

LUXCHEM CORPORATION BERHAD
REGISTRATION NO. 199101014102 (224414-D)
(Incorporated in Malaysia)

SUMMARY OF KEY MATTERS DISCUSSED AT THE THIRTY-THIRD ANNUAL GENERAL MEETING (“33RD AGM”) OF THE COMPANY HELD AT BANYAN, CASUARINA, DILLENIA & EUGENIA ROOM, SIME DARBY CONVENTION CENTRE, 1A, JALAN BUKIT KIARA 1, BUKIT KIARA, 60000 KUALA LUMPUR, MALAYSIA, ON THURSDAY, 22 MAY 2025 AT 10.00 A.M.

Mr Kelvin Chong, a shareholder, raised the following questions:

1. **In FY2024, the Group spent RM15.06 million on purchasing Property, Plant and Equipment. Please give a breakdown of the spending. Were there any new machines purchased or factories set up to increase production capacity during FY2024?**

Reply: Ng Wei Shing, Group Accountant

Reference is made to Page 103 of the Annual Report 2024, under Note 5 – Property, Plant and Equipment. The main expenses were the acquisition of land, which cost RM9.6 million, followed by RM1.3 million incurred for the purchase and upgrading of plant, machinery and equipment.

2. **(a) What are the expansion plans in the pipeline in FY2025?
(b) What are the priorities of the expansion plan in FY2025?**

Reply: Mr Ng Chai Teik, Commercial Director of Latex Division of Luxchem Trading Sdn. Bhd. (“LTSB”)

The business expansion plans will focus on two approaches. The first approach focuses on market expansion into other countries such as China, Thailand, Indonesia, India, Sri Lanka, the Middle East and Africa. We are of the view that these markets have huge potential. Hence, for 2025, we will put more effort into establishing and expanding our business in these regions.

The second approach focuses on the enhancement of the existing product range. The Company aims to enhance its existing product range to become a one-stop solution provider for our customers.

3. **During FY2024, Transform Master Sdn. Bhd. (“TMSB”) recorded a utilisation rate of 93%, indicating that the capacity of the Company was fully utilised during FY2024.
(a) Is there any capacity expansion plan for TMSB in order to cater to extra demand/order since the Company’s capacity has reached its maximum utilisation?
(b) If yes, how much additional capacity will be added and what is the timeline to realise the expansion plan?**

Reply: Mr Ng Chai Teik

Currently, TMSB’s production capacity is about 1,500 metric tons per month, with an annual capacity of up to 18,000 metric tons. Based on our records, the Company reached its total capacity of 75% in the first quarter of 2025.

In order to meet the increasing demand, the Company will add one extra shift, which can increase the capacity by up to 50%. This additional shift can be implemented immediately.

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- 4. Question regarding the marketing activities in all segments of the Group:**
(a) How does the Group execute and formulate the marketing strategy? How does the Group further expand the existing markets and what strategies are deployed to penetrate new markets?

Reply: Mr Pang Tee King, Commercial Director of Fiberglass Reinforced Plastic (“FRP”) & Coating Division LTSB

The market has become increasingly competitive and customers are actively seeking alternative supplies at lower costs as well as high-value additives and specialty materials. We will analyse the market share, market potential, customer segments/customer base, competition, supply and demand situation, pricing trend, distribution channels, etc. before we formulate our marketing strategies.

We also carry out product development from all aspects, including the technical and commercial viability with customers to ensure long-term business cooperation. Besides that, we also actively join the local related rubber associations to enhance our presence in the country.

By leveraging our sourcing expertise in trading activities, we have identified suitable and cost-effective replacements for international brands to help our customers remain competitive. For manufacturing activities, we work closely with chemical suppliers to source for cost-effective and value-added materials to develop and produce new products tailored to market needs.

In response to ongoing geopolitical challenges, we have proactively and successfully found alternative supplies to overcome constraints and ensure business continuity.

- (b) What efforts/initiatives have been made to penetrate new markets?**

Reply: Mr Pang Tee King

We actively seek new and innovative products through trade shows, exhibitions, reliable suppliers, identifying new customers and applications, and engaging in technical discussions.

As we have many branches and subsidiaries including overseas markets, we leverage our logistic advantage to support market penetration. Our comprehensive range of chemicals provides advantage, especially in the export market, as it enables us to combine our chemicals in achieving full container loads for export purposes.

- (c) Any highlights in the marketing plans for FY2025? Which markets are prioritised to further increase the market presence of the Group?**

Reply: Mr Pang Tee King

The marketing plan for FY2025 is to expand the Company’s export markets, with priority on China, Thailand, Indonesia, India, Sri Lanka, the Middle East and Africa.

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5. In 2024, Lexis Chemical Sdn. Bhd. (“Lexis Chemical”) recorded a utilisation rate of 58% and there is much idle capacity to be filled. The 2024 Annual Report states that the Group will continue product development and expansion of both local and overseas markets.
- (a) What kind of product development or research & development (“R&D”) activities are in progress and have been identified by the Group to expand the customer base and increase sales orders?

Reply: Mr John Lee Juinn Yong, Director and co-founder of Lexis Chemical, Lexis Specialties Sdn. Bhd. (“Lexis Specialties”), Lexis Corporation Sdn. Bhd. (“Lexis Corporation”) and Lexis Corporation (Guangzhou) Co. Ltd. (“Lexis Guangzhou”)

Lexis Chemical is a specialty and R&D oriented company. We always work as a solution partner to glove manufacturers to develop value-added and cost-effective products tailored to their specific needs. Hence, our R&D activities and product development projects remain a key focus and enable us to deliver high value services to our customers.

- (b) What marketing activities have been identified and executed by Management to expand the market size in both the local and overseas markets?

Reply: Mr John Lee Juinn Yong

Lexis Chemical has taken several steps to expand its market presence, both locally and internationally. Lexis Chemical has set up a representative office in Thailand and employed local experienced staff to enter the Thai market effectively. In addition, an office has been set up in China to strengthen its position and expand its business in the China market. Other than Thailand and China, Lexis Chemical is actively expanding into other international regions such as India, Africa, Sri Lanka, and Vietnam.

Meanwhile, Lexis Chemical continues to develop more cost-effective products to gain additional market share in the local market. Lexis Chemical also works closely with its customers to ensure the success of projects in the pipeline.

On top of that, Lexis Chemical actively participates in international trade shows which are relevant to the industry, advertises in local related magazines such as the Malaysian Rubber Glove Manufacturers Association (MARGMA) magazine as well as rubber related magazines in China and Thailand. Lexis Chemical also joins local rubber associations to promote its presence in the country.

- (c) Which markets will be prioritised for expansion to increase the utilisation rate of Lexis Chemical?

Reply: Mr John Lee Juinn Yong

Lexis Chemical will prioritise market expansion in China, Thailand, India and Vietnam to increase the production utilisation rate.

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6. Question regarding Lexis Guangzhou:

(a) What are the services offered by Lexis Guangzhou in China?

Reply: Mr John Lee Juinn Yong

Lexis Guangzhou will supply chemicals to the glove industry in China. By setting up a subsidiary in China, it will improve the service efficiency and logistics such as shorten the lead time and have local representative to serve our China customers. This approach will enhance Lexis Guangzhou’s competitive advantage and strengthen customer confidence.

(b) What is the progress of the business development of the Company?

Reply: Mr John Lee Juinn Yong

Lexis Guangzhou will operate during the third quarter of 2025.

(c) What are the strategies formulated to attract more businesses in Thailand (e.g. merges & acquisitions, joint ventures, partnerships, etc.)?

Reply: Mr John Lee Juinn Yong

We will be using the direct marketing approach as our key strategy. We have an experienced sales professional based in Thailand to handle sales and technical matters, with full support from our operations team in Malaysia.

(d) What is the estimated revenue and profit after tax contribution to the Group for FY2025?

Reply: Mr John Lee Juinn Yong

As Lexis Guangzhou will only operate in the third quarter of 2025, its contribution to the Group’s revenue and profit after tax for FY2025 is expected to be insignificant.

7. With the implementation of the minimum wage from RM1,500 to RM1,700 effective February 2025, how does Management view the impact of the policy on the operational costs of the Group? Please describe the estimated increase in operational costs and decrease in the gross profit margin. What are the mitigation plans to address the impact caused by this policy?

Reply: Madam Chen Moi Kew, Chief Financial Officer

The majority of our employees earn above the revised minimum wage rate. Therefore, the adjustment effective February 2025 did not have a significant impact on our operational costs or gross profit margin.

We do not foresee the minimum wage policy to have any impact on the Group’s overall financial performance.

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8. **Mr Tang Ying See holds a substantial shareholdings of about 43.7% in the Company and he is a Managing Director of the Group.**
(a) How do you manage your current shareholding; is there any succession plan on your shareholdings?

Reply: Madam Chen Moi Kew

Mr Tang holds about 43.7% shares in the Company as at 9 April 2025, a slight increase from his shareholding as at 25 March 2024. The increase in shareholding is due to the acquisition of shares based on market conditions. Mr Tang did not dispose of any shares during this period.

Mr Tang is the founder of Luxchem Group and he has played a pivotal role in the Company's progress since its establishment in 1984. The Board acknowledges that no single individual can fully replace his leadership. As such, the Company's succession plan will focus on building a strong and experienced leadership team to ensure long-term continuity. Each subsidiary is led by Directors with over 15 years of industry experience. One of the Directors is Mr Tang Chii Shyan, the son of Mr Tang.

Mr Tang remains actively involved in the day-to-day business operations and management of Luxchem Group. However, as part of the Company's succession plan, ongoing mentoring, coaching and guidance are provided to Directors and Heads of Departments (HODs) to ensure leadership continuity and the development of future capabilities within the Company.

Reply: Mr Tang Ying See, Chief Executive Officer and Managing Director

No direct replacement has been identified for now. However, the Company is committed to building a strong, experienced and capable team. We are confident that our strong management team is fully equipped to take up the responsibilities of each division and ensure continuity in operations.

(b) Is there any succession plan for the top management positions in Luxchem?

There is a strong top management team to support the Directors. The Company places strong emphasis on career growth and development, with specific targets set for training hours. Further details on our commitment to employee development can be found in our Sustainability Statement.

Mr Neoh Jia En, a proxy, raised the following questions:

1. What was the sales volume growth for the trading division in 2024?

Reply: Madam Chen Moi Kew

LTSB comprises four divisions, i.e. Latex Division, Rubber Division, FRP & Coating Division and PVC Division. Among these, Latex Division is the major contributor to LTSB and the Group. The sales volume growth is mainly contributed by Latex Division.

The Group had a significant growth in the Vietnam market in 2024. The main export item to Vietnam was unsaturated polyester resin (UPR) manufactured by Luxchem Polymer Industries Sdn. Bhd., which formed a major portion of the exports. Additionally, Lexis

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Chemical also maintained a strong presence in the Vietnam market through its latex chemical trading activities under the Latex Division. All these three divisions contributed to the Group’s growth in Vietnam in 2024.

2. Are there any China players in the Vietnam market and any dumping sales in the Vietnam market?

Reply: Mr Tang Ying See

Due to the ongoing geopolitical conflicts and tariff issues between China and the United States of America (“**US**”), many China businesses are facing restrictions in exporting to the US market. In the past, Malaysia occupied about 65% of the world’s glove market; however, this is no longer the case as many countries have developed their own glove production. Despite this, we see greater opportunities in the overseas markets, especially in Vietnam, Indonesia and Thailand, to support the glove manufacturing industry.

In order to remain competitive, we have to work closely with our distributors and ensure we supply a full range of products. Our proven products in Malaysia give us a competitive advantage as glove production is a continuous production that requires consistent supply and productivity.

We have established preferred relationships with several glove makers and we are committed to giving the best support to our customers and maintaining our market share.

Reply: Datuk Kwan Foh Kwai

Tariff issues are affecting many countries globally, but we remain hopeful about future prospects. We believe that the Government is doing their best to negotiate with the US to address this issue.

3. Is there any plan to engage with institutional investors?

Reply: Madam Chen Moi Kew

The Company has not organised any institutional briefings over the past few years and no enquiries have been received from potential institutional investors as of to date. However, should any party wish to engage with us or have enquiries, they are encouraged to contact us via the Investor Relations email or reach out directly to any of the Directors.

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Mr Yap Shong Waey, a shareholder, raised the following questions:

- 1. Can you provide some information on the Company’s capital expenditure (“CAPEX”) plans for the next five years and the estimated CAPEX needed per year?**

Reply: Madam Chen Moi Kew

Reference is made to Note 29 of the Audited Financial Statement for the financial year ended 31 December 2024, under ‘Capital Commitments’. The Company currently has a capital commitment of approximately RM23 million in the pipeline for Property, Plant, and Equipment (“PPE”). Of this amount, RM15 million has been allocated for the expansion of LTSB’s warehouse located in Pulau Indah to increase the build-up area. In 2024, one of the subsidiaries of the Group, TMSB purchased a piece of land, which is currently being utilised for its business operations. The remaining CAPEX will be used to upgrade and enhance the existing PPE across the Group.

With a strong balance sheet and a stable business, we will continue to explore potential business acquisition opportunities. We are now considering land investments and there is a potential land acquisition in the pipeline.

If any acquisition materialises, an announcement will be made to Bursa Malaysia Securities Berhad accordingly. As of now, we do not have the detailed CAPEX figures for the next five years.

- 2. Based on the Company’s regional expansion, the overseas offices solely operate as trading and representative office. Does the Company have any plan to build a warehouse or factory overseas, especially in China due to the growing demand?**

Reply: Mr John Lee Juinn Yong

Currently, there is no plan to set up a warehouse in China. After conducting a thorough survey, the public warehouses in China are highly advanced and fully automated. In light of this, the Company is engaging public warehouses located in Guangzhou and Nanjing to support its business operations.

Given the complexity of these facilities, there is no necessity to set up a proprietary warehouse in China at this time.

- 3. Based on my understanding, the utilisation rate of Lexis Chemical is currently around 50%. What is the rationale of spending RM9.65 million for further expansion?**

Reply: Mr Anthony Chuah Kim Piew, Director and co-founder of LCSB, Lexis Specialties, Lexis Corporation and Lexis Guangzhou

All of our properties are strategically located to support future growth. Lexis Chemical, being a specialty chemical manufacturer, is well-positioned to serve the glove industry. We remain confident in the demand for gloves market.

In 2021, we set up a new factory to increase the capacity and adapt to new markets as part of our long-term strategy to ensure Lexis Chemical is well-prepared to meet the increasing demand. Moreover, with many China manufacturers relocating and building new

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plants in Vietnam and Thailand, Lexis Chemical is actively providing services and supply solutions to support their business operations.

Reply: Mr Tang Ying See

The China market is moving fast, knowledgeable and technologically advanced, as many manufacturers have been using AI to enhance their production processes. Lexis Chemical has its specialty in supplying chemicals to glove manufacturers to support and cooperate with China glove manufacturers.

To safeguard our market share, we will strengthen and enhance our logistics and warehousing capabilities. Given that the Malaysian market is relatively small, we will collaborate with China manufacturers and actively leverage their expertise to expand our supply chain and services to the Southeast Asia market.

Mr Alvin Yeo Taw Yong, a shareholder, raised the following questions:

- 1. How are the resin and latex products sold? Through distributors or direct sales? What is the percentage?**

Reply: Madam Chen Moi Kew

For the local market, our resin and latex products are mostly sold directly to the end users. For export and overseas markets, it is a combination of direct sales and sales through distributors or agents.

Due to language and cultural differences, working with local agents or distributors is the most effective way to serve the markets better. We are proud to have well-established and trusted distributors or agents who have been working with the Company for over 20 years in some countries such as Vietnam and Bangladesh.

- 2. Are the raw materials imported or sourced locally? If the raw materials are imported, are these purchases transacted in the US Dollar (“USD”)?**

Reply: Madam Chen Moi Kew

About 50% of our purchases are denominated in USD and this remained consistent in 2024. Our raw materials are mainly imported, but there are some local transactions denominated in USD at the Group level, as Bank Negara Malaysia allows such transactions under the global supply chain framework.

- 3. Is there any fluctuation rate in raw materials and how do you manage this? How does the Company quote the customers in light of the fluctuation rate?**

Reply: Mr Tang Ying See

Approximately 65% of our products are exported and invoiced in USD, which provides a natural hedge against currency fluctuations. For the domestic market, any significant fluctuation in USD will be passed on to the customers, especially for imported products where cost adjustments are necessary.

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4. What is the business model of the Company? Price taker or price maker?

Reply: Mr Tang Ying See

Our pricing strategy is based on the market condition. Given the current geopolitical conflicts and the associated uncertainties, we are monitoring the market conditions closely and working closely with our customers to maintain healthy margins. We are also actively diversifying our market presence to mitigate risks associated with the price fluctuations.

Therefore, the Company will continue maintaining a consistent level of production and volume to ensure supply stability, support the key strategic markets, and strengthen long-term resilience despite the market volatility.

5. What are the sales growth expectation for this year?

Reply: Mr Tang Ying See

Sales growth for the year will depend on the market conditions and external factors, especially the ongoing geopolitical conflicts that continue creating uncertainties. Despite these challenges, the Company will continue to maintain a strong balance sheet and work closely with customers to navigate uncertainties, sustain demand, and explore new growth opportunities.

While the external factors may impact short-term performance, we remain committed to long-term resilience and strategic expansion.

6. What is the Company’s competitive edge?

Reply: Madam Chen Moi Kew

Our Company offers a wide range of products and is committed to quality, reliability, and good customer service.

Reply: Tang Ying See

We have our own performance measurements to ensure that the business achieves reasonable profits and returns.

7. What is the Company’s customer segment?

Reply: Madam Chen Moi Kew

Our customer segments consist of rubber industries, latex industries, PVC industries and FRP industries. Latex Division is the largest contributor to the Group’s performance, followed by Fiberglass and UPR Divisions. The major customer segments are from rubber and PVC industries.

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Mr Lim Pin Yeong (P.Y Lim), a shareholder, raised the following issues about this AGM:

- 1. Agenda 1 of this 33rd AGM states that the Audited Financial Statements for the financial year ended 31 December 2024 are to be received. However, this document has not been made available to the participants at this 33rd AGM and there is no easy reference or access provided for review.**

Reply: Madam Chen Moi Kew

The Company takes note of the concern and will ensure that more copies of the Annual Report or relevant printed pages are made available at future AGMs. We will also consider other practical solutions to facilitate easier reference for shareholders during the meeting.

- 2. No proper food is provided at this 33rd AGM. Please consider providing packed food for shareholders who attend the AGM as a gesture of appreciation.**

Reply: Madam Chen Moi Kew

The Company apologises for this oversight and will take steps to improve the meeting arrangement at future AGMs.