



LUXCHEM

LUXCHEM CORPORATION BERHAD

Registration No. 199101014102 (224414-D)

ANNUAL REPORT

2023



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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

Tan Bee Hwee
(SSM PC NO. 202008001497) (MAICSA 7021024)
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
 Email Address : is.enquiry@my.tricorglobal.com

CORPORATE OFFICE

Wisma Luxchem, Block N, Jaya One
 72A, Jalan Prof Diraja Ungku Aziz
 Seksyen 13
 46200 Petaling Jaya
 Selangor Darul Ehsan
 Telephone No. : (03) 7626 7800
 Facsimile No. : (03) 7610 9355
 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
 Email Address : info@my.tricorglobal.com

AUDITORS

BDO PLT
 201906000013 (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

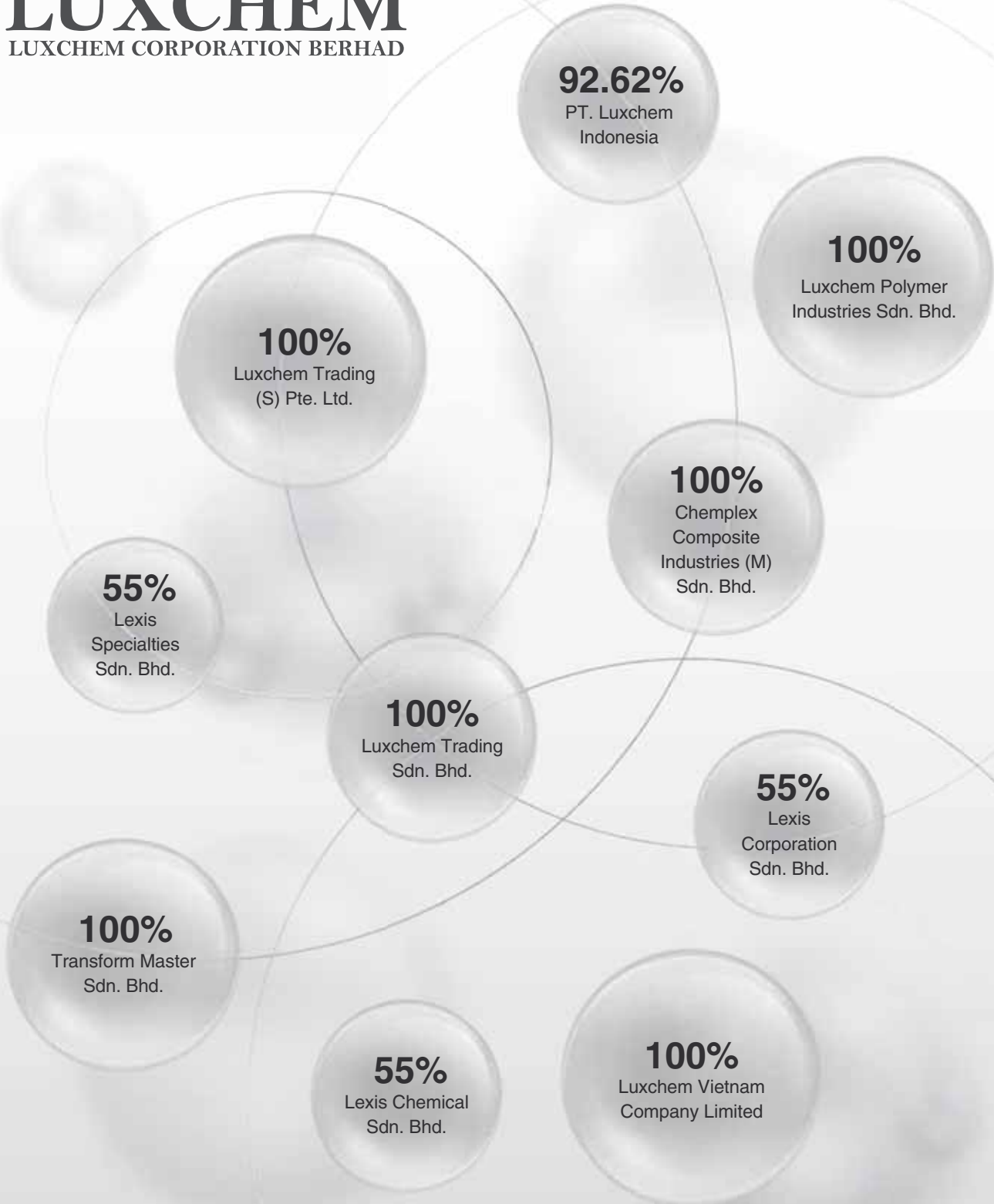
STOCK EXCHANGE LISTING

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



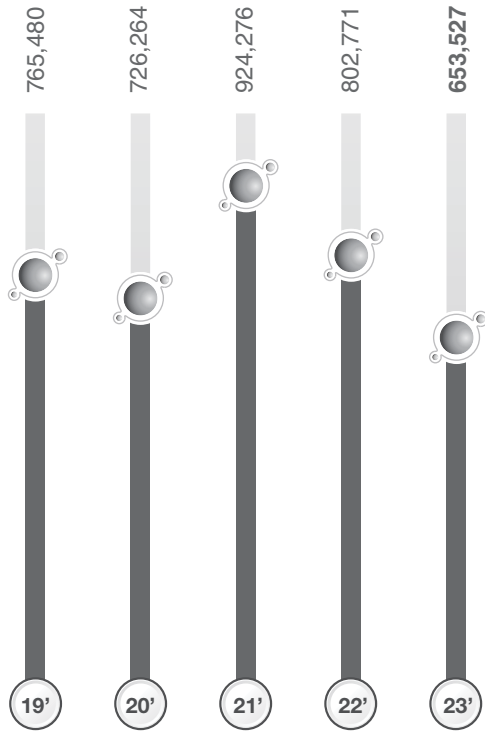
CORPORATE STRUCTURE

LUXCHEM LUXCHEM CORPORATION BERHAD

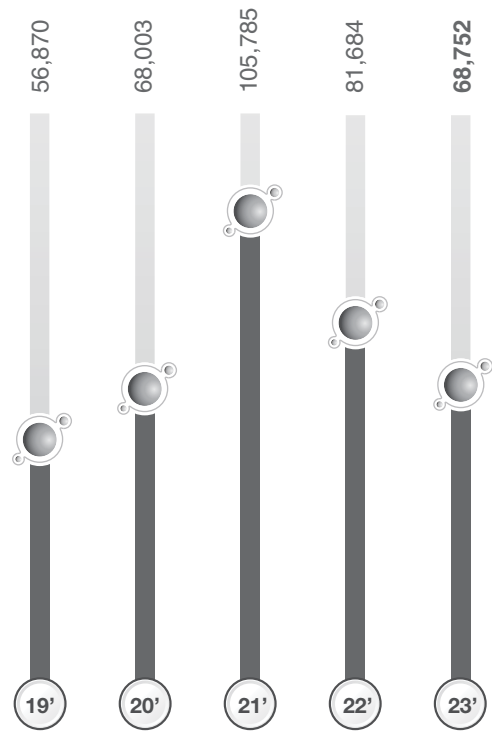


FINANCIAL HIGHLIGHTS

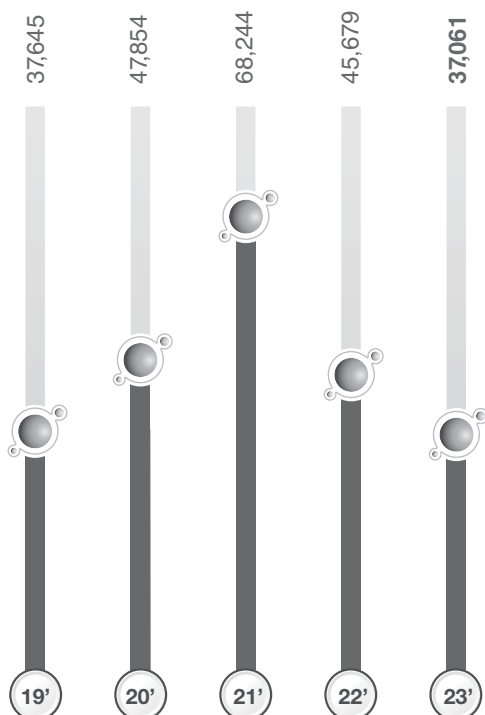
REVENUE (RM'000)



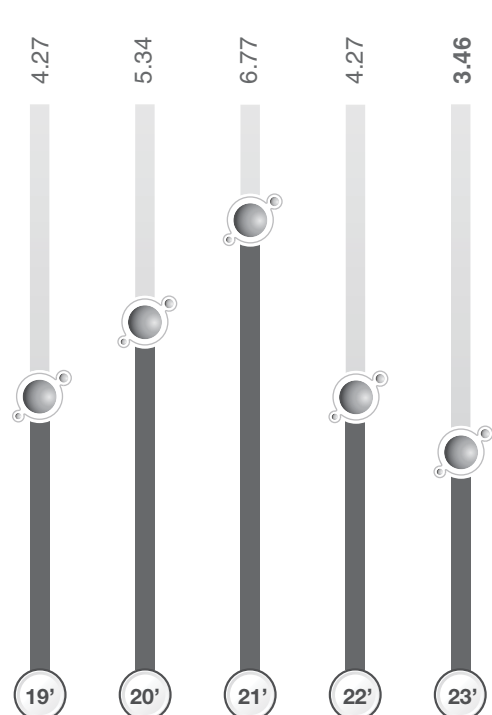
EARNINGS BEFORE INTEREST, TAXES, DEPRECIATION AND AMORTISATION (RM'000)



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



EARNINGS PER SHARE (SEN)



FINANCIAL HIGHLIGHTS

cont'd

	2019 RM'000	2020 RM'001	2021 RM'000	2022 RM'000	2023 RM'000
Revenue	765,480	726,264	924,276	802,771	653,527
Earnings before interest, tax, depreciation and amortisation ("EBITDA")	56,870	68,003	105,785	81,684	68,752
Profit Before Taxation ("PBT")	50,121	62,523	98,391	68,616	57,727
Profit Attributable to Owners of the Company	37,645	47,854	68,244	45,679	37,061
Earnings Per Share - Basic (sen) *	4.27	5.34	6.77	4.27	3.46
Earnings Per Share - Diluted (sen) *	-	-	-	-	-

* **FYE 2023:**

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 2023 of 1,069,766,119.

Earning Per Share - Diluted

Fully diluted earnings per share were not computed as at 31 December 2023 as there were no outstanding potential ordinary shares to be issued.

* **FYE 2022:**

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 2022 of 1,069,766,119.

Earning Per Share - Diluted

Fully diluted earnings per share were not computed as at 31 December 2022 as there were no outstanding potential ordinary shares to be issued.

* **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.

DIRECTORS' PROFILE

DATUK KWAN FOH KWAI

Independent Non-Executive Chairman



Age:

72 year-old



Nationality:

Malaysian



Gender:

Male

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. He finished a Master in Sustainability Development Management, Jeffrey Sachs Centre on Sustainable Development from Sunway University in 2023.

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 was appointed as General Manager of Alam Baru Sdn. Bhd. 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. In 2014, he was appointed as Senior Managing Director of Sunway Construction Group Berhad until his retirement in December 2015. After his retirement, he was appointed as the Non-Independent Non-Executive Director of Sunway Construction Group Berhad until 31 December 2017. He remained as Advisor of Sunway Construction Group Berhad until March 2020.

Datuk Kwan had served as the President (2010-2012), Immediate Past President (2012-2016) and Honorary Advisor (2016-2018) of Master Builders Association of Malaysia (MBAM). In addition, he is currently:

- Member of the Institution of Engineers, Malaysia (IEM);
- President of Perak Chinese Assembly Hall;
- Deputy Chairman of the Board of Governors, SMJK Yuk Choy, Ipoh, Perak;
- 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 or potential conflict of interest, including interest in any competing business with the Company and its subsidiaries. He does not hold any directorship in other public companies and listed entities.

He attended all five Board of Directors' meetings held during the financial year ended 31 December 2023.

Notes:

1. Convictions for 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

Datuk Kwan Foh Kwai has not convicted of any public sanctions and/or penalties imposed by the relevant regulatory bodies during the financial year ended 31 December 2023.

DIRECTORS' PROFILE

cont'd

MR TANG YING SEE

Managing Director/Chief Executive Officer



Age:

72 year-old



Nationality:

Malaysian



Gender:

Male

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 the development, growth and success of the Company. He brings with him approximately 43 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 or potential conflict of interest, including interest in any competing business with the Company and its subsidiaries.

He attended all five Board of Directors' meetings held during the financial year ended 31 December 2023.

Notes:

1. Conviction for 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

Mr Tang Ying See has not convicted of any public sanctions and/or penalties imposed by the relevant regulatory bodies during the financial year ended 31 December 2023.

DIRECTORS' PROFILE

cont'd

MADAM CHIN SONG MOOI

Executive Director



Age:

72 year-old



Nationality:

Malaysian



Gender:

Female

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 or potential conflict of interest, including interest in any competing business with the Company and its subsidiaries.

She attended four out of five Board of Directors' meetings held during the financial year ended 31 December 2023.

Notes:

1. **Convictions for 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**

Madam Chin Song Mooi has not convicted of any public sanctions and/or penalties imposed by the relevant regulatory bodies during the financial year ended 31 December 2023.

DIRECTORS' PROFILE

cont'd

MADAM CHEN MOI KEW

Executive Director/Chief Financial Officer



Age:

61 year-old



Nationality:

Malaysian



Gender:

Female

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

She 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.

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.

In January 2023, she obtained the Six Sigma Master Black Belt™ certification from the International Six Sigma Institute™.

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 or potential conflict of interest, including interest in any competing business with the Company and its subsidiaries. She does not hold any directorships in other public companies and listed entities.

She attended all five Board of Directors' meetings held during the financial year ended 31 December 2023.

Notes:

1. Conviction for 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

Madam Chen Moi Kew has not convicted of any public sanctions and/or penalties imposed by the relevant regulatory bodies during the financial year ended 31 December 2023.

DIRECTORS' PROFILE

cont'd

ENCIK TAUFIQ AHMAD @ AHMAD MUSTAPHA BIN GHAZALI

Independent Non-Executive Director



Age:

76 year-old



Nationality:

Malaysian



Gender:

Male

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 Chartered Association of 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 Master's degree in Business Administration (MBA) from the University of Leicester, England and MSc degree in International Business Administration from the School of Oriental and African Studies, University of London, England.

He has more than 30 years of professional working experience, including being a partner of a Big Four accounting firm. His areas of specialisation are audit and financial advisory services and currently 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 or potential conflict of interest, including interest in any competing business with the Company and its subsidiaries. He does not hold any directorships in other public companies and listed entities.

He attended all five Board of Directors' meetings held during the financial year ended 31 December 2023.

Notes:

1. **Convictions for Offences (other than traffic offences)**

Encik Taufiq Ahmad @ Ahmad Mustapha Bin Ghazali has not convicted of any offences within the past five years.

2. **Public Sanction or Penalty imposed**

Encik Taufiq Ahmad @ Ahmad Mustapha Bin Ghazali has not convicted of any public sanctions and/or penalties imposed by the relevant regulatory bodies during the financial year ended 31 December 2023.

DIRECTORS' PROFILE

cont'd

MR TAN TECK KIONG

Independent Non-Executive Director



Age:

66 year-old



Nationality:

Malaysian



Gender:

Male

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

He attended all five Board of Directors' meetings held during the financial year ended 31 December 2023.

Notes:

1. Conviction for 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

Mr Tan Teck Kiong has not convicted of any public sanctions and/or penalties imposed by the relevant regulatory bodies during the financial year ended 31 December 2023.

KEY SENIOR MANAGEMENT'S PROFILE

MR TEW KAR WAI @ TEOH KAR WAI

Director/Commercial Director, PVC Division of Luxchem Trading Sdn. Bhd. ("LTSB")

 62 year-old  Malaysian  Male



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 does not have any family relationship with any Directors and/or substantial shareholders of the Company, nor does he have any conflict of interest or potential conflict of interest, including interest in any competing business with the Company and its subsidiaries. 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")

 51 year-old  Malaysian  Male



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 or potential conflict of interest, including interest in any competing business with the Company and its subsidiaries. He does not hold any directorships in public companies and listed entities.

KEY SENIOR MANAGEMENT'S PROFILE

cont'd

MR JOSEPH TJENDRA

President Director of PT. Luxchem Indonesia ("PTLI")



50 year-old



Indonesian



Male



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 or potential conflict of interest, including interest in any competing business with the Company and its subsidiaries. He does not hold any other directorships in public companies and listed entities.

MS TRISIA CLAUDIA

Finance Director of PT. Luxchem Indonesia ("PTLI")



51 year-old



Indonesian



Female



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 or potential conflict of interest, including interest in any competing business with the Company and its subsidiaries. She does not hold any other directorships in public companies and listed entities.

KEY SENIOR MANAGEMENT'S PROFILE

cont'd

MR PANG TEE KING

Director of Luxchem Polymer Industries Sdn. Bhd. ("LPI")



58 year-old



Malaysian



Male



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 or potential conflict of interest, including interest in any competing business with the Company and its subsidiaries. He does not hold any directorships in public companies and listed entities.

MR CHUAH KIM PIEW

Director of Lexis Chemical Sdn. Bhd. ("Lexis Chemical"),

Lexis Specialties Sdn. Bhd. ("Lexis Specialties") and Lexis Corporation Sdn. Bhd. ("Lexis Corporation")



52 year-old



Malaysian



Male



Mr Chuah Kim Piew is the co-founder and Director of Lexis Chemical, Lexis Specialties and Lexis Corporation respectively, which are 55%-owned subsidiaries of Luxchem Corporation Berhad.

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 or potential conflict of interest, including interest in any competing business with the Company and its subsidiaris. He does not hold any directorships in public companies and listed entities.

KEY SENIOR MANAGEMENT'S PROFILE

cont'd

MR LEE JUINN YONG

Director of Lexis Chemical Sdn. Bhd. ("Lexis Chemical"), Lexis Specialties Sdn. Bhd. ("Lexis Specialties") and Lexis Corporation Sdn. Bhd. ("Lexis Corporation")



46 year-old



Malaysian



Male



Mr Lee Juinn Yong is the co-founder and Director of Lexis Chemical, Lexis Specialties and Lexis Corporation respectively, which are 55%-owned subsidiaries of Luxchem Corporation Berhad.

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, specialized 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 or potential conflict of interest, including interest in any competing business with the Company and its subsidiaries. He does not hold any directorships in public companies and listed entities.

MR TAN BOON CHAI

Chief Operating Officer/Chief Sustainability Officer of Luxchem Group



53 year-old



Malaysian



Male



Mr Tan Boon Chai was recruited as Chief Operating Officer of LTSB on 1 May 2022.

He graduated from Universiti Sains Malaysia in year 1996 with Bachelor of Social Science, major in Political Science, minor in management.

He began his career in 1996 as Sales Executive in Diethelm (M) Sdn. Bhd.. He worked in Kodak Malaysia for 11 years from 1997 to 2008. He then grew from Key Account Manager to Regional Manager for Asia Pacific. He also elevated his career from Regional Sales Manager to Country Managing Director in Dupont Malaysia Sdn. Bhd. from 2008 to 2016.

Thereafter, he gained wide exposure and solid experience in managing and leading reputable chemical plants with his subsequent appointments in pivotal, strategic and leadership roles in Synthomer (M) Sdn. Bhd., Texchem Materials Sdn. Bhd. and DIC Malaysia Sdn. Bhd. respectively from 2016 to 2022.

His appointment as Chief Operating Officer covers overseeing, steering and leading of Luxchem Group towards operational and business excellence. On 16 February 2023, Mr Tan Boon Chai was appointed by the Board to take on additional role as Chief Sustainability Officer towards Environmental, Social and Corporate Governance and sustainability issues.

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 or potential conflict of interest, including interest in any competing business with the Company and its subsidiaries. He does not hold any directorships in public companies and listed entities.

KEY SENIOR MANAGEMENT'S PROFILE

cont'd

MS LAU SOK CHING

General Manager, Plant of Luxchem Polymer Industries Sdn. Bhd. ("LPI")

 56 year-old  Malaysian  Female



Ms Lau Sok Ching graduated from University of Malaya in 1994 with a Bachelor Degree in Science (Hons) – Chemistry. She began her career with Cosmo Polyurethane (M) Sdn Bhd in 1994 as Quality Control / Research & Development Executive. In 2019, she joined Central Cables Berhad as Production Planner cum ISO Coordinator.

Ms Lau Sok Ching was recruited by LPI in 2000 as Technical Manager and over the last 23 years, her career has progressed steadily in LPI and she has critical roles in the field of technical support, quality assurance / control, research & development as well as operational compliance. She was promoted to General Manager, Factory in year 2022 and has since entrusted with the leadership role leading and managing the plant.

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 or potential conflict of interest, including interest in any competing business with the Company and its subsidiaries. She does not hold any directorships in public companies and listed entities.

MR LEE SHIN HWAI

General Manager, Plant of Transform Master Sdn Bhd ("TMSB")

 43 year-old  Malaysian  Male



Mr Lee graduated from University Putra Malaysia with a Bachelor's Degree in Chemistry (Major in Industrial Chemistry) in year 2005.

After graduation, he began his career with Top Glove from 2005 to 2022, his only employer of 17 years prior to joining TMSB on 10 April 2023. He grew his career in Top Glove from Production Compounding Chemist to the last held position of General Manager of Ipoh Factories.

He is well experienced in production, operations & projects management of glove & chemical factory and passionate in continuous improvement projects. He is also a certified Lean Six Sigma Black Belt.

Upon joining TMSB, he is tasked with leading, managing and improving all aspects of TMSB.

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 or potential conflict of interest, including interest in any competing business with the Company and its subsidiaries. He does not hold any directorships in public companies and listed entities.

Notes:

1. Convictions for 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

None of the Key Senior Management has convicted of any public sanctions and/or penalties imposed by the relevant regulatory bodies during the financial year ended 31 December 2023.

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 2023 AND OUTLOOK FOR THE YEAR 2024.

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. (“LCORP”)
- Lexis Chemical Sdn. Bhd. (“LCSB”)
- Lexis Specialties Sdn. Bhd. (“LSSB”)

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, LSSB and LVCL.

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

33% of trading revenue (before inter-segment revenue) for FY 2023 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.

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 LCSB.

MANAGEMENT DISCUSSION AND ANALYSIS

cont'd

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

2. Manufacturing *cont'd*

Approximately 73% of our manufacturing segment revenue (before inter-segment revenue) for FY 2023 was contributed by export sales. Our major exporting countries for our manufacturing segment are Vietnam, China, Indonesia, Thailand, Bangladesh, Australia, New Zealand and Sri Lanka.

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 in detail and expand our capacity further if it is justified.

C. GROUP FINANCIAL PERFORMANCE

The Group's performance in FY 2023 has declined compared to FY 2022. However, the performance remains satisfactory for FY 2023 despite the challenges caused by the on-going geopolitical conflict and the fluctuation of USD/RM exchange rate.

Financial performance of the Group

	2023	2022	CHANGES	CHANGES
	RM	RM	RM	%
Revenue	653,527,074	802,770,754	(149,243,680)	-18.59%
Cost of sales	(552,145,685)	(689,075,882)	136,930,197	-19.87%
Gross profit	101,381,389	113,694,872	(12,313,483)	-10.83%
Other operating income	7,948,814	9,432,625	(1,483,811)	-15.73%
Selling and distribution costs	(9,238,694)	(11,372,776)	2,134,082	-18.76%
Administrative expenses	(33,277,329)	(33,549,031)	271,702	-0.81%
Other operating expenses	(6,358,497)	(6,286,715)	(71,782)	1.14%
Net loss on impairment of financial assets	(141,298)	(655,724)	514,426	-78.45%
Operating profit	60,314,385	71,263,251	(10,948,866)	-15.36%
Finance costs	(2,587,443)	(2,647,733)	60,290	-2.28%
Profit before Tax	57,726,942	68,615,518	(10,888,576)	-15.87%
Taxation	(14,213,336)	(17,313,244)	3,099,908	-17.90%
Profit for the period	43,513,606	51,302,274	(7,788,668)	-15.18%

Revenue

The Group's revenue for FY 2023 has decreased by RM149.24 million or 18.59% as compared to FY 2022. The decrease in Revenue was attributable to:

- i) Lower volumes from trading and manufacturing segments.
- ii) Lower average selling price.

Gross Profit

The Group's gross profit for FY 2023 decreased RM12.31 million or 10.83% as compared to FY 2022. The lower gross profit achieved was due to:

- i) Lower revenue during FY 2023.
- ii) Offset by higher gross profit margin.

MANAGEMENT DISCUSSION AND ANALYSIS

cont'd

C. GROUP FINANCIAL PERFORMANCE *cont'd*

Financial performance of the Group *cont'd*

Operating Profit

The Group's operating profit for FY 2023 decreased by RM10.95 million or 15.36% as compared to FY 2022. The lower operating profit was mainly due to lower gross profit during FY 2023.

Profit After Tax

The Group achieved profit after tax of RM43.51 million, a decrease of RM7.79 million from FY 2022. This was mainly due to lower gross profit.

D. OPERATIONS & FINANCIAL PERFORMANCE BY BUSINESS SEGMENTS

1. SEGMENT : MANUFACTURING

Overview - Manufacturing

The performance of the Manufacturing segment in FY 2023 as compared to FY 2022 is summarised below:

	MANUFACTURING SEGMENT			
	2023 RM	2022 RM	CHANGES RM	CHANGES %
Total revenue	358,462,883	412,666,161	(54,203,278)	-13.13%
Inter-segment revenue	(130,509,799)	(138,697,717)	8,187,917	-5.90%
External sales	227,953,083	273,968,444	(46,015,361)	-16.80%
Results				
Segment results	34,314,983	36,977,553	(2,662,570)	-7.20%
Dividend, interest and rental income	2,084,788	551,827	1,532,961	277.80%
Operating profit	36,399,771	37,529,380	(1,129,609)	-3.01%
Finance costs	(600,078)	(569,539)	(30,539)	5.36%
Profit before taxation	35,799,693	36,959,841	(1,160,148)	-3.14%
Taxation	(8,179,196)	(9,462,095)	1,282,899	-13.56%
Profit for the financial year	27,620,497	27,497,746	122,751	0.45%

Manufacturing revenue, net of inter-company transactions, decreased to RM227.95 million, a decrease of RM46.02 million or 16.80% as compared to FY 2022. This decrease was due to decrease in revenue across all subsidiaries in manufacturing segment.

Profit after tax from the Manufacturing segment for FY 2023 increased by RM123k as compared to FY 2022 mainly due to lower tax expenses.

MANAGEMENT DISCUSSION AND ANALYSIS

cont'd

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

1. SEGMENT : MANUFACTURING *cont'd*

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 FY 2023 was about 68%.

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 FY 2023 was 18,000 MT and had achieved utilisation rate of 65%.

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

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 LCSB.

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

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 *cont'd*

LCSB have obtained the following certification: -

- ISO 9001:2015

LCSB production capacity in FY 2023 was 46,800 MT and had achieved the utilisation rate of 39%.

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

- Product development
- Continue to expand on local and overseas markets.

2. SEGMENT : TRADING

Marketing and distribution of industrial chemicals and materials

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

The performance of Trading segment in FY 2023 as compared to FY 2022 is summarised below:

	TRADING SEGMENT			
	2023 RM	2022 RM	CHANGES RM	CHANGES %
Total revenue	441,269,523	545,295,581	(104,026,058)	-19.08%
Inter-segment revenue	(15,695,533)	(16,493,271)	797,738	-4.84%
External sales	425,573,991	528,802,310	(103,228,319)	-19.52%
Results				
Segment results	21,701,884	32,838,837	(11,136,954)	-33.91%
Dividend, interest and rental income	2,002,070	1,011,232	990,838	97.98%
Operating profit	23,703,954	33,850,069	(10,146,115)	-29.97%
Finance costs	(1,987,365)	(2,078,194)	90,830	-4.37%
Profit before taxation	21,716,589	31,771,875	(10,055,286)	-31.65%
Taxation	(5,833,528)	(7,729,469)	1,895,940	-24.53%
Profit for the financial year	15,883,061	24,042,406	(8,159,346)	-33.94%

Under Trading segment, our activities are import, export and distribution of petrochemical and other related products to the Latex, FRP, PVC, Rubber, Coating and Ceramic industries.

The major products are as follows:

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

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*

In FY 2023, revenue from Trading segment decreased by RM103.23 million or 19.52% as compared to FY 2022.

The decrease was mainly due to lower revenue from LTSB and PTLI.

Profit after tax ("PAT") decreased RM8.16 million due to lower 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

	YTD 31 Dec 23	YTD 31 Dec 22	Change	
	Revenue RM	Revenue RM	RM	%
Malaysia	405,930,864	518,096,081	(112,165,217)	-22%
Vietnam	90,044,432	104,952,847	(14,908,416)	-14%
Indonesia	60,048,389	59,816,750	231,639	0
China	34,370,791	49,476,944	(15,106,153)	-31%
Thailand	23,498,668	20,233,867	3,264,801	16%
Bangladesh	8,657,030	6,288,099	2,368,931	38%
Australia	7,684,734	12,829,750	(5,145,017)	-40%
Sri Lanka	3,853,122	6,056,440	(2,203,318)	-36%
New Zealand	3,521,001	6,802,600	(3,281,598)	-48%
Singapore	3,282,688	4,973,056	(1,690,368)	-34%
Philippines	2,243,134	2,583,429	(340,295)	-13%
Cambodia	2,279,155	991,107	1,288,048	130%
Hong Kong	2,063,614	1,848,966	214,648	12%
Japan	1,345,892	858,932	486,961	57%
Others	4,703,561	6,961,887	(2,258,326)	-32%
Total exports	247,596,210	284,674,673	(37,078,463)	-13%
Total	653,527,074	802,770,754	(149,243,680)	-19%

In FY 2023, local sales decreased by RM112.17 million or 22%. This was mainly due to lower sales from LTSB, TMSB and LCSB, offset by higher sales from LPI.

MANAGEMENT DISCUSSION AND ANALYSIS

cont'd

E. REVENUE BY GEOGRAPHICAL SEGMENTS *cont'd*

Export revenue decreased RM37.08 million or 13% as compared with FY 2022.

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

F. OUTLOOK

For FY 2024, 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, stiff competitions as well as on-going geopolitical conflicts.

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 expanding our product range while closely monitoring raw materials prices as well 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 the Group in FY 2024 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

INTRODUCTION

Luxchem Corporation Berhad and its subsidiaries are committed to reducing the environmental impact, demonstrating ethical behaviour towards the people and communities in which operations are conducted, and administering business operations with the highest standards of governance. Dedication to abiding by all relevant laws, regulations, and industry standards while continually striving to improve compliance performance is paramount. Additionally, the Group is devoted to delivering quality products through a sustainable approach that optimises profitability and fosters long-term business relationships benefiting all stakeholders, including employees, customers, suppliers, and business partners.

The Group is dedicated to integrating sustainability practices with core values in all aspects of business operations as endeavours are made to achieve the Group's vision and mission.

OUR COMMITMENT TO SUSTAINABILITY

The Group embraces three major sustainability pillars as follows:

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

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

SCOPE & BOUNDARY

This report presents an overview of the Group's annual sustainability performance and key accomplishments from 1 January 2023 to 31 December 2023. It highlights the group's commitment to conducting business in a responsible and sustainable manner, characterised by the integration of diverse practices into its processes with the ultimate goal of driving greater value for its businesses, stakeholders, and society as a whole. The information and data presented in this statement were obtained from internal reporting processes, systems, and records. The statement has been prepared in accordance with the Sustainability Reporting Guide and Toolkit from Bursa Malaysia Securities Berhad.

The scope of this report encompasses all of Luxchem Group's businesses in Malaysia and all the operating subsidiaries in Malaysia. Consequently, data from Luxchem Trading Sdn. Bhd. ("LTSB"), Luxchem Polymer Industries Sdn. Bhd. ("LPISB"), Transform Master Sdn. Bhd. ("TMSB"), and Lexis Chemical Sdn. Bhd. ("LCSB") are included, except for overseas trading companies incorporated in Indonesia (i.e. PT. Luxchem Indonesia), Singapore (i.e. Luxchem Trading Pte. Ltd.), and Vietnam (i.e. Luxchem Vietnam Company Limited) because the manufacturing business and Headquarters are mainly set up in Malaysia.

REPORTING FRAMEWORK

The Report maintains its commitment to global sustainability reporting standards by adhering to established frameworks such as the Global Reporting Initiative (GRI) Standards and the United Nations Sustainable Development Goals (UN SDGs). It is noteworthy that our reporting practices are harmonised with the regulations outlined in the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa"), as well as the guidelines provided in the Bursa's Sustainability Reporting Guide (3rd Edition).

ASSURANCE

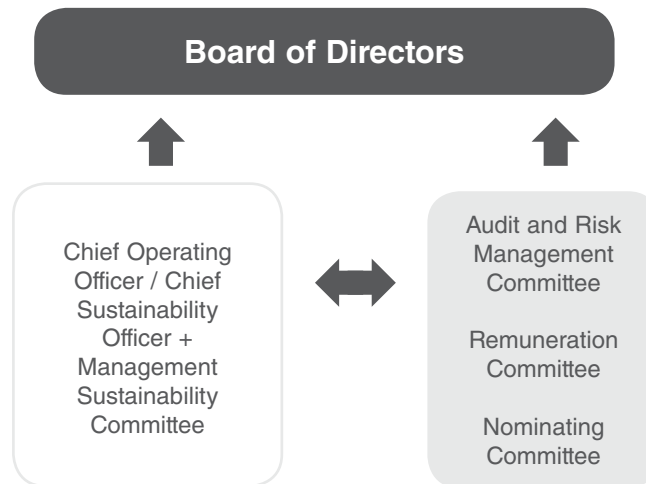
This report adheres to robust governance frameworks (e.g. the Global Reporting Initiative (GRI) Standards and the United Nations Sustainable Development Goals (UN SDGs)) and stringent reporting procedures, meticulously crafted to ensure the utmost accuracy in disclosing both financial and non-financial information and data. While external assurance has not yet been obtained, the Company is evaluating its necessity as our sustainability reporting matures. To further strengthen credibility, key aspects of this Sustainability Statement underwent an internal review and approval by the Company's internal Committee.

SUSTAINABILITY REPORT

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SUSTAINABILITY GOVERNANCE STRUCTURE

The Company has established a Management Sustainability Committee and is headed by the Chief Operating Officer / Chief Sustainability Officer and comprises of the selected Heads of Departments who are tasked or responsible for assessing and identifying sustainability factors, undertaking actions necessary to address sustainability concerns.



The detailed responsibilities of the Board of Directors, Chief Operating Officer / Sustainability Officer and Management Sustainability Committee in relation to sustainability matters, are as follows:

Board of Directors

- Responsible for the governance and sustainability direction of the Group including setting the Group's sustainability strategies, priorities and targets.
- Communicating the sustainability performance against the desired targets to internal and external stakeholders.
- Reviewing the overall sustainability performance of the Group.
- Review and approve the sustainability report of the Company.
- Advising the Board on sustainability strategies by Managing Director / Chief Executive Officer and Chief Operating Officer / Chief Sustainability Officer.
- Reporting overall sustainability progress and sustainability related achievement of the Group to the Board by Managing Director / Chief Executive Officer and Chief Operating Officer / Chief Sustainability Officer.
- Addressing the Group's material sustainability risks and opportunities as necessary.
- Directing and leading sustainability related matters of the Group including providing supports to various departments or functions on identification and management of material sustainability matters.

Management Sustainability Committee

- Executing and monitoring the sustainability strategies and goals as approved by the Board.
- Overseeing stakeholder engagements to ensure that all issues, grievances and suggestions raised are taking into consideration in managing sustainability matters.
- Recommending to the Board for its approval on material sustainability matters identified, sustainability-related policies and its goals or targets.
- Monitoring the implementation of policies and initiatives.
- Overseeing the management of sustainability matters, with particular focus on matters material to the company.
- Overseeing the preparation of sustainability report and recommending to the Board's approval.
- Keep abreast with the development and update on the sustainability related matters.

SUSTAINABILITY REPORT

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STAKEHOLDERS' ENGAGEMENT

Our stakeholder's engagement and sustainability focus as follows:

Stakeholder	Type of Engagements	Sustainability Focus Areas
Shareholders & Investors	<ul style="list-style-type: none"> ● Annual General Meetings ● Interviews ● Quarterly / Annual Reports ● Bursa announcements ● Company's Website & Email 	<ul style="list-style-type: none"> ● Returns on investment and sustainable business growth ● Good corporate governance and compliance ● Ethic and integrity ● Environment friendly operations
Customers	<ul style="list-style-type: none"> ● Customer / sales & visits ● Customer audits ● Customer satisfaction surveys ● Trade exhibitions 	<ul style="list-style-type: none"> ● Product pricing and quality ● Technical and after-sales support ● Ethical business practices ● Product and service efficiency
Suppliers, Principals / Agencies	<ul style="list-style-type: none"> ● Supplier visit, correspondence and negotiation ● Supplier evaluation ● Product trainings and meetings ● Market/product feedback 	<ul style="list-style-type: none"> ● Financial stability ● Product / sales performance ● Brand awareness ● Payment schedule
Employees	<ul style="list-style-type: none"> ● Appraisals ● Orientation ● Open-door communication ● Meetings ● Appreciation & recreational activities 	<ul style="list-style-type: none"> ● Financial and job stability ● Job enrichment and career progression ● Salary benchmarking & benefit review ● Reward and recognition ● Safe and secure working environment ● Training & development ● Compliance to labour laws
Regulatory, government and statutory bodies	<ul style="list-style-type: none"> ● Correspondence ● Audit / inspection ● Seminar and dialogues sessions ● Meetings with regulators 	<ul style="list-style-type: none"> ● Statutory & environmental compliance ● Quality management system
Local Communities	<ul style="list-style-type: none"> ● Community dialogues and involvement 	<ul style="list-style-type: none"> ● Donations & charity programme ● Compliance with environmental requirements, air pollutions system, industrial wastewater treatment system and scheduled waste ● Internship

SUSTAINABILITY PRIORITIES AND MATERIALITY



SUSTAINABLE DEVELOPMENT GOALS






The United Nations Sustainable Development Goals (“SDGs”) are a set of 17 global goals agreed by world leaders from the UN member states in 2015. The goals aim to create a better world by 2030 by ending poverty, fighting inequality and addressing climate change through contributions from the member states.

The Group committed to pursue environmental sustainability, increasing resources to manage its environmental impact amidst business growth. Recognising the crucial needs for global development, the Group aligns its material considerations with 11 (eleven) key UN Sustainable Development Goals (SDGs).

Linking our sustainability agenda to the SDGs provides a clear framework for action and prioritises areas for maximum impact. This transparency also demonstrates our commitment to accountability, allowing stakeholders to track our contribution to a shared vision for a sustainable future. This initial alignment forms the foundation for our subsequent materiality assessment.

SUSTAINABILITY REPORT

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SDG		Material Matters
	No Poverty End poverty in all its forms everywhere	<ul style="list-style-type: none"> ● Community Investment ● Human Rights and Labour Standard
	Good Health and Well Being Ensure healthy lives and promote well-being for all at all ages	<ul style="list-style-type: none"> ● Health & Safety ● Water and Waste Management ● Community Investment
	Gender Equality Achieve gender equality and empower all women and girls	<ul style="list-style-type: none"> ● Talent Management ● Community Investment ● Gender Diversity
	Clean Water and Sanitation Ensure availability and sustainable management of water and sanitation for all	<ul style="list-style-type: none"> ● Water and Waste Management ● Community Investment
	Decent Work and Economy Growth Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all	<ul style="list-style-type: none"> ● Financial Performance ● Health & Safety ● Talent Management ● Human Rights and Labour Standard ● Code of Ethics and Conducts for Business Partner ● Director's Remuneration
	Reduced Inequalities Reduce inequality within and among countries	<ul style="list-style-type: none"> ● Financial Performance ● Gender Diversity
	Responsible Consumption and Production Ensure sustainable consumption and production patterns	<ul style="list-style-type: none"> ● Environmental ● Energy Management ● Water & Waste Management ● Quality Management ● Anti Bribery & Anti Corruptions
	Climate Action Take urgent action to combat climate change and its impacts	<ul style="list-style-type: none"> ● Environmental ● Energy Management ● Water and Waste Management
	Life Below Water Conserve and sustainably use the oceans, seas and marine resources for sustainable development	<ul style="list-style-type: none"> ● Environmental ● Water & Waste Management
	Life on Land Protect, restore and promote sustainable use of terrestrial ecosystems, sustainably manage forests, combat desertification, halt and reverse land degradation, and halt biodiversity loss	<ul style="list-style-type: none"> ● Water & Waste Management
	Peace, Justice and Strong Institutions Promote peaceful and inclusive societies for sustainable development, provide access to justice for all and build effective, accountable, and inclusive institutions at all levels	<ul style="list-style-type: none"> ● Community Investment ● Anti Bribery & Anti Corruptions ● Human Rights and Labour Standard ● Gender Diversity ● Whistleblowing ● Directors' Fit and Proper Policy ● Directors' Code of Best Practice

SUSTAINABILITY REPORT

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MATERIALITY MATRIX ASSESSMENT

For the Group, materiality assessments act as a crucial compass in driving sustainability efforts. They help identify the most significant Environmental, Social, and Governance (“**ESG**”) issues relevant to both the organization and its stakeholders. These assessments offer valuable insights into the Group’s performance across all ESS dimensions, allowing for the prioritisation of each issue according to its significance for different stakeholder groups.

Recognising the critical role of the United Nations Sustainable Development Goals (“**SDGs**”) in shaping a sustainable future, the Group undertook a comprehensive materiality assessment to align its priorities with specific goals resonating with stakeholders and strategic objectives.

The Process

The Group initiated its first materiality assessment in FY 2022, followed by a subsequent evaluation in June 2023. Stakeholder engagement for the latter iteration occurred through an online survey. Leveraging the survey insights, the Group constructed a materiality matrix, weighting sustainability topics based on stakeholder perspectives alongside input from the Group Sustainability Committee and Management.

This assessment involved engaging with a diverse group of stakeholders, including:

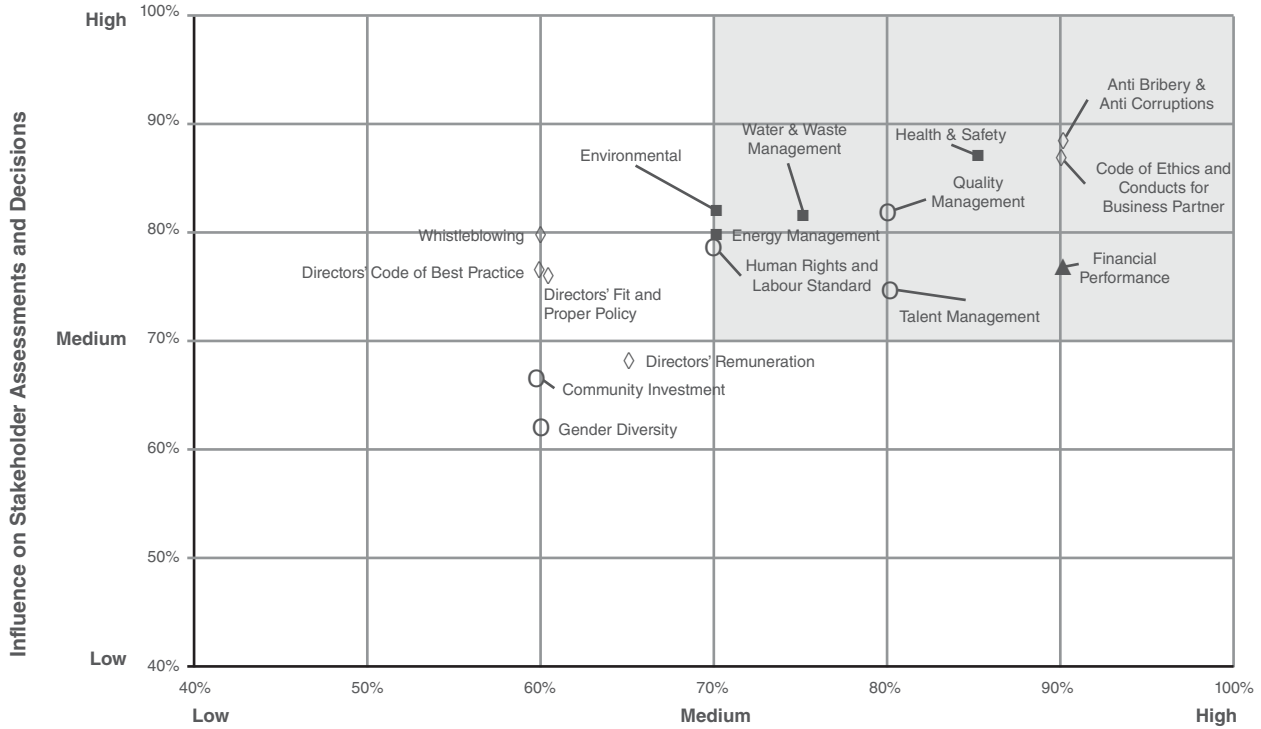
- **Board of Directors:** Providing strategic guidance and ensuring responsible governance.
- **Employees:** The heart of our operations, their well-being and perspectives are critical.
- **Customers:** Understanding their needs and expectations drives our commitment to sustainable products and services.
- **Suppliers:** Partnering for responsible sourcing and shared sustainability goals.
- **Community:** Collaborating to meet environmental and social standards.
- **Shareholders & Investors:** Building trust through transparency and shared values.

The assessment involved a survey process where each stakeholder group prioritised the listed sustainability topics and shared valuable insights through comments and recommendations. Their feedback has been instrumental in shaping our approach to ESG initiatives.

SUSTAINABILITY REPORT

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Materiality Matrix



Significance of Company's Economic, Environmental and Social Impacts

▲ Economic Indicator	◇ Governance Indicator	■ Environmental Indicator	○ Social Indicator
▲ Financial Performance	<ul style="list-style-type: none"> ◇ Anti Bribery & Anti Corruptions ◇ Code of Ethics and Conducts for Business Partner ◇ Whistleblowing ◇ Directors' Remuneration ◇ Directors' Fit and Proper policy ◇ Directors' Code of Best Practice 	<ul style="list-style-type: none"> ■ Health & Safety ■ Environmental ■ Energy Management ■ Water & Waste Management 	<ul style="list-style-type: none"> ○ Quality Management ○ Human Rights and Labour Standard ○ Gender Diversity ○ Talent Management ○ Community Investment

Following the engagements in open dialogue with stakeholders and conducting a thorough analysis of its impact, the Group has identified five key sustainability priorities: Health and Safety, Environmental Management, Energy Management, Water and Waste Management, and Quality Management. These areas are directly influencing the Group's operations and long-term success.

Recognising the critical role of the UN SDGs in shaping a sustainable future, the Group prioritises 6 (six) specific SDGs to ensure its priorities align with both global impact and its strategic direction.



SUSTAINABILITY REPORT

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First and foremost, we prioritise health and safety within our organization. This includes not only ensuring compliance with all relevant regulations and standards but also fostering a culture of safety where every employee feels empowered to identify and address potential hazards. We are committed to preventing workplace injuries and illnesses through rigorous training, hazard assessments, and the implementation of effective safety protocols.

Environmental stewardship is another cornerstone of our sustainability efforts. We recognise the urgent need to mitigate climate change and protect our planet's natural resources. As such, we are dedicated to reducing our environmental footprint by minimising emissions and waste throughout our operations. This involves implementing innovative technologies and practices to optimise resource utilisation, minimise pollution, and promote circular economy principles.

Efficient use of energy and water is also a top priority for our Group. We understand the importance of conserving these finite resources and strive to minimise our consumption through efficiency improvements, conservation measures, and the adoption of renewable energy sources wherever feasible. By optimising our energy and water usage, we not only reduce our environmental impact but also enhance our operational efficiency and resilience to resource scarcity.

Furthermore, we are dedicated to providing high-quality products and services that align with customer needs and contribute positively to both society and the environment. This includes integrating sustainability principles into product design, responsibly sourcing materials, and upholding transparency and ethical standards throughout our supply chain.

SUSTAINABILITY PERFORMANCE INDICATOR

Environmental Policy

Sustainability lies at the core of the Group's business philosophy, recognising its pivotal role in safeguarding our planet and nurturing the well-being of our stakeholders. The Group firmly believes that sustainable profitability is essential for supporting our sustainability initiatives.

The purpose is clear: to establish a robust commitment to sustainability and provide comprehensive guidance on managing environmental, health and safety, energy, waste, and water-related risks and opportunities. By intertwining sustainability into every facet of our operations, the Group strives to minimise our environmental impact while prioritising the health and safety of all those touched by our endeavours.

The Group's commitment to sustainability extends to economic considerations, understanding that profitability is a crucial enabler for supporting our sustainability endeavours. Sustainability is embedded into the Group's financial decision-making processes, ensuring alignment with our sustainability objectives while fostering profitable financial performance.

Environmental sustainability is a focal point of the Group's strategy, emphasising the reduction of our environmental footprint through sustainable practices across our supply chain. Energy efficiency, waste reduction, and water conservation are prioritised, with ambitious targets set and collaboration with stakeholders to achieve them.

The Group's approach to energy management centers on reducing energy consumption, increasing efficiency, and promoting the use of renewable energy sources. Likewise, water management aims to conserve this invaluable resource and minimise our water footprint through efficient use and responsible disposal.

Waste management is approached diligently, with a focus on waste reduction, reuse, and recycling, alongside responsible hazardous waste disposal. By promoting sustainable waste management practices, the Group aims to minimise waste generation and contribute to a circular economy.

The Group's policy undergoes regular review to ensure its relevance and effectiveness, with oversight from our leadership team. For further information on Sustainability Policy, please visit our website at www.luxchem.com.my.

SUSTAINABILITY REPORT

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ENVIRONMENTAL	2021	2022	2023	Target 2023	Achievement 2023	Target
Energy Management						
Total energy consumption (MWh)	3,356	2,673	2,640	3,278	Achieved	Reduce Energy usage per metric ton by 10% by 2030 compared with 2021 baseline
Water						
Total volume of water used (m ³)	82,241	52,921	42,401	80,338	Achieved	Reduce Water usage per metric ton by 10% by 2030 compared with 2021 baseline
Waste management						
Total waste generated:	1,872	1,983	1,895	1,829	Not Achieved	Reduce Waste Generation per metric ton by 10% by 2030 compared with 2021 baseline
(i) total waste diverted from disposal	0	0	0	0	Achieved	
(ii) total waste directed to disposal	1,872	1,983	1,895	1,829	Not Achieved	
Emission Management						
Total emissions in tonnes of CO ₂ e	6,141	5,288	4,753	5,999	Achieved	To reduce its greenhouse gas (GHG) emissions intensity by 10% by the year 2030, compared to 2021 baseline
Scope 1 emissions in tonnes of CO ₂ e	2,482	2,166	1,585	2,425	Achieved	
Scope 2 emissions in tonnes of CO ₂ e	2,621	2,073	2,082	2,560	Achieved	
Scope 3 emissions in tonnes of CO ₂ e (for the categories of business travel and employee commuting)	1,039	1,049	1,086	1,015	Not Achieved	

Sustainability Target Reduction Initiatives

ENERGY MANAGEMENT

- Incorporate **Renewable Energy Sources** into company's energy Mix
- Implement **energy management systems** to monitor, analyze, and control energy usage across different facilities and operations.
- Invest in **energy-efficient** technologies, equipment, and infrastructure upgrades.
- Implement **smart building technologies** that use sensors, automation, and data analytics to optimize energy consumption.
- Engage employees and stakeholders in **energy conservation efforts**.

WASTE MANAGEMENT

- Explore opportunities to **recycle or recover materials** from hazardous waste streams.
- Implement measures to **reduce the generation** of hazardous waste at its source.
- Establish a **robust recycling program** for materials that can be recycled.
- Apply **lean manufacturing principles** to streamline operations and reduce waste generation.
- If hazardous waste cannot be avoided or recycled, focus on using **environmentally sound treatment** and disposal methods.



WATER MANAGEMENT

- Implement **water recycling and reuse systems** to treat and repurpose wastewater for non-potable purposes, such as irrigation, cooling, or industrial processes.
- Identify and **optimize processes** that use significant amounts of water.
- Install **water-efficient fixtures** such as low-flow faucets, toilets, and showers in company facilities.
- **Collect rainwater** and use it for landscaping, irrigation, or non-potable applications.
- Regularly inspect facilities for **water leaks** and promptly repair any leaks detected.

EMISSIONS MANAGEMENT

- Reduce emissions through energy efficiency measures and shift to **renewable sources** like solar for significant emission reduction.
- Balance emissions by investing in **carbon offset projects** like reforestation and renewable energy.
- Enhance transport efficiency with fuel-efficient vehicles, optimised logistics, and support for **public transportation and electric vehicles**.
- Follow **green building standards** for energy efficiency, better insulation, and improved indoor quality.

SUSTAINABILITY REPORT

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SOCIAL	2021	2022	2023	Target 2023	Achievement 2023	Target
Community/Society						
Total amount invested in the community where the target beneficiaries are external to the listed issuer	36,500	346,400	28,879	25,000	Achieved	Continuously increase our positive impact on the communities where we operate through strategic community investment initiatives
Total number of beneficiaries of the investment in communities	3	14	10	10	Achieved	
Diversity						
Percentage of directors by gender and age group	33%	33%	33%	30%	Achieved	30% of woman director at the Board level
Health & Safety						
Number of work-related fatalities	0	0	0	0	Achieved	Target Zero cases per year per company
Lost time incident rate ("LTIR")	0.88	0.35	1.00	< 1.00	Not Achieved	Target LTIR less than 1.0
Number of employees trained on health and safety standards	26% (55)	71% (188)	59% (162)	80%	Not Achieved	Target 80% employee to attend at least 1 safety training annually
Labour practices and standards						
Percentage of employees that are contractors or temporary staff	0%	4.55%	3.28%	10%	Achieved	No more than 10% employees are contractors or temporary staff
Total number of employee turnover by employee category:	16.9% (37)	19.8% (51)	15.7% (42)	<15%	Not Achieved	Target attrition rate no more than 15% for the Group
Senior Management	0% (0)	9.3% (1)	0% (0)	<15%	Achieved	
Middle Management	12.8% (6)	3.8% (2)	1.8% (1)	<15%	Achieved	
Executive	6.0% (3)	13.8% (8)	19.9% (12)	<15%	Not Achieved	
Non-Executive	24.3% (28)	29.5% (40)	20.8% (29)	<15%	Not Achieved	
Number of substantiated complaints concerning human rights violations	0	0	0	0	Achieved	Target Zero Substantiated complaint

SUSTAINABILITY REPORT

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GOVERNANCE	2021	2022	2023	Target 2023	Achievement 2023	Target
Anti-corruption						
Percentage of employees who have received training on anti-corruption by employee category:	56%	0%	12%	100%	Not Achieved	100% completion by year end
Senior Management	67%	0%	33%	100%	Not Achieved	
Middle Management	100%	0%	10%	100%	Not Achieved	
Executive	90%	0%	16%	100%	Not Achieved	
Non-Executive	21%	0%	9%	100%	Not Achieved	
Percentage of operations assessed for corruption-related risks	60%	0%	40%	12.5%	Achieved	1 site per annum
Confirmed incidents of corruption and action taken	0	0	0	2	Achieved	Target not more than 2 whistleblowing case per annum for the Group
Supply chain management						
Proportion of spending on local suppliers	33.3%	45.1%	51.0%	40.0%	Achieved	We aim to achieve a minimum of 40% sourcing from local suppliers that meet our quality, cost, and delivery criteria
Data privacy and security						
Number of substantiated complaints concerning breaches of customer privacy and losses of customer data	0	0	0	0	Achieved	Target Zero Substantiated complaint

GOVERNANCE PRACTICES

The Group upholds corporate governance in its business and operation to maintain reputation and manage risks. We are complying with the relevant legislations and regulations as follows:

- Companies Act 2016
- Employment Act 1955
- Fire Services Act 1988
- ISO 9001:2015 Quality Management System Certificate for LTSB, LPISB, TMSB & LCSB
- ISO 14001:2015 Environmental Management System Certificate for LPISB & TMSB
- ISO 45001:2018 Occupational Health & Safety Certificate for LPISB
- Environment Quality Act, 1974
- Environmental Quality (Clean Air) Regulation 2014
- Occupational Safety and Health 1994
- Main Market Listing Requirements of Bursa Malaysia Securities Berhad

SUSTAINABILITY REPORT

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Board Charter

The Board Charter is prepared for the Board of Directors of Luxchem and its subsidiaries, to provide an overview of:

- The roles, functions, responsibilities and powers of the Board and senior management;
- An awareness to various legislations and regulations affecting their conduct;
- The powers delegated to various Board Committees of the Group; and
- The policies and practices of the Board in respect of matters such as corporate governance, code of conduct, conflict and declaration of interest, board meeting procedures, appointment, re-appointment and assessment of Directors.

Strong governance is the foundation for achieving integrity and ethical leadership. We have established robust Directors' Fit and Proper Policy and Gender Diversity Policy to ensure the highest standards of board composition and decision-making.

Our Directors' Fit and Proper Policy and Gender Diversity Policy provide frameworks to support a well-qualified and diverse board composition, contributing to informed decision-making and effective corporate governance.

We are committed to upholding these critical policies and continuously evaluate their effectiveness to ensure they remain relevant and impactful. Both policies are publicly available on our website at www.luxchem.com.my demonstrating our commitment to transparency and accountability.

Code of Business Conduct and Ethics

Upholding the highest ethical standards and fostering professionalism are fundamental principal. We actively promote these values through various initiatives, including:

- **Annual Declaration of Interest and Independence:** Implemented in FY 2023, this declaration helps identify potential conflicts of interest and reinforces commitment to our Code of Ethics & Conduct. It applies to all Directors, key personnel, subsidiary heads, and personnel in key functions.
- **Regular Monitoring and Review:** The Management team diligently monitors related party transactions and conflict of interest declarations, with quarterly reviews by the Audit and Risk Management Committee.
- **Comprehensive Code of Ethics & Conduct:** This code outlines the principles and standards expected of all employees, guiding their conduct throughout their employment with Luxchem.

These measures demonstrate our unwavering commitment to transparency, accountability, and ethical business practices. They create a foundation for trust and ensure every decision made within the Group prioritises long-term success and stakeholder value.

Anti-Bribery and Anti-Corruption Policy ("ABAC Policy")

A strong culture of ethical conduct and compliance underpins our operations. This commitment extends to our ABAC Policy, which provides comprehensive guidance to all Directors, employees, and business associates.

The ABAC Policy equips stakeholders with critical information and expectations regarding anti-bribery and anti-corruption, empowering them to make informed decisions. We emphasise strict adherence to all applicable laws and regulations, solidifying our unwavering commitment to ethical business practices.

Furthermore, the policy reinforces the expectation of professionalism and integrity from all stakeholders. This ensures consistency with our high ethical standards and fosters a transparent and trustworthy environment.

We are proud to report the full implementation of the ABAC Policy across all major subsidiaries as of FY 2023, demonstrating our unwavering commitment to ABAC policy.

For further information and access to the ABAC Policy and Code of Ethics & Conduct for Business Partners, please visit our website at www.luxchem.com.my

SUSTAINABILITY REPORT

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Whistleblowing Policy

Building a workplace built on integrity and ethical conduct requires empowering all voices. Through a robust Whistleblowing Policy, employees, stakeholders, and even external parties can confidentially report any suspected or witnessed unethical behaviour, including violations of established codes of conduct.

This anonymous reporting system allows for prompt investigation and resolution of potential issues, ensuring transparency and accountability within the organization. We strongly encourage everyone to utilise this platform and guarantee full protection from retaliation for doing so.

For more information and access to the Whistleblowing Policy, please visit the company website at www.luxchem.com.my

Workforce Policy

The Group underscores its commitment to responsible labour practices, adhering to the principles of no forced labour, no discrimination, and fair treatment for all employees. This commitment is enshrined in our Workforce Policy, which outlines clear expectations for ethical recruitment, fair working conditions, and established grievance mechanisms.

We regularly review and assess our policies and procedures to ensure ongoing adherence to evolving legal and ethical standards. Additionally, we maintain open communication channels for employees to voice concerns and access proper grievance mechanisms.

By upholding these principles, we contribute to a responsible and ethical working environment for all our employees.

Investor Relations

The Group prioritises transparent and consistent communication with its valued investors. We leverage diverse channels, including regular financial reports, timely announcements, a dedicated online investor portal, engaging annual meetings, and accessible contact options, to foster an open and informative dialogue, building trust and strengthening our investor relationships.

ECONOMIC PERFORMANCE

We have recorded a profit before tax of RM57,726,942 for FY 2023 which represent approximately 16% decrease from FY 2022. The details of the Group's overall financial information and causes of decrease in profit before tax are fully disclosed in the Management Discussion & Analysis at page 18 of this Annual Report.

Product Quality

Product quality is of paramount to the Group business. To stay on top of the fast-changing business environment, products and services that are effective and reliable to our stakeholders are key to our business.

All the major subsidiaries in Malaysia, LTSB, LPISB, TMSB & LCSB are ISO 9001:2015 Quality Management Systems certified. During the FY 2023, our customer satisfaction surveys recorded the following results:

Year		LTSB	LPISB	TMSB	LCSB
2023	Score (%)	96.2%*	96.4%*	84.0%^	83.0%#
2022	Score (%)	97.7%*	95.5%*	76.4%^	86.5%#
2021	Score (%)	97.0%*	87.5%*	73.2%^	-

* Based on Good & Excellent rating

^ Average customer satisfactory score

Average customer satisfactory score. LCSB acquired by Luxchem Corporation Berhad on 24 August 2021. As such, 2021 result is not required for reporting.

SUSTAINABILITY REPORT

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The Group conducts its customer satisfaction surveys annually and the findings will be helpful and insightful for the Group in managing customers' expectation and remain alert and robust in meeting customer requirements.

Apart from customer satisfaction surveys, the Group also conducts evaluation on its suppliers annually and ensure that those meet the criteria in term of product quality and service are appointed or engaged. The Group also ensures that customers' requirements are carefully met and matched with the products of the suppliers in trading segment. This customer-centric approach reflects the quality and satisfactory products being supplied to our customers and ensure high rating of customer satisfaction and repeated business.

ENVIRONMENTAL IMPACT

During the FY 2023, our status of our environmental projects are as follows:

Embracing Sustainability: Luxchem's Journey to Solar Power

In FY 2021, Luxchem embarked on a journey towards a more sustainable future by initiating an assessment of the feasibility of implementing solar power at our manufacturing plants. Recognising the potential environmental and economic benefits, we took a decisive step forward in FY 2022 with the launch of a solar power project at our Melaka plant.

Completed in July 2023, this project's success speaks volumes. The installed solar panels have generated a significant 271,148.79 kWh of clean energy, translating into cost savings of approximately RM107,044.10 and, most importantly, a reduction of 205.53 metric tons of CO₂ emissions.

Encouraged by these positive outcomes, Luxchem is firmly committed to expanding the adoption of solar power across our group companies. This continuous effort represents a vital step in reducing our carbon footprint and contributing to a more sustainable future for all.

Hazardous Chemicals

The use of chemicals and hazardous chemicals such as Caustic soda, Potassium Hydroxide and Polyaluminium chloride PAC are necessity in our manufacturing process. The hazardous chemicals are identified and managed according to the methods and recommendation outlined in the Chemical Health Risk Assessment Reports prepared by the subject matter experts. Our dedicated chemical and waste management team ensures that all hazardous chemicals and waste are properly stored at designated area clearly labelled with appropriate cautionary signs as per Occupational Safety and Health regulations. All personnel who handle chemicals undergo comprehensive training to ensure safe handling practices. Additionally, the Company provides and mandates the use of appropriate Personal Protective Equipment (PPE) within designated work areas, further mitigating potential risks.

EMPLOYEE

A balanced, inclusive, productive and quality workforce will be one of the key ingredients to the sustainable business grow in our business and industries that we are operating and competing.

To drive employees' performance, the Group ensures its employees receive fair and competitive remunerations and provide appropriate reward for recognition. The Group also ensures employees' benefits are reviewed and benchmarked as and when necessary and career enhancement opportunities are provided to the potential and qualified employees. Training and development plans are executed according to level up competencies, skills and knowledge required for the jobs.

Performance evaluation is conducted annually and employees' career are planned and progressed according to the approved salary ranges and grading structure.

The Group takes labour matters seriously and ensure that relevant regulations and legislations are complied with.

SUSTAINABILITY REPORT

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Diversity and opportunity

Figures reported in the table below only taking into consideration major subsidiaries operating in Malaysia. As such, it may differ from the Workforce Diversity report in this Annual Report at page 61.

Percentage of employees by gender, employee category, ethnicity and age group as follows:

Age Group by Employee Category		2021		2022		2023	
		%	Total	%	Total	%	Total
Senior Management	Under 30	0	0%	0	0%	0	0%
	Between 30-50	1	17%	1	10%	2	18%
	Above 50	5	83%	9	90%	9	82%
Middle Management	Under 30	3	6%	2	4%	3	5%
	Between 30-50	31	66%	39	71%	45	73%
	Above 50	13	28%	13	25%	14	22%
Executive	Under 30	18	38%	21	36%	17	29%
	Between 30-50	25	52%	32	54%	35	59%
	Above 50	5	10%	6	10%	7	12%
Non-Executive	Under 30	55	48%	67	48%	59	42%
	Between 30-50	55	48%	68	48%	78	55%
	Above 50	4	4%	6	4%	5	3%
TOTAL	Under 30	76	35%	90	34%	79	29%
	Between 30-50	112	52%	140	53%	160	58%
	Above 50	27	13%	34	13%	35	13%

Gender Group by Employee Category		2021		2022		2023	
		%	Total	%	Total	%	Total
Senior Management	Male	4	67%	7	70%	8	73%
	Female	2	33%	3	30%	3	27%
Middle Management	Male	24	51%	30	56%	34	57%
	Female	23	49%	24	44%	26	43%
Executive	Male	18	37%	21	36%	20	34%
	Female	30	63%	38	64%	38	66%
Non-Executive	Male	87	76%	107	76%	115	79%
	Female	27	24%	34	24%	30	21%
TOTAL	Male	133	62%	165	63%	177	65%
	Female	82	38%	99	38%	97	35%

SUSTAINABILITY REPORT

cont'd

The Group has achieved at least 20% of women in key senior management level for the FY 2021 to FY 2023.

By Ethnicity		2021		2022		2023	
		%	Total	%	Total	%	Total
Malay	Male	76	63%	84	61%	89	63%
	Female	44	37%	53	39%	53	37%
Chinese	Male	37	53%	47	55%	51	59%
	Female	33	47%	39	45%	36	41%
Indian	Male	4	44%	8	53%	6	43%
	Female	5	56%	7	47%	8	57%
Others	Male	16	100%	26	100%	31	100%
	Female	0	0%	0	0%	0	0%
TOTAL	Male	133	62%	165	63%	177	65%
	Female	82	38%	99	38%	97	35%

For the FY 2023, the total employees of LTSB, LPISB, TMSB & LCSB is 274, an increase of 10 headcount from FY 2022.

Total male employee is 177 or 65% and the remaining 97 employees or 35% is female. Male outnumbers female employees due to the nature of our manufacturing operations in three manufacturing plants.

On nationality, Malaysians are the major workforce of the Group's business and operations with 253 of total workforce employees or 92% of the total workforce. The Group believes strongly in supporting Malaysia's economy and our communities.

Enhancement of Competencies

To realise employee's potential, employees are trained and developed through various training methods. For the FY 2021 to 2023, the Training Hours Per Headcount achieved for LTSB, LPISB, TMSB & LCSB are shown below:

Average Training Hours Per Employee	2021	2022	2023
Senior Management	14.83	24.40	18.17
Middle Management	35.84	17.68	23.22
Executive	30.85	15.56	17.29
Non-Executive	8.15	10.49	14.26
TOTAL	19.57	13.89	17.44

The Average Training Hours Per Employee in FY 2023 is 17.44 hours, which has increased by 26% from 13.89 hours in FY 2022. The increase of the training hours is mainly due to changes in business & operational requirements of the respective companies during the FY 2023.

The Group continues to evaluate, plan, execute, monitor and adopt the changing needs of the training that meet the business and operational requirements.

SUSTAINABILITY REPORT

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Conducive and Safer Workplace

The Group complies with the regulatory compliance, i.e Occupational Safety and Health Act 1994 (“OSHA”) and monitors the work accident and incident occurred at workplace and ensure that necessary actions (e.g. proactive approach to identifying potential hazards, implementing proper signage and PPE protocols, conducting regular inspections and maintenance of critical equipment to prevent malfunctions and accidents, and providing comprehensive training to all employees on safe work practices and emergency procedures) are taken in addressing these issues at workplace.

During the FY 2021 to 2023, total cases of work accident reported are as follows:

	LTSB	LPISB	TMSB	LCSB
Target: Work accident not more than 2 cases per annum of each subsidiary company				
2023	0	3	0	0
2022	0	1	0	0
2021	0	2	0	-

All the work accidents reported in FY 2023 have been investigated. The root causes and improvement actions were taken accordingly. As a result, we implemented several key improvements to our Work Instruction for emergency service procedures and enhanced Personal Protective Equipment (PPE) standards.

All work accidents, including high risk environment, required investigation, analysis of the root cause, recommendations and execution of the preventive actions had been reported and documented.

In addition, the Group provides free annual occupational medical examination and appropriate Personal Protective Equipment to employees according to the nature of and risk exposure level of the jobs. Trainings are also provided as and when necessary.

Qualified OSHA/ selected officers are assigned and tasked to manage or look into safety and health matters of the Group. Safety matters are regularly discussed for attention and taking appropriate actions.

Employee’s Welfare

The Group ensures collective social needs and welfare of its employees are met sufficiently. Social events such as dinners, gatherings and group activities are organised and held regularly within and outside of the Group. Awards are given to eligible employees regularly and assistance are given to employees who are affected by natural disasters.

The Group also provides various insurance protection such as Group Personal Accident, Group Hospitalisation and Surgical and Director and Officer Liability.

COMMUNITY INVESTMENTS

The Group endeavours to support our local communities via donations. For the FY 2023, the total amount of donations made to various parties amounting to RM28,879.

MOVING FORWARD

Recognising the critical need for environmental and social responsibility, the Group prioritises key strategic initiatives: reducing energy consumption with renewable sources, minimising greenhouse gas emissions, conserving water and waste, and fostering a safe and healthy work environment for employees. This steadfast commitment drives the Group’s continuous improvement, measurable results, and expert-guided execution, ensuring a sustainable future for all stakeholders.

SUSTAINABILITY REPORT

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Indicator	Measurement Unit	2021	2022	2023
Bursa (Energy management)				
Bursa C4(a) Total energy consumption	Megawatt	3,355.55	2,672.94	2,640.30
Bursa (Water)				
Bursa C9(a) Total volume of water used	Megalitres	82,241.000000	52,921.000000	42,401.000000
Bursa (Waste management)				
Bursa C10(a) Total waste generated	Metric tonnes	1,872.14	1,982.93	1,894.97
Bursa C10(a)(ii) Total waste directed to disposal	Metric tonnes	1,872.14	1,982.93	1,894.97
Bursa (Emissions management)				
Bursa C11(a) Scope 1 emissions in tonnes of CO ₂ e	Metric tonnes	2,481.58	2,166.21	1,585.27
Bursa C11(b) Scope 2 emissions in tonnes of CO ₂ e	Metric tonnes	2,621.17	2,073.37	2,081.64
Bursa C11(c) Scope 3 emissions in tonnes of CO ₂ e (at least for the categories of business travel and employee commuting)	Metric tonnes	1,038.51	1,048.82	1,085.69
Bursa (Community/Society)				
Bursa C2(a) Total amount invested in the community where the target beneficiaries are external to the listed issuer	MYR	36,500.00	346,400.00	28,879.00
Bursa C2(b) Total number of beneficiaries of the investment in communities	Number	3	14	10
Bursa (Health and safety)				
Bursa C5(a) Number of work-related fatalities	Number	0	0	0
Bursa C5(b) Lost time incident rate ("LTIR")	Rate	0.88	0.35	1.00
Bursa C5(c) Number of employees trained on health and safety standards	Number	55	188	162
Bursa (Labour practices and standards)				
Bursa C6(a) Total hours of training by employee category				
Senior Management	Hours	89	269	218
Middle Management	Hours	1,720	973	1,393
Executive	Hours	1,574	934	1,072
Non-Executive	Hours	962	1,521	2,097
Bursa C6(b) Percentage of employees that are contractors or temporary staff	Percentage	0.00	6.00	3.00
Bursa C6(c) Total number of employee turnover by employee category				
Senior Management	Number	0	1	0
Middle Management	Number	6	2	1
Executive	Number	3	8	12
Non-Executive	Number	28	40	29
Bursa C6(d) Number of substantiated complaints concerning human rights violations	Number	0	0	0

SUSTAINABILITY REPORT

cont'd

Indicator	Measurement Unit	2021	2022	2023
Bursa (Anti-corruption)				
Bursa C1(a) Percentage of employees who have received training on anti-corruption by employee category				
Senior Management	Percentage	67.00	0.00	33.00
Middle Management	Percentage	100.00	0.00	10.00
Executive	Percentage	90.00	0.00	16.00
Non-Executive	Percentage	21.00	0.00	9.00
Bursa C1(b) Percentage of operations assessed for corruption-related risks	Percentage	60.00	0.00	40.00
Bursa C1(c) Confirmed incidents of corruption and action taken	Number	0	0	0
Bursa (Supply chain management)				
Bursa C7(a) Proportion of spending on local suppliers	Percentage	33.33	45.10	51.00
Bursa (Data privacy and security)				
Bursa C8(a) Number of substantiated complaints concerning breaches of customer privacy and losses of customer data	Number	0	0	0
Bursa (Diversity)				
Bursa C3(a) Percentage of employees by gender and age group, for each employee category				
Age Group by Employee Category				
Senior Management Under 30	Percentage	0.00	0.00	0.00
Senior Management Between 30-50	Percentage	38.00	10.00	18.00
Senior Management Above 50	Percentage	63.00	90.00	82.00
Middle Management Under 30	Percentage	7.00	4.00	5.00
Middle Management Between 30-50	Percentage	69.00	71.00	73.00
Middle Management Above 50	Percentage	24.00	25.00	22.00
Executive Under 30	Percentage	44.00	36.00	29.00
Executive Between 30-50	Percentage	47.00	54.00	59.00
Executive Above 50	Percentage	9.00	10.00	12.00
Non-Executive Under 30	Percentage	49.00	48.00	42.00
Non-Executive Between 30-50	Percentage	48.00	48.00	55.00
Non-Executive Above 50	Percentage	3.00	4.00	3.00
Gender Group by Employee Category				
Senior Management Male	Percentage	67.00	70.00	73.00
Senior Management Female	Percentage	33.00	30.00	27.00
Middle Management Male	Percentage	51.00	56.00	57.00
Middle Management Female	Percentage	49.00	44.00	43.00
Executive Male	Percentage	37.00	36.00	34.00
Executive Female	Percentage	63.00	64.00	66.00
Non-Executive Male	Percentage	76.00	76.00	79.00
Non-Executive Female	Percentage	24.00	24.00	21.00

SUSTAINABILITY REPORT

cont'd

Indicator	Measurement Unit	2021	2022	2023
Bursa C3(b) Percentage of directors by gender and age group				
Male	Percentage	67.00	67.00	67.00
Female	Percentage	33.00	33.00	33.00
Under 30	Percentage	0.00	0.00	0.00
Between 30-50	Percentage	0.00	0.00	0.00
Above 50	Percentage	100.00	100.00	100.00

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 2023 (“**FY 2023**”) in this Annual Report with reference to the following three principles as set out in the Malaysian Code on Corporate Governance (“**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 23 April 2024. 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 2023, there were no whistleblowing cases received by the Company.

PRINCIPAL A: BOARD LEADERSHIP AND EFFECTIVENESS

(I) Board Responsibilities

The Board comprises three (3) Independent Directors namely, Datuk Kwan Foh Kwai, Encik Taufiq Ahmad @ Ahmad Mustapha Bin Ghazali and Mr Tan Teck Kiong. 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	Mr Tan Teck Kiong	Encik Taufiq Ahmad @ Ahmad Mustapha Bin Ghazali	Encik Taufiq Ahmad @ Ahmad Mustapha Bin Ghazali
	Datuk Kwan Foh Kwai	Datuk Kwan Foh Kwai	Mr Tan Teck Kiong

The Board, lead by three (3) 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.

To uphold good corporate governance, the Board reviews the Board Charter and Terms of Reference of Board Committees as and when necessary, and updates them 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 effectively. The Board Charter also serves as a reference for the Directors’ fiduciary duties, responsibilities and the functions of the Board Committees.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

cont'd

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

(I) Board Responsibilities *cont'd*

The Terms of Reference of the Audit and Risk Management Committee, being part of the Board Charter, was updated and approved by the Board on 26 October 2023 upon the recommendation of the Audit and Risk Management Committee. An additional function to be carried out by the Audit and Risk Management Committee in the area of handling any conflict of interest or potential conflict of interest situations that arose, persist or may arise within the Group and the measures taken to resolve, eliminate or mitigate such conflicts was inserted in the Terms of Reference of the Audit and Risk Management Committee and Board Charter. The latest Board Charter of the Company is available 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 the 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 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's 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.

For upholding Board's effectiveness, the Board is supported by qualified and competent Company Secretaries. Presently, the Board is assisted by three (3) 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 2023 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 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.

When external advice is 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.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

cont'd

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

(I) Board Responsibilities *cont'd*

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 (4) times a year, which are scheduled in advance to facilitate the Directors in planning their meeting schedule for the year. During the FY 2023, 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	4/5
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 2023 were as follows:

Name of Director	Date Attended	Course Title
Datuk Kwan Foh Kwai	During FY 2023	Completion of Master in Sustainability Development Management, Jeffrey Sachs Centre on Sustainable Development, Sunway University Year 2023. Certificate of graduation was awarded in February 2024
Taufiq Ahmad @ Ahmad Mustapha Bin Ghazali	11 July 2023	COVID-19 – Going Concern and Impairment
	24 July 2023	Essential ISA Requirements: A Detailed Study with Practical Examples (Part 1)
	10 August 2023	Presenting And Disclosing Information in the General Purpose Financial Report
Tan Teck Kiong	21 November 2023	Mitigating Board Blind Spots – Case Studies
Tang Ying See	05 December 2023	Conflict of Interest and What Can Go Wrong – Unpacking Its Implications to Listed Issuers and Their Directors
Chin Song Mooi	05 December 2023	Conflict of Interest and What Can Go Wrong – Unpacking Its Implications to Listed Issuers and Their Directors
Chen Moi Kew	23 January 2023	Six Sigma Master Black Belt
	25 - 26 July 2023	Shared Responsibilities in Strengthening AML/CFT Compliance: Risks, Challenges and Collaborations
	31 July 2023	Introduction To ISO 9001:2015
	10 August 2023	Violations of the Companies Act 2016: Oversights By Directors And Secretaries
	26 - 27 September 2023	Internal QMS Auditor
	31 October 2023	BOD Tax Seminar on Budget 2024
	09 November 2023	Guide to Related Party Transactions

CORPORATE GOVERNANCE OVERVIEW STATEMENT

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

(II) Board Composition

For driving Board's leadership and effectiveness, the Board has, through the Nominating Committee, ensures the Company has the right board composition in enhancing the Board decision-making process and the transparency of policies and procedures in election 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 (6) members, where half of the Board comprises Independent Non-Executive Directors. This is in line with Practice 5.2 of the MCGG 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 requirements of at least 30% women Directors target where two (2) of its board members are female, which is in line with Practice 5.9 of the MCGG.

The Nominating Committee also assisted the Board in conducting performance evaluation and providing constructive feedback through reviewing the summaries of the evaluation to the Board and Board Committees Members of their performance during the FY 2023. In this way, the Board ensured its effectiveness is maintained and enhanced continuously. The performance evaluation of the Board includes their performance in addressing the Company's material sustainability risks and opportunities.

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 will utilise independent sources to identify suitably qualified candidates for new appointment to the Board in the future.

New appointing Director(s) or Director(s) subject for re-election is required to complete Directors' Fit and Proper assessment in accordance with the Directors' Fit and Proper Policy and to be reviewed by the Nominating Committee before recommending to the Board. There was no new appointment of director to the Board in FY 2023.

The adoption of Directors' Fit and Proper Policy will enhance the governance of the Company in relations to the Board's quality and integrity, as well as ensure that each of its director has the character, experience, integrity, competence, time and commitment to effectively discharge his/her role as a Director.

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 22 February 2024, all the members of the Board through the Nominating Committee, had assessed the Independent Directors, whom are 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.

During the FY 2023, the Nominating Committee assessed and recommended the re-election of Madam Chin Song Mooi and Madam Chen Moi Kew as Director. On 22 February 2024, the Nominating Committee had also conducted a fit and proper assessment of the retiring directors namely, Madam Chin Song Mooi and Madam Chen Moi Kew, who are seeking re-election at the forthcoming AGM. The assessment includes the submission of the Fit and Proper Declaration Forms by the retiring Directors to the Nominating Committee.

The Board is 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.

A summary of the Board Composition is set out below:

Gender	%
Male	67
Female	33

CORPORATE GOVERNANCE OVERVIEW STATEMENT

cont'd

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

(II) Board Composition *cont'd*

The Board has established a Gender Diversity Policy and set objectives as follows:

- To achieve 30% women Director at Board level.
- To achieve at least 20% women in Key Senior Management level at the Group level.

The Gender Diversity Policy is available on the Company's website at www.luxchem.com.my

The tables below show the composition of the Board by Ethnicity and Independence:

Ethnicity	%
Chinese	83
Malay	17

Independence	%
Independent Director	50
Non-Independent 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 Directors 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 Director Remuneration Policy is available on the Company's website at www.luxchem.com.my The Board is satisfied 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.

The aggregate remuneration paid or payable to all Directors of the Company during the FY 2023 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 (5) Senior Management's remuneration in bands of RM50,000 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 2023, the ARMC convened one private meeting with the External Auditors and one private meeting with the Internal Auditors without the presence of the Executive Directors, Company Secretaries 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.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

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

(I) Audit and Risk Management Committee *cont'd*

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 2023 were as follows:

	Company (RM)	Group (RM)
Statutory audit fees	89,000	360,500
Assurance related services	5,000	5,000
Non-audit services	4,500	57,500
Total	98,500	423,000

Collectively, the ARMC possesses a wide range of necessary skills to discharge its duties. The ARMC has completed the annual assessment form and confirmed their abilities and competencies to read, analyse and interpret financial statements and are qualified to review the accuracy of the Group's financial statements.

In order to strengthen the financial literacy of each member and the ability to understand matters under the purview of the ARMC including the financial reporting process, all the ARMC members are encouraged to participate in continuous professional development programmes on accounting and auditing standards, practices and rules. This would enable them to continuously apply a critical and probing view on the company's financial reporting process, transactions and other financial information, and effectively challenge management's assertions on the company's financials.

The Board is responsible to ensure that the financial statements of the Company present a fair and balance view and 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 system 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 level of the Group to safeguard shareholders' investment and Group's assets.

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, follow-up and internal controls system of the Group. The yearly 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.

Key elements of the risk management and internal control system of the Group have been established to facilitate proper conduct of the Group's businesses. Among others, the Company has adopted Anti-Bribery and Anti-Corruption Policy, Code of Ethics & Conduct for Business Partners, Whistleblowing Policy, Directors' Remuneration Policy, Directors' Fit and Proper Policy, Conflict of Interest Policy, Directors' Code of Best Practice, Gender Diversity Policy, Community Investment Policy, Sustainability Policy and Quality Management Policy.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

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

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

The Company has implemented an Enterprise Risk Management (“ERM”) in 2018 to assess the Group’s key business risks and, the risk tolerance level, and to take the necessary actions to manage / address the identified risks effectively. The reports of ERM will be presented by Management to the ARMC before tabling to the Board for notation.

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 system covering its key features, Board’s and Management’s responsibilities in overseeing risk management framework, 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 IN 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 corporate policies and announcements in appropriate categories in its corporate website to ease stakeholders in accessing the various announcements and policies 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. The shareholders are allowed to share their feedback and questions with the Company via email at: luxchem@luxchem.com.my outside of the general meeting.

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 2023, the Company conducted its virtual AGM on 25 May 2023 by leveraging on technology to facilitate voting in absentia and remote shareholders’ participation and allowed shareholders to raise questions before and during the conduct of AGM.

At the last AGM, the Company had given at least 28 days’ notice period for Notice of the Thirty-First 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 ask questions and seek clarifications from the Chairman, Chairman of Board Committees, Directors and Management during the AGM on any matters pertaining to the matters disclosed in the Annual Report, corporate developments in the Group, business outlook, the resolutions being proposed in the AGM and the operational and financial performance of the Company.

Explanations were provided for the proposed resolutions set out in the Notice of the Thirty-First AGM to assist shareholders in making their decisions and exercising their voting rights. In line with Paragraph 8.29A(1) of the MMLR and MCCG best practice, all the resolutions set out in the Notice of the Thirty-First AGM were put to vote by poll via the remote participation and voting facilities which were available on Tricor’s TIH online website at <https://tjih.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 via Bursa LINK on the same meeting day.

This Statement was approved by the Board on 22 February 2024.

STATEMENT OF DIRECTORS' RESPONSIBILITY

The Directors are required to prepare financial statements for each financial year which 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 of the Group and the Company for the financial year then ended, in accordance with the requirements of Malaysia Financial Reporting Standards (“**MFRS**”), International Financial Reporting Standards (“**IFRS**”) and the requirements of Companies Act 2016.

In preparing the financial statements of the Group and the Company for the financial year ended 31 December 2023, the Directors have:

- adopted appropriate accounting policies and applied them consistently;
- made judgements and estimates that are reasonable and prudent;
- ensured that the preparation of financial statements are in compliance with MFRS and IFRS reporting requirements; 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 in 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 2023 (“**FY 2023**”) 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 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, 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 Terms of Reference of the ARMC outlining its authorities, duties, and responsibilities are published on the Company’s website at www.luxchem.com.my.

2. MEETING AND ATTENDANCE

During the FY 2023, five meetings were held. The 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

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3. SUMMARY OF WORK OF THE ARMC

During the FY 2023, the ARMC carried out its duties and functions in line with its Terms of Reference. The 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 to the Board for 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 the interim financial results to the ARMC.

During the presentation, the MD/CEO and ED/CFO gave their explanations for any material changes in the Group’s financial performance to the ARMC, and their assurance that the interim financial statements were in compliance with Part A of Appendix 9B of MMLR and the relevant approved accounting standards so as to give a true and fair view of the interim financial statements.

- b) On 9 March 2023, the ARMC reviewed the draft annual audited financial statements for the financial year ended 31 December 2022, its Directors’ and Auditors’ Reports and other significant accounting issues with the External Auditors. The External Auditors, BDO PLT also presented their audit review findings to the ARMC. The key considerations in deliberating these financial statements were whether the financial statements prepared by the Management complied with the relevant Malaysian Financial Reporting Standards (MFRS) and the expected audit opinion to be rendered by the External Auditors.

The ARMC was satisfied with the above review and recommended the draft audited financial statements for the financial year ended 31 December 2022 to the Board for approval at its meeting on 9 March 2023. The audited financial statements which were included in the 2022 Annual Report, were issued to the shareholders on 6 April 2023.

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

- a) On 26 October 2023, the ARMC 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 one private session with the External Auditors without the presence of Executive Directors, Company Secretaries and Management on 16 February 2023. This review process ensures that critical issues, if any, are being objectively brought up to the attention of the ARMC members.
- c) Reviewed the overall performance of the External Auditors, including assessment of their independence, technical competency, resources and reasonableness of their audit fees and non-audit fees. At the ARMC meeting held on 26 October 2023, the ARMC took note of the audit services rendered by BDO PLT. 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

During the FY 2023, the ARMC members were regularly updated and briefed on all the risk management matters that had taken place in all the major subsidiaries of the Company. The ARMC was satisfied that the risks were actively identified, assessed and monitored to safeguard shareholders’ investments and the Company’s assets.

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 and conflict of interest situation that might arise within the Group, if any, on a quarterly basis, 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 system based on the Risk Management Committee’s presentation and internal audit reports, and report the same to the Board accordingly.
- d) Reviewed and recommended to the Board of Directors the changes to the Terms of Reference of ARMC that requires the Committee to also review any or potential conflict of interest situations that arose, persist or may arise within the Group and the measures taken to resolve, eliminate or mitigate such conflicts. This update is aligned to the latest changes of the MMLR. The update was subsequently approved by the Board of Directors on 26 October 2023. The revised Terms of Reference of the ARMC has been included in the Board Charter, which is available on the Company’s website at www.luxchem.com.my.

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 and follow-up from the previous findings.
- 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) Conducted one private session with the Internal Auditors without the presence of Executive Directors, Company Secretaries and Management on 16 February 2023.

The Board was satisfied that the ARMC members had discharged their functions, duties and responsibilities in accordance with its Terms of Reference in ensuring the Company upheld its CG Standards during the FY 2023.

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, internal control system, anti-corruption, whistleblowing and governance processes of the Group.

AUDIT AND RISK MANAGEMENT COMMITTEE REPORT

cont'd

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

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 his qualification is as follows:

Name	Amos Law, Executive Director
Professional Qualification	Certified Internal Auditor (“CIA”), Chartered Institute of Internal Auditors (“CIIA”) Certification in Risk Management Assurance (“CRMA”)

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 with 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’s 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 2023 and conducted their reviews on the following key audit areas of the respective entities:

- i. Transform Master Sdn. Bhd. on Production, Inventory Management of QAQC
- ii. Transform Master Sdn. Bhd. on Healthy, Safety and Environment (“HSE”) and Inventory Management
- iii. Transform Master Sdn. Bhd. on Section 17A of the Malaysian Anti-Corruption Commission Act and Inventory Management
- iv. Lexis Chemical Sdn. Bhd. on Production, Quality Assurance and Quality Control
- v. Lexis Chemical Sdn. Bhd. on Inventory Management & Information Technology General Control

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

The fee incurred for the internal audit function in respect of FY 2023 was RM87,800 (2022: RM84,000.00).

This ARMC Report was approved by the Board on 22 February 2024.

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 which describes the state of risk management and internal control of the Company and its subsidiaries (“**the Group**”) during the financial year ended 31 December 2023 is made pursuant to Paragraph 15.26(b) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad (“**Bursa Securities**”) (“**MMLR**”), based on the guidance of the “Statement on Risk Management & Internal Control: Guidelines for Directors of Listed Issuers” (“**SORMIC Guidelines**”).

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 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;
- Internal audit findings and reports on the review of the system of internal controls presented by the internal auditors;
- 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 adopted and implemented an internationally recognised risk management framework based on the guidelines by Committee of Sponsoring Organizations of the Treadway Commission (“**COSO**”). The Group has also 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 the material risks, their impact on Group’s operations and the status of management corrective actions to manage these risks.

During the financial year under review, the risks of the Group that have been identified, were discussed, reviewed, evaluated, and monitored in order to mitigate or manage those risks effectively. The Board were briefed and updated on the risk management matters regularly throughout 2023.

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 formulated 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 to facilitate delegation of authority, and management succession planning;
- IV. Operational reporting process covering periodic reporting from the Heads of Management to the Executive Directors to ensure that business operations are in line with pre-approved objectives and targets;
- V. Monthly management and credit meetings with Heads of Department to enable 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 offsite information systems back up procedures;
- VIII. Having ISO 9001:2015 Quality Management Systems for Luxchem Trading Sdn. Bhd. and Lexis Chemical 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 for Luxchem Polymer Industries Sdn. Bhd. in forming the basis of production, operational and management procedures for 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 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 Group. There were no whistleblowing cases received by the Company during the financial year under review.

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 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 at www.luxchem.com.my, the Company has also undertaken several activities as follows:

- Established a 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 revise operational processes from time to time to enhance Management'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.
- Established a structured, systematic and periodical review of internal control relating to combating bribery and corruption.
- Established a Remuneration Policy to support the Group's interest, vision and mission by proposing, reviewing, revising remuneration packages of the Independent Non-Executive Director(s), the Executive Director(s) and the Key Senior Management.
- Established a Directors' Fit and Proper Policy for guiding the appointment and re-election of Directors of the Company and its subsidiaries.
- Established a Directors' Code of Best Practice to promote good governance, ethical behaviour, accountability and transparency.
- Established a Conflict of Interest Policy for the purposes of identifying, evaluating, approving, reporting and monitoring such conflict of interest situations, and to ensure all conflicts of interest are dealt with and addressed expeditiously.

XII. The procedure of Annual Declaration of Independent and Interest covering the Board of Directors, Company Directors, Heads of Division, Branch and Department of all subsidiary companies including all the sales personnel during the financial year under review. The declaration 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.

Internal Audit

The Independent Internal Auditor, Crowe Governance Sdn. Bhd ("**Internal Auditor**") provides an independent and objective assurance to the Audit and Risk Management Committee and the Board on the adequacy and effectiveness of the Group's governance, risk management and internal control system. All assessment findings and recommendations of each review were presented to the Audit and Risk Management Committee on a quarterly basis.

During the financial year under review, the Internal Auditor has reviewed the following areas:

- a) Compliance of Group's policies, standard operating procedures, and applicable laws and regulations, which are significant to the Group's business;
- b) Significant issues and gaps are identified and propose recommendations for improvements;
- c) All corrective actions are implemented by the management within the agreed timeline; and
- d) Significant non-compliances and weaknesses are monitored and reported to the Audit and Risk Management Committee.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

cont'd

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

Management Responsibilities and Assurance to the Board

The Management is responsible to the Board for:

- Identifying risks that are relevant to the Group's business objectives and strategies;
- Designing, formulating, 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 changes to the risks or emerging risks and corrective actions taken to mitigate or manage 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 system 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 facilitate 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 2023 Annual Report.

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 2023 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 November 2022) ["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 22 February 2024.

ADDITIONAL COMPLIANCE INFORMATION

- **UTILISATION OF PROCEEDS**

There were no proceeds raised by the Company from any corporate proposal during the financial year ended 31 December 2023.

- **MATERIAL CONTRACTS INVOLVING INTEREST OF THE DIRECTORS, CHIEF EXECUTIVE OR MAJOR SHAREHOLDERS**

There were no material contracts entered into by the Company and its subsidiaries, involving the interest of the Directors, Chief Executive who is not a Director or major shareholders which were still subsisting at the end of the financial year ended 31 December 2023.

- **RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE**

During the financial year ended 31 December 2023, there were no recurrent related party transactions of a revenue or trading nature involving the Directors and/or substantial shareholders of the Company.

- **EMPLOYEES' SHARE OPTION SCHEME ("ESOS")**

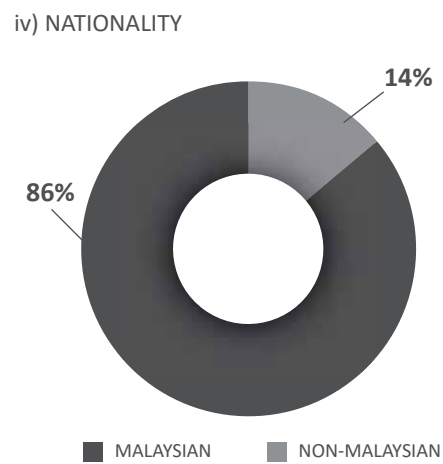
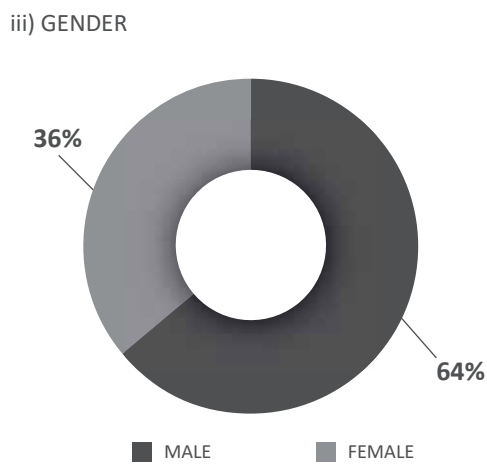
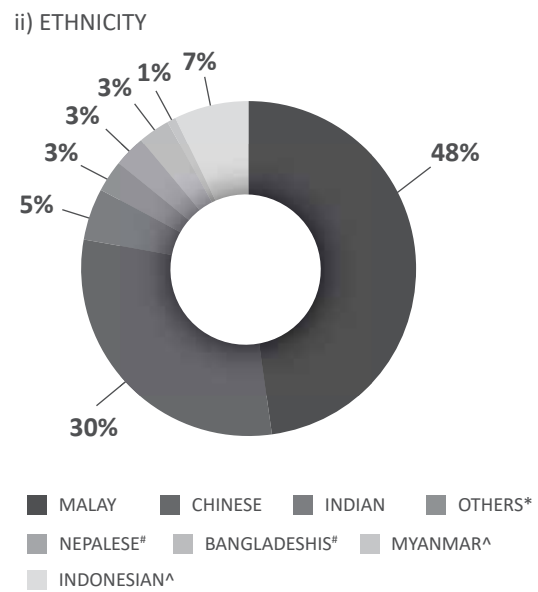
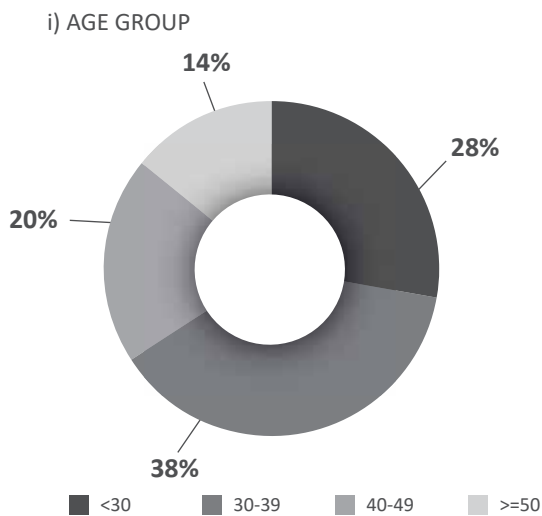
There were no ESOS offered nor options exercised during the financial year ended 31 December 2023.

ADDITIONAL COMPLIANCE INFORMATION

cont'd

• **WORKFORCE DIVERSITY**

The Group's workplace statistics in terms of age, ethnicity, gender and nationality as at 31 December 2023 are disclosed below:





FINANCIAL STATEMENTS

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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 2023.

PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding. The principal activities of the subsidiaries are mainly manufacturing, importing, exporting and distribution of chemical and petrochemical products. 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	43,513,606	17,496,934
Attributable to:		
Owners of the parent	37,061,332	17,496,934
Non-controlling interests	6,452,274	-
	43,513,606	17,496,934

DIVIDENDS

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

	RM
Second single-tier interim dividend of 1.00 sen per ordinary share in respect of the financial year ended 31 December 2022, paid on 12 May 2023	10,697,661
First single-tier interim dividend of 0.60 sen per ordinary share in respect of the financial year ended 31 December 2023, paid on 30 August 2023	6,418,597
	17,116,258

Subsequent to the financial year, the Board of Directors of the Company had on 22 February 2024 declared a second single-tier interim dividend of 0.80 sen per ordinary share amounting to RM8,558,129 for the financial year ended 31 December 2023. 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 2024.

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

The Company did not issue any new shares or 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.

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

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
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 2023 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 31.12.2023
	Balance as at 1.1.2023	Acquired	Disposed	
Shares in the Company				
Tang Ying See				
- Direct	11,554,400	3,101,200	-	14,655,600
- Indirect*	443,326,500	1,500,000	-	444,826,500
Chin Song Mooi				
- Direct	6,791,700	-	-	6,791,700
- Indirect**	448,089,200	4,601,200	-	452,690,400

DIRECTORS' REPORT

cont'd

DIRECTORS' INTERESTS *cont'd*

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 2023 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: *cont'd*

	Number of ordinary shares			Balance as at 31.12.2023
	Balance as at 1.1.2023	Acquired	Disposed	
Shares in the Company				
Chen Moi Kew				
- Direct	4,590,000	-	-	4,590,000
Datuk Kwan Foh Kwai				
- Direct	2,126,600	-	-	2,126,600
- Indirect***	2,200,000	-	-	2,200,000

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

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

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

	Number of ordinary shares			Balance as at 31.12.2023
	Balance as at 1.1.2023	Acquired	Disposed	
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.

DIRECTORS' REPORT

cont'd

DIRECTORS' BENEFITS *cont'd*

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

Directors' remuneration of the Group and of the Company for the financial year ended 31 December 2023 were as follows:

	Group RM	Company RM
Fees	270,195	150,000
Short-term employee benefits	6,392,901	15,000
Defined contribution plan	714,463	-
Defined benefit obligations	77,350	-
Others	174,338	-
Benefits-in-kind	50,871	-
	7,680,118	165,000

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 RM11,499.

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

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 had 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.

DIRECTORS' REPORT

cont'd

OTHER STATUTORY INFORMATION REGARDING THE GROUP AND THE COMPANY *cont'd*

(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 amounts written off for bad debts or the amount of the 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.

SIGNIFICANT EVENT SUBSEQUENT TO THE END OF THE REPORTING PERIOD

On 22 February 2024, the Company and Hurco Marketing Sdn Bhd (“HMSB”) had entered into a Share Sale Agreement (“SSA”) in respect of the acquisition of 100% equity interest in HMSB. The SSA entails the acquisition by the Company for all the business of HMSB for a total consideration of RM1,560,000. A total of RM78,000 had been deposited by the Company to HMSB upon execution of the agreement. The acquisition is expected to be completed by financial year ending 31 December 2024 subject to the fulfillment of all conditions precedent as stated in the SSA and accordingly, HMSB will be a subsidiary of the Company.

HOLDING COMPANY

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

DIRECTORS' REPORT

cont'd

AUDITORS

The auditors, BDO PLT (201906000013 (LLP0018825-LCA) & AF 0206), have expressed their willingness to continue in office.

Auditors' remuneration of the Group and of the Company for the financial year ended 31 December 2023 were as follows:

	Group RM	Company RM
Statutory audit	428,054	89,000
Assurance related services	5,000	5,000
Non-audit services	4,000	-
	437,054	94,000

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

Tang Ying See
Director

Kuala Lumpur
8 March 2024

Chen Moi Kew
Director

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 74 to 134 have been drawn up in accordance with Malaysian Financial Reporting Standards, IFRS Accounting 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 2023 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
8 March 2024

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 74 to 134 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 8 March 2024)

Chen Moi Kew
Director

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 2023 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 material accounting policy information, as set out on pages 74 to 134.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Group and of the Company as at 31 December 2023, and of their financial performance and cash flows for the financial year then ended in accordance with Malaysian Financial Reporting Standards ("MFRSs"), IFRS Accounting Standards and the requirements of the Companies Act 2016 in Malaysia.

Basis for Opinion

We conducted our audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing ("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) Impairment assessment of goodwill

The carrying amount of goodwill arising on consolidation as at 31 December 2023 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 cash flow projections of the cash generating units ("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;

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*

a) Impairment assessment of goodwill *cont'd*

Audit response *cont'd*

Our audit procedures included the following: *cont'd*

- (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.

b) Impairment assessment of investments in subsidiaries

As at 31 December 2023, the carrying amount of the investments in subsidiaries amounted to RM277,743,222 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 cash flow projections 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.

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.

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 *cont'd*

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, IFRS Accounting Standards and the requirements of the Companies Act 2016 in Malaysia. The Directors are also responsible for such internal control as the Directors determine is necessary to enable the preparation of 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.
- 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.

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*

- 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
201906000013 (LLP0018825-LCA) & AF 0206
Chartered Accountants

Kuala Lumpur
8 March 2024

Tan Seong Yuh
03314/07/2025 J
Chartered Accountant

STATEMENTS OF FINANCIAL POSITION

As at 31 December 2023

	Note	Group		Company	
		2023 RM	2022 RM	2023 RM	2022 RM
ASSETS					
Non-current assets					
Property, plant and equipment	5	121,060,111	117,917,225	-	-
Investment property	6	2,658,479	2,686,783	-	-
Goodwill	7	64,706,662	64,706,662	-	-
Intangible assets	8	114,244,010	119,987,149	-	-
Investments in subsidiaries	9	-	-	277,743,222	277,743,222
Other investments	10	1,062,492	810,857	-	-
Deferred tax assets	11	314,273	870,755	-	-
		304,046,027	306,979,431	277,743,222	277,743,222
Current assets					
Inventories	12	66,523,124	67,956,105	-	-
Trade and other receivables	13	110,399,815	111,688,329	7,946	7,696
Current tax assets		6,760,197	6,814,180	2,382	18,570
Cash and bank balances	14	252,670,473	224,276,585	27,619,784	27,221,728
		436,353,609	410,735,199	27,630,112	27,247,994
TOTAL ASSETS		740,399,636	717,714,630	305,373,334	304,991,216
EQUITY AND LIABILITIES					
Equity attributable to owners of the parent					
Share capital	15	298,077,797	298,077,797	298,077,797	298,077,797
Treasury shares	15	(70,536)	(70,536)	(70,536)	(70,536)
Reserves	16	235,541,676	214,710,185	7,057,373	6,676,697
		533,548,937	512,717,446	305,064,634	304,683,958
Non-controlling interests		79,798,399	76,271,207	-	-
TOTAL EQUITY		613,347,336	588,988,653	305,064,634	304,683,958

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

STATEMENTS OF FINANCIAL POSITION

As at 31 December 2023
cont'd

	Note	Group		Company	
		2023 RM	2022 RM	2023 RM	2022 RM
LIABILITIES					
Non-current liabilities					
Retirement benefits	17	759,346	679,721	-	-
Lease liabilities	18	508,852	160,287	-	-
Borrowings	20	12,016,542	14,895,144	-	-
Deferred tax liabilities	11	28,439,156	30,146,863	-	-
		41,723,896	45,882,015	-	-
Current liabilities					
Trade and other payables	19	45,341,897	41,724,093	308,700	307,258
Lease liabilities	18	399,427	682,652	-	-
Borrowings	20	38,731,438	40,437,217	-	-
Current tax liabilities		855,642	-	-	-
		85,328,404	82,843,962	308,700	307,258
TOTAL LIABILITIES		127,052,300	128,725,977	308,700	307,258
TOTAL EQUITY AND LIABILITIES		740,399,636	717,714,630	305,373,334	304,991,216

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 2023

	Note	Group		Company	
		2023 RM	2022 RM	2023 RM	2022 RM
Revenue	21	653,527,074	802,770,754	17,480,000	22,765,000
Cost of sales		(552,145,685)	(689,075,882)	-	-
Gross profit		101,381,389	113,694,872	17,480,000	22,765,000
Other operating income		7,948,814	9,432,625	850,167	513,931
Selling and distribution costs		(9,238,694)	(11,372,776)	-	-
Administration expenses		(33,277,329)	(33,549,031)	(512,408)	(490,017)
Other operating expenses		(6,358,497)	(6,286,715)	(120,213)	(611,293)
Finance costs	22	(2,587,443)	(2,647,733)	-	-
Net loss on impairment of financial assets		(141,298)	(655,724)	-	-
Profit before tax	23	57,726,942	68,615,518	17,697,546	22,177,621
Tax expense	24	(14,213,336)	(17,313,244)	(200,612)	(121,680)
Profit for the financial year		43,513,606	51,302,274	17,496,934	22,055,941
Other comprehensive income/(loss), net of tax					
Items that may be reclassified subsequently to profit or loss					
Foreign currency translation		644,035	(292,603)	-	-
Items that will not be reclassified subsequently to profit or loss					
Remeasurement of defined benefit obligation		35,664	14,049	-	-
Fair value gain/(loss) on equity investments at fair value through other comprehensive income		251,636	(1,120,357)	-	-
		287,300	(1,106,308)	-	-
Total other comprehensive income/(loss) for the financial year, year net of tax		931,335	(1,398,911)	-	-
Total comprehensive income for the financial year		44,444,941	49,903,363	17,496,934	22,055,941

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 2023
cont'd

	Note	Group		Company	
		2023 RM	2022 RM	2023 RM	2022 RM
Profit attributable to:					
Owners of the parent		37,061,332	45,679,314	17,496,934	22,055,941
Non-controlling interests		6,452,274	5,622,960	-	-
		43,513,606	51,302,274	17,496,934	22,055,941
Total comprehensive income attributable to:					
Owners of the parent		37,947,749	44,305,770	17,496,934	22,055,941
Non-controlling interests		6,497,192	5,597,593	-	-
		44,444,941	49,903,363	17,496,934	22,055,941
Earnings per ordinary share attributable to owners of the parent (sen):					
- Basic	25	3.46	4.27		
- Diluted	25	3.46	4.27		

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the Financial Year Ended 31 December 2023

Group	Note	Non-distributable				Distributable				Total equity
		Share capital	Exchange translation reserve	Fair value reserve	Treasury shares	Retained earnings	Total	Non-controlling interests	Total	
		RM	RM	RM	RM	RM	RM	RM	RM	RM
Balance as at 1 January 2023		298,077,797	(54,044)	515,515	(70,536)	214,248,714	512,717,446	76,271,207	588,988,653	
Profit for the financial year		-	-	-	-	37,061,332	37,061,332	6,452,274	43,513,606	
Foreign currency translations		-	601,749	-	-	-	601,749	42,286	644,035	
Fair value gain on equity investments		-	-	251,636	-	-	251,636	-	251,636	
Remeasurement of defined benefit obligations		-	-	-	-	33,032	33,032	2,632	35,664	
Total comprehensive income		-	601,749	251,636	-	37,094,364	37,947,749	6,497,192	44,444,941	
Transactions with owners										
Dividends paid	26	-	-	-	-	(17,116,258)	(17,116,258)	(2,970,000)	(20,086,258)	
Total transactions with owners		-	-	-	-	(17,116,258)	(17,116,258)	(2,970,000)	(20,086,258)	
Balance as at 31 December 2023		298,077,797	547,705	767,151	(70,536)	234,226,820	533,548,937	79,798,399	613,347,336	

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the Financial Year Ended 31 December 2023
cont'd

Group	Note	Non-distributable				Distributable				Total equity
		Share capital	Exchange translation reserve	Fair value reserve	Treasury shares	Retained earnings	Total	Non-controlling interests	Total equity	
		RM	RM	RM	RM	RM	RM	RM	RM	
Balance as at 1 January 2022		298,077,797	212,155	1,635,872	(70,536)	189,951,710	489,806,998	75,308,614	565,115,612	
Profit for the financial year		-	-	-	-	45,679,314	45,679,314	5,622,960	51,302,274	
Foreign currency translations		-	(266,199)	-	-	-	(266,199)	(26,404)	(292,603)	
Fair value loss on equity investments		-	-	(1,120,357)	-	-	(1,120,357)	-	(1,120,357)	
Remeasurement of defined benefit obligations		-	-	-	-	13,012	13,012	1,037	14,049	
Total comprehensive income		-	(266,199)	(1,120,357)	-	45,692,326	44,305,770	5,597,593	49,903,363	
Transactions with owners										
Dividends paid	26	-	-	-	-	(21,395,322)	(21,395,322)	(4,635,000)	(26,030,322)	
Total transactions with owners		-	-	-	-	(21,395,322)	(21,395,322)	(4,635,000)	(26,030,322)	
Balance as at 31 December 2022		298,077,797	(54,044)	515,515	(70,536)	214,248,714	512,717,446	76,271,207	588,988,653	

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

STATEMENT OF CHANGES IN EQUITY

For the Financial Year Ended 31 December 2023

Company	Note	Non-distributable	Distributable		Total equity
		Share capital	Treasury shares	Retained earnings	
		RM	RM	RM	RM
Balance as at 1 January 2023		298,077,797	(70,536)	6,676,697	304,683,958
Profit for the financial year		-	-	17,496,934	17,496,934
Other comprehensive income, net of tax		-	-	-	-
Total comprehensive income		-	-	17,496,934	17,496,934
Transaction with owners					
Dividends paid	26	-	-	(17,116,258)	(17,116,258)
Total transaction with owners		-	-	(17,116,258)	(17,116,258)
Balance at 31 December 2023		298,077,797	(70,536)	7,057,373	305,064,634
Balance as at 1 January 2022		298,077,797	(70,536)	6,016,078	304,023,339
Profit for the financial year		-	-	22,055,941	22,055,941
Other comprehensive income, net of tax		-	-	-	-
Total comprehensive income		-	-	22,055,941	22,055,941
Transaction with owners					
Dividends paid	26	-	-	(21,395,322)	(21,395,322)
Total transaction with owners		-	-	(21,395,322)	(21,395,322)
Balance at 31 December 2022		298,077,797	(70,536)	6,676,697	304,683,958

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

STATEMENTS OF CASH FLOWS

For the Financial Year Ended 31 December 2023

	Note	Group		Company	
		2023 RM	2022 RM	2023 RM	2022 RM
CASH FLOWS FROM OPERATING ACTIVITIES					
Profit before tax		57,726,942	68,615,518	17,697,546	22,177,621
Adjustments for:					
Amortisation of intangible assets	8	6,577,595	6,539,866	-	-
Bad debts written off	23	13,340	-	-	-
Depreciation of investment property	6	28,304	28,304	-	-
Depreciation of property, plant and equipment	5	6,471,429	5,763,791	-	-
Defined benefit obligations	17(b)	121,765	67,198	-	-
Dividend income	23	(182,635)	(69,274)	(17,480,000)	(22,765,000)
Net (gain)/loss on changes in fair value of forward exchange contracts	23	(12,495)	51,498	-	-
Gain on disposal of property, plant and equipment	23	(387,097)	(267,283)	-	-
Gain on termination of lease	23	(4,873)	(1,600)	-	-
Impairment losses on:					
- trade receivables	13(h)	765,141	1,008,494	-	-
- other receivables	13(i)	64,547	-	-	-
Impairment losses on investment in subsidiaries	9	-	-	-	480,039
Interest income	23	(4,639,410)	(1,911,343)	(849,706)	(513,558)
Interest expense	22	2,587,443	2,647,733	-	-
Inventories written down	12(d)	733,376	417,330	-	-
Inventories written off	12(f)	3,748,636	2,033,861	-	-
Property, plant and equipment written off	5	108,253	85,706	-	-
Net unrealised loss/(gain) on foreign exchange	23	461,604	1,756,616	(160)	91
Reversal of impairment losses on trade receivables	13(h)	(688,390)	(352,770)	-	-
Reversal of inventories written down	12(e)	(467,328)	(1,393,205)	-	-
Operating profit/(loss) before working capital changes		73,026,147	85,020,440	(632,320)	(620,807)
(Increase)/Decrease in inventories		(2,408,658)	60,498,235	-	-
Decrease/(Increase) in trade and other receivables		1,012,685	56,376,697	(90)	(374)
Increase/(Decrease) in trade and other payables		3,596,007	(52,656,126)	1,442	81,911
Cash generated from/(used in) operations		75,226,181	149,239,246	(630,968)	(539,270)
Tax paid		(14,410,662)	(26,330,633)	(184,424)	(181,103)
Interest received		4,639,410	1,911,343	849,706	513,558
Interest paid		(2,546,286)	(2,605,567)	-	-
Retirement benefits paid	17(b)	(34,708)	(2,841)	-	-
Net cash from/(used in) operating activities		62,873,935	122,211,548	34,314	(206,815)

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

STATEMENTS OF CASH FLOWS

For the Financial Year Ended 31 December 2023
cont'd

	Note	Group		Company	
		2023 RM	2022 RM	2023 RM	2022 RM
CASH FLOWS FROM INVESTING ACTIVITIES					
Purchase of property, plant and equipment	5(d)	(9,926,642)	(40,434,204)	-	-
Purchase of intangible assets	8	(43,678)	(271,613)	-	-
Proceeds from disposal of property, plant and equipment		569,620	406,953	-	-
Dividend received		182,635	69,274	17,480,000	22,765,000
Placement of deposits with licensed banks with original maturity of more than three (3) months		(107,570,844)	(14,771,000)	(16,301,986)	(1,000,000)
Net cash (used in)/ from investing activities		(116,788,909)	(55,000,590)	1,178,014	21,765,000
CASH FLOWS FROM FINANCING ACTIVITIES					
Repayments on lease liabilities		(688,266)	(745,064)	-	-
Interest paid on lease liabilities		(41,157)	(42,166)	-	-
Net drawdown of borrowings		(5,211,153)	(38,932,016)	-	-
Dividends paid	26	(17,116,258)	(21,395,322)	(17,116,258)	(21,395,322)
Dividends paid to non-controlling interests		(2,970,000)	(4,635,000)	-	-
Net cash used in financing activities		(26,026,834)	(65,749,568)	(17,116,258)	(21,395,322)
Net (decrease)/increase in cash and cash equivalents		(79,941,808)	1,461,390	(15,903,930)	162,863
Cash and cash equivalents at beginning of financial year		196,830,779	195,844,240	22,021,728	21,858,865
Effect of changes in exchange rates		764,850	(474,851)	-	-
Cash and cash equivalents at end of financial year		117,653,821	196,830,779	6,117,798	22,021,728

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

STATEMENTS OF CASH FLOWS

For the Financial Year Ended 31 December 2023
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	
	2023 RM	2022 RM	2023 RM	2022 RM
Cash and bank balances	57,670,451	75,418,756	117,798	132,710
Deposits placed with licensed banks	195,000,022	148,857,829	27,501,986	27,089,018
	252,670,473	224,276,585	27,619,784	27,221,728
Less:				
Placement of deposits with licensed banks with original maturity of more than three (3) months	(135,016,652)	(27,445,806)	(21,501,986)	(5,200,000)
	117,653,821	196,830,779	6,117,798	22,021,728

RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

Group	Note	Leases (Note 18) RM	Borrowings (Note 20) RM
At 1 January 2022		882,324	95,113,103
Cash flows		(787,230)	(38,932,016)
Non-cash changes:			
- Acquisition of property, plant and equipment		792,768	-
- Termination	18	(83,249)	-
- Translation adjustments		(3,840)	(848,726)
- Unwinding of interest		42,166	-
At 31 December 2022		842,939	55,332,361
At 1 January 2023		842,939	55,332,361
Cash flows		(729,423)	(5,211,153)
Non-cash changes:			
- Acquisition of property, plant and equipment		982,866	-
- Termination	18	(235,253)	-
- Translation adjustments		5,993	626,772
- Unwinding of interest		41,157	-
At 31 December 2023		908,279	50,747,980

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

NOTES TO THE FINANCIAL STATEMENTS

31 December 2023

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.

On 5 February 2024, the principal place of business of the Company has been changed from No. 6, Jalan SS 21/58, Damansara Utama, 47400 Petaling Jaya, Selangor Darul Ehsan to Wisma Luxchem, Block N, Jaya One 72A, Jalan Prof Diraja Ungku Aziz, Seksyen 13, 46200 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 2023 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 8 March 2024.

2. PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding. The principal activities of the subsidiaries are mainly manufacturing, importing, exporting and distribution of chemical and petrochemical products. 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”), IFRS Accounting Standards 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 34(a) to the financial statements.

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.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2023

cont'd

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.

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.

2023	Trading RM	Manufacturing RM	Other RM	Consolidated RM
Revenue				
Total revenue	441,269,523	358,462,883	-	799,732,406
Inter-segment revenue	(15,695,533)	(130,509,799)	-	(146,205,332)
External sales	425,573,990	227,953,084	-	653,527,074
Results				
Segment results	21,701,884	34,314,983	(639,046)	55,377,821
Dividend, interest and rental income	2,002,070	2,084,788	849,706	4,936,564
Operating profit	23,703,954	36,399,771	210,660	60,314,385
Finance costs	(1,987,365)	(600,078)	-	(2,587,443)
Profit before tax	21,716,589	35,799,693	210,660	57,726,942
Tax expense	(5,833,528)	(8,179,196)	(200,612)	(14,213,336)
Profit for the financial year	15,883,061	27,620,497	10,048	43,513,606
Segment assets	295,666,925	417,107,750	27,624,961	740,399,636
Segment liabilities	59,643,066	67,096,534	312,700	127,052,300

NOTES TO THE FINANCIAL STATEMENTS

31 December 2023

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4. OPERATING SEGMENTS *cont'd*

(a) Operating Segments *cont'd*

2023	Trading RM	Manufacturing RM	Other RM	Consolidated RM
Other segment information				
Additions to non-current assets:				
- property, plant and equipment	4,972,920	5,936,588	-	10,909,508
- intangible assets	1,346	42,332	-	43,678
Depreciation and amortisation	2,276,746	10,800,582	-	13,077,328
<i>Non cash expenses other than depreciation and amortisation:</i>				
- Bad debts written off	13,340	-	-	13,340
- Impairment losses on trade receivables, net of reversals	76,751	-	-	76,751
- Inventories written down	406,922	326,454	-	733,376
- Inventories written off	29,418	3,719,218	-	3,748,636
- Property, plant and equipment written off	680	107,573	-	108,253
- Reversal of inventories written down	(297,670)	(169,658)	-	(467,328)
- Defined benefit obligations	121,765	-	-	121,765
- Net unrealised loss/(gain) on foreign exchange	273,496	188,268	(160)	461,604
- Net gain on changes in fair value of forward exchange contracts	(12,495)	-	-	(12,495)
- Gain on disposal of property, plant and equipment	(199,236)	(187,861)	-	(387,097)
2022	Trading RM	Manufacturing RM	Other RM	Consolidated RM
Revenue				
Total revenue	545,295,581	412,666,161	-	957,961,742
Inter-segment revenue	(16,493,271)	(138,697,717)	-	(155,190,988)
External sales	528,802,310	273,968,444	-	802,770,754
Results				
Segment results	32,838,837	36,977,553	(629,756)	69,198,634
Dividend, interest and rental income	1,011,232	551,827	513,558	2,076,617
Operating profit/(loss)	33,850,069	37,529,380	(116,198)	71,263,251
Finance costs	(2,078,194)	(569,539)	-	(2,647,733)
Profit/(Loss) before tax	31,771,875	36,959,841	(116,198)	68,615,518
Tax expense	(7,729,469)	(9,462,095)	(121,680)	(17,313,244)
Profit/(Loss) for the financial year	24,042,406	27,497,746	(237,878)	51,302,274
Segment assets	290,670,952	399,800,585	27,243,093	717,714,630
Segment liabilities	62,511,653	65,904,066	310,258	128,725,977

NOTES TO THE FINANCIAL STATEMENTS

31 December 2023
cont'd

4. OPERATING SEGMENTS *cont'd*

(a) Operating Segments *cont'd*

2022	Trading RM	Manufacturing RM	Other RM	Consolidated RM
Other segment information				
Additions to non-current assets:				
- property, plant and equipment	21,896,851	19,330,120	-	41,226,972
- intangible assets	249,566	22,047	-	271,613
Depreciation and amortisation	1,641,111	10,690,850	-	12,331,961
<i>Non cash expenses other than depreciation and amortisation:</i>				
- Impairment losses on trade receivables, net of reversals	369,114	286,610	-	655,724
- Property, plant and equipment written off	3,573	82,133	-	85,706
- Inventories written down	224,002	193,328	-	417,330
- Inventories written off	49	2,033,812	-	2,033,861
- Reversal of inventories written down	(493,521)	(899,684)	-	(1,393,205)
- Defined benefit obligations	67,198	-	-	67,198
- Net unrealised loss foreign exchange	1,222,017	534,508	91	1,756,616
- Net loss on changes in fair value of forward exchange contracts	51,498	-	-	51,498
- Gain on disposal of property, plant and equipment	(144,636)	(122,647)	-	(267,283)

NOTES TO THE FINANCIAL STATEMENTS

31 December 2023

cont'd

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.

	2023		2022	
	Revenue	Non-current assets	Revenue	Non-current assets
	RM	RM	RM	RM
Malaysia	405,930,864	301,930,915	518,096,081	304,957,439
Vietnam	90,044,432	-	104,952,847	-
Indonesia	60,048,389	736,321	59,816,750	336,948
China	34,370,791	-	49,476,944	-
Thailand	23,498,668	-	20,233,867	-
Bangladesh	8,657,030	-	6,288,099	-
Australia	7,684,734	-	12,829,750	-
Sri Lanka	3,853,122	-	6,056,440	-
New Zealand	3,521,001	-	6,802,600	-
Singapore	3,282,688	2,026	4,973,056	3,432
Philippines	2,243,134	-	2,583,429	-
Cambodia	2,279,155	-	991,107	-
Hong Kong	2,063,614	-	1,848,966	-
Japan	1,345,892	-	858,932	-
Others	4,703,560	-	6,961,886	-
	653,527,074	302,669,262	802,770,754	305,297,819

(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 2023

cont'd

5. PROPERTY, PLANT AND EQUIPMENT

2023 Group	Balance as at 1.1.2023	Additions	Disposals	Termination	Written off	Reclassification	Translation adjustments	Depreciation charge for the year	Balance as at 31.12.2023
	RM	RM	RM	RM	RM	RM	RM	RM	RM
Carrying amount									
Freehold land	18,478,962	-	-	-	-	-	-	-	18,478,962
Long term leasehold land									
- Right-of-use assets	19,333,441	-	-	-	-	-	-	(352,395)	18,981,046
Buildings									
- Owned	40,726,340	141,599	-	-	-	21,716,489	-	(1,361,430)	61,222,998
- Right-of-use assets	471,626	294,685	-	(230,380)	-	-	3,424	(287,633)	251,722
Renovation	3,267,254	109,636	-	-	-	-	974	(732,825)	2,645,039
Furniture and fittings	796,673	8,627	-	-	-	86,676	-	(138,521)	753,455
Plant, machinery and equipment	9,298,194	2,759,836	(1,016)	-	(82,203)	1,329,700	2,680	(2,364,876)	10,942,315
Motor vehicles									
- Owned	2,493,315	1,576,862	(181,507)	-	-	264,733	6,264	(1,065,367)	3,094,300
- Right-of-use assets	199,510	747,229	-	-	-	(66,733)	3,399	(168,382)	715,023
Capital work-in-progress	22,851,910	5,271,034	-	-	(26,050)	(24,121,643)	-	-	3,975,251
	117,917,225	10,909,508	(182,523)	(230,380)	(108,253)	(790,778)	16,741	(6,471,429)	121,060,111

NOTES TO THE FINANCIAL STATEMENTS

31 December 2023

cont'd

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

2022 Group	Balance as at 1.1.2022	Additions	Disposals	Termination	Written off	Reclassification	Translation adjustments	Depreciation charge for the year	Balance as at 31.12.2022
	RM	RM	RM	RM	RM	RM	RM	RM	RM
Carrying amount									
Freehold land	10,411,942	-	-	-	-	8,067,020	-	-	18,478,962
Long term leasehold land									
- Right-of-use assets	19,685,834	-	-	-	-	-	-	(352,393)	19,333,441
Buildings									
- Owned	20,829,235	20,693,212	-	-	-	-	-	(796,107)	40,726,340
- Right-of-use assets	326,303	724,682	-	(81,649)	-	-	(1,206)	(496,504)	471,626
Renovation	1,944,755	1,544,160	-	-	(1,893)	454,924	(452)	(674,240)	3,267,254
Furniture and fittings	825,604	91,800	(4,949)	-	(96)	-	179	(115,865)	796,673
Plant, machinery and equipment	9,066,018	2,178,292	(13,295)	-	(10,690)	355,987	(992)	(2,277,126)	9,298,194
Motor vehicles									
- Owned	2,307,395	1,236,166	(121,426)	-	(60,027)	41,887	(3,464)	(907,216)	2,493,315
- Right-of-use assets	299,889	89,388	-	-	-	(41,887)	(3,540)	(144,340)	199,510
Capital work-in-progress	17,901,557	14,669,272	-	-	(13,000)	(9,705,919)	-	-	22,851,910
	83,598,532	41,226,972	(139,670)	(81,649)	(85,706)	(827,988)	(9,475)	(5,763,791)	117,917,225

NOTES TO THE FINANCIAL STATEMENTS

31 December 2023

cont'd

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 25 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 2.5 years
Motor vehicles	5 years

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

	Group	
	2023	2022
	RM	RM
Purchase of property, plant and equipment	10,909,508	41,226,972
Financed by lease liabilities	(982,866)	(792,768)
Cash payments on purchase of property, plant and equipment	9,926,642	40,434,204

- (e) As at the end of the reporting period, freehold land and building of the Group with the total carrying amounts of RM16,067,020 and RM12,134,426 respectively have been charged to bank for credit facilities granted to the Group as disclosed in Note 20 to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2023

cont'd

6. INVESTMENT PROPERTY

Group	Balance as at 1.1.2023	Depreciation charge for the year	Balance as at 31.12.2023
Carrying amount	RM	RM	RM
Investment property	2,686,783	(28,304)	2,658,479
	← At 31.12.2023 →		
	Cost	Accumulated depreciation	Carrying amount
	RM	RM	RM
Investment property	2,800,000	(141,521)	2,658,479
Group	Balance as at 1.1.2022	Depreciation charge for the year	Balance as at 31.12.2022
Carrying amount	RM	RM	RM
Investment property	2,715,087	(28,304)	2,686,783
	← At 31.12.2022 →		
	Cost	Accumulated depreciation	Carrying amount
	RM	RM	RM
Investment property	2,800,000	(113,217)	2,686,783

(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 94 years (2022: 95 years).

(c) The Level 3 fair value of investment property is RM3,600,000 (2022: 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 RM78,520 (2022: RM78,000).

(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.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2023

cont'd

6. INVESTMENT PROPERTY *cont'd*

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

	Group	
	2023	2022
	RM	RM
Direct operating expenses	14,507	2,182

7. GOODWILL

	Group	
	2023	2022
	RM	RM
As at beginning of financial year/As at end of financial year	64,706,662	64,706,662

- (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	
	2023	2022
	RM	RM
TMSB	35,802,888	35,802,888
LCSB	25,897,266	25,897,266
LSSB	3,006,508	3,006,508
	64,706,662	64,706,662

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 eighteen 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.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2023
cont'd

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
Revenue growth rates (%)	6.18	5.64	5.96
Operating profit margins (%)	6.92	27.08	35.76
Pre-tax discount rate (%)	12.39	19.07	13.11

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 remaining 18 years (2022: 19 years) forecast period for LCSB as 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 CGUs and the country in which the CGUs operate.

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

- (d) Sensitivity to changes in assumptions

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

8. INTANGIBLE ASSETS

Group	Balance as at 1.1.2023 RM	Addition RM	Reclassification RM	Amortisation charge for the year RM	Balance as at 31.12.2023 RM
Carrying amount					
Computer software	1,322,746	43,678	790,778	(434,859)	1,722,343
Brand equity	4,000,000	-	-	-	4,000,000
Trade formulas	114,664,403	-	-	(6,142,736)	108,521,667
	119,987,149	43,678	790,778	(6,577,595)	114,244,010

NOTES TO THE FINANCIAL STATEMENTS

31 December 2023

cont'd

8. INTANGIBLE ASSETS *cont'd*

Group	← At 31.12.2023 →		
	Cost	Accumulated amortisation	Carrying amount
	RM	RM	RM
Computer software	3,791,062	(2,068,718)	1,722,344
Brand equity	4,000,000	-	4,000,000
Trade formulas	122,854,717	(14,333,051)	108,521,666
	130,645,779	(16,401,769)	114,244,010

Group	Balance as at 1.1.2022	Addition	Reclassification	Amortisation charge for the year	Balance as at 31.12.2022
	RM	RM	RM	RM	RM
Carrying amount					
Computer software	620,276	271,613	827,988	(397,131)	1,322,746
Brand equity	4,000,000	-	-	-	4,000,000
Trade formulas	120,807,138	-	-	(6,142,735)	114,664,403
	125,427,414	271,613	827,988	(6,539,866)	119,987,149

	← At 31.12.2022 →		
	Cost	Accumulated amortisation	Carrying amount
	RM	RM	RM
Computer software	2,956,605	(1,633,859)	1,322,746
Brand equity	4,000,000	-	4,000,000
Trade formulas	122,854,717	(8,190,314)	114,664,403
	129,811,322	(9,824,173)	119,987,149

- (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.
- (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 (2022: 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 (2022: 20 years).

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8. INTANGIBLE ASSETS *cont'd*

(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	
	2023	2022
Revenue growth rate	0.00%	0.00%
Operating profit margin	10.00%	9.00%
Pre-tax discount rate	10.28%	8.73%

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	
	2023	2022
	RM	RM
Unquoted equity shares, at cost	237,127,148	237,127,148
Less: Impairment losses	(3,660,807)	(3,660,807)
	233,466,341	233,466,341
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
	277,743,222	277,743,222

- (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(i) 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:

	2023	2022
	RM	RM
At the beginning of the year	3,660,807	3,180,768
Impairment losses	-	480,039
At the end of the year	3,660,807	3,660,807

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9. INVESTMENTS IN SUBSIDIARIES *cont'd*

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

	Lexis Chemical Sdn. Bhd.	Other individual immaterial subsidiaries	Total
	RM	RM	RM
2023			
NCI percentage of ownership interest and voting interest (%)	45%		
Carrying amount of NCI	75,832,859	3,965,540	79,798,399
Profit allocated to NCI	5,773,951	678,323	6,452,274
Other comprehensive income allocated to NCI	-	44,918	44,918
Total comprehensive income allocated to NCI	5,773,951	723,241	6,497,192
	Lexis Chemical Sdn. Bhd.	Other individual immaterial subsidiaries	Total
	RM	RM	RM
2022			
NCI percentage of ownership interest and voting interest (%)	45%		
Carrying amount of NCI	72,587,908	3,683,299	76,271,207
Profit allocated to NCI	4,544,366	1,078,594	5,622,960
Other comprehensive loss allocated to NCI	-	(25,367)	(25,367)
Total comprehensive income allocated to NCI	4,544,366	1,053,227	5,597,593

(e) 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:

	2023	2022
	RM	RM
Lexis Chemical Sdn. Bhd.		
Assets and liabilities		
Non-current assets	33,906,110	34,015,076
Current assets	70,415,574	59,709,482
Non-current liabilities	(7,495,710)	(8,647,468)
Current liabilities	(11,627,058)	(11,757,652)
Net assets	85,198,916	73,319,438

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9. INVESTMENTS IN SUBSIDIARIES *cont'd*

- (e) 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*

	2023 RM	2022 RM
Results		
Revenue	91,944,887	109,841,296
Profit for the financial year	17,499,478	16,323,232
Total comprehensive income	17,499,478	16,323,232
Cash flows from operating activities	22,219,963	14,699,124
Cash flows used in investing activities	(24,185,131)	(16,265,985)
Cash flows used in financing activities	(10,288,544)	(9,942,499)
Net decrease in cash and cash equivalents	(12,253,712)	(11,509,360)

- (f) Details of the subsidiaries are as follows:

Name of company	Country of incorporation/ Principal place of business	Effective interest in equity		Principal activities
		2023	2022	
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 and transport agent.
Lexis Chemical Sdn. Bhd.	Malaysia	55%	55%	Manufacturing of industrial chemical products.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2023
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9. INVESTMENTS IN SUBSIDIARIES *cont'd*

(f) Details of the subsidiaries are as follows: *cont'd*

Name of company	Country of incorporation/ Principal place of business	Effective interest in equity		Principal activities
		2023	2022	
Lexis Specialties Sdn. Bhd.	Malaysia	55%	55%	Engaged in supplying of industrial chemical products and related services.
Lexis Corporation Sdn. Bhd.	Malaysia	55%	55%	Dormant.

* Not audited by BDO PLT or BDO Member Firm

Audited by BDO Member Firm

10. OTHER INVESTMENTS

	Group	
	2023 RM	2022 RM
Equity securities:		
- Quoted shares in Malaysia	952,491	700,856
- Unquoted shares in Malaysia	110,001	110,001
	<u>1,062,492</u>	<u>810,857</u>

- (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 quoted 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.

NOTES TO THE FINANCIAL STATEMENTS

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11. DEFERRED TAX

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

	Note	Group	
		2023 RM	2022 RM
Balance as at 1 January		29,276,108	30,672,999
Recognised in profit or loss	24	(1,144,615)	(1,411,417)
Recognised in other comprehensive income		10,059	3,963
Translation adjustments		(16,669)	10,563
Balance as at 31 December		28,124,883	29,276,108

Presented after appropriate offsetting:

	Group	
	2023 RM	2022 RM
Deferred tax assets	(314,273)	(870,755)
Deferred tax liabilities	28,439,156	30,146,863
	28,124,883	29,276,108

- (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	Total
	RM	RM
Balance as at 1 January 2023	(870,755)	(870,755)
Recognised in profit or loss	563,092	563,092
Recognised in other comprehensive income	10,059	10,059
Translation adjustments	(16,669)	(16,669)
Balance as at 31 December 2023	(314,273)	(314,273)
Balance as at 1 January 2022	(598,017)	(598,017)
Recognised in profit or loss	(287,264)	(287,264)
Recognised in other comprehensive income	3,963	3,963
Translation adjustments	10,563	10,563
Balance as at 31 December 2022	(870,755)	(870,755)

NOTES TO THE FINANCIAL STATEMENTS

31 December 2023
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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: *cont'd*

Deferred tax liabilities of the Group

	Property, plant and equipment RM	Other temporary differences RM	Total RM
Balance as at 1 January 2023	252,749	29,894,114	30,146,863
Recognised in profit or loss	(1,710,890)	3,183	(1,707,707)
Balance as at 31 December 2023	(1,458,141)	29,897,297	28,439,156
Balance as at 1 January 2022	1,387,136	29,883,880	31,271,016
Recognised in profit or loss	(1,134,387)	10,234	(1,124,153)
Balance as at 31 December 2022	252,749	29,894,114	30,146,863

12. INVENTORIES

	Group	
	2023 RM	2022 RM
At cost		
Raw materials	19,627,015	22,645,060
Consumables	840,329	756,167
Finished goods	12,082,770	9,725,027
Trading goods	32,068,428	32,798,763
	64,618,542	65,925,017
At net realisable value		
Raw materials	120,615	198,869
Consumables	-	647,844
Finished goods	288,031	698,916
Trading goods	1,495,936	485,459
	1,904,582	2,031,088
	66,523,124	67,956,105

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

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12. INVENTORIES *cont'd*

- (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 RM513,293,634 (2022: RM654,316,549).
- (d) During the financial year, the amounts of inventories written down of the Group recognised as expenses amounted to RM733,376 (2022: RM417,330).
- (e) During the financial year, the Group had recognised a reversal of RM467,328 (2022: RM1,393,205), 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 of the Group recognised as expenses amounted to RM3,748,636 (2022: RM2,033,861).

13. TRADE AND OTHER RECEIVABLES

	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
Trade receivables				
Third parties	104,530,564	107,701,546	-	-
Less: Impairment losses	(2,374,141)	(2,814,452)	-	-
Total trade receivables	102,156,423	104,887,094	-	-
Other receivables				
Amounts owing by subsidiaries	-	-	5,751	5,501
Third parties	7,748,980	6,610,160	2,195	2,195
Less: Impairment losses	(64,547)	-	-	-
Total other receivables	7,681,433	6,610,160	7,946	7,696
Total receivables	109,837,856	111,497,254	7,946	7,696
Prepayments	561,959	189,602	-	-
Derivative assets	-	1,473	-	-
	110,399,815	111,688,329	7,946	7,696

- (a) Total receivables are classified as financial assets measured at amortised costs. In the previous financial year, derivative assets were classified as financial assets at fair value through profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2023
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13. TRADE AND OTHER RECEIVABLES *cont'd*

- (b) Trade receivables are non-interest bearing and the normal trade credit terms granted by the Group ranged from 0 to 120 days (2022: 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, the 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.

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

	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
Ringgit Malaysia	79,738,513	83,047,905	2,195	2,195
United States Dollar	23,122,407	19,244,420	-	-
Indonesian Rupiah	4,667,480	7,448,466	-	-
Thailand Baht	1,233,029	-	-	-
Chinese Yuan Renminbi	1,146,173	1,117,818	-	-
Singapore Dollar	41,527	565,914	-	-
Euro	1,230	5,584	-	-
Australian Dollar	-	67,147	-	-
Vietnamese Dong	-	-	5,751	5,501
	109,950,359	111,497,254	7,946	7,696

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13. TRADE AND OTHER RECEIVABLES *cont'd*

- (f) 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	
	2023 RM	2022 RM	2023 RM	2022 RM
Effects of 10% changes to RM against foreign currencies				
Profit after tax				
- United States Dollar	1,757,303	1,462,576	-	-
- Indonesian Rupiah	354,728	566,083	-	-
- Thailand Baht	93,710	-	-	-
- Chinese Yuan Renminbi	87,109	84,954	-	-
- Singapore Dollar	3,156	43,009	-	-
- Euro	93	424	-	-
- Australian Dollar	-	5,103	-	-
- Vietnamese Dong	-	-	588	55

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

Group	Gross RM	Impaired RM	Total RM
2023			
Current	66,578,149	(24,763)	66,553,386
Past due			
1 to 30 days	27,353,729	(28,617)	27,325,112
31 to 60 days	4,245,274	(9,405)	4,235,869
61 to 90 days	1,479,570	(5,172)	1,474,398
91 to 120 days	1,356,908	(90,802)	1,266,106
More than 120 days	3,516,934	(2,215,382)	1,301,552
	37,952,415	(2,349,378)	35,603,037
	104,530,564	(2,374,141)	102,156,423

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13. TRADE AND OTHER RECEIVABLES *cont'd*

(g) The ageing analysis of trade receivables of the Group is as follows: *cont'd*

	Gross RM	Impaired RM	Total RM
2022			
Current	72,225,347	(17,008)	72,208,339
Past due			
1 to 30 days	24,282,718	(31,500)	24,251,218
31 to 60 days	4,978,601	(28,775)	4,949,826
61 to 90 days	2,637,480	(47,827)	2,589,653
91 to 120 days	430,878	(77,294)	353,584
More than 120 days	3,146,522	(2,612,048)	534,474
	35,476,199	(2,797,444)	32,678,755
	107,701,546	(2,814,452)	104,887,094

(h) 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.

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.

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13. TRADE AND OTHER RECEIVABLES *cont'd*

(h) *cont'd*

The reconciliation of movements in impairment losses of the Group is as follows:

	ECL - not credit impaired RM	ECL - credit impaired RM	Total
Trade receivables			
Balance as at 1 January 2023	158,759	2,655,693	2,814,452
Charge for the year	9,841	755,300	765,141
Reversal during the year	-	(688,390)	(688,390)
Written off during the year	-	(540,294)	(540,294)
Translation adjustment	-	23,232	23,232
Balance as at 31 December 2023	168,600	2,205,541	2,374,141
Balance as at 1 January 2022	419,163	1,753,724	2,172,887
Charge for the year	-	1,008,494	1,008,494
Reversal during the year	(260,404)	(92,366)	(352,770)
Translation adjustment	-	(14,159)	(14,159)
Balance as at 31 December 2022	158,759	2,655,693	2,814,452

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.

- (i) 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.

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13. TRADE AND OTHER RECEIVABLES *cont'd*

(i) *cont'd*

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.

The reconciliation of movements in impairment losses of the Group is as follows:

	ECL - credit impaired RM	Total RM
Other receivables		
Balance as at 1 January 2023	-	-
Charge for the financial year	64,547	64,547
Balance as at 31 December 2023	64,547	64,547

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

	← Group →			
	2023		2022	
	RM	% of total	RM	% of total
By country				
Malaysia	11,871,404	11	6,618,853	6
Australia	3,051,196	3	5,214,613	5
Thailand	2,722,090	3	-	-
	17,644,690	17	11,833,466	11

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 five (5) major customers representing approximately 17% (2022: three (3) major customers representing approximately 22%) 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.

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:

	2023 RM	2022 RM
Maximum exposure	104,530,564	107,701,546
Collateral obtained	(47,526,964)	(52,053,613)
Net exposure	57,003,600	55,647,933

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

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13. TRADE AND OTHER RECEIVABLES *cont'd*

- (j) The credit risk concentration profile of the trade receivables at the end of the reporting period are as follows:
cont'd

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	
	2023	2022	2023	2022
	RM	RM	RM	RM
Cash and bank balances	57,670,451	75,418,756	117,798	132,710
Deposits with licensed banks	195,000,022	148,857,829	27,501,986	27,089,018
	252,670,473	224,276,585	27,619,784	27,221,728

- (a) Deposits with licensed banks of the Group and of the Company have an average maturity period of 121 and 152 days respectively (2022: 75 and 86 days).
- (b) The currency exposure profile of cash and bank balances are as follows:

	Group		Company	
	2023	2022	2023	2022
	RM	RM	RM	RM
Ringgit Malaysia	214,954,170	116,662,764	27,619,784	27,221,728
United States Dollar	24,928,825	97,713,629	-	-
Thailand Baht	4,108,717	-	-	-
Indonesian Rupiah	3,360,146	4,173,917	-	-
Chinese Yuan Renminbi	3,150,638	4,129,561	-	-
Singapore Dollar	2,052,237	1,499,891	-	-
Australian Dollar	63,973	-	-	-
Vietnamese Dong	51,767	96,823	-	-
	252,670,473	224,276,585	27,619,784	27,221,728

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cont'd

14. CASH AND BANK BALANCES *cont'd*

- (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	
	2023	2022
	RM	RM
Effects of 10% changes to RM against foreign currencies		
Profit after tax		
- United States Dollar	1,894,591	7,426,236
- Thailand Baht	312,262	-
- Indonesian Rupiah	255,371	317,218
- Chinese Yuan Renminbi	239,448	313,847
- Singapore Dollar	155,970	113,992
- Australian Dollar	4,862	-
- Vietnamese Dong	3,934	7,358

- (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	
	2023	2022	2023	2022
Fixed rates	3.51%	3.04%	3.47%	2.96%

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.

15. SHARE CAPITAL

	Group and Company			
	2023		2022	
	Number of shares	RM	Number of shares	RM
Issued and fully paid up ordinary shares with no par value				
Balance as at 1 January/31 December	1,069,866,119	298,077,797	1,069,866,119	298,077,797

- (a) 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.

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15. SHARE CAPITAL *cont'd*

(b) Treasury shares

As at 31 December 2023, a total of 100,000 (2022: 100,000) treasury shares at a total cost of RM70,536 (2022: RM70,536) 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 2023 net of treasury shares is 1,069,766,119 (2022: 1,069,766,119).

16. RESERVES

	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
Non-distributable:				
Exchange translation reserve	547,705	(54,044)	-	-
Fair value reserve	767,151	515,515	-	-
	1,314,856	461,471	-	-
Distributable:				
Retained earnings	234,226,820	214,248,714	7,057,373	6,676,697
	235,541,676	214,710,185	7,057,373	6,676,697

(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	
	2023 RM	2022 RM
Present value of unfunded defined benefit obligations	759,346	679,721

NOTES TO THE FINANCIAL STATEMENTS

31 December 2023
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17. RETIREMENT BENEFITS *cont'd*

- (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.
- (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	
		2023 RM	2022 RM
Balance as at 1 January		679,721	658,106
Recognised in profit or loss			
Current service costs		82,335	85,848
Interest on obligation		47,614	43,756
Past service costs		(8,184)	(62,406)
Benefit paid	27	121,765 (34,708)	67,198 (2,841)
		87,057	64,357
Recognised in other comprehensive income			
Actuarial loss arising from changes in financial assumptions		(45,723)	(18,012)
Translation adjustments		38,291	(24,730)
Balances as at 31 December		759,346	679,721

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	
	2023 %	2022 %
Discount rate	6.71	7.07
Expected rate of average salary increases	9.00	9.00

NOTES TO THE FINANCIAL STATEMENTS

31 December 2023

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17. RETIREMENT BENEFITS *cont'd*

- (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	
	2023	2022
	RM	RM
Discount rate increases by 1%	(41,260)	(38,815)
Discount rate decreases by 1%	45,489	42,702
Future average salary growth increases by 1%	40,513	38,531
Future average salary growth decreases by 1%	(37,612)	(35,862)

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.

	Balance as at 1.1.2023	Additions	Depreciation charge for the year	Reclassification	Termination	Translation adjustments	Balance as at 31.12.2023
2023	RM	RM	RM	RM	RM	RM	RM
Leasehold land	19,333,441	-	(352,395)	-	-	-	18,981,046
Buildings	471,626	294,685	(287,633)	-	(230,380)	3,424	251,722
Motor vehicles	199,510	747,229	(168,382)	(66,733)	-	3,399	715,023
	20,004,577	1,041,914	(808,410)	(66,733)	(230,380)	6,823	19,947,791

	Balance as at 1.1.2022	Additions	Depreciation charge for the year	Reclassification	Termination	Translation adjustments	Balance as at 31.12.2022
2022	RM	RM	RM	RM	RM	RM	RM
Leasehold land	19,685,834	-	(352,393)	-	-	-	19,333,441
Buildings	326,303	724,682	(496,504)	-	(81,649)	(1,205)	471,626
Motor vehicles	299,889	89,388	(144,340)	(41,887)	-	(3,540)	199,510
	20,312,026	814,070	(993,237)	(41,887)	(81,649)	(4,745)	20,004,577

NOTES TO THE FINANCIAL STATEMENTS

31 December 2023
cont'd

18. LEASES *cont'd*

The Group as lessee *cont'd*

Lease liabilities

	Group	
	2023	2022
	RM	RM
Lease liabilities		
Non-current liabilities	508,852	160,287
Current liabilities	399,427	682,652
Total lease liabilities	908,279	842,939
Lease liabilities owing to:		
- financial institutions	198,869	194,063
- non-financial institutions	709,410	648,876
	908,279	842,939

- (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.
- (b) The lease liabilities are 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 liabilities 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.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2023

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18. LEASES cont'd

The Group as lessee cont'd

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

2023	Balance as at 1.1.2023	Additions	Lease payments	Interest expenses	Termination	Translation adjustments	Balance as at 31.12.2023
	RM	RM	Principal RM	Interest RM	RM	RM	RM
Leasehold land	139,123	-	(97,156)	(4,844)	-	-	41,967
Buildings	478,985	294,685	(288,802)	(9,078)	(235,253)	3,524	253,139
Motor vehicles	224,831	688,181	(302,308)	(27,235)	-	2,469	613,173
	842,939	982,866	(688,266)	(41,157)	(235,253)	5,993	908,279

2022	Balance as at 1.1.2022	Additions	Lease payments	Interest expenses	Termination	Translation adjustments	Balance as at 31.12.2022
	RM	RM	Principal RM	Interest RM	RM	RM	RM
Leasehold land	231,458	-	(92,335)	(9,663)	-	-	139,123
Buildings	342,729	724,682	(503,902)	(24,058)	(83,249)	(1,275)	478,985
Motor vehicles	308,137	68,086	(148,827)	(8,445)	-	(2,565)	224,831
	882,324	792,768	(745,064)	(42,166)	(83,249)	(3,840)	842,939

NOTES TO THE FINANCIAL STATEMENTS

31 December 2023
cont'd

18. LEASES *cont'd*

The Group as lessee *cont'd*

- (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	
	2023 RM	2022 RM
Depreciation charge of right-of-use assets	808,410	993,237
Interest expense on lease liabilities	41,157	42,166
Expenses relating to short-term leases	480,570	1,047,569
Expenses relating to leases of low value assets	60,853	31,752
Gain on termination of lease	(4,873)	(1,600)
	1,386,117	2,113,124

- (f) The weighted average incremental borrowing rate applied to the lease liabilities is 3.94% (2022: 4.12%).
- (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 2023				
Lease liabilities	399,427	508,852	-	908,279
31 December 2022				
Lease liabilities	682,652	160,287	-	842,939

- (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	Within one (1) year RM	One (1) to five (5) years RM	More than five (5) years RM	Total RM
31 December 2023				
Lease liabilities	435,767	533,879	-	969,646
31 December 2022				
Lease liabilities	700,405	163,288	-	863,693

NOTES TO THE FINANCIAL STATEMENTS

31 December 2023

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18. LEASES *cont'd*

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	
	2023 RM	2022 RM
Less than one (1) year	81,900	65,000
One (1) to two (2) years	70,980	2,516
	152,880	67,516

19. TRADE AND OTHER PAYABLES

	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
Trade payables				
Third parties	36,538,859	32,463,598	-	-
Other payables				
Other payables	3,614,758	3,313,150	47,700	-
Accruals	5,131,156	5,876,253	261,000	307,258
Total other payables	8,745,914	9,189,403	308,700	307,258
Total payables	45,284,773	41,653,001	308,700	307,258
Derivative liabilities	57,124	71,092	-	-
	45,341,897	41,724,093	308,700	307,258

- (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 (2022: 0 to 90 days) from date of invoice.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2023
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19. TRADE AND OTHER PAYABLES *cont'd*

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

	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
Ringgit Malaysia	27,156,591	27,052,091	308,700	307,258
United States Dollar	17,686,461	13,925,459	-	-
Indonesian Rupiah	186,682	306,911	-	-
Chinese Yuan Renminbi	152,409	243,162	-	-
Vietnam Dong	62,145	89,449	-	-
Singapore Dollar	36,022	35,929	-	-
Thailand Baht	4,463	-	-	-
	45,284,773	41,653,001	308,700	307,258

(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.

(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	
	2023 RM	2022 RM
Effects of 10% changes to RM against foreign currencies		
Profit after tax		
- United States Dollar	1,344,171	1,058,335
- Indonesian Rupiah	14,188	23,325
- Chinese Yuan Renminbi	11,583	18,480
- Vietnam Dong	4,723	6,798
- Singapore Dollar	2,738	2,731
- Thailand Baht	339	-

(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.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2023

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19. TRADE AND OTHER PAYABLES *cont'd*

- (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 2023				
United States Dollar	1,010,513	4,689,456	4.64	10.01.2024 - 31.01.2024
31 December 2022				
United States Dollar	932,951	4,165,560	4.46	03.01.2023 - 31.03.2023

20. BORROWINGS

	Group	
	2023 RM	2022 RM
Non-current liabilities		
Term loans	12,016,542	14,895,144
Current liabilities		
Trade finance	35,736,543	37,114,243
Term loans	2,994,895	3,322,974
	38,731,438	40,437,217
Total borrowings		
Trade finance	35,736,543	37,114,243
Term loans	15,011,437	18,218,118
	50,747,980	55,332,361

- (a) Borrowings are classified as financial liabilities measured at amortised cost.
- (b) The secured borrowings of the Group are secured by the following:
- 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.
 - a fixed charge over certain land and building of the Group as disclosed in Note 5 to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2023
cont'd

20. BORROWINGS *cont'd*

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

	Group	
	2023	2022
	RM	RM
Ringgit Malaysia	46,762,254	44,285,506
Indonesia Rupiah	3,985,726	5,451,025
United States Dollar	-	5,595,830
	50,747,980	55,332,361

(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	
	2023	2022
	RM	RM
Effects of 10% changes to RM against foreign currencies		
Profit after tax		
- Indonesia Rupiah	302,915	414,278
- United States Dollar	-	425,283

(e) The weighted average effective interest rates of trade finance and term loan of the Group is 4.7% and 4.11% (2022: 5.50% and 2.60%) respectively per annum.

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

	Group	
	2023	2022
	RM	RM
Floating rate	50,747,980	55,332,361

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.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2023
cont'd

20. BORROWINGS *cont'd*

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

Group	Within one (1) year	One (1) to five (5) years	Over five (5) years	Total
Financial liabilities	RM	RM	RM	RM
Borrowings				
31 December 2023	38,731,438	8,266,700	3,749,842	50,747,980
31 December 2022	40,437,217	10,550,480	4,344,664	55,332,361

- (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	One (1) to five (5) years	Over five (5) years	Total
Financial liabilities	RM	RM	RM	RM
Borrowings				
31 December 2023	39,668,643	9,409,532	4,056,987	53,135,162
31 December 2022	41,510,240	11,921,866	4,262,930	57,695,036

21. REVENUE

	Group		Company	
	2023	2022	2023	2022
	RM	RM	RM	RM
Revenue from contracts with customers	653,527,074	802,770,754	-	-
Other revenue:				
- Dividend income	-	-	17,480,000	22,765,000
	653,527,074	802,770,754	17,480,000	22,765,000
Revenue from contracts with customers is recognised as follows:				
At point in time	653,527,074	802,770,754	-	-

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.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2023
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21. REVENUE *cont'd*

(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.

22. FINANCE COSTS

	Note	Group	
		2023 RM	2022 RM
Lease liabilities	18(c)	41,157	42,166
Trade finance interest		1,929,748	2,132,518
Term loan interest		616,538	473,049
		<u>2,587,443</u>	<u>2,647,733</u>

23. PROFIT BEFORE TAX

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

	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
After charging:				
Auditors' remuneration:				
- Statutory audit:				
- current year	428,054	406,601	89,000	86,000
- over provision in prior year	6,000	-		
- Non statutory audit:				
- current year	9,000	5,000	5,000	5,000
Bad debts written off	13,340	-	-	-
Directors' remuneration:				
- Executive Directors of the Company				
- fees	40,000	40,000	-	-
- salaries and other remuneration	2,420,349	2,383,237	-	-
- benefits-in-kind	25,400	25,400	-	-

NOTES TO THE FINANCIAL STATEMENTS

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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	
	2023 RM	2022 RM	2023 RM	2022 RM
After charging: <i>cont'd</i>				
Directors' remuneration: <i>cont'd</i>				
- Non-executive Directors of the Company				
- fees	150,000	150,000	150,000	150,000
- other remuneration	15,000	15,000	15,000	15,000
- Executive Directors of subsidiaries				
- fees	70,000	93,219	-	-
- salaries and other remuneration	4,923,703	5,300,532	-	-
- benefits-in-kind	25,471	18,700	-	-
- Non-executive Director of a subsidiary				
- fees	10,195	9,574	-	-
- Key Management Personnel of subsidiaries				
- salaries and other remuneration	1,372,438	864,313	-	-
- benefits-in-kind	28,500	20,795	-	-
Net loss on changes in fair value of forward exchange contracts	-	51,498	-	-
Loss on foreign exchange:				
- realised	155,380	23,129	-	-
- unrealised	466,697	1,980,550	-	91
And crediting:				
Dividend income:				
- quoted investment	6,635	69,274	-	-
- unquoted investment	176,000	-	-	-
- subsidiaries	-	-	17,480,000	22,765,000
Net gain on changes in fair value of forward exchange contracts	12,495	-	-	-
Gain on disposal of property, plant and equipment	387,097	267,283	-	-
Gain on foreign exchange:				
- realised	1,925,184	5,037,169	91	373
- unrealised	5,093	223,934	160	-
Gain on termination of lease	4,873	1,600	-	-
Interest income from deposits with financial institutions	4,639,410	1,911,343	849,706	513,558
Rental income	114,520	96,000	-	-
Bad debt recovered	51,086	-	-	-

(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.

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24. TAX EXPENSE

	Note	Group		Company	
		2023 RM	2022 RM	2023 RM	2022 RM
Current tax expense based on profit for the financial year:					
Malaysian income tax		15,349,046	18,203,721	200,612	121,680
Foreign income tax		-	24,829	-	-
Under provision in prior years		8,905	496,111	-	-
		15,357,951	18,724,661	200,612	121,680
Deferred tax					
Relating to origination and reversal of temporary differences		(1,350,826)	(1,320,468)	-	-
Under/(Over) provision in prior years		206,211	(90,949)	-	-
	11	(1,144,615)	(1,411,417)	-	-
		14,213,336	17,313,244	200,612	121,680

- (a) Malaysian income tax is calculated at the statutory tax rate of twenty-four percent (24%) (2022: 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	
	2023 RM	2022 RM	2023 RM	2022 RM
Profit before tax	57,726,942	68,615,518	17,697,546	22,177,621
Tax expense at the rate of 24% (2022: 24%)	13,854,466	16,467,724	4,247,411	5,322,629
Tax effects in respect of:				
Differences in tax rates of foreign jurisdictions	4,501	4,668	-	-
Expiry of tax losses	-	(11,066)	-	-
Deferred tax asset not recognised	17,127	-	-	-
Utilisation of deferred tax asset previously not recognised	-	(113,456)	-	-
Non-allowable expenses	643,332	785,965	151,769	262,651
Tax exempt income	(521,206)	(225,753)	(4,198,568)	(5,463,600)
	13,998,220	16,908,082	200,612	121,680

NOTES TO THE FINANCIAL STATEMENTS

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24. TAX EXPENSE *cont'd*

- (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: *cont'd*

	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
Under/(Over) provision in prior years:				
- current tax	8,905	496,111	-	-
- deferred tax	206,211	(90,949)	-	-
	14,213,336	17,313,244	200,612	121,680

- (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	
	2023 RM	2022 RM
Unused tax losses		
- No expiry	78,158	6,796
- Expires by 31 December 2024	9,613	9,613
- Expires by 31 December 2025	9,520	9,520
- Expires by 31 December 2026	4,555	4,555
	101,846	30,484

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.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2023
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24. TAX EXPENSE *cont'd*

(e) Tax on each component of other comprehensive income is as follows:

2023	Before tax RM	Group	
		Tax effect RM	After tax RM
Items that may be reclassified subsequently to profit or loss			
Foreign currency translations	644,035	-	644,035
Items that will not be reclassified subsequently to profit or loss			
Remeasurement of defined benefit obligations	45,723	(10,059)	35,664
Fair value gain on equity investments at fair value through other comprehensive income	251,636	-	251,636
	297,359	(10,059)	287,300
<hr/>			
2022	Before tax RM	Group	
		Tax effect RM	After tax RM
Items that may be reclassified subsequently to profit or loss			
Foreign currency translations	(292,603)	-	(292,603)
Items that will not be reclassified subsequently to profit or loss			
Remeasurement of defined benefit obligations	18,012	(3,963)	14,049
Fair value loss on equity investments at fair value through other comprehensive income	(1,120,357)	-	(1,120,357)
	(1,102,345)	(3,963)	(1,106,308)

25. EARNINGS PER SHARE

	Group	
	2023	2022
Profit for the financial year attributable to ordinary equity holders of the parent (RM)	37,061,332	45,679,314
Weighted average number of ordinary shares in issue	1,069,766,119	1,069,766,119
Earnings per ordinary share (sen)		
- Basic	3.46	4.27
- Diluted	3.46	4.27

NOTES TO THE FINANCIAL STATEMENTS

31 December 2023

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25. EARNINGS PER SHARE *cont'd*

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	
	2023	2022
	RM	RM
Second single-tier interim dividend of 1.00 sen per ordinary share in respect of the financial year ended 31 December 2022	10,697,661	-
First single-tier interim dividend of 0.60 sen per ordinary share in respect of the financial year ended 31 December 2023	6,418,597	-
Third single-tier interim dividend of 1.00 sen per ordinary share in respect of the financial year ended 31 December 2021	-	10,697,661
First single-tier interim dividend of 1.00 sen per ordinary share in respect of the financial year ended 31 December 2022	-	10,697,661
	17,116,258	21,395,322

Subsequent to the financial year, the Board of Directors of the Company had on 22 February 2024 declared a second single-tier interim dividend of 0.80 sen per ordinary share amounting to RM8,558,129 for the financial year ended 31 December 2023. 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 2024.

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

27. EMPLOYEE BENEFITS

	Note	Group	
		2023	2022
		RM	RM
Salaries, wages and bonuses		26,020,187	25,455,482
Defined contribution plan		2,861,012	2,793,061
Defined benefit obligations	17	121,765	67,198
Others employee benefits		1,489,360	1,490,757
		30,492,324	29,806,498

NOTES TO THE FINANCIAL STATEMENTS

31 December 2023
cont'd

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	
	2023 RM	2022 RM
Dividend income received/receivable from subsidiaries	17,480,000	22,765,000

The related party transaction described above was carried out based on negotiated terms and conditions and are mutually agreed with respective party.

(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 include the Directors of the Group and of the Company, whether executive or otherwise, and their remuneration for the financial year were as follows:

	Group	
	2023 RM	2022 RM
Fees	270,195	292,793
Short-term employee benefits	7,597,742	7,582,342
Defined contribution plan	861,393	841,701
Defined benefit obligations	77,350	68,165
Others	195,005	70,874
	9,001,685	8,855,875
Benefits-in-kind	79,371	64,895
	9,081,056	8,920,770

NOTES TO THE FINANCIAL STATEMENTS

31 December 2023
cont'd

29. CAPITAL COMMITMENTS

	Group	
	2023 RM	2022 RM
Approved and contracted for		
Purchase of:		
- property, plant and equipment	2,258,359	4,129,547
- intangible assets	138,629	113,961
Approved but not contracted for		
Purchase of property, plant and equipment	2,967,734	7,388,138
Purchase of intangible assets	532,132	-

30. FINANCIAL GUARANTEE CONTRACTS

	Company	
	2023 RM	2022 RM
Unsecured		
Financial guarantees given to financial institutions for credit facilities granted to subsidiaries:		
- Limit of guarantee	374,819,337	385,363,684
- Amount utilised	50,747,980	55,532,361

- (a) The Company provides financial guarantees to banks for credit facilities granted to certain subsidiaries. The fair value of such guarantees is negligible as the probability of the subsidiaries defaulting on the credit lines is remote.
- (b) The maximum exposure to credit risk in relation to financial guarantee contracts provided as credit enhancements to the secured loans of subsidiaries amounts to RM50,747,981 representing the outstanding banking facilities of the subsidiaries as at the end of the reporting period.
- (c) The Company assumes that there is a significant increase in credit risk when the financial position of the subsidiary deteriorates significantly. The Company considers a financial guarantee to be credit impaired when:
- (i) the subsidiary is unlikely to repay its credit obligation to the bank in full; or
 - (ii) the subsidiary is continuously loss making and is having a deficit shareholders' fund.

The Company determines the probability of default of the guaranteed loans individually using internal information available.

The subsidiaries defaulting on the credit lines is remote. Consequently, the Company is of the view that the loss allowance is not material and hence, it is not provided for.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2023
cont'd

30. FINANCIAL GUARANTEE CONTRACTS *cont'd*

- (d) The table below summarises the maturity profile of the financial guarantee contracts of the Company at the end of the reporting period based on contractual undiscounted repayment obligations:

Company Financial liabilities	On demand or within one (1) year RM	Total RM
Financial Guarantee Contracts		
31 December 2023	50,747,980	50,747,980

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 2023 and 31 December 2022.

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	
	2023 RM	2022 RM	2023 RM	2022 RM
Borrowings	50,747,980	55,332,361	-	-
Trade and other payables	45,284,773	41,653,001	308,700	307,258
Total liabilities	96,032,753	96,985,362	308,700	307,258
Less: Cash and bank balances	(252,670,473)	(224,276,585)	(27,619,784)	(27,221,728)
Net surplus	(156,637,720)	(127,291,223)	(27,311,084)	(26,914,470)
Total capital	533,548,937	512,717,446	305,064,634	304,683,958
Net surplus	(156,637,720)	(127,291,223)	(27,311,084)	(26,914,470)
	376,911,217	385,426,223	277,753,550	277,724,488
Gearing ratio	N/A	N/A	N/A	N/A

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 2023.

The Group is not subject to any other externally imposed capital requirements.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2023

cont'd

31. CAPITAL AND FINANCIAL RISK MANAGEMENT *cont'd*

(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.

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 and financial guarantee contracts are disclosed in Notes 13 and 30 to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2023
cont'd

31. CAPITAL AND FINANCIAL RISK MANAGEMENT *cont'd*

(b) Financial risk management *cont'd*

(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, 20 and 30 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. MATERIAL LITIGATION

A subsidiary of the Company, Luxchem Trading Sdn. Bhd. ("LTSB") filed a claim against Central Spectrum (M) Sdn. Bhd. ("Spectrum") for breach of the Sale and Purchase Agreement ("SPA") dated 29 January 2014 entered between LTSB and Spectrum and sought for, amongst others, a declaration that the purported delivery of vacant possession by Spectrum on 10 September 2018 is null, void and no effect, a declaration that Spectrum has not delivered vacant possession of the land to LTSB in full compliance with the SPA and LTSB is entitled to claim for liquidated ascertained damages ("LAD") of RM4.9 million calculated as at 31 January 2021 and further LAD at the rate of 10% per annum calculated on the purchase price of RM14.6 million until the date of delivery of actual vacant possession. In the alternative, LTSB claimed for special damages in the sum of RM1.1 million calculated at 31 July 2021, general damages and further special damages and general damages for breach of the SPA to be assessed and determined by the Court after the trial, interest and costs. The full trial is now fixed for continued hearing on 14 April 2025 and 15 April 2025.

33. SIGNIFICANT EVENT SUBSEQUENT TO THE END OF THE REPORTING PERIOD

On 22 February 2024, the Company and Hurco Marketing Sdn Bhd ("HMSB") had entered into a Share Sale Agreement ("SSA") in respect of the acquisition of 100% equity interest in HMSB. The SSA entails the acquisition by the Company for all the business of HMSB for a total consideration of RM1,560,000. A total of RM78,000 had been deposited by the Company to HMSB upon execution of the agreement. The acquisition is expected to be completed by financial year ending 31 December 2024 subject to the fulfillment of all conditions precedent as stated in the SSA and accordingly, HMSB will be a wholly-owned subsidiary of the Company.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2023

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34. 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 to the MFRS Framework that were issued by the Malaysian Accounting Standards Board (“MASB”) during the financial year:

Title	Effective Date
MFRS 17 <i>Insurance Contracts</i>	1 January 2023
Amendments to MFRS 17 <i>Initial Application of MFRS 17 and MFRS 9 - Comparative Information</i>	1 January 2023
Amendments to MFRS 101 <i>Disclosure of Accounting Policies</i>	1 January 2023
Amendments to MFRS 108 <i>Definition of Accounting Estimates</i>	1 January 2023
Amendments to MFRS 112 <i>Deferred tax related to Assets and Liabilities arising from a Single Transaction</i>	1 January 2023
Amendments to MFRS 112 <i>International Tax Reform – Pillar Two Model Rules</i>	Refer paragraph 98M of MFRS 112

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 2024

The following are Amendments to the MFRS Framework that have been issued by MASB but have not been early adopted by the Group and the Company:

Title	Effective Date
Amendments to MFRS 16 <i>Lease Liability in a Sale and Leaseback</i>	1 January 2024
Amendments to MFRS 101 <i>Classification of Liabilities as Current or Non-current</i>	1 January 2024
Amendments to MFRS 101 <i>Non-current Liabilities with Covenants</i>	1 January 2024
Amendments to MFRS 107 and MFRS 7 <i>Supplier Finance Arrangements</i>	1 January 2024
Amendments to MFRS 121 <i>Lack of Exchangeability</i>	1 January 2025
Amendments to MFRS 10 and MFRS 128 <i>Sale or Contribution of Assets between an Investor and its Associate or Joint Venture</i>	Deferred

The Group and the Company are in the process of assessing the impact of implementing these Amendments, since the effects would only be observable for future financial years.

LIST OF PROPERTIES

As at 31 December 2023

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 2023 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	46 years/ freehold	-	Shoplot (4 storey mid terraced shop- office)/office	1,650/ 5,446	RM611,865/ April 08, 1991	394,493
2.	Lot 3385, Jalan Banting Pandamaran, 42000 Port Klang, Selangor Darul Ehsan/ No. G.M 1708, Lot 3385, Mukim Klang, Klang, Selangor	28 years/ freehold	-	Warehouse	80,150/ 32,400	RM2,978,359/ August 30, 1991	1,796,496
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	38 years/ leasehold/ March 22, 2045	22	Office/Store	10,000/ 6,500	RM519,816/ February 06, 1992	218,569
4.	No. 3, Jalan TTC 30, Taman Teknologi Cheng, 75250 Fasa 4A, Melaka/ PN 20123, Lot 4819 Mukim Cheng, District of Melaka Tengah, Melaka	25 years/ leasehold August 14, 2096	73	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	8,206,551

LIST OF PROPERTIES

As at 31 December 2023

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 2023 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	13 years/ leasehold/ November 03, 2058	35	Industrial land/ factory warehouse	87,120/ 49,776	RM3,856,664/ March 28, 1997 RM2,525,526/ June 01, 2017	4,834,002
6.	No. 4, Jalan Bistari 4, Taman Industri Jaya, 81300 Skudai, Johor Darul Takzim/ PN 13419, Lot 56749, Mukim of Pulai, Johor Bahru, Johor	25 years/ leasehold/ September 03, 2911	888	1 1/2 storey semi- detached factory	21,780/ 17,403	RM1,468,495/ March 28, 2005 RM58,456/ April 27, 2023	1,214,266
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	46 years/ freehold	-	Shoplot (4 storey mid terraced shop- office)/office	1,650/ 5,446	RM1,800,000/ June 22, 2005	1,653,333
8.	Lot P2, Lumut Port Industrial Park, 32000 Sitiawan, Perak Darul Ridzuan/ PN 296183, Lot 15592, Mukim of Lumut, District of Manjung, Perak	17 years/ leasehold/ July 09, 2105	82	Industrial land/ factory warehouse office building	67,608/ 45,302	RM3,900,000/ July 15, 2011 RM604,200/ July 1, 2020 RM18,000/ October 1, 2020 RM58,276/ December 1, 2020	3,508,389
9.	Lot 23, Phase 3A, Pulau Indah Industrial Park P.N 7935, Lot No. 74078, District and Mukim of Klang, Selangor	6 years/ leasehold/ February 24, 2097	74	Industrial land Warehouse	366,775 140,672	RM14,671,008/ September 14, 2017 RM14,639,598/ July 1, 2023	13,918,234 14,524,171
10.	Lot 23a (DBKK No. 6) Bigwheel Industrial Park Mile 7 1/2, Menggatal Jalan Tuaran 88450 Kota Kinabalu, Sabah	4 years/ leasehold/ *December 3, 2117	94	Semi- detached 3-storey 4-in-1 corporate office, showroom, factory & warehouse	8,581/ 5,766	RM2,800,000 December 21, 2018	2,658,479

LIST OF PROPERTIES

As at 31 December 2023
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 2023 RM
11.	No.26, Lot 106464, Jalan Bestari 2/KU7, Sg. Kapar Indah, 42200 Klang, Selangor. No HSD 153790, PT no 73984	3 years/ Freehold	-	Industrial land	72,549	RM6,328,760 August 30, 2018	8,000,000
				1 storey factory 3 storeys annexe building	45,720	RM6,147,672 December 31, 2020	5,113,109
12.	No.25, Lot 74010, Jalan Bestari 2A/KU7, Sg. Kapar Indah, 42200 Klang, Selangor. No HSD 153816, PT no 74010	1 year/ Freehold	-	Industrial land	70,148	RM8,067,020 June 30, 2022	8,067,020
				1 storey factory/ warehouse/ office annex	37,626	RM7,104,199 June 1, 2023	7,021,317
13.	Block N, Jaya One, 72A, Jalan Prof Diraja Ungku Aziz, 46200 Petaling Jaya, Selangor PN 96662	10 years/ Leasehold/	82	Office Building	28,578	RM20,693,212 October 15, 2022	20,175,882

* Subject to change after issuance of strata title

ANALYSIS OF SHAREHOLDINGS

As at 25 March 2024

Class of Shares	:	Ordinary Shares
Total number of Issued Shares	:	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

Size of Holdings	No. of Holders		No. of Shares	
	Malaysian & Foreign	Percentage	Malaysian & Foreign	Percentage
1 - 99	18	0.202	333	0.000
100 - 1,000	1,024	11.499	659,650	0.061
1,001 - 10,000	4,401	49.421	25,042,000	2.340
10,001 - 100,000	2,909	32.667	97,621,200	9.125
100,001 - 53,488,304 (*)	551	6.187	472,435,536	44.162
53,488,305 AND ABOVE (**)	2	0.022	474,007,400	44.309
Grand Total	8,905	100.00	1,069,766,119	100.00

Remarks : * - Less than 5% of Issued Shares
 ** - 5% and above of Issued Shares

LIST OF SUBSTANTIAL SHAREHOLDERS' SHAREHOLDINGS

(AS PER THE REGISTER OF SUBSTANTIAL SHAREHOLDERS' SHAREHOLDING AS AT 25 MARCH 2024)

Names	Direct Holdings		Indirect Holdings (excluding bare trustees)	
	No.	%*	No.	%*
Chemplex Resources Sdn. Bhd.	416,320,000	38.917	0.000	0.000
Tang Ying See	14,655,600	1.370	446,638,400 ^(a)	41.751
Chin Song Mooi	8,603,600	0.804	452,690,400 ^(b)	42.317
Tan Sri Dato' Lim Kuang Sia	10,600,000	0.991	77,419,600 ^(c)	7.237
Lim Woi Kok	400,000	0.037	57,687,400 ^(d)	5.393
Lim Seow Kiang	500,000	0.047	57,687,400 ^(e)	5.393
Lim Leng Bung (L) Foundation	0	0.000	57,687,400 ^(f)	5.393
Lim Kuang Yong (L) Foundation	0	0.000	57,687,400 ^(g)	5.393
Lim Kuang Sia (L) Foundation	0	0.000	57,687,400 ^(h)	5.393
Lim Kwan Hwa (L) Foundation	0	0.000	57,687,400 ⁽ⁱ⁾	5.393
Lim Siew Bing	300,000	0.028	57,687,400 ^(j)	5.393
Lim Kuang Wang (L) Foundation	0	0.000	57,687,400 ^(k)	5.393
Lim Kuang Yong	0	0.000	57,687,400 ^(l)	5.393
Lim Leng Bung	0	0.000	57,687,400 ^(m)	5.393
Lim Kuang Wang	0	0.000	57,687,400 ⁽ⁿ⁾	5.393
Kossan Holdings (M) Sdn. Bhd.	57,687,400	5.393	0 ^(k)	0.000

ANALYSIS OF SHAREHOLDINGS

As at 25 March 2024
cont'd

LIST OF SUBSTANTIAL SHAREHOLDERS' SHAREHOLDINGS *cont'd* (AS PER THE REGISTER OF SUBSTANTIAL SHAREHOLDERS' SHAREHOLDING AS AT 25 MARCH 2024) *cont'd*

Note:

- (a) Deemed interested by virtue of the shareholdings held by his spouse, Chin Song Mooi, his daughter-in-law, Ervinna Teo 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 8 and Section 59(11)(c) of the Companies Act 2016.
- (b) Deemed interested by virtue of the shareholdings held by her spouse, Tang Ying See, her daughter-in-law, Ervinna Teo 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 8 and Section 59(11)(c) of the Companies Act 2016.
- (c) Deemed interested by virtue of the shareholdings held by his spouse, Puan Sri Datin Chow Cheng Moey and shareholdings in Kossan Holdings (M) Sdn. Bhd. via Lim Kuang Sia (L) Foundation pursuant to Section 8 of the Companies Act 2016.
- (d) Deemed interest in Kossan Holdings (M) Sdn. Bhd. via Lim Kwan Hwa (L) Foundation pursuant to Section 8 of the Companies Act 2016.
- (e) Deemed interest in Kossan Holdings (M) Sdn. Bhd. via Lim Kwan Hwa (L) Foundation pursuant to Section 8 of the Companies Act 2016.
- (f) Deemed interest in Kossan Holdings (M) Sdn. Bhd. pursuant to Section 8 of the Companies Act 2016.
- (g) Deemed interest in Kossan Holdings (M) Sdn. Bhd. pursuant to Section 8 of the Companies Act 2016.
- (h) Deemed interest in Kossan Holdings (M) Sdn. Bhd. pursuant to Section 8 of the Companies Act 2016.
- (i) Deemed interest in Kossan Holdings (M) Sdn. Bhd. pursuant to Section 8 of the Companies Act 2016.
- (j) Deemed interest in Kossan Holdings (M) Sdn. Bhd. via Lim Kwan Hwa (L) Foundation pursuant to Section 8 of the Companies Act 2016.
- (k) Deemed interest in Kossan Holdings (M) Sdn. Bhd. pursuant to Section 8 of the Companies Act 2016.
- (l) Deemed interested by virtue of the shareholdings in Kossan Holdings (M) Sdn. Bhd. via Lim Kuang Yong (L) Foundation pursuant to Section 8 of the Companies Act 2016.
- (m) Deemed interested by virtue of the shareholdings in Kossan Holdings (M) Sdn. Bhd. via Lim Leng Bung (L) Foundation pursuant to Section 8 of the Companies Act 2016.
- (n) Deemed interested by virtue of the shareholdings in Kossan Holdings (M) Sdn. Bhd. via Lim Kuang Wang (L) Foundation pursuant to Section 8 of the Companies Act 2016.

* Excluding 100,000 treasury shares.

ANALYSIS OF SHAREHOLDINGS

As at 25 March 2024
cont'd

LIST OF DIRECTORS' SHAREHOLDINGS

(AS PER THE REGISTER OF DIRECTORS' SHAREHOLDINGS AS AT 25 MARCH 2024)

Directors	Shareholdings			
	Direct	%*	Indirect	%*
TANG YING SEE	14,655,600	1.370	446,638,400 ^(a)	41,751
CHIN SONG MOOI	8,603,600	0.804	452,690,400 ^(b)	42,317
CHEN MOI KEW	4,590,000	0.429	0	0.000
KWAN FOH KWAI	2,126,600	0.199	2,200,000 ^(c)	0.206
TAUFIQ AHMAD @ AHMAD MUSTAPHA				
BIN GHAZALI	0	0.000	0	0.000
TAN TECK KIONG	0	0.000	0	0.000

Notes:

- (a) Deemed interested by virtue of the shareholdings held by his spouse, Chin Song Mooi, his daughter-in-law, Ervinna Teo 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 8 and Section 59(11)(c) of the Companies Act 2016.
- (b) Deemed interested by virtue of the shareholdings held by her spouse, Tang Ying See, her daughter-in-law, Ervinna Teo 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 8 and Section 59(11)(c) of the Companies Act 2016.
- (c) Deemed interested by virtue of the shareholdings held by her spouse, Datin Lee Hung Kuen pursuant to Section 8 and Section 59 (11)(c) of the Companies Act 2016.

* Excluding of 100,000 treasury shares

LIST OF CHIEF EXECUTIVE'S SHAREHOLDINGS

Name	Shareholdings			
	Direct	%	Indirect	%
TAN BOON CHAI	0	0.000	0	0.000

LIST OF TOP 30 HOLDERS AS AT 25 MARCH 2024

(ACCORDING TO THE RECORD OF DEPOSITORS AS AT 25 MARCH 2024)

No	Holder Name	Shares Held	Percentage
1	CHEMPLEX RESOURCES SDN. BHD.	416,320,000	38.913
2	KOSSAN HOLDINGS (M) SDN BHD	57,687,400	5.392
3	CHUAH KIM PIEW	41,927,711	3.918
4	LEE JUINN YONG	31,973,855	2.988
5	OH WEI WAH	28,000,000	2.617
6	MAYBANK NOMINEES (TEMPATAN) SDN BHD	23,809,829	2.225
7	CHOW CHENG MOEY	19,732,200	1.844
8	FONG AH CHAI	18,000,000	1.682
9	PUBLIC NOMINEES (TEMPATAN) SDN BHD	17,556,700	1.641

ANALYSIS OF SHAREHOLDINGS

As at 25 March 2024
cont'd

LIST OF TOP 30 HOLDERS AS AT 25 MARCH 2024 *cont'd*
(ACCORDING TO THE RECORD OF DEPOSITORS AS AT 25 MARCH 2024) *cont'd*

No	Holder Name	Shares Held	Percentage
10	TANG CHII SHYAN	16,714,800	1.562
11	TANG YING SEE	14,655,600	1.369
12	NG KIT HENG	14,269,900	1.333
13	CITIGROUP NOMINEES (TEMPATAN) SDN BHD	11,420,229	1.067
14	TAN SRI DATO' LIM KUANG SIA	10,600,000	0.990
15	CHIN SONG MOOI	8,474,000	0.792
16	CGS INTERNATIONAL NOMINEES MALAYSIA (TEMPATAN) SDN. BHD.	7,287,900	0.681
17	HLB NOMINEES (TEMPATAN) SDN BHD	7,118,000	0.665
18	HLIB NOMINEES (TEMPATAN) SDN BHD	6,387,400	0.597
19	LIM JEE SOON	5,856,300	0.547
20	CARTABAN NOMINEES (TEMPATAN) SDN BHD	5,506,800	0.514
21	KENANGA NOMINEES (TEMPATAN) SDN BHD	5,502,700	0.514
22	CHIA KEE FOO	5,000,000	0.467
23	CHIA KEE KWEI	5,000,000	0.467
24	ERVINNA TEO	5,000,000	0.467
25	CHEN MOI KEW	4,590,000	0.429
26	CHIA CHEA EIM	4,305,000	0.402
27	CH'NG CHAN SENG	3,704,100	0.346
28	MISA SDN BHD	3,674,400	0.343
29	ALLIANCEGROUP NOMINEES (TEMPATAN) SDN BHD	3,321,500	0.310
30	PO KONG YEE	3,250,000	0.303

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Thirty-Second Annual General Meeting (“**32nd AGM**”) of the Company will be held virtually through live streaming and online remote voting using Remote Participation and Voting (“**RPV**”) facilities via TIIH Online website at <https://tiih.online> from the Broadcast Venue at Wisma Luxchem, Block N, Jaya One, 72A, Jalan Prof Diraja Ungku Aziz, Seksyen 13, 46200 Petaling Jaya, Selangor, Malaysia (“**Broadcast Venue**”) on **Thursday, 23 May 2024**, at **10.00 a.m.**, to transact the following businesses:

A G E N D A

AS ORDINARY BUSINESS

1. To receive the Audited Financial Statements for the financial year ended 31 December 2023 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 2024:
 - (a) RM55,000.00 for Datuk Kwan Foh Kwai **Ordinary Resolution 1**
(Please refer to Explanatory Note 2)
 - (b) RM55,000.00 for Mr Tan Teck Kiong **Ordinary Resolution 2**
(Please refer to Explanatory Note 2)
 - (c) RM55,000.00 for Encik Taufiq Ahmad @ Ahmad Mustapha bin Ghazali **Ordinary Resolution 3**
(Please refer to Explanatory Note 2)
 - (d) RM40,000.00 for Madam Chen Moi Kew **Ordinary Resolution 4**
(Please refer to Explanatory Note 2)
3. To approve the payment of Directors’ Benefits up to an amount of RM36,000.00 for the financial year ending 31 December 2024. **Ordinary Resolution 5**
(Please refer to Explanatory Note 3)
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) Madam Chin Song Mooi **Ordinary Resolution 6**
 - (b) Madam Chen Moi Kew **Ordinary Resolution 7**
(Please refer to Explanatory Note 4)
5. To re-appoint Messrs BDO PLT as Auditors of the Company for the financial year ending 31 December 2024 and to authorise the Directors to fix their remuneration. **Ordinary Resolution 8**
(Please refer to Explanatory Note 5)

NOTICE OF ANNUAL GENERAL MEETING

cont'd

As Special Business

To consider and, if thought fit, to pass the following resolutions, with or without modifications:

6. **ORDINARY RESOLUTION
AUTHORITY TO ISSUE AND ALLOT SHARES PURSUANT TO SECTIONS 75 AND 76
OF THE COMPANIES ACT 2016**

Ordinary Resolution 9
(Please refer to
Explanatory Note 6)

“THAT subject always to the Company Act 2016 (“the Act”), the Constitution of the Company, the Main Market Listing Requirements of Bursa Malaysia Securities Berhad (“**Bursa Securities**”) and the approvals of the relevant governmental/regulatory authorities, the Directors be and are hereby empowered, 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 as the Directors may in their absolute discretion deem fit provided that the aggregate number of shares issued pursuant to this Ordinary Resolution 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 be and are also empowered to obtain the approval from Bursa Securities for the listing of and quotation for the additional shares so issued on the Bursa Securities AND FURTHER THAT such authority shall continue in force until the conclusion of the next Annual General Meeting (“**AGM**”) of the Company, or at the expiry of the period within which the next AGM 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.”

7. **ORDINARY RESOLUTION
PROPOSED RENEWAL OF SHARE BUY-BACK MANDATE**

Ordinary Resolution 10
(Please refer to
Explanatory Note 7)

“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 best 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;

NOTICE OF ANNUAL GENERAL MEETING

cont'd

- 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;
- 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 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. To transact any other business of which due notice shall have been given in accordance with the Companies Act 2016 and the Constitution of the Company.

By Order of the Board

TAN BEE HWEE (SSM PC NO. 202008001497) (MAICSA 7021024)
CHEN MOI KEW (SSM PC NO. 202008001043) (MIA 6359)
LIM YOU JING (SSM PC NO. 202108000369) (MAICSA 7075638)
Company Secretaries

Petaling Jaya
23 April 2024

NOTICE OF ANNUAL GENERAL MEETING

cont'd

NOTES:

(i) Notes on the Appointment of Proxy

1. The 32nd AGM of the Company will be held virtually through live streaming and online remote voting using RPV facilities via TIIH Online website at <https://tiih.online>.

The Broadcast Venue is **strictly for the purpose of complying with Section 327(2) of the Companies Act 2016** which requires the Chairperson of the meeting to be present at the main venue of the meeting. Members **will not be allowed** to attend the 32nd AGM in person at the Broadcast Venue on the day of the meeting.

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 32nd AGM through the RPV facilities via TIIH Online website at <https://tiih.online>.

Please read these Notes carefully and follow the procedures in the Administrative Details for the 32nd AGM in order to participate remotely through the RPV facilities.

2. For the purpose of determining who shall be entitled to attend this General Meeting through RPV facilities, the Company shall be requesting Bursa Malaysia Depository Sdn. Bhd. to make available to the Company, a Record of Depositors as at 14 May 2024. Only a member whose name appears on this Record of Depositors shall be entitled to attend this General Meeting through the RPV facilities or appoint a proxy to attend, speak and vote on his/her/lits behalf.
3. 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.
4. 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.
5. 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.
6. 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.
7. 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.
8. 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.
9. A member who has appointed a proxy or attorney or authorised representative to attend, participate, speak and vote at this 32nd AGM through the RPV facilities must request his/her proxy to register himself/herself for the RPV facilities at TIIH Online website at <https://tiih.online>. Procedures for the RPV facilities can be found in the Administrative Details of the 32nd AGM.

NOTICE OF ANNUAL GENERAL MEETING

cont'd

10. 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 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, Malaysia or alternatively, the Customer Service Centre at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia.
- (ii) Online
In the case of an appointment made via online lodgement facility, please login to the link website at <https://tjih.online> and select "e-Services" to login. Please refer to the Administrative Guide on how to register to TIH Online and submit your Proxy Form electronically.
11. Any authority pursuant to which such an appointment is made by a power of attorney must be deposited at 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, Malaysia or alternatively, the Customer Service Centre at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia 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.
12. Please ensure ALL the particulars as required in this proxy form are completed, signed and dated accordingly.
13. Last date and time for lodging this proxy form is **Tuesday, 21 May 2024 at 10.00 a.m.**
14. 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, Malaysia or alternatively, the Customer Service Centre at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia. 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.

(ii) Explanatory Notes

Ordinary Business

1. **Item 1 of the Agenda - Audited Financial Statements for the financial year ended 31 December 2023**
This item 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**.

NOTICE OF ANNUAL GENERAL MEETING

cont'd

2. **Ordinary Resolutions 1, 2, 3 and 4 – Payment of Directors' Fees**

On 7 March 2024, the Remuneration Committee had reviewed the Directors' fees for the financial year ending 31 December 2024, taking into consideration the market trends for similar positions, time commitment and responsibilities of the respective Directors.

The payment of Directors' fees for the financial year ending 31 December 2024 amounting to a total of RM205,000.00 will be paid by the Company to the respective Directors if the proposed Ordinary Resolutions 1, 2, 3, and 4 are passed by the shareholders at the 32nd AGM of the Company.

3. **Ordinary Resolution 5 – Payment of Directors' Benefits**

Directors' benefits consist of meeting allowance payable to Independent Non-Executive Directors and in determining the estimated amount, the Board of Directors ("Board") has considered various factors including the current board size and number of scheduled meetings for the Board and Board Committees for the financial year ending 31 December 2024 as well as the number of Independent Non-Executive Directors involved in the meeting.

The proposed structure of the Directors' benefits for the financial year ending 31 December 2024 is as follows:

Type of Benefits	Amount
Meeting Attendance Allowance	
Board Committees and Board Meeting Allowances	RM1,000.00 per day
Insurance Premium	
Directors' & Officers' Liability Insurance	RM15,000.00

Payment of the Directors' benefits will be made by the Company to the respective Directors as and when incurred if the proposed Ordinary Resolution 5 is passed by the shareholders at the 32nd AGM of the Company.

In the event the proposed amount is insufficient (due to more meetings or enlarged board size), approval will be sought at the next Annual General Meeting for additional fees to meet the shortfall.

4. **Ordinary Resolutions 6 and 7 – Re-election of Directors who retire in accordance with Clause 76(3) of the Constitution of the Company**

Madam Chin Song Mooi and Madam Chen Moi Kew are standing for re-election as Directors of the Company and being eligible, have offered themselves for re-election at the 32nd AGM of the Company.

Pursuant to Practice 5.7 of the Malaysian Code on Corporate Governance 2021 ("MCCG"), the profiles of both Directors are set out on pages 9 to 10 of the Annual Report 2023. For the purpose of determining the eligibility of both Directors to stand for re-election at the 32nd AGM of the Company, the Board had through its Nominating Committee ("NC"), considered, assessed and deliberated on the suitability and fit and properness of the retiring Directors.

Based on the recommendation of the NC, the Board is supportive of their re-election with the following justifications:-

Ordinary Resolution 6: Re-election of Madam Chin Song Mooi as Executive Director

Madam Chin Song Mooi is mainly responsible for overseeing all aspects of finance and administration functions of the Group.

The Board is satisfied her performance and contribution, as she has carried out her duties diligently and effectively and demonstrated her commitment to her roles.

Ordinary Resolution 7: Re-election of Madam Chen Moi Kew as Executive Director

Madam Chen Moi Kew has vast experience in accounting and finance functions and has contributed significantly to the Group by formulating financial strategies to steer the Group forward.

NOTICE OF ANNUAL GENERAL MEETING

cont'd

The Board is satisfied her performance and contribution, as she has carried out her duties diligently and effectively and demonstrated her commitment to her roles.

5. Ordinary Resolution 8 – Re-appointment of Auditors

The Audit and Risk Management Committee (“ARMC”) had at its meeting held on 22 February 2024 assessed the suitability and independence of the External Auditors and recommended the re-appointment of BDO PLT as External Auditors of the Company for the financial year ending 31 December 2024.

The Board has in turn reviewed the recommendation of the ARMC and recommended the same to be tabled to the shareholders for approval at the 32nd AGM of the Company.

Special Business

6. 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 proposed Ordinary Resolution 9, if passed, would renew the mandate granted to the Directors at the 31st AGM held on 25 May 2023 (“31st AGM”) and provide flexibility to the Directors to undertake fundraising activities, including but not limited to placement of shares for the purpose of funding the Company’s future investment project(s), working capital and/or acquisition(s), by the issuance of shares in the Company to such persons at any time as the Directors may deem fit provided that the aggregate number of shares issued pursuant to the mandate does not exceed ten per centum (10%) of the total number of the issued shares (excluding treasury shares) of the Company for the time being, without having to convene a general meeting. This authority, unless revoked or varied by the Company in a general meeting, will expire at the conclusion of the next AGM of the Company or at the expiry of the period within which the next AGM is required to be held after the approval was given, whichever is earlier.

As at the date of this Notice, the Company did not issue and allot any shares pursuant to the mandate granted to the Directors at the 31st AGM as there was no requirement for such fundraising activities.

7. 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 through Bursa Securities up to ten per centum (10%) of the total number of issued shares of the Company (excluding treasury shares). Please refer to the Statement to Shareholders in relation to the Proposed Renewal of Share Buy-Back Mandate dated 23 April 2024 for further information.

Personal data privacy:

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

STATEMENT ACCOMPANYING NOTICE OF 32ND ANNUAL GENERAL MEETING

(Pursuant to Paragraph 8.27(2) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad)

[Ordinary Resolutions 6 to 7]

- The Directors who retire pursuant to Clause 76(3) of the Constitution of the Company and being eligible to offer themselves for re-election at the 32nd AGM are Madam Chin Song Mooi and Madam Chen Moi Kew (“**Retiring Directors**”).

The profile of the Retiring Directors who are standing for re-election as per Agenda item 4 of the Notice of 32nd AGM are as follows:

A. MADAM CHIN SONG MOOI (Executive Director)

Nationality	: Malaysian
Age	: 72
Gender	: Female
Date of Appointment	: 4 September 1991
Length of Tenure	: 32 years 7 months

QUALIFICATION

Madam Chin Song Mooi holds a Bachelor of Commerce Degree in Accountancy from Nanyang University, Singapore.

DIRECTORSHIP/RELEVANT APPOINTMENTS (OTHER THAN LUXCHEM CORPORATION BERHAD)

- Nil

RELEVANT EXPERIENCE

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 is mainly responsible for overseeing all aspects of the finance and administration functions of the Group.

Madam Chin is a substantial shareholder of the Company. She is the spouse of Mr Tang Ying See, a director and substantial shareholder of the Company.

Madam Chin does not have any conflict of interest or potential conflict of interest, including interest in any competing business with the Company or its subsidiaries. She has acted in the best interest of the Company.

The Board hereby supports and recommends the re-election of Madam Chin Song Mooi as a Director of the Company for the shareholders' approval.

B. MADAM CHEN MOI KEW (Executive Director/Chief Financial Officer)

Nationality	: Malaysian
Age	: 61
Gender	: Female
Date of Appointment	: 2 January 2008
Length of Tenure	: 16 years 3 months

QUALIFICATION

Madam Chen Moi Kew holds a 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 obtained the Six Sigma Master Black Belt™ certification from the International Six Sigma Institute™ in January 2023.

STATEMENT ACCOMPANYING NOTICE OF 32ND ANNUAL GENERAL MEETING

(Pursuant to Paragraph 8.27(2) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad)
cont'd

DIRECTORSHIP/RELEVANT APPOINTMENTS (OTHER THAN LUXCHEM CORPORATION BERHAD)

- Nil

RELEVANT EXPERIENCE

Madam Chen was appointed as a Director of the Company on 2 January 2008.

She is currently mainly responsible for overseeing the accounting and finance functions as well as formulating financial strategies for the Group.

Madam Chen is a shareholder of the Company. She has no family relationship with any Director and/or major shareholder of the Company.

Madam Chen does not have any conflict of interest or potential conflict of interest, including interest in any competing business with the Company or its subsidiaries. She has acted in the best interest of the Company.

The Board hereby supports and recommends the re-election of Madam Chen Moi Kew as a Director of the Company for the shareholders' approval.

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 Thirty-Second Annual General Meeting ("32nd AGM") of the Company to be held virtually through live streaming and online remote voting using Remote Participation and Voting ("RPV") facilities via TIH Online website at <https://tiih.online> from the Broadcast Venue at Wisma Luxchem, Block N, Jaya One, 72A, Jalan Prof Diraja Ungku Aziz, Seksyen 13, 46200 Petaling Jaya, Selangor, Malaysia on **Thursday, 23 May 2024 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 2023			
		Ordinary Resolution ("OR")	For	Against
2.	Approval of the following Directors' Fees for the financial year ending 31 December 2024:			
	(a) RM55,000.00 for Datuk Kwan Foh Kwai	OR 1		
	(b) RM55,000.00 for Mr Tan Teck Kiong	OR 2		
	(c) RM55,000.00 for Encik Taufiq Ahmad @ Ahmad Mustapha bin Ghazali	OR 3		
	(d) RM40,000.00 for Madam Chen Moi Kew	OR 4		
3.	Approval of payment of Directors' Benefits up to an amount of RM36,000.00 for the financial year ending 31 December 2024	OR 5		
4.	Re-election of Madam Chin Song Mooi as Director	OR 6		
5.	Re-election of Madam Chen Moi Kew as Director	OR 7		
6.	Re-Appointment of Messrs BDO PLT as Auditors of the Company and authorising the Directors to fix their remuneration	OR 8		
7.	Authority to Issue and Allot Shares pursuant to Sections 75 and 76 of the Act	OR 9		
8.	Proposed Renewal of Share Buy-Back Mandate	OR 10		

[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 _____ 2024

Number of ordinary shares held	
CDS account no.	

*Signature/Common Seal of Shareholder

* Delete if not applicable

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Notes:

1. The 32nd AGM of the Company will be held virtually through live streaming and online remote voting using RPV facilities via TIIH Online website at <https://tjih.online>.
The Broadcast Venue is strictly for the purpose of complying with Section 327(2) of the Companies Act 2016 which requires the Chairperson of the meeting to be present at the main venue of the meeting. Members will not be allowed to attend the 32nd AGM in person at the Broadcast Venue on the day of the meeting.
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 32nd AGM through the RPV facilities via TIIH Online website at <https://tjih.online>.
Please read these Notes carefully and follow the procedures in the Administrative Details for the 32nd AGM in order to participate remotely through the RPV facilities.
2. For the purpose of determining who shall be entitled to attend this General Meeting through RPV facilities, the Company shall be requesting Bursa Malaysia Depository Sdn. Bhd. to make available to the Company, a Record of Depositors as at 14 May 2024. Only a member whose name appears on this Record of Depositors shall be entitled to attend this General Meeting through the RPV facilities or appoint a proxy to attend, speak and vote on his/her/its behalf.
3. 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.
4. 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.
5. 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.
6. 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.
7. 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.
8. 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.
9. A member who has appointed a proxy or attorney or authorised representative to attend, participate, speak and vote at this 32nd AGM through the RPV facilities must request his/her proxy to register himself/herself for the RPV facilities at TIIH Online website at <https://tjih.online>. Procedures for the RPV facilities can be found in the Administrative Details of the 32nd 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.
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

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10. 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 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, Malaysia or alternatively, the Customer Service Centre at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia.
 - (ii) Online
In the case of an appointment made via online lodgement facility, please login to the link website at <https://tjih.online> and select "e-Services" to login. Please refer to the Administrative Guide on how to register to TIIH Online and submit your Proxy Form electronically.
11. Any authority pursuant to which such an appointment is made by a power of attorney must be deposited at 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, Malaysia or alternatively, the Customer Service Centre at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia 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.
12. Please ensure ALL the particulars as required in this proxy form are completed, signed and dated accordingly.
13. Last date and time for lodging this proxy form is **Tuesday, 21 May 2024 at 10.00 a.m.**
14. 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, Malaysia or alternatively, the Customer Service Centre at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia. 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

LUXCHEM CORPORATION BERHAD
Registration No. 199101014102 (224414-D)

Wisma Luxchem, Block N, Jaya One, 72A,
Jalan Prof. Diraja Ungku Aziz, Seksyen 13,
46200 Petaling Jaya, Selangor, Malaysia.

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