



TEXCHEM RESOURCES BHD

Company Registration No. 197301002868 (16318-K)

RECHARGING
to DELIVER




Annual Report **2023**



CONTENTS

- 02 ♦ Corporate Structure
- 03 ♦ President's Management Discussion And Analysis
- 06 ♦ Board Of Directors
- 10 ♦ Key Senior Management
- 11 ♦ Group Financial Highlights
- 13 ♦ Corporate Information
- 14 ♦ Executive Committee
- 14 ♦ Audit Committee
- 16 ♦ Remuneration Committee
- 17 ♦ Nomination Committee
- 19 ♦ Notice Of Annual General Meeting
- 25 ♦ Statement Accompanying Notice Of
Annual General Meeting
- 26 ♦ Corporate Governance Overview Statement
- 34 ♦ Audit Committee Statement
- 36 ♦ Statement On Risk Management And Internal Control
- 40 ♦ Sustainability Statement
- 58 ♦ Directors' Responsibility Statement In Respect
Of The Preparation Of The Audited Financial Statements
- 59 ♦ Other Disclosures
- 60 ♦ Analysis Of Shareholdings
- 62 ♦ Particulars Of Properties
- 64 ♦ Financial Statements

Proxy Form Enclosed



CORPORATE STRUCTURE



INDUSTRIAL DIVISION

Texchem Materials Sdn. Bhd.

- Texchem Malaysia Sdn. Berhad
- New Material (Malaysia) Sdn. Bhd.
- PT. Texchem Indonesia
- Texchem Materials (Thailand) Ltd.
- Texchem Materials (Vietnam) Co., Ltd.
- Texchem Singapore Private Limited
- Lifeon Asia Sdn. Bhd.

RESTAURANT DIVISION

Sushi King Holdings Sdn. Bhd.

- Sushi King Sdn. Bhd.
- * Sushi King (East Malaysia) Sdn. Bhd.
- Miraku Sdn. Bhd.
- Kokubu Food Logistics Malaysia Sdn. Bhd.

D&N Coffee and Restaurant Malaysia Sdn. Bhd.

POLYMER ENGINEERING DIVISION

Texchem Polymer Engineering Sdn. Bhd.

- Texchem-Pack (M) Sdn. Bhd.
- Texchem-Pack (Johor) Sdn. Bhd.
- Texchem-Pack (PP) Sdn. Bhd.
- * Texchem Advanced Products Incorporated Sdn. Bhd.
- Texchem-Pack (Thailand) Co., Ltd.
- Texchem-Pack (Vietnam) Co., Ltd.
- Texchem Life Sciences Sdn. Bhd.
- Eye Graphic Sdn. Bhd.

CORPORATE SERVICES DIVISION

Texchem Corporation Sdn. Bhd.

- Texchem Risk Management Sdn. Bhd.

VENTURE BUSINESS DIVISION

Texchem Polymers Sdn. Bhd.

FOOD DIVISION

Texchem Food Sdn. Bhd.

- A.S.K Andaman Limited
- Texchem Food (Myanmar) Limited
- Texchem Marine Labutta Limited
- Texchem Aquaculture (Myanmar) Limited

Wilpack Food Services Sdn. Bhd.

- Sea Master Food Sdn. Bhd.

ASSOCIATES

Otafuku Sauce Malaysia Sdn. Bhd. Mascot Industries Company Limited

Notes:

1. The above companies are operating subsidiaries and associates of Texchem Resources Bhd. Group.
2. The complete list of Texchem Resources Bhd. Group as at 31 December 2023 is disclosed in Note 5 to the Financial Statements of this Annual Report.

PRESIDENT'S MANAGEMENT DISCUSSION AND ANALYSIS



The financial year under review presented significant challenges, characterised by heightened market uncertainties arising from various macroeconomic factors such as geopolitical tensions, inflationary pressures, rising interest rates and concerns of an economic downturn. Nevertheless, we put forth our best effort to minimise the impact.

GROUP OVERVIEW

Texchem started as a textile chemical trader in 1973 before undergoing multitude of growth and diversification, ultimately transforming into a Malaysian conglomerate. Today, Texchem is a Malaysian-based multinational, listed on the Main Market of Bursa Malaysia with 5 core business divisions – Industrial, Polymer Engineering, Food, Restaurant and Venture Business.

The **Industrial Division** provides integrated sourcing and distribution solutions for polymer, plastic resins, industrial chemicals, food additives, dyestuffs and textile chemicals to a diverse range of global and domestic customers.

The **Polymer Engineering Division** is a leading polymer engineering solutions provider with strong in-house technological and design capability. The production facilities are strategically located in major manufacturing hubs with 8 manufacturing facilities across 3 countries – Malaysia, Thailand & Vietnam. We focus on key industries such as data storage & memory, semiconductor, medical/life sciences, automotive, consumer electronics and fast-moving consumer goods.

Our **Food Division** is engaged in food related business which includes processing and marketing of marine products, production for food service sector, trading and aquaculture. The Division strictly adheres to international food safety and hygiene standards, with our processing facilities holding HACCP certification.

Under the **Restaurant Division**, Texchem is the founder and operator of Sushi King, Malaysia’s largest Halal Japanese restaurant chain. As of December 2023, Sushi King boasts an extensive network of 130 outlets nationwide, supported by our integrated supply chain. In addition to Sushi King, other restaurant brands include Hoshino Coffee, Doutor Coffee and Miraku.

Lastly, Texchem’s **Venture Business Division** initiates and nurtures new businesses which are synergistic to our existing core businesses. Currently, the division is focusing on TEXa, a patented and United States Department of Agriculture (“USDA”) certified durable bio-based polymer. This material promotes a circular economy by creating products that can be reused multiple times.

President's Management Discussion and Analysis (cont'd)

FINANCIAL REVIEW

Top and Bottom-Line Performance

For the financial year under review, the Group achieved a revenue of RM993.5 million, as compared to RM1,143.3 million in the previous year. This was largely due to lower sales from weaker demand on the back of high interest rate and inflation as well as inventory adjustments in certain industries that we served.

The situation was further compounded by a rise in input and operating costs, which led to a net loss of RM10.8 million for FY2023, which included share-based payments amounting to RM3.0 million. Despite registering a loss, the Group still incurred tax expenses largely owing to certain expenses or losses being disallowed for tax purposes as well as non-availability of Group tax relief in respect of losses incurred by certain subsidiary companies.

Revenue & Adjusted Profit Before Tax ("PBT") Breakdown by Segments

The Group's revenue contribution by segments in FY2023 were primarily driven by the **Industrial Division**, which remained the anchor contributor with RM417.8 million or 42.0% to the total revenue. Following is the **Restaurant Division** and **Polymer Engineering Division**, contributing RM261.8 million or 26.3% and RM184.0 million or 18.5% respectively. The remaining share was contributed by the **Food Division**, **Venture Business** and **Others** at RM126.9 million or 12.8%, RM0.9 million or 0.1% and RM2.2 million or 0.2% accordingly.

In FY2023, our **Industrial Division's** performance was impacted by subdued demand in the electrical and electronic ("E&E"), latex glove and textile industries coupled with the aggressive pricing by Chinese chemical and polymer producers, resulting in lower sales. Hence, revenue came in lower at RM417.8 million (excluding inter-segment), compared to RM483.2 million in the previous year. Excluding the RM0.6 million accounting treatment from ESOS, adjusted PBT stood at RM3.0 million, compared to RM12.7 million in FY2022.

The slowdown in the semiconductor, E&E and hard disk drive ("HDD") industries has been affecting our **Polymer Engineering Division**, which led to a softer performance in the financial year under review with a revenue of RM184.0 million and adjusted PBT of RM3.0 million (excluding RM0.7 million accounting treatment for ESOS).

Meanwhile, the **Food Division** recorded a revenue of RM126.9 million for FY2023. This was lower on a year-on-year ("YoY") basis weighed down by the weaker revenue from the production for food service sector. Coupled with higher operating costs and foreign exchange control in Myanmar, the division achieved an adjusted PBT of RM2.9 million after excluding RM0.3 million accounting treatment for ESOS.

The Group's **Restaurant Division** endured a tough business operating environment in FY2023 with weak consumer sentiment combined with elevated operating costs such as higher labour cost stemming from hike in minimum wage and increase in raw materials arising from the appreciation of United States Dollar ("USD"). For the financial year under review, the division's revenue and adjusted loss before tax came in at RM261.8 million and RM2.3 million (excluding RM0.5 million accounting treatment for ESOS) respectively.

Cash Flows and Liquidity

At the end of the financial year under review, our total cash equivalent amounted to RM81.2 million versus RM84.9 million in the previous year. Texchem generated a positive net operating cash flow ("NOCF") of RM81.5 million for FY2023.

CORPORATE DEVELOPMENTS

On the corporate front, Texchem completed the disposal of 49%-stake in Merieux Nutrisciences Malaysia Sdn. Bhd., an associate of the Group, to ALS Technichem (Malaysia) Sdn. Bhd. for a total consideration of RM3.4 million. This is part of our plan to unlock the value and streamline our structure.

President's Management Discussion and Analysis (cont'd)

MOVING FORWARD

Market uncertainties are anticipated to persist with geopolitical tensions remaining as headwinds in 2024. Global growth is projected to remain subdued on the back of elevated central bank policy rates to fight inflation.

2024 is a special year for Texchem as we celebrate 50 years of excellence. Our journey through half a century has been about embracing change and continuously striving for excellence. As we celebrate our 50-year heritage, it is the road ahead that excites us the most. We renew our commitment to growth, weaving environmental, social and corporate governance ("ESG") principles into our strategies, ensuring our competitive edge and sustainability for the future.

The Group will continue to leverage on our solid fundamentals and strong foundation across all our key divisions. Having a diversified business and revenue stream enable us to manoeuvre pass the headwinds and various business cycles. The Group is confident to weather through the challenges and emerge stronger than before as we charge towards the next 50 years for Texchem.

For our **Industrial Division**, we continue to aim at expanding market share and strengthening long-term relationships with our principals and customers while riding on the improvement of the petrochemical prices. We are also looking to seize opportunities arising from Chinese companies' shift into Southeast Asia.

Over at our **Polymer Engineering Division**, we continue to see improvement in the semiconductor sector with the medical life sciences ("MLS") industry remaining on an uptrend. Additionally, the HDD sector is gradually improving as well. We are also pleased to share that we had successfully commenced mass production in the 4th quarter of 2023 for certain strategic projects which we had been pursuing since 2022.

For the **Food Division**, intense competition, inflationary cost pressures and challenging market conditions remain ongoing headwinds. While the foreign exchange situation in Myanmar remains a challenge and we will manage this through growing local sales in Myanmar. On the longer term, we will work towards diversifying our supply chain from Myanmar.

Moving on to our **Restaurant Division**, we continue to focus on growing our revenue through menu innovation and strategic outlet expansion while enhancing our cost management to optimise our cost structure.

Last but not least, for our **Venture Business**, our TEXa bio-polymer had garnered more interest with the global emphasis on more environmentally friendly products and the push towards up-cycling. A major feather in our cap was an award-winning chair design using TEXa. As part of Texchem's ESG efforts, we remain committed to advancing products that positively impact the environment, and this accolade reaffirms the significance of TEXa on our journey towards sustainability.

DIVIDEND

In view of the Group's 2023 financial performance, the Group did not declare dividend for the financial year under review.

RECOGNITION AND APPRECIATION

On behalf of the Executive Chairman and the Board, we would like to extend our heartfelt gratitude to our operating team at Texchem for their unwavering dedication, hard work, and continuous effort to adapt. We are proud of all the dedication and efforts made by our team, especially in the face of an increasingly challenging landscape. Our heartfelt thanks also go to all our stakeholders and our valued shareholders for your support and patience.

In closing, my heartfelt appreciation to our Executive Chairman and my fellow Board members for your insightful counsel and collaborative spirit throughout.

Mr. Yap Kee Keong

President and Group Chief Executive Officer

BOARD OF DIRECTORS



TAN SRI DATO' SERI (DR.) FUMIHIKO KONISHI
Executive Chairman

Gender/Age/Nationality
♣ Male, 80, Japanese

Date of appointment to the Board
♣ 20 February 1974

Membership of Board Committees
♣ Chairman of Executive Committee

Working experience/Occupation

- Founder of Texchem Resources Bhd. Group (“TRB Group”)
- He is responsible for the overall business strategy for TRB Group from its humble beginnings in 1973 to a diversified manufacturing, services and trading group
- Instrumental in bringing and promoting many other Japanese joint venture groups to Penang and Malaysia
- Executive Chairman of Restaurant Division, Food Division and Industrial Division of TRB Group
- President and Chief Executive Officer of Restaurant Division of TRB Group

Academic/Professional Qualification/Membership(s)

- Bachelor of Pharmacy Degree from Tokyo University of Pharmacy and Life Science
- Bestowed an Honorary Fellowship by the Limkokwing University College of Creative Technology in 2001
- Conferred the Honorary Degree of Doctor Of Science by the Universiti Sains Malaysia in 2013

Accolades/Recognition

- Granted permanent residency status by the Malaysian Government in 1990
- Bestowed the following honorary titles
 - Darjah Johan Negeri (D.J.N.) by the Governor of Penang in 1991
 - Darjah Setia Pangkuan Negeri (D.S.P.N.) in 1994
 - Darjah Gemilang Pangkuan Negeri (D.G.P.N.) in 2000
 - Darjah Kebesaran Panglima Setia Mahkota (P.S.M.) in 2007
- Awarded Certificate of Commendation by the Minister of Foreign Affairs, Japan in 2007
- Conferred the award “The Order Of The Rising Sun, Gold

and Silver Rays” by His Majesty, the Emperor of Japan in 2017

- Minister’s Award by the Japan Ministry of Agriculture, Forestry and Fisheries (MAFF) in Tokyo in 2019

Directorship in other listed issuers/public companies

- Nil

Any family relationship with any director and/or major shareholder of the listed issuer

- Tan Sri Dato’ Seri (Dr.) Fumihiko Konishi is the father of Dr Yuma Konishi, an Executive Director of TRB
- Tan Sri Dato’ Seri (Dr.) Fumihiko Konishi is deemed a major shareholder of TRB and his interest in TRB is set out in the Analysis of Shareholdings section of this Annual Report
- Save as disclosed herein, Tan Sri Dato’ Seri (Dr.) Fumihiko Konishi does not have any family relationship with any other director or any major shareholder of TRB

Any conflict of interest or potential conflict of interest, including interest in any competing business that the person has with the listed issuer or its subsidiaries

- Nil

Other than traffic offences, the list of convictions for offences within the past 5 years and particulars of any public sanction or penalty imposed by the relevant regulatory bodies during the financial year, if any

- Nil

Number of board meetings attended in the financial year

- 5/5

BOARD OF DIRECTORS (cont'd)



MR YAP KEE KEONG
President and Group Chief Executive Officer

Gender/Age/Nationality
♣ Male, 60, Malaysian

Date of appointment to the Board
♣ 1 January 2006

Membership of Board Committees
♣ Member of Executive Committee

Working experience/Occupation

- Joined Texchem Resources Bhd. Group of Companies (“TRB Group”) in 1988. Mr Yap Kee Keong has more than 35 years of experience in the sales, marketing and distribution of industrial raw materials as well as manufacturing experience in the polymer manufacturing industry specialising in the electronic and medical devices sectors
- Executive Chairman of Polymer Engineering Division of TRB Group
- President and Chief Executive Officer of Industrial Division of TRB Group
- President and Chief Executive Officer of Corporate Services Division of TRB Group
- Executive Director of Texchem Food Sdn. Bhd.
- Executive Director of Sushi King Holdings Sdn. Bhd.

Academic/Professional Qualification/Membership(s)

- Bachelor of Science (Honours) Degree in Physics from the University of Malaya
- Masters in Business Administration from the University of Portsmouth, United Kingdom

Directorship in other listed issuers/public companies

- Nil

Any family relationship with any director and/or major shareholder of the listed issuer

- Nil

Any conflict of interest or potential conflict of interest, including interest in any competing business that the person has with the listed issuer or its subsidiaries

- Nil

Other than traffic offences, the list of convictions for offences within the past 5 years and particulars of any public sanction or penalty imposed by the relevant regulatory bodies during the financial year, if any

- Nil

Number of board meetings attended in the financial year

- 5/5



DR YUMA KONISHI
Executive Director

Gender/Age/Nationality
♣ Male, 46, Japanese

Date of appointment to the Board
♣ 1 January 2020

Membership of Board Committees
♣ Member of Executive Committee

Working experience/Occupation

- Joined Texchem Resources Bhd. Group of Companies (“TRB Group”) in 2005. Dr Yuma Konishi has more than 19 years of experience in the plastics industries and almost a decade spearheading Texchem’s venture into medical life sciences industry
- President and Chief Executive Officer of Polymer Engineering Division of TRB Group

Academic/Professional Qualification/Membership(s)/Award

- Bachelor of Science in Industrial Engineering from Nihon University, Chiba, Japan
- Master of Science in Polymer Engineering from The University of Akron, Ohio, USA
- Doctor of Engineering in Chemistry and Materials Science from Tokyo Institute of Technology, Tokyo, Japan
- Member of Penang Strategic Investment Advisory Council (PSIAC)
- Member of the Board of Directors of Association of Malaysian Medical Industries (AMMI), Leader of Membership & Industry Development Committee and Member of Government Affairs Committee of AMMI
- Darjah Johan Negeri (D.J.N.)

Directorship in other listed issuers/public companies

- Nil

Any family relationship with any director and/or major shareholder of the listed issuer

- Dr Yuma Konishi is the son of Tan Sri Dato’ Seri (Dr.) Fumihiko Konishi, the Executive Chairman and deemed major shareholder of TRB. The direct and deemed interests of Tan Sri Dato’ Seri (Dr.) Fumihiko Konishi are set out in the Analysis of Shareholdings section of this Annual Report

Any conflict of interest or potential conflict of interest, including interest in any competing business that the person has with the listed issuer or its subsidiaries

- Nil


Other than traffic offences, the list of convictions for offences within the past 5 years and particulars of any public sanction or penalty imposed by the relevant regulatory bodies during the financial year, if any

- Nil

Number of board meetings attended in the financial year

- 5/5

Board Of Directors (cont'd)



DATO' AZMAN BIN MAHMUD
Independent Non-Executive Director

Gender/Age/Nationality
♣ Male, 63, Malaysian

Date of appointment to the Board
♣ 1 January 2023

Membership of Board Committees
♣ Chairman of Remuneration Committee

Directorship in other listed issuers/ public companies

- Independent Non-Executive Chairman of Panasonic Manufacturing Malaysia Berhad
- Independent Non-Executive Chairman of Cnergenz Berhad
- Independent Non-Executive Director of GDEX Berhad
- Independent Non-Executive Chairman of Privasia Technology Berhad

Any family relationship with any director and/or major shareholder of the listed issuer

- Nil

Any conflict of interest or potential conflict of interest, including interest in any competing business that the person has with the listed issuer or its subsidiaries

- Nil

Other than traffic offences, the list of convictions for offences within the past 5 years and particulars of any public sanction or penalty imposed by the relevant regulatory bodies during the financial year, if any

- Nil

Number of board meetings attended in the financial year

- 5/5

Working experience/Occupation

- Dato' Azman Bin Mahmud was the former Chief Executive Officer ("CEO") of the Malaysian Investment Development Authority ("MIDA"), Malaysia's investment promotion and industrial development agency, having served in various positions across many divisions within MIDA since year 1989 until his retirement on 1 April 2021
- During his tenure with MIDA, he also served in overseas posting. As the CEO of MIDA, he led MIDA in driving the investment agenda of Malaysia to achieve national investment targets from 2014 till 2021. He also led the transformation of MIDA towards a world-class investment promotion agency

Academic/Professional Qualification/Membership(s)

- Bachelor of Engineering (Agricultural) from the University Putra Malaysia
- Attended several leadership and professional development courses from renowned training institutes such as 'A Cutting Edge of Development Thinking', Harvard Kennedy School, John F. Kennedy School of Government, USA; 'Leading Change & Organisation Renewal', Harvard Business School, USA; Strategy Execution Programme, INSEAD France; APAC Government Leadership Programme (AGLP) in Crotonville, New York, USA; and Temasek Foundation International Asia Leader's Connect, Singapore



DR ZARIZANA @ IZANA BINTI ABDUL AZIZ
Independent Non-Executive Director

Gender/Age/Nationality
♣ Female, 58, Malaysian

Date of appointment to the Board
♣ 18 April 2012

Membership of Board Committees
♣ Chairperson of Nomination Committee
♣ Member of Audit Committee
♣ Member of Remuneration Committee

Directorship in other listed issuers/ public companies

- Nil

Any family relationship with any director and/or major shareholder of the listed issuer

- Nil

Any conflict of interest or potential conflict of interest, including interest in any competing business that the person has with the listed issuer or its subsidiaries

- Nil

Other than traffic offences, the list of convictions for offences within the past 5 years and particulars of any public sanction or penalty imposed by the relevant regulatory bodies during the financial year, if any

- Nil

Number of board meetings attended in the financial year

- 5/5

Working experience/Occupation

- Partner in Messrs K. Ahmad & Yong from 1996 to 2016, specialising in company incorporation, mergers and acquisition and intellectual property, manufacturing, banking and finance
- International consultant on legislative reform/judicial training in Afghanistan, Bangladesh, Fiji, Indonesia, Maldives, Myanmar, Pakistan and Timor Leste
- Adjunct professor at George Washington University, Washington DC

Academic/Professional Qualification/Membership(s)

- Bachelor of Laws (LL.B.) from the University of Sydney, Sydney Australia
- Masters of Laws (LL.M.) from Columbia University, New York, United States of America
- Doctor of Philosophy (Ph.D.) from Universiti Sains Malaysia

Board Of Directors (cont'd)



MR JONY RAW
Independent Non-Executive Director

Gender/Age/Nationality
♣ Male, 68, Malaysian

Date of appointment to the Board
♣ 2 May 2019

Membership of Board Committees
♣ Chairman of Audit Committee
♣ Member of Nomination Committee
♣ Member of Remuneration Committee

Working experience/Occupation

- More than 45 years of experience in the areas of audit, financial management, corporate finance and corporate secretarial
- Worked with KPMG, Kuala Lumpur before moving on to hold senior positions in several public listed companies
- Joined Texchem Resources Bhd. ("TRB") from 1988 to 2011 and rose to the position of Group Chief Financial Officer
- Appointed as Joint Company Secretary of TRB from 1999 to 2013

Academic/Professional Qualification/Membership(s)

- Member of the Malaysian Institute of Certified Public Accountants (Certified Public Accountant)
- Member of the Malaysian Institute of Accountants (Chartered Accountant)

Directorship in other listed issuers/public companies

- Nil

Any family relationship with any director and/or major shareholder of the listed issuer

- Nil

Any conflict of interest or potential conflict of interest, including interest in any competing business that the person has with the listed issuer or its subsidiaries

- Nil

Other than traffic offences, the list of convictions for offences within the past 5 years and particulars of any public sanction or penalty imposed by the relevant regulatory bodies during the financial year, if any

- Nil

Number of board meetings attended in the financial year

- 5/5



PUAN AZIAN BINTI MOHD YUSOF
Independent Non-Executive Director

Gender/Age/Nationality
♣ Female, 66, Malaysian

Date of appointment to the Board
♣ 27 January 2022

Membership of Board Committees
♣ Member of Audit Committee

Working experience/Occupation

- Worked with the Malaysian Investment Development Authority ("MIDA") for more than 30 years in promoting the growth of investments in Malaysia from June 1982 until July 2018
- Served as a Director of various divisions within MIDA from 2007 to 2018
- Held the position of Deputy Chief Executive Officer in charge of Strategic Planning and Coordination in MIDA before retirement in July 2018

Academic/Professional Qualification/Membership(s)

- Bachelor of Economics from the University of Malaya

Directorship in other listed issuers/public companies

- Independent Non-Executive Director of Bonia Corporation Berhad
- Independent Non-Executive Director of Solarvest Holdings Berhad
- Independent Non-Executive Director of Wellcall Holdings Berhad

Any family relationship with any director and/or major shareholder of the listed issuer

- Nil

Any conflict of interest or potential conflict of interest, including interest in any competing business that the person has with the listed issuer or its subsidiaries

- Nil

Other than traffic offences, the list of convictions for offences within the past 5 years and particulars of any public sanction or penalty imposed by the relevant regulatory bodies during the financial year, if any

- Nil

Number of board meetings attended in the financial year

- 4/5

KEY SENIOR MANAGEMENT

MS CYNTHIA OOI GAIK SEE
Group Chief Human Resources Officer

Gender/Age/Nationality
 ♣ Female, 59, Malaysian

Date of appointment to the key senior management position
 ♣ 1 January 2022

Membership of Board Committees
 ♣ Member of Executive Committee

Working experience/Occupation

- More than 37 years of experience in talent & leadership development, organization capability development, attraction & retention strategies, total rewards solutions, employee engagement, HR business partnering, HR systems infrastructures, finance & accounting, cost & management accounting and general management
- Worked in multi-national corporations, manufacturing, retail, trading, public accounting firms and professional consultancy services

Academic/Professional Qualification/Membership(s)

- Affiliated member of the Association of International Accountants, UK
- Lifetime member of Malaysian Institute of Human Resource Management (MIHRM)
- Certified Coaching & Mentoring Professional (CCMP)
- Trained and accredited in psychometric assessment tools (Harrison / DISC / Hogan)

Directorship in other listed issuers/public companies

- Nil

Any family relationship with any director and/or major shareholder of the listed issuer

- Nil

Any conflict of interest or potential conflict of interest, including interest in any competing business that the person has with the listed issuer or its subsidiaries

- Nil

Other than traffic offences, the list of convictions for offences within the past 5 years and particulars of any public sanction or penalty imposed by the relevant regulatory bodies during the financial year, if any

- Nil

MS LOH SAU MUN
Group Chief Financial Officer and Company Secretary

Gender/Age/Nationality
 ♣ Female, 47, Malaysian

Date of appointment to the key senior management position
 ♣ 1 July 2023

Membership of Board Committees
 ♣ Nil

Working experience/Occupation

- More than 24 years of working experience in the areas of audit, accounting, taxation, finance and retail operation
- Started her career as audit assistant in 2000. Over the years, she worked in international accounting firms in Malaysia and China and venture capital company in Singapore before joining Texchem Resources Bhd. Group in 2010

Academic/Professional Qualification/Membership(s)

- Member of the Malaysian Institute of Accountants
- Member of the Association of Chartered Certified Accountants
- Attended Chartered Financial Analyst (CFA) programme

Directorship in other listed issuers/public companies

- Nil

Any family relationship with any director and/or major shareholder of the listed issuer

- Nil

Any conflict of interest or potential conflict of interest, including interest in any competing business that the person has with the listed issuer or its subsidiaries

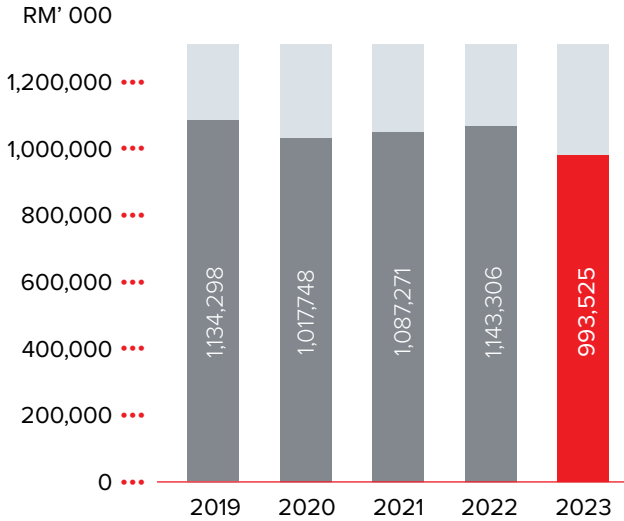
- Nil

Other than traffic offences, the list of convictions for offences within the past 5 years and particulars of any public sanction or penalty imposed by the relevant regulatory bodies during the financial year, if any

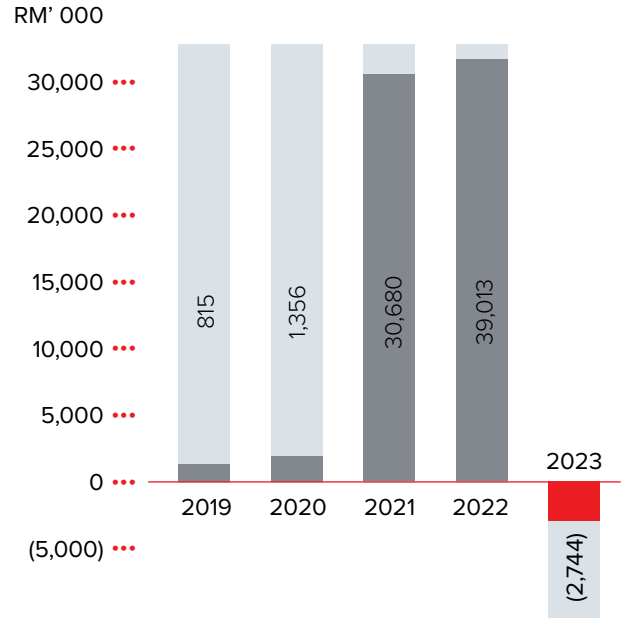
- Nil

Group Financial Highlights

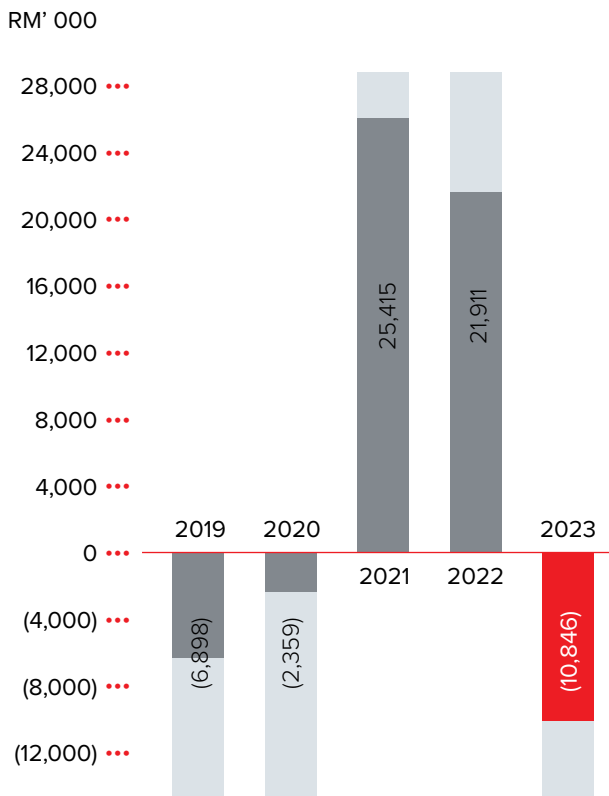
REVENUE



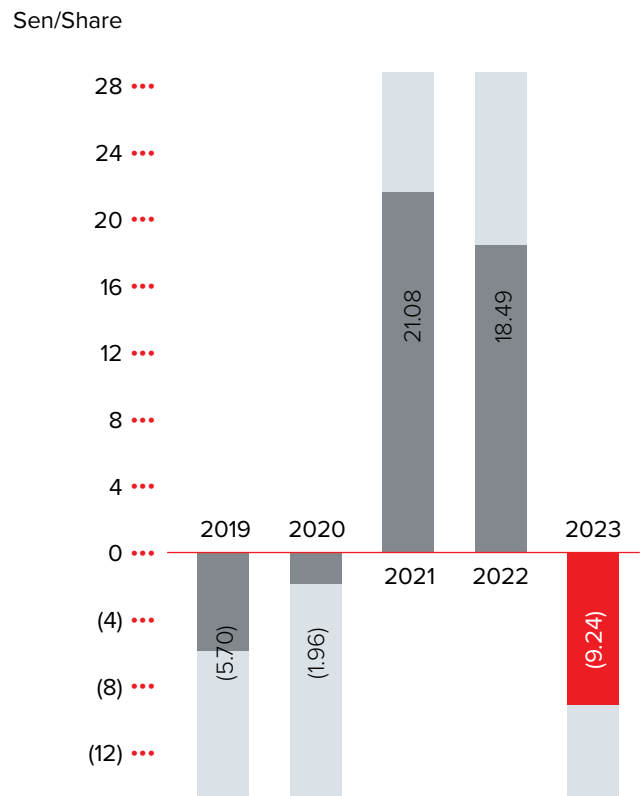
PROFIT/(LOSS) BEFORE TAX



NET (LOSS)/PROFIT ATTRIBUTABLE TO OWNERS OF THE COMPANY



(LOSS)/EARNINGS PER SHARE (SEN)



Group Financial Highlights (cont'd)

| | 2019 RM'000 | 2020 RM'000 | 2021 RM'000 | 2022 RM'000 | 2023 RM'000 |
|--|----------------------|--------------------|----------------|------------------------|----------------------|
| Revenue | 1,134,298 | 1,017,748 | 1,087,271 | 1,143,306 | 993,525 |
| Profit/(Loss) Before Tax | 815 ^{&} | 1,356 [*] | 30,680 | 39,013 ^{>} | (2,744) [^] |
| Net (Loss)/Profit Attributable to Owners of the Company | (6,898) | (2,359) | 25,415 | 21,911 | (10,846) |
| Total Equity Attributable to Owners of the Company/Net Assets [®] | 249,132 | 247,151 | 270,823 | 191,304 | 177,903 |
| Net Tangible Assets [®] | 193,250 | 191,269 | 214,941 | 135,422 | 122,021 |
| No. of Ordinary Shares Issued ('000) | 124,099 | 124,099 | 124,099 | 126,373 | 126,373 |
| No. of Ordinary Shares Issued Less Treasury Shares ('000) | 120,571 | 120,571 | 120,571 | 119,145 | 117,091 |
| Dividend per share (sen) | – | – | 10 | 13 | – |
| (Loss)/Earnings Per Share (Sen) | (5.70) | (1.96) | 21.08 | 18.49 | (9.24) |
| Net Assets Per Share (RM/Share) ^{#@} | 2.07 | 2.05 | 2.25 | 1.61 | 1.52 |
| Net Tangible Assets Per Share (RM/Share) ^{#@} | 1.60 | 1.59 | 1.78 | 1.14 | 1.04 |
| Gearing Ratio (Times) ^{^^} | 0.33 | 0.25 | 0.19 | 0.30 | 0.46 |

[®] Adjusted for the Company's shares held by a subsidiary of RM Nil (2022: Nil) (2021: Nil) (2020: RM3.25 million) (2019: RM13.97million) included in capital reserve

[#] Divided by number of ordinary shares issued less treasury shares

^{^^} Gearing ratio is defined as net borrowings (total loans and borrowings less cash and cash equivalents) divided by total equity including non-controlling interests adjusted for the Company's shares held by a subsidiary of RM Nil (2022: Nil) (2021: Nil) (2020: RM3.25 million) (2019: RM13.97 million) included in capital reserve

[&] Includes gain on disposal of a subsidiary of RM2.32 million and gain on re-measurement of retained interest in an associate of RM2.23 million

^{*} Includes gain on deconsolidation of subsidiaries of RM0.80 million and impairment loss on property, plant and equipment of RM2.55 million

[>] Includes share-based payments of RM9.45 million and gain on deconsolidation of a subsidiary of RM1.58 million

[^] Includes share-based payments of RM2.98 million and gain on disposal of an associate of RM2.49 million

CORPORATE INFORMATION



BOARD OF DIRECTORS

Executive Chairman

Tan Sri Dato' Seri (Dr.) Fumihiko Konishi

President and Group Chief Executive Officer

Yap Kee Keong

Executive Director

Dr Yuma Konishi

Independent Non-Executive Directors

Dato' Azman Bin Mahmud

Dr Zarizana @ Izana Binti Abdul Aziz

Jony Raw

Azian Binti Mohd Yusof



EXECUTIVE COMMITTEE

Chairman

Tan Sri Dato' Seri (Dr.) Fumihiko Konishi

Members

Yap Kee Keong

Dr Yuma Konishi

Cynthia Ooi Gaik See



AUDIT COMMITTEE

Chairman

Jony Raw

Members

Dr Zarizana @ Izana Binti Abdul Aziz

Azian Binti Mohd Yusof



NOMINATION COMMITTEE

Chairperson

Dr Zarizana @ Izana Binti Abdul Aziz

Member

Jony Raw



REMUNERATION COMMITTEE

Chairman

Dato' Azman Bin Mahmud

Members

Dr Zarizana @ Izana Binti Abdul Aziz

Jony Raw

COMPANY SECRETARIES

Lee Puay Img

Licence No.: LS 0009427

SSM PC No.: 202008001167

Loh Sau Mun

MIA No.: CA22775

SSM PC No.: 202308000826

REGISTERED OFFICE

Level 18, Menara Boustead Penang

39 Jalan Sultan Ahmad Shah

10050 George Town, Penang

Tel: 604-2296000

Fax: 604-2291430

Website: www.texchemgroup.com

E-mail: trb@texchemgroup.com

SHARE REGISTRAR

Securities Services (Holdings) Sdn. Bhd.

Suite 18.05, MWE Plaza

No. 8 Lebuhr Farquhar

10200 George Town

Pulau Pinang

Tel: 604-2631966

Fax: 604-2628544

E-mail: info@sshhsb.com.my

AUDITORS

KPMG PLT

LLP0010081-LCA & AF 0758

Chartered Accountants

Penang

Tel: 604-3751800

Fax: 604-2382222

PRINCIPAL BANKERS

Malayan Banking Berhad

Hong Leong Bank Berhad

HSBC Bank Malaysia Berhad

AmBank (M) Berhad

CIMB Bank Berhad

RHB Bank Berhad

SOLICITORS

Presgrave & Matthews

Zaid Ibrahim & Co.

STOCK EXCHANGE LISTING

Main Market of Bursa Malaysia Securities Berhad

Stock name: **TEXCHEM**

Stock code: 8702

Stock sector: Industrial Products & Services

Sub sector: Diversified Industrials

Listing date: 17 May 1993

SUBSIDIARIES

Please refer to the Corporate Structure section of this Annual Report for the list of subsidiaries of the Company

EXECUTIVE COMMITTEE

TERMS OF REFERENCE

To assist the Board of Directors (“Board”) in decision-making by undertaking the necessary business deliberations and operational activities necessary for the day-to-day running of the organisation and to seek necessary Board approvals where applicable.

AUDIT COMMITTEE

TERMS OF REFERENCE

Objective

1. The principal objective of the Audit Committee (AC) is to assist the Board in fulfilling its oversight responsibilities of the Group’s financial reporting process and internal control system.

Membership

2. The AC shall be appointed by the Board from among its members and shall consist of no fewer than three (3) nonexecutive directors. All AC members should be non-executive directors, with a majority of them being independent directors. All members of the AC shall be financially literate and at least one (1) member should be a member of an accountancy association or body.
3. No former audit partner shall be appointed as a member of the Committee before observing a cooling-off period of at least five (5) years.
4. No alternate director shall be appointed as a member of the Committee.
5. The AC shall elect a Chairman from among its members who shall be an Independent Non- Executive Director who is not the Chairman of the Board. In the absence of the Chairman, the remaining members present shall among themselves elect a Chairman who must be an independent director to chair the meeting.
6. In the event of any vacancy in the AC resulting in the non-compliance with 2 above, the Board of Directors shall fill the vacancy within three months.

Authority

7. The AC is authorised by the Board to investigate any activity within its terms of reference. It is authorised to seek any information it requires from any employee and all employees are directed to co-operate with any request made by the Committee.
8. The AC is authorised by the Board to obtain external, legal or independent professional advice and to secure the attendance of such external advisors with relevant experience in meetings, if considered necessary.
9. The AC is authorised to convene meetings with the external auditors, internal auditors or both, without the presence of Management, other directors and employees, whenever deemed necessary.
10. The AC is authorised to have direct communication channels with the external auditors, internal auditors or both.

Duties

11. The duties of the AC shall be
 - (a) Oversight of financial reporting and its process:
 - (i) Review the quarterly unaudited financial statements of the Group with Management and recommend to the Board of Directors for consideration and approval;
 - (ii) Review the annual audited financial statements of the Company and the Group with Management and the external auditors and recommend to the Board of Directors for consideration and approval and;
 - (iii) Review the Group’s Statement on Risk Management and Internal Control with Management and the external auditors and presenting to the Board for consideration and approval for inclusion in the Annual Report.
 - (b) Oversight of external auditors and evaluation of the external audit process:
 - (i) Review with them, their audit plan, scope and areas of audit;
 - (ii) Review with them, their understanding of the internal control environment and systems obtained in the course of designing their audit procedures;
 - (iii) Review with them, their audit report;
 - (iv) Review with them, their management letters and management responses;
 - (v) Review with them, the adequacy of the co-operation given by the Company’s officers in the course of audit; and
 - (vi) Review with Management annually, the appointment/re-appointment of the external auditors based on factors including but not limited to suitability, resources, competency and independence of the external auditors, their audit fee and any questions of their resignation or dismissal.
 - (vii) Review with Management annually, the non-audit services performed by the external auditors taking into consideration the types of services rendered and their fees in accordance with the Policies and Procedures for the Assessment of Suitability and Independence of External Auditor and to ensure that the independence of the external auditors is not compromised.

Audit Committee (cont'd)

Duties (cont'd)

11. The duties of the AC shall be (cont'd)
 - (c) Oversight of internal auditors and evaluation of the internal audit process:
 - (i) Review the adequacy of the scope, functions, competency and resources of the Internal Audit function, and that it has the necessary authority to carry out its work;
 - (ii) Review the annual Internal Audit plan, process and results of the Internal Audit activities including investigation and their evaluation of the Group's governance, risk management and internal control environment, systems and processes, and where necessary, ensure that appropriate actions are taken by Management on the recommendations of the Internal Audit function;
 - (iii) Review annually the performance of the Internal Audit function;
 - (iv) Review the annual performance appraisal or assessment of the Internal Audit staff including the adequacy of Internal Audit resources;
 - (v) Approve any appointment or termination of senior staff members of the Internal Audit function; and
 - (vi) Take cognizance of resignation of Internal Audit staff members and provide the resigning staff members an opportunity to submit their reasons for resigning.
 - (d) Sustainability Reporting
 - (i) Review the Group's Sustainability Statement with Management and presenting to the Board for consideration and approval for inclusion in the Annual Report.
 - (e) Corporate Governance Reporting
 - (i) Review the Group's Corporate Governance Overview Statement and Corporate Governance Report with Management and presenting to the Board for consideration and approval for inclusion in the Annual Report and Company's website respectively.
 - (f) Related Party Transactions and Share Buy-back Statement
 - (i) Review with Management the Circular to Shareholders in relation to the proposed renewal of existing shareholders' mandate for recurrent related party transactions and statement for the proposed renewal of existing share buy-back authority and presenting to the Board for consideration;
 - (ii) Review and approve the inclusion of the AC statements on the procedures for Recurrent Related Party Transactions in the said Circular;
 - (iii) Review with Management to ensure actual related party transactions are within limits approved by shareholders;
 - (iv) Review with Management any related party transactions or conflict of interest situations that may arise within the Company or Group including any transaction, procedure or course of conduct that raises questions of management integrity.
 - (g) To consider any other functions as may be agreed between the AC and the Board of Directors.

Attendance, Quorum and Frequency of Meeting

11. The Chairman of the AC should engage on a continuous basis with senior Management, such as the Chairman, Group Chief Executive Officer, Group Chief Financial Officer / Group Finance Director, Chief Audit Executive and the external auditors in order to be kept informed of matters affecting the Company and the Group.
12. The Group Chief Financial Officer / Group Finance Director, Chief Audit Executive, and representatives of the external auditors shall normally attend meetings. Other Board members and employees may attend meetings upon invitation of the AC. However, the AC shall meet with the external and internal auditors without the presence of Executive Board members and Management at least twice a year and whenever necessary.
13. In order to form a quorum in the AC meeting, the majority of members present must be Independent Directors.
14. The Committee shall meet not less than 4 times a year. The external auditors may request for a meeting if they consider necessary.
15. Questions arising at any meeting of the AC shall be decided by a majority of votes of the members present, and in the case of equality of votes, the Chairman of the AC shall have a second or casting vote.

Minutes

16. The Chief Audit Executive shall act as Secretary to the AC. The Minutes of each AC meeting shall be kept at the registered office and distributed to each member of the AC and other members of the Board. The AC Chairman shall report on each meeting to the Board.
17. The minutes of the AC meetings shall be signed by the Chairman of the meeting at which the proceedings were held or by the Chairman of the next succeeding meeting.

Review of the Term of Reference

18. The members of the Committee will assess, review and update the above terms of reference periodically or as and when there are changes to the regulatory requirements and changes to the direction or strategies of the Company that may affect the Committee's roles and recommend the changes for approval by the Board.

REMUNERATION COMMITTEE

TERMS OF REFERENCE

Objective

In accordance with the Malaysian Code on Corporate Governance, the Remuneration Committee is set up to provide recommendations to the Board of Directors ("Board") on:

- a) a formal and transparent procedure for developing the remuneration policy that meets the Company's business strategies and long-term objectives.
- b) the remuneration of the Executive Directors and senior management in all its forms such that the component parts of remuneration are structured to link rewards to corporate and individual performance.

Executive Directors should play no part in decisions on their own remuneration while the remuneration of the Non-Executive Directors should be a matter for the Board as a whole to determine. The individuals concerned should abstain from discussion of and voting on his or her own remuneration.

Size and Composition

The Remuneration Committee shall consist wholly of Non-Executive Directors and a majority of them must be independent Directors. The members of the Remuneration Committee shall elect a Chairman from amongst its members.

Meetings

The Remuneration Committee shall meet as and when is necessary. The quorum for any meetings shall be two (2) members subject to any laws, guidelines or rules that may be imposed by Bursa Malaysia Securities Berhad and/or any other relevant authority(ies).

Secretaries

The Company Secretaries shall act as Secretaries of the Remuneration Committee and shall be responsible for keeping minutes of meetings of the Remuneration Committee and circulating them to the Remuneration Committee members.

Duties and Responsibilities

- 1) To determine and recommend to the Board the framework or broad policy for the remuneration, in all forms, of the Executive Directors, senior management and/or any other persons as the Remuneration Committee is designated to consider by the Board, having regard to the Company's operating results, individual performance, comparable market statistics and drawing from outside advice as necessary.
- 2) To determine and recommend to the Board the remuneration packages and any performance related pay schemes for the Executive Directors, senior management and/or any other persons as the Remuneration Committee is designated to consider by the Board.
- 3) To determine the policy for and scope of service agreements for the Executive and Non-Executive Directors, termination payment and compensation commitments.
- 4) To report to the Board any matters that the Remuneration Committee considers should be brought to the attention of the Board and to provide sufficient information to the Board to ensure that the Board makes an informed decision in relation to the Remuneration Committee's recommendations.
- 5) To produce any required reports as may be required from time to time.
- 6) To recommend to the Board the appointment of the services of such advisers or consultants as it deems necessary to fulfill its responsibilities.
- 7) To carry out other responsibilities, functions or assignments as may be defined by the Board from time to time.
- 8) The Chairman shall attend the Annual General Meetings to answer any questions relating to the Remuneration Committee's activities.

NOMINATION COMMITTEE

TERMS OF REFERENCE

Objective

In accordance with the Malaysian Code on Corporate Governance, the Nomination Committee is set up to provide recommendations to the Board of Directors (“Board”) on the candidates for all directorships of Texchem Resources Bhd. (“TRB”). Final decision on the appointment of any directors of TRB shall be made by the Board.

The Nomination Committee shall be responsible in ensuring the appropriate Board balance and size, and that the Board has a required mix of skills, knowledge, experience, independence and diversity (diversity in gender, ethnicity and age) and that candidates for directorships meet the criteria set out in the Directors’ Fit and Proper Policy (“F&P Policy”). An annual review of the mix of skills, knowledge, experience and other core competencies of the Board shall be made by the Nomination Committee.

Size and Composition

The composition of Nomination Committee must not be less than (2) members. The Nomination Committee shall comprise wholly of Non-Executive Directors, the majority of whom are independent. The members of the Nomination Committee shall elect a Chairman from amongst any of its members who shall be an Independent Director. The Chairman shall attend the Annual General Meetings and provide response to questions addressed to the Chairman.

Meetings

The Nomination Committee shall meet as and when is necessary. The quorum for any meetings shall be two (2) members subject to any laws, guidelines or rules that may be imposed by Bursa Malaysia Securities Berhad and/or any other relevant authority(ies).

The Nomination Committee may from time to time and if deemed appropriate, consider and approve and/or recommend relevant matters via a Circular Resolution in writing in lieu of formally convening a meeting. The Circular Resolution shall be as valid and effectual as if it has been passed by a meeting of the Nomination Committee duly convened.

Notice

The Company Secretaries shall issue and circulate the notice for the Nomination Committee’s meetings at least five (5) working days before each meeting to the members and invitees.

Secretaries

The Company Secretaries shall act as Secretaries to the Nomination Committee and shall be responsible for keeping minutes of meetings of the Nomination Committee and circulating them to the Nomination Committee members.

Nomination Committee (cont'd)

Duties and Responsibilities

- 1) To review regularly the Board structure, size and composition and make recommendations to the Board with regard to any adjustments thereof and/or the appointment of Directors as the Nomination Committee deems necessary.
- 2) To consider, in making its recommendations, candidates for directorships proposed by the President/Managing Director/Chief Executive Officer of TRB, any other senior executive or any other Director or shareholder of TRB or identified via independent sources, as well as make recommendations to put in place the plans for succession, in particular for the Chairman/President and the Managing Director/Chief Executive Officer. Factors to be taken into consideration when evaluating any candidates are as follows:
 - (a) skills, knowledge, expertise, experience, character, professionalism, integrity and such other criteria which are more particularly set out in the F&P Policy;
 - (b) diversity in age, gender and background;
 - (c) any business interest or relationship that may result in a conflict of interest that could affect the execution of the role; and
 - (d) in the case of candidates for the position of independent non-executive directors, the Nomination Committee should also evaluate the candidates' ability to discharge such responsibilities/functions as expected from independent non-executive directors.
- 3) To conduct a performance evaluation annually in order to assist the Board to review the required mix of skills, knowledge, experience, independence, diversity (diversity in gender, ethnicity and age) and other qualities including core competencies which Directors should bring to the Board and to assess the effectiveness of the Board as a whole and any other committees of the Board and the contributions of each individual Director of TRB based on the process and procedures laid out by the Board.
- 4) To review the term of office and performance of the Audit Committee and each of its members annually to determine whether the Audit Committee and members have carried out their duties in accordance with the terms of reference of the Audit Committee.
- 5) To review the induction and training needs of Directors under the continuing education programmes.
- 6) To recommend to the Board for continuation or discontinuation in service of Directors as an Executive Director or Non-Executive Director.
- 7) To recommend Directors who are retiring by rotation to be put forward for re-election.
- 8) To recommend to the Board the Directors to fill the seats on any committees of the Board.
- 9) To recommend to the Board the employment of the services of such advisers as it deems necessary to fulfill the Board's responsibilities.
- 10) To carry out other responsibilities, functions or assignments as may be defined by the Board from time to time.

Review of the Terms of Reference

The Terms of Reference shall be reviewed and updated as and when necessary and the Nomination Committee shall recommend any change to its Terms of Reference as the Nomination Committee deems appropriate to the Board for approval.

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the 50th Annual General Meeting (“50th AGM”) of the Company will be conducted on a virtual basis through live streaming from the Broadcast Venue at Board Room, Level 18, Menara Boustead Penang, 39 Jalan Sultan Ahmad Shah, 10050 George Town, Penang on Monday, 29 April 2024 at 10.30 a.m. for transacting the following businesses:

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 (i) |
| 2. | To re-elect Puan Azian Binti Mohd Yusof who retires in accordance with Article 22.3 of the Company’s Constitution and being eligible, offers herself for re-election. Dr Zarizana @ Izana Binti Abdul Aziz, who also retires by rotation in accordance with Article 22.3 of the Company’s Constitution, has expressed her intention not to seek for re-election. Hence, she will retire from office upon the conclusion of the 50 th AGM of the Company. | Ordinary Resolution 1 Please refer to Explanatory Note (ii) |
| 3. | To approve the Directors’ Fees of RM820,000 for the financial year ended 31 December 2023 (2022: RM1,750,000). | Ordinary Resolution 2 |
| 4. | To approve the payment of Directors’ benefits of RM30,000 to the 3 members of the Audit Committee for the financial year ended 31 December 2023 (2022: RM40,000). | Ordinary Resolution 3 |
| 5. | To re-appoint Messrs KPMG 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 4 |

Special Business

- | | | |
|----|--|------------------------------|
| 6. | To consider and if deemed fit to pass the following Ordinary Resolutions: | |
| | (A) Power to Issue Shares pursuant to Section 75 and Section 76 of the Companies Act 2016 | Ordinary Resolution 5 |
| | <p>“THAT subject always to the Companies Act 2016 (“Act”), the Constitution of the Company, the Main Market Listing Requirements of Bursa Malaysia Securities Berhad and the approvals of the relevant regulatory authorities, where such approval is necessary, the Directors be and are hereby authorised and empowered pursuant to Section 75 and Section 76 of the Act to allot and issue 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 to be issued pursuant to this 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 for the listing of and quotation for the additional shares so issued on Bursa Malaysia Securities Berhad AND THAT such authority as abovementioned shall continue in force until the conclusion of the next Annual General Meeting of the Company.”</p> | |
| | (B) Proposed Renewal of Existing Shareholders’ Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature | Ordinary Resolution 6 |
| | <p>“THAT subject always to the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, approval be and is hereby given to the Company and/or its subsidiaries to enter into recurrent related party transactions of a revenue or trading nature with related parties as set out in Part A [section 2.4(a)] of the Circular to the Shareholders of the Company dated 29 March 2024 (“Proposed Mandate”) which transactions are necessary for the day-to-day operations and/or in the ordinary course of business of the Company and/or its subsidiaries on terms not more favourable to the related parties than those generally available to the public and are not to the detriment of the minority shareholders of the Company AND THAT such approval shall only continue to be in force until:</p> | |

Notice of Annual General Meeting (cont'd)

- (i) the conclusion of the next Annual General Meeting (“AGM”) of the Company following the 50th AGM at which time it will lapse unless such authority is renewed by a resolution passed at the next AGM of the Company;
- (ii) the expiration of the period within which the next AGM of the Company is required to be held pursuant to Section 340(2) of the Companies Act 2016 (“Act”) (but shall not extend to such extension as may be allowed pursuant to Section 340(4) of the Act); or
- (iii) revoked or varied by resolution passed by the shareholders of the Company in a general meeting,

whichever is the earlier.

AND THAT the Directors of the Company, whether solely or jointly, be and are hereby authorised to complete and do all such acts and things including executing such relevant documents as they may consider expedient or necessary to give effect to the Proposed Mandate.”

(C) Proposed Renewal of Existing Share Buy-Back Authority

Ordinary Resolution 7

“THAT subject to the Companies Act 2016 (“Act”), the Main Market Listing Requirements of Bursa Malaysia Securities Berhad (“Bursa Securities”), the Company’s Constitution and other applicable laws, rules, regulations and guidelines of the relevant authorities, the Directors of the Company be and are hereby authorised to purchase such amount of ordinary shares (“Texchem Shares”) in the Company through Bursa Securities at any time and upon such terms and conditions and for such purposes as the Directors may in their discretion deem fit subject to the following:

- (i) the maximum number of Texchem Shares which may be purchased and/or held by the Company shall not exceed 10% of the total number of issued shares of the Company for the time being;
- (ii) the maximum funds to be allocated by the Company for the purpose of purchasing the Texchem Shares shall not exceed the total retained profits of the Company;
- (iii) the authority conferred by this Resolution will be effective immediately upon the passing of this Resolution and will continue in force until:
 - (a) the conclusion of the next Annual General Meeting (“AGM”) of the Company following the 50th AGM in which the resolution is passed at which time the authority will lapse unless renewed by ordinary resolution, either unconditionally or subject to conditions; or
 - (b) the expiration of the period within which the next AGM is required by law to be held; or
 - (c) revoked or varied by ordinary resolution passed by the shareholders of the Company in a general meeting,

whichever is the earlier, but so as not to prejudice the completion of purchase(s) by the Company made before the aforesaid expiry date and in any event, in accordance with the provisions of the Main Market Listing Requirements of Bursa Securities or any other relevant authorities;

Notice of Annual General Meeting (cont'd)

- (iv) upon completion of the purchase(s) of the Texchem Shares by the Company, the Directors of the Company be and are hereby authorised to deal with the Texchem Shares in the following manner:
- (a) to cancel the Texchem Shares so purchased; and/or
 - (b) to retain the Texchem Shares so purchased as treasury shares for distribution as dividend to the shareholders and/or resell on the market of Bursa Securities and/or for cancellation subsequently; and/or
 - (c) to retain part of the Texchem Shares so purchased as treasury shares and cancel the remainder; and/or
 - (d) to transfer the Texchem Shares or any of the Texchem Shares for the purposes of or under an employees' share scheme; and/or
 - (e) in such other manner as Bursa Securities and such other relevant authorities may allow from time to time.

AND THAT authority be and is hereby given to the Directors of the Company to take all such steps as are necessary including to enter into any agreements, arrangements and guarantees with any party or parties to implement, finalise and give full effect to the aforesaid with full powers to assent to any conditions, modifications, revaluations, variations and/or amendments (if any) as may be imposed by the relevant authorities or as may be deemed necessary by the Directors and to do all such acts and things as the Directors may deem fit and expedient in the interest of the Company.”

FURTHER NOTICE IS HEREBY GIVEN THAT for the purpose of determining a member who shall be entitled to attend this 50th AGM, the Company shall be requesting Bursa Malaysia Depository Sdn. Bhd., in accordance with Article 19.9 of the Company's Constitution and Section 34(1) of the Securities Industry (Central Depositories) Act 1991, to issue a General Meeting Record of Depositors as at 22 April 2024. Only a depositor whose name appears on the Record of Depositors as at 22 April 2024 shall be entitled to attend the said meeting or appoint proxies to attend, speak and/or vote on his/her behalf.

BY ORDER OF THE BOARD

Lee Puay Img
(Licence No.: LS 0009427)
(SSM PC No.: 202008001167)
Company Secretary

Loh Sau Mun
(MIA No.: CA22775)
(SSM PC No.: 202308000826)
Company Secretary

Penang
Date: 29 March 2024

Notice of Annual General Meeting (cont'd)

NOTES:

1. The 50th AGM will be conducted on a virtual basis through live streaming and online remote voting via Remote Participation and Voting Facilities ("RPV Facilities") provided by SS E Solutions Sdn Bhd via Securities Services e-Portal ("SS e-Portal") at <https://sshsb.net.my/>. Please follow the procedures provided in the Administrative Guide for the 50th AGM in order to register, participate and vote remotely via RPV Facilities.
2. The Broadcast Venue is strictly for the purpose of compliance with Section 327(2) of the Companies Act 2016 and Article 19.2 of the Constitution which stipulate that the Chairman of the meeting shall be present at the main venue of the meeting. Members, proxies and/or corporate representatives will not be allowed to be physically present at the Broadcast Venue on the day of the 50th AGM.
3. The members, proxies or corporate representatives may submit their questions to the Company at trb@texchemgroup.com no later than 27 April 2024, 5.00 p.m. or via real time submission of typed texts through a text box within SS e-Portal during the live streaming of the 50th AGM as the primary mode of communication. In the event of any technical glitch in this primary mode of communication, shareholders and proxies may email their questions to eservices@sshsb.com.my during the 50th AGM. Relevant questions and/or remarks submitted by the shareholders and/or proxies will be broadcasted and responded by the Chairman, Board or the adviser(s) appointed by the Company.
4. Every member including authorised nominees as defined under the Securities Industry (Central Depositories) Act 1991 and Exempt Authorised Nominees which hold ordinary shares in the Company for multiple beneficial owners in one securities account ("Omnibus Account") are entitled to appoint another person as his proxy to exercise all or any of his rights to attend, participate, speak and vote remotely instead of him at the 50th AGM and that such proxy need not be a member.
5. Where a member who is entitled to vote on a resolution has appointed more than 1 proxy, the appointment shall be invalid unless he/she specifies the proportions of his/her holdings to be represented by each proxy.
6. The instrument appointing a proxy shall be in writing under the hand of the member or his attorney duly authorised in writing or if the member is a corporation, shall either be executed under its common seal or under the hand of 2 authorised officers, one of whom shall be a director or its attorney duly authorised in writing. The instrument appointing a proxy authorises the proxy(ies) to demand or join in demanding a poll.
7. The instrument appointing a proxy and the power of attorney or other authority (if any) under which it is signed or a duly notarised certified copy of that power or authority may be made in hardcopy form or by electronic means in the following manner and shall be received by the Company not less than 48 hours before the time for holding the meeting or any adjournment thereof:
 - (a) In hardcopy form
The proxy form shall be deposited at the Company's Registered Office at Level 18, Menara Boustead Penang, 39 Jalan Sultan Ahmad Shah, 10050 George Town, Penang, Malaysia.
 - (b) By electronic means
The proxy form shall be electronically lodged via SS e-Portal at <https://sshsb.net.my/> or by email to eservices@sshsb.com.my.
8. Pursuant to Paragraph 8.29A(1) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, all resolutions set out in the Notice of the 50th AGM of the Company shall be put to vote by way of poll.

Notice of Annual General Meeting (cont'd)

Explanatory Notes on Ordinary Business:

(i) Audited Financial Statements for the financial year ended 31 December 2023

The Audited Financial Statements are laid in accordance with Section 340(1)(a) of the Act for discussion only under Agenda 1. They do not require shareholders' approval and hence, will not be put for voting.

(ii) Ordinary Resolution 1

Article 22.3 of the Company's Constitution provides that 1/3 of the Directors are subject to retirement by rotation or, if their number is not 3 or a multiple of 3, then the number nearest to 1/3 shall retire from office so that all Directors shall retire from office at least once in every 3 years.

Puan Azian Binti Mohd Yusof is due to retire at the 50th AGM in accordance with Article 22.3 of the Company's Constitution and being eligible, she has offered herself for re-election.

The Board and the Nomination Committee have conducted assessment on individual Directors in the areas of commitment, contributions, knowledge, integrity, experience and independence and were satisfied with Puan Azian's performance in the discharge of her duties and responsibilities. The Board hereby recommends the re-election of Puan Azian at the 50th AGM.

Dr Zarizana @ Izana Binti Abdul Aziz is also due to retire in accordance with Article 22.3 of the Company's Constitution. Pursuant to the 12 years tenure limit for Independent Directors as set out under Bursa Malaysia Securities Berhad's Listing Requirements, Dr Zarizana has expressed her intention not to seek for re-election as she would have served the Board for 12 years as an Independent Non-Executive Director on 17 April 2024. Hence, Dr Zarizana will retire from office upon the conclusion of the 50th AGM of the Company.

The profile of the respective Directors is set out in the Board of Directors' section of the Annual Report.

(iii) Ordinary Resolutions 2 and 3

Section 230(1) of the Act provides that the fees of the Directors and any benefits payable to the Directors of a listed company and its subsidiaries shall be approved at a general meeting. Pursuant thereto, shareholders' approval will be sought at this 50th AGM on the Directors' fees and the Directors' benefits for the 3 members of the Audit Committee, all of whom are Independent Non-Executive Directors, for the financial year ended 31 December 2023.

The breakdown of the proposed payment of Directors' Fees of RM820,000 for the financial year ended 31 December 2023 is as set out below:

| Position | Directors' Fees per annum |
|--|---------------------------|
| Executive Chairman/Group Chief Executive Officer/President | RM200,000 |
| Executive Director | RM100,000 |
| Independent Non-Executive Director | RM80,000 |

The Directors' benefits is RM10,000 per annum for each member of the Audit Committee.

(iv) Ordinary Resolution 4

The Board, through the Audit Committee, had conducted an annual assessment on the suitability, objectivity and independence of Messrs KPMG PLT and was satisfied with their independence and performance. The Board hereby recommends the re-appointment of Messrs KPMG PLT as external Auditors of the Company at the 50th AGM.

Notice of Annual General Meeting (cont'd)

Explanatory Notes on Special Business:

(i) Ordinary Resolution 5

As at the date of this Notice, no new shares in the Company were issued pursuant to the mandate granted to the Directors at the last AGM of the Company held on 17 May 2023 and the said mandate will lapse at the conclusion of this 50th AGM.

This proposed Ordinary Resolution, if passed, will give the Directors of the Company from the date of this 50th AGM, the authority to allot and issue ordinary shares in the Company up to an aggregate of not exceeding 10% of the total number of issued shares (excluding treasury shares) of the Company for the time being pursuant to Section 75 and Section 76 of the Act ("Renewed Mandate"). This Renewed Mandate, unless revoked or varied at a general meeting, will expire at the conclusion of the next AGM of the Company.

The Renewed Mandate will provide flexibility to the Company for any possible fund raising activities, including but not limited to further placement of shares, for the purpose of funding future investment project(s), working capital and/or acquisitions without any delay and without incurring additional expenses in convening a general meeting to approve the issuance of such shares.

(ii) Ordinary Resolution 6

This Ordinary Resolution, if passed, will empower the Company and/or its subsidiaries to enter into the recurrent related party transactions under the Proposed Mandate without the necessity to convene separate general meetings from time to time to seek shareholders' approval as and when such recurrent related party transactions occur. This would reduce substantially administrative time and expenses in convening such meetings and enhancing the ability to pursue more business opportunities and without compromising the corporate objectives of Texchem Resources Bhd Group of Companies.

This authority, unless revoked or varied at a general meeting of the Company, will expire at the conclusion of the next AGM of the Company.

The details of this proposed Ordinary Resolution are set out in Part A of the Circular to the Shareholders of the Company dated 29 March 2024, which is accessible online on the Company's website at www.texchemgroup.com or on Bursa Malaysia Securities Berhad's website at www.bursamalaysia.com.

(iii) Ordinary Resolution 7

This Ordinary Resolution, if passed, will enable the Company to purchase its own shares up to 10% of the total number of issued shares of the Company (inclusive of shares that have been purchased and/or retained as treasury shares). This authority, unless revoked or varied by the Company in general meeting, will expire at the conclusion of the next AGM of the Company.

The details of this proposed Ordinary Resolution are set out in Part B of the Circular to the Shareholders of the Company dated 29 March 2024, which is accessible online on the Company's website at www.texchemgroup.com or on Bursa Malaysia Securities Berhad's website at www.bursamalaysia.com.

Personal Data Privacy

By registering for the meeting via remote participation and electronic voting and/or submitting an instrument appointing proxy(ies) and/or representatives to attend, speak and vote at the 50th AGM and/or any adjournment thereof, a member of the Company:- (i) consents to the processing of the member's personal data by the Company (or its agents): (a) for processing and administration of proxies and representatives appointed for the 50th AGM; (b) for preparation and compilation of the attendance lists, minutes and other documents relating to the 50th AGM (which includes any adjournments thereto); and (c) for the Company's (or its agents') compliance with any applicable laws, listing rules, regulations and/or guidelines (collectively, "the Purposes"); (ii) warrants that he/she has obtained such proxy(ies) and/or representative(s)' prior consent for the Company's (or its agents') processing of such proxy(ies) and/or representative(s)' personal data for the Purposes; and (iii) agrees that the member will indemnify the Company for any penalties, liabilities, claims, demands, losses and damages as a result of the member's breach of warranty.

Note: The term "processing" and "personal data" shall have the meaning as defined in the Personal Data Protection Act, 2010.

STATEMENT ACCOMPANYING NOTICE OF ANNUAL GENERAL MEETING

(PURSUANT TO PARAGRAPH 8.27(2) OF BURSA MALAYSIA SECURITIES BERHAD'S MAIN MARKET LISTING REQUIREMENTS)

1. Details of individuals who are standing for election as Directors

No individual is seeking election as a Director at the 50th Annual General Meeting ("50th AGM") of the Company save for a Director standing for re-election.

The profile of the Director who is standing for re-election as per Ordinary Resolution 1 of the Notice of the 50th AGM is stated in the section on the Profile of Directors in this Annual Report.

2. Statement relating to general mandate for issue of securities in accordance with Paragraph 6.03(3) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad.

Details of the general mandate to allot securities in the Company pursuant to Sections 75 and 76 of the Companies Act 2016 are stated in the Explanatory Notes on Special Business (i) of the Notice of the 50th AGM as set out in this Annual Report.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

The Board of Directors (“Board”) of Texchem Resources Bhd. (“Company”) is entirely committed to the maintenance of high standards of corporate governance by supporting and implementing the prescriptions of the principles, practices and guidances set out in the Malaysian Code on Corporate Governance (“Code”) revised by the Securities Commission Malaysia on 28 April 2021 to enhance its accountability, transparency and sustainability. In addition, the Board follows the Corporate Governance Guide published by Bursa Malaysia Securities Berhad (“Bursa Securities”) and global developments of internationally recognised corporate governance practices and though the Board is already in compliance with many respects, it continually reviews the corporate governance processes adopted by the Company and its subsidiaries (collectively “the Group”) and strives to make appropriate adjustments to reflect its position as a good corporate citizen. The key intent is to adopt the substance behind good governance and not merely the form, with the aim of ensuring Board effectiveness in enhancing shareholder value.

The Board presents this statement to provide shareholders with an overview of the corporate governance practices of the Company which were based on the principles and best practices as set out in the Code, the governance standards prescribed in the Main Market Listing Requirements (“Listing Requirements”) of Bursa Securities and the requirements under the Companies Act 2016 and applied under the leadership of the Board during the financial year ended 31 December 2023 (“FY 2023”).

This statement is to be read together with the Corporate Governance Report 2023 (“CG Report”) of the Company which is available on the Company’s website at www.texchemgroup.com. The detailed explanation on the application of the corporate governance practices are reported under the CG Report.

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS

I. Board Responsibilities

The Board acknowledges its pivotal role in the stewardship of its direction and operations, and ultimately the enhancement of long-term shareholder value. To fulfil this role, the Board is responsible for the overall corporate governance of the Group, including its strategic direction and the Board oversees the establishment of goals for Management and monitors the achievement of these goals. Operational effectiveness, cost rationalisation and human capital management continue to be the key areas of focus for the Group.

The Board is led by the Executive Chairman and the Group Chief Executive Officer (“CEO”) whose roles are separated. The Executive Chairman is responsible for running the Board and ensures that all Directors receive sufficient relevant information on financial and non-financial matters to enable them to participate actively in Board decisions and the Executive Chairman works with the Board and the Group CEO to develop strategies for the Group’s future growth whereas the Group CEO is responsible for the day to day management of the business as well as the implementation of Board policies and decisions.

In order to ensure orderly and effective discharge of the above functions and responsibilities of the Board, the Board has set up various Board Committees to assist the Board. The Board Committees set up by the Board are:

- (a) Executive Committee (“EXCO”)
- (b) Audit Committee (“AC”)
- (c) Nomination Committee (“NC”)
- (d) Remuneration Committee (“RC”)

The EXCO, AC, RC and NC play a pivotal role in channelling pertinent operational and assurance related issues to the Board. The Board Committees partly function as a filter to ensure that only pertinent matters are tabled at the Board level. All Board Committees have written Terms of Reference which can be found at the Company’s website, www.texchemgroup.com and in this Annual Report. There is also a formal procedure sanctioned by the Board, whether as a full Board or in their individual capacity, for Directors to obtain independent professional advice at the Company’s expense.

The prime objective of the Company’s Board Charter is to set out the principles governing the Board of the Company and adopts the principles and practices of good corporate governance in the management of the Company. The Board is guided by the Board Charter which outlines, *inter alia*, the duties and responsibilities of the Board, Board Committees, Chairman, CEO, Individual Directors and Management, matters reserved for the Board as well as those which the Board may delegate to the Board Committees, CEO and Management.

Corporate Governance Overview Statement (cont'd)

The Board has also formalised a Code of Conduct and Ethics (“CoCE”) to govern the conduct of the Directors, Management and employees in the operation of the Company. The CoCE includes mechanism amongst others, the requirement to disclose any actual or potential conflict of interest, and a whistle-blower policy for the Company’s Directors and employees as well as external parties to report genuine suspicions of non-compliance without fear of retribution or retaliation.

With the introduction of the corporate liability provision under Section 17A of the Malaysian Anti-Corruption Commission Act 2009, the Board established the Anti-Corruption Policy and Procedures (“ACPP”) which were formulated based on the T.R.U.S.T. principles set out in the Guidelines on Adequate Procedures issued by the Prime Minister’s Department. The ACPP including the revised CoCE and the Vendor Code of Conduct were approved by the Board on 15 May 2020. The ACPP was designed to assist Directors and employees to identify and avoid corrupt acts and provide guidance on the standards of behaviour which all Directors and employees must adhere to. Further details pertaining to the Board Charter, CoCE, ACPP and Vendor Code of Conduct are set out in the CG Report. The Board Charter, CoCE and Vendor Code of Conduct can be found at the Company’s website, www.texchemgroup.com.

The Group is committed towards sustainable development and believes that sustainable corporate success requires the highest standard of corporate behaviour including measuring up to public expectations on its economic, environmental, social and corporate governance responsibilities. As a socially responsible citizen, the Company shall approach the process of addressing higher expectations of economic, environmental, social and corporate governance responsibilities as part of how the Company normally works and thinks. This is a key focus area for the Group for the future and the Board will provide the appropriate guidance and oversight to the Senior Management as they work towards developing a more robust sustainability agenda for the Group. The Group’s effort in this regard including the corporate responsibility activities in the financial year under review have been set out in the Sustainability Statement in this Annual Report. A copy of the Sustainability Policy is available on the Company’s website at www.texchemgroup.com.

Every Director has unhindered access to the advice and services of the Company Secretaries. The Company Secretaries are accountable directly to the Board on all matters to do with the proper functioning of the Board and provide unimpeded advice and services to the Company’s Directors, as and when the need arises. The Company Secretaries also ensure that the Board Committees function effectively based on the respective Terms of Reference.

The Board recognises that the decision making process is highly contingent on the quality of information furnished. As such, all Directors have unrestricted access to any information pertaining to the Company and/or the Group. The Directors are provided with relevant and timely information on matters to be discussed or considered at meetings of the Board and Board Committees. The Directors take cognisance of their responsibility for avoiding an actual, potential or perceived conflict of interest and they will declare their interests and abstain from the decision-making process whenever such a conflict arises.

II. Board Composition

The NC comprised the following members during the financial year under review:

| Members | |
|---------------------------------------|--|
| Dr. Zarizana @ Izana Binti Abdul Aziz | Chairperson, Independent Non-Executive Director |
| Jony Raw | Independent Non-Executive Director |

The NC consists entirely of Non-Executive Directors, all of whom are independent.

The NC is empowered by the Board and its Terms of Reference to bring to the Board recommendations as to the appointment of new Directors and appointment of Directors to Board Committees. The NC also keeps under review the Board structure, size and composition, the Board succession planning as well as training programmes.

The Company has in place a Directors’ Fit and Proper Policy (“F&P Policy”) as a guide for assessment of new appointments and re-election of Directors. In assessing the candidates for the Board appointments, the NC will take into account, *inter alia*, the overall composition and the mix of expertise and experience of the Board as a whole and having regard to the criteria set out in the F&P Policy, amongst others, candidates’ integrity, qualifications, skills, experience, expertise, competence, time and commitment.

Corporate Governance Overview Statement (cont'd)

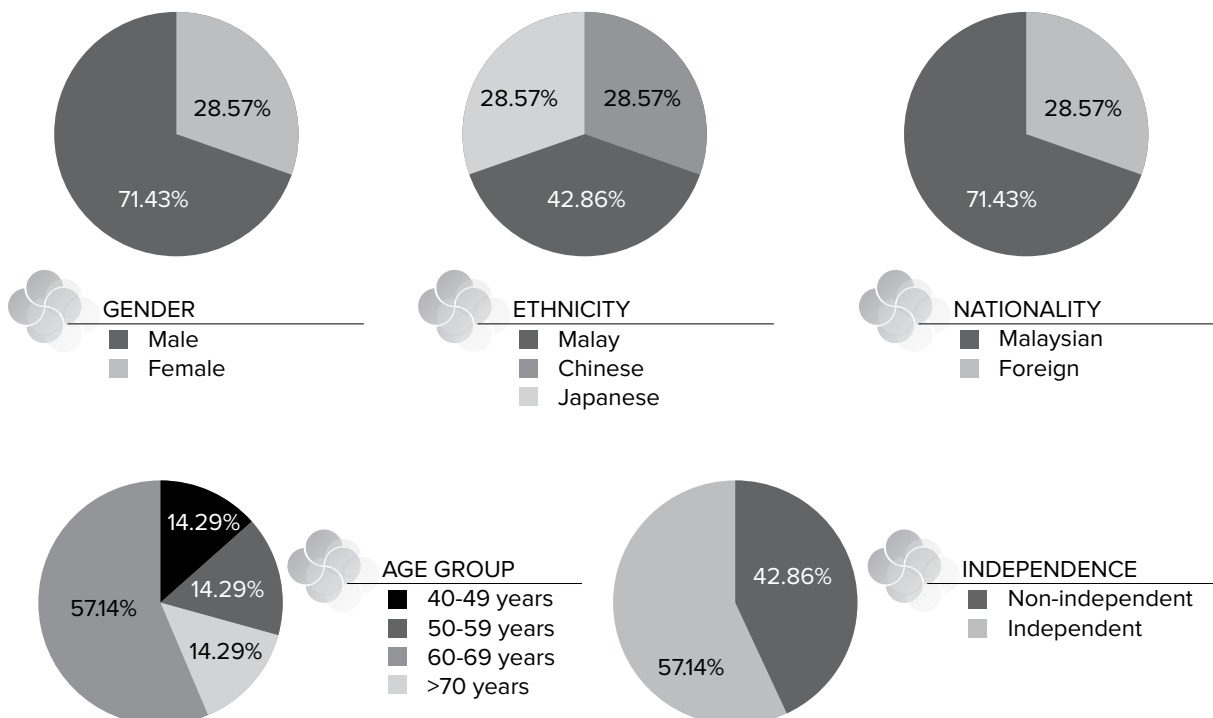
The NC met one (1) time on 19 January 2023. The meeting was attended by all members of the NC. The Chairman of the NC invited Tan Sri Dato' Seri (Dr.) Fumihiko Konishi, Dato' Azman Bin Mahmud and Puan Azian Binti Mohd Yusof to attend the NC meeting.

The activities undertaken by the NC for FY 2023 and up to the date of this statement were as follows:

1. Reviewed the overall composition of the Board and Board Committees.
2. Conducted the annual assessment and the performance evaluation of the individual Directors, the Board Committees and each of the AC members and the Board as a whole; summarised the results of the annual assessment and the performance evaluation and reported to the Board on the outcome of such assessment.
3. Reviewed the succession planning of Directors and Senior Management.
4. Reviewed the independence of the Directors.
5. Made recommendation to the Board for the re-election of the Directors who are subject to retirement at the forthcoming Annual General Meeting ("AGM").
6. Reviewed and recommended changes to the assessment questionnaires in relation to the Board, Board Committees and individual Directors.
7. Assessed and made recommendations to the Board for the appointment of 1 new Independent Non-Executive Director.

During FY 2023, the Board consisted of seven (7) members comprising four (4) Independent Non-Executive Directors and three (3) Executive Directors. The Directors, with their different backgrounds and specialisations, collectively bring with them a wide range of experience and expertise in areas such as finance, corporate affairs, legal, marketing and operations. A brief profile of each Director is presented in the Profile of Directors section of this Annual Report.

A summary of the Board composition is set out below:



Corporate Governance Overview Statement (cont'd)

The Board has complied with the recommendation in Practice 5.2 of the Code by having Board composition where majority of the Board comprises independent directors.

The Board takes note that Practice 5.3 of the Code provides that the tenure of an independent director does not exceed a term limit of nine (9) years unless it provides justification and seeks annual shareholders' approval through a two-tier voting process; and the Enhanced Director Amendments to the Main Market Listing Requirements issued by Bursa Securities on 19 January 2022 ("the Enhanced Director Amendments") which imposes a mandatory 12-year tenure limit for independent directors whereby an affected long serving independent director shall be re-designated as non-independent director or replaced by the Board and this requirement took effect from 1 June 2023.

Based on the review of the Board's composition, the assessment of individual Directors and the recommendation of the NC, the Board accepted the retirement of Dr. Zarizana @ Izana Binti Abdul Aziz at the 50th AGM as she would have served the Company as an Independent Non-Executive Director for 12 years by then, and recommended for Puan Azian Binti Mohd Yusof to be re-elected at the 50th AGM as she has met the performance criteria set out in the assessments, which comprised the criteria in the F&P Policy, in the discharge of her duties and responsibilities.

The Board takes note of Practice 5.9 of the Code which provides for at least 30% women directors on the Board and also the new requirement of the Enhanced Director Amendments which requires a public listed company to have at least 1 woman director on its board. During FY 2023, the percentage of women directors on the Board was 28.57% and thus, the Company is largely in line with the recommendation of at least 30% women directors on the Board. The requirement set by the Enhanced Director Amendments is also met as currently there are 2 female Independent Non-Executive Directors on the Board.

The Board ordinarily meets at least four (4) times a year with additional meetings convened when urgent and important decisions need to be made in between the scheduled meetings. During the financial year under review, the Board met five (5) times on 19 January 2023, 23 February 2023, 19 May 2023, 27 July 2023 and 26 October 2023 where it deliberated upon and considered various matters.

Details of each Director's meeting attendance during FY 2023 are as follows:

| Directors | | Meetings Attended (Out of 5) |
|---|------------------------------------|------------------------------|
| Tan Sri Dato' Seri (Dr.) Fumihiko Konishi | Executive Chairman | 5/5 |
| Yap Kee Keong | President and Group CEO | 5/5 |
| Dr. Yuma Konishi | Executive Director | 5/5 |
| Dato' Azman Bin Mahmud | Independent Non-Executive Director | 5/5 |
| Dr. Zarizana @ Izana Binti Abdul Aziz | Independent Non-Executive Director | 5/5 |
| Jony Raw | Independent Non-Executive Director | 5/5 |
| Azian Binti Mohd Yusof | Independent Non-Executive Director | 4/5 |

Based on the level of time commitment demonstrated by individual Directors in attending Board meetings, Board Committee meetings and AGMs, the Board is confident that the Directors are able to devote sufficient time commitment to their roles and responsibilities as Directors of the Company.

All Directors have attended and successfully completed the Mandatory Accreditation Programme (MAP).

Corporate Governance Overview Statement (cont'd)

During the financial year under review, the details of the seminars attended by the Directors to enhance their knowledge and expertise are set out below:

| Directors | Training/ Seminars/ Conferences |
|---|---|
| Tan Sri Dato' Seri (Dr.) Fumihiko Konishi | <ul style="list-style-type: none"> Environmental, Social & Governance ("ESG") Reporting and Enhanced Conflict of Interest ("COI") disclosure, including review by the Audit Committee Bursa Malaysia e-learning on Corruption and Bribery |
| Yap Kee Keong | <ul style="list-style-type: none"> CIMB Treasury & Markets' Outlook Q1' 2023 Tax Reimagined: Designing and building a tax function fit for the future Semicon SEA 2023 International Sustainability Standards Board Bursa Malaysia e-learning on Corruption and Bribery |
| Dr. Yuma Konishi | <ul style="list-style-type: none"> Medtec Japan INTERPHEX Week Tokyo/ Regenerative Medicine Expo Tokyo 2023 Advocacy sessions for Directors and CEOs of Main Market Listed Issuers Environmental, Social & Governance ("ESG") Reporting and Enhanced Conflict of Interest ("COI") disclosure, including review by the Audit Committee Bursa Malaysia e-learning on Corruption and Bribery |
| Dr. Zarizana @ Izana Binti Abdul Aziz | <ul style="list-style-type: none"> Advocacy sessions for Directors and CEOs of Main Market Listed Issuers Environmental, Social & Governance ("ESG") Reporting and Enhanced Conflict of Interest ("COI") disclosure, including review by the Audit Committee Bursa Malaysia e-learning on Corruption and Bribery |
| Jony Raw | <ul style="list-style-type: none"> A Decarbonisation Remit for Finance Function Environmental, Social & Governance ("ESG") Reporting and Enhanced Conflict of Interest ("COI") disclosure, including review by the Audit Committee Bursa Malaysia e-learning on Corruption and Bribery |
| Azian Binti Mohd Yusof | <ul style="list-style-type: none"> Circular Economy Conference 2023 Environmental, Social & Governance ("ESG") Reporting and Enhanced Conflict of Interest ("COI") disclosure, including review by the Audit Committee Bursa Malaysia e-learning on Corruption and Bribery |
| Dato' Azman Bin Mahmud | <ul style="list-style-type: none"> Cyber Security Awareness Training for Board of Directors Corporate Governance Monitor 2022 Guidance on Management of Cyber Risks Guidebooks 4 & 5 on Public Listed Companies Transformation Programme Sustainable Fertilizer Technologies Seminar & Networking Luncheon QRD Programme: Series 1 – Board Risk Oversight Best Practices: A Strategic Approach DFI Green Finance Forum: Empowering DFIs to Bridge Funding Gaps and Drive Economic and Climate Resilience QRD Programme: Series 3 – Risk Appetite, Risk Tolerance and Risk Maturity Frameworks Sustainability Talk Bursa Malaysia e-learning on Corruption and Bribery |

The Directors will continue to undergo other relevant training programmes to further enhance their skills and knowledge where relevant.

Corporate Governance Overview Statement (cont'd)

III. Remuneration

The RC comprised the following members during the year under review:

| Members | |
|---------------------------------------|---|
| Dato' Azman Bin Mahmud | Chairman, Independent Non-Executive Director |
| Dr. Zarizana @ Izana Binti Abdul Aziz | Independent Non-Executive Director |
| Jony Raw | Independent Non-Executive Director |

The RC consists of Non-Executive Directors, all of whom are independent.

During the financial year under review, the RC met 2 times on 19 January 2023 and 23 February 2023 respectively. The meetings were attended by all the members of the RC. Tan Sri Dato' Seri (Dr.) Fumihiko Konishi and Puan Azian Binti Mohd Yusof were invited by the Chairman of the RC to attend the RC meetings.

The RC is responsible for *inter alia* recommending to the Board the remuneration of the Executive Directors and Senior Management in all its forms such that the component parts of remuneration are structured to link rewards to corporate and individual performance.

The Board has in place a Remuneration Policy and Procedures which is designed to:

- (a) provide an overall remuneration package for Directors and Senior Management which is able to attract, engage and retain the right talent and to motivate Directors and Senior Management to drive the Company's long term objectives and to ensure business sustainability and growth; and
- (b) ensure that the Directors and Senior Management are offered an appropriate level of remuneration which is in line with the Company's strategic objectives and corporate value and which will not give rise to conflicts between the objectives and interests of the Company and the interests of individual Directors and Senior Management.

The RC assisted the Board to set up and implement the Remuneration Policy and Procedures by developing and administering fair and transparent procedures relating to determining, reviewing, assessing and recommending the remuneration packages for the Directors and Senior Management.

The Board will recommend the Director's fees and other benefits payable to Directors to the shareholders for approval at the AGM in accordance with Section 230(1) of the Companies Act 2016. Details of the remuneration of Directors and Senior Management for the year under review are provided in the CG Report.

Corporate Governance Overview Statement (cont'd)

PRINCIPLE B: EFFECTIVE AUDIT AND RISK MANAGEMENT

I. Audit Committee

During the year ended 31 December 2023, the AC of the Company comprised 3 Independent Non-Executive Directors and was chaired by Jony Raw.

The AC is chaired by an Independent Non-Executive Director and is not the Board Chairman. All AC members are financially literate and the AC's composition and performance are reviewed by the NC annually and recommended to the Board for its approval.

In order to maintain an independent and effective AC, the NC ensures that all AC members appointed are Independent Non-Executive Directors who are financially literate with an appropriate level of expertise and experience and a strong understanding of the Company and Group's business. Further details on the AC are set out in the AC Statement of this Annual Report.

The AC has formal policies to assess the suitability, objectivity and independence of the external auditors. These policies also include a requirement that a former key audit partner must observe a cooling-off period of five years before being appointed as a member of the AC. None of the AC members were formerly audit partners of the Company's external auditors.

II. Risk Management and Internal Control Framework

The Board fulfils its responsibilities in risk governance by providing oversight of the Group's overall risk management process and risk exposure.

The Divisional Management and the Chief Risk Officer assessed and monitored the suitability and effectiveness of the risk management controls and measures taken whilst the adequacy and compliance of these and related internal controls were reviewed by the AC in conjunction with the activities and reports of the Internal Audit.

The Board is of the view that the system of risk management and internal control in place during the year was sound and sufficient to safeguard the Group's assets, shareholders' investments and the interests of customers, employees and other stakeholders. Details of the Risk Management and Internal Control Framework are set out in the Statement on Risk Management and Internal Control of this Annual Report.

Corporate Governance Overview Statement (cont'd)

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

I. Communication with stakeholders

The Company acknowledges the importance of transparent, timely and equal dissemination of quality material information to shareholders, investors and public at large. As such, the Board observed the Corporate Disclosure Guide issued by Bursa Malaysia Berhad which can be viewed from Bursa Securities' website at www.bursamalaysia.com as well as adhering to and complying with the disclosure requirements of the Listing Requirements.

The Company reaches out to its shareholders through the distribution of its annual report, the announcements on quarterly financial results, circulars to shareholders, press release, analyst briefings and the various disclosures and announcements made to Bursa Securities.

In addition, the Company maintains a corporate website with links to Bursa Securities' website, through which shareholders may access for among others the latest information on the Company, the Board Charter and Terms of Reference of Board Committees.

The Company also maintains Facebook pages "Texchem Group – Official" and "Texchem ENGAGE" and Sushi King membership apps to foster closer engagement with the stakeholders.

II. Conduct of General Meetings

The Company's Annual General Meeting ("AGM") is an important means of communication with shareholders. The Company fully recognises the rights of the shareholders and encourages them to exercise their rights at the AGM. Shareholders will be accorded ample opportunity and time to raise questions and concerns, and the Board and Senior Management will provide appropriate answers and clarifications. The key element of the Company's dialogue with its shareholders at the AGM is the opportunity to gather views of, and answer questions from, both individual and institutional shareholders on all issues relevant to the Company.

In view of the fluctuating levels of COVID-19 cases in the 1st half of 2023, and in accordance with the revised 'Guidance Note and FAQs on the Conduct of General Meetings for Listed Issuers' issued by the Securities Commission Malaysia on 7 April 2022, the Company's 49th AGM in 2023 was held as a virtual meeting through live streaming and online remote voting using the Remote Participation and Voting Facilities ("RPV"). The Notice of the 49th AGM was issued more than twenty-eight (28) days before the AGM date.

To ensure effective participation of and engagement with shareholders, the Company encouraged the shareholders and proxies to submit their questions electronically to the Company before and during the AGM. Members of the Board, Senior Management and external auditors were present at the 49th AGM to respond to questions raised by the shareholders or proxies.

The Company had conducted poll voting via RPV for all resolutions set out in the Notice of the 49th AGM. The shareholders were provided with the Administrative Guide which sets out the guidelines for shareholders and proxies on the conduct and voting procedures in a virtual meeting together with the Notice of the 49th AGM. The results of the poll were verified by the independent scrutineer, Commercial Quest Sdn Bhd. The Company had closely monitored the RPV during the 49th AGM to ensure a seamless execution of the 49th AGM and also a smooth interaction between the Company and its shareholders. The Company continues to explore on ways to leverage on technology to enhance the quality of engagement with its shareholders and facilitate further participation by shareholders at AGMs of the Company.

This statement was approved by the Board of the Company on 7 March 2024.

AUDIT COMMITTEE STATEMENT

MEMBERSHIP

The composition of the Audit Committee during the year was as follows:

Mr. Jony Raw, Chairman, Independent Non-Executive Director
Dr. Zarizana @ Izana Binti Abdul Aziz, Independent Non-Executive Director
Puan Azian Binti Mohd. Yusof, Independent Non-Executive Director.

MEETINGS

During the year, the Audit Committee (AC) convened a total of eight (8) meetings, of which two (2) meetings were with the external and internal auditors without the presence of Management. The AC meetings were held on 22nd February, 10th March, 10th April, 18th May, 26th July and 25th October.

All meetings were held with sufficient notification and with the agenda being distributed to the members. The AC members attended all the meetings.

SUMMARY OF ACTIVITIES DURING THE FINANCIAL YEAR

During the year, the AC discharged its duties in accordance with its terms of reference as follows:

Oversight of Financial Reporting and its process

- Reviewed with Management before recommending to the Board for consideration, the quarterly unaudited financial statements of the Group and ensured that they were in compliance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and Bursa's Malaysia Main Market Listing Requirements (MMLR)
- Reviewed with Management and external auditors before recommending to the Board for consideration, the annual audited financial statements of the Company and the Group and ensured that they were in compliance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and Bursa Malaysia's Main Market Listing Requirements (MMLR)
- Reviewed with Management and external auditors on changes in or implementation of major accounting policy changes, if any and significant matters relating to financial reporting, significant judgements made by Management, significant and unusual events or transactions and resolution of these matters
- Reviewed with Management and external auditors before presenting to the Board for consideration, the Group's Statement on Risk Management and Internal Control for inclusion in the Annual Report.

Oversight of External Auditors and evaluation of the external audit process

- Reviewed with them, their annual Audit Plan and strategy, scope of work and reporting requirements for the year
- Reviewed with them, their understanding of the system of internal controls obtained in the course of designing their audit procedures, recommendations for improvement, management letters and management responses thereon
- Reviewed with them, their audit report
- Confirmed with them, their audit independence
- Reviewed with them without the presence of Management, matters arising from the external audit or any other issues, of which there were no significant issues that should be brought to the AC and Board's attention
- Reviewed with them without the presence of Management, and confirmed that the cooperation given by the Company's officers during the audit was adequate
- Reviewed with Management, their audit fees and annual evaluation of their performance, technical competency, audit independence and suitability before recommending to the Board their reappointment. Further information on the assessment of the external auditors by the AC is provided in the Corporate Governance Report in accordance with Practice 9.3 of the Malaysian Code of Corporate Governance. In 2023, the non-audit fees incurred amounted to RM38,000 and RM338,000 for the Company and Group constituting approximately 43% and 27% of the total fees of RM88,000 and RM1,268,000 paid respectively. The non-audit fees were mainly for tax compliance and transfer pricing documentation.

Audit Committee Statement (cont'd)

Oversight of Internal Auditors and evaluation of the internal audit process

- Reviewed and approved the annual risk based Internal Audit Plan on the audit frequency and timing, work scope, areas of audit focus and adequacy of resources
- Reviewed and approved the annual Internal Audit cost budget
- Reviewed the quarterly Internal Audit Departmental reports and audit progress with Plan
- Reviewed the Internal Audit Reports, audit findings, recommendations for improvement and management's responses to ensure the adequacy and effectiveness of the Group's governance, risk management, whistle blowing, anti-corruption and internal control system
- Reviewed with them without the presence of Management, matters arising from the internal audit or any other issues, of which there were no significant issues that should be brought to the AC and Board's attention
- Conducted an annual evaluation of the performance of the Internal Audit function
- Reviewed the annual performance appraisal and assessment of the Internal Audit staff.

Sustainability Reporting

- Reviewed with Management the Group's Sustainability Statement with Management and presented to the Board for consideration and approval for inclusion in the Annual Report.

Corporate Governance Reporting

- Reviewed with Management the Group's Corporate Governance Overview Statement and Corporate Governance Report and presented to the Board for consideration and approval for inclusion in the Annual Report and Company's website respectively.

Related Party Transactions and Share Buy-back

- Reviewed with Management the Circular to Shareholders in relation to the proposed renewal of existing shareholders' mandate for recurrent related party transactions and Statement for the proposed renewal of existing share buyback authority and presented to the Board for consideration
- Reviewed and approved the inclusion of the AC statements on the procedures for Recurrent Related Party Transactions in the said Circular
- Reviewed with Management to ensure actual related party transactions were within limits approved by shareholders.

INTERNAL AUDIT FUNCTION

The Internal Audit function is established to add value and improve the Group's operations by conducting independent and objective assurance and consulting activities to ensure the adequacy and effectiveness of the Group's governance, risk management and internal control system in achieving corporate objectives.

The in-house Internal Audit function reports administratively to the Group Chief Executive Officer and functionally to the AC which reviews the adequacy of the scope and resources of the Internal Audit function as well as the competency and experience of the internal auditors. Further information on the resources, objectivity and independence of the Chief Audit Executive and internal auditors is set out in the Corporate Governance Report in accordance with Practice 11.2 of the Malaysian Code of Corporate Governance.

During the year, the Internal Audit conducted assurance assignments in accordance with the annual risk based plan. The AC reviewed with Management the audit findings, management's responses and their action plans. Follow-up reviews were also conducted by the Internal Audit function to ensure that audit matters were adequately addressed by Management. More information on the Internal Audit function is set out in the Corporate Governance Report in accordance with Practice 11.1 of the Malaysian Code of Corporate Governance.

In 2023, the total cost of the Internal Audit function comprising staff payroll and benefits, staff training, office rental, travelling and incidental costs amounted to approximately RM382,223 (2022:RM401,073).

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

BOARD'S RESPONSIBILITY

The Board of Directors ("Board") affirms its responsibility for the integrity, adequacy and effectiveness of Texchem Resources Bhd. Group's (the "Group") risk management and internal control system. This system covers governance, enterprise risk management, organisational, financial, operational, regulatory and compliance controls.

The Board recognises that the system is an ongoing process designed to manage, rather than eliminate the risk of not complying with the Group's policies and achieving its long-term strategic objectives. Therefore, the system provides reasonable, but not absolute assurance against the occurrence of any material misstatement of information, loss or fraud.

During the year, Management has assisted the Board in implementing the Board's policies and procedures on risks and control by:

- Identifying, analysing and evaluating risks
- Designing, executing and monitoring suitable controls to manage key risks
- Identifying emerging risks or changes in risks, taking appropriate remedial action and highlighting them to the Board's attention.

KEY RISK MANAGEMENT AND INTERNAL CONTROL FEATURES AND PROCESSES

The key features and processes that have been established to ensure the adequacy and effectiveness of the Group's governance, risk management and internal control system are as follows:

- a) Organisational and Reporting Structure
 - The Group has an organisational structure with clearly defined lines of responsibility and delegation of authority. A hierarchical reporting system is in place with appropriate authority limits, proper segregation of duties, annual budgeting, monthly reporting of variances between the actual and budgeted results for corrective action to be taken and human resource management policies. Policies and procedures to ensure compliance with risk management, internal controls and relevant laws and regulations are set out in the standard operating procedures of the individual companies.
- b) Executive Committee
 - An Executive Committee ("EXCO") was established by the Board to manage the Group's key risks and operations in accordance with its annual budget, objectives and strategies as well as the policies and business directions as approved by the Board. The EXCO executes the strategies approved by the Board and addresses issues arising from changes in the external environment and internal operating conditions.
- c) Risk Management Framework
 - The Group has an Enterprise Risk Management ("ERM") framework in line with ISO31000 aligned with corporate objectives which is embedded in the daily operations of individual companies. The ERM system is an ongoing and systematic process to identify, analyse, evaluate, respond, monitor and report on risks.
 - The Group has a Risk Management Policy which is a statement of its overall intention and commitment to adopt and use enterprise risk management to achieve corporate objectives. The policy which is available on the Company's website applies to the Company and its subsidiaries excluding associates which the Company has influence but not control over their operations.

Statement on Risk Management and Internal Control (cont'd)

- c) Risk Management Framework (cont'd)
- The current risk governance structure comprises the following namely:
 - i) Individual companies' management and risk owners who perform and monitor day-to-day risk management activities and controls.
 - ii) Risk and compliance oversight in which the Group Chief Risk Officer and Divisional Management and their risk officers are responsible for designing, reviewing and improving the risk management framework and process to ensure effective risk management.
 - iii) The provision of independent assurance by the Internal Audit function on the adequacy and effectiveness of risk management and internal control system.
 - iv) Board oversight and monitoring of the effectiveness of the Group's risk management activities and internal controls.
- d) Risk Management Process (Operational, Financial, Anti-Bribery and Corruption)
- At the individual company level, risks were identified, analysed and evaluated using risk (heat) maps currently based on their likelihood of occurrence and severity of consequence expressed as the financial impact on revenue, cash flow, profit, legal and compliance and reputation. Risks were rated as critical, high, moderate and low in which key risks identified would comprise mainly critical, high and moderate risks. Risk controls were delegated to risk owners for execution, monitoring and improving their effectiveness.
 - Every six (6) months, the Management of individual companies will review the relevance of existing risks and assess new ones, if any. The respective company's risk profile is updated after assessing the suitability and effectiveness of the risk controls.
 - The Divisional President/CEO then reviews the divisional risks and their control effectiveness with individual companies' Management. The Risk Report by each Divisional President/CEO is then submitted to the Chief Risk Officer at the corporate headquarters for review.
 - The Chief Risk Officer who is also the Group Chief Financial Officer has reviewed and presented the Group's Risk Report and updated the Board every six (6) months on the status of the Group's enterprise risk management process, changes in risk profiles and their controls in place.
- e) Group's Anti-Corruption Policy and Procedures
- The Group has implemented its Anti-Corruption Policy and Procedures based on the T.R.U.S.T. principles set out in the Guidelines on Adequate Procedures issued by the Prime Minister's Department pursuant to Section 17A of the Malaysian Anti-Corruption Commission Act 2009. The Anti-Corruption Policy and Procedures including the revised Code of Conduct and Ethics and the Vendor Code of Conduct were designed to assist Directors and employees to identify and avoid corrupt acts and provide guidance on the standards of behaviour to which all Directors and employees must adhere to. In the year 2023, the Group has carried out controls to evaluate the risk of bribery and corruption associated with third parties based on Due Diligence Policy, Procedures and Dealing with External Stakeholders/Parties. In addition, an awareness training has been conducted to ensure such risks are mitigated. The Group shall continue with its effort in strengthening the measures put in place in relation to its Anti-Corruption Policy and Procedures from time to time.

Statement on Risk Management and Internal Control (cont'd)

f) Risk Management Assurance

- The Group's in-house Internal Audit function has conducted independent audits on major subsidiaries on the adequacy and effectiveness of their governance, enterprise risk management and internal control systems, operational effectiveness, compliance with policies and procedures and highlighted findings of non-compliance, control deficiencies and recommendation for improvement.
- An enterprise risk based annual audit plan setting out the audit frequency, areas of audit focus and scope of work has been approved by the Audit Committee at the beginning of the year.
- During the year, the Internal Audit function has provided the Board, Audit Committee and Management with reports on the audit findings, recommendations for improvement and management's responses and action plans. The Internal Audit has also provided the Board and Audit Committee with updates on the subsequent execution of the management's action plans. Audit issues and actions taken by Management were discussed and deliberated during the Audit Committee meetings. Minutes of the Audit Committee meetings which recorded these deliberations were tabled to the Board. A summary of these issues, if material and other matters highlighted by the Internal Audit for the year was also tabled for the Board's attention at year end.
- As part of its quality assurance and improvement programme, the Internal Audit function conducts an annual internal assessment of its conformance to the International Standards for the Professional Practice of Internal Auditing (the "Standards") and Code of Ethics of the Institute of Internal Auditors (US) and provides the assessment results to Senior Management, Audit Committee and Board at year end. These assessment results are validated independently by an external assessor within a certain time frame.
- At year end, the Chief Audit Executive has provided assurance to Senior Management, Audit Committee and the Board that during the year the Internal Audit function and activities were conducted in conformance to the Standards and Code of Ethics and the audit assignments were also undertaken objectively and independently, free from any conflict of interest and relationship, and in accordance with the Group's Internal Audit Charter.

g) Assurance by President and Group Chief Executive Officer and Group Chief Financial Officer

- The Board has also received assurance from the President and Group Chief Executive Officer and Group Chief Financial Officer that the risk management and internal control systems of the Company and its subsidiaries were operating adequately and effectively, in all material aspects based on the risk management and internal control system adopted during the year.

The external auditors have reviewed this Statement on Risk Management and Internal Control pursuant to the scope set out in the Audit and Assurance Practice Guide ("AAPG") 3, Guidance for Auditors on Engagements to Report on the Statement on Risk Management and Internal Control included in the Annual Report issued by the Malaysian Institute of Accountants ("MIA") for inclusion in the Annual Report of the Group for the year ended 31st December 2023, and reported to the Board that nothing has come to their attention that caused them to believe that the statement intended to be included in the Annual Report of the Group, in all material respects:

- (a) has not been prepared in accordance with the disclosures required by paragraphs 41 and 42 of the Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issues, or
- (b) is factually inaccurate.

AAPG 3 does not require the external auditors to consider whether the Directors' Statement on Risk Management and Internal Control covers all risks and controls, or to form an opinion on the adequacy and effectiveness of the Group's risk management and internal control system including the assessment and opinion by the Board of Directors and Management thereon. The auditors are also not required to consider whether the processes described to deal with material internal control aspects of any significant problems disclosed in the annual report will, in fact, remedy the problems.

Statement on Risk Management and Internal Control (cont'd)

This Statement was approved by the Board on 25th March 2024.

This Statement on Risk Management and Internal Control does not cover the associates as disclosed in Note 5 to the financial statements.

CONCLUSION

The Board is of the view that the risk management and internal control system in place during the year under review and up to the date of approval of this Statement was sound and adequate to safeguard shareholders' investment, the interests of customers, regulators, employees and other stakeholders of the Group.

SUSTAINABILITY STATEMENT

Dear Esteemed Stakeholders

It is my pleasure to present Texchem Resources Berhad's ("TRB Group" or "the Group") Sustainability Report for the financial year ended 31 December 2023 ("FY2023"). This report underscores our ongoing commitment to build long-term value for stakeholders by integrating Environmental, Social and Governance ("ESG") considerations into our core business practices.

FY2023 presented a dynamic global landscape, bringing both challenges and opportunities as well as new economic and geopolitical hurdles. In the ever-changing environment, TRB Group will continue to assess and enhance sustainability matters as a key pillar of our strategy. This focus strengthens our resilience, empowers us to manage risks and positions us to respond and evolve.

During the year, we charted good progress on our sustainability journey as we took concrete steps toward embedding ESG aspects across our operations. We integrate sustainability-linked Key Performance Indicators ("KPIs") across our Board of Directors and Key Senior Management, fostering accountability and driving quantifiable improvements. Furthermore, we also refined our material topics to align with Bursa Malaysia Securities Berhad's ("Bursa Malaysia") latest requirements to ensure we remain at the forefront of best practices.

Besides that, we expanded our reporting in FY2023 to include additional indicators and data points, providing our stakeholders with a more comprehensive understanding of our sustainability performance.

TRB Group recognizes that combating climate change is a global imperative and a pertinent issue that recognises the urgent need for action. As a responsible corporate citizen, we are committed to minimising our environmental footprint and contributing to a sustainable future. We are putting together plans to proactively tackle climate change by analysing our operations, pinpointing climate-related risks and exploring solutions for enhanced resilience.

Our Sustainability Journey

Sustainability is an ongoing focus for the Group and influences the way we do business. We are dedicated to constant improvement in our ESG performance, offering both transparency and measurable progress in our reporting. Staying true to our dedication to progress, we are constantly evolving our sustainability disclosures to mirror our initiatives.

Looking ahead, we plan to integrate sustainability even deeper into our core strategies. One key area of focus is reducing our environmental impact through improved energy management. We are also dedicated to fostering an inclusive workplace and uplift our local communities. Our employees are our greatest strength and we prioritize a safe and fulfilling work environment for all. Finally, ethical conduct and accountability continue to be at the heart of our company.

In closing, we understand that achieving true sustainability demands collaboration. We eagerly seek partnerships with fellow stakeholders to explore new avenues for creating positive change. Our ultimate ambition is to deliver enduring value for our stakeholders while shaping a better, more sustainable world.

Thank you.

Yap Kee Keong

Chairman, Sustainability Steering Committee

Sustainability Statement (cont'd)

At Texchem, our fundamental sustainability commitment is to enhance our value chain by integrating our Economic, Environmental, Social and Governance (“EESG”) responsibilities to build a solid and inclusive economy and create shared value for our stakeholders. Sustainability is embedded in all our business activities so that we can foster meaningful and long-lasting relationships with all our stakeholders and contribute to national growth.

1. About This Statement

This Statement provides an overview of Texchem’s sustainability performance during the period of 1 January 2023 to 31 December 2023. Historical information from previous years was included, wherever applicable, to provide a basis for comparison.

To align with the Bursa Malaysia Main Market Listing Requirements in relation to enhanced sustainability reporting framework, FY 2023 represents the first year of reporting on certain new sustainability matters where only current year data have been disclosed without historical information.

In forthcoming reports, our aim is to augment the indicators associated with the material matters covered in this Report, fostering a more comprehensive representation of our evolving sustainability initiatives. We are dedicated to continual improvement and the enhancement of our key sustainability matters.

The last Report dated 10 April 2023 has been posted on the Company’s website, www.texchemgroup.com in the 2022 Annual Report Section.

ASSURANCE

We strive to improve our data collection in Texchem to ensure completeness and accuracy. The information in this Report has been reviewed by the Sustainability Steering Committee and Group Internal Assurance & Consulting Department. This Report has yet to be externally assured.

SCOPE AND BOUNDARY

Texchem’s businesses and operations span across South East Asia region. The Report includes operations for which we have full control and subsidiaries in Malaysia, Singapore, Thailand, Indonesia, Vietnam and Myanmar. It excludes operations of our associate companies.

REPORTING GUIDELINES

Principal Guidelines

- Bursa Malaysia’s Sustainability Reporting Guideline (3rd Edition)
- Malaysia Code on Corporate Governance 2021 (“MCCG”)

Reference Guidelines

- United Nations Sustainable Development Goals (“UNSDGs”)


FEEDBACK

We welcome and encourage our stakeholders to provide feedback pertaining to this Statement and the issues covered to our Sustainability department at esg@trbgroup.com

Sustainability Statement (cont'd)

2. Sustainability Governance

Texchem takes a top-down approach in regards to the management of EESG matters. Pertinent information on the progress of EESG initiatives implementation are reported back up the sustainability governance chain of command to the Board of Directors (“Board”) for deliberation and subsequent directive. The composition, roles and responsibilities of the sustainability governance structure are as follows:

| Role | Responsibilities | Composition |
|---|--|--|
| <p>Texchem’s Board of Directors (“Board”) Retain overall responsibility for Texchem’s sustainability performance</p>  | <ul style="list-style-type: none"> Leads Texchem’s Sustainability Agenda Manages Texchem’s Sustainability Initiatives Provides the final review and approval on sustainability matters related to Texchem | <ul style="list-style-type: none"> Executive Directors Non-Executive Directors  |
| <p>Sustainability Steering Committee (“SSC”) Responsible for establishing Texchem’s sustainability strategy</p>  | <ul style="list-style-type: none"> Develops Texchem’s sustainability strategies and objectives in line with the Board’s agenda Oversees the SSC on progress in sustainability matters and programs Ensures sustainability disclosures are aligned with the Listing Requirements | <ul style="list-style-type: none"> President & Group Chief Executive Officer (Chair) Divisional Presidents & CEOs Group Chief Financial Officer Chief HR Officer Legal Director Sustainability Officer  |
| <p>Sustainability Working Committee (“SWC”) Responsible for implementing and monitoring sustainability initiatives at the operational level</p> | <ul style="list-style-type: none"> Assists the SSC in preparing the disclosures for Texchem’s sustainability report Assists the SSC in its duties to carry out Texchem’s sustainable strategies, policies and initiatives | <ul style="list-style-type: none"> Key department representatives |

The Board strives to continuously be equipped with the necessary knowledge regarding the management of sustainability (including climate-related risks and opportunities) to drive informed decision making by attending periodic capacity building programmes. The Board is also cognisant of ensuring that the required competencies in relation to sustainability is periodically assessed to strengthen Board leadership and oversight of sustainability matters.

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

3. Material Matters

We believe that sustainable development can be achieved by adopting sound principles and the current best practices. Cognisant of our role in building a better and more sustainable future, we have assessed the EESG sustainability issues that are affected by our operations.

As part of our strategy, we reviewed the sustainability issues that are material to Texchem and our stakeholders in the year under review to determine whether each issue is still relevant or must be replaced with emerging ones.

For FY 2023, our relevant sustainability matters have been refined in order to align with the Bursa Malaysia Main Market Listing Requirements in relation to enhanced sustainability reporting framework i.e. Common Sustainability Matters.

We have re-categorised and re-arranged our existing ten (10) material sustainability matters into nine (9) Common Sustainability Matters to be reported in FY 2023 plus two (2) other sustainability matters, namely Economic Performance and Product & Services Quality, as follows:

Sustainability Statement (cont'd)

3. Material Matters (cont'd)

| Key Pillars | Key Sustainability Matters FY 2022 | Key Sustainability Matters FY 2023 | In alignment to UNSDGs |
|--------------------|--|---|--|
| Economic | <ul style="list-style-type: none"> Business Performances & Business Continuity Food Safety | <ul style="list-style-type: none"> Economic Performance Product & Services Quality Supply Chain Management |   |
| Environment | <ul style="list-style-type: none"> Energy Efficient | <ul style="list-style-type: none"> Energy Management Water Management |      |
| Social | <ul style="list-style-type: none"> Employee Wellness & Engagement Safety & Health Talent Management Human Rights Community Investment | <ul style="list-style-type: none"> Community/Society Diversity Health & Safety Labour Practices & Standards |     |
| Governance | <ul style="list-style-type: none"> Corporate Governance & Regulatory Compliances | <ul style="list-style-type: none"> Anti-corruption Data Privacy & Security |  |

4. Sustainability Assessment Process

Our materiality assessment process is done through our evaluation of various stakeholders’ engagement throughout the year, peer comparison reviews and cognizance of the current economic, environmental as well as social trends both locally and globally. On top of this, there is a continual scanning of the business environment done to ensure that we stay on top of the business risks and opportunities that abound as a result of the rapidly changing global environment.

This would surmise to determine the key material matters that would impact Texchem and stakeholders based on our interaction with stakeholders and from internal discussions in the Sustainability Steering Committee.

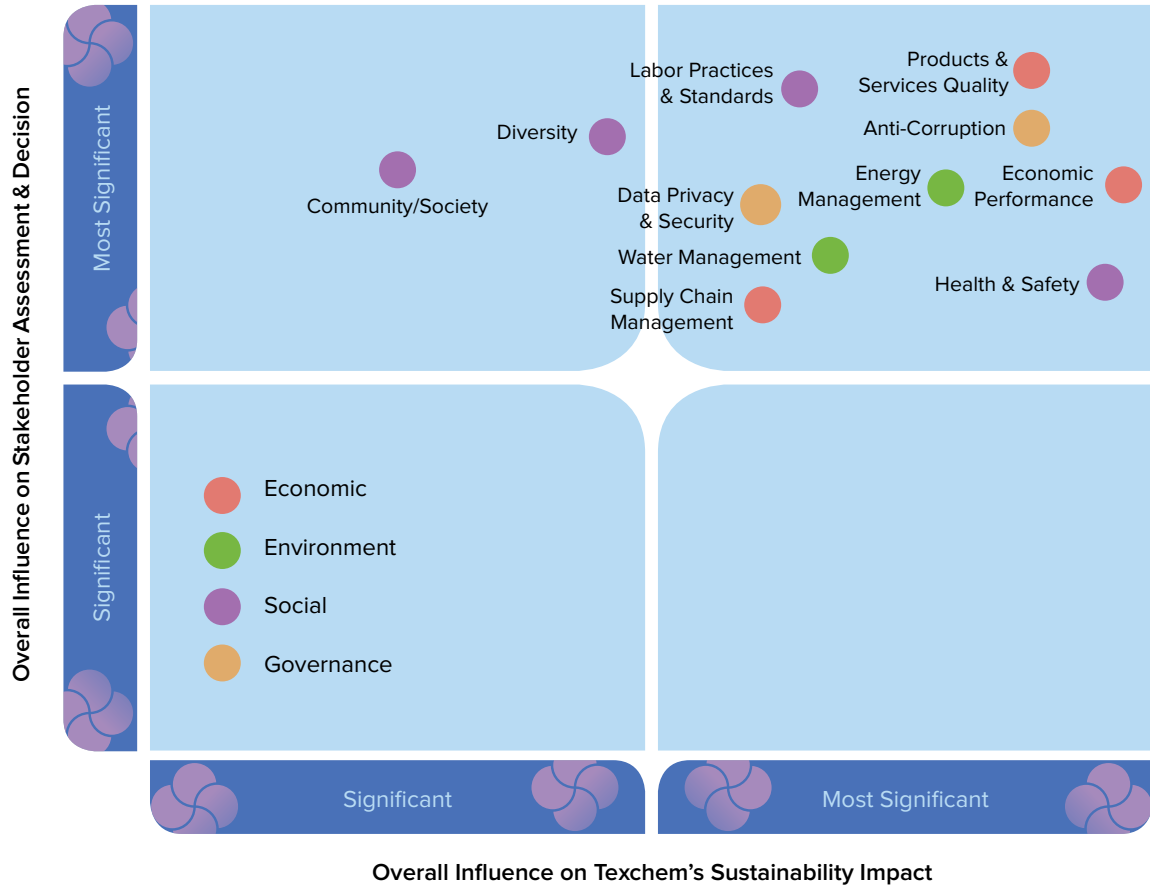
5. Materiality Matrix

This year we reviewed the re-categorised and re-arranged material sustainability matters with our key internal stakeholders to ensure that their interest and concerns and those they perceive of interest and concern to our key external stakeholders are addressed. Our material matters will then influence our business decision on allocation of our resources.

The items mapped on the upper right-hand quadrant of the matrix are the ones deemed most significant by both Texchem and our stakeholders.

Sustainability Statement (cont'd)

5. Materiality Matrix (cont'd)











Sustainability Statement (cont'd)

6. Stakeholder Engagements

Stakeholders represent the diverse group of parties that have a degree of interest and influence on Texchem and the way it operates. Texchem is committed to regularly engage with its key stakeholder base that include customers, employees, government/regulators, investors/media and our Board to find out issues that concern them and to build a balanced, holistic business strategy that is incorporated based on the prioritization of the respective stakeholders. These actions strengthen Texchem's relationship with our various stakeholders.

Some of our key stakeholders and the type of engagement we have with them is summarised below:

| Stakeholder Group | Type of Engagement | Sustainability Concerns |
|--|---|---|
| Customers  | <ul style="list-style-type: none"> • Dialogue/Conference calls • Status Updates and Operational Presentations • Customer visits • Customer surveys | <ul style="list-style-type: none"> • Competitive prices, quality, product safety • Customer satisfaction • Creating total solutions • Timely delivery |
| Board of Directors  | <ul style="list-style-type: none"> • Board Meetings • Audit Committee Meetings • Other Committee Meetings | <ul style="list-style-type: none"> • Revenue and profit growth, financial results • Corporate Governance compliance to all relevant Regulations and Law • Adequate Procedures on Anti-Corruption and Bribery • EESG progress |
| Employees  | <ul style="list-style-type: none"> • Annual Performance Development Review • Employee Engagement activities • Employee Survey • Education and Training Programs • Volunteer and Corporate Social Responsibility ("CSR") programs | <ul style="list-style-type: none"> • Employee development and career planning • Building high performance culture • Talent management and retention • Healthy and safe work environment • Building values of empathy among employees |
| Investors  | <ul style="list-style-type: none"> • Quarterly results briefing • Annual General Meetings | <ul style="list-style-type: none"> • Revenue and profit growth • Good dividend payout • Good EESG practices |
| Vendors/Suppliers  | <ul style="list-style-type: none"> • Supplier qualification and selection • Supplier evaluation and periodic audits • Engagement and meetings | <ul style="list-style-type: none"> • Sustainable and consistency in supply • Quality of goods and services • Fair and mutual agreements |
| Government/Regulators  | <ul style="list-style-type: none"> • Quarterly results announcements • Consultative activities and meetings • Industry events and seminars | <ul style="list-style-type: none"> • Adherence to Law and Regulations • Corporate Governance and Compliance • Covid-19 prevention measures |
| Community  | <ul style="list-style-type: none"> • CSR programs • Corporate volunteer programs | <ul style="list-style-type: none"> • Uplifting the needy groups in our society • Foster better relationships and partnership • Good corporate citizen |
| Bankers  | <ul style="list-style-type: none"> • Timely business and financial updates • Periodic dialogues and discussions | <ul style="list-style-type: none"> • Financial performance • Good EESG practices • Risk management |

Sustainability Statement (cont'd)

7. Management Approach for Material Matters

ECONOMIC

Economic

Performance

Related

UNSDGs:



WHY IS THIS IMPORTANT?

Texchem’s financial performance supports the creation of long-term value and Texchem’s sustainability agenda. We are mindful of our responsibilities to create decent employment opportunities and promote economic development within the local communities. Our ultimate goal is to ensure long-term resilience by leveraging our assets and sharing the generated wealth with our stakeholders.

OUR APPROACH

We are committed to creating sustainable value for our customers, shareholders, employees and the local communities in which we operate. Economic performance serves as a strategic necessity, contributing positively to our environmental and social factors.

OUR PERFORMANCE

For details of our financial results, please refer to the Management Discussion and Analysis and the Audited Financial Statements in this Annual Report, a summary of which is provided below:

| | FY2023 RM'mil | FY2022 RM'mil | FY2021 RM'mil |
|--|------------------|------------------|------------------|
| Economic Value Generated | | | |
| Total Revenue | 994 | 1,143 | 1,087 |
| Economic Value Distributed: | | | |
| Total Operating Costs <i>(excluding depreciation, impairment, staff costs & benefits, share based payments)</i> | 761 | 887 | 858 |
| Staff Costs & Benefits <i>(excluding share based payments)</i> | 172 | 174 | 152 |
| Income Tax Expenses | 8 | 15 | 5 |
| Dividend Returns to Shareholders | - | 16 | 12 |

Sustainability Statement (cont'd)

7. Management Approach for Material Matters (cont'd)

| | | |
|--|----------------|---|
| <p>Products & Services Quality</p> | <p>Related</p> | <p>UNSDGs:</p> |
| | |  |

WHY IS THIS IMPORTANT?




Texchem strives to achieve and maintain high quality values in our products and services to create sustainable competitive advantages and meet globally recognised standards and protocols by implementing quality management systems and obtaining certifications. This aligns with our sustainability development and improvement agenda.

OUR APPROACH

Our dedication to quality extends to enhancing customer satisfaction through a dual-pronged approach to quality management, based on quality control (built-in quality activities) and quality assurance (activities that win over customers' trust).

OUR PERFORMANCE

Brands Certified Halal

| | | |
|--|--|--|
|  <p>Brand – SUSHI KING</p> <p>Operations – 121 outlets</p> <p>Country – Malaysia</p> |  <p>Brand – HOSHINO COFFEE</p> <p>Operations – 5 outlets</p> <p>Country – Malaysia</p> |  <p>Brand – KOKUBU</p> <p>Operations – Food logistics & warehouse operations</p> <p>Country – Malaysia</p> |
|--|--|--|

Sustainability Statement (cont'd)

Accreditation & Certification

| Division | Certifications | Total |
|---------------------|---|-------|
| INDUSTRIAL | ISO 9001:2015 | 4 |
| | ISO 14001:2015 | 1 |
| | ISCC Plus | 1 |
| | ecovadis | 1 |
| | OEKO-TEX Eco Passport | 1 |
| POLYMER ENGINEERING | ISO 9001:2015 | 10 |
| | EN ISO 134585:2016 | 6 |
| | ISO 14001:2015 | 9 |
| | Sony Green Partner | 1 |
| | IATF 16949:2016 | 1 |
| FOOD | HACCP (Hazard Analysis and Critical Control Point) | 7 |
| | HALAL (Myanmar) | 3 |
| | Certificate of Good Aquaculture Practice (GAqP) | 1 |
| | U.S. Food and Drug Administration Registration | 3 |
| | GHP Certificate (Good Hygiene Practices) | 1 |
| | ISO 22000 | 1 |
| | GMP Certificate (Good Manufacturing Practice) | 1 |
| | Halal MS 1500:2019 | 30 |
| | MeSTI Certificate (<i>Makanan Selamat Tanggungjawab Industri</i>) | 1 |
| | OEM Halal | 1 |
| | VHM (Veterinary Health Mark) Cert V283 | 1 |
| RESTAURANT | ISO 9001:2015 | 1 |
| | Halal (Warehouse)MS2400-2 | 1 |
| | Halal (Transportation) MS2400-1 | 1 |
| | MyFood Tag | 1 |
| | HACCP Codex Alimentarius 2020 | 1 |
| | “Sijil Pengiktirafan BeSS (<i>Bersih, Selamat dan Sihat</i>)” Bagi Pergusaha Premis Makanan) | 3 |
| | Halal MS 1500 | 126 |
| VENTURE | ISO 9001:2015 | 1 |
| | ISO 14001:2015 | 1 |
| | ISO/IEC 17025:2017 | 1 |

Sustainability Statement (cont'd)

7. Management Approach for Material Matters (cont'd)

| | |
|-------------------------|--|
| ECONOMIC | |
| Supply Chain Management | Related UNSDGs:   |



WHY IS THIS IMPORTANT?

Texchem is dedicated to promoting responsible procurement practices and enhancing our supply chain resilience by incorporating sustainability elements throughout our procurement lifecycle. In a commitment to support the local economy and foster community development, Texchem participates in local procurement, engaging with nearby suppliers. This practice not only contributes to the domestic economy but also aids in minimizing environmental impacts associated with our business activities by sourcing materials locally.



OUR APPROACH

Texchem's procurement policy is designed to uphold confidentiality, prevent conflicts of interest, and ensure ethical dealings with suppliers. We are also committed to maintaining an ethical supply chain through robust governance and close collaboration with vendors and suppliers.

As part of Texchem's Anti-Corruption Programme, we have notified our suppliers, vendors, contractors, and other third-party partners of Texchem's commitment to maintain the highest standards of integrity, accountability and professionalism in our business dealings and relationships as well as our zero tolerance policy against all forms of bribery and corruption.

These entities are informed of and expected to comply with Section 17A of the Malaysian Anti-Corruption Commissions Act 2009 ("MACC Act") and Texchem's Anti-Corruption Policy and Procedures ("ACP"). All agreements with third-party partners include commitment by each party to comply with relevant anti-corruption laws and standards.

Our approach to local procurement and supply chain is an ongoing process. We are dedicated to continual improvement and the enhancement of our supply chain policies and procedures. Throughout this journey, we ensure that all legal requirements are taken into account, and corresponding measures are implemented as necessary.



OUR PERFORMANCE

| | FY 2023 |
|---|---------|
| Proportion of spending on local suppliers | 42% |

FY 2023 represents the first year Texchem is including Supply Chain Management in its EESG reporting.

Sustainability Statement (cont'd)

7. Management Approach for Material Matters (cont'd)



WHY IS THIS IMPORTANT?

Texchem acknowledges that our energy consumption and GHG emissions contribute to climate change impacts. We recognise that as a corporate citizen, it is our responsibility to reduce our carbon footprint while also embracing opportunities that unfold while making the transition to a low-carbon economy.

OUR APPROACH

We are fully committed to reduce our environmental impacts by prioritising energy conservation and improving our energy efficiency. In managing our energy and emissions impacts, we use technology and new equipment to implement energy-saving and cost-effective techniques in our manufacturing processes to reduce our operations carbon footprint and energy consumption.

We reduce our electricity demand from the national grid by utilizing renewable energy from solar rooftop photovoltaic (“PV”) panels installed at our buildings that are feasible to be fitted with such panels. Our Sushi King restaurants use energy-saving LED lighting.

While we continue to deploy solar-based energy into our operations, we have embarked on our next phase in energy conservation to identify areas where energy is being wasted and provide a roadmap for improvement opportunities. It involves analyzing energy consumption, identifying potential inefficiencies, and benchmarking against industry standards.

We are committed to progressively reduce fossil fuel consumption without compromising our production output and operational efficiency.

OUR PERFORMANCE

| Period | Renewable MWh | Non-Renewable MWh | Total MWh |
|---------|---------------|-------------------|-----------|
| FY 2023 | 2,585 | 94,536 | 97,121 |

FY 2023 represents the first year Texchem is including Energy Management in its EESG reporting.

We started using solar-based energy in various stages in FY 2022 that enabled us to reduce our carbon footprint as follows:

| Period | Renewable energy MWh | Reduction of CO ₂ * tonnes |
|---------|----------------------|---------------------------------------|
| FY 2023 | 2,585 | 1,652 |
| FY 2022 | 1,526 | 975 |

* using ratio of 0.639 tonnes CO₂/MWh per the Sustainable Energy Development Authority Malaysia (“SEDA Malaysia”).

Sustainability Statement (cont'd)

7. Management Approach for Material Matters (cont'd)

ENVIRONMENT

Water Management _____ Related UNSDGs:

06
CLEAN WATER
AND SANITATION

13
CLIMATE ACTION

12
RESPONSIBLE
CONSUMPTION AND
PRODUCTION

WHY IS THIS IMPORTANT?

The issue of water scarcity is becoming increasingly alarming due to several factors, such as climate change, poor water management, and contamination. As water cuts and scarcity are becoming more frequent, the Group is committed to mitigating the risk of water shortages through efficient water management across our operations.

OUR APPROACH

Texchem implements water conservation initiatives and raise employees' awareness on proper water management at all our business and operating sites. These initiatives include:

- diverting water from production which would normally be discharged into drain systems to flush toilets. This is an initiative by our Polymer Engineering Division.
- Raising awareness among employees for responsible water usage behavior at our business and operating sites
- closely monitor potential leaks and increases in water consumption

OUR PERFORMANCE

| Period | Total Volume of Water Used (megalitres) |
|---------|---|
| FY 2023 | 1,564 |

FY 2023 represents the first year Texchem is including Water Management in its ESG reporting.

SOCIAL

Community/Society _____ Related UNSDGs:

02
ZERO HUNGER

03
GOOD HEALTH
AND WELL-BEING

WHY IS THIS IMPORTANT?

A sustainable business should have the support and approval of its employees, stakeholders and the community it operates in. Texchem is determined to fulfil its role as a responsible corporate citizen by giving back to the surrounding communities in which we operate. Our community programs focus on community good health and well-being and zero hunger to support the future generation's education pursuit.

Sustainability Statement (cont'd)

7. Management Approach for Material Matters (cont'd)



OUR APPROACH

Empathy, being one of Texchem’s core values, is diligently practiced and cascaded down to our employees. To this end, many of our community programs are participated jointly by the Texchem and our employees. Our Cultural Ambassadors are entrusted to plan and carry out Texchem’s community programs.



OUR PERFORMANCE

| Community Programs in FY 2023 | | | |
|--|-----------------------|-----------------------------------|---|
| Community Programs | Amount Contributed RM | Estimated number of beneficiaries | Description |
| “Back to School” Fund Raising Program | 34,594 | 70 | Providing free meals to school children from B40 families in Malaysia. |
| Adopt a Kidney Patient | 30,000 | 1 | Sponsor treatment of 1 chronic kidney disease patient for a year through the Tzu Chi Foundation, a United Nations recognized non- government organization (“Tzu Chi”). |
| Natural Disaster Relief & Environment Protection | 10,301 | | Contribution towards Tzu Chi’s Natural Disaster Relief & Environment Protection fund. |
| “One Person, One Kindness, Away from Disasters” | 4,220 | | Collaborating with Tzu Chi, Texchem hosted a “One Person, One Kindness, Away from Disasters” fundraising campaign that aims to help those in need get through calamities. This was held at Texchem’s Headquarters in Penang. |
| St. Nicholas’ Home Charity Food Fair | 4,552 | 58 | St. Nicholas’ Home, Penang is a non-profit charitable organization, which aims to respond to the evolving needs of the blind and visually impaired community in Malaysia, irrespective of their religion, race and background. Sushi King sponsored a stall featuring our popular sushi items. |
| TOTAL | 83,667 | 129 | |

| Community Investment in the Past 3 years | | | |
|---|---------|---------|---------|
| | FY 2023 | FY 2022 | FY 2021 |
| Total amount invested where the target beneficiaries are external to Texchem (RM) | 83,667 | 82,142 | 55,284 |
| Total number of beneficiaries of the investment in communities | 129 | 63 | 27 |

Sustainability Statement (cont'd)

7. Management Approach for Material Matters (cont'd)

SOCIAL

Diversity

Related
UNSDGs:

05
GENDER EQUALITY

08
DECENT WORK AND
ECONOMIC GROWTH

WHY IS THIS IMPORTANT?

Diversity and inclusion are fundamental principles. Texchem is committed to cultivating an optimal working environment that fully utilises the talents, skills, knowledge, and potential of all employees by maintaining a diverse and inclusive workplace.

This approach enables the organisation and its workforce to benefit from a broad array of perspectives, thoughts, experiences, and abilities, fostering a dynamic and high-performance work culture.

OUR APPROACH

Texchem is committed to providing job opportunities for individuals in the countries where we operate. Our local employment approach values diversity and equality, creating an inclusive environment with employees from diverse racial backgrounds.

All gender expressions are accepted without prejudice, all different cultural celebrations are equally observed and honored, and individual ethnic sensitivities are respected. Texchem is committed to providing equal opportunities based on meritocracy in all its employment practices.

OUR PERFORMANCE

| % of Employees by Gender & Age Group | | | | | | |
|--------------------------------------|--------|--------|-------------|-------|-------|-----|
| FY 2023 | Gender | | Age (Years) | | | |
| Employee Category | Male | Female | < 34 | 35-44 | 45-60 | >60 |
| Top Management | 87% | 13% | - | 12% | 69% | 19% |
| Senior Management | 61% | 39% | - | 15% | 83% | 2% |
| Management | 61% | 39% | 9% | 38% | 51% | 2% |
| Executive | 41% | 59% | 54% | 28% | 18% | - |
| Non-Executive | 59% | 41% | 69% | 18% | 12% | 1% |
| Total | 53% | 47% | 59% | 23% | 17% | 1% |

| % of Directors by Gender and Age Group | | | |
|--|---------|---------|---------|
| % of Directors by Gender | | | |
| | FY 2023 | FY 2022 | FY 2021 |
| Male | 71% | 71% | 83% |
| Female | 29% | 29% | 17% |
| % of Directors by Age Group | | | |
| Age | FY 2023 | FY 2022 | FY 2021 |
| < 34 | - | - | - |
| 35-44 | - | 14% | 17% |
| 45-60 | 43% | 29% | 33% |
| > 60 | 57% | 57% | 50% |

Sustainability Statement (cont'd)

7. Management Approach for Material Matters (cont'd)

SOCIAL

Health & Safety

Related
UNSDGs:

03
GOOD HEALTH AND WELL-BEING

08
DECENT WORK AND ECONOMIC GROWTH

WHY IS THIS IMPORTANT?

Texchem is committed to fostering a safe and healthy workplace for all its employees and contractors that sets the foundation for our businesses to thrive and underpins our financial performance and moral obligations.

Occupational Health & Safety (“OSH”) also protects Texchem against financial, operational and legal ramifications as these safeguards our employees, assets, maintains trust with stakeholders and secures the sustainability of our operations.

OUR APPROACH

In compliance with the Occupational Safety and Health Act 1994, Health & Safety Committees have been established in our operation sites to identify, plan and resolve OSH-related concerns.

The Hazard Identification, Risk Assessment, and Risk Control (“HIRARC”) process is regularly reviewed and assessed to ensure that it remains relevant in identifying all potential hazards and providing effective mitigation measures. An incident reporting line has been established to communicate information for Management’s attention.

We provide health and safety training to employees and contractors. Our H&S training programmes include emergency response, hazard, and risk management, as well as health awareness. These programmes are reviewed regularly to ensure their relevance.

OUR PERFORMANCE

| Period | Total number of hours worked in the reporting period | LTIR ^{[1], [2]} | Work Related Fatality |
|---------|--|--------------------------|-----------------------|
| FY 2023 | 8,971,554 | 0.38 | 0 |

[1] LTIR is calculated as a rate, where the number of lost time incidents during the reporting period are expressed per the total number of hours worked as at the end of the reporting period.

[2] The value of 200,000 represents a standardised value of the total amount of hours that 100 employees work weekly for 40 hours for a duration of 50 weeks (100 x 40 x 50 = 200,000).

FY 2023 represents the first year Texchem is including number of work-related fatalities and Lost Time Incident Rate (“LTIR”) in its EESG reporting.

| | FY 2023 | FY 2022 | FY 2021 |
|--|---------|---------|---------|
| Number of employees trained on Health & Safety Standards | 2,089 | 1,466 | 1,000 |

Sustainability Statement (cont'd)

7. Management Approach for Material Matters (cont'd)

| | | | |
|-----------------------------|--------|--------------------|---|
| Labor Practices & Standards | SOCIAL | Related UNSDGs: |  |
|-----------------------------|--------|--------------------|---|

WHY IS THIS IMPORTANT?

Texchem believes that our employees are our most valuable assets and are the driving force for our success and growth. We are committed to recruiting, developing, and retaining high-performing employees while providing work environment that is both conducive and empowering. On top of that, we invest in development programmes to ensure our employees remain competitive, progressive and future ready.

OUR APPROACH

Continuous learning and development are the key essences of Texchem's success. In promoting sustainable growth across our businesses, we provide learning opportunities to our employees for upskilling and to be equipped with the latest industry knowledge. Our training objectives are to improve organisational effectiveness, optimise human capital, build and strengthen staff capabilities, and create a sustainable performance culture.

OUR PERFORMANCE

| Employee training hours | | | |
|-------------------------|---------|---------|---------|
| | FY 2023 | FY 2022 | FY 2021 |
| Total training hours | 81,631 | 61,665 | 44,776 |

Employee Composition

| | FY 2023 |
|-----------|---------|
| Full Time | 79% |
| Part Time | 21% |
| Total | 100% |

Total employees in FY 2023 – 3,746

Employee Turnover

| | FY 2023 |
|-------------------|---------|
| Top Management | 0.1% |
| Senior Management | 0.1% |
| Management | 0.8% |
| Executives | 6.2% |
| Non-Executives | 20.4% |
| Total | 27.6% |

Our overall turnover rate is 27.6% for the reporting period. Due to the nature of the business, our Restaurant Division's employee turnover was at 17.6%. We will continuously work towards improving our turnover rate.

Sustainability Statement (cont'd)

7. Management Approach for Material Matters (cont'd)

Human Rights

We recognise the importance of respect for human rights, and conduct our business in ways that prevent and/or mitigate adverse impact on human rights. We treat our employees with dignity and respect, comply with all applicable laws wherever we operate, and support the elimination of all forms of forced labour, human trafficking, and discrimination. We promote freedom of association, strive for safe and healthy work environment, and comply with applicable local laws and regulations relating to hiring of minors.

Our policies are aligned with the rights set out in the United Nations (“UN”) International Bill of Human Rights and the principles concerning fundamental rights set out in the International Labor Organisation (“ILO”) Declaration on Fundamental Principles and Rights at Work.

We have established a Whistleblowing Policy which creates a platform for employees and stakeholders to lodge reports in good faith without fear of reprisal. In FY 2023, there has been no reported incident of human rights violation.

GOVERNANCE

Anti-Bribery and
Anti-Corruption

Related
UNSDGs:

16
 PEACE, JUSTICE AND
 STRONG INSTITUTIONS



WHY IS THIS IMPORTANT?

Texchem endeavors to observe high standards of transparency, accountability and integrity. We believe that good corporate governance will help achieve long-term success and sustainable growth as well as to ensure trust and confidence from stakeholders.

Details of Texchem’s corporate governance framework and practices are elaborated in the Corporate Governance Overview Statement in the Annual Report and Corporate Governance Report which is available on the Company’s website at www.texchemgroup.com



OUR APPROACH

Texchem has established policies, procedures and guidelines in order to comply with the best practices of good governance guided by the Listing Requirements and the Malaysian Code on Corporate Governance throughout its operations. These policies, procedures and guidelines are subject to regular reviews and have been communicated to all employees via various communicating channels.

Communication of Texchem’s Anti-Corruption Policy and Procedures (“ACP”)

We communicate our ACP to our people via various platforms, including our employee engagement platform (REN EcoSystem), online training sessions and orientation programmes. Our employees across all management levels are also provided with training on the ACP via online learning, covering elements or types of corruption, including bribery, sanctions on non-compliance and other sub-policies.

Our employees and business partners must practice integrity and respect in all activities, as prescribed by our Code of Conduct and Ethics. The Code outlines our ethical and behavioral policies. As stated in our ACP, we condemn all acts of bribery and corruption in accordance with the Malaysian Anti-Corruption Commission Act 2009. Our Whistleblowing Policy provides a platform where our stakeholders can raise concerns about possible breaches of policies and other questionable practices without fear of reprisal or retaliation.

Sustainability Statement (cont'd)

7. Management Approach for Material Matters (cont'd)



OUR PERFORMANCE

Anti-corruption training has been conducted for all Board members, senior management, and employees. In FY2023, all employees have undergone this training, with employees required to sign and affirm their compliance with the ACP policy.

| | FY 2023 |
|-------------------|---------|
| Top Management | 100% |
| Senior Management | 100% |
| Management | 100% |
| Executives | 100% |
| Non-Executives | 100% |
| Total | 100% |

Recognising the importance of risk assessment in good management practice and maintaining the integrity of Texchem's infrastructure, top-level management emphasizes the need for effective risk assessment embedded at all organisational levels.

As part of its rotational audit planning, Texchem's Group Internal Assurance & Consulting Department commenced its assessment of corruption-related risks starting July 2023 and have covered 39% of our total operations as at the end of the reporting period.

In FY 2023, our stakeholders reported no incidents of bribery and corruption in our operational activities.

GOVERNANCE

Data Privacy
and Security

Related
UNSDGs:





WHY IS THIS IMPORTANT?

In the recent years, data has become more susceptible to cybersecurity risks. Consequently, we have a responsibility to manage the growing threat of cyber-attacks.

Texchem adheres fully to the Personal Data Protection Act 2010, and consistently upholds rigorous privacy and cybersecurity measures to safeguard the confidentiality of extensive data stored for clients, customers, and internal teams.



OUR APPROACH & PERFORMANCE

Texchem has established firewall system, shielding our networks from external cyber threats. To combat phishing emails received by employees, ongoing training is provided to help them distinguish between genuine and deceptive emails. Employees also have the option to forward suspected phishing emails to the Group's Information Technology team for authentication.

In FY 2023, there were no recorded data breaches, and no substantiated complaints were received regarding customer data losses or breaches of customer privacy.

DIRECTORS' RESPONSIBILITY STATEMENT IN RESPECT OF THE PREPARATION OF THE AUDITED FINANCIAL STATEMENTS

The Board is responsible for ensuring that the financial statements give a true and fair view of the financial position of the Group and of the Company as of 31 December 2023, and of their financial performance and cash flows for the financial year then ended. In preparing the financial statements, the Directors have ensured that the applicable Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia have been complied with.

In preparing the financial statements, the Directors have selected and applied consistently suitable accounting policies and made reasonable and prudent judgement and estimates. The Directors also have a general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Group and to prevent and detect fraud and other irregularities.

OTHER DISCLOSURES

MATERIAL CONTRACTS INVOLVING DIRECTORS AND MAJOR SHAREHOLDERS' INTEREST DURING THE FINANCIAL YEAR

There were no material contracts entered into by the Company and/or its subsidiaries involving directors and/or major shareholders' interest (not being contracts entered into in the ordinary course of business), either still subsisting at the end of the financial year ended 31 December 2023 or entered into since the end of the previous financial year.

RECURRENT RELATED PARTY TRANSACTIONS OF REVENUE OR TRADING NATURE

Save as disclosed in the Circular to Shareholders dated 29 March 2024 in relation to Part A-Proposed Renewal of Existing Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature, there was no other transaction conducted pursuant to the shareholders' mandate during the financial year ended 31 December 2023.

EMPLOYEES' SHARE OPTION SCHEME

The shareholders of the Company in its Extraordinary General Meeting held on 22 April 2022 approved the establishment of the Employees' Share Option Scheme ("ESOS") of up to 15% of the total number of issued shares of Texchem Resources Bhd. ("TRB") (excluding treasury shares, if any) ("Total Options") for the eligible Executive Directors and employees of TRB and its subsidiaries (excluding subsidiaries which are dormant, if any) ("TRB Group").

The effective date of implementation of the ESOS was 27 April 2022. The ESOS is for a period of 5 years and would expire on 26 April 2027 subject to an extension in accordance with the By-Laws of the ESOS.

During the financial year, the total number of ESOS options granted, exercised, forfeited and outstanding under the ESOS are set out in the table below:

| Category | Number of options over shares | | | | |
|---------------------|-------------------------------|---------|-----------|------------|-----------------------------|
| | Balance at 1 January 2023 | Granted | Exercised | Forfeited* | Balance at 31 December 2023 |
| Executive Directors | 4,961,000 | - | - | - | 4,961,000 |
| Employees | 3,571,500 | - | - | 600,000 | 2,971,500 |
| Total | 8,532,500 | - | - | 600,000 | 7,932,500 |

* The options were forfeited as a result of cessation of employment.

Pursuant to the By-Laws of the ESOS, not more than 80% of the Total Options available under the scheme shall be allotted, in aggregate, to the Executive Directors and senior management. During the financial year ended 31 December 2023 and since the date of implementation of the ESOS, 61.5% of the Total Options have been granted to the Directors and senior management of TRB Group.

The By-Laws of the ESOS provide that all Non-Executive Directors of TRB shall not be entitled to participate in the ESOS.

ANALYSIS OF SHAREHOLDINGS

As at 12 March 2024

| | | |
|----------------------------|---|---|
| Total no. of Issued Shares | - | 126,372,735 ordinary shares (including 9,281,800 treasury shares) |
| Class of Shares | - | Ordinary shares |
| Voting Rights | - | One vote per ordinary share |
| No. of Voting Shares | - | 117,090,935 |

SHAREHOLDING STATISTICS

| Size of Holdings | No. of Shareholders | % | Total Holdings* | %** |
|--|---------------------|---------------|--------------------|---------------|
| Less than 100 shares | 251 | 6.25 | 9,833 | 0.01 |
| 100 – 1,000 shares | 663 | 16.50 | 410,510 | 0.35 |
| 1,001 – 10,000 shares | 2,228 | 55.45 | 10,097,099 | 8.62 |
| 10,001 - 100,000 shares | 796 | 19.81 | 22,736,003 | 19.42 |
| 100,001 to less than 5% of issued shares | 79 | 1.97 | 30,517,518 | 26.06 |
| 5% and above of issued shares | 1 | 0.02 | 53,319,972 | 45.54 |
| Total | 4,018 | 100.00 | 117,090,935 | 100.00 |

SUBSTANTIAL SHAREHOLDERS AS PER REGISTER OF SUBSTANTIAL SHAREHOLDERS

| No. | Name | No. of Shares Held in the Company | | | |
|-----|---|-----------------------------------|-------|---------------------------|----------------------|
| | | Direct | %** | Deemed | %** |
| 1. | Texchem Holdings Sdn. Bhd. | 53,319,972 | 45.54 | - | - |
| 2. | Tan Sri Dato' Seri (Dr.) Fumihiko Konishi | 525,000 | 0.45 | 58,537,494 ^(a) | 49.99 ^(a) |

DIRECTORS' INTERESTS IN SHARES AND SHARE OPTIONS HELD UNDER THE EMPLOYEES' SHARE OPTION SCHEME

| No. | Name | No. of Shares Held in the Company | | | | Number of Options over Shares | |
|-----|---|-----------------------------------|------|---------------------------|----------------------|-------------------------------|--------------------------|
| | | Direct | %** | Deemed | %** | Direct | Deemed |
| 1. | Tan Sri Dato' Seri (Dr.) Fumihiko Konishi | 525,000 | 0.45 | 58,537,494 ^(a) | 49.99 ^(a) | 1,228,000 | 1,633,000 ^(b) |
| 2. | Yap Kee Keong | 908,250 | 0.78 | - | - | 2,100,000 | - |
| 3. | Dr Yuma Konishi | 120,000 | 0.10 | - | - | 1,633,000 | - |

Notes:

* Excluding 9,281,800 treasury shares.

** Calculated based on 117,090,935 ordinary shares.

^(a) Deemed interest by virtue of Tan Sri Dato' Seri (Dr.) Fumihiko Konishi's direct and/or indirect interest in Texchem Holdings Sdn. Bhd. (a substantial shareholder of the Company) and via persons connected with him, i.e. his wife, Puan Sri Datin Seri Atsuko Konishi (a shareholder of Texchem Holdings Sdn. Bhd. and the Company) and his children, Ms Mika Konishi, Ms Mari Konishi and Dr. Yuma Konishi, pursuant to Sections 8 and 59(11)(c) of the Companies Act 2016 respectively.

^(b) These are options held in the name of the child and are regarded as interests of the Directors in accordance with the Companies Act 2016.

The details of the interests of the Directors who were or are directors during the financial year ended 31 December 2023 and the period commencing from 1 January 2024 until 12 March 2024 (including the interests of the spouses and/or children of the Directors) in the Company's related corporations as at 12 March 2024 are the same as the details set out in the section on Directors' Interests in the Directors' Report of this Annual Report.

ANALYSIS OF SHAREHOLDINGS (cont'd)

As at 12 March 2024

THIRTY LARGEST SHAREHOLDERS

| No. | Name | No. of Shares | %* |
|---------------|---|-------------------|--------------|
| 1. | TEXCHEM HOLDINGS SDN BHD | 53,319,972 | 45.54 |
| 2. | BLOOD PROTECTION (HOLDING) CO LTD | 2,339,884 | 2.00 |
| 3. | ATSUKO KONISHI | 2,234,694 | 1.91 |
| 4. | MAN BIN MAT | 2,050,000 | 1.75 |
| 5. | MARI KONISHI | 1,431,414 | 1.22 |
| 6. | MIKA KONISHI | 1,431,414 | 1.22 |
| 7. | MAYBANK NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR LOOI BOON HAN | 1,240,800 | 1.06 |
| 8. | ONG BENG KEE | 1,080,000 | 0.92 |
| 9. | EYE CORPORATE PLANNING CO LTD | 943,000 | 0.81 |
| 10. | YAP KEE KEONG | 900,000 | 0.77 |
| 11. | MAYBANK NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR LOOI CHIN BOON | 740,700 | 0.63 |
| 12. | ALLIANCEGROUP NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR NG WEI YEE (7004903) | 600,000 | 0.51 |
| 13. | GOH CHEH YAK | 600,000 | 0.51 |
| 14. | CARTABAN NOMINEES (ASING) SDN BHD THE BANK OF NEW YORK MELLON FOR ACADIAN EMERGING MARKETS MICRO-CAP EQUITY MASTER FUND | 596,700 | 0.51 |
| 15. | FUMIHIKO KONISHI | 525,000 | 0.45 |
| 16. | LEONG KONG MIN | 480,000 | 0.41 |
| 17. | MAYBANK NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR TEE SEE KIM | 449,500 | 0.38 |
| 18. | CHEW KAI TIONG | 400,000 | 0.34 |
| 19. | MAYBANK NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR ERWIN SELVARAJAH A/L PETER SELVARAJAH | 399,200 | 0.34 |
| 20. | UNITED FORMULA SDN BHD | 369,300 | 0.32 |
| 21. | YUTAKA YAMANAKA | 359,893 | 0.31 |
| 22. | CYNTHIA OOI GAIK SEE | 340,000 | 0.29 |
| 23. | PUBLIC NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR SIM LEONG THUN (E-SS2) | 331,000 | 0.28 |
| 24. | AMSEC NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR CHAI ANN KUO | 317,300 | 0.27 |
| 25. | HLIB NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR FABIAN HUNG HING FUNG | 310,000 | 0.26 |
| 26. | UOBM NOMINEES (TEMPATAN) SDN BHD UOB ISLAMIC ASSET MANAGEMENT SDN BHD FOR LEMBAGA TABUNG HAJI | 310,000 | 0.26 |
| 27. | ALLIANCEGROUP NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR HOOI JIA HAO (7010167) | 300,000 | 0.26 |
| 28. | AMSEC NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR TAN SEOW GEE | 300,000 | 0.26 |
| 29. | GET HOLDINGS SDN BHD | 300,000 | 0.26 |
| 30. | LEONG CHON LOONG | 300,000 | 0.26 |
| TOTAL: | | 75,299,771 | 64.31 |

Note:

* Excluding 9,281,800 treasury shares and calculated based on 117,090,935 ordinary shares.

PARTICULARS OF PROPERTIES

Held as at 31 December 2023

| Location | Tenure | Area (acre(s)) | Description | Approximate Age of Building (years) | Expiry Date | Date of Acquisition/ *Revaluation | Net Book Value (RM'000) |
|--|-----------------------|----------------|-------------------------------|-------------------------------------|----------------------|--------------------------------------|-------------------------|
| Texchem Materials Sdn. Bhd. No. 6 & 6A, Jalan Tampoi 7/4, Kawasan Perusahaan Tampoi, 81200 Johor Bahru, Johor Darul Takzim. | Freehold | 2.54 | Office & Warehouse | 35 | N/A | 2 September 1999 | 4,782 |
| Texchem-Pack (M) Sdn. Bhd. No. 1465, Mukim 11, Lorong Perusahaan Maju 6, Fasa 4, Kawasan Perindustrian Perai, 13600 Perai, Penang. | Leasehold 60 years | 3.96 | Office & Factory | Between 22 to 31 | 29 June 2052 | *1 December 1994 | 4,844 |
| Texchem-Pack (PP) Sdn. Bhd. Part of Lot 1241, Phase III, Bayan Lepas Free Industrial Zone, 11900 Penang. | Leasehold 60 years | 3.78 | Office & Factory | Between 24 to 44 | 27 August 2041 | *26 April 1983 | 4,639 |
| Texchem-Pack (Johor) Sdn. Bhd. No. 3, Jalan Mutiara 7, Taman Perindustrian Plentong, 81750 Masai, Johor Darul Takzim. | Freehold | 0.97 | Office & Factory | Between 27 to 28 | N/A | 21 October 1998 | 3,900 |
| Eye Graphic Sdn. Bhd. No. 5, Lorong Perusahaan Maju 11, Taman Perusahaan Pelangi, 13600 Perai, Penang. | Freehold | 0.27 | Office & Factory | 27 | N/A | 16 April 1996 | 842 |
| Texchem Life Sciences Sdn. Bhd. Lot 3, Jalan P/6, Kawasan Perindustrian Bangi, 43650 Bandar Baru Bangi, Selangor Darul Ehsan. | Leasehold 99 years | 2.01 | Office, Factory & Store | 32 | 29 September 2086 | *7 September 2004 | 6,832 |
| Texchem-Pack (Thailand) Co., Ltd. 234, Moo 2, Bangpa-in Industrial Estate, Udomsrayut Road, Tambol Klong-jig, Amphur Bangpa-in, Phranakorn Sri Ayutthaya Province, 13160 Thailand. | Freehold | 8.56 | Office & Factory | 30 | N/A | 3 May 2007 | 11,378 |
| Wilpack Food Services Sdn. Bhd. No. 2446, Mk 1, Solok Perusahaan Satu, Kawasan Perindustrian Perai, 13600 Perai, Penang. | Leasehold 60 years | 1 | Office & Factory | 41 | 25 July 2042 | 15 July 1983 | 793 |
| Plot 78(a), Perai Industrial Park, Daerah Seberang Perai Tengah, Penang. | Leasehold 60 years | 0.19 | Store & Canteen | 41 | 20 September 2070 | 7 May 2008 | 73 |
| Texchem Corporation Sdn. Bhd. Lot Nos. 808 & 809, Jalan Subang 5, Taman Perindustrian Subang, 47610 Subang Jaya, Selangor Darul Ehsan. | Freehold | 5.01 | Office & Warehouse | 30 | N/A | 28 October 2015 | 25,095 |

THIS PAGE IS INTENTIONALLY LEFT BLANK



FINANCIAL STATEMENTS

- 65 ♦ Directors' Report
- 75 ♦ Statements Of Financial Position
- 77 ♦ Statements Of Profit Or Loss And Other Comprehensive Income
- 79 ♦ Consolidated Statement Of Changes In Equity
- 81 ♦ Statement Of Changes In Equity
- 82 ♦ Statements Of Cash Flows
- 90 ♦ Notes To The Financial Statements
- 176 ♦ Statement By Directors
- 177 ♦ Statutory Declaration
- 178 ♦ Independent Auditors' Report



DIRECTORS' REPORT

For the year ended 31 December 2023

The Directors hereby submit 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 whilst the principal activities and details of the subsidiaries are disclosed in Note 5 to the financial statements.

There has been no significant change in the nature of these activities during the financial year.

Results

| | Group RM'000 | Company RM'000 |
|--|-------------------------|---------------------------|
| (Loss)/Profit for the year attributable to : | | |
| Owners of the Company | (10,846) | 13,007 |
| Non-controlling interests | (40) | - |
| | <u>(10,886)</u> | <u>13,007</u> |

Reserves and provisions

There were no material transfers to or from reserves and provisions during the financial year under review except as disclosed in the financial statements.

Dividend

Since the end of the previous financial year, the Company had declared and paid the following dividends:

- (i) In respect of the financial year ended 31 December 2022:
- A second interim single tier dividend of 5 sen per ordinary share, based on 117,090,935 ordinary shares (excluding treasury shares) totalling RM5,854,547 was declared on 23 February 2023 and paid on 24 March 2023.

The Directors do not recommend any dividend to be paid for the financial year under review.

Directors' Report (cont'd)

For the year ended 31 December 2023

Directors of the Company

Directors who served during the financial year until the date of this report are:

Tan Sri Dato' Seri (Dr.) Fumihiko Konishi, PSM, DGPN, DSPN, DJN
 Yap Kee Keong
 Dr Yuma Konishi, DJN
 Dato' Azman Bin Mahmud, DPMP, DPSJ, SSP, AMP
 Dr Zarizana @ Izana Binti Abdul Aziz
 Jony Raw
 Azian Binti Mohd Yusof

In accordance with Article 22.3 of the Company's Constitution, Dr Zarizana @ Izana Binti Abdul Aziz will retire from the Board at the forthcoming Annual General Meeting ("AGM"). Dr Zarizana has expressed her intention not to seek for re-election. Hence, she will retire from the office upon the conclusion of the forthcoming AGM.

In accordance with Article 22.3 of the Company's Constitution, Puan Azian Binti Mohd Yusof will retire from the Board at the forthcoming AGM, and being eligible, offers herself for re-election.

Directors of the subsidiaries

The directors of the Company's subsidiaries who served on the respective boards of the subsidiaries (excluding directors who are also Directors of the Company) during the financial year until the date of this report are as follows:

| | |
|---|---------------------------------------|
| Ahmad Fauzi Bin Md Isa | Ooi Khye Soon |
| Chan Weng Kong | Masanori Hoshino |
| Chang Vui Leong | Morna Binti Bu Seong |
| <i>(Appointed on 22 September 2023)</i> | Myo Min |
| Chartsiam Srikomolsilp | Naoki Nakajima |
| Chong Wei Loon | Ng Bak Kuang |
| Chua Yean Choo | Ng Kee Hong |
| <i>(Appointed on 1 January 2024)</i> | Saroch Rotjanapanitkij |
| Cynthia Ooi Gaik See | Selvam Muniandi |
| Dr Pun Meng Yan | Shunsuke Sakuma |
| Gladys Lee Suan See | Soh Chiaw Guan |
| Goh Bee Sum | Soo Hoo Beng Toon |
| Ho Wei Min | Susumu Sakamaki |
| Joseph Yap Ka Choon | <i>(Appointed on 1 January 2024)</i> |
| Juriani Binti Haji Drahim | Takeshi Namiki |
| Kengo Sakai | <i>(Appointed on 1 November 2023)</i> |
| Khow Hong Cheong | Tan Chai Liang |
| Kotaro Ando | <i>(Appointed on 1 October 2023)</i> |
| Lai Yoke Yuen | Tan Chia Hau |
| Lee Eng Phong | Tang Ghee Chong |
| <i>(Appointed on 9 January 2024)</i> | Takeshi Torita |
| Lee Puay Img | <i>(Appointed on 1 January 2024)</i> |
| Lim Chee Khoon | Yeo Aun Hua |
| Lim Siew Kim | <i>(Appointed on 18 April 2023)</i> |
| Lim Wei Heng | Yeoh Hoon Suan |
| Loh Sau Mun | Yew Chian Wei |

Directors' Report (cont'd)

For the year ended 31 December 2023

Directors of the subsidiaries (continued)

The directors of the Company's subsidiaries resigned/retired during the financial year until the date of this report are as follows:

| | |
|--|---|
| Foo Yong Hong (Resigned on 1 March 2024) | Lai Ken Fatt (Resigned on 1 October 2023) |
| Haliza Binti Mohd Basir (Appointed on 1 October 2023 and resigned on 29 February 2024) | Mak Tai Ho (Resigned on 18 April 2023) |
| Hiroki Mori (Resigned on 29 September 2023) | Masayuki Sugino (Resigned on 1 November 2023) |
| Jun Sato (Retired on 16 May 2023) | Ryoma Yamamoto (Appointed on 2 May 2023 and resigned on 1 January 2024) |
| Kazuhiro Ugaeri (Retired on 16 May 2023) | |

Directors' interests in shares

The interests and deemed interests in the shares and options over shares of the Company and of its related corporations (other than wholly-owned subsidiaries) of those who were Directors at financial year end (including the interests of the spouses and/or children of the Directors who themselves are not Directors of the Company) as recorded in the Register of Directors' Shareholdings are as follows:

| | Number of ordinary shares | | | Balance at 31.12.2023 |
|---|---------------------------|----------------------|--------|---------------------------|
| | Balance at 1.1.2023 | Bought/ Exercised | (Sold) | |
| <u>The Company</u> | | | | |
| <u>Direct interest</u> | | | | |
| Tan Sri Dato' Seri (Dr.) Fumihiko Konishi | 525,000 | - | - | 525,000 |
| Yap Kee Keong | 908,250 | - | - | 908,250 |
| Dr. Yuma Konishi | 120,000 | - | - | 120,000 |
| <u>Deemed interest</u> | | | | |
| Tan Sri Dato' Seri (Dr.) Fumihiko Konishi | 58,537,494 ^(a) | - | - | 58,537,494 ^(a) |

Directors' Report (cont'd)

For the year ended 31 December 2023

Directors' interests in shares (continued)

Number of ordinary shares of Kyats 1,000 each

| Balance at 1.1.2023 | Bought | (Sold) | Balance at 31.12.2023 |
|------------------------|--------|--------|--------------------------|
|------------------------|--------|--------|--------------------------|

Related corporations

Tan Sri Dato' Seri (Dr.) Fumihiko Konishi

Direct interest

| | | | | |
|-------------------------|------------------|---|---|------------------|
| Myanmar Texchem Limited | 1 ^(b) | - | - | 1 ^(b) |
|-------------------------|------------------|---|---|------------------|

Number of ordinary shares of USD1 each

| Balance at 1.1.2023 | Bought | (Sold) | Balance at 31.12.2023 |
|------------------------|--------|--------|--------------------------|
|------------------------|--------|--------|--------------------------|

| | | | | |
|-----------------------|----------------------|---|---|----------------------|
| PT. Texchem Indonesia | 1,250 ^(b) | - | - | 1,250 ^(b) |
|-----------------------|----------------------|---|---|----------------------|

Number of ordinary shares of
Thai Baht 100 each

| Balance at 1.1.2023 | Bought | (Sold) | Balance at 31.12.2023 |
|------------------------|--------|--------|--------------------------|
|------------------------|--------|--------|--------------------------|

| | | | | |
|-----------------------------------|------------------|---|---|------------------|
| Texchem Materials (Thailand) Ltd. | 1 ^(b) | - | - | 1 ^(b) |
| Texchem-Pack (Thailand) Co., Ltd. | 1 ^(c) | - | - | 1 ^(c) |

Number of ordinary shares of
Rp1,000,000 each

| Balance at 1.1.2023 | Bought | (Sold) | Balance at 31.12.2023 |
|------------------------|--------|--------|--------------------------|
|------------------------|--------|--------|--------------------------|

| | | | | |
|-----------------------------------|---|-------------------|---|-------------------|
| PT Sushi King Asia ^(d) | - | 44 ^(e) | - | 44 ^(e) |
|-----------------------------------|---|-------------------|---|-------------------|

Number of ordinary shares of
Thai Baht 100 each

| Balance at 1.1.2023 | Bought | (Sold) | Balance at 31.12.2023 |
|------------------------|--------|--------|--------------------------|
|------------------------|--------|--------|--------------------------|

Related corporations

Yap Kee Keong

Direct interest

| | | | | |
|-----------------------------------|------------------|---|---|------------------|
| Texchem Materials (Thailand) Ltd. | 1 ^(b) | - | - | 1 ^(b) |
| Texchem-Pack (Thailand) Co., Ltd. | 1 ^(c) | - | - | 1 ^(c) |

Related corporation

Dr. Yuma Konishi

Direct interest

| | | | | |
|-----------------------------------|------------------|---|---|------------------|
| Texchem-Pack (Thailand) Co., Ltd. | 1 ^(c) | - | - | 1 ^(c) |
|-----------------------------------|------------------|---|---|------------------|

Directors' Report (cont'd)

For the year ended 31 December 2023

Directors' interests in shares (continued)

| | Number of options over shares | | | Balance at 31.12.2023 |
|---|-------------------------------|---------|-------------|--------------------------|
| | Balance at 1.1.2023 | Granted | (Exercised) | |
| <u>The Company</u> | | | | |
| <u>Direct interest</u> | | | | |
| Tan Sri Dato' Seri (Dr.) Fumihiko Konishi | 1,228,000 | - | - | 1,228,000 |
| Yap Kee Keong | 2,100,000 | - | - | 2,100,000 |
| Dr. Yuma Konishi | 1,633,000 | - | - | 1,633,000 |
| <u>Deemed interest</u> | | | | |
| Tan Sri Dato' Seri (Dr.) Fumihiko Konishi | 1,633,000 ^(f) | - | - | 1,633,000 ^(f) |

Notes:

- (a) Deemed interest by virtue of Tan Sri Dato' Seri (Dr.) Fumihiko Konishi's direct and/or indirect interest in Texchem Holdings Sdn. Bhd. (a substantial shareholder of the Company) and via persons connected with him, i.e. his wife, Puan Sri Datin Seri Atsuko Konishi (a shareholder of Texchem Holdings Sdn. Bhd. and the Company) and his children, Ms Mika Konishi, Ms Mari Konishi and Dr. Yuma Konishi, pursuant to Sections 8 and 59(11)(c) of the Companies Act 2016 respectively
- (b) Share(s) held in trust for Texchem Materials Sdn. Bhd.
- (c) Share held in trust for Texchem Polymer Engineering Sdn. Bhd.
- (d) Incorporated on 22 September 2023
- (e) Shares held in trust for Sushi King Holdings Sdn. Bhd.
- (f) These are options held in the name of the child and are regarded as interests of the Directors in accordance with the Companies Act 2016

By virtue of Tan Sri Dato' Seri (Dr.) Fumihiko Konishi's interests in the shares of the Company, he is also deemed to be interested in the shares in the Company's related corporations to the extent that the Company has an interest.

Save for the above, none of the other Directors holding office at 31 December 2023 had any interest in the shares and options over shares of the Company and of its related corporations during the financial year.

Directors' benefits

Since the end of the previous financial year, no Director of the Company has received nor become entitled to receive any benefit (other than those shown below) 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 those transactions entered in the ordinary course of business between the Company and its related corporations with a company in which a Director has a substantial financial interest.

Directors' Report (cont'd)

For the year ended 31 December 2023

Directors' benefits (continued)

The Directors' benefits paid to or receivable by Directors in respect of the financial year ended 31 December 2023 are as follows:

| | From the Company RM'000 | From subsidiaries of the Company RM'000 |
|---------------------------|-------------------------------|---|
| Directors of the Company: | | |
| Fees | 820 | 1,590 |
| Remuneration | 1,023 | 4,743 |
| Benefits-in-kind | 65 | 101 |
| Share-based payments | 296 | 1,794 |
| | 2,204 | 8,228 |

There were no arrangements during and at the end of the financial year which had the object of enabling Directors of the Company to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate other than the options granted pursuant to the Employees' Share Option Scheme.

Issue of shares and debentures

There were no changes in the issued and paid-up capital of the Company and no debentures were in issue during the financial year.

Options granted over unissued shares

No options were granted to any person to take up unissued shares of the Company during the financial year other than the share options granted pursuant to the Employees' Share Option Scheme of the Company as disclosed in the financial statements.

Employees' Share Option Scheme

At an Extraordinary General Meeting held on 22 April 2022, the Company's shareholders approved the establishment of an Employees' Share Option Scheme ("ESOS") of up to 15% of the total number of issued shares of the Company (excluding treasury shares, if any) for the eligible Executive Directors and employees of the Company and its subsidiaries (excluding subsidiaries which are dormant, if any) ("Eligible Persons").

| Vesting period | Number of options '000 | ESOS exercise price (RM/share) |
|---------------------------------|------------------------------|--------------------------------------|
| 29 April 2022 to 26 April 2027 | 3,240 | 2.45 |
| 1 January 2023 to 26 April 2027 | 3,240 | 2.45 |
| 1 January 2024 to 26 April 2027 | 4,326 | 2.45 |
| | 10,806 | |

Directors' Report (cont'd)

For the year ended 31 December 2023

Employees' Share Option Scheme (continued)

The options offered to take up unissued ordinary shares are as follows:

| Date of offer | Expiry date | Exercise price (RM) | ← Number of options over shares → | | | |
|---------------|-------------|---------------------|-----------------------------------|---------|--------------------------|---------------|
| | | | At 1.1.2023 | Granted | (Exercised)/ (Forfeited) | At 31.12.2023 |
| 29.04.2022 | 26.04.2027 | 2.45 | 8,532,500 | - | (600,000) | 7,932,500 |

The salient features of the ESOS are as follows:

- The ESOS is for a period of 5 years from 27 April 2022 and would expire on 26 April 2027 ("ESOS Period") subject to an extension at the discretion of the Board of Directors upon the recommendation by the ESOS Committee provided that the ESOS Period shall not in aggregate exceed a duration of 10 years from 27 April 2022 or such longer period as may be prescribed by Bursa Malaysia Securities Berhad.
- The total number of shares which may be issued pursuant to the ESOS shall not exceed 15% of the total number of issued shares of the Company (excluding treasury shares, if any) at any one time during the ESOS Period.
- Eligible Persons are employees employed by and are on the payroll of any corporation in Texchem Resources Bhd Group of Companies (excluding subsidiaries which are dormant) and his/her employment has been confirmed by the Company, who is at least 18 years of age and is not an undischarged bankrupt nor subject to any bankruptcy proceedings.
- The maximum number of ESOS options granted to the Eligible Persons shall be determined entirely at the sole and absolute discretion of the ESOS Committee, subject always to the By-Laws and the following:
 - not more than 80% of the total number of the Company's shares to be issued under the ESOS shall be allocated, in aggregate, to the Executive Directors and senior management personnel of the corporation in Texchem Resources Bhd Group of Companies; and
 - not more than 10% of the total number of shares to be issued under the ESOS shall be allocated to any individual Eligible Persons who, either singly or collectively through persons connected with such Eligible Persons, holds 20% or more of the total number of issued shares of the Company (excluding treasury shares, if any).
- The options granted may be exercised in full or in lesser number of ordinary shares provided that the number shall in multiples of 100 shares.
- The option price shall be determined based on the 5-days volume weighted average market price of the Company's shares immediately preceding the date of offer with a discount of not more than 10%.

Directors' Report (cont'd)

For the year ended 31 December 2023

Employees' Share Option Scheme (continued)

7. The new shares to be allotted and issued upon exercise of the ESOS options shall, upon allotment and issuance, rank equally in all respects with the then existing issued share capital of the Company, save and except that the new shares so allotted and issued will not be entitled to any rights, dividend, allotment and/or distribution which may be declared, made or paid to the shareholders of the Company the entitlement date of which is prior to the date of exercise of the ESOS options.
8. The persons to whom the options have been granted have no right to participate by virtue of the options in any share issue of any other company.

Indemnity and insurance for Directors, officers and auditors

During the financial year, the total cost of insurance effected for the Directors and officers of the Group and of the Company was RM68,500 for a total sum insured of RM50 million.

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

Other statutory information

Before the financial statements of the Group and of the Company were made out, the Directors took reasonable steps to ascertain that :

- i) all known bad debts have been written off and adequate provision made for doubtful debts, and
- ii) any current assets which were unlikely to be realised in the ordinary course of business have been written down to an amount which they might be expected so to realise.

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

- i) that would render the amount written off for bad debts or the amount of the provision for doubtful debts in the Group and in the Company inadequate to any substantial extent, or
- ii) that would render the value attributed to the current assets in the financial statements of the Group and of the Company misleading, and
- iii) which have arisen which render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate, or
- iv) not otherwise dealt with in this report or the financial statements that would render any amount stated in the financial statements of the Group and of the Company misleading.

Directors' Report (cont'd)

For the year ended 31 December 2023

Other statutory information (continued)

At the date of this report, there does not exist :

- i) any charge on the assets of the Group or of the Company that has arisen since the end of the financial year and which secures the liabilities of any other person, and
- ii) any contingent liability in respect of the Group or of the Company that has arisen since the end of the financial year.

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

In the opinion of the Directors, the financial performance of the Group and of the Company for the financial year ended 31 December 2023 have not been substantially affected by any item, transaction or event of a material and unusual nature nor has any such item, transaction or event occurred in the interval between the end of that financial year and the date of this report.

Directors' Report (cont'd)

For the year ended 31 December 2023

Auditors

The auditors, KPMG PLT, have indicated their willingness to accept re-appointment.

The audit and non-audit remuneration of the Group and of the Company during the year are as follows :

| | Group RM'000 | Company RM'000 |
|------------------------------------|-------------------------|---------------------------|
| Audit fees | | |
| - KPMG PLT and overseas affiliates | 570 | 50 |
| - Other auditors | 360 | - |
| | 930 | 50 |
| Non-audit fees | | |
| - KPMG PLT and local affiliates | 181 | 38 |
| - Other auditors | 157 | - |
| | 338 | 38 |
| | ----- <u>1,268</u> | ----- <u>88</u> |

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

.....
Tan Sri Dato' Seri (Dr.) Fumihiko Konishi,
PSM, DGPN, DSPN, DJN
 Director

.....
Yap Kee Keong
 Director

Penang,

Date : 25 March 2024

STATEMENTS OF FINANCIAL POSITION

As at 31 December 2023

| | Note | Group | | Company | |
|---|------|----------------|----------------|----------------|----------------|
| | | 2023 RM'000 | 2022 RM'000 | 2023 RM'000 | 2022 RM'000 |
| Assets | | | | | |
| Property, plant and equipment | 3 | 150,252 | 149,455 | 171 | 263 |
| Right-of-use assets | 4 | 161,905 | 147,207 | - | - |
| Investments in subsidiaries | 5 | - | - | 439,549 | 436,249 |
| Investments in associates | 5 | 5,225 | 4,969 | - | 1,470 |
| Intangible assets | 6 | 55,882 | 55,882 | - | - |
| Deferred tax assets | 7 | 13,627 | 13,196 | - | - |
| Other receivables | 9 | 5,977 | 8,957 | - | - |
| Total non-current assets | | <u>392,868</u> | <u>379,666</u> | <u>439,720</u> | <u>437,982</u> |
| Inventories | 8 | 96,232 | 112,819 | - | - |
| Trade and other receivables | 9 | 145,835 | 146,877 | 17,659 | 15,322 |
| Contract assets | 10 | 2,237 | 1,054 | - | - |
| Current tax assets | | 12,000 | 10,675 | - | 74 |
| Derivative financial assets | 11 | 1 | - | - | - |
| Cash and cash equivalents | 12 | 89,225 | 96,048 | 143 | 3,927 |
| Total current assets | | <u>345,530</u> | <u>367,473</u> | <u>17,802</u> | <u>19,323</u> |
| Total assets | | <u>738,398</u> | <u>747,139</u> | <u>457,522</u> | <u>457,305</u> |
| Equity | | | | | |
| Share capital | 13 | 157,853 | 157,853 | 157,853 | 157,853 |
| Reserves | 14 | 20,050 | 33,451 | 257,890 | 251,556 |
| Total equity attributable to owners of the Company | | <u>177,903</u> | <u>191,304</u> | <u>415,743</u> | <u>409,409</u> |
| Non-controlling interests | 5 | 21,709 | 23,210 | - | - |
| Total equity | | <u>199,612</u> | <u>214,514</u> | <u>415,743</u> | <u>409,409</u> |

Statements of Financial Position (cont'd)

As at 31 December 2023

| | Note | Group | | Company | |
|--------------------------------------|------|----------------|----------------|----------------|----------------|
| | | 2023 RM'000 | 2022 RM'000 | 2023 RM'000 | 2022 RM'000 |
| Liabilities | | | | | |
| Deferred tax liabilities | 7 | 6,548 | 6,989 | - | - |
| Loans and borrowings | 15 | 38,254 | 22,026 | 48 | - |
| Lease liabilities | | 134,284 | 117,144 | - | - |
| Deferred liabilities | 16 | 3,257 | 3,012 | 388 | 528 |
| Provision | 17 | 6,438 | 6,328 | - | - |
| Other payables | 18 | 30,000 | 50,000 | 10,041 | - |
| Total non-current liabilities | | <u>218,781</u> | <u>205,499</u> | <u>10,477</u> | <u>528</u> |
| Contract liabilities | 10 | 1,885 | 1,495 | - | - |
| Derivative financial liabilities | 11 | - | 88 | - | - |
| Loans and borrowings | 15 | 142,026 | 138,074 | 20,264 | 17,100 |
| Lease liabilities | | 27,684 | 29,452 | - | - |
| Deferred liabilities | 16 | 387 | 546 | 300 | 98 |
| Provision | 17 | 11 | 46 | - | - |
| Trade and other payables | 18 | 145,245 | 152,278 | 10,713 | 30,170 |
| Current tax liabilities | | 2,767 | 5,147 | 25 | - |
| Total current liabilities | | <u>320,005</u> | <u>327,126</u> | <u>31,302</u> | <u>47,368</u> |
| Total liabilities | | <u>538,786</u> | <u>532,625</u> | <u>41,779</u> | <u>47,896</u> |
| Total equity and liabilities | | <u>738,398</u> | <u>747,139</u> | <u>457,522</u> | <u>457,305</u> |

The notes on pages 90 to 175 are an integral part of these financial statements.

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2023

| | Note | Group | | Company | |
|--|------|-----------------|------------------|----------------|----------------|
| | | 2023 RM'000 | 2022 RM'000 | 2023 RM'000 | 2022 RM'000 |
| Revenue | 19 | <u>993,525</u> | <u>1,143,306</u> | <u>20,237</u> | <u>12,650</u> |
| Operating profit | 19 | 15,035 | 55,208 | 16,055 | 4,125 |
| Finance costs | 20 | (18,758) | (15,321) | (2,823) | (2,318) |
| Share of profit/(loss) of equity- accounted associates, net of tax | | 979 | (874) | - | - |
| (Loss)/Profit before tax | | <u>(2,744)</u> | <u>39,013</u> | <u>13,232</u> | <u>1,807</u> |
| Tax expense | 21 | (8,142) | (14,642) | (225) | (111) |
| (Loss)/Profit for the year | 23 | <u>(10,886)</u> | <u>24,371</u> | <u>13,007</u> | <u>1,696</u> |
| Other comprehensive income, net of tax | | | | | |
| <i>Items that are or may be reclassified subsequently to profit or loss</i> | | | | | |
| Foreign currency translation differences for foreign operations | | 4,345 | 1,262 | - | - |
| Foreign currency translation differences realised on deconsolidation of subsidiaries | | - | (918) | - | - |
| Share of foreign currency translation differences of equity- accounted associates | | 27 | - | - | - |
| Total other comprehensive income for the year | | <u>4,372</u> | <u>344</u> | <u>-</u> | <u>-</u> |
| Total comprehensive (expense)/income for the year | | <u>(6,514)</u> | <u>24,715</u> | <u>13,007</u> | <u>1,696</u> |

Statements of Profit Or Loss and Other Comprehensive Income (cont'd)

For the year ended 31 December 2023

| | Note | Group | | Company | |
|--|------|-----------------|----------------|----------------|----------------|
| | | 2023 RM'000 | 2022 RM'000 | 2023 RM'000 | 2022 RM'000 |
| (Loss)/Profit attributable to : | | | | | |
| Owners of the Company | | (10,846) | 21,911 | 13,007 | 1,696 |
| Non-controlling interests | | (40) | 2,460 | - | - |
| (Loss)/Profit for the year | | <u>(10,886)</u> | <u>24,371</u> | <u>13,007</u> | <u>1,696</u> |
| Total comprehensive (expense)/ income attributable to : | | | | | |
| Owners of the Company | | (6,728) | 22,874 | 13,007 | 1,696 |
| Non-controlling interests | | 214 | 1,841 | - | - |
| Total comprehensive (expense)/income for the year | | <u>(6,514)</u> | <u>24,715</u> | <u>13,007</u> | <u>1,696</u> |
| (Loss)/Earnings per share attributable to the owners of the Company (sen) | | | | | |
| - Basic | 25 | (9.24) | 18.49 | - | - |
| - Diluted | 25 | <u>(9.24)</u> | <u>18.49</u> | <u>-</u> | <u>-</u> |

The notes on pages 90 to 175 are an integral part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2023

Consolidated statement of changes in equity for the year ended 31 December 2023

| Group | Note | Attributable to owners of the Company | | | | | | Total equity RM'000 | | | |
|--|------|---------------------------------------|----------------------------|-----------------------|------------------------|------------------------|-----------------------------|--------------------------|--------------|----------------------------------|-----------|
| | | Non-distributable | | | Distributable | | | | | | |
| | | Share capital RM'000 | Translation reserve RM'000 | Merger reserve RM'000 | Capital reserve RM'000 | Treasury shares RM'000 | Share option reserve RM'000 | Retained earnings RM'000 | Total RM'000 | Non-controlling interests RM'000 | |
| At 1 January 2022 | | 149,667 | 14,689 | 1,092 | 1,792 | (4,900) | - | 108,483 | 270,823 | 28,956 | 299,779 |
| Other comprehensive income/(expense) for the year | | - | 1,881 | - | - | - | - | - | 1,881 | (619) | 1,262 |
| - Foreign currency translation differences for foreign operations | | - | (918) | - | - | - | - | - | (918) | - | (918) |
| - Foreign currency translation differences realised on deconsolidation of subsidiaries | | - | - | - | - | - | - | 21,911 | 21,911 | 2,460 | 24,371 |
| Profit for the year | | - | 963 | - | - | - | - | 21,911 | 22,874 | 1,841 | 24,715 |
| Total comprehensive income for the year | | - | 963 | - | - | - | - | 21,911 | 22,874 | 1,841 | 24,715 |
| Contributions by and distributions to owners of the Company | | | | | | | | | | | |
| Purchase of own shares | 14.3 | - | - | - | - | (5,099) | - | - | (5,099) | - | (5,099) |
| Share-based payment transactions | 24 | - | - | - | - | - | 9,446 | - | 9,446 | - | 9,446 |
| Share options exercised | | 8,186 | - | - | - | - | (2,616) | - | 5,570 | - | 5,570 |
| Acquisition of non-controlling interest in a subsidiary | | - | - | - | - | - | - | (91,099) | (91,099) | (11,101) | (102,200) |
| Issuance of shares to non-controlling interests | | - | - | - | - | - | - | - | - | 3,514 | 3,514 |
| Dividends paid to owners of the Company | 26 | - | - | - | - | - | - | (21,211) | (21,211) | - | (21,211) |
| Total transactions with owners of the Company | | 8,186 | - | - | - | (5,099) | 6,830 | (112,310) | (102,393) | (7,587) | (109,980) |
| At 31 December 2022 | | 157,853 | 15,652 | 1,092 | 1,792 | (9,999) | 6,830 | 18,084 | 191,304 | 23,210 | 214,514 |

Note 13

Note 14

Note 14

Note 14

Note 14

STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2023

| Company | Note | Share capital RM'000 | ← Non-distributable → | | Distributable Retained earnings RM'000 | Total equity RM'000 |
|---|------|-------------------------|---------------------------|--------------------------------|--|------------------------|
| | | | Treasury shares RM'000 | Share option reserve RM'000 | | |
| At 1 January 2022 | | 149,667 | (4,900) | - | 274,240 | 419,007 |
| Profit for the year representing total comprehensive expense for the year | | - | - | - | 1,696 | 1,696 |
| Contributions by and distributions to owners of the Company | | | | | | |
| - Purchase of own shares | 14.3 | - | (5,099) | - | - | (5,099) |
| - Share-based payment transactions | 24 | - | - | 9,446 | - | 9,446 |
| - Share options exercised | | 8,186 | - | (2,616) | - | 5,570 |
| - Dividends paid to owners of the Company | 26 | - | - | - | (21,211) | (21,211) |
| Total transactions with owners of the Company | | 8,186 | (5,099) | 6,830 | (21,211) | (11,294) |
| At 31 December 2022/ 1 January 2023 | | 157,853 | (9,999) | 6,830 | 254,725 | 409,409 |
| Profit for the year representing total comprehensive expense for the year | | - | - | - | 13,007 | 13,007 |
| Contributions by and distributions to owners of the Company | | | | | | |
| - Purchase of own shares | 14.3 | - | (3,797) | - | - | (3,797) |
| - Share-based payment transactions | 24 | - | - | 2,979 | - | 2,979 |
| - Dividends paid to owners of the Company | 26 | - | - | - | (5,855) | (5,855) |
| Total transactions with owners of the Company | | - | (3,797) | 2,979 | (5,855) | (6,673) |
| At 31 December 2023 | | 157,853 | (13,796) | 9,809 | 261,877 | 415,743 |
| | | Note 13 | Note 14 | Note 14 | Note 14 | |

The notes on pages 90 to 175 are an integral part of these financial statements.

STATEMENTS OF CASH FLOWS

For the year ended 31 December 2023

| | Note | Group | | Company | |
|--|------|----------------|----------------|----------------|----------------|
| | | 2023 RM'000 | 2022 RM'000 | 2023 RM'000 | 2022 RM'000 |
| Cash flows from operating activities | | | | | |
| (Loss)/Profit before tax | | (2,744) | 39,013 | 13,232 | 1,807 |
| Adjustments for : | | | | | |
| Depreciation of : | | | | | |
| - property, plant and equipment | 3 | 22,232 | 21,002 | 134 | 134 |
| - right-of-use assets | 4 | 31,734 | 30,318 | - | 547 |
| Impairment loss on : | | | | | |
| - property, plant and equipment | 3 | 192 | 240 | - | - |
| - right-of-use assets | 4 | 116 | 17 | - | - |
| - investments in subsidiaries | 5 | - | - | 4,800 | 1,300 |
| Reversal of impairment loss on investments in subsidiaries | 5 | - | - | (4,800) | - |
| Provision for Directors' retirement/resignation benefits | 16 | 539 | 636 | 162 | 99 |
| Property, plant and equipment written off | | 624 | 417 | 24 | - |
| Gain on : | | | | | |
| - disposal of property, plant and equipment | | (7) | (834) | (2) | (247) |
| - deconsolidation of a subsidiary | A | - | (1,579) | - | - |
| - disposal of an associate | B | (2,488) | - | (1,920) | - |
| - termination of leases | | (144) | (486) | - | (424) |
| Share-based payments | 24 | 2,979 | 9,446 | 296 | 1,017 |
| Interest income | | (906) | (493) | (951) | (636) |
| Dividend income | 19 | - | - | (20,237) | (12,650) |
| Finance costs | 20 | 18,758 | 15,321 | 2,823 | 2,318 |
| Share of (profit)/loss of equity-accounted associates | | (979) | 874 | - | - |
| Operating profit/(loss) before changes in working capital | | 69,906 | 113,892 | (6,439) | (6,735) |

Statements of Cash Flows (cont'd)

For the year ended 31 December 2023

| | Note | Group | | Company | |
|---|-------|-----------------|-----------------|-----------------|----------------|
| | | 2023 RM'000 | 2022 RM'000 | 2023 RM'000 | 2022 RM'000 |
| Changes in working capital : | | | | | |
| Inventories | | 18,377 | 956 | - | - |
| Trade and other receivables | | 10,541 | 32,543 | 3,738 | 3,963 |
| Trade and other payables | | (2,870) | (29,142) | (9,416) | 19,147 |
| Contract assets | | (1,183) | (312) | - | - |
| Contract liabilities | | 390 | 1,123 | - | - |
| Cash generated from/ (used in) operations | | 95,161 | 119,060 | (12,117) | 16,375 |
| Dividends received | | - | - | 16,837 | 12,650 |
| Income tax paid | | (12,957) | (13,651) | (126) | (58) |
| Directors' retirement/ resignation benefits paid | 16 | (484) | (100) | (100) | (100) |
| Restoration costs paid | 17 | (270) | (102) | - | - |
| Net cash from operating activities | | 81,450 | 105,207 | 4,494 | 28,867 |
| Cash flows from investing activities | | | | | |
| Deconsolidation of a subsidiary, net of cash and cash equivalents | A | - | (293) | - | - |
| Acquisition of non-controlling interest in a subsidiary | C | (25,000) | (27,200) | - | - |
| Subscription of shares in subsidiaries | D(ii) | - | - | - | (1,740) |
| Subscription of shares in an associate | | (152) | - | - | - |
| Proceeds from : | | | | | |
| - disposal of property, plant and equipment | | 330 | 2,569 | 32 | 249 |
| - disposal of an associate | B | 98 | - | 98 | - |
| Purchase of property, plant and equipment | E | (20,353) | (23,126) | (22) | (38) |
| Interest received | | 906 | 493 | 951 | 636 |
| Net cash (used in)/from investing activities | | (44,171) | (47,557) | 1,059 | (893) |

Statements of Cash Flows (cont'd)

For the year ended 31 December 2023

| | Note | Group | | Company | |
|---|------|-----------------|-----------------|----------------|-----------------|
| | | 2023 RM'000 | 2022 RM'000 | 2023 RM'000 | 2022 RM'000 |
| Cash flows from financing activities | | | | | |
| Drawdowns of : | | | | | |
| - term loans | | 20,632 | 10,000 | - | - |
| - revolving credit | | 16,500 | 15,500 | 3,000 | - |
| Repayment of : | | | | | |
| - term loans | | (4,712) | (2,946) | - | - |
| - revolving credit | | (4,067) | (10,900) | - | - |
| - hire purchase creditors | | (4,539) | (5,492) | (12) | (61) |
| - lease liabilities | F | (30,712) | (28,579) | - | (547) |
| Repayment of other borrowings | | (5,430) | (14,351) | - | - |
| Interest paid | | (18,758) | (15,321) | (2,823) | (2,318) |
| Purchase of own shares | | (3,797) | (5,099) | (3,797) | (5,099) |
| Proceeds from issuance of shares to non-controlling interests | | - | 3,514 | - | - |
| Proceeds from exercise of Employees' Share Option Scheme | | - | 5,570 | - | 5,570 |
| Dividends paid to owners of the Company | | (5,855) | (21,211) | (5,855) | (21,211) |
| Dividends paid to non-controlling interests | | (1,715) | - | - | - |
| Net cash used in financing activities | | (42,453) | (69,315) | (9,487) | (23,666) |
| Net (decrease)/increase in cash and cash equivalents | | (5,174) | (11,665) | (3,934) | 4,308 |
| Cash and cash equivalents at 1 January | | 84,928 | 95,387 | 3,927 | (381) |
| Effects of exchange differences on cash and cash equivalents | | 1,402 | 1,206 | - | - |
| Cash and cash equivalents at 31 December | G | 81,156 | 84,928 | (7) | 3,927 |

Statements of Cash Flows (cont'd)

For the year ended 31 December 2023

Notes :

A. Deconsolidation of a subsidiary

During the financial year ended 31 December 2022, the Group's subsidiary, namely Sushi King Company Limited which were under the process of dissolution. Accordingly, the Group deconsolidated the subsidiary and derecognised its related assets and liabilities.

The deconsolidation had the following effect on the Group's assets and liabilities.

| | 2022 RM'000 |
|---|------------------------------|
| Identifiable assets and liabilities deconsolidated | |
| Cash and cash equivalents | 293 |
| Trade and other receivables | 82 |
| Trade and other payables | (1,036) |
| Net identifiable liabilities | (661) |
| Transfer from foreign currency translation reserve | (918) |
| Gain on deconsolidation of a subsidiary | (1,579) |
| Net cash outflow arising from deconsolidation of a subsidiary | (293) |

B. Disposal of an associate

On 29 September 2023, the Company had entered into a Share Sale Agreement with ALS Technichem (Malaysia) Sdn. Bhd. ("ALS") to dispose of 49% equity interest in Merieux Nutrisciences Malaysia Sdn. Bhd. ("MNM") for a total consideration of RM3.4 million. Consequently, the Group and the Company recognised the gain on disposal of an associate amounting RM2.5 million and RM1.9 million respectively.

At the end of the reporting date, ALS has paid RM98,000 being part of the consideration to the Company. The balance of the consideration as shown below is to be paid in January 2024 subject to a 5% retention sum to be released in September 2024.

The disposal had the following effects on the Group's and the Company's assets and liabilities.

| | Group 2023 RM'000 | Company 2023 RM'000 |
|--|--|--|
| Cost of investment in an associate | 1,470 | 1,470 |
| Share of post-acquisition reserve | (568) | - |
| Net assets disposed | 902 | 1,470 |
| Gain on disposal of an associate | 2,488 | 1,920 |
| Total consideration for disposal of an associate | 3,390 | 3,390 |
| Consideration to be received after the end of reporting date | (3,292) | (3,292) |
| Proceed of consideration received at the end of reporting date | 98 | 98 |

Statements of Cash Flows (cont'd)

For the year ended 31 December 2023

Notes (continued):

C. Accretion of interest in an existing subsidiary

On 19 January 2022, Sushi King Holdings Sdn. Bhd. ("SKHSB"), a wholly-owned subsidiary of the Company had entered into a Share Transfer Agreement with Asia Yoshinoya International Sdn. Bhd. ("AYI") to acquire an additional 28% equity interest in Sushi King Sdn. Bhd. ("SKSB") for a total purchase consideration of RM102.20 million. Prior to the acquisition, SKSB was a 70.35% owned subsidiary of SKHSB, which in turn is a subsidiary of the Company. Consequent to the acquisition, SKSB became a 98.35% owned subsidiary of SKHSB, which in turn is a subsidiary of the Company. The acquisition was completed on 18 April 2022.

Subsequently on 6 July 2022, SKHSB, a wholly-owned subsidiary of the Company acquired an additional 1.65% equity interest in SKSB for a total consideration of RM6.02 million by way of share exchange in SKHSB. The purchase consideration was satisfied in full by issuance of 3,009,498 SKHSB RM1.00 ordinary shares, to Inspire Investment Corporation ("IIC") and Inspire Corporation ("IC") respectively. Prior to the acquisition, SKSB was a 98.35% owned subsidiary of SKHSB. Consequent to the acquisition, SKSB became a wholly-owned subsidiary of SKHSB. Subsequent to the share exchange, SKHSB became a 97.80% owned subsidiary of the Company.

The acquisition had the following effect on the Group's assets and liabilities.

| | 2022 RM'000 |
|--|------------------------|
| Acquisition of non-controlling interests from AYI | |
| Consideration paid to AYI | 27,200 |
| Balance repaid over 5 years' instalments | 75,000 |
| <i>Total purchase consideration</i> | 102,200 |
| Carrying amount of non-controlling interests acquired | (17,294) |
| A surplus of total purchase consideration against the carrying amount of non-controlling interests acquired | 84,906 |
| Acquisition of non-controlling interests from IIC and IC | |
| Issuance of 3,009,498 new ordinary shares at the issue price of RM1.00 per share in the capital SKHSB to IIC | 3,009 |
| Issuance of 3,009,498 new ordinary shares at the issue price of RM1.00 per share in the capital SKHSB to IC | 3,010 |
| Consideration paid via shares exchange in SKHSB | 6,019 |
| Dilution of interest in subsidiaries held by SKHSB during the shares exchanged with IIC and IC | 1,242 |
| Total consideration via shares exchange in SKHSB | 7,261 |

Statements of Cash Flows (cont'd)

For the year ended 31 December 2023

Notes (continued):

C. *Accretion of interest in an existing subsidiary (continued)*

| | 2022 RM'000 | |
|---|------------------------|------------------------|
| Acquisition of non-controlling interests from IIC and IC (continued) | | |
| Carrying amount of non-controlling interests in the shares exchange | | (1,068) |
| Net changes of non-controlling interests in the shares exchange in SKHSB | | <u>6,193</u> |
| Total decrease in equity reserve attributable to owners of the Group | | <u><u>91,099</u></u> |
| Amount owing to AYI | | |
| | 2023 RM'000 | 2022 RM'000 |
| As at 1 January | 75,000 | - |
| Total purchase consideration | - | 102,200 |
| Payment made during the year | (25,000) | (27,200) |
| As at 31 December | <u><u>50,000</u></u> | <u><u>75,000</u></u> |

D. *Subscription of shares in subsidiaries - Company*

- (i) During the financial year, the Company subscribed for additional interests in the following subsidiary by way of capitalisation of amount due from the subsidiary :

| | 2023 RM'000 | 2022 RM'000 |
|----------------------------|------------------------|------------------------|
| Texchem Polymers Sdn. Bhd. | <u><u>3,300</u></u> | <u><u>3,500</u></u> |

- (ii) During the previous financial year, the Company subscribed for additional interests in the following subsidiary by way of cash :

| | 2023 RM'000 | 2022 RM'000 |
|--|------------------------|------------------------|
| D&N Coffee and Restaurant Malaysia Sdn. Bhd. | <u><u>-</u></u> | <u><u>1,740</u></u> |

Statements of Cash Flows (cont'd)

For the year ended 31 December 2023

Notes (continued) :

E. Purchase of property, plant and equipment

| | Group | | Company | |
|---|----------------|----------------|----------------|----------------|
| | 2023 RM'000 | 2022 RM'000 | 2023 RM'000 | 2022 RM'000 |
| Additions to property, plant and equipment (Note 3) | 22,618 | 29,332 | 96 | 38 |
| Purchased by way of hire purchase arrangements | (4,069) | (2,823) | (74) | - |
| Provision for restoration costs | (345) | (428) | - | - |
| Unpaid balance | | | | |
| - current year | (1,142) | (3,291) | - | - |
| - prior year | 3,291 | 336 | - | - |
| Amount paid in cash | <u>20,353</u> | <u>23,126</u> | <u>22</u> | <u>38</u> |

F. Cash outflows for leases as a lessee

| | Note | Group | | Company | |
|---|------|----------------|----------------|----------------|----------------|
| | | 2023 RM'000 | 2022 RM'000 | 2023 RM'000 | 2022 RM'000 |
| Included in net cash from operating activities : | | | | | |
| Payment relating to short-term leases | 23 | 5,884 | 6,507 | 383 | 235 |
| Payment relating to leases of low-value assets | 23 | 607 | 556 | - | - |
| Expenses relating to variable lease payments not included in the measurement of lease liabilities | 23 | 2,227 | 3,320 | - | - |
| Included in net cash from financing activities : | | | | | |
| Payment of lease liabilities | | 30,712 | 28,579 | - | 547 |
| Interest paid in relation to lease liabilities | 20 | 6,800 | 6,446 | - | 133 |
| | | <u>46,230</u> | <u>45,408</u> | <u>383</u> | <u>915</u> |

Statements of Cash Flows (cont'd)

For the year ended 31 December 2023

Notes (continued) :

G. Cash and cash equivalents

Cash and cash equivalents included in the statements of cash flows comprise the following statements of financial position amounts :

| | Note | Group | | Company | |
|------------------------|------|----------------|----------------|----------------|----------------|
| | | 2023 RM'000 | 2022 RM'000 | 2023 RM'000 | 2022 RM'000 |
| Short term deposits | 12 | 8,925 | 5,500 | - | - |
| Cash and bank balances | 12 | 80,300 | 90,548 | 143 | 3,927 |
| Bank overdrafts | 15 | (8,069) | (11,120) | (150) | - |
| | | <u>81,156</u> | <u>84,928</u> | <u>(7)</u> | <u>3,927</u> |

The notes on pages 90 to 175 are an integral part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

Texchem Resources Bhd. is a public limited liability company, incorporated and domiciled in Malaysia and listed on the Main Market of Bursa Malaysia Securities Berhad. The address of its registered office and principal place of business is as follows :

Registered office and principal place

Level 18, Menara Boustead Penang
39 Jalan Sultan Ahmad Shah
10050 George Town, Penang

The consolidated financial statements of the Company as at and for the financial year ended 31 December 2023 comprise the Company and its subsidiaries (together referred to as “the Group” and individually referred to as “Group entities”) and the Group’s interests in associates.

The principal activity of the Company is investment holding whilst the principal activities of the Group entities are stated in Note 5 to the financial statements.

These financial statements were authorised for issue by the Board of Directors on 25 March 2024.

1. Basis of preparation

(a) Statement of compliance

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

The following are accounting standard and amendments that have been issued by the Malaysian Accounting Standards Board (“MASB”) but have not been adopted by the Group and the Company :

Notes to the Financial Statements (cont'd)

1. Basis of preparation (continued)

(a) Statement of compliance (continued)

MFRSs, interpretations and amendments effective for annual periods beginning on or after 1 January 2024

- Amendments to MFRS 16, *Leases – Lease Liability in a Sale and Leaseback*
- Amendments to MFRS 101, *Presentation of Financial Statements – Non-current Liabilities with Covenants and Classification of Liabilities as Current or Non-current*
- Amendments to MFRS 107, *Statement of Cash Flows* and MFRS 7, *Financial Instruments: Disclosures – Supplier Finance Arrangements*

MFRSs, interpretations and amendments effective for annual periods beginning on or after 1 January 2025

- Amendments to MFRS 121, *The Effects of Changes in Foreign Exchange Rates – Lack of Exchangeability*

MFRSs, interpretations and amendments effective for annual periods beginning on or after a date yet to be confirmed

- Amendments to MFRS 10, *Consolidated Financial Statements* and MFRS 128, *Investments in Associates and Joint Ventures – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*

The Group and the Company plan to apply the abovementioned amendments, where applicable in the respective financial years when the abovementioned amendments become effective.

The initial application of the amendments is not expected to have any material financial impacts to the current period and prior period financial statements of the Group and the Company.

(b) Basis of measurement

The financial statements have been prepared on the historical cost basis except for the following items, which are measured based on the measurement bases stated below:

| Items | Measurement bases |
|----------------------------------|--------------------------|
| Derivative financial instruments | Fair value |

(c) Functional and presentation currency

These financial statements are presented in Ringgit Malaysia ("RM"), which is the Company's functional currency. All financial information is presented in RM and has been rounded to the nearest thousand, unless otherwise stated.

Notes to the Financial Statements (cont'd)

1. Basis of preparation (continued)

(d) Use of estimates and judgements

The preparation of the financial statements in conformity with MFRSs requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

There are no significant areas of estimation uncertainty and critical judgements in applying accounting policies that have significant effect on the amounts recognised in the financial statements other than those disclosed in the following notes :

- Note 4.3 - Extension options and incremental borrowing rate in relation to leases;
- Note 6 - Intangible assets (measurement of the recoverable amounts of cash generating units); and
- Note 7 - Deferred tax assets/(liabilities).

2. Changes in material accounting policies

(a) Material accounting policy information

The Group and the Company adopted amendments to MFRS 101, *Presentation of Financial Statements* and MFRS Practice Statement 2 – *Disclosures of Accounting Policies* from 1 January 2023. The amendments require the disclosure of 'material', rather than 'significant', accounting policies. The amendments also provide guidance on the application of materiality to disclosure of accounting policies, assisting entities to provide useful, entity-specific accounting policy information that users need to understand other information in the financial statements.

Although the amendments did not result in any changes to the Group entities' accounting policies, it impacted the accounting policy information disclosed in the financial statements. The material accounting policy information is disclosed in the respective notes to the financial statements where relevant.

Notes to the Financial Statements (cont'd)

3. Property, plant and equipment

| Group | Freehold land RM'000 | Buildings, office renovation and land improvements RM'000 | Plant and machinery and other equipment RM'000 | Furniture, fittings and office and outlet equipment RM'000 | Motor vehicles RM'000 | Capital expenditure- in-progress RM'000 | Total RM'000 |
|---------------------------------------|-------------------------|--|--|---|-----------------------------|--|-----------------|
| Cost | | | | | | | |
| At 1 January 2022 | 31,645 | 140,010 | 251,592 | 69,728 | 13,513 | 2,224 | 508,712 |
| Additions | - | 4,944 | 15,060 | 4,169 | 3,462 | 1,697 | 29,332 |
| Disposals | - | (1,300) | (7,097) | (1,019) | (3,345) | - | (12,761) |
| Written off | - | (419) | (1,081) | (1,683) | (102) | (229) | (3,514) |
| Reclassification | - | - | 251 | - | - | (251) | - |
| Liquidation of subsidiaries | - | - | - | (166) | - | - | (166) |
| Effect of movements in exchange rates | 162 | 426 | 1,946 | 224 | 157 | (18) | 2,897 |
| At 31 December 2022/1 January 2023 | 31,807 | 143,661 | 260,671 | 71,253 | 13,685 | 3,423 | 524,500 |
| Additions | - | 6,076 | 7,929 | 4,672 | 2,723 | 1,218 | 22,618 |
| Disposals | - | (25) | (1,175) | (722) | (617) | - | (2,539) |
| Written off | - | (6,510) | (2,764) | (3,151) | (36) | - | (12,461) |
| Reclassification | - | - | 85 | - | - | (85) | - |
| Effect of movements in exchange rates | 567 | 2,041 | 2,999 | 435 | 129 | 197 | 6,368 |
| At 31 December 2023 | 32,374 | 145,243 | 267,745 | 72,487 | 15,884 | 4,753 | 538,486 |

Notes to the Financial Statements (cont'd)

3. Property, plant and equipment (continued)

| Group | Freehold land RM'000 | Buildings, office renovation and land improvements RM'000 | Plant and machinery and other equipment RM'000 | Furniture, fittings and office and outlet equipment RM'000 | Motor vehicles RM'000 | Capital expenditure- in-progress RM'000 | Total RM'000 |
|---|-------------------------|--|--|---|-----------------------------|--|-----------------|
| Accumulated depreciation and impairment losses | | | | | | | |
| At 1 January 2022 | - | 89,811 | 198,916 | 57,121 | 11,176 | - | 357,024 |
| Accumulated depreciation | - | 353 | 7,207 | 200 | - | 229 | 7,989 |
| Accumulated impairment losses | - | 90,164 | 206,123 | 57,321 | 11,176 | 229 | 365,013 |
| Depreciation for the year | - | 5,455 | 9,913 | 4,265 | 1,369 | - | 21,002 |
| Impairment loss | - | 224 | 12 | 4 | - | - | 240 |
| Disposals | - | (434) | (6,742) | (924) | (2,926) | - | (11,026) |
| Written off | - | (368) | (880) | (1,522) | (98) | (229) | (3,097) |
| Liquidation of subsidiaries | - | - | - | (166) | - | - | (166) |
| Effect of movements in exchange rates | - | 828 | 1,887 | 211 | 153 | - | 3,079 |
| At 31 December 2022 | - | 95,292 | 203,096 | 58,985 | 9,674 | - | 367,047 |
| Accumulated depreciation | - | 577 | 7,217 | 204 | - | - | 7,998 |
| Accumulated impairment losses | - | 95,869 | 210,313 | 59,189 | 9,674 | - | 375,045 |

Notes to the Financial Statements (cont'd)

3. Property, plant and equipment (continued)

| Group | Freehold land RM'000 | Buildings, office renovation and land improvements RM'000 | Plant and machinery and other equipment RM'000 | Furniture, fittings and office and outlet equipment RM'000 | Motor vehicles RM'000 | Capital expenditure- in-progress RM'000 | Total RM'000 |
|---|-------------------------|--|--|---|-----------------------------|--|-----------------|
| Accumulated depreciation and impairment losses | | | | | | | |
| At 1 January 2023 | - | 95,292 | 203,096 | 58,985 | 9,674 | - | 367,047 |
| Accumulated depreciation | - | 577 | 7,217 | 204 | - | - | 7,998 |
| Accumulated impairment losses | - | 95,869 | 210,313 | 59,189 | 9,674 | - | 375,045 |
| Depreciation for the year | - | 5,374 | 11,380 | 4,017 | 1,461 | - | 22,232 |
| Impairment loss | - | 119 | 28 | 45 | - | - | 192 |
| Disposals | - | (21) | (1,060) | (567) | (568) | - | (2,216) |
| Written off | - | (6,319) | (2,648) | (2,833) | (37) | - | (11,837) |
| Effect of movements in exchange rates | - | 1,660 | 2,781 | 273 | 104 | - | 4,818 |
| At 31 December 2023 | - | 96,105 | 213,607 | 59,921 | 10,634 | - | 380,267 |
| Accumulated depreciation | - | 577 | 7,187 | 203 | - | - | 7,967 |
| Accumulated impairment losses | - | 96,682 | 220,794 | 60,124 | 10,634 | - | 388,234 |

Notes to the Financial Statements (cont'd)

3. Property, plant and equipment (continued)

| Group | Freehold land RM'000 | Buildings, office renovation and land improvements RM'000 | Plant and machinery and other equipment RM'000 | Furniture, fittings and office and outlet equipment RM'000 | Motor vehicles RM'000 | Capital expenditure- in-progress RM'000 | Total RM'000 |
|------------------------------------|-------------------------|--|--|---|-----------------------------|--|-----------------|
| Carrying amounts | | | | | | | |
| At 1 January 2022 | 31,645 | 49,846 | 45,469 | 12,407 | 2,337 | 1,995 | 143,699 |
| At 31 December 2022/1 January 2023 | 31,807 | 47,792 | 50,358 | 12,064 | 4,011 | 3,423 | 149,455 |
| At 31 December 2023 | 32,374 | 48,561 | 46,951 | 12,363 | 5,250 | 4,753 | 150,252 |

Notes to the Financial Statements (cont'd)

3. Property, plant and equipment (continued)

| | Office renovation RM'000 | Furniture, fittings and equipment RM'000 | Motor vehicles RM'000 | Total RM'000 |
|------------------------------------|--------------------------------|---|-----------------------------|-----------------|
| Company | | | | |
| Cost | | | | |
| At 1 January 2022 | 3,621 | 1,052 | 1,078 | 5,751 |
| Additions | - | 38 | - | 38 |
| Disposal | - | (55) | (955) | (1,010) |
| Written off | - | (34) | - | (34) |
| At 31 December 2022/1 January 2023 | 3,621 | 1,001 | 123 | 4,745 |
| Additions | - | 12 | 84 | 96 |
| Disposal | (17) | (215) | - | (232) |
| Written off | (3,604) | (183) | - | (3,787) |
| At 31 December 2023 | - | 615 | 207 | 822 |
| Accumulated depreciation | | | | |
| At 1 January 2022 | 3,595 | 737 | 1,058 | 5,390 |
| Depreciation for the year | 12 | 111 | 11 | 134 |
| Disposal | - | (53) | (955) | (1,008) |
| Written off | - | (34) | - | (34) |
| At 31 December 2022/1 January 2023 | 3,607 | 761 | 114 | 4,482 |
| Depreciation for the year | 4 | 107 | 23 | 134 |
| Disposal | (15) | (187) | - | (202) |
| Written off | (3,596) | (167) | - | (3,763) |
| At 31 December 2023 | - | 514 | 137 | 651 |
| Carrying amounts | | | | |
| At 1 January 2022 | 26 | 315 | 20 | 361 |
| At 31 December 2022/1 January 2023 | 14 | 240 | 9 | 263 |
| At 31 December 2023 | - | 101 | 70 | 171 |

Notes to the Financial Statements (cont'd)

3. Property, plant and equipment (continued)

3.1 Impairment of property, plant and equipment - Group

During the current financial year, the plant and equipment of certain subsidiaries amounting to RM192,000 (2022 : RM240,000) were impaired and RM624,000 (2022 : RM417,000) were written off mainly due to the impending closure or closure of certain outlets in the Restaurant Division.

The recoverable amount of the impaired assets estimated by the management was close to RM Nil (2022 : RM Nil) based on the higher of value-in-use and fair value less cost of disposal, and the impairment recognised was presented as administrative expenses in profit or loss.

3.2 Material accounting policy information

a. Recognition and measurement

Items of property, plant and equipment are measured at cost less any accumulated depreciation and any accumulated impairment losses.

Cost includes expenditures that are directly attributable to the acquisition of the asset and any other costs directly attributable to bringing the asset to working condition for its intended use, and the costs of dismantling and removing the items and restoring the site on which they are located.

Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

b. Depreciation

Depreciation is recognised in profit or loss on a straight-line basis over the estimated useful lives of each component of an item of property, plant and equipment from the date that they are available for use. Freehold land is not depreciated. Property, plant and equipment under construction are not depreciated until the assets are ready for their intended use.

The estimated useful lives for the current and comparative periods are as follows :

| | Years |
|---|--------------|
| Buildings, office renovation and land improvements | 5 to 50 |
| Plant and machinery and other equipment | 3 to 10 |
| Furniture, fittings and office and outlet equipment | 3 to 10 |
| Motor vehicles | 5 to 6 |

Notes to the Financial Statements (cont'd)

4. Right-of-use assets

| | Land RM'000 | Buildings and office space RM'000 | Plant and machinery RM'000 | Motor vehicles RM'000 | Total RM'000 |
|--|----------------|--|----------------------------------|-----------------------------|-----------------|
| Group | | | | | |
| At 1 January 2022 | 5,933 | 80,783 | 1,184 | 141 | 88,041 |
| Remeasurement | - | 4,634 | - | - | 4,634 |
| Additions | - | 84,819 | - | - | 84,819 |
| Depreciation for the year | (134) | (29,891) | (209) | (84) | (30,318) |
| Derecognition | - | (2,155) | - | - | (2,155) |
| Effect of present value of deposit paid | - | 2,011 | - | - | 2,011 |
| Impairment loss | - | (17) | - | - | (17) |
| Effect of movements in exchange rates | (159) | 350 | - | 1 | 192 |
| At 31 December 2022/ 1 January 2023 | 5,640 | 140,534 | 975 | 58 | 147,207 |
| Remeasurement | - | 19,710 | 64 | - | 19,774 |
| Additions | - | 27,798 | 197 | - | 27,995 |
| Depreciation for the year | (132) | (31,284) | (265) | (53) | (31,734) |
| Derecognition | - | (1,895) | - | - | (1,895) |
| Effect of present value of deposit paid | - | 302 | - | - | 302 |
| Impairment loss | - | (116) | - | - | (116) |
| Effect of movements in exchange rates | 58 | 312 | - | 2 | 372 |
| At 31 December 2023 | 5,566 | 155,361 | 971 | 7 | 161,905 |

Notes to the Financial Statements (cont'd)

4. Right-of-use assets (continued)

| | Office space RM'000 |
|---|------------------------|
| Company | |
| At 1 January 2022 | 2,461 |
| Depreciation for the year | (547) |
| Derecognition due to termination of lease contract | (1,914) |
| At 31 December 2022/1 January 2023/31 December 2023 | <u><u>-</u></u> |

The Group and the Company lease land, warehouses, apartments, restaurant outlets, office space, motor vehicles, plant and machinery and factory facilities that run up to 50 years, with an option to renew the lease after the expiry of the initial lease period.

4.1 Variable lease payments based on sales

Certain leases of restaurant outlets contain variable lease payments that are based on the sales that the outlet makes. Such variable payments are common for restaurant outlets located in malls where the Group operates. The fixed and variable rental payments are as follows :

| | Fixed payments RM'000 | Variable payments RM'000 | Total payments RM'000 | Estimated annual impact on rent of a 1% increase in sales RM'000 |
|---|-----------------------------|--------------------------------|-----------------------------|---|
| Group | | | | |
| 2023 | | | | |
| Leases with lease payments based on sales | 33,889 | 2,227 | 36,116 | 75 |
| 2022 | | | | |
| Leases with lease payments based on sales | 31,316 | 3,320 | 34,636 | 88 |

Notes to the Financial Statements (cont'd)

4. Right-of-use assets (continued)

4.2 Extension options

Certain leases of land, warehouses, apartments, restaurant outlets, office space and factory facilities contain extension options exercisable by the Group ranging from 1 year to 20 years before the end of the non-cancellable contract period. Where practicable, the Group seeks to include extension options in new leases to provide operational flexibility. The extension options held are exercisable only by the Group and not by the lessors. The Group assesses at lease commencement whether it is reasonably certain to exercise the extension options. The Group reassesses whether it is reasonably certain to exercise the options if there is a significant event or significant change in circumstances within its control.

| | ← 2023 → | ← 2022 → | | |
|--------------|---|--|---|--|
| | Lease liabilities recognised (discounted) RM'000 | Potential future lease payments not included in lease liabilities (discounted) RM'000 | Lease liabilities recognised (discounted) RM'000 | Potential future lease payments not included in lease liabilities (discounted) RM'000 |
| Group | | | | |
| Buildings | 29,314 | 307 | 28,870 | 252 |

4.3 Significant judgements and assumptions in relation to leases

The Group assesses at lease commencement by applying significant judgement whether it is reasonably certain to exercise the extension options. The Group considers all facts and circumstances including their past practice and any cost that will be incurred to change the asset if an option to extend is not taken, to help them determine the lease term.

The Group also applied judgement and assumptions in determining the incremental borrowing rate of the respective leases. Group entities first determine the closest available borrowing rates before using significant judgement to determine the adjustments required to reflect the term, security, value or economic environment of the respective leases.

4.4 Material accounting policy information

a. Lease and non-lease component

At inception or on reassessment of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease and non-lease component on the basis of their relative stand-alone prices. However, for leases of properties in which the Group is a lessee, it has elected not to separate non-lease components and will instead account for the lease and non-lease components as a single lease component.

Notes to the Financial Statements (cont'd)

4. Right-of-use assets (continued)

4.4 Material accounting policy information (continued)

b. Recognition exemption

The Group and the Company have elected not to recognise right-of-use assets and lease liabilities for short-term leases that have a lease term of 12 months or less and leases of low-value assets. The Group and the Company recognise the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

When the Group or the Company is an intermediate lessor, it accounts for its interests in the head lease and the sublease separately. It assesses the lease classification of a sublease with reference to the right-of-use asset arising from the head lease, not with reference to the underlying asset. If a head lease is a short-term lease to which the Group or the Company applies the exemption described above, then it classifies the sublease as an operating lease.

5. Investments

| | 2023 RM'000 | 2022 RM'000 |
|------------------------|----------------|----------------|
| Company | | |
| Subsidiaries : | | |
| Investments, at cost | 544,864 | 541,564 |
| Less : Impairment loss | (105,315) | (105,315) |
| | 439,549 | 436,249 |

5.1 Impairment loss and subsequent reversal for investment in subsidiaries

During the financial year, impairment indicators existed as a result of the current business sentiment and weak demand in certain markets which caused certain subsidiaries to make losses. The Company assessed the estimated recoverable amount of its investment in certain loss-making subsidiaries against the carrying amount of its investment in these subsidiaries.

The carrying amounts of investment in certain subsidiaries relating to the Company's investment in the restaurant and venture business divisions were higher than their recoverable amount of RM8.9 million (2022 : RM6.9 million for restaurant division only) determined using value in use ("VIU") method. Accordingly, RM4.8 million (2022 : RM1.3 million for restaurant division only) was recognised as an impairment loss and presented as other expenses in profit or loss.

On the other hand, the food division's carrying amount of RM30.5 million was determined to be lower than their recoverable amounts of RM35.3 million determined using VIU method, resulting in a reversal of impairment loss amounting to RM4.8 million. The reversal of impairment loss was driven by the favourable result for 3 consecutive years. The reversal of impairment loss was presented as other income in profit or loss.

Notes to the Financial Statements (cont'd)

5. Investments (continued)

5.1 Impairment loss and subsequent reversal for investment in subsidiaries (continued)

The VIU was determined by discounting the future cash flows generated from the continuing use of the cash-generating unit and the projected cash flows were based on a 5-year financial budget and projections prepared by the management and approved by the Board of Directors. The sales growth and margins represent management assessment of future trends of the business and are based on past business performance and management's expectation on market development. The cash flow projections were discounted using a pre-tax discount rate ranging from 12% to 14% (2022: 14%) after considering the risks and uncertainties of the projected cash flows.

(a) Subsidiaries

Details of the subsidiaries are as follows :

| Name of subsidiary | Principal place of business/ Country of incorporation | Principal activities | Effective ownership interest and voting interest | |
|---|--|---|--|-----------|
| | | | 2023 % | 2022 % |
| <u>Direct subsidiaries of the Company</u> | | | | |
| Texchem Materials Sdn. Bhd. | Malaysia | Trading in all types of industrial raw materials, chemicals, plastics, electronics and food products including but not limited to rice, food ingredients and additives, healthcare and pharmaceutical products, personal protective equipment and other products connected therewith and investment holding | 100.00 | 100.00 |
| Texchem Food Sdn. Bhd. | Malaysia | Investment holding and sale and marketing of marine products | 100.00 | 100.00 |
| Texchem Corporation Sdn. Bhd. | Malaysia | Investment holding, provision of management services and renting of properties | 73.94 | 73.94 |

Notes to the Financial Statements (cont'd)

5. Investments (continued)

(a) Subsidiaries (continued)

Details of the subsidiaries are as follows (continued) :

| Name of subsidiary | Principal place of business/ Country of incorporation | Principal activities | Effective ownership interest and voting interest | |
|---|--|--|--|-----------|
| | | | 2023 % | 2022 % |
| <u>Direct subsidiaries of the Company (continued)</u> | | | | |
| Sushi King Holdings Sdn. Bhd. ⁽¹⁾ | Malaysia | Investment holding and provision of management services | 97.80 | 97.80 |
| Texchem Polymers Sdn. Bhd. | Malaysia | Manufacture and sale of extruded plastic sheets and polymer compounds and provision of consultation services | 100.00 | 100.00 |
| Texchem Polymer Engineering Sdn. Bhd. | Malaysia | Investment holding and provision of management services | 100.00 | 100.00 |
| D&N Coffee and Restaurant Malaysia Sdn. Bhd. ⁽¹⁾ | Malaysia | Operation of a chain of cafes and restaurants | 58.00 | 58.00 |
| Wilpack Food Services Sdn. Bhd. | Malaysia | Provision of food processing services, manufacture, wholesale and export of seafood and other products | 100.00 | 100.00 |
| Texchem Japan, Inc. ^{(1) and (3)} | Japan | Dormant | 100.00 | 100.00 |
| CellSource Malaysia Sdn. Bhd. ^{(1) and (4)} | Malaysia | Dormant | 100.00 | - |
| <u>Subsidiaries of Sushi King Holdings Sdn. Bhd.</u> | | | | |
| Sushi King Sdn. Bhd. | Malaysia | Operation of a chain of retail sushi outlets and wholesales of rice | 97.80 | 97.80 |
| Miraku Sdn. Bhd. ⁽¹⁾ | Malaysia | Operation of a Japanese restaurant | 97.80 | 97.80 |

Notes to the Financial Statements (cont'd)

5. Investments (continued)

(a) Subsidiaries (continued)

Details of the subsidiaries are as follows (continued) :

| Name of subsidiary | Principal place of business/ Country of incorporation | Principal activities | Effective ownership interest and voting interest | |
|--|--|--|--|-----------|
| | | | 2023 % | 2022 % |
| <u>Subsidiaries of Sushi King Holdings Sdn. Bhd. (continued)</u> | | | | |
| Kokubu Food Logistics Malaysia Sdn. Bhd. ("Kokubu") ⁽¹⁾ | Malaysia | Operation of food logistics, inventory management, handling of sales orders and warehouse operation services | 49.88 | 49.88 |
| Donburi House Sdn. Bhd. ⁽¹⁾ | Malaysia | Dormant | 97.80 | 97.80 |
| PT Sushi King Asia ^{(1) and (5)} | Indonesia | Dormant | 97.80 | - |
| <u>Subsidiaries of Sushi King Sdn. Bhd.</u> | | | | |
| Sushi King (East Malaysia) Sdn. Bhd. | Malaysia | Operation of a chain of retail sushi outlets | 97.80 | 97.80 |
| Sushi Kin (BN) Sdn. Bhd. ⁽¹⁾ | Brunei | Dormant | 97.80 | 97.80 |
| <u>Subsidiaries of Texchem Materials Sdn. Bhd.</u> | | | | |
| Texchem Singapore Private Limited ⁽¹⁾ | Singapore | Dealers in chemicals, plastic resins and other products and acting as sales commissions agents | 100.00 | 100.00 |
| Texchem Materials (Thailand) Ltd. ⁽¹⁾ | Thailand | Trading of chemicals, dyestuffs and resins | 100.00 | 100.00 |

Notes to the Financial Statements (cont'd)

5. Investments (continued)

(a) Subsidiaries (continued)

Details of the subsidiaries are as follows (continued) :

| Name of subsidiary | Principal place of business/ Country of incorporation | Principal activities | Effective ownership interest and voting interest | |
|--|--|---|--|-----------|
| | | | 2023 % | 2022 % |
| <u>Subsidiaries of Texchem Materials Sdn. Bhd. (continued)</u> | | | | |
| Texchem Materials (Vietnam) Co., Ltd. ⁽²⁾ | Vietnam | Import, export, distribution retailing and wholesaling of chemicals and food additives | 100.00 | 100.00 |
| Texchem Malaysia Sdn. Berhad ⁽¹⁾ | Malaysia | Manufacture and sale of textile auxiliaries, chemicals and finishing resins | 100.00 | 100.00 |
| PT. Texchem Indonesia ⁽¹⁾ | Indonesia | Trading of chemicals, plastic resins and other products | 100.00 | 100.00 |
| New Material (Malaysia) Sdn. Bhd. ⁽¹⁾ | Malaysia | Trading and acting as agent of foreign and local electronic component parts and general merchandise | 100.00 | 100.00 |
| Myanmar Texchem Limited ⁽¹⁾ | Myanmar | Dormant | 100.00 | 100.00 |
| Lifeon Asia Sdn. Bhd. ⁽¹⁾ | Malaysia | Trading of medical devices and equipment | 100.00 | 100.00 |
| Texchem Food Materials (Vietnam) Co. Ltd. ⁽¹⁾ | Vietnam | Dormant | 51.00 | 51.00 |

Notes to the Financial Statements (cont'd)

5. Investments (continued)

(a) Subsidiaries (continued)

Details of the subsidiaries are as follows (continued) :

| Name of subsidiary | Principal place of business/ Country of incorporation | Principal activities | Effective ownership interest and voting interest | |
|--|--|---|--|-----------|
| | | | 2023 % | 2022 % |
| <u>Subsidiaries of Texchem Food Sdn. Bhd.</u> | | | | |
| A.S.K. Andaman Limited ⁽¹⁾ | Myanmar | Manufacture and marketing of surimi, fishmeal and other marine products | 91.00 | 91.00 |
| Texchem Food (Myanmar) Limited ⁽¹⁾ | Myanmar | Manufacture and marketing of marine products | 91.00 | 91.00 |
| Texchem Marine Labutta Limited ⁽¹⁾ | Myanmar | Processing and marketing of marine products such as soft shell crab and hamaguri | 65.00 | 65.00 |
| Texchem Aquaculture (Myanmar) Limited ⁽¹⁾ | Myanmar | Raising, marketing and sales of fish fries and aquatic barramundi (seabass) farming | 100.00 | 100.00 |
| Sea Master Products Sdn. Bhd. ⁽¹⁾ | Malaysia | Dormant | 100.00 | 100.00 |
| <u>Subsidiaries of Wilpack Food Services Sdn. Bhd.</u> | | | | |
| Sea Master Food Sdn. Bhd. | Malaysia | Importing, marketing and trading of foodstuffs, including food products and other consumable products | 100.00 | 100.00 |
| Sea Master International Sdn. Bhd. ⁽⁶⁾ | Malaysia | Dormant | 100.00 | 100.00 |

Notes to the Financial Statements (cont'd)

5. Investments (continued)

(a) Subsidiaries (continued)

Details of the subsidiaries are as follows (continued) :

| Name of subsidiary | Principal place of business/ Country of incorporation | Principal activities | Effective ownership interest and voting interest | |
|--|--|--|--|-----------|
| | | | 2023 % | 2022 % |
| <u>Subsidiaries of Texchem Polymer Engineering Sdn. Bhd.</u> | | | | |
| Texchem-Pack (M) Sdn. Bhd. | Malaysia | Manufacturing and sales of thermoformed packaging products and embossed carrier tapes | 100.00 | 100.00 |
| Texchem Life Sciences Sdn. Bhd. | Malaysia | Manufacture of plastic engineering precision parts for medical devices | 100.00 | 100.00 |
| Eye Graphic Sdn. Bhd. | Malaysia | Trading, design and manufacture of flexo photopolymer printing plates | 100.00 | 100.00 |
| Texchem-Pack (Thailand) Co., Ltd. ⁽¹⁾ | Thailand | Manufacture of thermoformed packaging products, precision injection moulded trays/parts, moulds and toolings | 100.00 | 100.00 |
| Texchem-Pack (Johor) Sdn. Bhd. | Malaysia | Manufacture of thermoformed packaging products | 100.00 | 100.00 |
| Texchem-Pack (PP) Sdn. Bhd. | Malaysia | Manufacture of precision injection moulded trays/parts | 100.00 | 100.00 |
| Texchem-Pack (Vietnam) Co., Ltd. ⁽²⁾ | Vietnam | Manufacture thermoformed parts/products, plastic injection moulded parts/products and plastic food tray products | 100.00 | 100.00 |

Notes to the Financial Statements (cont'd)

5. Investments (continued)

(a) Subsidiaries (continued)

Details of the subsidiaries are as follows (continued) :

| Name of subsidiary | Principal place of business/ Country of incorporation | Principal activities | Effective ownership interest and voting interest | |
|---|--|--|--|-----------|
| | | | 2023 % | 2022 % |
| <u>Subsidiary of Texchem-Pack (PP) Sdn. Bhd.</u> | | | | |
| Texchem Advanced Products Incorporated Sdn. Bhd. ⁽¹⁾ | Malaysia | Development of technology for high precision/ultra clean injection moulded products for silicon wafer handling and transportation and market development of related products | 100.00 | 100.00 |
| <u>Subsidiary of Texchem Corporation Sdn. Bhd.</u> | | | | |
| Texchem Risk Management Sdn. Bhd. ⁽¹⁾ | Malaysia | Insurance agents and managers in relation to insurance schemes | 73.94 | 73.94 |

Notes:

⁽¹⁾ Not audited by KPMG

⁽²⁾ Audited by member firm of KPMG International

⁽³⁾ The unaudited management accounts were consolidated in the Group financial statements as this subsidiary was not required by the local legislation to have its financial statements audited

⁽⁴⁾ Incorporated on 23 November 2023

⁽⁵⁾ Incorporated on 22 September 2023

⁽⁶⁾ Commenced Member's Voluntary Winding Up process on 2 October 2023

Notes to the Financial Statements (cont'd)

5. Investments (continued)

(a) Subsidiaries (continued)

Non-controlling interests in subsidiaries

The Group's subsidiaries that have material non-controlling interests ("NCI") are as follows :

| | Sushi King Holdings ("SKH") Group RM'000 | Texchem Corporation ("Texcorp") Group RM'000 | Other subsidiaries with immaterial NCI RM'000 | Total RM'000 |
|--|---|--|--|-----------------|
| 2023 | | | | |
| NCI percentage of ownership interest and voting interest | 2.20% | 26.06% | | |
| Carrying amount of NCI | <u>11,374</u> | <u>7,782</u> | <u>2,553</u> | <u>21,709</u> |
| Profit/(loss) allocated to NCI | <u>1,011</u> | <u>582</u> | <u>(1,633)</u> | <u>(40)</u> |
| | | SKH Group RM'000 | Texcorp Group RM'000 | |
| 2023 | | | | |
| Summarised financial information before intra-group elimination | | | | |
| At 31 December | | | | |
| Non-current assets | | 561,177 | 51,849 | |
| Current assets | | 88,272 | 4,395 | |
| Non-current liabilities | | (189,391) | (3,846) | |
| Current liabilities | | (121,954) | (22,537) | |
| Net assets | | <u>338,104</u> | <u>29,861</u> | |
| Year ended 31 December | | | | |
| Revenue | | 286,973 | 16,129 | |
| Profit for the year | | 11,968 | 2,236 | |
| Total comprehensive income | | <u>11,968</u> | <u>2,236</u> | |
| Cash flows from operating activities | | 56,501 | 1,978 | |
| Cash flows from/(used in) investing activities | | 1,133 | (2,845) | |
| Cash flows (used in)/from financing activities | | (44,073) | 246 | |
| Net increase/(decrease) in cash and cash equivalents | | <u>13,561</u> | <u>(621)</u> | |
| Dividends paid to NCI | | <u>(1,715)</u> | <u>-</u> | |

Notes to the Financial Statements (cont'd)

5. Investments (continued)

(a) Subsidiaries (continued)

Non-controlling interests in subsidiaries (continued)

| | Sushi King Holdings ("SKH") Group RM'000 | Texchem Corporation ("Texcorp") Group RM'000 | Other subsidiaries with immaterial NCI RM'000 | Total RM'000 |
|---|---|--|--|-----------------|
| 2022 | | | | |
| NCI percentage of ownership interest and voting interest | 2.20% | 26.06% | | |
| Carrying amount of NCI | <u>12,078</u> | <u>7,200</u> | <u>3,932</u> | <u>23,210</u> |
| Profit allocated to NCI | <u>1,203</u> | <u>344</u> | <u>913</u> | <u>2,460</u> |

| | SKH Group RM'000 | Texcorp Group RM'000 |
|-------------|------------------------|----------------------------|
| 2022 | | |

Summarised financial information before intra-group elimination

At 31 December

| | | |
|-------------------------|----------------|---------------|
| Non-current assets | 438,559 | 49,143 |
| Current assets | 61,851 | (368) |
| Non-current liabilities | (181,287) | (2,765) |
| Current liabilities | (88,526) | (18,385) |
| Net assets | <u>230,597</u> | <u>27,625</u> |

Year ended 31 December

| | | |
|---|-----------------|----------------|
| Revenue | 278,016 | 16,074 |
| Profit for the year | 8,342 | 1,319 |
| Total comprehensive income | <u>8,084</u> | <u>1,319</u> |
| Cash flows from operating activities | 50,764 | 3,819 |
| Cash flows used in investing activities | (31,126) | (3,120) |
| Cash flows used in financing activities | (31,547) | (1,865) |
| Net decrease in cash and cash equivalents | <u>(11,909)</u> | <u>(1,166)</u> |
| Dividends paid to NCI | <u>-</u> | <u>-</u> |

Notes to the Financial Statements (cont'd)

5. Investments (continued)

(a) Subsidiaries (continued)

Restrictions imposed by bank covenants

The borrowings undertaken by certain subsidiaries contain covenants which only allow the said subsidiaries to provide advances to other companies within the Group up to certain limit, prohibits the provision of any guarantee without the lender's prior consent and to only allow declaring or distributing dividends up to the current year's profit after tax of the subsidiaries. Any additional dividends thereafter will need the prior consent of the lender.

Material accounting policy information

a. Recognition and measurement

Investments in subsidiaries are measured in the Company's statement of financial position at cost less any impairment losses.

b. Acquisition from entities under common control

In the prior financial year, the Group had accounted for business combinations arising from transfers of interests in entities that are under the control of the shareholder that controls the Group as if the acquisition had occurred at the beginning of the earliest comparative period presented or, if later, at the date that common control was established; for this purpose, comparatives were restated. The assets and liabilities acquired were recognised at the carrying amounts recognised previously in the Group controlling shareholder's consolidated financial statements. The components of equity of the acquired entities were added to the same components within Group equity and any resulting gain/loss was recognised directly in equity.

(b) Associates

| | Group | | Company | |
|---|----------------|----------------|----------------|----------------|
| | 2023 RM'000 | 2022 RM'000 | 2023 RM'000 | 2022 RM'000 |
| Investments, at cost | 4,170 | 5,488 | - | 1,470 |
| Share of post acquisition reserves | 1,055 | (2,744) | - | - |
| Gain on re-measurement of retained interest in an associate | - | 2,225 | - | - |
| | <u>5,225</u> | <u>4,969</u> | <u>-</u> | <u>1,470</u> |

Notes to the Financial Statements (cont'd)

5. Investments (continued)

(b) Associates (continued)

Details of the associates are as follows :

| Name of associate | Principal place of business | Principal activities/ Nature of the relationship | Effective ownership interest and voting interest | |
|---|-----------------------------|---|--|-----------|
| | | | 2023 % | 2022 % |
| <u>Associate of Texchem Resources Bhd.</u> | | | | |
| Merieux Nutrisciences Malaysia Sdn. Bhd. ("MNM") | Malaysia | Provision of chemical, microbiological and environment related analytical testing and monitoring services | -(1) | 49.00 |
| <u>Associate of Sushi King Holdings Sdn. Bhd.</u> | | | | |
| Otafuku Sauce Malaysia Sdn. Bhd. ("OSM") | Malaysia | Manufacture, distribution and trading of all kinds of sauces | 47.92 | 47.92 |
| <u>Associate of Texchem Food Sdn. Bhd.</u> | | | | |
| Mascot Industries Company Limited ("Mascot") | Myanmar | Fishing and aquaculture business | 35.00 ⁽²⁾ | - |

Notes:

⁽¹⁾ On 29 September 2023, the Company had entered into a Share Sale Agreement with ALS Technichem (Malaysia) Sdn. Bhd. to dispose of 49% equity interest in MNM.

⁽²⁾ On 19 April 2023, Mascot became an associate of Texchem Food Sdn. Bhd..

Material accounting policy information

Investments in associates are measured in the Company's statement of financial position at cost less any impairment losses.

Notes to the Financial Statements (cont'd)

5. Investments (continued)

(b) Associates (continued)

The following table summarises the information of the Group's associates, adjusted for any differences in accounting policies and reconciles the information to the carrying amount of the Group's interest in the associates.

| | MNM RM'000 | OSM RM'000 | Mascot RM'000 | Total RM'000 |
|---|---------------|---------------|------------------|-----------------|
| 2023 | | | | |
| Group | | | | |
| Summarised financial information | | | | |
| At 31 December | | | | |
| Non-current assets | - | 7,376 | 2,183 | 9,559 |
| Current assets | - | 16,536 | 8,644 | 25,180 |
| Non-current liabilities | - | (13,454) | - | (13,454) |
| Current liabilities | - | (980) | (9,168) | (10,148) |
| Net assets | - | 9,478 | 1,659 | 11,137 |
| Year ended 31 December | | | | |
| Profit/(Loss) from continuing operations | 261 | 917 | (651) | 527 |
| Other comprehensive income | - | - | 77 | 77 |
| Total comprehensive income/(expense) | 261 | 917 | (574) | 604 |
| Included in the total comprehensive income is : | | | | |
| Revenue | 6,220 | 9,210 | - | 15,430 |
| Reconciliation of net assets to carrying amount | | | | |
| At 31 December | | | | |
| Group's share of net assets | - | 4,644 | 581 | 5,225 |
| Carrying amount in the consolidated statement of financial position | - | 4,644 | 581 | 5,225 |
| Group's share of results | | | | |
| Year ended 31 December | | | | |
| Group's share of profit/(loss) from continuing operations | 128 | 449 | (228) | 349 |
| Share of total comprehensive income | - | - | 27 | 27 |
| Gain on bargain purchase | - | - | 630 | 630 |
| Group's share of total comprehensive income | 128 | 449 | 429 | 1,006 |

Notes to the Financial Statements (cont'd)

5. Investments (continued)

(b) Associates (continued)

| | MNM RM'000 | OSM RM'000 | Total RM'000 |
|--|----------------|---------------|-----------------|
| 2022 | | | |
| Group | | | |
| Summarised financial information | | | |
| At 31 December | | | |
| Non-current assets | 3,738 | 6,552 | 10,290 |
| Current assets | 2,659 | 3,261 | 5,920 |
| Non-current liabilities | (1,121) | (546) | (1,667) |
| Current liabilities | (8,237) | (707) | (8,944) |
| Net (liabilities)/assets | <u>(2,961)</u> | <u>8,560</u> | <u>5,599</u> |
| Year ended 31 December | | | |
| (Loss)/Profit from continuing operations representing total comprehensive (expense)/income | <u>(2,860)</u> | <u>1,076</u> | <u>(1,784)</u> |
| <i>Included in the total comprehensive income is :</i> | | | |
| Revenue | <u>7,462</u> | <u>7,925</u> | <u>15,387</u> |
| Reconciliation of net assets to carrying amount | | | |
| At 31 December | | | |
| Group's share of net (liabilities)/assets | (1,451) | 4,195 | 2,744 |
| Gain on re-measurement of retained interest in an associate | 2,225 | - | 2,225 |
| Carrying amount in the consolidated statement of financial position | <u>774</u> | <u>4,195</u> | <u>4,969</u> |
| Group's share of results | | | |
| Year ended 31 December | | | |
| Group's share of (loss)/profit from continuing operations representing share of total comprehensive (expense)/income | <u>(1,401)</u> | <u>527</u> | <u>(874)</u> |

Notes to the Financial Statements (cont'd)

6. Intangible assets - Group

| | Goodwill RM'000 | Trademark RM'000 | Total RM'000 |
|------------------------------------|--------------------|---------------------|-----------------|
| Cost | | | |
| At 1 January 2022/31 December 2022 | 39,809 | 21,500 | 61,309 |
| At 1 January 2023/31 December 2023 | 39,809 | 21,500 | 61,309 |
| Impairment loss | | | |
| At 1 January 2022/31 December 2022 | 5,427 | - | 5,427 |
| At 1 January 2023/31 December 2023 | 5,427 | - | 5,427 |
| Carrying amounts | | | |
| At 1 January 2022/31 December 2022 | 34,382 | 21,500 | 55,882 |
| At 1 January 2023/31 December 2023 | 34,382 | 21,500 | 55,882 |

The trademark which relates to the Sushi King chain of restaurant outlets is assessed to have indefinite useful life as there is no foreseeable limit as to the period over which the asset is expected to generate cash inflows to the Group.

Impairment testing for cash generating units ("CGU") containing goodwill and trademark

For the purpose of business impairment testing, goodwill is allocated to the Group's operating divisions or businesses as appropriate, which represent the lowest level within the Group at which the goodwill is monitored for internal management purposes.

The carrying amount of goodwill is allocated to each unit as follows :

| | 2023 RM'000 | 2022 RM'000 |
|---|----------------|----------------|
| Polymer Engineering Division | | |
| - Thermoformed packaging business | 7,265 | 7,265 |
| - Flexo photopolymer printing plates business | 2,710 | 2,710 |
| Industrial Division | 13,377 | 13,377 |
| Food Division | 4,314 | 4,314 |
| Restaurant Division | 6,716 | 6,716 |
| | <u>34,382</u> | <u>34,382</u> |

Notes to the Financial Statements (cont'd)

6. Intangible assets - Group (continued)

Impairment testing for cash generating units ("CGUs") containing goodwill and trademark (continued)

Management has assessed the recoverable amounts of the goodwill and trademark based on value in use ("VIU") of the CGUs in which these non-current assets are associated with. The VIU has been calculated by discounting the future cash flows covering a period of 5 years plus a terminal value of the respective CGUs.

The VIU calculations involve applying judgement on key assumptions (e.g. estimated selling prices, sales growth, gross profit margins and the availability of supplies for seafood products) used in projecting the future cash flows. The judgement made on key assumptions represents the Directors' and management's assessment of future trends of the respective CGUs after considering both external and internal factors. The projected cash flows are therefore inherently uncertain, and changes in the future economic and market conditions could impact on the outcome of the projected cash flows.

Pre-tax discount rates ranging from 10% to 14% (2022 : 11% to 14%) were applied to the projected cash flows in determining the recoverable amounts of the respective CGUs.

The estimated recoverable amounts of the CGUs exceeded their carrying amounts and the Directors consider that it is not reasonably possible for the key assumptions to change so significantly to cause an impairment of goodwill or trademark.

6.1 Material accounting policy information

(a) Recognition and measurement

Intangible assets, other than goodwill, that are acquired by the Group, which comprises of trademark which has infinite useful life, is measured at cost less any accumulated impairment losses.

Notes to the Financial Statements (cont'd)

7. Deferred tax assets/(liabilities)

Recognised deferred tax assets/(liabilities)

Deferred tax assets/(liabilities) are attributable to the following :

| Group | Assets | | Liabilities | | Net | |
|---------------------------------------|----------------|----------------|----------------|----------------|----------------|----------------|
| | 2023 RM'000 | 2022 RM'000 | 2023 RM'000 | 2022 RM'000 | 2023 RM'000 | 2022 RM'000 |
| Property, plant and equipment | - | - | (5,732) | (5,826) | (5,732) | (5,826) |
| - capital allowance | - | - | (816) | (1,163) | (816) | (1,163) |
| - revaluation | - | - | (36,880) | (32,955) | (36,880) | (32,955) |
| Right-of-use assets | 38,604 | 34,456 | - | - | 38,604 | 34,456 |
| Lease liabilities | 7,338 | 7,562 | - | - | 7,338 | 7,562 |
| Tax losses carry-forward | 1,714 | 539 | - | - | 1,714 | 539 |
| Capital allowance carry-forward | 2,851 | 3,594 | - | - | 2,851 | 3,594 |
| Other temporary differences | | | | | | |
| Deferred tax assets/(liabilities) | 50,507 | 46,151 | (43,428) | (39,944) | 7,079 | 6,207 |
| Set-off of tax | (36,880) | (32,955) | 36,880 | 32,955 | - | - |
| Net deferred tax assets/(liabilities) | 13,627 | 13,196 | (6,548) | (6,989) | 7,079 | 6,207 |

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when the deferred taxes relate to the same taxation authority. Deferred tax assets are recognised to the extent that it is probable that future taxable profits will be available against which the Group entities can utilise the benefits therefrom.

Notes to the Financial Statements (cont'd)

7. Deferred tax assets/(liabilities) (continued)

Recognised deferred tax assets/(liabilities) (continued)

Movements in temporary differences during the year :

| Group | At | Recognised | Effect of | At | Recognised | Effect of | At |
|---------------------------------|--------------------|---|---|-----------------------------------|---|---|----------------------|
| | 1.1.2022 RM'000 | in profit or loss (Note 21) RM'000 | movements in exchange rates RM'000 | 31.12.2022/ 1.1.2023 RM'000 | in profit or loss (Note 21) RM'000 | movements in exchange rates RM'000 | 31.12.2023 RM'000 |
| Property, plant and equipment | | | | | | | |
| - capital allowance | (4,821) | (1,004) | (1) | (5,826) | 95 | (1) | (5,732) |
| - revaluation | (1,169) | 6 | - | (1,163) | 347 | - | (816) |
| Right-of-use assets | (18,452) | (14,484) | (19) | (32,955) | (3,909) | (16) | (36,880) |
| Lease liabilities | 19,621 | 14,816 | 19 | 34,456 | 4,132 | 16 | 38,604 |
| Tax losses carry-forward | 9,018 | (1,456) | - | 7,562 | (224) | - | 7,338 |
| Capital allowance carry-forward | 591 | (52) | - | 539 | 1,175 | - | 1,714 |
| Other temporary differences | 3,023 | 562 | 9 | 3,594 | (752) | 9 | 2,851 |
| | 7,811 | (1,612) | 8 | 6,207 | 864 | 8 | 7,079 |
| Company | | | | | | | |
| Right-of-use assets | (591) | 591 | - | - | - | - | - |
| Lease liabilities | 692 | (692) | - | - | - | - | - |
| | 101 | (101) | - | - | - | - | - |

Notes to the Financial Statements (cont'd)

7. Deferred tax assets/(liabilities) (continued)

Unrecognised deferred tax assets - Group

Deferred tax assets have not been recognised in respect of the following items (stated at gross) :

| | 2023 | 2022 |
|-----------------------------------|---------------|---------------|
| | RM'000 | RM'000 |
| Unutilised reinvestment allowance | 1,448 | 1,448 |
| Tax losses carry-forward | 71,761 | 67,184 |
| Capital allowance carry-forward | 21,584 | 20,431 |
| Other temporary differences | 323 | 398 |
| | <u>95,116</u> | <u>89,461</u> |

The capital allowance carry-forward of the Group entities are available indefinitely for offsetting against future taxable profits, subject to no substantial change in shareholdings of those entities and guidelines issued under the Income Tax Act, 1967.

The unutilised reinvestment allowance and tax losses carry-forward can only be carry-forward for a maximum period of 7 and 10 consecutive years of assessment respectively. Any amounts not utilised upon expiry of the 7 and 10 years' period will be disregarded.

The unutilised reinvestment allowance will expire in the following year of assessment under the tax legislation of Malaysia :

| | 2023 | 2022 |
|-----------------------------|---------------|---------------|
| | RM'000 | RM'000 |
| <i>Year of Assessment :</i> | | |
| 2025 | <u>1,448</u> | <u>1,448</u> |

The tax losses carry-forward will expire in the following years of assessment under the tax legislation of Malaysia and Indonesia :

| | 2023 | 2022 |
|-----------------------------|---------------|---------------|
| | RM'000 | RM'000 |
| <i>Year of Assessment :</i> | | |
| 2023 | 483 | 483 |
| 2024 | 91 | 91 |
| 2028 | 45,674 | 45,819 |
| 2029 | 8,320 | 8,320 |
| 2030 | 6,129 | 6,124 |
| 2031 | 3,187 | 3,187 |
| 2032 | 3,166 | 3,160 |
| 2033 | 4,711 | - |
| | <u>71,761</u> | <u>67,184</u> |

Deferred tax assets have not been recognised in respect of the above items as it is not probable that future taxable profits will be available against which the Group entities can utilise the benefits therefrom.

Notes to the Financial Statements (cont'd)

7. Deferred tax assets/(liabilities) (continued)

7.1 Material accounting policy information

The amount of deferred tax recognised is measured based on the expected manner of realisation or settlement of the carrying amount of the assets and liabilities, using tax rates enacted or substantively enacted at the reporting date. Deferred tax assets and liabilities are not discounted.

8. Inventories - Group

| | 2023 RM'000 | 2022 RM'000 |
|---|------------------------------|------------------------------|
| Raw materials | 22,150 | 28,681 |
| Work-in-progress | 1,490 | 2,290 |
| Manufactured inventories | 26,063 | 33,036 |
| Trading inventories | 29,800 | 26,933 |
| Food and beverages | 16,729 | 21,879 |
| | <u>96,232</u> | <u>112,819</u> |
| Recognised in profit or loss : | | |
| Inventories recognised as cost of sales | 629,839 | 741,306 |
| Inventories written down | <u>863</u> | <u>1,206</u> |

8.1 Material accounting policy information

Inventories are measured at the lower of cost and net realisable value.

The cost of inventories is calculated using the first-in, first-out method, and includes expenditure incurred in acquiring the inventories, production or conversion costs and other costs incurred in bringing them to their existing location and condition. In the case of work-in-progress and manufactured inventories, cost includes an appropriate share of production overheads based on normal operating capacity.

Notes to the Financial Statements (cont'd)

9. Trade and other receivables

| | Note | Group | | Company | |
|---|------|----------------|----------------|----------------|----------------|
| | | 2023 RM'000 | 2022 RM'000 | 2023 RM'000 | 2022 RM'000 |
| Non-current | | | | | |
| Non-trade | | | | | |
| Deposits | | 5,977 | 8,957 | - | - |
| Current | | | | | |
| Trade | | | | | |
| Trade receivables | | 111,514 | 113,872 | - | - |
| Amount due from associates | 9.1 | 161 | 135 | - | - |
| | | <u>111,675</u> | <u>114,007</u> | <u>-</u> | <u>-</u> |
| Non-trade | | | | | |
| Amount due from subsidiaries | 9.2 | - | - | 13,090 | 14,169 |
| Deposits | | 10,121 | 7,088 | 8 | 12 |
| Prepayments | | 10,113 | 10,660 | 1,269 | 1,141 |
| Other receivables | | 13,926 | 15,122 | 3,292 | - |
| | | <u>34,160</u> | <u>32,870</u> | <u>17,659</u> | <u>15,322</u> |
| | | <u>145,835</u> | <u>146,877</u> | <u>17,659</u> | <u>15,322</u> |
| Total trade and other receivables | | <u>151,812</u> | <u>155,834</u> | <u>17,659</u> | <u>15,322</u> |
| Financial instruments : | | | | | |
| Trade and other receivables (excluding prepayments) | | 141,699 | 145,174 | 16,390 | 14,181 |
| Add : Cash and cash equivalents | 12 | 89,225 | 96,048 | 143 | 3,927 |
| Total financial assets measured at amortised cost | | <u>230,924</u> | <u>241,222</u> | <u>16,533</u> | <u>18,108</u> |

Notes to the Financial Statements (cont'd)

9. Trade and other receivables (continued)

9.1 Amounts due from associates

The trade amount due from associates is subject to normal trade terms.

9.2 Amount due from subsidiaries

Included in amount due from subsidiaries is RM7,088,000 (2022 : RM7,500,000) which earns interest at rate 5.58% to 7.95% (2022 : 4.23%) per annum. Other than as disclosed, the non-trade amount due from subsidiaries is unsecured, interest-free and repayable on demand.

10. Contracts with customers - Group

| | 2023 RM'000 | 2022 RM'000 |
|----------------------|----------------|----------------|
| Current | | |
| Contract assets | <u>2,237</u> | <u>1,054</u> |
| Contract liabilities | <u>(1,885)</u> | <u>(1,495)</u> |

The contract assets related to the Group's right to consideration for work performed on moulds but yet to be billed at the reporting date.

Included in the contract liabilities amounting to RM1,294,000 (2022 : RM1,051,000) was advance consideration received from customers for which revenue is recognised over time.

Included in the contract liabilities amounting to RM591,000 (2022 : RM444,000) was the reward points under the customer loyalty programme awarded by the Group's restaurant division, estimated based on the fair value of food and beverages to be redeemed which also represents the aggregate amount of transaction price allocated to performance obligations that are unsatisfied (or partially unsatisfied) as at the end of the financial year. The contract liabilities will be recognised as revenue when the points are redeemed or upon expiry of the redemption period, whichever earlier.

11. Derivative financial assets/(liabilities) - Group

| | ← 2023 → | | ← 2022 → | |
|---|----------------------------|------------------|----------------------------|-----------------------|
| | Nominal value RM'000 | Assets RM'000 | Nominal value RM'000 | Liabilities RM'000 |
| Derivatives held for trading at fair value through profit or loss | | | | |
| - Forward exchange contracts | <u>8,432</u> | <u>1</u> | <u>8,571</u> | <u>(88)</u> |

Notes to the Financial Statements (cont'd)

11. Derivative financial assets/(liabilities) - Group (continued)

Forward exchange contracts are used to manage the foreign currency exposures arising from the Group's receivables and payables denominated in currencies other than the functional currency of Group entities. The forward exchange contracts have maturities of less than one year after the end of the reporting period.

12. Cash and cash equivalents

| | Note | Group | | Company | |
|---|------|----------------|----------------|----------------|----------------|
| | | 2023 RM'000 | 2022 RM'000 | 2023 RM'000 | 2022 RM'000 |
| Short term deposits | | 8,925 | 5,500 | - | - |
| Cash and bank balances | | 80,300 | 90,548 | 143 | 3,927 |
| Cash and cash equivalents in the statements of financial position | | <u>89,225</u> | <u>96,048</u> | <u>143</u> | <u>3,927</u> |
| Bank overdraft | 15 | (8,069) | (11,120) | (150) | - |
| Cash and cash equivalents in the statements of cash flows | | <u>81,156</u> | <u>84,928</u> | <u>(7)</u> | <u>3,927</u> |

13. Share capital - Group/Company

| | 2023 | | 2022 | |
|---|-----------------------------|------------------|-----------------------------|------------------|
| | Number of shares '000 | Amount RM'000 | Number of shares '000 | Amount RM'000 |
| Issued and fully paid ordinary shares with no par value classified as equity instruments : | | | | |
| At 1 January | 126,373 | 157,853 | 124,099 | 149,667 |
| Issued of shares pursuant to Employees' Share Option Scheme (including fair value of share options) | - | - | 2,274 | 8,186 |
| At 31 December | <u>126,373</u> | <u>157,853</u> | <u>126,373</u> | <u>157,853</u> |

13.1 Ordinary shares

The holders of ordinary shares are entitled to receive dividends as declared from time to time, and are entitled to one vote per share at meetings of the Company. In respect of the Company's treasury shares that are held by the Group (see Note 14.3), all rights are suspended until those shares are reissued.

Notes to the Financial Statements (cont'd)

14. Reserves

| | Note | Group | | Company | |
|----------------------------|------|----------------|----------------|----------------|----------------|
| | | 2023 RM'000 | 2022 RM'000 | 2023 RM'000 | 2022 RM'000 |
| <i>Non-distributable :</i> | | | | | |
| Translation reserve | 14.1 | 19,770 | 15,652 | - | - |
| Merger reserve | | 1,092 | 1,092 | - | - |
| Capital reserve | 14.2 | 1,792 | 1,792 | - | - |
| Treasury shares | 14.3 | (13,796) | (9,999) | (13,796) | (9,999) |
| Share options reserve | 14.4 | 9,809 | 6,830 | 9,809 | 6,830 |
| | | <u>18,667</u> | <u>15,367</u> | <u>(3,987)</u> | <u>(3,169)</u> |
| <i>Distributable :</i> | | | | | |
| Retained earnings | | 1,383 | 18,084 | 261,877 | 254,725 |
| | | <u>20,050</u> | <u>33,451</u> | <u>257,890</u> | <u>251,556</u> |

The movements in the reserves are disclosed in the statements of changes in equity.

14.1 Translation reserve

The translation reserve comprises all foreign currency differences arising from the translation of the financial statements of foreign operations.

14.2 Capital reserve

The capital reserve of RM1,792,000 (2022 : RM1,792,000) represents the statutory reserve of foreign subsidiaries as required by the respective foreign legislations.

14.3 Treasury shares

The shareholders of the Company, by an ordinary resolution passed in the Annual General Meeting ("AGM") held on 30 April 2015, approved the Company's plan to repurchase its own shares. The authority granted by the shareholders was subsequently renewed during subsequent AGMs of the Company including the last AGM held on 17 May 2023. The Directors of the Company are committed to enhancing the value of the Company to its shareholders and believe that the repurchase plan can be applied in the best interests of the Company and its shareholders.

Notes to the Financial Statements (cont'd)

14. Reserves (continued)

14.3 Treasury shares (continued)

During the financial year ended 31 December 2023, the Company repurchased its issued ordinary shares from the open market as follows:

| | No. of shares '000 | Cost ^(N1) RM'000 | ← Purchase price → | | |
|--|--------------------------|--------------------------------|--------------------|--------------|---------------|
| | | | Highest RM | Lowest RM | Average RM |
| 2022 | | | | | |
| At beginning of the financial year | 3,528 | 4,900 | 1.96 | 0.40 | 1.38 |
| Purchased during the financial year : | | | | | |
| January 2022 | 1,723 | 2,104 | 1.30 | 1.14 | 1.22 |
| March 2022 | 1,977 | 2,995 | 1.60 | 1.33 | 1.51 |
| | 3,700 | 5,099 | | | |
| At end of the financial year | <u>7,228</u> | <u>9,999</u> | <u>1.96</u> | <u>0.40</u> | <u>1.38</u> |
| 2023 | | | | | |
| At beginning of the financial year | 7,228 | 9,999 | 1.96 | 0.40 | 1.38 |
| Purchased during the financial year : | | | | | |
| January 2023 | 460 | 1,002 | 2.21 | 1.87 | 2.18 |
| February 2023 | 540 | 916 | 1.73 | 1.62 | 1.70 |
| March 2023 | 1,053 | 1,879 | 1.82 | 1.62 | 1.78 |
| | 2,053 | 3,797 | | | |
| At end of the financial year | <u>9,281</u> | <u>13,796</u> | <u>2.21</u> | <u>0.40</u> | <u>1.49</u> |

^(N1) Cost includes share price, stamp duty, brokerage fee, clearing fee and services tax.

The repurchased transactions were financed by internally generated funds. The repurchased ordinary shares were held as treasury shares.

14.4 Share option reserve

The share options reserve represents the fair value of the share options granted to eligible Directors and employees of the Group and the Company as disclosed in Note 24.

Notes to the Financial Statements (cont'd)

15. Loans and borrowings

| | Note | Group | | Company | |
|----------------------------|------|----------------|----------------|----------------|----------------|
| | | 2023 RM'000 | 2022 RM'000 | 2023 RM'000 | 2022 RM'000 |
| Unsecured | | | | | |
| Non-current : | | | | | |
| Term loans | | | | | |
| - Variable rate | | 20,089 | 8,864 | - | - |
| - Fixed rate | | 672 | - | - | - |
| Revolving credits | | 12,133 | 8,200 | - | - |
| Hire purchase creditors | | 5,360 | 4,962 | 48 | - |
| | | <u>38,254</u> | <u>22,026</u> | <u>48</u> | <u>-</u> |
| Current : | | | | | |
| Bank overdrafts | 12 | 8,069 | 11,120 | 150 | - |
| Bankers' acceptances | | 47,864 | 48,826 | - | - |
| Revolving credits | | 60,117 | 51,473 | 20,100 | 17,100 |
| Term loans | | | | | |
| - Variable rate | | 6,487 | 2,907 | - | - |
| - Fixed rate | | 673 | 191 | - | - |
| Trust receipts | | 8,551 | 9,566 | - | - |
| Other borrowings | | 6,943 | 9,805 | - | - |
| Hire purchase creditors | | 3,322 | 4,186 | 14 | - |
| | | <u>142,026</u> | <u>138,074</u> | <u>20,264</u> | <u>17,100</u> |
| Total loans and borrowings | | <u>180,280</u> | <u>160,100</u> | <u>20,312</u> | <u>17,100</u> |

Notes to the Financial Statements (cont'd)

15. Loans and borrowings (continued)

15.1 Reconciliation of movements of liabilities to cash flows arising from financing activities

| Group | At 1 January 2022 RM'000 | Net changes from financing cash flows RM'000 | Derecognised due to termination of lease arrangements RM'000 | Assets acquired under hire purchase arrangements RM'000 | Remeasurement of existing leases RM'000 | New leases obtained RM'000 | Foreign exchange movements RM'000 | At 31 December 2022 RM'000 |
|----------------------------|-----------------------------------|---|---|--|--|-------------------------------------|--|-------------------------------------|
| Bankers' acceptances | 48,554 | 272 | - | - | - | - | - | 48,826 |
| Revolving credits | 54,925 | 4,600 | - | - | - | - | 148 | 59,673 |
| Term loans | 4,893 | 7,054 | - | - | - | - | 15 | 11,962 |
| Trust receipts | 19,153 | (10,222) | - | - | - | - | 635 | 9,566 |
| Other borrowings | 14,066 | (4,401) | - | - | - | - | 140 | 9,805 |
| Hire purchase creditors | 11,814 | (5,492) | - | 2,823 | - | - | 3 | 9,148 |
| | 153,405 | (8,189) | - | 2,823 | - | - | 941 | 148,980 |
| Lease liabilities | 88,032 | (28,579) | (2,641) | - | 4,634 | 84,819 | 331 | 146,596 |
| | 241,437 | (36,768) | (2,641) | 2,823 | 4,634 | 84,819 | 1,272 | 295,576 |

Notes to the Financial Statements (cont'd)

15. Loans and borrowings (continued)

15.1 Reconciliation of movements of liabilities to cash flows arising from financing activities (continued)

| Group | At 1 January 2023 RM'000 | Net changes from financing cash flows RM'000 | Derecognised due to termination of lease arrangements RM'000 | Assets acquired under hire purchase arrangements RM'000 | Remeasurement of existing leases RM'000 | New leases obtained RM'000 | Foreign exchange movements RM'000 | At 31 December 2023 RM'000 |
|----------------------------|-----------------------------------|---|---|--|--|-------------------------------------|--|-------------------------------------|
| Bankers' acceptances | 48,826 | (962) | - | - | - | - | - | 47,864 |
| Revolving credits | 59,673 | 12,433 | - | - | - | - | 144 | 72,250 |
| Term loans | 11,962 | 15,920 | - | - | - | - | 39 | 27,921 |
| Trust receipts | 9,566 | (1,199) | - | - | - | - | 184 | 8,551 |
| Other borrowings | 9,805 | (3,269) | - | - | - | - | 407 | 6,943 |
| Hire purchase creditors | 9,148 | (4,539) | - | 4,069 | - | - | 4 | 8,682 |
| | 148,980 | 18,384 | - | 4,069 | - | - | 778 | 172,211 |
| Lease liabilities | 146,596 | (30,712) | (2,039) | - | 19,774 | 27,995 | 354 | 161,968 |
| | 295,576 | (12,328) | (2,039) | 4,069 | 19,774 | 27,995 | 1,132 | 334,179 |

Notes to the Financial Statements (cont'd)

15. Loans and borrowings (continued)

15.1 Reconciliation of movements of liabilities to cash flows arising from financing activities (continued)

| Company | At 1 January 2022 RM'000 | Net changes from financing cash flows RM'000 | Derecognised due to termination of lease RM'000 | At 31 December 2022/ 1 January 2023 RM'000 | Assets acquired under hire purchase arrangements RM'000 | Net changes from financing cash flows RM'000 | At 31 December 2023 RM'000 |
|-------------------------|-----------------------------------|---|---|---|--|---|-------------------------------------|
| Revolving credits | 17,100 | - | - | 17,100 | - | 3,000 | 20,100 |
| Hire purchase creditors | 61 | (61) | - | - | 74 | (12) | 62 |
| | 17,161 | (61) | - | 17,100 | 74 | 2,988 | 20,162 |
| Lease liabilities | 2,885 | (547) | (2,338) | - | - | - | - |
| | 20,046 | (608) | (2,338) | 17,100 | 74 | 2,988 | 20,162 |

Notes to the Financial Statements (cont'd)

16. Deferred liabilities

Directors' retirement/resignation benefits

| | Group | | Company | |
|--|----------------|----------------|----------------|----------------|
| | 2023 RM'000 | 2022 RM'000 | 2023 RM'000 | 2022 RM'000 |
| At 1 January | 3,558 | 3,006 | 626 | 627 |
| Provision during the year | 539 | 636 | 162 | 99 |
| Amount paid during the year | (484) | (100) | (100) | (100) |
| Effect of movements in exchange rates | 31 | 16 | - | - |
| At 31 December | <u>3,644</u> | <u>3,558</u> | <u>688</u> | <u>626</u> |
| Total at 31 December | 3,644 | 3,558 | 688 | 626 |
| Less : Amount payable within the next 12 months presented as current liabilities | (387) | (546) | (300) | (98) |
| | <u>3,257</u> | <u>3,012</u> | <u>388</u> | <u>528</u> |

17. Provision - Group

| | 2023 RM'000 | 2022 RM'000 |
|---|----------------|----------------|
| <i>Provision for site restoration costs</i> | | |
| At 1 January | 6,374 | 6,048 |
| Provision made during the year | 345 | 428 |
| Provision utilised during the year | (270) | (102) |
| | 75 | 326 |
| At 31 December | <u>6,449</u> | <u>6,374</u> |
| Presented as : | | |
| Non-current | 6,438 | 6,328 |
| Current | 11 | 46 |
| | <u>6,449</u> | <u>6,374</u> |

Notes to the Financial Statements (cont'd)

17. Provision - Group (continued)

The site restoration costs for the rented premises are provided based on historical experience of expenses incurred. The Group expects to incur the liability when the leases expire or when they are terminated.

The amount provided for restoration costs is reviewed and updated annually based on the current cost of restoring the premises and for any leases terminated or extended.

Provision for restoration costs is classified as current liabilities if it is expected to be utilised within 12 months after the reporting date when the leases are expected to be terminated.

18. Trade and other payables

| | Note | Group | | Company | |
|----------------------------|------|----------------|----------------|----------------|----------------|
| | | 2023 RM'000 | 2022 RM'000 | 2023 RM'000 | 2022 RM'000 |
| Non-current | | | | | |
| Non-trade | | | | | |
| Amount due to subsidiaries | 18.1 | - | - | 10,041 | - |
| Other payable | 18.3 | 30,000 | 50,000 | - | - |
| | | 30,000 | 50,000 | 10,041 | - |
| Current | | | | | |
| Trade | | | | | |
| Trade payables | | 66,342 | 52,307 | - | - |
| Amount due to associates | 18.2 | - | 11 | - | - |
| | | 66,342 | 52,318 | - | - |
| Non-trade | | | | | |
| Amount due to : | | | | | |
| - subsidiaries | 18.1 | - | - | 9,281 | 27,794 |
| - associates | 18.2 | 1,307 | 262 | - | - |
| Other payables | 18.3 | 39,783 | 55,249 | 55 | 62 |
| Accrued expenses | | 37,813 | 44,449 | 1,377 | 2,314 |
| | | 78,903 | 99,960 | 10,713 | 30,170 |
| | | 145,245 | 152,278 | 10,713 | 30,170 |
| | | 175,245 | 202,278 | 20,754 | 30,170 |

Notes to the Financial Statements (cont'd)

18. Trade and other payables (continued)

| | Note | Group | | Company | |
|---|------|----------------|----------------|----------------|----------------|
| | | 2023 RM'000 | 2022 RM'000 | 2023 RM'000 | 2022 RM'000 |
| Financial instruments | | | | | |
| Trade and other payables | | 175,245 | 202,278 | 20,754 | 30,170 |
| Add : Loans and borrowings | 15 | 180,280 | 160,100 | 20,312 | 17,100 |
| Deferred liabilities | 16 | 3,644 | 3,558 | 688 | 626 |
| Total financial liabilities measured at amortised cost | | <u>359,169</u> | <u>365,936</u> | <u>41,754</u> | <u>47,896</u> |

18.1 Amounts due to subsidiaries

Included in the non-current amount due to subsidiaries is RM9,764,000 (2022 : Nil) which is unsecured, bears interest at rates ranging from 5.00% to 8.10% per annum and is not repayable within the next twelve (12) months. Other than as disclosed, the non-current amount due to subsidiaries is unsecured, interest-free and is not repayable within the next twelve (12) months.

Included in the current amount due to subsidiaries is RM8,959,000 (2022 : RM27,111,000) which bears interest at rates ranging from 5.00% to 7.74% (2022 : 4.00% to 7.70%) per annum. Other than as disclosed, the current amount due to subsidiaries is unsecured, interest-free and repayable on demand.

18.2 Amounts due to associates

The trade amount due to associates was subject to normal trade terms.

The non-trade amount due to associates is unsecured, interest-free and repayable on demand.

18.3 Other payables

Included in the current and non-current other payable amounting to RM50 million (2022 : RM75 million) was the remaining balance for the acquisition of non-controlling interest in a subsidiary which is subject to interest charge of 2.00% (2022 : 2.00%) per annum.

Notes to the Financial Statements (cont'd)

19. Revenue and operating profit

| | Note | Group | | Company | |
|---|------|----------------|------------------|----------------|----------------|
| | | 2023 RM'000 | 2022 RM'000 | 2023 RM'000 | 2022 RM'000 |
| Revenue from contracts with customers | 19.1 | 992,625 | 1,142,621 | - | - |
| <i>Other revenue :</i> | | | | | |
| - Dividend income | | - | - | 20,237 | 12,650 |
| - Rental income | | 900 | 685 | - | - |
| | | 900 | 685 | 20,237 | 12,650 |
| Total revenue | 19.1 | <u>993,525</u> | <u>1,143,306</u> | <u>20,237</u> | <u>12,650</u> |
| Cost of sales | | (744,831) | (860,450) | - | - |
| Gross profit | | <u>248,694</u> | <u>282,856</u> | <u>20,237</u> | <u>12,650</u> |
| Distribution costs | | (128,875) | (129,988) | - | - |
| Administrative expenses | | (116,528) | (121,421) | (7,469) | (9,570) |
| Other expenses | | - | - | (4,800) | (1,300) |
| Other income | | 11,742 | 23,670 | 8,087 | 2,345 |
| Net gain on impairment of financial instruments - at amortised cost | | 2 | 91 | - | - |
| Operating profit | | <u>15,035</u> | <u>55,208</u> | <u>16,055</u> | <u>4,125</u> |

Notes to the Financial Statements (cont'd)

19. Revenue and operating profit (continued)

19.1 Disaggregation of revenue - Group

| 2023 | Industrial RM'000 | Restaurant RM'000 | Polymer Engineering RM'000 | Food RM'000 | Venture Business RM'000 | Others RM'000 | Total RM'000 |
|-------------------------------------|----------------------|----------------------|----------------------------------|----------------|-------------------------------|------------------|-----------------|
| Primary geographical markets | | | | | | | |
| Malaysia | 144,729 | 261,756 | 58,742 | 30,429 | 99 | 1,281 | 497,036 |
| Singapore | 72,082 | - | 12,058 | 3,808 | 27 | - | 87,975 |
| Thailand | 70,187 | - | 50,168 | - | 21 | - | 120,376 |
| Vietnam | 50,416 | - | 35,515 | 207 | 89 | - | 86,227 |
| China | 48,164 | - | 4,740 | 13,563 | 97 | - | 66,564 |
| Myanmar | 2,685 | - | - | 11,866 | - | - | 14,551 |
| Indonesia | 11,394 | - | 1,284 | - | - | - | 12,678 |
| Japan | 1,050 | - | 8,531 | 57,667 | 606 | - | 67,854 |
| United States of America | 4 | - | 4,025 | 702 | - | - | 4,731 |
| Philippines | 1,741 | - | 799 | 485 | - | - | 3,025 |
| Australia | 125 | - | 1,447 | - | - | - | 1,572 |
| Italy | 10,756 | - | - | 4,725 | - | - | 15,481 |
| Taiwan | 910 | - | 394 | 2,546 | - | - | 3,850 |
| India | 2,273 | - | 2,365 | - | - | - | 4,638 |
| Germany | - | - | 1,105 | - | - | - | 1,105 |
| Others | 1,258 | - | 2,809 | 895 | - | - | 4,962 |
| | 417,774 | 261,756 | 183,982 | 126,893 | 939 | 1,281 | 992,625 |

Notes to the Financial Statements (cont'd)

19. Revenue and operating profit (continued)

19.1 Disaggregation of revenue - Group (continued)

| | Industrial RM'000 | Restaurant RM'000 | Polymer Engineering RM'000 | Food RM'000 | Venture Business RM'000 | Others RM'000 | Total RM'000 |
|---|----------------------|----------------------|----------------------------------|----------------|-------------------------------|------------------|-----------------|
| 2023 | | | | | | | |
| Major products and service lines | | | | | | | |
| Chemicals, plastic resins and other industrial related products | 417,627 | - | - | - | - | - | 417,627 |
| Food and beverages | - | 236,016 | - | - | - | - | 236,016 |
| Medical life science related plastic products | 147 | - | 62,325 | - | - | - | 62,472 |
| Non-medical life science related plastic products | - | - | 113,797 | - | 939 | - | 114,736 |
| Surimi, fishmeal, seafood and other processed foods | - | - | - | 126,893 | - | - | 126,893 |
| Mould and tooling | - | - | 7,860 | - | - | - | 7,860 |
| Provision of services* | - | 25,740 | - | - | - | 1,281 | 27,021 |
| | 417,774 | 261,756 | 183,982 | 126,893 | 939 | 1,281 | 992,625 |

* The provision of services include management services, warehousing services and services rendered as insurance agents.

19. Revenue and operating profit (continued)**19.1 Disaggregation of revenue - Group (continued)**

| | Industrial RM'000 | Restaurant RM'000 | Polymer Engineering RM'000 | Food RM'000 | Venture Business RM'000 | Others RM'000 | Total RM'000 |
|---------------------------------------|----------------------|----------------------|----------------------------------|----------------|-------------------------------|------------------|-----------------|
| 2023 | | | | | | | |
| Timing and recognition | | | | | | | |
| At a point in time | 417,774 | 261,756 | 176,122 | 126,893 | 939 | 1,281 | 984,765 |
| Over time | - | - | 7,860 | - | - | - | 7,860 |
| Revenue from contracts with customers | 417,774 | 261,756 | 183,982 | 126,893 | 939 | 1,281 | 992,625 |
| Other revenue | - | - | - | - | - | 900 | 900 |
| Total revenue | 417,774 | 261,756 | 183,982 | 126,893 | 939 | 2,181 | 993,525 |

Notes to the Financial Statements (cont'd)

19. Revenue and operating profit (continued)

19.1 Disaggregation of revenue - Group (continued)

| 2022 | Industrial RM'000 | Restaurant RM'000 | Polymer Engineering RM'000 | Food RM'000 | Venture Business RM'000 | Others RM'000 | Total RM'000 |
|-------------------------------------|----------------------|----------------------|----------------------------------|----------------|-------------------------------|------------------|------------------|
| Primary geographical markets | | | | | | | |
| Malaysia | 185,144 | 284,192 | 69,045 | 24,304 | 642 | 1,352 | 564,679 |
| Singapore | 53,530 | - | 8,183 | 10,358 | 26 | - | 72,097 |
| Thailand | 99,450 | - | 92,058 | - | 22 | - | 191,530 |
| Vietnam | 62,599 | - | 30,974 | 175 | 319 | - | 94,067 |
| China | 49,401 | - | 10,662 | 11,539 | 211 | - | 71,813 |
| Myanmar | 3,549 | - | - | 25,715 | - | - | 29,264 |
| Indonesia | 16,855 | - | 3,068 | - | - | - | 19,923 |
| Japan | 1,088 | - | 10,703 | 51,038 | - | - | 62,829 |
| United States of America | 2 | - | 3,215 | - | - | - | 3,217 |
| Philippines | 1,579 | - | 1,618 | 1,328 | 229 | - | 4,754 |
| Australia | - | - | 2,184 | - | - | - | 2,184 |
| Italy | - | - | - | 5,132 | - | - | 5,132 |
| Taiwan | 1,346 | - | 303 | 2,744 | - | - | 4,393 |
| India | 2,287 | - | 1,771 | - | - | - | 4,058 |
| Germany | - | - | 2,185 | - | - | - | 2,185 |
| Nigeria | 4,241 | - | - | - | - | - | 4,241 |
| Others | 2,123 | - | 4,132 | - | - | - | 6,255 |
| | 483,194 | 284,192 | 240,101 | 132,333 | 1,449 | 1,352 | 1,142,621 |

Notes to the Financial Statements (cont'd)

19. Revenue and operating profit (continued)

19.1 Disaggregation of revenue - Group (continued)

| 2022 | Industrial RM'000 | Restaurant RM'000 | Polymer Engineering RM'000 | Food RM'000 | Venture Business RM'000 | Others RM'000 | Total RM'000 |
|---|----------------------|----------------------|----------------------------------|----------------|-------------------------------|------------------|------------------|
| Major products and service lines | | | | | | | |
| Chemicals, plastic resins and other industrial related products | 482,568 | - | - | - | - | - | 482,568 |
| Food and beverages | - | 266,774 | - | - | - | - | 266,774 |
| Medical life science related plastic products | 626 | - | 64,842 | - | - | - | 65,468 |
| Non-medical life science related plastic products | - | - | 169,664 | - | 1,449 | - | 171,113 |
| Surimi, fishmeal, seafood and other processed foods | - | - | - | 132,333 | - | - | 132,333 |
| Mould and tooling | - | - | 5,595 | - | - | - | 5,595 |
| Provision of services* | - | 17,418 | - | - | - | 1,352 | 18,770 |
| | 483,194 | 284,192 | 240,101 | 132,333 | 1,449 | 1,352 | 1,142,621 |

* The provision of services include management services, warehousing services and services rendered as insurance agents.

Notes to the Financial Statements (cont'd)

19. Revenue and operating profit (continued)

19.1 Disaggregation of revenue - Group (continued)

| 2022 | Disaggregation of revenue - Group (continued) | | | | | | | Total RM'000 |
|---------------------------------------|---|----------------------|----------------------------------|----------------|-------------------------------|------------------|------------------|-----------------|
| | Industrial RM'000 | Restaurant RM'000 | Polymer Engineering RM'000 | Food RM'000 | Venture Business RM'000 | Others RM'000 | | |
| Timing and recognition | | | | | | | | |
| At a point in time | 483,194 | 284,192 | 234,506 | 132,333 | 1,449 | 1,352 | 1,137,026 | |
| Over time | - | - | 5,595 | - | - | - | 5,595 | |
| Revenue from contracts with customers | 483,194 | 284,192 | 240,101 | 132,333 | 1,449 | 1,352 | 1,142,621 | |
| Other revenue | - | - | - | - | - | 685 | 685 | |
| Total revenue | 483,194 | 284,192 | 240,101 | 132,333 | 1,449 | 2,037 | 1,143,306 | |

Notes to the Financial Statements (cont'd)

19. Revenue and operating profit (continued)

19.2 Nature of goods and services

The following information reflects the typical transactions of the Group :

| Nature of goods or services | Timing of recognition or method used to recognise revenue | Significant payment terms | Variable element in consideration | Obligation for returns or refunds | Warranty |
|---|--|---|-----------------------------------|-----------------------------------|-----------------|
| Chemicals, plastic resins and other industrial related products | Revenue is recognised at a point in time when the goods are delivered and accepted by the customers. | Credit period of 30 days to 60 days from invoice date. | Not applicable. | Not applicable. | Not applicable. |
| Food and beverages | Revenue is recognised at a point in time when the food and beverages are served/delivered and accepted by the customers. | Cash term. | Not applicable. | Not applicable. | Not applicable. |
| Medical life science related plastic products | Revenue is recognised at a point in time when the goods are delivered and accepted by the customers. | Cash term or credit period of 30 days to 60 days from invoice date. | Not applicable. | Not applicable. | Not applicable. |
| Non-medical life science related plastic products | Revenue is recognised at a point in time when the goods are delivered and accepted by the customers. | Cash term or credit period of 30 days to 60 days from invoice date. | Not applicable. | Not applicable. | Not applicable. |

Notes to the Financial Statements (cont'd)

19. Revenue and operating profit (continued)

19.2 Nature of goods and services (continued)

| Nature of goods or services | Timing of recognition or method used to recognise revenue | Significant payment terms | Variable element in consideration | Obligation for returns or refunds | Warranty |
|---|--|--|-----------------------------------|-----------------------------------|-----------------|
| Surimi, fishmeal, seafood and other processed foods | Revenue is recognised at a point in time when the goods are delivered and accepted by the customers. | Credit period of 14 days to 60 days from invoice date. | Not applicable. | Not applicable. | Not applicable. |
| Moulds and toolings | Revenue is recognised over time as performance obligations are satisfied. These contracts would meet the no alternative use criteria and the Group has rights to payment for work performed. | Credit period of 30 days to 60 days from invoice date. | Not applicable. | Not applicable. | Not applicable. |
| Services as described in Note 19.1 | Revenue is recognised at a point in time when the services are performed or rendered. | Cash term or credit period of 30 days from invoice date. | Not applicable. | Not applicable. | Not applicable. |

The Group applies the practical expedient on the exemption on disclosure of information on remaining performance obligations that have original expected durations of one year or shorter.

Notes to the Financial Statements (cont'd)

20. Finance costs

| | Group | | Company | |
|---|----------------|----------------|----------------|----------------|
| | 2023 RM'000 | 2022 RM'000 | 2023 RM'000 | 2022 RM'000 |
| Interest expense of financial liabilities that are not at fair value through profit or loss | 11,958 | 8,875 | 2,823 | 2,185 |
| Interest expense on lease liabilities | 6,800 | 6,446 | - | 133 |
| | <u>18,758</u> | <u>15,321</u> | <u>2,823</u> | <u>2,318</u> |

21. Tax expense

Major components of tax expense include :

| | Group | | Company | |
|-----------------------------|----------------|----------------|----------------|----------------|
| | 2023 RM'000 | 2022 RM'000 | 2023 RM'000 | 2022 RM'000 |
| Current tax expense | | | | |
| - current year | 9,574 | 12,641 | 140 | - |
| - prior years | (568) | 389 | 85 | 10 |
| Total current tax | 9,006 | 13,030 | 225 | 10 |
| Deferred tax expense | | | | |
| - current year | (396) | 2,028 | - | 101 |
| - prior years | (468) | (416) | - | - |
| Total deferred tax | (864) | 1,612 | - | 101 |
| Total tax expense | <u>8,142</u> | <u>14,642</u> | <u>225</u> | <u>111</u> |

Notes to the Financial Statements (cont'd)

21. Tax expense (continued)

Reconciliation of tax expense

| | Group | | Company | |
|---|----------------|----------------|----------------|----------------|
| | 2023 RM'000 | 2022 RM'000 | 2023 RM'000 | 2022 RM'000 |
| (Loss)/Profit for the year | (10,886) | 24,371 | 13,007 | 1,696 |
| Total tax expense | 8,142 | 14,642 | 225 | 111 |
| (Loss)/Profit excluding tax | <u>(2,744)</u> | <u>39,013</u> | <u>13,232</u> | <u>1,807</u> |
| Tax calculated using Malaysian tax rate at 24% | (659) | 9,363 | 3,176 | 434 |
| Effect of different tax rate in foreign jurisdictions | (150) | (516) | - | - |
| Non-deductible expenses | 10,029 | 7,676 | 2,288 | 2,937 |
| Results of equity-accounted associates | (235) | 210 | - | - |
| Non-taxable income | (807) | (1,737) | (5,324) | (3,371) |
| Deferred tax assets not recognised | 1,357 | 114 | - | - |
| Effect of tax incentives | (309) | - | - | - |
| Other items | (48) | (441) | - | 101 |
| (Over)/Under provision in prior years | (1,036) | (27) | 85 | 10 |
| Total tax expense | <u>8,142</u> | <u>14,642</u> | <u>225</u> | <u>111</u> |

A foreign subsidiary which is involved in the processing, production and sale of marine products has been granted income tax exemption for an initial period of 5 years from 2 May 2016 under the local investment law of the country in which the said subsidiary operates. The tax exemption period has been subsequently extended to 7 years and had expired on 2 May 2023.

22. Employee information

| | Group | | Company | |
|--|----------------|----------------|----------------|----------------|
| | 2023 RM'000 | 2022 RM'000 | 2023 RM'000 | 2022 RM'000 |
| Staff costs (including key management personnel) | 159,551 | 161,905 | 1,708 | 1,772 |
| Contributions to Employees Provident Fund | 11,997 | 11,621 | 157 | 144 |
| Share-based payments (Note 24) | 2,979 | 9,446 | 296 | 1,017 |
| | <u>174,527</u> | <u>182,972</u> | <u>2,161</u> | <u>2,933</u> |

Notes to the Financial Statements (cont'd)

23. (Loss)/Profit for the year

(Loss)/Profit for the year is arrived at after charging/(crediting) :

| | Group | | Company | |
|--|----------------|----------------|----------------|----------------|
| | 2023 RM'000 | 2022 RM'000 | 2023 RM'000 | 2022 RM'000 |
| Auditors' remuneration | | | | |
| - Audit fees | | | | |
| - KPMG PLT in Malaysia | 376 | 396 | 50 | 50 |
| - Overseas affiliates of KPMG PLT in Malaysia | 194 | 194 | - | - |
| - Other auditors | 360 | 343 | - | - |
| - Non-audit fees | | | | |
| - KPMG PLT in Malaysia | 17 | 17 | 17 | 17 |
| - Local affiliates of KPMG PLT in Malaysia | 164 | 213 | 21 | 12 |
| - Other auditors | 157 | 172 | - | - |
| Material expenses/(income) | | | | |
| Directors' emoluments | | | | |
| - fees | 2,410 | 4,914 | 820 | 1,750 |
| - others | 5,766 | 4,360 | 1,023 | 995 |
| - share-based payments | 2,090 | 5,686 | 296 | 1,017 |
| Inventories written down (Note 8) | 863 | 1,206 | - | - |
| Impairment loss on : | | | | |
| - Right-of-use assets (Note 4) | 116 | 17 | - | - |
| - Investment in subsidiaries (Note 5) | - | - | 4,800 | 1,300 |
| Reversal of impairment loss on investment in subsidiaries (Note 5) | - | - | (4,800) | - |
| Property, plant and equipment : | | | | |
| - Impairment loss (Note 3) | 192 | 240 | - | - |
| - Written off | 624 | 417 | 24 | - |
| Loss/(Gain) on foreign exchange, net | 226 | (12,106) | - | - |
| Gain on : | | | | |
| - deconsolidation of a subsidiary | - | (1,579) | - | - |
| - disposal of property, plant and equipment | (7) | (834) | (2) | (247) |
| - disposal of an associate | (2,488) | - | (1,920) | - |
| Interest income | (906) | (493) | (951) | (636) |
| Government grants (Note a) | - | (1,268) | - | - |
| Expenses/(Income) arising from leases | | | | |
| Expenses relating to : | | | | |
| - short-term leases (Note b) | 5,884 | 6,507 | 383 | 235 |
| - leases of low-value assets (Note b) | 607 | 556 | - | - |
| - variable lease payments not included in the measurement of lease liabilities | 2,227 | 3,320 | - | - |
| Gain on termination of leases | (144) | (486) | - | (424) |

Notes to the Financial Statements (cont'd)

23. (Loss)/Profit for the year (continued)

(Loss)/Profit for the year is arrived at after charging/(crediting) (continued) :

| | Group | | Company | |
|---|----------------|----------------|----------------|----------------|
| | 2023 RM'000 | 2022 RM'000 | 2023 RM'000 | 2022 RM'000 |
| Expenses/(Income) arising from leases (continued) | | | | |
| Income from sublease of right-of-use assets | - | - | - | (633) |
| Rental income from premises | (1,043) | (887) | - | - |
| Covid-19 related rent concessions | - | (580) | - | - |
| Net (gain)/loss on impairment of financial instruments | | | | |
| Reversal on trade receivables | (2) | (102) | - | - |
| Bad debts written off | - | 11 | - | - |
| | <u>-</u> | <u>11</u> | <u>-</u> | <u>-</u> |

The estimated monetary value of Directors' benefits-in-kind of the Group and the Company are RM166,000 (2022 : RM116,000) and RM65,000 (2022 : RM49,000) respectively.

Note a

The Group received government grants related to wage subsidy programme introduced in response to the Covid-19 pandemic. The grants were recognised as other income in profit or loss.

Note b

The Group and the Company lease office space, apartments, storage facilities and equipment with contract terms of not more than 1 year. These leases are short-term and/or leases of low-value items. The Group and the Company have elected not to recognise right-of-use assets and lease liabilities for these leases.

24. Employee benefits - Group/Company

Share-based payments arrangement

The Company granted share options to eligible Executive Directors and employees of the Group to purchase shares in the Company under the Employees' Share Option Scheme ("ESOS") approved by the shareholders at an Extraordinary General Meeting of the Company held on 22 April 2022.

The ESOS shall be in force for a duration of 5 years, commencing from 27 April 2022.

Notes to the Financial Statements (cont'd)

24. Employee benefits - Group/Company (continued)

Share-based payments arrangement (continued)

| | Number of options granted and accepted (‘000) | Vesting period | Exercise price (RM/Share) |
|--------------------------|---|---------------------------------|---------------------------------|
| Granted on 29 April 2022 | | | |
| - Tranche 1 | 3,240 | 29 April 2022 to 26 April 2027 | 2.45 |
| - Tranche 2 | 3,240 | 1 January 2023 to 26 April 2027 | 2.45 |
| - Tranche 3 | 4,326 | 1 January 2024 to 26 April 2027 | 2.45 |
| | 10,806 | | |

The movements of the ESOS during the year are as follows:

| | Weighted average exercise price 2023 | Number of options (‘000) 2023 | Weighted average exercise price 2022 | Number of options (‘000) 2022 |
|----------------------------|--|---|--|---|
| Outstanding at 1 January | 2.45 | 8,532 | - | - |
| Granted during the year | - | - | 2.45 | 10,806 |
| Exercised during the year | - | - | 2.45 | (2,274) |
| Forfeited during the year | 2.45 | (600) | - | - |
| Outstanding at 31 December | 2.45 | 7,932 | 2.45 | 8,532 |
| Exercisable at 31 December | | 3,606 | | 966 |

The fair value of services received in return for the ESOS granted is based on the fair value of share options granted, measured using the Binomial Option Pricing Model, with the following inputs :

| | 2023 RM | 2022 RM |
|---|------------|------------|
| Fair value of share options and assumptions | | |
| Fair value at grant date | 1.1505 | 1.1505 |
| Weighted average share price | 2.4500 | 2.4500 |
| Share price at grant date | 2.6525 | 2.6525 |
| Option life | 5 years | 5 years |
| Expected volatility | 53.22% | 53.22% |
| Expected dividends | 3.37% | 3.37% |
| Risk-free interest rate (based on Malaysian government bonds) | 3.89% | 3.89% |

Notes to the Financial Statements (cont'd)

24. Employee benefits - Group/Company (continued)

Share-based payments arrangement (continued)

No share options were granted in the current financial year.

Value of employee services received for issue of share options

| | Group | | Company | |
|---|----------------|----------------|----------------|----------------|
| | RM'000 2023 | RM'000 2022 | RM'000 2023 | RM'000 2022 |
| Share option reserve recognised | 2,979 | 9,446 | 2,979 | 9,446 |
| Less: Allocation of expenses to subsidiaries | - | - | (2,683) | (8,429) |
| Total expenses recognised as share-based payments | <u>2,979</u> | <u>9,446</u> | <u>296</u> | <u>1,017</u> |

The share options expense re-charged to the subsidiaries benefiting from the services of the employees is not recognised in the profit or loss of the Company.

25. Basic/Diluted (loss)/earnings per ordinary share - Group

Basic (loss)/earnings per ordinary share

The calculation of basic loss or earnings per ordinary share is based on the loss attributable to ordinary shareholders of RM10,846,000 (2022 : profit attributable to ordinary shareholders of RM21,911,000) and on the weighted average number of ordinary shares outstanding during the year of 117,369,000 (2022 : 118,507,000) calculated as follows :

| | 2023 RM'000 | 2022 RM'000 |
|--|-----------------|----------------|
| (Loss)/Profit attributable to ordinary shareholders | <u>(10,846)</u> | <u>21,911</u> |
| Weighted average number of ordinary shares at 31 December ('000) | <u>117,369</u> | <u>118,507</u> |
| Basic (loss)/earnings per ordinary share (sen) | <u>(9.24)</u> | <u>18.49</u> |

Weighted average number of ordinary shares :

| | 2023 '000 | 2022 '000 |
|--|----------------|----------------|
| Issued ordinary shares at 1 January | 126,373 | 124,099 |
| Effect of shares issued pursuant to Employees' Share Option Scheme | - | 1,149 |
| Effect of treasury shares repurchased | (9,004) | (6,741) |
| Weighted average number of ordinary shares at 31 December | <u>117,369</u> | <u>118,507</u> |

Notes to the Financial Statements (cont'd)

25. Basic/Diluted (loss)/earnings per ordinary share - Group (continued)

Diluted (loss)/earnings per ordinary share

The calculation of diluted loss or earnings per ordinary share is based on the loss or profit attributable to ordinary shareholders and on the weighted average number of ordinary shares outstanding after adjusting the effect of all dilutive potential ordinary shares, calculated as follows :

| | 2023 RM'000 | 2022 RM'000 |
|---|------------------------------|------------------------------|
| (Loss)/Profit attributable to ordinary shareholders | <u>(10,846)</u> | <u>21,911</u> |
| | 2023 '000 | 2022 '000 |
| Weighted average number of ordinary shares at 31 December (basic) | 117,369 | 118,507 |
| Effect of exercise of ESOS | * | * |
| Weighted average number of ordinary shares at 31 December (diluted) | <u>117,369</u> | <u>118,507</u> |
| Diluted (loss)/earnings per ordinary share (sen) | <u>(9.24)</u> | <u>18.49</u> |

* The Group's diluted (loss)/earnings per ordinary share is assumed to be the same as basic (loss)/earnings per ordinary share as the potential new ordinary shares are deemed to be anti-dilutive since the market share price is lower than the ESOS's exercise price.

26. Dividends

The Company declared and paid the following dividends :

| | Sen per share (single tier) | RM'000 | Date of declaration | Date of payment |
|-----------------|--|---------------|----------------------------|------------------------|
| Dividend paid : | | | | |
| 2023 | | | | |
| Interim 2022 | 5.0 | <u>5,855</u> | 23 February 2023 | 24 March 2023 |
| 2022 | | | | |
| Final 2021 | 10.0 | 11,687 | 18 March 2022 | 27 May 2022 |
| Interim 2022 | 8.0 | 9,524 | 9 August 2022 | 19 September 2022 |
| | | <u>21,211</u> | | |

Notes to the Financial Statements (cont'd)

27. Related parties

Identity of related parties

For the purposes of these financial statements, parties are considered to be related to the Group if the Group or the Company has the ability, directly or indirectly, to control or jointly control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Group or the Company and the party are subject to common control. Related parties may be individuals or other entities.

The Group has related party relationships with its significant investor, Texchem Holdings Sdn. Bhd. in which Tan Sri Dato' Seri (Dr.) Fumihiko Konishi has a substantial financial interest, subsidiaries and associates as disclosed in the financial statements.

Related parties also include key management personnel defined as 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 certain Directors of the Group and of the Company.

Significant related party transactions

The significant related party transactions of the Group and of the Company are shown below. Related party transactions have been entered in the normal course of business under negotiated terms.

A. Subsidiaries

| | 2023 RM'000 | 2022 RM'000 |
|--|----------------|----------------|
| Company | | |
| - Advances to subsidiaries | 5,950 | 3,500 |
| - Rental income (premises) | - | 633 |
| - Interest income | 588 | 369 |
| - Interest expense | 1,941 | 1,505 |
| - Dividend income | 20,237 | 12,650 |
| - Management fee expense | 1,500 | 1,500 |
| - Share options expense re-charged to subsidiaries | 2,683 | 8,429 |
| - Subscription of shares in subsidiaries | <u>3,300</u> | <u>5,240</u> |

B. Texchem Holdings Sdn. Bhd.

| | 2023 RM'000 | 2022 RM'000 |
|-----------------------------|----------------|----------------|
| Company | | |
| - Rental expense (premises) | <u>180</u> | <u>180</u> |
| Group | | |
| - Rental expense (premises) | 924 | 924 |
| - Insurance premium income | 146 | 114 |
| - Service income | <u>28</u> | <u>28</u> |

Notes to the Financial Statements (cont'd)

27. Related parties (continued)

Significant related party transactions (continued)

C. Associates

| Group | 2023 RM'000 | 2022 RM'000 |
|-------------------------------|------------------------|------------------------|
| - Management fee income | 66 | 84 |
| - Sales | 1,161 | 1,119 |
| - Service income | 53 | 44 |
| - Insurance premium income | 40 | 37 |
| - Rental income | 178 | 236 |
| - Storage and logistic income | 59 | 75 |
| - Purchases | 2,424 | 2,249 |
| - Lab expenses | 5 | 21 |
| - Rental expenses | 159 | - |

D. Key management personnel

| | Group | | Company | |
|--|------------------------|------------------------|------------------------|------------------------|
| | 2023 RM'000 | 2022 RM'000 | 2023 RM'000 | 2022 RM'000 |
| Directors | | | | |
| - Fees | 2,410 | 4,914 | 820 | 1,750 |
| - Remuneration | 5,766 | 4,360 | 1,023 | 995 |
| - Estimated value of benefits-in-kind | 166 | 116 | 65 | 49 |
| - Share-based payments | 2,090 | 5,686 | 296 | 1,017 |
| | <u>10,432</u> | <u>15,076</u> | <u>2,204</u> | <u>3,811</u> |
| Other key management personnel | | | | |
| - Fees | 87 | 879 | - | - |
| - Remuneration | 3,099 | 2,927 | - | - |
| - Estimated value of benefits-in-kind | 60 | 96 | - | - |
| - Share-based payments | 689 | 2,098 | - | - |
| | <u>3,935</u> | <u>6,000</u> | <u>-</u> | <u>-</u> |
| | <u>14,367</u> | <u>21,076</u> | <u>2,204</u> | <u>3,811</u> |

There were no transactions with the key management personnel other than the remuneration package paid to them in accordance with the terms and conditions of their appointment as disclosed above and the Directors' retirement/resignation benefits payable as disclosed in Note 16 to the financial statements.

The balances related to the above transactions are shown in Notes 9 and 18 to the financial statements. All the amounts outstanding are unsecured and are expected to be settled in cash. There was no impairment provided in respect of related party balances at the end of the reporting period.

Notes to the Financial Statements (cont'd)

28. Operating segments

The Group has five reportable segments, as described below, which are the Group's strategic business units. The strategic business units offer different products or services, and are managed separately because they require different technology, operational and marketing strategies.

For each of the strategic business units, the Group's Chief Executive Officer (the chief operating decision maker ("CODM")) reviews internal management reports at least on a quarterly basis. The following summary describes the operations in each of the Group's reportable segments :

- Industrial
- Restaurant
- Polymer Engineering
- Food
- Venture Business

There are varying levels of integration between the segments such as the transfers of raw materials, rental of premises and shared distribution and administrative services. Inter-segment pricing is determined on negotiated basis.

Performance is measured based on segment profit or loss before tax, as included in the internal management reports that are reviewed by the CODM. Segment profit or loss is used to measure performance as management believes that such information is the most relevant in evaluating the results of the segments relative to other entities that operate within these industries.

Other non-reportable segments comprise investment holding activities and the provision of intra-group management services. None of these segments met the quantitative thresholds for reporting segments in both financial years 2023 and 2022.

Segment assets

The total of segment asset is measured on all assets (including goodwill) of a segment as included in the internal management reports that are reviewed by the CODM. Segment total assets are used to measure the return of assets of each segment.

Segment liabilities

Segment liabilities information is neither included in the internal management reports nor provided regularly to the CODM. Hence, no disclosure is made on segment liabilities.

Segment capital expenditure

Segment capital expenditure is the total cost incurred during the financial year to acquire property, plant and equipment, right-of-use assets and intangible assets other than goodwill.

Notes to the Financial Statements (cont'd)

28. Operating segments (continued)

2023

| | Industrial RM'000 | Restaurant* RM'000 | Polymer Engineering RM'000 | Food* RM'000 | Venture Business RM'000 | Others RM'000 | Eliminations RM'000 | Total RM'000 |
|---------------------------------|----------------------|-----------------------|----------------------------------|-----------------|-------------------------------|------------------|------------------------|-----------------|
| Revenue from external customers | 417,774 | 261,756 | 183,982 | 126,893 | 939 | 2,181 | - | 993,525 |
| Inter-segment revenue | 4,295 | 1,029 | 1,359 | 50,068 | 3,918 | 12,157 | (72,826) | - |
| Total revenue | 422,069 | 262,785 | 185,341 | 176,961 | 4,857 | 14,338 | (72,826) | 993,525 |

Profit/(Loss) before share of results of equity-accounted associates

Share of profit of equity-accounted associates,
net of tax

| | | | | | | | | |
|------------------------------|--------------|----------------|--------------|--------------|----------------|----------------|----------|----------------|
| | 2,353 | (3,229) | 2,345 | 2,204 | (3,416) | (3,980) | - | (3,723) |
| Segment profit/(loss) | 2,353 | (2,780) | 2,345 | 2,606 | (3,416) | (3,852) | - | (2,744) |

Included in the measure of segment profit/(loss) are :

- Inventories written down/(written back)
- Reversal of impairment loss on trade receivables
- Impairment loss on property, plant and equipment
- Impairment loss on right-of-use assets
- Property, plant and equipment written off
- Depreciation of property, plant and equipment
- Depreciation of right-of-use assets
- Gain on disposal of an associate

| | | | | | | | | |
|-----------------------|----------------|----------------|----------------|---------------|--------------|---------------|----------|----------------|
| | 148 | 115 | 932 | (293) | (39) | - | - | 863 |
| | (2) | - | - | - | - | - | - | (2) |
| | - | 192 | - | - | - | - | - | 192 |
| | - | 116 | - | - | - | - | - | 116 |
| | 139 | 309 | 87 | 31 | 3 | 55 | - | 624 |
| | 876 | 10,017 | 7,549 | 2,391 | 392 | 1,007 | - | 22,232 |
| | 940 | 28,738 | 1,184 | 137 | - | 735 | - | 31,734 |
| | - | - | - | - | - | 2,488 | - | 2,488 |
| Segment assets | 150,207 | 274,116 | 173,739 | 89,644 | 7,358 | 43,334 | - | 738,398 |

Included in the measure of segment assets are :

- Investments in associates
- Additions to property, plant and equipment
- Additions to right-of-use assets

* With effect from 1 January 2023, the results of Wilpack Food Services Sdn. Bhd. ("WFS") and Sea Master Food Sdn. Bhd. ("SMF") were reported under the Food Division segment to reflect similar operational and marketing strategies in that strategic business unit. The comparative figures in FY2022 have been reclassified accordingly.

Notes to the Financial Statements (cont'd)

28. Operating segments (continued)

2022

| | Industrial RM'000 | Restaurant* RM'000 | Polymer Engineering RM'000 | Food* RM'000 | Venture Business RM'000 | Others RM'000 | Eliminations RM'000 | Total RM'000 |
|--|----------------------|-----------------------|----------------------------------|-----------------|-------------------------------|------------------|------------------------|------------------|
| Revenue from external customers | 483,194 | 284,192 | 240,101 | 132,333 | 1,449 | 2,037 | - | 1,143,306 |
| Inter-segment revenue | 9,756 | 1,486 | 1,885 | 73,301 | 6,151 | 12,474 | (105,053) | - |
| Total revenue | 492,950 | 285,678 | 241,986 | 205,634 | 7,600 | 14,511 | (105,053) | 1,143,306 |
| Profit/(Loss) before share of results of equity-accounted associates | 10,773 | 12,080 | 13,988 | 12,640 | (2,558) | (7,036) | - | 39,887 |
| Share of profit/(loss) of equity-accounted associates, net of tax | - | 527 | - | - | - | (1,401) | - | (874) |
| Segment profit/(loss) | 10,773 | 12,607 | 13,988 | 12,640 | (2,558) | (8,437) | - | 39,013 |
| Included in the measure of segment profit/(loss) are : | | | | | | | | |
| - Inventories (written back)/written down | (157) | 14 | 944 | 487 | (82) | - | - | 1,206 |
| - (Reversal of impairment)/impairment loss on trade receivables | (91) | - | 19 | (30) | - | - | - | (102) |
| - Bad debts written off | - | - | - | 11 | - | - | - | 11 |
| - Impairment loss on property, plant and equipment | - | 240 | - | - | - | - | - | 240 |
| - Impairment loss on right-of-use assets | - | 17 | - | - | - | - | - | 17 |
| - Property, plant and equipment written off | - | 289 | 11 | 67 | - | 50 | - | 417 |
| - Depreciation of property, plant and equipment | 922 | 8,583 | 8,318 | 2,031 | 377 | 771 | - | 21,002 |
| - Depreciation of right-of-use assets | 897 | 27,218 | 1,106 | 417 | - | 680 | - | 30,318 |
| - Gain on deconsolidation of a subsidiary | - | (1,579) | - | - | - | - | - | (1,579) |
| Segment assets | 145,735 | 259,005 | 189,824 | 103,181 | 7,132 | 42,262 | - | 747,139 |
| Included in the measure of segment assets are : | | | | | | | | |
| - Investments in associates | - | 4,195 | - | - | - | 774 | - | 4,969 |
| - Additions to property, plant and equipment | 1,051 | 15,106 | 9,350 | 3,201 | 124 | 500 | - | 29,332 |
| - Additions to right-of-use assets | - | 82,502 | 579 | 100 | - | 1,638 | - | 84,819 |

Notes to the Financial Statements (cont'd)

28. Operating segments (continued)

Geographical segments

In presenting information on the basis of geographical segments, segment revenue is based on geographical location of customers. Segment assets are based on the geographical location of the assets. The amounts of non-current assets do not include financial instruments, investments in associates and deferred tax assets.

| Geographical information | Revenue RM'000 | Non-current assets RM'000 |
|--------------------------|-------------------|---------------------------------|
| 2023 | | |
| Malaysia | 497,936 | 315,557 |
| Singapore | 87,975 | 13,559 |
| Thailand | 120,376 | 17,616 |
| Vietnam | 86,227 | 3,675 |
| China | 66,564 | - |
| Myanmar | 14,551 | 17,607 |
| Indonesia | 12,678 | 25 |
| Japan | 67,854 | - |
| United States of America | 4,731 | - |
| Italy | 15,481 | - |
| Others | 19,152 | - |
| | <u>993,525</u> | <u>368,039</u> |
| 2022 | | |
| Malaysia | 565,364 | 299,334 |
| Singapore | 72,097 | 12,998 |
| Thailand | 191,530 | 17,006 |
| Vietnam | 94,067 | 4,576 |
| China | 71,813 | - |
| Myanmar | 29,264 | 18,616 |
| Indonesia | 19,923 | 14 |
| Japan | 62,829 | - |
| United States of America | 3,217 | - |
| Others | 33,202 | - |
| | <u>1,143,306</u> | <u>352,544</u> |

Major customer

During the current and previous financial year, there was no revenue from one-single customer that contributed to more than 10% of the Group's revenue.

Notes to the Financial Statements (cont'd)

29. Capital management

The Group's objectives when managing capital is to maintain a strong capital base and safeguard the Group's ability to continue as a going concern, so as to maintain investor, creditor and market confidence and to sustain future development of the business. The Directors monitor and are determined to maintain an optimal debt-to-equity ratio that complies with debt covenants and regulatory requirements.

The debt-to-equity ratio are as follows:

| | 2023 RM'000 | 2022 RM'000 |
|---|------------------------------|------------------------------|
| Group | | |
| Total loans and borrowings (Note 15) | 180,280 | 160,100 |
| Less: Cash and cash equivalents (Note 12) | (89,225) | (96,048) |
| | <u>91,055</u> | <u>64,052</u> |
| Total equity of the Group | <u>199,612</u> | <u>214,514</u> |
| Debt-to-equity ratio | <u>0.46</u> | <u>0.30</u> |

There were no changes in the Group's approach to capital management during the financial year.

30. Capital commitment - Group

| | 2023 RM'000 | 2022 RM'000 |
|--|------------------------------|------------------------------|
| Contracted but not provided for - Property, plant and equipment | <u>9,366</u> | <u>7,762</u> |

31. Financial instruments

31.1 Categories of financial instruments

Trade and other receivables (excluding prepayments) and cash and cash equivalents are categorised as financial assets at amortised cost (Note 9) while trade and other payables, deferred liabilities, loans and borrowings are categorised as financial liabilities measured at amortised cost (Note 18).

Notes to the Financial Statements (cont'd)

31. Financial instruments (continued)

31.1 Categories of financial instruments (continued)

The Group's financial instruments categorised as fair value through profit or loss ("FVTPL") are as follows :

| | Group | |
|--|----------------|----------------|
| | 2023 RM'000 | 2022 RM'000 |
| Derivative financial asset/(liabilities) | <u>1</u> | <u>(88)</u> |

31.2 Net gains and losses arising from financial instruments

| | Group | | Company | |
|--|-----------------|----------------|----------------|----------------|
| | 2023 RM'000 | 2022 RM'000 | 2023 RM'000 | 2022 RM'000 |
| Net gains/(losses) on : | | | | |
| Financial assets measured at amortised cost | 908 | 17,580 | 951 | 636 |
| Financial liabilities measured at amortised cost | (12,184) | (13,765) | (2,823) | (2,185) |
| Fair value through profit or loss : | | | | |
| - designated upon initial recognition | 1 | (88) | - | - |
| | <u>(11,275)</u> | <u>3,727</u> | <u>(1,872)</u> | <u>(1,549)</u> |

31.3 Financial risk management

The Group and the Company have exposure to the following risks from its use of financial instruments :

- Credit risk
- Liquidity risk
- Market risk

31.4 Credit risk

Credit risk is the risk of a financial loss if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The Group's exposure to credit risk arises principally from the individual characteristics of each customer. The Company's exposure to credit risk arises principally from advances to subsidiaries and financial guarantees given to banks and suppliers for banking and trade facilities granted to subsidiaries. There are no significant changes as compared to prior year.

Notes to the Financial Statements (cont'd)

31. Financial instruments (continued)

31.4 Credit risk (continued)

Trade receivables and contract assets

Risk management objectives, policies and processes for managing the risk

Management has a credit policy in place and the exposure to credit risk is monitored on an ongoing basis. Normally credit evaluations are performed on customers requiring credit over a certain amount.

At each reporting date, the Group assesses whether any of the trade receivables and contract assets are credit impaired.

The gross carrying amount of credit impaired trade receivables and contract assets are written off (either partially or fully) when there is no realistic prospect of recovery. This is generally the case when the Group determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. Nevertheless, trade receivables and contract assets that are written off could still be subject to enforcement activities.

There are no significant changes as compared to previous year.

Exposure to credit risk, credit quality and collateral

As at the end of the reporting period, the maximum exposure to credit risk arising from trade receivables and contract assets are represented by the carrying amounts in the statements of financial position.

The exposure to credit risk for trade receivables and contract assets as at the end of the reporting period by geographical region was :

| | 2023 | 2022 |
|--------------|----------------|----------------|
| | RM'000 | RM'000 |
| Group | | |
| Malaysia | 48,596 | 46,233 |
| Thailand | 24,374 | 25,112 |
| Vietnam | 11,271 | 11,460 |
| China | 9,155 | 7,583 |
| Singapore | 8,026 | 10,298 |
| Japan | 3,313 | 4,344 |
| Indonesia | 2,375 | 2,676 |
| Myanmar | 431 | 1,860 |
| Others | 6,371 | 5,495 |
| | <u>113,912</u> | <u>115,061</u> |

Notes to the Financial Statements (cont'd)

31. Financial instruments (continued)

31.4 Credit risk (continued)

Trade receivables and contract assets (continued)

Recognition and measurement of impairment loss

The Group uses an allowance matrix to measure Expected Credit Loss (“ECLs”) of trade receivables and contract assets for all segments. Consistent with the debt recovery process, invoices which are past due more than 120 days or 180 days as applicable to the relevant Group entities will be considered as credit impaired.

The Group will initiate appropriate debt recovery procedures on past due balances which are monitored by the sales management team. Where necessary, the Group will also commence legal proceeding against the customers.

Loss rates are calculated using a ‘roll rate’ method based on the probability of a receivable progressing through successive stages of delinquency to 120/180 days past due.

Loss rates are based on actual credit loss experienced over the past three years. The Group also considers differences between (a) economic conditions during the period over which the historic data has been collected, (b) current conditions and (c) the Group’s view of economic conditions over the expected lives of the receivables. Nevertheless, the Group believes that these factors are immaterial for the purpose of impairment calculation for the year.

The following table provides information about the exposure to credit risk and ECLs for trade receivables and contract assets which are grouped together as they are expected to have similar risk nature.

| | Gross carrying amount RM'000 | Loss allowances RM'000 | Net balance RM'000 |
|-----------------------------|---|---------------------------------------|-----------------------------------|
| 2023 | | | |
| Group | | | |
| Current (not past due) | 80,583 | - | 80,583 |
| 1 - 30 days past due | 21,531 | - | 21,531 |
| 31 - 120 days past due | 9,993 | - | 9,993 |
| More than 120 days past due | 1,805 | - | 1,805 |
| | <hr/> 113,912 | - | <hr/> 113,912 |
| Credit impaired | | | |
| Individually impaired | 1,027 | (1,027) | - |
| | <hr/> 114,939 | <hr/> (1,027) | <hr/> 113,912 |
| Trade receivables | 112,702 | (1,027) | 111,675 |
| Contract assets | 2,237 | - | 2,237 |
| | <hr/> 114,939 | <hr/> (1,027) | <hr/> 113,912 |

Notes to the Financial Statements (cont'd)

31. Financial instruments (continued)

31.4 Credit risk (continued)

Trade receivables and contract assets (continued)

Recognition and measurement of impairment loss (continued)

| | Gross carrying amount RM'000 | Loss allowances RM'000 | Net balance RM'000 |
|-----------------------------|---------------------------------------|------------------------------|--------------------------|
| 2022 | | | |
| Group | | | |
| Current (not past due) | 82,091 | - | 82,091 |
| 1 - 30 days past due | 23,813 | - | 23,813 |
| 31 - 120 days past due | 8,152 | - | 8,152 |
| More than 120 days past due | 1,005 | - | 1,005 |
| | <u>115,061</u> | <u>-</u> | <u>115,061</u> |
| Credit impaired | | | |
| Individually impaired | 1,057 | (1,057) | - |
| | <u>116,118</u> | <u>(1,057)</u> | <u>115,061</u> |
| Trade receivables | 115,064 | (1,057) | 114,007 |
| Contract assets | 1,054 | - | 1,054 |
| | <u>116,118</u> | <u>(1,057)</u> | <u>115,061</u> |

The movements in the allowance for impairment in respect of trade receivables and contract assets during the year are shown below.

| | 2023 Credit impaired RM'000 | 2022 Credit impaired RM'000 |
|---------------------------------------|--------------------------------------|--------------------------------------|
| Group | | |
| At 1 January | 1,057 | 1,125 |
| Written off | (58) | (6) |
| Loss allowance reversed | (2) | (102) |
| Effect of movements in exchange rates | 30 | 40 |
| At 31 December | <u>1,027</u> | <u>1,057</u> |

Notes to the Financial Statements (cont'd)

31. Financial instruments (continued)

31.4 Credit risk (continued)

Cash and cash equivalents

The cash and cash equivalents are held with banks and financial institutions. As at the end of the reporting period, the maximum exposure to credit risk is represented by their carrying amounts in the statements of financial position.

These banks and financial institutions have low credit risks. In addition, some of the bank balances are insured by government agencies. Consequently, the Group and the Company are of the view that the loss allowance is not material and hence, it is not provided for.

Other receivables

Credit risk on other receivables is mainly arising from deposits paid for the Restaurant Division's outlets and warehouses' rental and advances to suppliers for securing the continuing supply of raw materials. The deposits will be received at the end of the lease term while advances for supplies will be set off against total amount due when the raw materials are delivered to the Group.

As at the end of the reporting period, the maximum exposure to credit risk is represented by their carrying amounts in the statements of financial position.

Financial guarantees

Risk management objectives, policies and processes for managing the risk

The Group and the Company provide unsecured financial guarantees to banks and suppliers in respect of banking and trade facilities granted to certain subsidiaries. The Company monitors the ability of the subsidiaries to service their loans and payables on an individual basis.

Exposure to credit risk, credit quality and collateral

The maximum exposure to credit risk amounted to RM176.3 million (2022 : RM156.4 million) representing the outstanding banking facilities of the subsidiaries as at the end of the reporting period.

The Group and the Company also issued corporate guarantees to the suppliers of certain subsidiaries amounting to RM16.7 million and RM1.0 million (2022 : RM13.9 million and RM1.0 million) respectively to secure the continuing supply of raw materials and/or services.

The financial guarantees are provided as credit enhancements to the subsidiaries' loans/payables.

Notes to the Financial Statements (cont'd)

31. Financial instruments (continued)

31.4 Credit risk (continued)

Financial guarantees (continued)

Recognition and measurement of impairment loss

The Company assumes that there is a significant increase in credit risk when a subsidiary's financial position deteriorates significantly. The Company considers a financial guarantee to be credit impaired when :

- The subsidiary is unlikely to repay its credit obligation to the bank in full; or
- 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.

As at the end of the reporting period, there was no indication that any subsidiaries would default on repayment.

The financial guarantees have not been recognised since the fair value on initial recognition was not material.

Inter-company advances

Risk management objectives, policies and processes for managing the risk

The Company provides unsecured advances to subsidiaries. The Company monitors the ability of the subsidiaries to repay the advances on an individual basis.

Exposure to credit risk, credit quality and collateral

As at the end of the reporting period, the maximum exposure to credit risk is represented by their carrying amounts in the statement of financial position.

The advances provided are not secured by any collateral or supported by any other credit enhancements.

Recognition and measurement of impairment loss

Generally, the Company considers advances to subsidiaries to have low credit risk. The Company assumes that there is a significant increase in credit risk when a subsidiary's financial position deteriorates significantly. As the Company is able to determine the timing of payments of the subsidiaries' advances, the Company considers the advances to be in default when the subsidiaries are not able to pay when demanded. The Company considers a subsidiary's advance to be credit impaired when :

- The subsidiary is unlikely to repay its advance to the Company in full; or
- The subsidiary is continuously loss making and is having a deficit shareholders' fund.

Notes to the Financial Statements (cont'd)

31. Financial instruments (continued)

31.4 Credit risk (continued)

Inter-company advances (continued)

Recognition and measurement of impairment loss (continued)

The Company determines the probability of default for these advances individually using internal information available.

The inter-company advances of RM13,090,000 as at 31 December 2023 (2022 : RM14,169,000) is regarded to be of low credit risk.

31.5 Liquidity risk

Liquidity risk is the risk that the Group and the Company will not be able to meet its financial obligations as they fall due. The Group's and the Company's exposure to liquidity risk arises principally from its various payables, loans and borrowings.

The Group and the Company maintain a level of cash and cash equivalents and bank facilities deemed adequate by the management to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they fall due.

It is not expected that the cash flows included in the maturity analysis could occur significantly earlier, or at significantly different amounts.

Notes to the Financial Statements (cont'd)

31. Financial instruments (continued)

31.5 Liquidity risk (continued)

Maturity analysis

The table below summarises the maturity profile of the Group's and of the Company's financial liabilities as at the end of the reporting period based on undiscounted contractual payments :

| 2023 Group | Carrying amount RM'000 | Contractual interest rates/ Discount rates per annum % | Contractual cash flows RM'000 | Under 1 year RM'000 | 1 - 2 years RM'000 | 2 - 5 years RM'000 | More than 5 years RM'000 |
|---|------------------------------|--|-------------------------------------|---------------------------|--------------------------|--------------------------|--------------------------------|
| | | | | | | | |
| <i>Non-derivative financial liabilities</i> | | | | | | | |
| Bank overdrafts | 8,069 | 6.65 - 8.35 | 8,069 | 8,069 | - | - | - |
| Bankers' acceptances | 47,864 | 3.02 - 7.67 | 47,864 | 47,864 | - | - | - |
| Revolving credits | 72,250 | 4.16 - 8.70 | 72,250 | 60,117 | 4,400 | 7,733 | - |
| Trust receipts | 8,551 | 3.74 - 7.90 | 8,551 | 8,551 | - | - | - |
| Term loans | 27,921 | 2.00 - 8.90 | 31,063 | 8,470 | 10,611 | 11,982 | - |
| Hire purchase creditors | 8,682 | 1.89 - 5.98 | 9,380 | 3,712 | 3,279 | 2,389 | - |
| Lease liabilities | 161,968 | 4.00 - 6.00 | 209,371 | 34,267 | 24,835 | 47,716 | 102,553 |
| Other borrowings | 6,943 | 4.11 - 7.67 | 6,943 | 6,943 | - | - | - |
| Other payables | 50,000 | 2.00 | 50,000 | 20,000 | 20,000 | 10,000 | - |
| Trade and other payables | 125,245 | | 125,245 | 125,245 | - | - | - |
| Deferred liabilities | 3,644 | | 3,644 | 387 | 1,380 | 1,403 | 474 |
| Financial guarantees | - | | 16,720 | 16,720 | - | - | - |
| | 521,137 | | 589,100 | 340,345 | 64,505 | 81,223 | 103,027 |
| <i>Derivative financial assets</i> | | | | | | | |
| Forward exchange contracts: | | | | | | | |
| - outflow | - | | 8,432 | 8,432 | - | - | - |
| - inflow | (1) | | (8,433) | (8,433) | - | - | - |
| | 521,136 | | 589,099 | 340,344 | 64,505 | 81,223 | 103,027 |

Notes to the Financial Statements (cont'd)

31. Financial instruments (continued)

31.5 Liquidity risk (continued)

Maturity analysis (continued)

| Company | 2023 | Carrying amount RM'000 | Contractual interest rates/ Discount rate per annum % | Contractual cash flows RM'000 | Under 1 year RM'000 | 1 - 2 years RM'000 | 2 - 5 years RM'000 | More than 5 years RM'000 |
|---|------|---------------------------|---|-------------------------------------|---------------------------|--------------------------|--------------------------|--------------------------------|
| | | | | | | | | |
| <i>Non-derivative financial liabilities</i> | | | | | | | | |
| Bank overdrafts | | 150 | 7.65 - 7.99 | 150 | | | | |
| Revolving credits | | 20,100 | 4.60 - 5.53 | 20,100 | | | | |
| Hire purchase creditors | | 62 | 2.56 | 68 | 17 | | 34 | |
| Trade and other payables | | 2,031 | - | 2,031 | | | | |
| Amount due to subsidiaries | | 18,723 | 5.00 - 8.10 | 18,723 | 9,764 | | | |
| Deferred liabilities | | 688 | - | 688 | 280 | | | 108 |
| Financial guarantees | | - | - | 177,310 | | | | |
| | | <u>41,754</u> | | <u>219,070</u> | <u>208,867</u> | <u>10,061</u> | <u>34</u> | <u>108</u> |

Notes to the Financial Statements (cont'd)

31. Financial instruments (continued)

31.5 Liquidity risk (continued)

Maturity analysis (continued)

| 2022 Group | Carrying amount RM'000 | Contractual interest rates/ Discount rates per annum % | Contractual cash flows RM'000 | Under 1 year RM'000 | 1 - 2 years RM'000 | 2 - 5 years RM'000 | More than 5 years RM'000 |
|---|------------------------------|--|-------------------------------------|---------------------------|--------------------------|--------------------------|--------------------------------|
| | | | | | | | |
| <i>Non-derivative financial liabilities</i> | | | | | | | |
| Bank overdrafts | 11,120 | 6.20 - 8.10 | 11,120 | 11,120 | - | - | - |
| Bankers' acceptances | 48,826 | 1.20 - 5.95 | 48,826 | 48,826 | - | - | - |
| Revolving credits | 59,673 | 3.10 - 7.90 | 59,673 | 51,473 | 2,400 | 5,800 | - |
| Trust receipts | 9,566 | 2.50 - 10.30 | 9,566 | 9,566 | - | - | - |
| Term loans | 11,962 | 2.00 - 11.50 | 12,141 | 3,187 | 2,765 | 6,189 | - |
| Hire purchase creditors | 9,148 | 1.89 - 5.68 | 9,979 | 4,525 | 4,846 | 608 | - |
| Lease liabilities | 146,596 | 4.00 - 6.00 | 185,168 | 34,972 | 27,097 | 45,430 | 77,669 |
| Other borrowings | 9,805 | 2.50 | 9,805 | 9,805 | - | - | - |
| Other payables | 75,000 | 2.00 | 75,000 | 25,000 | 20,000 | 30,000 | - |
| Trade and other payables | 127,278 | - | 127,278 | 127,278 | - | - | - |
| Deferred liabilities | 3,558 | - | 3,558 | 546 | 383 | 2,431 | 198 |
| Financial guarantees | - | - | 13,924 | 13,924 | - | - | - |
| | 512,532 | | 566,038 | 340,222 | 57,491 | 90,458 | 77,867 |
| <i>Derivative financial liabilities</i> | | | | | | | |
| Forward exchange contracts: | | | | | | | |
| - outflow | 88 | | 8,571 | 8,571 | - | - | - |
| - inflow | - | | (8,483) | (8,483) | - | - | - |
| | 512,620 | | 566,126 | 340,310 | 57,491 | 90,458 | 77,867 |

Notes to the Financial Statements (cont'd)

31. Financial instruments (continued)

31.5 Liquidity risk (continued)

Maturity analysis (continued)

| 2022 | Carrying amount RM'000 | Contractual interest rates/ Discount rate per annum % | Contractual cash flows RM'000 | Under 1 year RM'000 | 1 - 2 years RM'000 | 2 - 5 years RM'000 | More than 5 years RM'000 |
|---|---------------------------|---|-------------------------------------|---------------------------|--------------------------|--------------------------|--------------------------------|
| Company | | | | | | | |
| <i>Non-derivative financial liabilities</i> | | | | | | | |
| Revolving credits | 17,100 | 4.09 - 5.02 | 17,100 | 17,100 | - | - | - |
| Trade and other payables | 3,059 | - | 3,059 | 3,059 | - | - | - |
| Amount due to subsidiaries | 27,111 | 4.00 - 7.70 | 27,111 | 27,111 | - | - | - |
| Deferred liabilities | 626 | - | 626 | 98 | 267 | 168 | 93 |
| Financial guarantees | - | - | 157,424 | 157,424 | - | - | - |
| | <u>47,896</u> | | <u>205,320</u> | <u>204,792</u> | <u>267</u> | <u>168</u> | <u>93</u> |

Notes to the Financial Statements (cont'd)

31. Financial instruments (continued)

31.6 Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and other prices will affect the Group's financial position or cash flows.

31.6.1 Currency risk

The Group incurs foreign currency risk on sales, purchases, borrowings and cash and bank balances that are denominated in Indonesia Rupiah (IDR), US Dollar (USD), Japanese Yen (JPY), Singapore Dollar (SGD) and Myanmar Kyat (KYAT). In respect of other monetary assets and liabilities held in currencies other than RM, the Group ensures that the net exposure is kept to an acceptable level, by buying or selling foreign currencies at spot rates where necessary to address short-term imbalances.

The Group occasionally hedges its foreign currency risk on sales and purchases that are denominated in a currency other than the respective functional currencies of Group entities. The Group occasionally uses forward exchange contracts with maturities of less than one year after the end of the financial reporting period for this purpose.

Exposure to foreign currency risk

The Group's exposure to foreign currency (a currency which is other than the currency of the Group entities) risk, based on carrying amounts as at the end of the reporting period was :

| | IDR RM'000 | USD RM'000 | JPY RM'000 | SGD RM'000 | KYAT RM'000 |
|-----------------------------|-----------------------------|-----------------------------|-----------------------------|-----------------------------|------------------------------|
| Group | | | | | |
| 2023 | | | | | |
| Trade and other receivables | 704 | 16,317 | 1,892 | 2,682 | 5,247 |
| Cash and bank balances | 1,764 | 8,067 | 667 | 1,262 | 574 |
| Trade and other payables | (802) | (24,575) | (294) | (642) | (3,720) |
| Loans and borrowings | - | - | - | (457) | - |
| Net exposure | 1,666 | (191) | 2,265 | 2,845 | 2,101 |
| 2022 | | | | | |
| Trade and other receivables | 246 | 11,566 | 1,268 | 1,442 | 2,432 |
| Cash and bank balances | 2,074 | 10,377 | 3,379 | 1,238 | 1,014 |
| Trade and other payables | (616) | (17,245) | (1,317) | (1,423) | (4,813) |
| Loans and borrowings | - | (196) | - | - | - |
| Net exposure | 1,704 | 4,502 | 3,330 | 1,257 | (1,367) |

Notes to the Financial Statements (cont'd)

31. Financial instruments (continued)

31.6 Market risk (continued)

31.6.1 Currency risk (continued)

Currency risk sensitivity analysis

A 5% strengthening of the RM against the following currencies at the end of the reporting period would have increased/(decreased) pre-tax profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remained constant and ignores any impact of forecasted sales and purchases.

| Group | Profit or loss | |
|-------|----------------|----------------|
| | 2023 RM'000 | 2022 RM'000 |
| IDR | (83) | (85) |
| USD | 10 | (225) |
| JPY | (113) | (167) |
| SGD | (142) | (63) |
| KYAT | <u>(105)</u> | <u>68</u> |

A 5% weakening of the RM against the above currencies at the end of the reporting period would have had equal but opposite effect on the above currencies to the amounts shown above, on the basis that all other variables remained constant.

31.6.2 Interest rate risk

The Group's and the Company's fixed rate borrowings are exposed to a risk of change in their fair values due to changes in interest rates. The Group's and the Company's variable rate borrowings are exposed to a risk of change in cash flows due to changes in interest rates. Short term receivables and payables are not significantly exposed to interest rate risk.

Risk management objectives, policies and processes for managing the risk

The Group and the Company are presently enjoying competitive interest rates which are reviewed and negotiated on a yearly basis. The Group and the Company manage their interest rate risk by having a combination of borrowings with fixed and floating rates. The Group's and the Company's surplus funds are placed in deposits with licensed banks and financial institutions.

Notes to the Financial Statements (cont'd)

31. Financial instruments (continued)

31.6 Market risk (continued)

31.6.2 Interest rate risk (continued)

Exposure to interest rate risk

The interest rate profile of the Group's and the Company's significant interest-earning and interest-bearing financial instruments, based on carrying amounts as at the end of the reporting period was :

| | Group | | Company | |
|----------------------------------|------------------|------------------|-----------------|-----------------|
| | 2023 RM'000 | 2022 RM'000 | 2023 RM'000 | 2022 RM'000 |
| Fixed rate instruments | | | | |
| Financial assets | 8,925 | 5,500 | 7,088 | 7,500 |
| Financial liabilities | (357,603) | (358,805) | (38,885) | (44,211) |
| | <u>(348,678)</u> | <u>(353,305)</u> | <u>(31,797)</u> | <u>(36,711)</u> |
| Floating rate instruments | | | | |
| Financial liabilities | <u>(34,645)</u> | <u>(22,891)</u> | <u>(150)</u> | <u>-</u> |

Interest rate risk sensitivity analysis

(a) *Fair value sensitivity analysis for fixed rate instruments*

The Group does not account for any fixed rate financial assets and liabilities at fair value through profit or loss. Therefore, a change in interest rates at the end of the reporting period would not affect profit or loss.

(b) *Cash flow sensitivity analysis for variable rate instruments*

A change of 100 basis points (bp) in interest rates at the end of the reporting period would have increased/(decreased) pre-tax profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular foreign currency rates, remained constant. There is no impact to equity arising from exposures to interest rate risk.

Notes to the Financial Statements (cont'd)

31. Financial instruments (continued)

31.6 Market risk (continued)

31.6.2 Interest rate risk (continued)

Interest rate risk sensitivity analysis (continued)

(b) *Cash flow sensitivity analysis for variable rate instruments (continued)*

| | Group | | Company | |
|---------------------------|------------------------------|------------------------------|------------------------------|------------------------------|
| | 100 bp increase RM'000 | 100 bp decrease RM'000 | 100 bp increase RM'000 | 100 bp decrease RM'000 |
| 2023 | | | | |
| Floating rate instruments | <u>(346)</u> | <u>346</u> | <u>(2)</u> | <u>2</u> |
| 2022 | | | | |
| Floating rate instruments | <u>(229)</u> | <u>229</u> | <u>-</u> | <u>-</u> |

31.7 Fair value information

The carrying amounts of cash and cash equivalents, short term receivables, payables and loans and borrowings reasonably approximate their fair values due to the relatively short term nature of these financial instruments.

Notes to the Financial Statements (cont'd)

31. Financial instruments (continued)

31.7 Fair value information (continued)

The table below analyses financial instruments carried at fair value and those not carried at fair value for which fair value is disclosed, together with their fair values and carrying amounts shown in the statements of financial position.

| 2023 Group | Fair value of financial instruments carried at fair value | | | Fair value of financial instruments not carried at fair value | | | Carrying amount RM'000 |
|------------------------------|---|-------------------|-------------------|---|-------------------|-------------------|---------------------------|
| | Level 1 RM'000 | Level 2 RM'000 | Level 3 RM'000 | Total RM'000 | Level 1 RM'000 | Level 2 RM'000 | |
| Financial assets | | | | | | | |
| Deposits | - | - | - | - | - | 5,305 | 5,305 |
| Forward exchange contracts | - | 1 | - | 1 | - | - | 1 |
| | - | 1 | - | 1 | - | 5,305 | 5,305 |
| Financial liabilities | | | | | | | |
| Term loans | | | | | | | |
| - variable rate | - | - | - | - | - | (26,576) | (26,576) |
| - fixed rate | - | - | - | - | - | (1,345) | (1,345) |
| Hire purchase creditors | - | - | - | - | - | (8,756) | (8,682) |
| Revolving credits | - | - | - | - | - | (72,250) | (72,250) |
| Other payables | - | - | - | - | - | (50,000) | (50,000) |
| Deferred liabilities | - | - | - | - | - | (3,644) | (3,644) |
| | - | - | - | - | - | (162,571) | (162,571) |
| Company | | | | | | | |
| Financial liabilities | | | | | | | |
| Deferred liabilities | - | - | - | - | - | (688) | (688) |
| Hire purchase creditors | - | - | - | - | - | (62) | (62) |
| Amount due to subsidiaries | - | - | - | - | - | (10,041) | (10,041) |
| | - | - | - | - | - | (10,791) | (10,791) |

Notes to the Financial Statements (cont'd)

31. Financial instruments (continued)

31.7 Fair value information (continued)

| 2022 | Group | Fair value of financial instruments carried at fair value | | | Fair value of financial instruments not carried at fair value | | | Carrying amount RM'000 |
|------|------------------------------|---|-------------------|-------------------|---|-------------------|-------------------|---------------------------|
| | | Level 1 RM'000 | Level 2 RM'000 | Level 3 RM'000 | Level 1 RM'000 | Level 2 RM'000 | Level 3 RM'000 | |
| | Financial assets | | | | | | | |
| | Deposits | - | - | - | - | 7,945 | 7,945 | 8,957 |
| | Financial liabilities | | | | | | | |
| | Term loans | | | | | | | |
| | - variable rate | - | - | - | - | (11,771) | (11,771) | (11,771) |
| | - fixed rate | - | - | - | - | (191) | (191) | (191) |
| | Hire purchase creditors | - | - | - | - | (9,286) | (9,286) | (9,148) |
| | Revolving credits | - | - | - | - | (59,691) | (59,691) | (59,673) |
| | Other payables | - | - | - | - | (74,276) | (74,276) | (75,000) |
| | Deferred liabilities | - | - | - | - | (3,558) | (3,558) | (3,558) |
| | Forward exchange contracts | - | (88) | - | - | - | - | (88) |
| | | - | (88) | - | - | (158,773) | (158,773) | (159,429) |
| | Company | | | | | | | |
| | Financial liabilities | | | | | | | |
| | Deferred liabilities | - | - | - | - | (626) | (626) | (626) |

Notes to the Financial Statements (cont'd)

31. Financial instruments (continued)

31.7 Fair value information (continued)

Policy on transfer between levels

The fair value of an asset to be transferred between levels is determined as of the date of the event or change in circumstances that caused the transfer.

There has been no transfer between the levels in fair value during the financial year (2022 : no transfer in either direction).

Non-derivative financial liabilities

Fair value, which is determined for disclosure purposes, is calculated based on the present value of future principal and interest cash flows, discounted at the market rate of interest at the end of the reporting period. For borrowings, the market rate of interest is determined by reference to similar borrowing arrangements.

Derivatives

The fair value of the forward exchange contracts is estimated by reference to the market rate for similar contracts obtained from the banks which the Group contracted with.

Level 3 fair value

Level 3 fair value is estimated using unobservable inputs for the financial liabilities.

The carrying amount of floating rate term loans approximate its fair value as their effective interest rates change accordingly to movements in the market interest rate. The fair value of non-current deposits, hire purchase creditors, fixed rate term loan, revolving credit, non-current other payables, deferred liabilities and non-current amount due to subsidiaries are calculated using discounted cash flows where the market rate of interest is determined by reference to similar borrowing arrangements which ranges from 3.61% to 6.68% (2022 : 3.61% to 6.68%).

32. Tax matters

Texchem Resources Bhd. ("TRB") and certain of its subsidiaries ("claimant companies") previously claimed for group relief under Section 44A(3) of the Income Tax Act 1967 ("the ITA").

During the financial years ended 2019 and 2020, the Inland Revenue Board ("IRB") reviewed and disallowed the group relief claimed by TRB and the claimant companies for the assessment years 2009 to 2014 under the ITA. The additional taxes raised (including penalty) amounted to RM3.4 million and RM2.3 million were fully paid by the Group during the financial years ended 31 December 2019 and 31 December 2020 respectively. Of the RM5.7 million paid to the IRB, the Group had expensed off RM0.6 million and the remaining RM5.1 million was recognized as current tax assets in view that the claimant companies have a good case to contend that there is no legal or factual basis for the IRB to disallow the claims and to raise the tax assessments that were time-barred.

Notes to the Financial Statements (cont'd)

32. Tax matters (continued)

On 23 October 2023, the Group has entered into settlement agreement with IRB. The Group is currently waiting for refund from IRB amounting to RM4.9 million out of RM5.1 million which was recognised as current tax assets as at 31 December 2023. The difference of RM0.2 million was expensed off during the current financial year.

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

In the opinion of the Directors, the financial statements set out on pages 75 to 175 are drawn up in accordance with Malaysian Financial Reporting Standards, IFRS Accounting Standards as issued by the International Accounting Standards Board and the requirements 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 of 31 December 2023 and of their financial performance and cash flows for the financial year then ended.

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

.....
Tan Sri Dato' Seri (Dr.) Fumihiko Konishi,
PSM, DGP, DSPN, DJN
Director

.....
Yap Kee Keong
Director

Penang,

Date : 25 March 2024

STATUTORY DECLARATION PURSUANT TO SECTION 251(1)(b) OF THE COMPANIES ACT 2016

I, **Loh Sau Mun**, the Group Chief Financial Officer, primarily responsible for the financial management of Texchem Resources Bhd., do solemnly and sincerely declare that the financial statements set out on pages 75 to 175 are, to the best of my knowledge and belief, correct and I make this solemn declaration conscientiously believing the declaration to be true, and by virtue of the Statutory Declarations Act 1960.

Subscribed and solemnly declared by the abovenamed **Loh Sau Mun**, NRIC: 770905-14-5740, MIA CA22775, at George Town in the State of Penang on 25 March 2024.

.....
Loh Sau Mun
Group Chief Financial Officer

Before me :

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF TEXCHEM RESOURCES BHD.

Registration No. 197301002868 (16318-K)

(Incorporated in Malaysia)

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Texchem Resources Bhd., 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 year then ended, and notes to the financial statements, including material accounting policy information, as set out on pages 75 to 175 .

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 their cash flows for the year then ended in accordance with Malaysian Financial Reporting Standards, IFRS Accounting Standards as issued by the International Accounting Standards Board ("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. Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of our auditors' report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence and Other Ethical Responsibilities

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

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF TEXCHEM RESOURCES BHD. (cont'd)

Registration No. 197301002868 (16318-K)

(Incorporated in Malaysia)

Key Audit Matters

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

| Valuation of intangible assets - Group | |
|---|---|
| Refer to the basis of preparation on Note 1(d) – Use of estimates and judgements and Note 6 – Intangible assets to the financial statements. | |
| The key audit matter | How the matter was addressed in our audit |
| <p>As at 31 December 2023, the Group's statement of financial position includes intangible assets comprising goodwill and trademark which amounted to RM34.4 million and RM21.5 million respectively.</p> <p>The recoverable amounts of these non-current assets are determined based on the value-in-use of the cash generating units in which the goodwill and trademark are associated with. The value-in-use is calculated by discounting the future cash flows to be generated by the cash generating units.</p> <p>The calculation of value-in-use requires the Group to apply judgement in determining the key assumptions used in estimating the future cash flows. As a result, the projected cash flows are inherently uncertain, and changes in the future economic and market conditions could impact on the outcome of the projected cash flows, and hence, the determination of the recoverable amounts of these non-current assets.</p> <p>This is a key audit matter due to the degree of judgement involved in our assessment of the key assumptions applied by the Group in estimating the future cash flows.</p> | <p>Our audit procedures included, among others:</p> <ul style="list-style-type: none"> • We evaluated the Group's determination of the cash generating units where the goodwill and trademark are associated with based on the understanding of the Group's business in which independent cash flows were generated. • We evaluated the key assumptions used by the Group in estimating the future cash flows to internally derived sources as well as external or published information, and by considering the accuracy of the Group's past forecasts and future business plans. • We performed sensitivity analysis on certain key assumptions. • We also considered the adequacy of the Group's disclosures made in respect of the impairment assessment. |

We have determined that there are no key audit matters to be communicated for the Company in our report.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF TEXCHEM RESOURCES BHD. (cont'd)

Registration No. 197301002868 (16318-K)

(Incorporated in Malaysia)

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 annual report and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements of the Group and of the Company, our responsibility is to read the annual report and, in doing so, consider whether the annual report 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 the annual report, 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 Malaysian Financial Reporting Standards, IFRS Accounting Standards and the requirements of the Companies Act 2016 in Malaysia. The Directors are also responsible for such internal control as the Directors determine is necessary to enable the preparation of 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 International Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF TEXCHEM RESOURCES BHD. (cont'd)

Registration No. 197301002868 (16318-K)

(Incorporated in Malaysia)

Auditors' Responsibilities for the Audit of the Financial Statements (continued)

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

- Identify and assess the risks of material misstatement of the financial statements of the Group and of the Company, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control of the Group and of the Company.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.
- Conclude on the appropriateness of the Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the 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.
- 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 gives a true and fair view.
- 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.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF TEXCHEM RESOURCES BHD. (cont'd)

Registration No. 197301002868 (16318-K)

(Incorporated in Malaysia)

Auditors' Responsibilities for the Audit of the Financial Statements (continued)

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 auditors' 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 5 to the financial statements.

Other Matter

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

KPMG PLT
(LLP0010081-LCA & AF 0758)
Chartered Accountants

Chong Chen Kian
Approval Number : 03232/02/2026 J
Chartered Accountant

Penang

Date : 25 March 2024

2nd fold here



TEXCHEM RESOURCES BHD

Registration No. 197301002868 (16318-K)

Level 18, Menara Boustead Penang
39 Jalan Sultan Ahmad Shah
10050 George Town, Penang, Malaysia
Tel: 604-229 6000 Fax: 604-229 1430

Stamp

1st fold here

Personal Data Privacy

By registering for the meeting via remote participation and electronic voting and/or submitting an instrument appointing proxy(ies) and/or representatives to attend, speak and vote at the 50th AGM and/or any adjournment thereof, a member of the Company:- (i) consents to the processing of the member's personal data by the Company (or its agents): (a) for processing and administration of proxies and representatives appointed for the 50th AGM; (b) for preparation and compilation of the attendance lists, minutes and other documents relating to the 50th AGM (which includes any adjournments thereto); and (c) for the Company's (or its agents') compliance with any applicable laws, listing rules, regulations and/or guidelines (collectively, "the Purposes"); (ii) warrants that he/she has obtained such proxy(ies) and/or representative(s)' prior consent for the Company's (or its agents') processing of such proxy(ies) and/or representative(s)' personal data for the Purposes; and (iii) agrees that the member will indemnify the Company for any penalties, liabilities, claims, demands, losses and damages as a result of the member's breach of warranty.

Note: The term "processing" and "personal data" shall have the meaning as defined in the Personal Data Protection Act, 2010.

