary	9	-	-	(4,593,725)	-
Reversal of impairment losses on trade receivables	13(i)	(3,441,427)	(1,240,015)	-	-
Reversal of inventories written down	12(e)	(970,784)	(186,883)	-	-
Operating profit/(loss) before working capital changes		103,397,899	71,692,375	(1,562,549)	(792,237)
Increases in inventories		(49,932,116)	(5,495,697)	-	-
Decrease/(Increase) in trade and other receivables		16,068,058	(27,473,399)	2,599,247	(462)
Increase/(Decrease) in trade and other payables		(3,737,000)	25,171,532	(99,828)	65,215

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

STATEMENTS OF CASH FLOWS

For the Financial Year Ended 31 December 2021

cont'd

		Group		Company	
		2021	**2020**	**2021**	**2020**
	Note	**RM**	**RM**	**RM**	**RM**
CASH FLOWS FROM OPERATING ACTIVITIES *cont'd*					
Cash generated from/(used in) operations		65,796,841	63,894,811	936,870	(727,484)
Net tax paid		(25,505,321)	(14,841,277)	(152,301)	(119,514)
Interest received		2,189,197	1,314,840	807,317	446,994
Interest paid		(3,101,841)	(2,529,161)	-	-
Net cash from/(used in) operating activities		39,378,876	47,839,213	1,591,886	(400,004)
CASH FLOWS FROM INVESTING ACTIVITIES					
Purchase of property, plant and equipment	5(d)	(7,656,839)	(14,453,804)	-	-
Purchase of intangible assets	8	(66,983)	(406,811)	-	-
Proceeds from disposal of property, plant and equipment		159,398	111,217	-	-
Additional investments in subsidiaries		-	-	-	(10,601,150)
Dividend received		331,383	156,413	40,700,000	21,000,000
Net cash outflows on acquisition of subsidiaries	9(d)	(14,485,172)	-	(60,500,000)	-
Withdrawal/(Placement) of deposits with licensed licensed banks with original maturity of more than three (3) months		7,981,506	(4,497,906)	-	4,000,000
Net cash (used in)/from investing activities		(13,736,707)	(19,090,891)	(19,800,000)	14,398,850
CASH FLOWS FROM FINANCING ACTIVITIES					
Proceeds from shares issued pursuant to private placement		70,859,303	-	70,859,303	-
Repayments on lease liabilities		(591,925)	(681,193)	-	-
Repurchase of treasury share of the Company	15(c)	(70,536)	-	(70,536)	-
Interest paid on lease liabilities		(34,940)	(56,955)		-
Net drawdown of borrowings		17,668,093	1,620,093	-	-
Dividends paid	26	(37,471,191)	(20,155,692)	(37,471,191)	(20,155,692)
Net cash from/(used in) financing activities		50,358,804	(19,273,747)	33,317,576	(20,155,692)
Net increase/(decrease) in cash and cash equivalents		76,000,973	9,474,575	15,109,462	(6,156,846)
Cash and cash equivalents at beginning of financial year		119,699,585	110,315,680	6,749,403	12,906,249
Effect of changes in exchange rates		143,682	(90,670)	-	-
Cash and cash equivalents at end of financial year		195,844,240	119,699,585	21,858,865	6,749,403

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

STATEMENTS OF CASH FLOWS

For the Financial Year Ended 31 December 2021
cont'd

For the purpose of the statements of cash flows, cash and cash equivalents comprise the following as at the end of each reporting period:

	Group		Company	
	2021	**2020**	**2021**	**2020**
	RM	**RM**	**RM**	**RM**
Cash and bank balances	114,583,765	39,363,585	89,976	149,403
Deposits placed with licensed banks	93,935,281	100,992,312	25,968,889	10,800,000
	208,519,046	140,355,897	26,058,865	10,949,403
Less:				
Placement of deposits with licensed banks with original maturity of more than three (3) months	(12,674,806)	(20,656,312)	(4,200,000)	(4,200,000)
	195,844,240	119,699,585	21,858,865	6,749,403

RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

Group	**Note**	**Leases (Note 18) RM**	**Borrowings (Note 20) RM**
At 1 January 2020		1,085,462	63,001,209
Cash flows		(738,148)	1,620,093
Non-cash changes:			
- Acquisition of property, plant and equipment		276,763	-
- Translation adjustments		(14,769)	(827,894)
- Unwinding of interest		56,955	-
At 31 December 2020		666,263	63,793,408
At 1 January 2021		666,263	63,793,408
Cash flows		(626,865)	17,668,093
Non-cash changes:			
- Acquisition of property, plant and equipment		355,233	-
- Acquisition of subsidiaries	9	472,932	13,297,439
- Remeasurements/Modifications	18	30,582	-
- Termination	18	(57,878)	-
- Translation adjustments		7,117	354,164
- Unwinding of interest		34,940	-
At 31 December 2021		882,324	95,113,104

NOTES TO THE FINANCIAL STATEMENTS
31 December 2021

1. CORPORATE INFORMATION

Luxchem Corporation Berhad ("the Company") is a public limited liability company, incorporated and domiciled in Malaysia, and is listed on the Main Market of Bursa Malaysia Securities Berhad.

The registered office of the Company is located at Unit 30-01, Level 30, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur.

The principal place of business of the Company is located at No. 6, Jalan SS 21/58, Damansara Utama, 47400 Petaling Jaya, Selangor Darul Ehsan.

The holding company of the Company is Chemplex Resources Sdn. Bhd., which is incorporated in Malaysia.

The consolidated financial statements for the financial year ended 31 December 2021 comprise the Company and its subsidiaries. These financial statements are presented in Ringgit Malaysia ("RM"), which is also the functional currency of the Company.

The financial statements were authorised for issue in accordance with a resolution by the Directors on 9 March 2022.

2. PRINCIPAL ACTIVITIES

The principal activity of the company is investment holding. The principal activities and the details of the subsidiaries are set out in Note 9 to the financial statements. There have been no significant changes in the nature of these activities of the Group and of the Company during the financial year.

3. BASIS OF PREPARATION

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

The accounting policies adopted are consistent with those of the previous financial year except for the effects of adoption of new MFRSs during the financial year. The new MFRSs and Amendments to MFRSs adopted during the financial year are disclosed in Note 33(a) to the financial statements.

The Group has also early adopted Amendment to MFRS 16 *Covid-19-Related Rent Concessions beyond 30 June 2021* in the current financial year and elected to apply the practical expedient to all rent concessions relating to leases with similar characteristics and similar circumstances.

The financial statements of the Group and of the Company have been prepared under the historical cost convention except as otherwise stated in the financial statements.

4. OPERATING SEGMENTS

(a) Operating Segments

The Group has two reportable segments which comprised its major business segments. These business segments are involved in different activities and are managed by segment managers who report directly to the Group's Chief Executive Officer. The reportable segments are as follows:

(i)	Trading	Import, export and distribution of petrochemical and other related products.
(ii)	Manufacturing	Manufacturing and trading of unsaturated polyester resin, latex chemical dispersions, latex processing chemicals, former cleaning, powder free coagulant and related products.

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4. OPERATING SEGMENTS *cont'd*

(a) Operating Segments *cont'd*

No other operating segments have been aggregated to form the above reportable segments. Investment holding activities are not considered as a reportable segment and the related financial information has been included under "Other".

The Group's Chief Executive Officer monitors the performance of the business segments through regular discussions held with the segment managers and review of internal management reports. The performance of each business segment is evaluated based on the segment's profit or loss which is measured on a basis not significantly different from the profit or loss included in the consolidated financial statements.

Inter-segment transactions have been accounted for on a basis that is consistent with the Group's accounting policies.

2021	Trading RM	Manufacturing RM	Other RM	Consolidated RM
Revenue				
Total revenue	725,575,466	372,132,590	-	1,097,708,056
Inter-segment revenue	(7,781,760)	(165,649,909)	-	(173,431,669)
External sales	717,793,706	206,482,681	-	924,276,387
Results				
Segment results	59,248,645	41,260,535	(1,570,470)	98,938,710
Dividend, interest and rental income	1,232,527	548,986	807,317	2,588,830
Operating profit	60,481,172	41,809,521	(763,153)	101,527,540
Finance costs	(2,566,529)	(570,252)	-	(3,136,781)
Profit before tax	57,914,643	41,239,269	(763,153)	98,390,759
Tax expense	(13,974,362)	(10,191,090)	(192,236)	(24,357,688)
Profit for the financial year	43,940,281	31,048,179	(955,389)	74,033,071
Segment assets	355,880,630	409,569,409	26,061,660	791,511,699
Segment liabilities	127,414,961	98,711,259	269,867	226,396,087

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31 December 2021
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4. OPERATING SEGMENTS *cont'd*

(a) Operating Segments *cont'd*

2021	Trading RM	Manufacturing RM	Other RM	Consolidated RM
Other segment information				
Additions to non-current assets:				
- property, plant and equipment	2,382,564	5,629,508	-	8,012,072
- intangible assets	35,437	31,546	-	66,983
Depreciation and amortisation	1,460,802	4,986,344	-	6,447,146
Non cash expenses other than depreciation and amortisation:				
- Impairment losses on trade receivables, net of reversals	(3,166,813)	(147,109)	-	(3,313,922)
- Bad debts written off	8,841	-	-	8,841
- Property, plant and equipment written off	10,925	3,470	-	14,395
- Intangible assets written off	3	-	-	3
- Inventories written down	321,495	1,323,578	-	1,645,073
- Inventories written off	-	536,843	-	536,843
- Reversal of inventories written down down	(495,225)	(475,559)	-	(970,784)
- Defined benefit obligations	(31,802)	-	-	(31,802)
- Net unrealised loss foreign exchange	45,151	128,852	(185)	173,818
- Net loss on changes in fair value of forward exchange contracts	(12,058)	52,451	-	40,393
- Net gain on disposal of property, plant and equipment	(156,754)	(8)	-	(156,762)

NOTES TO THE FINANCIAL STATEMENTS
31 December 2021
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4. OPERATING SEGMENTS *cont'd*

(a) Operating Segments *cont'd*

2020	Trading RM	Manufacturing RM	Other RM	Consolidated RM
Revenue				
Total revenue	598,510,618	273,337,496	-	871,848,114
Inter-segment revenue	(2,227,609)	(143,356,019)	-	(145,583,628)
External sales	596,283,009	129,981,477	-	726,264,486
Results				
Segment results	31,979,974	32,446,777	(792,795)	63,633,956
Dividend, interest and rental income	874,412	153,831	446,994	1,475,237
Operating profit/(loss)	32,854,386	32,600,608	(345,801)	65,109,193
Finance costs	(2,506,927)	(79,189)	-	(2,586,116)
Profit/(Loss) before tax	30,347,459	32,521,419	(345,801)	62,523,077
Tax expense	(7,790,342)	(7,680,861)	(106,100)	(15,577,303)
Profit/(Loss) for the financial year	22,557,117	24,840,558	(451,901)	46,945,774
Segment assets	312,564,337	163,846,646	10,951,403	487,362,386
Segment liabilities	111,192,629	38,577,278	326,093	150,096,000
Other segment information				
Additions to non-current assets:				
- property, plant and equipment	11,785,480	2,945,087	-	14,730,567
- intangible assets	-	406,811	-	406,811
Depreciation and amortisation	1,776,059	2,432,173	-	4,208,232
Non cash expenses other than depreciation and amortisation:				
- Impairment losses on trade receivables, net of reversals	2,618,666	-	-	2,618,666
- Property, plant and equipment written off	982	207,974	-	208,956
- Inventories written down	682,491	304,814	-	987,305
- Inventories written off	158,298	449,907	-	608,205
- Reversal of inventories written down	(70,433)	(116,450)	-	(186,883)
- Defined benefit obligations	146,459	-	-	146,459
- Net unrealised gain foreign exchange	(466,640)	128,567	558	(337,515)
- Net gain on changes in fair value of forward exchange contracts	(128,098)	(52,450)	-	(180,548)
- Net gain on disposal of property, plant and equipment	-	(18,442)	-	(18,442)

NOTES TO THE FINANCIAL STATEMENTS
31 December 2021
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4. **OPERATING SEGMENTS** *cont'd*

(b) Geographical Segments

In determining geographical segments of the Group, revenue is based on the geographical location of customers and non-current assets are based on the geographical location of the assets. The non-current assets do not include other investments and deferred tax assets.

	2021		2020	
	Revenue	Non-current assets	Revenue	Non-current assets
	RM	RM	RM	RM
Malaysia	608,777,164	275,657,674	511,212,542	105,913,581
Indonesia	99,921,743	773,073	86,177,969	486,406
Vietnam	86,602,307	12,277	77,703,376	103,031
Thailand	38,942,790	-	22,414,400	-
China	24,986,712	-	28,292	-
Singapore	25,497,722	4,671	5,833,725	6,020
Australia	11,444,475	-	4,179,896	-
Sri Lanka	6,986,264	-	3,542,007	-
Bangladesh	6,745,416	-	4,585,919	-
New Zealand	4,223,785	-	2,837,036	-
Philippines	2,957,144	-	3,466,137	-
Hong Kong	1,776,817	-	155,245	
Cambodia	1,441,289	-	1,398,233	-
Others	3,972,759	-	2,729,709	-
	924,276,387	276,447,695	726,264,486	106,509,038

(c) Major Customers

There was no single customer which contributed more than 10% of the Group's total revenue for the current and previous financial year. As such, information for major customers is not presented.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2021
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5. PROPERTY, PLANT AND EQUIPMENT

2021 Group	Balance as at 1.1.2021	Acquisition of subsidiaries (Note 9(d))	Additions	Disposals	Remeasurement/ Modifications	Termination	Written off	Reclassification	Translation adjustments	Depreciation charge for the year	Balance as at 31.12.2021
	RM	RM	RM	RM	RM	RM	RM	RM	RM	RM	RM
Carrying amount											
Freehold land	2,411,942	8,000,000	-	-	-	-	-	-	-	-	10,411,942
Long term leasehold land											
- Right-of-use assets	20,003,398	-	-	-	30,582	-	-	-	-	(348,146)	19,685,834
Buildings											
- Owned	15,960,263	5,400,000	58,276	-	-	-	-	-	-	(589,304)	20,829,235
- Right-of-use assets	276,492	115,293	313,669	-	-	(55,575)	-	-	5,423	(328,999)	326,303
Renovation	434,804	310,422	1,371,869	-	-	-	(2,741)	-	361	(169,960)	1,944,755
Furniture and fittings	303,172	3,145	488,730	-	-	-	(436)	103,800	290	(73,097)	825,604
Plant, machinery and equipment	6,886,457	1,939,015	1,916,706	(2,636)	-	-	(11,218)	73,975	1,443	(1,737,724)	9,066,018
Motor vehicles											
- Owned	1,566,618	511,540	840,667	-	-	-	-	171,762	3,615	(786,807)	2,307,395
- Right-of-use assets	211,891	296,461	54,717	-	-	-	-	(171,762)	3,276	(94,694)	299,889
Capital work-in-progress	15,165,572	-	2,967,438	-	-	-	-	(231,453)	-	-	17,901,557
	63,220,609	16,575,876	8,012,072	(2,636)	30,582	(55,575)	(14,395)	(53,678)	14,408	(4,128,731)	83,598,532

5. PROPERTY, PLANT AND EQUIPMENT *cont'd*

2020 Group	Balance as at 1.1.2020 RM	Additions RM	Disposals RM	Written off RM	Reclassification RM	Translation adjustments RM	Depreciation charge for the year RM	Balance as at 31.12.2020 RM
Carrying amount								
Freehold land	2,411,942	-	-	-	-	-	-	2,411,942
Long term leasehold land								
- Right-of-use assets	20,345,598	-	-	-	-	-	(342,200)	20,003,398
Buildings								
- Owned	14,815,990	1,535,423	-	(188,667)	257,186	-	(459,669)	15,960,263
- Right-of-use assets	530,491	206,575	-	-	-	(10,261)	(450,313)	276,492
Renovation	451,350	45,839	-	-	-	(63)	(62,322)	434,804
Furniture and fittings	237,986	110,606	-	-	-	(90)	(45,330)	303,172
Plant, machinery and equipment	7,383,712	1,016,563	(3)	(3,649)	109,389	(1,563)	(1,617,992)	6,886,457
Motor vehicles								
- Owned	2,221,429	182,198	(92,772)	-	108,443	(1,240)	(851,440)	1,566,618
- Right-of-use assets	331,555	92,358	-	-	(108,443)	(8,967)	(94,612)	211,891
Capital work-in-progress	4,289,422	11,541,005	-	(16,640)	(648,215)	-	-	15,165,572
	53,019,475	14,730,567	(92,775)	(208,956)	(281,640)	(22,184)	(3,923,878)	63,220,609

NOTES TO THE FINANCIAL STATEMENTS
31 December 2021
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5. PROPERTY, PLANT AND EQUIPMENT *cont'd*

	As at 31 December 2021		
	Cost	Accumulated depreciation	Carrying amount
	RM	RM	RM
Freehold land	10,411,942	-	10,411,942
Long term leasehold land			
- Right-of-use assets	22,210,451	(2,524,617)	19,685,834
Buildings			
- Owned	26,544,749	(5,715,514)	20,829,235
- Right-of-use assets	2,546,423	(2,220,120)	326,303
Renovation	3,109,685	(1,164,931)	1,944,754
Furniture and fittings	1,808,592	(982,989)	825,603
Plant, machinery and equipment	28,604,308	(19,538,291)	9,066,017
Motor vehicles			
- Owned	7,210,768	(4,903,370)	2,307,398
- Right-of-use assets	673,198	(373,309)	299,889
Capital work-in-progress	17,901,557	-	17,901,557
	121,021,673	(37,423,141)	83,598,532

	As at 31 December 2020		
	Cost	Accumulated depreciation	Carrying amount
	RM	RM	RM
Freehold land	2,411,942	-	2,411,942
Long term leasehold land			
- Right-of-use assets	22,179,869	(2,176,471)	20,003,398
Buildings			
- Owned	20,902,043	(4,941,780)	15,960,263
- Right-of-use assets	1,929,002	(1,652,510)	276,492
Renovation	1,743,260	(1,308,456)	434,804
Furniture and fittings	1,374,809	(1,071,637)	303,172
Plant, machinery and equipment	24,206,442	(17,319,985)	6,886,457
Motor vehicles			
- Owned	5,519,013	(3,952,395)	1,566,618
- Right-of-use assets	337,902	(126,011)	211,891
Capital work-in-progress	15,165,572	-	15,165,572
	95,769,854	(32,549,245)	63,220,609

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31 December 2021
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5. PROPERTY, PLANT AND EQUIPMENT *cont'd*

(a) All items of property, plant and equipment (excluding right-of-use assets) are initially measured at cost. After initial recognition, property, plant and equipment except for freehold land and right-of-use assets are stated at cost less accumulated depreciation and any accumulated impairment losses.

(b) Depreciation is calculated to write down the cost of the assets to their residual values on a straight-line basis over their estimated useful lives. The estimated useful lives represent common life expectancies applied in the various business segments of the Group. The principal depreciation periods used are as follows:

Buildings	50 years
Renovation	5 to 50 years
Furniture and fittings	5 to 10 years
Plant, machinery and equipment	2 to 10 years
Motor vehicles	5 years

Freehold land has unlimited useful life and is not depreciated.

Capital work-in-progress representing machinery under installation, construction and renovation-in-progress are stated at cost. Capital work-in-progress is not depreciated until such time when the asset is available for use.

(c) The right-of-use assets are initially measured at cost, which comprise the initial amount of the lease liabilities adjusted for any lease payments made at or before the commencement date of the leases.

Subsequent to initial recognition, the right-of-use assets are measured at cost less accumulated depreciation and any accumulated impairment losses and adjusted for any remeasurement of lease liabilities.

Depreciation is calculated on a straight-line basis over the estimated useful lives of the right-of-use assets. The principal depreciation periods used are as follows:

Long term leasehold land	6 to 904 years
Buildings	2 to 6 years
Motor vehicles	5 years

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

	Group	
	2021 RM	2020 RM
Purchase of property, plant and equipment	8,012,072	14,730,567
Financed by lease liabilities	(355,233)	(276,763)
Cash payments on purchase of property, plant and equipment	7,656,839	14,453,804

(e) As at the end of the reporting period, freehold land and building of the Group with the total carrying amounts of RM8,000,000 and RM5,359,015 respectively have been charged to bank for credit facilities granted to Group as disclosed in Note 20 to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS
31 December 2021
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6. INVESTMENT PROPERTY

Group	Balance as at 1.1.2021 RM	Depreciation charge for the year RM	Balance as at 31.12.2021 RM
Carrying amount			
Investment property	2,743,392	(28,305)	2,715,087

	At 31.12.2021		
Group	Cost RM	Accumulated depreciation RM	Carrying amount RM
Investment property	2,800,000	(84,913)	2,715,087

Group	Balance as at 1.1.2020 RM	Depreciation charge for the year RM	Balance as at 31.12.2020 RM
Carrying amount			
Investment property	2,771,696	(28,304)	2,743,392

	At 31.12.2020		
Group	Cost RM	Accumulated depreciation RM	Carrying amount RM
Investment property	2,800,000	(56,608)	2,743,392

(a) Investment property is a property which is held to earn rental yields or for capital appreciation or for both and are not occupied by the Group. Investment property is initially measured at cost, which includes transaction costs. After initial recognition, investment property is stated at cost less accumulated depreciation and any accumulated impairment losses.

(b) Depreciation is calculated to write down the cost of the investment property to its residual value on a straight-line basis over its estimated useful life. The estimated useful life represents common life expectancy applied in the industry within which the Group operates. The principal depreciation period for the investment property is 99 years.

The remaining leasehold period of the investment property is 96 years (2020: 97 years).

(c) The Level 3 fair value of investment property is RM3,450,000 (2020: RM3,450,000). The fair value is recommended by the Directors based on market values for similar properties in the same vicinity on a price per square foot basis. There is no transfer between levels in the hierarchy during the financial year.

(d) At the end of reporting period, rental income of the Group derived from the investment property amounted to RM68,250 (2020: RM3,984).

NOTES TO THE FINANCIAL STATEMENTS

31 December 2021

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6. INVESTMENT PROPERTY *cont'd*

(e) Investment property of the Group is mainly used to generate rental income. However, the fair value of the investment property reflects the highest and best use of the said property should the investment property be disposed. Currently, management does not intend to dispose off the investment property and the existing use of the investment property remains for rental purposes.

(f) The amounts of operating expenses recognised in profit or loss during the financial year are as follows:

	Group	
	2021	**2020**
	RM	**RM**
Direct operating expenses	2,811	11,921

7. GOODWILL

	Group	
	2021	**2020**
	RM	**RM**
As at 1 January	35,802,888	35,802,888
Acquisition of subsidiaries (Note 9(d))	28,903,774	-
As at 31 December	64,706,662	35,802,888

(a) Goodwill recognised in a business combination is an asset at the acquisition date and is initially measured at cost. After initial recognition, goodwill is measured at cost less any accumulated impairment losses.

(b) Impairment assessment on goodwill

For the purpose of impairment assessment, goodwill has been allocated to the Group's cash-generating units ("CGUs") which are the subsidiaries themselves, namely Transform Master Sdn. Bhd. ("TMSB"), Lexis Chemical Sdn. Bhd. ("LCSB") and Lexis Specialties Sdn. Bhd. ("LSSB"). For segment reporting purposes, the operations of TMSB and LCSB have been allocated into manufacturing segment whereas the operations of LSSB has been allocated into trading segment.

The aggregate carrying amounts of goodwill allocated to each unit are as follows:

	Group	
	2021	**2020**
	RM	**RM**
TMSB	35,802,888	35,802,888
LCSB	25,897,266	-
LSSB	3,006,508	-
	64,706,662	35,802,888

For annual impairment assessment purposes, the recoverable amount of the CGUs is based on value-in-use calculation. This calculation is based on a discounted future cash flow model using the cash flow forecast and projections covering a five years period with a terminal value thereafter for TMSB and LSSB and twenty years period for LCSB as approved by management. The key assumptions for the computation of value-in-use are further described in Note 7(c) to the financial statements.

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7. GOODWILL *cont'd*

(c) Key assumptions used for value-in-use calculation

The following table sets out the key assumptions for the computation of value-in-use:

Key Assumptions	TMSB	LCSB	LSSB
Average revenue growth rates	7.4%	4.4%	2.7%
Average operating profit margins	11.4%	26.6%	26.5%
Pre-tax discount rate	17.8%	24.6%	17.9%

The management has determined the values assigned to each of the above key assumptions as follows:

Assumptions	Approach used in determining values
Revenue growth rate	Compound annual growth rate over the five-year forecast period with no terminal growth rate thereafter based on financial plans approved by senior management team of TMSB and LSSB and twenty-year forecast period for LCSB as they reflect management's expectation of achievable growth based on past performance and market development after incorporating the impact of Covid-19 pandemic.
Operating profit margin	Based on past performance and management's expectations for the future.
Pre-tax discount rate	Reflects specific risks relating to the CGU and the country in which the CGU operates.

Estimating a value-in-use amount requires management to make an estimate of the expected future cash flows from the subsidiaries and also to choose a suitable discount rate in order to calculate the present value of those cash flows.

Due to the inherent uncertainties arising from the Covid-19 pandemic, the Group has adopted the Expected Cash Flow approach in performing its impairment assessment of goodwill on consolidation during the current financial year. The cash flow projections used in determining the value-in-use calculations were probability weighted based on the following scenarios:

Scenario	Weighting	Assumption
Base Case	70%	Based on the key assumptions above.
Best Case	10%	Revenue growth rates for TMSB, LCSB and LSSB are 10.8%, 7.0% and 4.7% respectively. Operating profit margin for TMSB, LCSB and LSSB are 12.2%, 28.9% and 34.0% respectively.
Worst Case	20%	Revenue growth rates for TMSB, LCSB and LSSB are 5.2%, 2.7% and 1.7% respectively. Operating profit margin for TMSB, LCSB and LSSB are 10.3%, 25.7% and 25.5% respectively.

(d) Sensitivity to changes in assumptions

With regard to the assessment of value-in-use of each of the CGU, management believes that no reasonably possible change in any of the above key assumptions would cause the carrying amount of the CGU to materially exceed their recoverable amount.

NOTES TO THE FINANCIAL STATEMENTS
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8. INTANGIBLE ASSETS

Group	Balance as at 1.1.2021	Acquisition of subsidiaries (Note 9(d))	Addition	Reclassification	Written off	Amortisation charge for the year	Balance as at 31.12.2021
	RM	RM	RM	RM	RM	RM	RM
Carrying amount							
Computer software	742,149	-	66,983	53,678	(3)	(242,531)	620,276
Brand equity	4,000,000	-	-	-	-	-	4,000,000
Trade formulas	-	122,854,717	-	-	-	(2,047,579)	120,807,138
	4,742,149	122,854,717	66,983	53,678	(3)	(2,290,110)	125,427,414

Group	At 31.12.2021 Cost	Accumulated amortisation	Carrying amount
	RM	RM	RM
Computer software	1,857,004	(1,236,728)	620,276
Brand equity	4,000,000	-	4,000,000
Trade formulas	122,854,717	(2,047,579)	120,807,138
	128,711,721	(3,284,307)	125,427,414

Group	Balance as at 1.1.2020	Addition	Reclassification	Amortisation charge for the year	Balance as at 31.12.2020
	RM	RM	RM	RM	RM
Carrying amount					
Computer software	309,748	406,811	281,640	(256,050)	742,149
Brand equity	4,000,000	-	-	-	4,000,000
	4,309,748	406,811	281,640	(256,050)	4,742,149

Group	At 31.12.2020 Cost	Accumulated amortisation	Carrying amount
	RM	RM	RM
Computer software	2,307,664	(1,565,515)	742,149
Brand equity	4,000,000	-	4,000,000
	6,307,664	(1,565,515)	4,742,149

(a) Intangible assets are initially measured at cost. After initial recognition, intangible assets, excluding brand equity, are carried at cost less accumulated amortisation and any accumulated impairment losses.

NOTES TO THE FINANCIAL STATEMENTS

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8. INTANGIBLE ASSETS *cont'd*

(b) The costs of computer software acquired, including all directly attributable costs of preparing the assets for their intended use, are amortised on the straight-line basis to administrative expenses over the estimated useful life of 5 years (2020: 5 years).

Brand equity represents industrial property rights acquired by Luxchem Polymer Industries Sdn. Bhd. ("LPISB"). The brand equity is measured at cost less any accumulated impairment losses. It is assessed to have indefinite useful life as management believes that there is no foreseeable limit to the period over which the brand equity is expected to generate net cash flows to the Group.

Trade formula represents products formulation for specialty chemicals acquired in a business combination is measured at fair value as at the date of acquisition. The trade formula is amortised on a straight-line basis to other operating expenses over the estimated useful life of 20 years (2020: Nil).

(c) Impairment assessment on brand equity

For the purpose of annual impairment assessment, the recoverable amount is determined based on its value-in-use. The value-in-use is determined based on a discounted future cash flow model using the cash flow forecast and projections covering a five years period and approved by management. The key assumptions for the computation of value-in-use are further described in Note 8(d) to the financial statements.

(d) Key assumptions used for value-in-use calculation

The following table sets out the key assumptions for the computation of value-in-use:

	Group	
	2021	**2020**
Revenue growth rate	0.00%	0.00%
Operating profit margin	9.57%	11.98%
Pre-tax discount rate	12.58%	12.58%

The management has determined the values assigned to each of the above key assumptions as follows:

Assumptions	**Approach used in determining values**
Revenue growth rate	Compound annual growth rate over the five-year forecast period with no terminal growth rate thereafter based on financial plans approved by senior management team of LPISB and they reflect management's expectation of achievable growth based on past performance and market development.
Operating profit margin	Based on past performance and management's expectations for the future.
Pre-tax discount rate	Reflects specific risks relating to the brand equity and trade formulas and the country in which the entity operates.

Estimating a value-in-use amount requires management to make an estimate of the expected future cash flows from the intangible assets and also to choose a suitable discount rate in order to calculate the present value of those cash flows.

(e) Impact of possible changes in key assumptions

Management has considered and assessed reasonably possible changes of key assumptions and has not identified any instances that could cause the carrying amount of the brand equity to materially exceed its recoverable amount.

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9. INVESTMENTS IN SUBSIDIARIES

	Company	
	2021 RM	2020 RM
Unquoted equity shares, at cost	237,127,148	123,780,763
Less: Impairment losses	(3,180,768)	(6,885,434)
	233,946,380	116,895,329
Equity loans to subsidiaries	33,704,973	33,704,973
Equity contributions in subsidiaries in respect of employee share option scheme ("ESOS")	10,571,908	10,571,908
	278,223,261	161,172,210

(a) Investments in subsidiaries, which are eliminated on consolidation, are stated in the separate financial statements of the Company at cost less impairment losses, if any.

All components of non-controlling interests shall be measured at their acquisition-date fair values, unless another measurement basis is required by MFRSs. The choice of measurement basis is made on a combination-by-combination basis. Subsequent to initial recognition, the carrying amount of non-controlling interests is the amount of those interests at initial recognition plus the non-controlling interests' share of subsequent changes in equity.

Equity loans to subsidiaries, which are unsecured, interest-free and the subsidiaries have the unconditional right to avoid settlement of the loan in cash, and are considered to be part of the investment of the Company in providing the subsidiaries with a long term source of additional capital.

(b) The Company has assessed whether there were any indicators of impairment during the financial year. The Company determines whether an impairment loss is required by evaluating the extent to which the recoverable amount is less than its carrying amount. The recoverable amount is determined by reference to their fair value less cost to sell of the underlying assets or the value-in-use of each subsidiaries. Value-in-use is the net present value of the projected future cash flows, which involve judgements in estimating the key assumptions, including different growth rates, operating profit margin as well as determining an appropriate pre-tax discount rate used for each subsidiaries. Impairment losses are made when the carrying amount of the investments in subsidiaries exceed its recoverable amount.

Impairment for equity loans to subsidiaries are recognised based on the general approach within MFRS 9 using the forward-looking expected credit loss model as disclosed in Note 13(j) to the financial statements.

No expected credit loss is recognised arising from equity loans to subsidiaries of the Company as it is negligible.

(c) The reconciliation of movement in impairment losses for investments in subsidiaries is as follows:

	2021 RM	2020 RM
At the beginning of the year	6,885,434	-
Impairment losses	889,059	6,885,434
Reversal of impairment losses	(4,593,725)	-
At the end of the year	3,180,768	6,885,434

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9. INVESTMENTS IN SUBSIDIARIES *cont'd*

(d) Acquisition of subsidiaries

On 24 August 2021, the Company had completed the acquisition of 1,100,000 ordinary shares, 55 ordinary shares and 55 ordinary shares in Lexis Chemical Sdn. Bhd., Lexis Specialties Sdn. Bhd. and Lexis Corporation Sdn. Bhd. ("Lexis entities") respectively, representing 55% equity interest in Lexis entities for a purchase consideration which was satisfied via the combination of cash consideration of RM60,500,000 and the issuance of 72,891,566 new ordinary shares of the Company amounting to RM52,846,385. Accordingly, Lexis entities are now subsidiaries of the Company.

Lexis entities are principally involved in the manufacturing and wholesale of industrial chemical products.

Fair values of the identifiable assets and liabilities acquired were as follows:

	Note	Lexis Chemical Sdn. Bhd. RM	Lexis Specialties Sdn. Bhd. RM	Lexis Corporation Sdn. Bhd. RM	Fair value adjustments RM	Recognised value on acquisition RM
Property, plant and equipment	5	15,054,321	1,802	-	1,107,999	16,164,122
Right-of-use assets	5	402,108	9,646	-	-	411,754
Intangible assets	8	-	-	-	122,854,717	122,854,717
Inventories		8,098,084	-	-	-	8,098,084
Trade and other receivables		21,916,456	1,772,197	-	-	23,688,653
Cash and cash equivalents		41,267,782	4,746,946	100	-	46,014,828
Trade and other payables		(14,748,901)	(2,216,176)	(6,454)	-	(16,971,531)
Deferred tax liabilities	11	(423,460)	-	-	(29,751,052)	(30,174,512)
Lease liabilities	18	(463,072)	(9,860)	-	-	(472,932)
Borrowings		(13,297,439)	-	-	-	(13,297,439)
Current tax liabilities		(2,380,259)	(403,465)	-	-	(2,783,724)
		55,425,620	3,901,090	(6,354)	94,211,664	153,532,020
Cash consideration						60,500,000
Equity instruments issued	(i)					52,846,385
Non-controlling interest						69,089,409
Fair value of identifiable net asset						(153,532,020)
Goodwill on consolidation	7					28,903,774

(i) The fair value of 72,891,566 ordinary shares issued as part of the consideration paid for acquisition of Lexis entities was determined on the basis of the closing price, RM0.725 of the Company's ordinary shares on the acquisition date.

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9. INVESTMENTS IN SUBSIDIARIES *cont'd*

(d) Acquisition of subsidiaries *cont'd*

The effect of the acquisition of Lexis entities on the cash flow is as follows:

	RM
Consideration for equity interest acquired	113,346,385
Less: Equity instruments issued	(52,846,385)
Less: Cash and cash equivalents of the subsidiaries acquired	(46,014,828)
Net cash outflow arising from acquisition of subsidiaries	14,485,172

If the acquisition had occurred on 1 January 2021, Lexis entities contribution to the Group's revenue and profit after tax would have been RM158,356,052 and RM31,200,788 respectively.

(e) The subsidiaries of the Group that have material non-controlling interests ("NCI") are as follows:

2021	Lexis Chemical Sdn. Bhd. RM	Other individual immaterial subsidiaries RM	Total RM
NCI percentage of ownership interest and voting interest (%)	45%		
Carrying amount of NCI	72,228,542	3,080,072	75,308,614
Profit allocated to NCI	4,891,762	896,964	5,788,726
Other comprehensive income allocated to NCI	-	17,221	17,221
Total comprehensive income allocated to NCI	4,891,762	914,185	5,805,947

(f) In the previous financial year, the Group did not have any subsidiary that has non-controlling interest, which is individually material to the Group.

(g) The summarised financial information before intra-group elimination of the subsidiary that has material NCI as at the end of each reporting period are as follows:

2021	Lexis Chemical Sdn. Bhd. RM
Assets and liabilities	
Non-current assets	19,306,062
Current assets	79,910,024
Non-current liabilities	(9,815,066)
Current liabilities	(23,104,810)
Net assets	66,296,210

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9. INVESTMENTS IN SUBSIDIARIES *cont'd*

(g) The summarised financial information before intra-group elimination of the subsidiary that has material NCI as at the end of each reporting period are as follows: *cont'd*

2021	Lexis Chemical Sdn. Bhd. RM
Results	
Revenue	51,684,165
Profit for the financial year	10,870,585
Total comprehensive income	10,870,585
Cash flows from operating activities	33,426,443
Cash flows used in investing activities	(5,864,850)
Cash flows used in financing activities	(2,664,350)
Net increase in cash and cash equivalents	24,897,243

(h) As at the end of reporting period, the Company had made impairment of RM889,059 (2020: RM6,885,434) due to continuous losses incurred by this subsidiary. The recoverable amount of cost of investment in the subsidiary is based on fair value less cost to sell ("FVLCTS") of the underlying assets. The net assets of the subsidiary are used as proxy for its recoverable amount based on FVLCTS method and are within Level 3 of the fair value hierarchy.

(i) As at the end of reporting period, the Company had made a reversal of impairment of RM4,593,725 (2020: RM Nil) as this subsidiary has seen a recovery in its operations and financial performance during the financial year ended 31 December 2021.

(j) In the previous financial year, the Company acquired an additional 22.62% equity interest in PT Luxchem Indonesia ("PTLI") for a total cash consideration of USD2.3 million, equivalent to approximately RM10.1 million. Pursuant to that, the Company now holds 92.62% equity interest in PTLI.

(k) In the previous financial year, the Company had injected a capital of SGD150,000, equivalent to approximately RM459,300 in Luxchem Trading (S) Pte. Ltd., being a wholly owned subsidiary of the Company, for the purpose of working capital.

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9. INVESTMENTS IN SUBSIDIARIES *cont'd*

(l) Details of the subsidiaries are as follows:

Name of company	Country of incorporation/ Principal place of business	Effective interest in equity 2021	Effective interest in equity 2020	Principal activities
Luxchem Trading Sdn. Bhd.	Malaysia	100%	100%	Importers, exporters and distributors of chemical, industrial and other preparations.
Luxchem Polymer Industries Sdn. Bhd.	Malaysia	100%	100%	Manufacturing and trading of unsaturated polyester resin and related products.
Luxchem Trading (S) Pte. Ltd.*	Republic of Singapore	100%	100%	Importers, exporters and distributors of chemical, industrial and other preparations.
Chemplex Composite Industries (M) Sdn. Bhd.	Malaysia	100%	100%	Importers, exporters and distributors of chemical, industrial and other preparations.
PT Luxchem Indonesia#	Indonesia	92.62%	92.62%	Distributor of chemicals and petrochemical products.
Luxchem Vietnam Company Limited*	Vietnam	100%	100%	Distributor of chemicals and petrochemical products.
Transform Master Sdn. Bhd.	Malaysia	100%	100%	Manufacturer of chemical products.
Lexis Chemical Sdn. Bhd.	Malaysia	55%	-	Manufacturing of industrial chemical products.
Lexis Specialties Sdn. Bhd.	Malaysia	55%	-	Engaged in supplying of industrial chemical products and related services
Lexis Corporation Sdn. Bhd.	Malaysia	55%	-	Dormant

* *Not audited by BDO PLT or BDO Member Firm*
\# *Audited by BDO Member Firm*

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10. OTHER INVESTMENTS

	Group 2021 RM	Group 2020 RM
Equity securities:		
- Quoted shares in Malaysia	1,821,213	3,556,984
- Unquoted shares in Malaysia	110,001	110,001
	1,931,214	3,666,985

(a) Equity securities which are not held for trading for which the Group has irrevocably elected at initial recognition to recognise at fair value through other comprehensive income. These are strategic investments for which the Group considers this classification to be appropriate and relevant.

(b) Quoted shares of the Group are categorised as Level 1 in the fair value hierarchy. Fair value of quoted ordinary shares of the Group are determined by reference to exchange quoted market prices. The sensitivity analysis for the investments in unquoted shares is not material to the Group.

(c) Unquoted shares of the Group are categorised as Level 3 in the fair value hierarchy. Fair value of unquoted ordinary shares of the Group are estimated based on price to earnings valuation method. The sensitivity analysis for the investments in unquoted shares is not material to the Group.

(d) There is no transfer between levels in the hierarchy during the financial year.

(e) As the Group does not have the intention, nor historical trend of active trading in these financial instruments, the Directors are of the opinion that the Group is not subject to significant exposure to price risk and accordingly, no sensitivity analysis is being presented at the end of each reporting period.

11. DEFERRED TAX

(a) The deferred tax assets and liabilities are made up of the followings:

	Note	Group 2021 RM	Group 2020 RM
Balance as at 1 January		(245,036)	1,099,512
Recognised in profit or loss	24	731,060	(1,339,998)
Acquisition of subsidiaries	9(d)	30,174,512	-
Recognised in other comprehensive income		23,605	(18,028)
Translation adjustments		(11,142)	13,478
Balance as at 31 December		30,672,999	(245,036)

Presented after appropriate offsetting:

	Group 2021 RM	Group 2020 RM
Deferred tax assets	(598,017)	(1,569,340)
Deferred tax liabilities	31,271,016	1,324,304
	30,672,999	(245,036)

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11. DEFERRED TAX *cont'd*

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

Deferred tax assets of the Group

	Other deductible temporary differences RM	Total RM
Balance as at 1 January 2021	(1,569,340)	(1,569,340)
Recognised in profit or loss	958,860	958,860
Recognised in other comprehensive income	23,605	23,605
Translation adjustments	(11,142)	(11,142)
Balance as at 31 December 2021	(598,017)	(598,017)
Balance as at 1 January 2020	(596,317)	(596,317)
Recognised in profit or loss	(968,473)	(968,473)
Recognised in other comprehensive income	(18,028)	(18,028)
Translation adjustments	13,478	13,478
Balance as at 31 December 2020	(1,569,340)	(1,569,340)

Deferred tax liabilities of the Group

	Property, plant and equipment RM	Other temporary differences RM	Total RM
Balance as at 1 January 2021	1,613,627	(289,323)	1,324,304
Acquisition of subsidiaries (Note 9(d))	-	30,174,512	30,174,512
Recognised in profit or loss	(226,491)	(1,309)	(227,800)
Balance as at 31 December 2021	1,387,136	29,883,880	31,271,016
Balance as at 1 January 2020	1,785,020	(89,191)	1,695,829
Recognised in profit or loss	(171,393)	(200,132)	(371,525)
Balance as at 31 December 2020	1,613,627	(289,323)	1,324,304

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12. INVENTORIES

	Group	
	2021	2020
	RM	RM
At cost		
Raw materials	53,111,457	21,813,021
Consumables	447,574	538,895
Finished goods	20,238,260	11,661,912
Trading goods	54,082,046	38,478,279
	127,879,337	72,492,107
At net realisable value		
Raw materials	791,986	201,756
Consumables	823,609	-
Finished goods	1,599	-
Trading goods	268,590	188,516
	1,885,784	390,272
	129,765,121	72,882,379

(a) Inventories are stated at the lower of cost or net realisable value.

(b) Cost of raw materials, consumables and finished goods is determined on first-in, first-out basis while cost of trading goods is determined using the weighted average method.

Cost of raw materials and cost of consumables comprise all costs of purchase, plus the cost of bringing the inventories to their present location and condition. Cost of finished goods and cost of trading goods include the cost of raw materials, direct labour, other direct cost and a proportion of production overheads based on normal operating capacity of the production facilities.

(c) During the financial year, inventories of the Group recognised as cost of sales amounted to RM763,711,684 (2020: RM615,729,293).

(d) During the financial year, the amounts of inventories written down recognised as expenses amounted to RM1,645,073 (2020: RM987,305).

(e) During the financial year, the Group had recognised a reversal of RM970,784 (2020: RM186,883), being part of an inventories written down in previous financial years, as the inventories were sold above the carrying amounts.

(f) During the financial year, the amounts of inventories written off recognised as expenses amounted to RM536,843 (2020: RM608,205).

13. TRADE AND OTHER RECEIVABLES

	Group		Company	
	2021	2020	2021	2020
	RM	RM	RM	RM
Trade receivables				
Third parties	155,896,513	154,893,126	-	-
Less: Impairment losses	(2,172,887)	(4,901,531)	-	-
Total trade receivables	153,723,626	149,991,595	-	-
Other receivables				
Amounts owing by subsidiaries	-	-	5,218	2,605,033
Third parties	15,378,312	9,643,811	2,195	2,000
Total other receivables	15,378,312	9,643,811	7,413	2,607,033
Total receivables	169,101,938	159,635,406	7,413	2,607,033
Prepayments	1,923,016	268,203	-	-
Derivative assets	-	52,450	-	-
	171,024,954	159,956,059	7,413	2,607,033

(a) Total receivables are classified as financial assets measured at amortised costs. Derivative assets are classified as financial assets at fair value through profit or loss.

(b) Trade receivables are non-interest bearing and the normal trade credit terms granted by the Group ranged from 0 to 120 days (2020: 0 to 120 days). They are recognised at their original invoice amounts, which represent their fair values on initial recognition.

(c) Non-trade amounts owing by subsidiaries are unsecured, interest free and repayable within next twelve (12) months in cash and cash equivalents.

(d) In the previous financial year, fair value of derivative assets of the Group were categorised as Level 2 in the fair value hierarchy. There was no transfer between levels in the hierarchy during the financial year.

Fair value of forward foreign exchange contract was the amount that would be payable or receivable upon termination of the outstanding position arising and was determined by reference to difference between the contracted rate and the forward exchange rate as at the end of each reporting period applied to a contract of similar amount and maturity.

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13. TRADE AND OTHER RECEIVABLES *cont'd*

(e) In the previous financial year, the unexpired foreign currency forward contracts, which have been entered into by the Group for its trade receivables as at end of reporting period are as follows:

Group	Contractual amount in foreign currency (FC)	Equivalent amount in Ringgit Malaysia (RM)	Average contract rate FC/RM	Expiry date
31 December 2020				
United States Dollar	2,000,000	8,103,450	4.05	29.01.2021 - 26.02.2021

(f) The currency exposure profile of trade and other receivables (excluding prepayments and derivative assets) are as follows:

	Group		Company	
	2021	2020	2021	2020
	RM	RM	RM	RM
Ringgit Malaysia	116,911,797	126,216,745	2,195	2,602,000
United States Dollar	35,901,448	17,297,546	-	-
Indonesian Rupiah	14,438,415	15,092,021	-	-
Chinese Yuan Renminbi	1,676,245	-	-	-
Singapore Dollar	164,593	230,393	-	-
Vietnamese Dong	8,736	15,999	5,218	5,033
Euro	704	782,702	-	-
	169,101,938	159,635,406	7,413	2,607,033

(g) Sensitivity analysis of RM against foreign currencies at the end of the reporting period, assuming that all other variables remain constant, are as follows:

	Group		Company	
	2021	2020	2021	2020
	RM	RM	RM	RM
Effects of 10% changes to RM against foreign currencies				
Profit after tax				
- United States Dollar	2,728,510	1,314,613	-	-
- Indonesian Rupiah	1,097,320	1,146,994	-	-
- Chinese Yuan Renminbi	127,395	-	-	-
- Singapore Dollar	12,509	17,510	-	-
- Vietnamese Dong	664	1,216	397	383
- Euro	54	59,485	-	-

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13. TRADE AND OTHER RECEIVABLES *cont'd*

(h) The ageing analysis of trade receivables of the Group is as follows:

Group	Gross RM	Impaired RM	Total RM
2021			
Current	102,962,660	(75,671)	102,886,989
Past due			
1 to 30 days	40,287,456	(78,427)	40,209,029
31 to 60 days	8,185,641	(72,923)	8,112,718
61 to 90 days	1,856,569	(50,699)	1,805,870
91 to 120 days	230,627	-	230,627
More than 120 days	2,373,560	(1,895,167)	478,393
	52,933,853	(2,097,216)	50,836,637
	155,896,513	(2,172,887)	153,723,626
2020			
Current	102,745,931	(64,384)	102,681,547
Past due			
1 to 30 days	38,523,518	-	38,523,518
31 to 60 days	5,215,263	(141,132)	5,074,131
61 to 90 days	1,505,536	(53,021)	1,452,515
91 to 120 days	1,114,856	(208,837)	906,019
More than 120 days	5,788,022	(4,434,157)	1,353,865
	52,147,195	(4,837,147)	47,310,048
	154,893,126	(4,901,531)	149,991,595

(i) Impairment for trade receivables are recognised based on the simplified approach using the lifetime expected credit losses ("ECL").

The Group considers credit loss experience and observable data such as current changes and future forecasts in economic conditions of the Group to estimate the amount of expected impairment loss. The methodology and assumptions including any forecasts of future economic conditions are reviewed regularly.

Lifetime expected credit losses are the expected credit losses that result from all possible default events over the expected life of the asset, while 12-month expected credit losses are the portion of expected credit losses that result from default events that are possible within the twelve (12) months after the reporting date. The maximum period considered when estimating expected credit losses is the maximum contractual period over which the Group and the Company are exposed to credit risk.

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13. TRADE AND OTHER RECEIVABLES *cont'd*

(i) *cont'd*

During this process, the probability of non-payment by the trade receivables is determined using historical data and forward-looking information in estimating future cash flows and the lifetime expected credit loss for the trade receivables is assessed individually. Lifetime expected credit losses represent a probability-weighted estimate of the difference between present value of cash flows according to contract and present value of cash flows for the Group expect to receive over the lifetime of financial instrument. The Group also uses roll rate method to measure the expected credit loss of trade receivables. The collective assessment of impairment of trade receivables shares similar credit risk characteristics, industries and geographical location. The Group has identified the Gross Domestic Product, unemployment rate, inflation rate and consumer price index as the key macroeconomic factors of the forward-looking information. For trade receivables, which are reported net, such impairments are recorded in a separate impairment account with the loss being recognised in the statements of profit or loss and other comprehensive income. On confirmation that the trade receivable would not be collectable, the gross carrying value of the asset would be written off against the associated impairment.

Individual assessment of impairment of trade receivables are separately assessed when it is probable that cash due will not be received in full.

It requires management to exercise significant judgement in determining the probability of default by trade receivables and appropriate forward-looking information, including the impact of Covid-19 pandemic.

The reconciliation of movements in impairment losses is as follows:

Group	ECL - not credit impaired RM	ECL - credit impaired RM	Total
Balance as at 1 January 2021	-	4,901,531	4,901,531
Acquisition of subsidiaries	566,272	-	566,272
Charge for the year	-	127,505	127,505
Reversal during the year	(147,109)	(3,294,318)	(3,441,427)
Written off	-	(7,601)	(7,601)
Translation adjustment	-	26,607	26,607
Balance as at 31 December 2021	419,163	1,753,724	2,172,887
Balance as at 1 January 2020	-	3,450,265	3,450,265
Charge for the year	-	3,858,681	3,858,681
Reversal during the year	-	(1,240,015)	(1,240,015)
Written off	-	(1,138,539)	(1,138,539)
Translation adjustment	-	(28,861)	(28,861)
Balance as at 31 December 2020	-	4,901,531	4,901,531

Credit impaired allowance refer to individually determined debtors who are in significant financial difficulties to be impaired as at the end of the reporting period.

During the financial year, the Group did not renegotiate the terms of any trade receivables.

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13. TRADE AND OTHER RECEIVABLES *cont'd*

(j) Impairment for other receivables and equity loans to subsidiaries are recognised based on the general approach within MFRS 9 using the forward-looking expected credit loss model. The methodology used to determine the amount of the impairment is based on whether there has been a significant increase in credit risk since initial recognition of the financial asset. For those in which the credit risk has not increased significantly since initial recognition of the financial asset, twelve month expected credit losses along with gross interest income are recognised. For those in which credit risk has increased significantly, lifetime expected credit losses along with the gross interest income are recognised. For those that are determined to be credit impaired, lifetime expected credit losses along with interest income on a net basis are recognised.

The Group defined significant increase in credit risk based on the operating performance of the receivables, changes in contractual terms, payment trends and past due information. A significant increase in credit risk is presumed if contractual payments are more than 180 days.

Credit impaired allowance refer to individually determined receivables who are in significant financial difficulties to be impaired as at the end of the reporting period.

The probabilities of non-payment by other receivables and equity loans to subsidiaries are adjusted by forward-looking information and multiplied by the amount of the expected loss arising from default to determine the twelve month or lifetime expected credit loss for other receivables and equity loans to subsidiaries. The Group has identified the Gross Domestic Product, unemployment rate and consumer price index as the key macroeconomic factors of the forward-looking information.

It requires management to exercise significant judgement in determining the probability of default by other receivables, appropriate forward-looking information and significant increase in credit risk.

No expected credit loss is recognised arising from other receivables of the Group and of the Company as it is negligible.

(k) The credit risk concentration profile of the trade receivables at the end of the reporting period are as follows:

	Group			
	2021		2020	
	RM	% of total	RM	% of total
By country				
Malaysia	28,965,608	19	49,183,924	33
Australia	4,623,030	3	-	-
	33,588,638	22	49,183,924	33

As at the end of the reporting period, the Group has significant concentration of credit risk arising from the exposure to the amounts due by nine (9) major customers representing approximately 22% (2020: fourteen (14) major customers representing approximately 33%) of the total trade receivables. The amounts due and repayments from these customers are closely monitored by the management to ensure that the credit limits and terms agreed with the customers are complied with.

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13. TRADE AND OTHER RECEIVABLES *cont'd*

(k) *cont'd*

Credit risk arising from trade receivables

As at the end of each reporting period, the credit risk exposures and collaterals relating to trade receivables of the Group are summarised in the table below:

	2021 RM	2020 RM
Maximum exposure	155,896,513	154,893,126
Collateral obtained	(62,627,957)	(54,257,290)
Net exposure	93,268,556	100,635,836

The above collateral represent coverage by trade credit insurance and corporate guarantee given by customers.

Credit risk arising from other receivables

Credit risk arising from other receivables is limited due to the large number of receivables. The other receivables are closely monitored by the Group and the Company and the management is of the view that the carrying amount is fully recoverable.

14. CASH AND BANK BALANCES

	Group		Company	
	2021 RM	2020 RM	2021 RM	2020 RM
Cash and bank balances	114,583,765	39,363,585	89,976	149,403
Deposits with licensed banks	93,935,281	100,992,312	25,968,889	10,800,000
	208,519,046	140,355,897	26,058,865	10,949,403

(a) Deposits with licensed banks of the Group and of the Company have an average maturity period of 59 and 78 days respectively (2020: 60 and 93 days).

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14. CASH AND BANK BALANCES *cont'd*

(b) The currency exposure profile of cash and bank balances are as follows:

	Group		Company	
	2021	2020	2021	2020
	RM	RM	RM	RM
Ringgit Malaysia	118,463,131	118,576,067	26,058,865	10,949,403
United States Dollar	73,958,865	18,106,379	-	-
Indonesian Rupiah	11,796,560	2,608,762	-	-
Chinese Yuan Renmibi	2,636,416	-	-	-
Singapore Dollar	1,395,073	768,069	-	-
Euro	195,072	205,320	-	-
Vietnamese Dong	73,929	91,300	-	-
	208,519,046	140,355,897	26,058,865	10,949,403

(c) Sensitivity analysis of RM against foreign currencies at the end of the reporting period, assuming that all other variables remain constant, are as follows:

	Group	
	2021	2020
	RM	RM
Effects of 10% changes to RM against foreign currencies		
Profit after tax		
- United States Dollar	5,620,874	1,376,085
- Indonesian Rupiah	896,539	198,266
- Chinese Yuan Renminbi	200,368	-
- Singapore Dollar	106,026	58,373
- Euro	14,825	15,604
- Vietnamese Dong	5,619	6,939

(d) Weighted average effective interest rates of the Group's and the Company's deposits with licensed banks as at the end of the reporting period are as follows:

	Group		Company	
	2021	2020	2021	2020
Fixed rates	1.50%	1.62%	1.72%	1.90%

Sensitivity analysis for fixed rate deposits at the end of the reporting period is not presented as fixed rate instruments is not affected by changes in interest rates.

(e) No expected credit loss were recognised arising from the deposits with financial institutions because the probability of default by these financial institutions were negligible.

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15. SHARE CAPITAL

	Group and Company			
	2021		2020	
	Number of shares	RM	Number of shares	RM
Issued and fully paid up ordinary shares				
Balance as at 1 January	895,808,553	174,372,109	895,808,553	174,372,109
Ordinary shares issued pursuant to the private placement	101,166,000	72,574,500	-	-
Share issued expenses	-	(1,715,197)	-	-
Ordinary shares issued pursuant to acquisition of subsidiaries	72,891,566	52,846,385	-	-
Balance as at 31 December	1,069,866,119	298,077,797	895,808,553	174,372,109

(a) During the financial year, the issued and fully paid-up ordinary shares of the Company was increased from 895,808,553 to 1,069,866,119 by way of issuance of 174,057,566 new ordinary shares pursuant to the followings:

(i) private placement of 75,000,000 ordinary shares of RM0.710 each for cash totalling RM53,250,000;

(ii) private placement of 15,000,000 ordinary shares of RM0.730 each for cash totalling RM10,950,000;

(iii) private placement of 11,166,000 ordinary shares of RM0.750 each for cash totalling RM8,374,500; and

(iv) issuance of 72,891,566 new ordinary shares for RM0.725 each for the purpose of acquisition of subsidiaries. Further details of the acquisition is disclosed in Note 9(d) to the financial statements.

The newly issued ordinary shares ranked pari passu in all respects with the existing ordinary shares of the Company.

(b) Owners of the parent are entitled to receive dividends as and when declared by the Company and are entitled to one (1) vote per ordinary share at meetings of the Company. All ordinary shares rank pari passu with regard to the residual assets of the Company.

(c) Treasury shares

During the financial year, the Company repurchased its issued ordinary shares from the open market as summarised below:

	Number of shares	Market price Lowest RM	Market price Highest RM	Market price Average RM	Consideration paid RM
Month					
Shares repurchase					
December 2021	100,000	0.70	0.70	0.70	70,536

As at 31 December 2021, a total of 100,000 (2020: Nil) treasury shares at a total cost of RM70,536 (2020: Nil) are held by the Company. Shares repurchased are held as treasury shares in accordance with Section 127(4)(b) of the Companies Act 2016 and listing requirements and applicable guideline of Bursa Malaysia Securities.

The number of ordinary shares as at 31 December 2021 net of treasury shares is 1,069,766,119 (2020 : 895,808,553)

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16. RESERVES

	Group		Company	
	2021	2020	2021	2020
	RM	RM	RM	RM
Non-distributable:				
Exchange translation reserve	212,155	8,334	-	-
Fair value reserve	1,635,872	3,371,643	-	-
	1,848,027	3,379,977	-	-
Distributable:				
Retained earnings	189,951,710	159,101,042	6,016,078	30,444
	191,799,737	162,481,019	6,016,078	30,444

(a) Exchange translation reserve

Exchange translation reserve is used to record foreign currency exchange differences arising from the translation of the financial statements of foreign operations whose functional currencies are different from that of the presentation currency of the Group. It is also used to record the exchange differences arising from monetary items, which form part of the net investment in foreign operations of the Group, where the monetary item is denominated in either the functional currency of the reporting entity or the foreign operation.

(b) Fair value reserve

Fair value reserve comprises net changes in fair value of financial assets at fair value through other comprehensive income.

17. RETIREMENT BENEFITS

	Group	
	2021	2020
	RM	RM
Present value of unfunded defined benefit obligations	658,106	781,762

(a) The Group recognises liabilities for employee benefits in respect of its subsidiary in Indonesia, PT Luxchem Indonesia in accordance with the Indonesian Labour Law No. 13 Year 2003 dated 25 March 2003 ("Labour Law"). Under this Labour Law, the employee benefits are payable upon attaining normal retirement age of 55 years old, death, total and permanent disability or resignation.

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17. RETIREMENT BENEFITS *cont'd*

(b) The movements during the financial year in the amount recognised in the statements of financial position in respect of the retirement benefit obligation are as follows:

	Note	Group 2021 RM	Group 2020 RM
Balance as at 1 January		781,762	573,219
Recognised in profit or loss			
Current service costs		82,645	101,316
Interest on obligation		47,913	44,925
Past service costs		(162,360)	218
	27	(31,802)	146,459
Recognised in other comprehensive income			
Actuarial loss arising from changes in financial assumptions		(107,295)	81,943
Translation adjustments		15,441	(19,859)
Balances as at 31 December		658,106	781,762

The amount recognised to the profit or loss has been included in administrative expenses.

(c) The significant actuarial assumptions used to determine the present value of the defined benefit obligations are as follows:

	Group 2021 %	Group 2020 %
Discount rate	6.78	6.25
Expected rate of average salary increases	9.00	9.00

(d) Sensitivity analysis of the defined benefit obligations to changes in the significant actuarial assumptions, with all other assumptions held constant, is shown below:

	Group (Decrease)/Increase in defined benefit obligations 2021 RM	Group (Decrease)/Increase in defined benefit obligations 2020 RM
Discount rate increases by 1%	(47,708)	(63,656)
Discount rate decreases by 1%	53,860	72,315
Future average salary growth increases by 1%	49,023	65,907
Future average salary growth decreases by 1%	(44,434)	(59,463)

18. LEASES

The Group as lessee

Right-of-use assets

Right-of-use assets related to leasehold land, buildings and motor vehicles that do not meet the definition of investment property are presented as property plant and equipment as disclosed in Note 5 to the financial statements.

2021	Balance as at 1.1.2021 RM	Acquisition of subsidiaries (Note 9(d)) RM	Additions RM	Remeasurement/ Modification RM	Depreciation charge for the year RM	Reclassification RM	Termination RM	Translation adjustments RM	Balance as at 31.12.2021 RM
Leasehold land	20,003,398	-	-	30,582	(348,146)	-	-	-	19,685,834
Buildings	276,492	115,293	313,669	-	(328,999)	-	(55,575)	5,423	326,303
Motor vehicles	211,891	296,461	54,717	-	(94,694)	(171,762)	-	3,276	299,889
	20,491,781	411,754	368,386	30,582	(771,839)	(171,762)	(55,575)	8,699	20,312,026

2020	Balance as at 1.1.2020 RM	Additions RM	Depreciation charge for the year RM	Reclassification RM	Translation adjustments RM	Balance as at 31.12.2020 RM
Leasehold land	20,345,598	-	(342,200)	-	-	20,003,398
Buildings	530,491	206,575	(450,313)	-	(10,261)	276,492
Motor vehicles	331,555	92,358	(94,612)	(108,443)	(8,967)	211,891
	21,207,644	298,933	(887,125)	(108,443)	(19,228)	20,491,781

Lease liabilities

	Group 2021 RM	Group 2020 RM
Lease liabilities		
Non-current liabilities	406,137	268,279
Current liabilities	476,187	397,984
Total lease liabilities	882,324	666,263
Lease liabilities owing to:		
- financial institutions	217,606	96,700
- non-financial institutions	664,718	569,563
	882,324	666,263

(a) The Group leases a number of lands and buildings in the location which it operates. The lands and buildings leases the periodic rent is fixed over the lease term.

NOTES TO THE FINANCIAL STATEMENTS
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18. LEASES *cont'd*

The Group as lessee *cont'd*

(b) The lease liability is initially measured at the present value of the lease payments that are not paid at that date. The lease payments are discounted using the entities' incremental borrowing rate. Subsequent to the initial recognition, the Group measures the lease liability by increasing the carrying amount to reflect interest on the lease liability, reducing the carrying amount to reflect lease payments made, and remeasuring the carrying amount to reflect any reassessment or lease modifications.

(c) The movement of lease liabilities during the financial year is as follows:

2021	Balance as at 1.1.2021 RM	Acquisition of subsidiaries (Note 9(d)) RM	Remeasurement/ Modification RM	Additions RM	Lease payments Principal RM	Lease payments Interest RM	Interest expenses RM	Termination RM	Translation adjustments RM	Balance as at 31.12.2021 RM
Leasehold land	285,149	-	30,582	-	(84,273)	(12,727)	12,727	-	-	231,458
Buildings	284,414	157,302	-	313,669	(360,346)	(10,788)	10,788	(57,878)	5,568	342,729
Motor vehicles	96,700	315,630	-	41,564	(147,306)	(11,425)	11,425	-	1,549	308,137
	666,263	472,932	30,582	355,233	(591,925)	(34,940)	34,940	(57,878)	7,117	882,324

2020	Balance as at 1.1.2020 RM	Additions RM	Lease payments Principal RM	Lease payments Interest RM	Interest expenses RM	Translation adjustments RM	Balance as at 31.12.2020 RM
Leasehold land	360,872	-	(75,723)	(14,277)	14,277	-	285,149
Buildings	560,347	206,575	(472,092)	(31,277)	31,277	(10,416)	284,414
Motor vehicles	164,243	70,188	(133,378)	(11,401)	11,401	(4,353)	96,700
	1,085,462	276,763	(681,193)	(56,955)	56,955	(14,769)	666,263

(d) The Group has certain leases of machineries and equipment with lease term of twelve (12) months or less, and low value leases of equipment of RM20,000 and below. The Group applies the "short-term lease" and "lease of low-value assets" exemptions for these leases.

(e) The following are the amounts recognised in profit or loss:

	Group 2021 RM	Group 2020 RM
Depreciation charge of right-of-use assets	771,839	887,125
Interest expense on lease liabilities	34,940	56,955
Expenses relating to short-term leases	569,139	341,426
Expenses relating to leases of low value assets	28,464	27,984
	1,404,382	1,313,490

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18. LEASES *cont'd*

The Group as lessee *cont'd*

(f) The weighted average incremental borrowing rate applied to the lease liabilities is 4.27% (2020: 5.42%).

(g) The following table sets out the carrying amounts and the remaining maturities of the lease liabilities of the Group:

Group	Within one (1) year RM	One (1) to five (5) years RM	More than five (5) years RM	Total RM
31 December 2021				
Lease liabilities	476,187	406,137	-	882,324
31 December 2020				
Lease liabilities	397,984	268,279	-	666,263

(h) The table below summarises the maturity profile of the lease liabilities of the Group at the end of the reporting period based on contractual undiscounted repayment obligations as follows:

Group	On demand or within one (1) year RM	One (1) to five (5) years RM	More than five (5) years RM	Total RM
31 December 2021				
Lease liabilities	501,308	413,843	-	915,151
31 December 2020				
Lease liabilities	422,503	281,538	-	704,041

The Group as lessor

The Group has entered into non-cancellable lease agreement on an investment property for term of three (3) years and renewable at the end of the lease period. The monthly rental consists of a fixed base rent.

The Group has aggregate future minimum lease receivable as at the end of each reporting period as follows:

	Group 2021 RM	2020 RM
Less than one (1) year	78,000	78,000
One (1) to two (2) years	67,516	78,000
Two (2) to three (3) years	-	67,516
	145,516	223,516

NOTES TO THE FINANCIAL STATEMENTS
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19. TRADE AND OTHER PAYABLES

	Group		Company	
	2021 RM	2020 RM	2021 RM	2020 RM
Trade payables				
Third parties	80,317,052	72,928,538	-	-
Other payables				
Other payables	4,253,029	2,324,006	-	7,130
Accruals	9,889,328	5,920,579	225,347	318,045
Total other payables	14,142,357	8,244,585	225,347	325,175
Total payables	94,459,409	81,173,123	225,347	325,175
Derivative liabilities	18,121	30,178	-	-
	94,477,530	81,203,301	225,347	325,175

(a) Trade and other payables are classified as financial liabilities measured at amortised cost. Derivative liabilities are classified as financial liabilities measured at fair value through profit or loss.

(b) Trade payables are non-interest bearing and the normal trade credit terms granted to the Group ranged from 0 to 90 days (2020: 0 to 90 days) from date of invoice.

(c) The currency exposure profile of total payables are as follows:

	Group		Company	
	2021 RM	2020 RM	2021 RM	2020 RM
Ringgit Malaysia	46,807,672	33,273,759	225,347	325,175
United States Dollar	46,529,835	46,886,969	-	-
Indonesian Rupiah	871,512	837,631	-	-
Euro	113,141	73,099	-	-
Vietnam Dong	49,279	13,098	-	-
Chinese Yuan Renminbi	45,338	50,407	-	-
Singapore Dollar	42,632	38,160	-	-
	94,459,409	81,173,123	225,347	325,175

(d) The maturity profile of the trade and other payables of the Group and of the Company at the end of each reporting period based on contractual undiscounted repayment obligations is payable on demand or within one (1) year.

NOTES TO THE FINANCIAL STATEMENTS
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19. TRADE AND OTHER PAYABLES *cont'd*

(e) Sensitivity analysis of RM against foreign currencies at the end of the reporting period, assuming that all other variables remain constant, are as follows:

	Group	
	2021	**2020**
	RM	**RM**
Effects of 10% changes to RM against foreign currencies		
Profit after tax		
- United States Dollar	3,536,267	3,563,410
- Indonesian Rupiah	66,235	63,660
- Euro	8,599	5,556
- Vietnam Dong	3,745	995
- Chinese Yuan Renminbi	3,446	3,831
- Singapore Dollar	3,240	2,900

(f) Fair value of derivative liabilities of the Group are categorised as Level 2 in the fair value hierarchy. There is no transfer between levels in the hierarchy during the financial year.

Fair value of a forward foreign exchange contract is the amount that would be payable or receivable upon termination of the outstanding position arising and is determined by reference to the difference between the contracted rate and the forward exchange rate as at the end of each reporting period applied to a contract of similar amount and maturity profile.

(g) The unexpired foreign currency forward contracts, which have been entered into by the Group for its trade and other payables as at end of each reporting period are as follows:

Group	Contractual amount in foreign currency (FC)	Equivalent amount in Ringgit Malaysia (RM)	Average contract rate FC/RM	Expiry date
31 December 2021				
United States Dollar	1,292,828	5,413,453	4.19	06.01.2022 - 11.02.2022
31 December 2020				
United States Dollar	2,781,941	11,317,468	4.07	04.01.2021 - 15.02.2021

NOTES TO THE FINANCIAL STATEMENTS
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20. BORROWINGS

	Group	
	2021	2020
	RM	RM
Non-current liabilities		
Term loans	8,977,147	-
Current liabilities		
Term loans	1,257,839	-
Trade finance	84,878,117	63,793,408
	86,135,956	63,793,408
Total borrowings		
Trade finance	84,878,117	63,793,408
Term loans	10,234,986	-
	95,113,103	63,793,408

(a) Borrowings are classified as financial liabilities measured at amortised cost.

(b) The secured borrowings of the Group are secured by the following:

(i) a corporate guarantee given by the Company to bankers for credit facilities granted to certain subsidiaries as disclosed in Note 30 to the financial statements.

(ii) a fixed charge over certain land and building of the Group as disclosed in Note 5 to the financial statements.

(c) The currency exposure profile of borrowings is as follows:

	Group	
	2021	2020
	RM	RM
Ringgit Malaysia	70,330,282	46,911,574
United States Dollar	12,145,529	6,608,083
Indonesia Rupiah	12,637,292	10,273,751
	95,113,103	63,793,408

NOTES TO THE FINANCIAL STATEMENTS
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20. BORROWINGS *cont'd*

(d) Sensitivity analysis of RM against foreign currencies at the end of the reporting period, assuming that all other variables remain constant, are as follows:

	Group	
	2021	**2020**
	RM	**RM**
Effects of 10% changes to RM against foreign currencies		
Profit after tax		
- United States Dollar	923,060	502,214
- Indonesia Rupiah	960,434	780,805

(e) The weighted average effective interest rates of trade finance and term loan of the Group is 3.91% and 2.54% (2020: 3.41% and Nil) respectively per annum.

(f) The interest rate profile of the borrowings as at the end of each reporting period is as follows:

	Group	
	2021	**2020**
	RM	**RM**
Floating rate	95,113,103	63,793,408

Sensitivity analysis of interest rates for the floating rate instruments at the end of the reporting period is not significant, hence the effect of the changes in the interest rates is not presented.

(g) The carrying amounts of the borrowings are reasonable approximation of fair values due to that they are floating rate instruments that are re-priced to market interest rate on or near to the reporting period.

(h) The following table sets out the carrying amounts and the remaining maturities of the borrowings of the Group:

Group	**Within one (1) year RM**	**One (1) to five (5) years RM**	**Over five (5) years RM**	**Total RM**
Financial liabilities				
Borrowings				
31 December 2021	86,135,956	4,115,142	4,862,005	95,113,103
31 December 2020	63,793,408	-	-	63,793,408

NOTES TO THE FINANCIAL STATEMENTS

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20. BORROWINGS *cont'd*

(i) The table below summarises the maturity profile of the borrowings at the end of each reporting period based on contractual undiscounted repayment obligations:

Group	On demand or within one (1) year RM	One (1) to five (5) years RM	Over five (5) years RM	Total RM
Financial liabilities				
Borrowings				
31 December 2021	87,488,626	4,876,775	5,186,168	97,551,569
31 December 2020	64,342,200	-	-	64,342,200

21. REVENUE

	Group		Company	
	2021 RM	2020 RM	2021 RM	2020 RM
Revenue from contracts with customers	924,276,387	726,264,486	-	-
Other revenue:				
- Dividend income	-	-	40,700,000	23,600,000
	924,276,387	726,264,486	40,700,000	23,600,000
Revenue from contracts with customers is recognised as follows:				
At point in time	924,276,387	726,264,486	-	-

Disaggregation of revenue from contracts with customers has been presented in the operating segments, Note 4 to the financial statements, which has been presented based on geographical location from which the sales transactions originated.

(a) Sale of goods

Revenue from sale of goods is recognised at a point in time when the products have been transferred to the customer and coincides with the delivery of products and acceptance by customers.

There is no significant financing component in the revenue arising from sale of goods as the sales are made on the normal credit terms not exceeding twelve (12) months.

(b) Dividend income

Dividend income is recognised when the shareholder's right to receive payment is established.

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22. FINANCE COSTS

		Group	
		2021	2020
	Note	RM	RM
Lease liabilities	18(b)	34,940	56,955
Trade finance interest		3,044,855	2,529,161
Term loan interest		56,986	-
		3,136,781	2,586,116

23. PROFIT BEFORE TAX

Other than those disclosed elsewhere in the financial statements, the profit before tax is arrived at:

	Group		Company	
	2021	2020	2021	2020
	RM	RM	RM	RM
After charging:				
Auditors' remuneration:				
- Statutory audit:				
- current year	395,427	293,130	82,000	75,000
- Non statutory audit:				
- current year	84,500	5,000	56,500	5,000
Bad debts written off	8,841	-	-	-
Directors' remuneration:				
- Executive Directors of the Company				
- fees	10,000	10,000	-	-
- salaries and other remuneration	2,820,911	2,529,598	-	-
- benefits-in-kind	35,530	45,400	-	-
- Non-executive Directors of the Company				
- fees	114,000	103,493	114,000	103,493
- other remuneration	15,000	16,152	15,000	16,152
- Executive Directors of subsidiaries				
- fees	40,000	50,000	-	-
- salaries and other remuneration	4,663,582	3,396,898	-	-
- benefits-in-kind	38,440	40,900	-	-
- Non-executive Director of a subsidiary				
- fees	9,252	9,139	-	-
Loss on changes in fair value of forward exchange contracts	40,393	-	-	-
Loss on foreign exchange:				
- realised	1,108,548	1,142,668	-	-
- unrealised	252,169	152,331	373	558

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23. PROFIT BEFORE TAX *cont'd*

Other than those disclosed elsewhere in the financial statements, the profit before tax is arrived at: *cont'd*

	Group		Company	
	2021 RM	2020 RM	2021 RM	2020 RM
And crediting:				
Dividend income:				
- quoted investment	232,383	35,413	-	-
- unquoted investment	99,000	121,000	-	-
- subsidiaries	-	-	40,700,000	23,600,000
Gain on changes in fair value of forward exchange contracts	-	180,548	-	-
Gain on disposal of property, plant and equipment	156,762	18,442	-	-
Gain on foreign exchange:				
- realised	720,303	535,409	558	97,033
- unrealised	78,351	489,846	-	-
Interest income from deposits with financial institutions	2,189,197	1,314,840	807,317	446,994
Gain on termination of lease	2,303	-	-	-
Rental income	68,250	3,984	-	-

(a) Interest income is recognised as it accrues, using the effective interest method.

(b) Rental income is recognised on a straight-line basis over the lease term of an ongoing lease.

24. TAXATION

		Group		Company	
	Note	2021 RM	2020 RM	2021 RM	2020 RM
Current tax expense based on profit for the financial year:					
Malaysian income tax		22,991,468	16,878,680	192,109	106,100
Foreign income tax		744,760	48,514	-	-
(Over)/Under provision in prior years		(109,600)	(9,893)	127	-
		23,626,628	16,917,301	192,236	106,100
Deferred tax					
Relating to origination and reversal of temporary differences		465,836	(1,176,280)	-	-
Under/(Over) provision in prior years		265,224	(163,718)	-	-
	11	731,060	(1,339,998)	-	-
		24,357,688	15,577,303	192,236	106,100

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24. TAXATION *cont'd*

(a) Malaysian income tax is calculated at the statutory tax rate of twenty-four percent (24%) (2020: 24%) of the estimated taxable profits for the fiscal year.

(b) Tax expense for other taxation authorities are calculated at the rates prevailing in these respective jurisdiction.

(c) Numerical reconciliation between the tax expense and the product of accounting profit multiplied by the applicable tax rates of the Group and of the Company are as follows:

	Group		Company	
	2021	**2020**	**2021**	**2020**
	RM	**RM**	**RM**	**RM**
Profit before tax	98,390,759	62,523,077	43,649,061	16,368,765
Tax expense at the rate of 24% (2020: 24%)	23,613,782	15,005,538	10,475,775	3,928,504
Tax effects in respect of:				
Differences in tax rates of foreign jurisdictions	(91,339)	57,035	-	-
Expiry of tax losses	(81,898)	-	-	-
Deferred tax asset not recognised	5,039	28,411	-	-
Utilisation of deferred tax asset previously not recognised	(4,441)	-	-	-
Non-allowable expenses	955,127	838,214	586,828	1,841,596
Tax exempt income	(194,206)	(178,284)	(10,870,494)	(5,664,000)
	24,202,064	15,750,914	192,109	106,100
(Over)/Under provision in prior years:				
- current tax	(109,600)	(9,893)	127	-
- deferred tax	265,224	(163,718)	-	-
	24,357,688	15,577,303	192,236	106,100

(d) Unrecognised deferred tax asset

The amounts of temporary differences for which no deferred tax assets have been recognised in the statements of financial position are as follows:

	Group	
	2021	**2020**
	RM	**RM**
Unused tax losses		
- No expiry	160,378	178,884
- Expires by 31 December 2021	-	341,241
- Expires by 31 December 2022	329,836	329,836
- Expires by 31 December 2024	9,110	9,110
- Expires by 31 December 2025	9,022	9,022
- Expires by 31 December 2026	4,317	-
- Expires by 31 December 2031	16,678	-
	529,341	868,093

NOTES TO THE FINANCIAL STATEMENTS
31 December 2021
cont'd

24. TAXATION *cont'd*

(d) Unrecognised deferred tax asset *cont'd*

Deferred tax assets of certain subsidiaries have not been recognised in respect of these items as it is not probable that taxable profits of the subsidiaries would be available against which the deductible temporary differences could be utilised.

The amount and availability of these items to be carried forward up to the periods as disclosed above are subject to the agreement of respective local tax authorities.

(e) Tax on each component of other comprehensive income is as follows:

		Group	
	Before tax	**Tax effect**	**After tax**
2021	**RM**	**RM**	**RM**
Items that may be reclassified subsequently to profit or loss			
Foreign currency translations	214,866	-	214,866
Items that will not be reclassified subsequently to profit or loss			
Remeasurement of defined benefit obligations	107,295	(23,605)	83,690
Fair value loss on equity investments at fair value through other comprehensive income	(1,735,771)	-	(1,735,771)
	(1,628,476)	(23,605)	(1,652,081)
2020			
Items that may be reclassified subsequently to profit or loss			
Foreign currency translations	261,576	-	261,576
Items that will not be reclassified subsequently to profit or loss			
Remeasurement of defined benefit obligations	(81,943)	18,028	(63,915)
Fair value gain on equity investments at fair value through other comprehensive income	1,900,280	-	1,900,280
	1,818,337	18,028	1,836,365

25. EARNINGS PER SHARE

	Group	
	2021	**2020**
Profit for the financial year attributable to ordinary equity holders of the parent (RM)	68,244,345	47,854,100
Weighted average number of ordinary shares in issue	1,008,140,289	895,808,553
Earnings per ordinary share (sen)		
- Basic	6.77	5.34
- Diluted	6.77	5.34

Basic earnings per ordinary share for the financial year is calculated by dividing the profit for the financial year attributable to equity holders of the parent by the weighted average number of ordinary shares outstanding during the financial year.

The Group has not issued any dilutive potential shares and hence, the diluted earnings per shares equal to the basic earnings per share.

26. DIVIDENDS

	Group and Company	
	2021	**2020**
	RM	**RM**
Second single-tier interim dividend of 2.00 sen per ordinary share in respect of the financial year ended 31 December 2020	19,939,491	-
First single-tier interim dividend of 0.90 sen per ordinary share in respect of the financial year ended 31 December 2021	8,972,771	-
Second single-tier interim dividend of 0.80 sen per ordinary share in respect of the financial year ended 31 December 2021	8,558,929	-
Second single-tier interim dividend of 1.25 sen per ordinary share in respect of the financial year ended 31 December 2019	-	11,197,607
First single-tier interim dividend of 1.00 sen per ordinary share in respect of the financial year ended 31 December 2020	-	8,958,085
	37,471,191	20,155,692

Subsequent to the financial year, the Board of Directors of the Company had on 17 February 2022 declared a second single-tier interim dividend of 1.00 sen per ordinary share amounting to RM10,697,661 for the financial year ended 31 December 2021. The financial statements for the current financial year do not reflect this interim dividend. Such dividend will be accounted for in shareholders' equity as an appropriation of retained earnings in the financial year ending 31 December 2022.

The Directors do not recommend the payment of any final dividend in respect of the current financial year.

NOTES TO THE FINANCIAL STATEMENTS
31 December 2021
cont'd

27. EMPLOYEE BENEFITS

	Note	Group 2021 RM	Group 2020 RM
Salaries, wages and bonuses		20,189,140	18,792,745
Defined contribution plan		2,166,843	2,045,721
Defined benefit obligations	17	(31,802)	146,459
Others employee benefits		771,442	540,142
		23,095,623	21,525,067

28. RELATED PARTY DISCLOSURES

(a) Identities of related parties

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

The Company has controlling related party relationship with its direct subsidiaries.

(b) Significant related party transactions

In addition to the transactions and balances detailed elsewhere in the financial statements, the Company had the following transaction with related parties during the financial year:

	Company 2021 RM	Company 2020 RM
Dividend income received/receivable from subsidiaries	40,700,000	23,600,000

The related party transaction described above was carried out based on negotiated terms and conditions and are mutually agreed with respective party.

NOTES TO THE FINANCIAL STATEMENTS
31 December 2021
cont'd

28. RELATED PARTY DISCLOSURES *cont'd*

(c) Compensation of key management personnel

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Group either directly or indirectly. The key management personnel of the Group are the Directors of the Company and executive directors of major subsidiaries and their remuneration for the financial year were as follows:

	Group	
	2021	**2020**
	RM	**RM**
Short-term employee benefits	6,898,683	5,431,290
Defined contribution plan	786,545	581,422
Defined benefit obligations	(35,033)	83,100
Others	22,550	19,468
	7,672,745	6,115,280
Benefits-in-kind	73,970	86,300
	7,746,715	6,201,580

29. CAPITAL COMMITMENTS

	Group	
	2021	**2020**
	RM	**RM**
Approved and contracted for		
Purchase of:		
- property, plant and equipment	15,682,166	1,071,779
- intangible assets	107,526	39,072
Approved but not contracted for		
Purchase of property, plant and equipment	1,483,069	1,529,784

30. CONTINGENT LIABILITIES

	Company	
	2021	**2020**
	RM	**RM**
Unsecured		
Corporate guarantees given to financial institutions for credit facilities granted to subsidiaries:		
- Limit of guarantee	350,436,736	252,475,670
- Amount utilised	95,113,103	63,793,408

NOTES TO THE FINANCIAL STATEMENTS
31 December 2021
cont'd

30. CONTINGENT LIABILITIES *cont'd*

The Group designates corporate guarantees given to banks for credit facilities granted to subsidiaries as insurance contracts as defined in MFRS 4 *Insurance Contracts*. The Group recognises these corporate guarantees as insurance liabilities when there is a present obligation, legal or constructive, as a result of a past event, when it is probable that an outflow of resources embodying economic benefits would be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

At the end of each reporting period, the Group assesses whether its recognised insurance liabilities, if any, are adequate, using current estimates of future cash flows under its insurance contracts. If this assessment shows that the carrying amount of the insurance liabilities is inadequate, the entire deficiency shall be recognised in profit or loss.

Recognised insurance liabilities, if any, are only removed from the statement of financial position when, and only when, it is extinguished via a discharge, cancellation or expiration.

The determination of treatment of contingent liabilities is based on management's view of the expected outcome of the contingencies for matters in the ordinary course of the business.

The Directors are of the view that the fair value of such corporate guarantees given by the Company is negligible as the chances of the financial institutions to call upon the corporate guarantees are remote.

31. CAPITAL AND FINANCIAL RISK MANAGEMENT

(a) Capital management

The Group's objectives when managing capital are to maintain a strong capital base and to sustain future development of the business. The Directors monitor and determine to maintain an optimal debt-to-equity ratio that complies with debt covenants.

The Group manages its capital structure and makes adjustments to it in response to changes in economic conditions. In order to maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies or processes during the financial years ended 31 December 2021 and 31 December 2020.

The Group monitors capital using a gearing ratio, which is net debt divided by total capital plus net debt. The Group includes within net debt, borrowings, trade and other payables, less cash and bank balances. Borrowings comprise of trade finance and term loans. Total capital represents equity attributable to the owners of the parent.

	Group		Company	
	2021	2020	2021	2020
	RM	RM	RM	RM
Borrowings	95,113,103	63,793,408	-	-
Trade and other payables	94,459,409	81,173,123	225,347	325,175
Total liabilities	189,572,512	144,966,531	225,347	325,175
Less: Cash and bank balances	(208,519,046)	(140,355,897)	(26,058,865)	(10,949,403)
Net (surplus)/debt	(18,946,534)	4,610,634	(25,833,518)	(10,624,228)
Total capital	489,806,998	336,853,128	304,023,339	174,402,553
Net (surplus)/debt	(18,946,534)	4,610,634	(25,833,518)	(10,624,228)
	470,860,464	341,463,762	278,189,821	163,778,325
Gearing ratio	N/A	0.01	N/A	N/A

31. CAPITAL AND FINANCIAL RISK MANAGEMENT *cont'd*

(a) Capital management *cont'd*

Pursuant to the requirements of Practice Note No. 17/2005 of the Bursa Malaysia Securities Berhad, the Group is required to maintain a consolidated shareholders' equity of more than 25% of the issued and paid-up capital (excluding treasury shares) and such shareholders' equity is not less than RM40.0 million. The Group has complied with this requirement for the financial year ended 31 December 2021.

The Group is not subject to any other externally imposed capital requirements.

(b) Financial risk management

The overall financial risk management objective of the Group is to optimise its shareholders' value and not to engage in speculative transactions.

The Group is exposed mainly to foreign currency risk, interest rate risk, credit risk, liquidity and cash flow risk and market risk. Information on the management of the related exposures is detailed below:

(i) Foreign currency risk

The Group operates internationally and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the United States Dollar ("USD") and Indonesian Rupiah ("IDR"). Foreign exchange risk arises when future commercial transactions or recognised assets or liabilities are denominated in a currency that is not the entity's functional currency. The Group also holds cash and bank balances denominated in foreign currencies for working capital purposes.

The policy of the Group is to minimise the exposure in foreign currency risk by matching foreign currency income against foreign currency cost. The Group also attempts to limit its exposure for all committed transactions by entering into foreign currency forward contracts. As such, the fluctuations in foreign currencies are not expected to have a significant financial impact to the Group.

Subsidiaries operating in overseas have assets and liabilities together with expected cash flows from anticipated transactions denominated in those foreign currencies.

The Group maintains a natural hedge, where possible, by borrowing in the currency of the country in which the investment is located or by borrowing in currencies that match the future revenue stream to be generated from its investments.

The foreign currency exposure profile and sensitivity analysis of foreign currency risk have been disclosed in Notes 13, 14, 19 and 20 to the financial statements.

(ii) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of the financial instruments of the Group and of the Company will fluctuate because of changes in market interest rates. The exposure to market risk of the Group for changes in interest rates relates primarily to the bank borrowings and deposits placed with licensed banks of the Group.

The interest rate profile and sensitivity analysis of interest rate risk have been disclosed in Notes 14(d) and 20(f) to the financial statements.

(iii) Credit risk

Exposure to credit risk arises mainly from sales made on credit terms and deposits with licensed banks. The Group controls the credit risk on sales by ensuring that its customers have sound financial position and credit history. The Group also seeks to invest cash assets safely and profitably with approved financial institutions in line with the policy of the Group.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2021

cont'd

31. CAPITAL AND FINANCIAL RISK MANAGEMENT *cont'd*

(b) Financial risk management *cont'd*

(iii) Credit risk *cont'd*

Exposure to credit risk

At the end of each reporting period, the maximum exposure to credit risk of the Group and of the Company is represented by the carrying amount of each class of financial assets recognised in the statements of financial position.

Information regarding credit risk concentration for trade and other receivables is disclosed in Note 13 to the financial statements.

(iv) Liquidity and cash flow risk

The Group actively manages its debt maturity profile, operating cash flows and the availability of funding so as to ensure that all operating, investing and financing needs are met. In executing its liquidity risk management strategy, the Group measures and forecasts its cash commitments and maintains a level of cash and cash equivalents deemed adequate to finance the activities of the Group.

The analysis of financial instruments by remaining contractual maturities have been disclosed in Notes 18, 19 and 20 to the financial statements.

(v) Market risk

Market risk is the risk that the fair value or future cash flows of the financial instruments of the Group would fluctuate because of changes in market prices (other than interest or exchange rates).

The Group is exposed to equity price risks arising from investments held by the Group. They are held for strategic rather than trading purposes. The Group does not actively trade these investments. These instruments are classified as financial assets designated at fair value through other comprehensive income.

32. SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR

(a) On 19 February 2021, the issued ordinary share capital of the Company had increased from 895,808,553 to 966,558,553 by way of issuance of 70,750,000 new ordinary shares pursuant to private placement at issue price of RM0.71 per ordinary share.

(b) On 22 February 2021, the issued ordinary share capital of the Company had increased from 966,558,553 to 970,808,553 by way of issuance of 4,250,000 new ordinary shares pursuant to private placement at issue price of RM0.71 per ordinary share.

(c) On 24 February 2021, the issued ordinary share capital of the Company had increased from 970,808,553 to 985,808,553 by way of issuance of 15,000,000 new ordinary shares pursuant to private placement at issue price of RM0.73 per ordinary share.

(d) On 1 March 2021, the issued ordinary share capital of the Company had increased from 985,808,553 to 996,974,553 by way of issuance of 11,166,000 new ordinary shares pursuant to private placement at issue price of RM0.75 per ordinary share.

(e) On 24 August 2021, the Company had completed the acquisition of 1,100,000 ordinary shares, 55 ordinary shares and 55 ordinary shares in Lexis Chemical Sdn. Bhd., Lexis Specialties Sdn. Bhd. and Lexis Corporation Sdn. Bhd. ("Lexis entities) respectively, representing 55% equity interest in Lexis entities for a purchase consideration which was satisfied via the combination of cash consideration of RM60,500,000 and the issuance of 72,891,566 new ordinary shares of the Company which amounting to RM52,846,385. Accordingly, Lexis entities are now subsidiaries of the Company.

33. ADOPTION OF NEW MFRSs AND AMENDMENTS TO MFRSs

(a) New MFRSs adopted during the financial year

The Group and the Company adopted the following Standards and Amendments of the MFRS Framework that were issued by the Malaysian Accounting Standards Board ("MASB") during the financial year:

Title	Effective Date
Amendments to MFRS 9, MFRS 139 and MFRS 7 *Interest Rate Benchmark Reform*	1 January 2021
Covid-19-Related Rent Concessions beyond 30 June 2021 (Amendment to MFRS 16 lease)	1 April 2021 (early adopt)

Adoption of the above Standards and Amendments did not have any material effect on the financial performance or position of the Group and of the Company.

(b) New MFRSs that have been issued, but only effective for annual periods beginning on or after 1 January 2022

The following are Standards and Amendments of the MFRS Framework that have been issued by MASB but have not been early adopted by the Group and the Company:

Title	Effective Date
Annual Improvements to MFRS Standards 2018 - 2021	1 January 2022
Amendments to MFRS 3 *Reference to the Conceptual Framework*	1 January 2022
Amendments to MFRS 116 *Property, Plant and Equipment - Proceeds before Intended Use*	1 January 2022
Amendments to MFRS 137 *Onerous Contracts - Cost of Fulfilling a Contract*	1 January 2022
Amendments to MFRS 101 *Classification of Liabilities as Current or Non-current*	1 January 2023
MFRS 17 *Insurance Contracts*	1 January 2023
Amendments to MFRS 17 *Insurance Contracts*	1 January 2023
Initial application of MFRS 17 and MFRS 9 - *Comparative Information (Amendment to MFRS 17 Insurance Contracts)*	1 January 2023
Disclosure of Accounting Policies (Amendments to MFRS 101 *Presentation of Financial Statements*)	1 January 2023
Definition of Accounting Estimates (Amendments to MFRS 108 *Accounting Policies, Changes in Accounting Estimates and Errors*)	1 January 2023
Amendments to MFRS 112 *Deferred tax related to Assets and Liabilities arising from a Single Transaction*	1 January 2023
Amendments to MFRS 10 and MFRS 128 *Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*	Deferred

The Group and the Company are in the process of assessing the impact of implementing these Standards and Amendments, since the effects would only be observable for future financial years.

LIST OF PROPERTIES
as at 25 February 2022

No.	Postal Address/ title identification	Approximate age of building/ tenure/date of expiry of lease	Years lease remaining	Description and existing use	Land area/ build up area/ (sq ft)	Cost of investment/date of transaction	Audited Carrying Amount @ 31 December 2021 RM
1.	No. 6 Jalan SS21/58, Damansara Utama, 47400 Petaling Jaya, Selangor Darul Ehsan/ H.S (D) 170789, No. P.T. 6012, Bandar Petaling Jaya, Petaling Jaya, Selangor	44 years/ freehold	-	Shoplot (4 storey mid terraced shop-office)/office	1,650/ 5,446	RM611,865/ April 08, 1991	407,768
2.	Lot 3385, Jalan Banting Pandamaran, 42000 Port Klang, Selangor Darul Ehsan/ No. G.M 1708, Lot 3385, Mukim Klang, Klang, Selangor	26 years/ freehold	-	Warehouse	80,150/ 32,400	RM2,978,359/ August 30, 1991	1,886,352
3.	No. 54, Persiaran Rishah 9, Kawasan Perindustrian Miel Silibin, 30100 Ipoh, Perak Darul Ridzuan/ PN 37744 Lot 128185 Mukim of Hulu Kinta, Kinta, Perak	36 years/ leasehold/ March 22, 2045	24	Office / Store	10,000/ 6,500	RM519,816/ February 06, 1992	239,162
4.	No. 3, Jalan TTC 30, Taman Teknologi Cheng, 75250 Fasa 4A, Melaka PN 20123, Lot 4819 Mukim Cheng, District of Melaka Tengah, Melaka	23 years/ leasehold August 14, 2096	75	Industrial land/ factory warehouse	190,112/ 85,741	RM7,296,751/ February 04, 1997 RM2,876,575/ November 30, 2014 RM15,000/ November 09, 2015 RM29,300/ February 27, 2017 RM69,000 / February 16, 2019 RM161,000 / February 19, 2019 RM19,080/ May 13, 2019 RM25,000/ May 31, 2019 RM1,152,156/ July 1, 2020 RM5,500/ September 1, 2020 RM12,753/ October 1, 2020	8,617,376

LIST OF PROPERTIES
as at 25 February 2022
cont'd

No.	Postal Address/ title identification	Approximate age of building/ tenure/date of expiry of lease	Years lease remaining	Description and existing use	Land area/ build up area/ (sq ft)	Cost of investment/date of transaction	Audited Carrying Amount @ 31 December 2021 RM
5.	Plot 129a, Bukit Minyak Industrial Park, 14100 Seberang Perai, Pulau Pinang/ H.S. (D) 42609, P.T. 317, Mukim 13, Seberang Perai Tengah, Pulau Pinang	11 years/ leasehold/ November 03, 2058	37	Industrial land/ factory warehouse	87,120/ 49,776	RM3,856,664/ March 28, 1997 RM2,525,526/ June 01, 2017	5,081,282
6.	No. 4, Jalan Bistari 4, Taman Industri Jaya, 81300 Skudai, Johor Darul Takzim/ PN 13419, Lot 56749, Mukim of Pulai, Johor Bahru, Johor	23 years/ leasehold/ September 03, 2911	890	1 1/2 storey semi-detached factory	21,780/ 17,403	RM1,468,495/ March 28, 2005	1,194,755
7.	No. 4 Jalan SS21/58, Damansara Utama, 47400 Petaling Jaya Selangor Darul Ehsan/ H.S. (D) 170791, P.T. 6013, Bandar Petaling Jaya, Petaling Jaya, Selangor Darul Ehsan	44 years/ freehold	-	Shoplot (4 storey mid terraced shop-office)/office	1,650/ 5,446	RM1,800,000/ June 22, 2005	1,669,333
8.	Lot P2, Lumut Port Industrial Park, 32000 Sitiawan, Perak Darul Ridzuan PN 296183, Lot 15592, Mukim of Lumut, District of Manjung, Perak	15 years/ leasehold/ July 09, 2105	84	Industrial land/ factory warehouse office building	67,608/ 45,302	RM3,900,000/ July 15, 2011 RM604,200/ July 1, 2020 RM18,000/ Ocotber 1, 2020 RM58,276/ December 1, 2020	3,957,559
9.	Lot 23, Phase 3A, Pulau Indah Industrial Park P.N 7935, Lot No. 74078, District and Mukim of Klang, Selangor	84 years/ leasehold/ February 24, 2097	76	Industrial land	366,775	RM14,671,008/ September 14, 2017	14,298,774
10.	Lot 23a (DBKK No. 6) Bigwheel Industrial Park Mile 7 1/2, Menggatal Jalan Tuaran 88450 Kota Kinabalu, Sabah	2 years/ leasehold/ *December 3, 2117	96	Semi-detached 3-storey 4-in-1 corporate office, showroom, factory & warehouse	8,581/ 5,766	RM2,800,000 December 21, 2018	2,715,087
11.	No.26, Lot 106464, Jalan Bestari 2/KU7, Sg. Kapar Indah, 42200 Klang, Selangor. No HSD 153790, PT no 73984	Freehold	-	Industrial land/ 1 storey factory 3 storeys annexe building	72,549/ 45,720	RM6,000,000 August 30, 2018 RM7,008,135 August 30, 2018	8,000,000 5,359,016

* *Subject to change after issuance of strata title*

ANALYSIS OF SHAREHOLDINGS

As at 25 February 2022

Class of Shares	:	Ordinary Shares
Total number of Shares Issued	:	1,069,866,119
No. of Treasury Shares held	:	100,000
Amount of Shares Issued as fully paid	:	RM310,152,162.39
Voting Rights	:	One vote per Ordinary Share

ANALYSIS BY SIZE OF SHAREHOLDINGS

	No. of Holders		No. of Shares	
Size of Holdings	**Malaysian & Foreign**	**Percentage**	**Malaysian & Foreign**	**Percentage**
1 - 99	17	0.173	311	-
100 - 1,000	1,154	11.755	760,500	0.071
1,001 - 10,000	5,005	50.982	28,219,300	2.637
10,001 - 100,000	3,073	31.302	101,222,600	9.461
100,001 - 53,493,304 (*)	566	5.765	454,411,208	42.473
53,493,305 AND ABOVE (**)	2	0.020	485,252,200	45.356
Grand Total	**9,817**	**100.00**	**1,069,866,119**	**100.00**

Remarks : * - Less than 5% of Issued Shares
** - 5% and above of Issued Shares

LIST OF SUBSTANTIAL SHAREHOLDERS' SHAREHOLDINGS

Names	**Direct Interest**		**Indirect Interest (excluding bare trustees)**	
	No.	**%***	**No.**	**%***
Chemplex Resources Sdn. Bhd.	416,320,000	38.917	-	-
Tang Ying See	10,029,300	0.938	423,111,700 (a)	39.552
Chin Song Mooi	6,791,700	0.635	426,349,300 (b)	39.854
Puan Sri Datin Chow Cheng Moey	68,932,200	6.444	10,600,000 (c)	0.991

Note:

(a) Deemed interested by virtue of the shareholdings held by his spouse, Chin Song Mooi and substantial shareholdings in Chemplex Resources Sdn. Bhd. pursuant to Section 8 of the Companies Act 2016.

(b) Deemed interested by virtue of the shareholdings held by her spouse, Tang Ying See and substantial shareholdings in Chemplex Resources Sdn. Bhd. pursuant to Section 8 of the Companies Act 2016.

(c) Deemed interested by virtue of the shareholdings held by her spouse, Lim Kuang Sia pursuant to Section 59(11)(c) of the Companies Act 2016.

** Net of treasury shares*

ANALYSIS OF SHAREHOLDINGS

As at 25 February 2022

cont'd

LIST OF DIRECTORS' SHAREHOLDINGS

	Direct Interest	%*	Indirect Interest	%*
Tang Ying See	10,029,300	0.938	438,326,500 [(a)]	40.974
Chin Song Mooi	6,791,700	0.635	441,564,100 [(b)]	41.277
Chen Moi Kew	4,590,000	0.429	-	-
Datuk Kwan Foh Kwai	2,126,600	0.199	2,200,000 [(c)]	0.206

Notes:

(a) Deemed interested by virtue of the shareholdings held by his spouse, Chin Song Mooi and substantial shareholdings in Chemplex Resources Sdn. Bhd. pursuant to Section 8 of the Companies Act 2016 and his son, Tang Chii Shyan pursuant to Section 59(11)(c) of the Companies Act 2016.

(b) Deemed interested by virtue of the shareholdings held by her spouse, Tang Ying See and substantial shareholdings in Chemplex Resources Sdn. Bhd. pursuant to Section 8 of the Companies Act 2016 and her son, Tang Chii Shyan pursuant to Section 59(11)(c) of the Companies Act 2016.

(c) Deemed interested by virtue of the shareholdings held by his spouse, Datin Lee Hung Kuen pursuant to Section 8 of the Companies Act 2016.

* *Not of treasury shares*

LIST OF TOP 30 HOLDERS AS AT 25 FEBRUARY 2022

Without aggregating securities from different securities accounts belonging to the same registered holder

No	Holder Name	Shares Held
1	CHEMPLEX RESOURCES SDN. BHD.	416,320,000
2	CHOW CHENG MOEY	68,932,200
3	OH WEI WAH	28,000,000
4	RHB NOMINEES (TEMPATAN) SDN BHD *MALAYSIAN TRUSTEES BERHAD PLEDGED SECURITIES ACCOUNT FOR CHUAH KIM PIEW*	27,720,797
5	RHB NOMINEES (TEMPATAN) SDN BHD *MALAYSIAN TRUSTEES BERHAD PLEDGED SECURITIES ACCOUNT FOR LEE JUINN YONG*	20,471,974
6	TANG CHII SHYAN	15,214,800
7	FONG AH CHAI	14,400,000
8	CHUAH KIM PIEW	14,206,914
9	NG KIT HENG	12,765,500
10	CITIGROUP NOMINEES (TEMPATAN) SDN BHD *EMPLOYEES PROVIDENT FUND BOARD*	12,015,329
11	LIM KUANG SIA	10,600,000
12	LEE JUINN YONG	10,491,881
13	TANG YING SEE	10,029,300
14	OH ZHI SEN	6,916,000
15	CHIN SONG MOOI	6,791,700
16	LIM JEE SOON	5,060,000
17	AU CHUN CHOONG	5,010,000

ANALYSIS OF SHAREHOLDINGS

As at 25 February 2022
cont'd

LIST OF TOP 30 HOLDERS AS AT 25 FEBRUARY 2022 *cont'd*
Without aggregating securities from different securities accounts belonging to the same registered holder

No	Holder Name	Shares Held
18	CARTABAN NOMINEES (TEMPATAN) SDN BHD *ICAPITAL.BIZ BERHAD*	5,006,800
19	CHIA KEE FOO	5,000,000
20	CHIA KEE KWEI	5,000,000
21	HLB NOMINEES (TEMPATAN) SDN BHD *PLEDGED SECURITIES ACCOUNT FOR AU CHUN CHOONG*	4,772,600
22	CHEN MOI KEW	4,590,000
23	CHIA CHEA EIM	4,545,000
24	HLIB NOMINEES (TEMPATAN) SDN BHD *HONG LEONG BANK BHD FOR MOH UNG NANG*	3,948,100
25	LIM HUI GUAN	3,900,000
26	MISA SDN BHD	3,674,400
27	CH'NG CHAN SENG	3,485,700
28	CHIA SEONG POW	3,100,000
29	CHIA KEE YEW	3,000,000
30	FOO KHON PU	3,000,000

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Thirtieth Annual General Meeting ("30th AGM") of the Company will be held on a fully virtual basis at the Broadcast Venue: Tricor Business Centre, Manuka 2 & 3 Meeting Room, Unit 29-01, Level 29, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia, on **Thursday, 26 May 2022**, at **10.00 a.m**. via Remote Participation and Voting facilities ("RPV") which are available at Tricor Investor & Issuing House Services Sdn. Bhd ("Tricor")'s online website at https://tiih.online or https://tiih.com.my (Domain registration number with MYNIC: D1A282781), for the following purposes:

A G E N D A

AS ORDINARY BUSINESS

1.	To receive the Audited Financial Statements for the financial year ended 31 December 2021 together with the Reports of the Directors and Auditors thereon.	**(Please refer to Explanatory Note 1)**
2.	To approve the payment of respective Directors' fees for the financial year ending 31 December 2022:	
	(a) RM50,000.00 for Datuk Kwan Foh Kwai	**Ordinary Resolution 1**
	(b) RM50,000.00 for Tan Teck Kiong	**Ordinary Resolution 2**
	(c) RM50,000.00 for Taufiq Ahmad @ Ahmad Mustapha bin Ghazali	**Ordinary Resolution 3**
	(d) RM40,000.00 for Chen Moi Kew	**Ordinary Resolution 4**
3.	To approve the payment of Directors' Benefits up to an amount of RM21,000.00 for the financial year ending 31 December 2022.	**Ordinary Resolution 5**
4.	To re-elect the following Directors who are retiring by rotation in accordance with Clause 76(3) of the Constitution of the Company and, who being eligible, offer themselves for re-election:	
	(a) Mr Tang Ying See	**Ordinary Resolution 6**
	(b) Datuk Kwan Foh Kwai	**Ordinary Resolution 7**
5.	To appoint Messrs BDO PLT as Auditors of the Company for the financial year ending 31 December 2022 and to authorise the Directors to fix their remuneration.	**Ordinary Resolution 8**

AS SPECIAL BUSINESS

To consider and, if thought fit, to pass the following ordinary resolutions, with or without modifications:

6. **AUTHORITY TO ISSUE AND ALLOT SHARES PURSUANT TO SECTIONS 75 AND 76 OF THE COMPANIES ACT 2016** — **Ordinary Resolution 9**

"THAT subject always to the Companies Act 2016 ("the Act"), the Constitution of the Company and approvals from Bursa Malaysia Securities Berhad and any other governmental/regulatory authorities, where such approval is necessary, authority be and is hereby given to the Directors of the Company, pursuant to Sections 75 and 76 of the Act, to allot shares in the Company from time to time, at such price upon such terms and conditions and for such purposes and to such persons whomsoever as the Directors of the Company may, in their absolute discretion, deem fit, provided that the aggregate number of shares issued during the preceding 12 months does not exceed 10% of the total number of issued shares (excluding treasury shares) of the Company for the time being AND THAT the Directors of the Company be and are hereby empowered to obtain the approval for the listing of and quotation for the additional shares so issued on the Bursa Malaysia Securities Berhad AND FURTHER THAT such authority shall continue to be in force until the conclusion of the next Annual General Meeting of the Company after the approval was given or at the expiry of the period within which the next Annual General Meeting is required to be held after the approval was given, whichever is earlier, unless revoked or varied by an ordinary resolution of the Company at a general meeting."

NOTICE OF ANNUAL GENERAL MEETING
cont'd

7. **PROPOSED RENEWAL OF SHARE BUY-BACK MANDATE** **Ordinary Resolution 10**

"THAT subject always to the Companies Act 2016 ("the Act"), the Constitution of the Company, the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities") ("Listing Requirements") and all other applicable laws, guidelines, rules and regulations, the Company be and is hereby authorised, to the fullest extent permitted by law, to purchase such number of issued shares in the Company as may be determined by the Directors of the Company from time to time through Bursa Securities upon such terms and conditions as the Directors may deem fit and expedient in the interest of the Company provided that:

i. the aggregate number of issued shares in the Company ("Shares") purchased ("Purchased Shares") and/or held as treasury shares pursuant to this ordinary resolution does not exceed ten per centum (10%) of the total number of issued shares of the Company as quoted on Bursa Securities as at point of purchase; and

ii. the maximum fund to be allocated by the Company for the purpose of purchasing the shares shall not exceed the aggregate of the retained profits of the Company based on the latest audited financial statements and/or the latest management accounts (where applicable) available at the time of the purchase,

("Proposed Share Buy-Back").

AND THAT the authority to facilitate the Proposed Share Buy-Back will commence immediately upon passing of this Ordinary Resolution and will continue to be in force until:

a. the conclusion of the next Annual General Meeting of the Company following at which time the authority shall lapse unless by ordinary resolution passed at the meeting, the authority is renewed, either unconditionally or subject to conditions;

b. the expiration of the period within which the next annual general meeting of the Company is required by law to be held; or

c. revoked or varied by ordinary resolution passed by the shareholders of the Company at a general meeting,

whichever occurs first, but shall not prejudice the completion of purchase(s) by the Company of its own Shares before the aforesaid expiry date and, in any event, in accordance with the Listing Requirements and any applicable laws, rules, regulations, orders, guidelines and requirements issued by any relevant authorities.

AND THAT the Directors of the Company be and are hereby authorised, at their discretion, to deal with the Purchased Shares until all the Purchased Shares have been dealt with by the Directors in the following manner as may be permitted by the Act, Listing Requirements, applicable laws, rules, regulations, guidelines, requirements and/or orders of any relevant authorities for the time being in force:

i. To cancel all or part of the Purchased Shares;

ii. To retain all or part of the Purchased Shares as treasury shares as defined in Section 127 of the Act;

NOTICE OF ANNUAL GENERAL MEETING
cont'd

iii. To distribute all or part of the treasury shares as dividends to the shareholders of the Company;

iv. To resell all or part of the treasury shares;

v. To transfer all or part of the treasury shares for the purposes of or under the employees' share scheme established by the Company and/or its subsidiaries;

vi. To transfer all or part of the treasury shares as purchase consideration;

vii. To sell, transfer or otherwise use the shares for such other purposes as the Minister charged with the responsibility for companies may by order prescribe; and/or

viii. To deal with the treasury shares in the manners as allowed by the Act, Listing Requirements, applicable laws, rules, regulations, guidelines, requirements and/or orders of any relevant authorities for the time being in force.

AND THAT the Directors of the Company be and are authorised to take all such steps as are necessary or expedient [including without limitation, the opening and maintaining of central depository account(s) under Securities Industry (Central Depositories) Act, 1991, and the entering into all other agreements, arrangements and guarantee with any party or parties] to implement, finalise and give full effect to the Proposed Share Buy-Back with full powers to assent to any conditions, modifications, variations and/or amendments (if any) as may be imposed by the relevant authorities."

8. **AUTHORITY FOR DIRECTORS TO ISSUE AND ALLOT NEW ORDINARY SHARES IN THE COMPANY ("LCB SHARES") UNDER THE PROPOSED GENERAL MANDATE FOR RIGHTS ISSUE ON A PRO RATA BASIS ("PROPOSED RIGHTS ISSUE MANDATE")** **Ordinary Resolution 11**

"THAT pursuant to Sections 75 and 76 of the Companies Act 2016, Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities") and the approval of the relevant regulatory authorities, where such approval is required, approval be and is hereby given to the Board of Directors of the Company ("Board") to:

(a) provisionally issue and allot by way of a rights issue on a pro rata basis of new LCB Shares ("Rights Shares") to the shareholders of the Company whose names appear in the Record of Depositors of the Company at the close of business on an entitlement date to be determined and announced by the Board later;

(b) issue such new Rights Shares as may be required to give effect to the Proposed Rights Issue Mandate, including any persons entitled on renunciation of the provisional allotments;

(c) determine and fix the entitlement basis and issue price of the new Rights Shares which shall be announced by the Board later;

(d) utilise the proceeds to be derived from the Proposed Rights Issue Mandate for the purposes as determined and announced by the Board later; and

(e) vary the manner and/or purpose of such proceeds as the Board may deem fit and in the best interest of the Company,

provided that:

(i) such new Rights Shares to be issued pursuant to this resolution, does not exceed fifty per centum (50%) of the total number of the issued shares (excluding any treasury shares) of the Company for the time being; and

NOTICE OF ANNUAL GENERAL MEETING
cont'd

(ii) the new Rights Shares shall not price at more than thirty per centum (30%) discount to the theoretical ex-rights price.

THAT such approval on the Proposed Rights Issue Mandate shall continue to be in force until 31 December 2022.

THAT the Directors of the Company be and are hereby also empowered to obtain the approval from Bursa Securities for the listing of and quotation for such new Rights Shares on the Main Market of Bursa Securities.

THAT authority be and is hereby given to the Directors of the Company to do all such acts and things as may be necessary or expedient in order to give full effect to the Proposed Rights Issue Mandate with full powers to assent to any conditions, modifications, variations and/or amendments as they may deem fit in the best interest of the Company and/or as may be imposed by the relevant authorities.

AND FURTHER THAT the Directors of the Company, be and are hereby authorised to implement, finalise, complete and take all necessary steps and to do all acts (including execute such documents as may be required), deeds and things in relation to the Proposed Rights Issue Mandate."

By Order of the Board

WONG WAI FOONG (SSM PC NO. 202008001472) (MAICSA 7001358)
CHEN MOI KEW (SSM PC NO. 202008001043) (MIA 6359)
LIM YOU JING (SSM PC NO. 202108000369) (MAICSA 7075638)
Company Secretaries

Petaling Jaya
6 April 2022

Notes on the Appointment of Proxy:

1. *As part of the initiatives to curb the spread of Covid-19, the Thirtieth Annual General Meeting ("30th AGM") of the Company will be conducted on a fully virtual basis by way of live streaming and online remote voting via Remote Participation and Voting ("RPV") facilities available on Tricor Investor & Issuing House Services Sdn. Bhd.'s TIIH Online website at https://tiih.online. Please follow the procedures provided in the 'Administrative Details' section of the 30th AGM in order to register, participate and vote remotely via the RPV facilities.*

2. *The broadcast venue of the 30th AGM is strictly for the purpose of complying with Section 327(2) of the Act and Clause 52(3) of the Company's Constitution which stipulate that the Chairman shall be at the main venue. Member(s)/proxy(ies)/corporate representative(s)* ***WILL NOT BE ALLOWED*** *to attend the 30th AGM in person at the broadcast venue on the day of the meeting.*

3. *Members are to attend, speak (including posing questions to the Board via real time submission of typed texts) and vote (collectively, "participate") remotely at the 30th AGM via the RPV provided by Tricor Investor & Issuing House Services Sdn. Bhd. ("Tricor") via its* ***TIIH Online*** *website at https://tiih.online. Please follow the Procedures for RPV provided in the Administrative Details of the 30th AGM and read the notes below in order to participate remotely via RPV.*

4. *Members may submit questions to the Board of Directors prior to the 30th AGM via Tricor's TIIH Online website at https://tiih.online by selecting "e-Services" to login, pose questions and submit electronically no later than Tuesday, 24 May 2022 at 10.00 a.m. or to use the query box to transmit questions to the Chairman/Board via RPV during live streaming.*

5. *For the purpose of determining who shall be entitled to attend this General Meeting via RPV, the Company shall be requesting Bursa Malaysia Depository Sdn. Bhd. to make available to the Company, a Record of Depositors as at 17 May 2022. Only a member whose name appears on this Record of Depositors shall be entitled to attend in this 30th AGM via RPV.*

NOTICE OF ANNUAL GENERAL MEETING
cont'd

6. *A member entitled to attend and vote at this General Meeting is entitled to appoint a proxy or attorney or in the case of a corporation, to appoint a duly authorised representative to attend, participate, speak and vote in his place. A proxy may but need not be a member of the Company.*

7. *A member of the Company who is entitled to attend and vote at a General Meeting of the Company may appoint not more than two (2) proxies to attend, participate, speak and vote instead of the member at the General Meeting.*

8. *If two (2) proxies are appointed, the entitlement of those proxies to vote on a show of hands shall be in accordance with the listing requirements of the stock exchange.*

9. *Where a member of the Company is an authorised nominee as defined in the Securities Industry (Central Depositories) Act 1991 ("Central Depositories Act"), it may appoint not more than two (2) proxies in respect of each securities account it holds in ordinary shares of the Company standing to the credit of the said securities account.*

10. *Where a member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("**omnibus account**"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds. An exempt authorised nominee refers to an authorised nominee defined under the Central Depositories Act which is exempted from compliance with the provisions of Section 25A(1) of the Central Depositories Act.*

11. *Where a member appoints more than one (1) proxy, the proportion of shareholdings to be represented by each proxy must be specified in the instrument appointing the proxies.*

12. *A member who has appointed a proxy or attorney or authorised representative to attend, participate, speak and vote at this 30th AGM via RPV must request his/her proxy to register himself/herself for RPV at TIIH Online website at https://tiih.online. Please follow the Procedures for RPV in the Administrative Details of the 30th AGM.*

13. *The appointment of a proxy may be made in a hard copy form 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 General Meeting or adjourned General Meeting at which the person named in the appointment proposes to vote:*

    (i) *In hard copy form*
    In the case of an appointment made in hard copy form, this proxy form must be deposited at the Share Registrar's Office, Tricor Investor & Issuing House Services Sdn. Bhd. at Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur or alternatively, the Customer Services Centre at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur.

    (ii) *Online*
    In the case of an appointment made via online lodgement facility, please login to the link website at https://tiih.online and select "e-Services" to login. Please refer to the Administrative Guide on how to register to TIIH Online and submit your Form of Proxy electronically.

14. *Any authority pursuant to which such an appointment is made by a power of attorney must be deposited at the Share Registrar's Office, Tricor Investor & Issuing House Services Sdn. Bhd. at Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur or alternatively, the Customer Services Centre at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur not less than forty-eight (48) hours before the time appointed for holding the General Meeting or adjourned General Meeting at which the person named in the appointment proposes to vote. A copy of the power of attorney may be accepted provided that it is certified notarially and/or in accordance with the applicable legal requirements in the relevant jurisdiction in which it is executed.*

15. *Please ensure ALL the particulars as required in this proxy form are completed, signed and dated accordingly.*

16. *Last date and time for lodging this proxy form is 10.00 a.m. on Tuesday, 24 May 2022.*

NOTICE OF ANNUAL GENERAL MEETING
cont'd

17. *A corporate member who has appointed a representative, please deposit the* ***ORIGINAL*** *or* ***DULY CERTIFIED*** *certificate of appointment with the Share Registrar of the Company, Tricor Investor & Issuing House Services Sdn. Bhd. at Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur or alternatively, the Customer Services Centre at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur. The certificate of appointment should be executed in the following manner:*

    (i) *If the corporate member has a common seal, the certificate of appointment should be executed under seal in accordance with the constitution of the corporate member.*

    (ii) *If the corporate member does not have a common seal, the certificate of appointment should be affixed with the rubber stamp of the corporate member (if any) and executed by:*

        (a) *at least two (2) authorised officers, of whom one shall be a director; or*
        (b) *any director and/or authorised officers in accordance with the laws of the country under which the corporate member is incorporated.*

Explanatory Notes to Ordinary Business:

1. ***Item 1 of the Agenda – Receipt of Report and Audited Financial Statements***

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

2. ***Ordinary Resolutions 1, 2, 3, 4 and 5 – Directors' Fees and Directors' Benefits for the financial year ending 31 December 2022***

    The Board of Directors has reviewed the Directors' fees and benefits after taking into consideration the market trends for similar positions, time commitment and responsibilities of the respective Directors.

    Payment of the Directors' fees for the financial year ending 31 December 2022 amounting to RM190,000.00 will be made by the Company if the proposed Ordinary Resolutions 1 , 2, 3, 4 and 5 are passed in the forthcoming Annual General Meeting.

    The proposed structure of the Directors' benefits for the financial year ending 31 December 2022 is as follows:

Type of Benefits	Amount
Meeting Attendance Allowance	
Board Committee and Board Meeting Allowances	RM1,000.00 per day

Payment of the Directors' fees and Directors' benefits will be made by the Company as and when incurred if the proposed Ordinary Resolutions 1, 2, 3, 4 and 5 are passed.

3. ***Ordinary Resolutions 6 and 7 – Re-election of Directors who retire in accordance with Clause 76(3) of the Constitution of the Company***

    Pursuant to Practice 5.7 of the Malaysian Code on Corporate Governance 2021, the profiles of the Directors who are standing for re-election as per Agenda item 4 is set out in the Board of Directors' profile of the Annual Report 2021. Based on the recommendation of Nominating Committee, the Board supports the re-election of Mr Tang Ying See and Datuk Kwan Foh Kwai as Directors of the Company based on the following justifications:-

    Ordinary Resolution 6: Re-election of Mr Tang Ying See as Executive Director/Chief Executive Officer

    1. *Mr Tang Ying See has vast experience in operational matters of the Group. He is primarily responsible for managing day-to-day business operations, which include driving profitability, managing company organisational structure, strategy, and communicating with the Board. He is familiar with the Group's business operation and is able to provide valuable input to boost the Group's performance.*

NOTICE OF ANNUAL GENERAL MEETING
cont'd

3. ***Ordinary Resolutions 6 and 7 – Re-election of Directors who retire in accordance with Clause 76(3) of the Constitution of the Company*** *cont'd*

Ordinary Resolution 7: Re-election of Datuk Kwan Foh Kwai as Independent Non-Executive Chairman

1. *Datuk Kwan Foh Kwai fulfils the requirements of independence set out in the Main Market Listing Requirements of Bursa Securities. He has remained objective and independent in expressing his view and participating in Board deliberations and decision-making.*

2. *Datuk Kwan Foh Kwai has vast experience in the construction industry in both the public and private sectors as well as strategy consulting, and is able to provide the Board with a diverse set of expertise and perspective.*

3. *Datuk Kwan Foh Kwai has exercised his due care and carried out his professional duties proficiently during his tenure as Independent Non-Executive Chairman of the Company.*

4. ***Ordinary Resolution 8 – Re-appointment of Auditors***

The Board has through the Audit and Risk Management Committee, considered the re-appointment of Messrs BDO PLT as Auditors of the Company. The factors considered by the Audit and Risk Management Committee in making the recommendation to the Board to table their re-appointment at the 30th AGM are disclosed in the page 37 of this Annual Report.

Explanatory Notes to Special Business:

5. ***Ordinary Resolution 9 - Authority to issue and allot shares pursuant to Sections 75 and 76 of the Act***

The proposed Ordinary Resolution 9 is a renewal of the previous year's general mandate for issuance of shares by the Company under Sections 75 and 76 of the Act. The Ordinary Resolution 9, if passed, will empower the Directors of the Company, from the date of the 30th AGM, to issue and allot new ordinary shares of the Company of up to ten percent (10%) of the total number of issued shares (excluding treasury shares) of the Company for the time being for such purposes as the Directors of the Company consider would be in the best interest of the Company. This authority, unless earlier revoked or varied by the Company at a General Meeting, will expire at the conclusion of the next Annual General Meeting of the Company or the expiration of the period within which the next Annual General Meeting is required by law to be held, whichever is earlier.

The authority to issue shares pursuant to Sections 75 and 76 of the Act will provide flexibility and expediency to the Company for any possible fund raising activities involving the issuance or placement of shares to facilitate business expansion or strategic merger and acquisition opportunities involving equity deals or part equity or to fund future investment project(s) or for working capital requirements, which the Directors of the Company consider to be in the best interest of the Company. The approval is sought to avoid any delay and cost in convening a general meeting to approve such issuance of shares.

As at the date of this Notice, there was 72,891,566 new ordinary shares in the Company were issued and allotted pursuant to Sections 75 and 76 of the Companies Act 2016 which was approved by the shareholders at the Twenty-Ninth Annual General Meeting of the Company held on 27 May 2021 and the mandate will lapse at the conclusion of the 30th AGM. A renewal of this authority is being sought at the 30th AGM.

6. ***Ordinary Resolution 10 – Proposed Renewal of Share Buy-Back Mandate***

The proposed Ordinary Resolution 10, if passed will empower the Company to renew its existing authorisation to purchase its own ordinary shares up to ten per centum (10%) of the total number of issued shares of the Company. Please refer to the Statement to Shareholders dated 6 April 2022 for further information.

NOTICE OF ANNUAL GENERAL MEETING
cont'd

7. **Ordinary Resolution 11 – Authority for Directors to issue and allot New Ordinary Shares in the Company under the Proposed General Mandate for Rights Issue on a Pro Rata Basis**

Bursa Malaysia Securities Berhad ("Bursa Securities") had on 23 December 2021 further extended the implementation and utilisation of the pro rata 50% general mandate which was first introduced on 10 November 2020 to provide flexibility to the listed issuers to facilitate secondary fund raising through an enhanced rights issue framework where the listed issuers are allowed to undertake a rights issue of ordinary shares on a pro rata basis through a higher general mandate, under Paragraph 6.03(3) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, to not more than 50% of the total number of issued shares (excluding treasury shares) of the company, and such new ordinary shares are not priced at more than 30% discount to the theoretical ex-rights price, subject to compliance with certain conditions, up to 31 December 2022.

The proposed Ordinary Resolution 11, if passed, will give authority to the Company to undertake a rights issue exercise on a pro rata basis ("Proposed Rights Issue") and the Directors of the Company to issue and allot new ordinary shares in the capital of the Company in relation to the Proposed Rights Issue ("New Rights Shares"), which does not exceed fifty per centum (50%) of the total number of the issued shares (excluding treasury shares) of the Company for the time being, and the new Rights Shares shall be priced at not more than thirty per centum (30%) discount to the theoretical ex-rights price ("Proposed Rights Issue Mandate").

The Proposed Rights Issue Mandate shall continue to be in force until 31 December 2022.

The Proposed Rights Issue is a renewal of the previous year's mandate obtained at the Twenty-Ninth Annual General Meeting held on 27 May 2021 ("29th AGM"). The Proposed Rights Issue Mandate is to provide flexibility to the Company to issue new ordinary shares without the need to convene separate general meeting to obtain its shareholders' approval so as to avoid incurring additional costs and time. The Company did not utilise the mandate obtained at the 29th AGM.

The Board is of the opinion that the Proposed Rights Issue Mandate is in the best interests of the Company and its shareholders, and will allow the Company to further enhance the liquidity of the Group.

The purpose of the Proposed Rights Issue Mandate, if passed, will enable the Directors to take swift action in case of a need to issue and allot new shares in the Company for fund raising exercise including but not limited to further placement of shares for purpose of funding current and/or future investment projects, working capital, acquisitions and/or or such other application as the Directors may deem fit in the best interest of the Company.

STATEMENT ACCOMPANYING NOTICE OF ANNUAL GENERAL MEETING

(Pursuant to Paragraph 8.27(2) of Bursa Malaysia Securities Berhad Main Market Listing Requirements)

There is no Director standing for election at the 30th AGM of the Company.

LUXCHEM

LUXCHEM CORPORATION BERHAD
Registration No. 199101014102 (224414-D)
(Incorporated in Malaysia)

PROXY FORM

*I/We ______________________ NRIC/Passport/Company No. ______________ Tel/Hp No. ______________ of ____ being member(s) of Luxchem Corporation Berhad, hereby appoint:

Full Name (in Block and as per NRIC/Passport)	NRIC/Passport No.	Proportion of Shareholdings	
		No. of Shares	%
Address			

and

Full Name (in Block and as per NRIC/Passport)	NRIC/Passport No.	Proportion of Shareholdings	
		No. of Shares	%
Address			

or failing him/her, the Chairman of the Meeting as *my/our proxy/proxies to attend and vote for *me/us and on *my/our behalf at the Thirtieth Annual General Meeting ("30th AGM") of the Company to be held on a fully virtual basis at the Broadcast Venue: Tricor Business Centre, Manuka 2 & 3 Meeting Room, Unit 29-01, Level 29, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia, on **Thursday, 26 May 2022** at **10.00 a.m.** or at any adjournment thereof, and to vote as indicated below:

Item	Agenda			
1.	To receive the Audited Financial Statements for the financial year ended 31 December 2021			
		Ordinary Resolution ("OR")	**For**	**Against**
2.	Approval of the following Directors' Fees for the financial year ending 31 December 2022:			
	(a) RM50,000.00 for Datuk Kwan Foh Kwai	OR 1		
	(b) RM50,000.00 for Tan Teck Kiong	OR 2		
	(c) RM50,000.00 for Taufiq Ahmad @ Ahmad Mustapha bin Ghazali	OR 3		
	(d) RM40,000.00 for Chen Moi Kew	OR 4		
3.	Approval of Directors' benefits of RM21,000.00 for the financial year ending 31 December 2022	OR 5		
4.	Re-election of Mr Tang Ying See as Director	OR 6		
5.	Re-election of Datuk Kwan Foh Kwai as Director	OR 7		
6.	Appointment of Messrs BDO PLT as Auditors of the Company and authorising the Directors to fix their remuneration	OR 8		
Special Business				
7.	Authority to Issue and Allot Shares pursuant to Sections 75 and 76 of the Companies Act 2016	OR 9		
8.	Proposed Renewal of Share Buy-Back Mandate	OR 10		
9.	Proposed Rights Issue Mandate on a Pro Rata Basis	OR 11		

[Please indicate with an "X" in the spaces provided whether you wish your votes to be cast for or against the resolutions. In the absence of specific direction, your proxy will vote or abstain as he thinks fit.]

Dated this day ____________ of ____________ 2022

Number of ordinary shares held	
CDS account no.	

____
*Signature/Common Seal of Shareholder

** Delete if not applicable*

Fold This Flap For Sealing

Notes:

1. *As part of the initiatives to curb the spread of Covid-19, the Thirtieth Annual General Meeting ("30th AGM") of the Company will be conducted on a fully virtual basis by way of live streaming and online remote voting via Remote Participation and Voting ("RPV") facilities available on Tricor Investor & Issuing House Services Sdn. Bhd.'s TIIH Online website at https://tiih.online. Please follow the procedures provided in the 'Administrative Details' section of the 30th AGM in order to register, participate and vote remotely via the RPV facilities.*
2. *The broadcast venue of the 30th AGM is strictly for the purpose of complying with Section 327(2) of the Act and Clause 52(3) of the Company's Constitution which stipulate that the Chairman shall be at the main venue. Member(s)/proxy(ies)/corporate representative(s)* ***WILL NOT BE ALLOWED*** *to attend the 30th AGM in person at the broadcast venue on the day of the meeting.*
3. *Members are to attend, speak (including posing questions to the Board via real time submission of typed texts) and vote (collectively, "participate") remotely at the 30th AGM via the RPV provided by Tricor Investor & Issuing House Services Sdn. Bhd. ("Tricor") via its* ***TIIH Online*** *website at https://tiih.online. Please follow the Procedures for RPV provided in the Administrative Details of the 30th AGM and read the notes below in order to participate remotely via RPV.*
4. *Members may submit questions to the Board of Directors prior to the 30th AGM via Tricor's TIIH Online website at https://tiih.online by selecting "e-Services" to login, pose questions and submit electronically no later than Tuesday, 24 May 2022 at 10.00 a.m. or to use the query box to transmit questions to the Chairman/Board via RPV during live streaming.*
5. *For the purpose of determining who shall be entitled to attend this General Meeting via RPV, the Company shall be requesting Bursa Malaysia Depository Sdn. Bhd. to make available to the Company, a Record of Depositors as at 17 May 2022. Only a member whose name appears on this Record of Depositors shall be entitled to attend in this 30th AGM via RPV.*
6. *A member entitled to attend and vote at this General Meeting is entitled to appoint a proxy or attorney or in the case of a corporation, to appoint a duly authorised representative to attend, participate, speak and vote in his place. A proxy may but need not be a member of the Company.*
7. *A member of the Company who is entitled to attend and vote at a General Meeting of the Company may appoint not more than two (2) proxies to attend, participate, speak and vote instead of the member at the General Meeting.*
8. *If two (2) proxies are appointed, the entitlement of those proxies to vote on a show of hands shall be in accordance with the listing requirements of the stock exchange.*
9. *Where a member of the Company is an authorised nominee as defined in the Securities Industry (Central Depositories) Act 1991 ("Central Depositories Act"), it may appoint not more than two (2) proxies in respect of each securities account it holds in ordinary shares of the Company standing to the credit of the said securities account.*
10. *Where a member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("**omnibus account**"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds. An exempt authorised nominee refers to an authorised nominee defined under the Central Depositories Act which is exempted from compliance with the provisions of Section 25A(1) of the Central Depositories Act.*
11. *Where a member appoints more than one (1) proxy, the proportion of shareholdings to be represented by each proxy must be specified in the instrument appointing the proxies.*
12. *A member who has appointed a proxy or attorney or authorised representative to attend, participate, speak and vote at this 30th AGM via RPV must request his/her proxy to register himself/herself for RPV at TIIH Online website at https://tiih.online. Please follow the Procedures for RPV in the Administrative Details of the 30th AGM.*

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AFFIX
STAMP

The Share Registrar
LUXCHEM CORPORATION BERHAD
Registration No. 199101014102 (224414-D)

c/o Tricor Investor & Issuing House Services Sdn. Bhd.
(197101000970) (11324-H)
Unit 32-01, Level 32
Tower A, Vertical Business Suite
Avenue 3, Bangsar South
No. 8, Jalan Kerinchi
59200 Kuala Lumpur

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13. *The appointment of a proxy may be made in a hard copy form 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 General Meeting or adjourned General Meeting at which the person named in the appointment proposes to vote:*
    (i) *In hard copy form*
    In the case of an appointment made in hard copy form, this proxy form must be deposited at the Share Registrar's Office, Tricor Investor & Issuing House Services Sdn. Bhd. at Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur or alternatively, the Customer Services Centre at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur.
    (ii) *Online*
    In the case of an appointment made via online lodgement facility, please login to the link website at https://tiih.online and select "e-Services" to login. Please refer to the Annexure 1 in the Administrative Guide on how to register to TIIH Online and submit your Form of Proxy electronically.
14. *Any authority pursuant to which such an appointment is made by a power of attorney must be deposited at the Share Registrar's Office, Tricor Investor & Issuing House Services Sdn. Bhd. at Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur or alternatively, the Customer Services Centre at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur not less than forty-eight (48) hours before the time appointed for holding the General Meeting or adjourned General Meeting at which the person named in the appointment proposes to vote. A copy of the power of attorney may be accepted provided that it is certified notarially and/or in accordance with the applicable legal requirements in the relevant jurisdiction in which it is executed.*
15. *Please ensure ALL the particulars as required in this proxy form are completed, signed and dated accordingly.*
16. *Last date and time for lodging this proxy form is 10.00 a.m. on Tuesday, 24 May 2022.*
17. *A corporate member who has appointed a representative, please deposit the* ***ORIGINAL*** *or* ***DULY CERTIFIED*** *certificate of appointment with the Share Registrar of the Company, Tricor Investor & Issuing House Services Sdn. Bhd. at Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur or alternatively, the Customer Services Centre at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur. The certificate of appointment should be executed in the following manner:*
    (i) *If the corporate member has a common seal, the certificate of appointment should be executed under seal in accordance with the constitution of the corporate member.*
    (ii) *If the corporate member does not have a common seal, the certificate of appointment should be affixed with the rubber stamp of the corporate member (if any) and executed by:*
        (a) *at least two (2) authorised officers, of whom one shall be a director; or*
        (b) *any director and/or authorised officers in accordance with the laws of the country under which the corporate member is incorporated.*

www.luxchem.com.my

LUXCHEM CORPORATION BERHAD
Registration No. 199101014102 (224414-D)

No. 6, Jalan SS21/58, Damansara Utama,
47400 Petaling Jaya, Selangor Darul Ehsan, Malaysia

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