



ANCOM NYLEX BERHAD

*[Registration No. 196901000122 (8440-M)]
Incorporated in Malaysia*

TOGETHER
We Can Make A Difference

ANNUAL REPORT 2023

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www.ancomnylex.com

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Corporate Information

BOARD OF DIRECTORS

- ▶ **Dato' Siew Ka Wei**
(Executive Chairman)
- ▶ **Lee Cheun Wei**
*(Managing Director/
Group Chief Executive Officer)*
- ▶ **Chan Thye Seng**
*(Non-Independent
Non-Executive Director)*
- ▶ **Tan Sri Dato' Seri Abdull Hamid Bin Embong**
*(Independent
Non-Executive Director)*
- ▶ **Datuk Dr. Abd Hapiz Bin Abdullah**
*(Independent
Non-Executive Director)*
- ▶ **Maliki Kamal Bin Mohd Yasin**
*(Independent
Non-Executive Director)*
- ▶ **Tan Sri Dato' Sri Mohamad Fuzi Bin Harun**
*(Independent
Non-Executive Director)*
- ▶ **Christina Foo**
*(Independent
Non-Executive Director)*
- ▶ **Siew Ka Kheong**
*(Alternate Director to
Dato' Siew Ka Wei)*

▶ AUDIT COMMITTEE

Christina Foo *(Chairman)*

Tan Sri Dato' Seri Abdull Hamid Bin Embong

Tan Sri Dato' Sri Mohamad Fuzi Bin Harun

▶ REMUNERATION & NOMINATION COMMITTEE

Datuk Dr. Abd Hapiz Bin Abdullah
(Chairman)

Tan Sri Dato' Seri Abdull Hamid Bin Embong

Maliki Kamal Bin Mohd Yasin

▶ RISK MANAGEMENT COMMITTEE

Datuk Dr. Abd Hapiz Bin Abdullah
(Chairman)

Christina Foo

Lee Cheun Wei

▶ COMPANY SECRETARIES

Choo Se Eng *(MIA 5876)*

Wong Wai Foong *(MAICSA 7001358)*

▶ REGISTERED OFFICE

Unit 30-01, Level 30, Tower A
Vertical Business Suite
Avenue 3, Bangsar South
No. 8, Jalan Kerinchi
59200 Kuala Lumpur
Malaysia
Tel. : (603) 2783 9191
Fax : (603) 2783 9111
Email : info@my.tricorglobal.com

▶ BUSINESS ADDRESS

No. 2A, Jalan 13/2, Seksyen 13
46200 Petaling Jaya
Selangor Darul Ehsan
Malaysia
Tel. : (603) 7495 5000
Fax : (603) 7495 5088

▶ SHARE REGISTRAR

Tricor Investor & Issuing House Services Sdn. Bhd.

Office

Unit 32-01, Level 32, Tower A
Vertical Business Suite
Avenue 3, Bangsar South
No. 8, Jalan Kerinchi
59200 Kuala Lumpur
Malaysia
Tel. : (603) 2783 9299
Fax : (603) 2783 9222
Email : is.enquiry@my.tricorglobal.com

Customer Service Centre

Unit G-3, Ground Floor, Vertical Podium
Avenue 3, Bangsar South
No. 8, Jalan Kerinchi
59200 Kuala Lumpur
Malaysia

▶ AUDITORS

BDO PLT, Chartered Accountants

▶ STOCK EXCHANGE LISTING

Main Market of Bursa Malaysia
Securities Berhad
- Industrial Products Sector
- Stock code : 4758
- Stock name : ancomny

▶ PRINCIPAL BANKERS

OCBC Bank (Malaysia) Berhad
Malayan Banking Berhad
AmBank (M) Berhad

▶ SOLICITORS

Chong, Ng & Yap

▶ DOMICILE

Malaysia

▶ WEBSITE

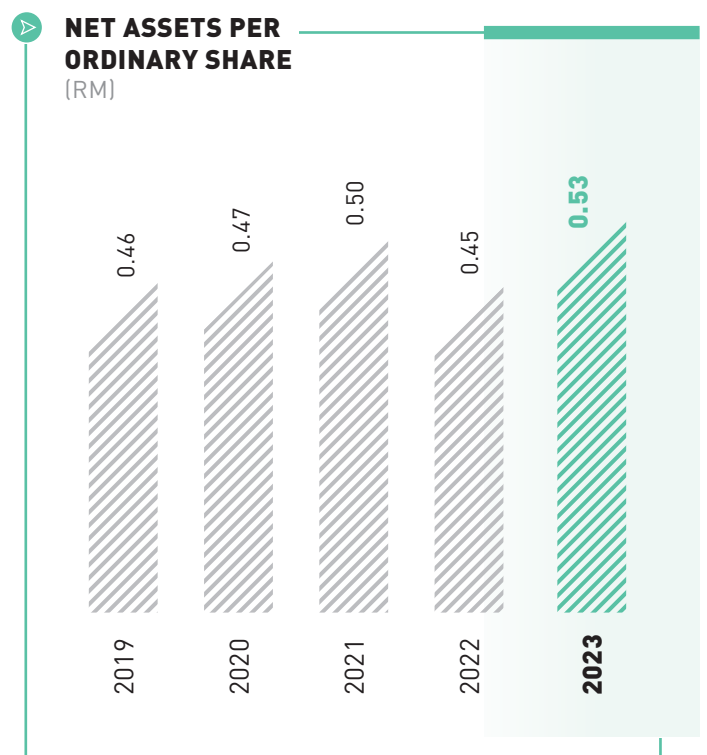
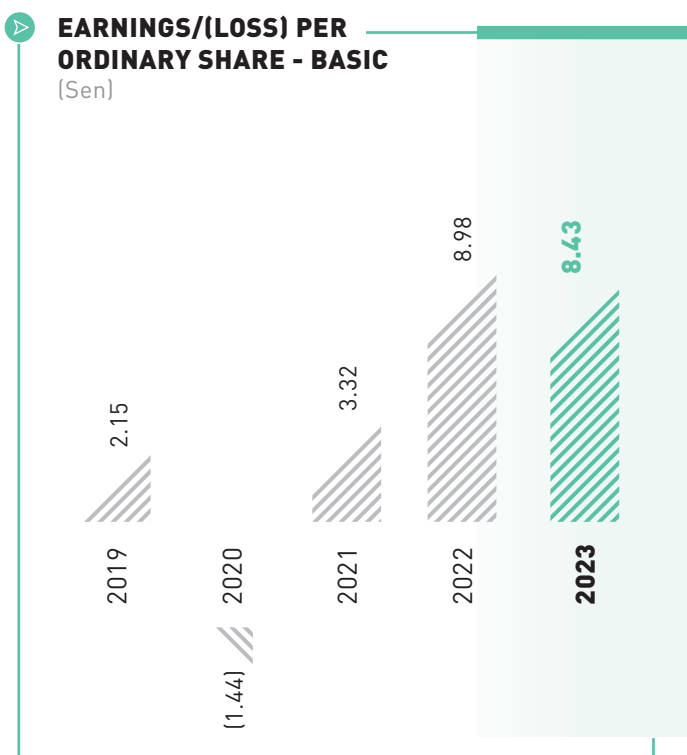
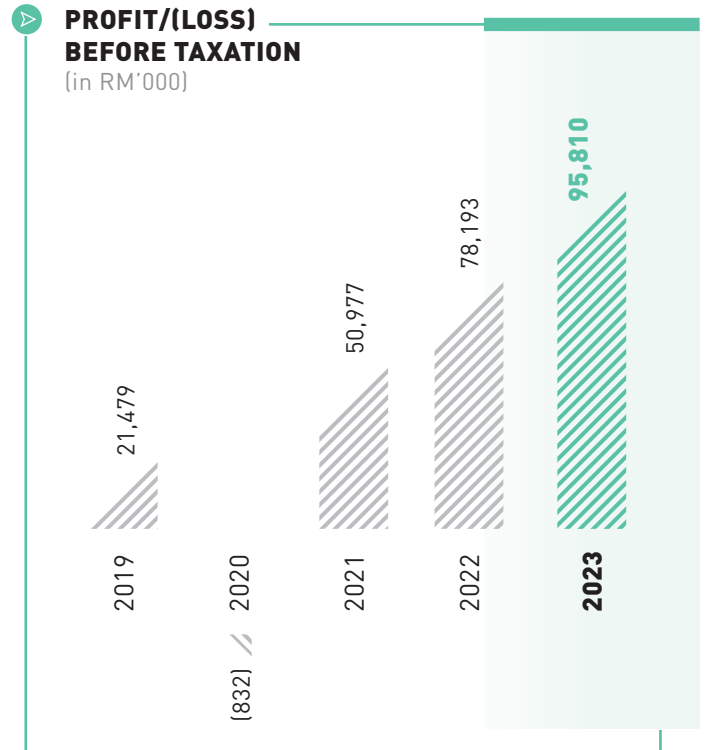
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Five-Year Highlights

	2023 RM'000	2022 RM'000	2021 RM'000	2020 RM'000	2019 RM'000
Revenue	2,043,253	2,013,103	1,538,476	1,472,285	1,986,891
Profit/(Loss) before taxation	95,810	78,193	50,977	(832)	21,479
Profit/(Loss) after taxation	76,827	29,085	32,559	(18,892)	(2,071)
Effective percentage rate of tax	20%	63%	36%	>100%	>100%
Net earnings/(loss) for ANB shareholders	75,127	68,178	23,753	(9,696)	15,132
ASSETS EMPLOYED					
Property, plant and equipment	221,289	216,656	189,690	200,660	280,355
Right-of-use assets	98,424	103,864	110,150	104,324	-
Investments	7,038	4,647	6,447	8,641	12,962
Other non-current assets	113,128	88,336	101,231	116,286	130,434
Current assets	764,843	710,274	660,791	529,395	660,468
TOTAL ASSETS	1,204,722	1,123,777	1,068,309	959,306	1,084,219
FINANCED BY					
Share capital	397,624	377,892	256,043	245,766	245,766
Reserves	119,007	40,406	112,404	75,629	75,262
Less: Treasury shares, at cost	(25,123)	(30,711)	(6,248)	(9,688)	(5,566)
ANB shareholders' interest	491,508	387,587	362,199	311,707	315,462
Minority shareholders' interest	32,423	40,674	120,197	111,854	139,443
Total shareholders' fund and minority interest	523,931	428,261	482,396	423,561	454,905
Non-current liabilities	102,425	113,854	91,097	97,273	66,419
Current liabilities	578,366	581,662	494,816	438,472	562,895
TOTAL FUNDS EMPLOYED	1,204,722	1,123,777	1,068,309	959,306	1,084,219
SHAREHOLDERS' INTERESTS					
Earnings/(Loss) per ordinary share - sen					
- Basic*	8.43	8.98	3.32	(1.44)	2.15
- Diluted*	7.64	7.56	2.87	(1.44)	2.15
Net assets per ordinary share attributable to ANB shareholders - RM	0.53	0.45	0.50	0.47	0.46
OTHERS					
Depreciation & amortisation	38,982	40,811	41,657	55,125	28,976
Interest expense	20,216	13,664	12,734	19,070	21,515
Number of ordinary shares of the Company	972,776,411	302,487,849	254,491,472	240,849,284	240,849,284
Treasury shares	(38,268,677)	(16,099,759)	(11,875,059)	(18,483,359)	(9,887,959)
	934,507,734	286,388,090	242,616,413	222,365,925	230,961,325

* The basic and diluted earnings/(loss) per ordinary share for the previous financial years has been adjusted to reflect the share split.

Five-Year Highlights



List of Principal Offices

ANCOM NYLEX BERHAD – CORPORATE OFFICE / ANCOM MANAGEMENT SERVICES SDN. BHD.

No. 2A, Jalan 13/2, Seksyen 13
46200 Petaling Jaya
Selangor Darul Ehsan, Malaysia
Tel : (603) 7495 5000
Fax : (603) 7495 5088

ANCOM NYLEX TERMINALS SDN. BHD.

(Formerly known as Ancom-Chemquest Terminals Sdn. Bhd)
Jeti Petrokimia, Pelabuhan Barat
42920 Pulau Indah, Port Klang
Selangor Darul Ehsan, Malaysia
Tel : (603) 3101 1372
Fax : (603) 3101 1279

ANCOM CROP CARE SDN. BHD. / TIMBER PRESERVATIVES INDUSTRIES SDN. BHD.

No. 31 Jalan Tukul P15/P, Section 15
40200 Shah Alam
Selangor Darul Ehsan, Malaysia
Tel : (603) 5519 4022
Fax : (603) 5510 3888

ANCOM KIMIA SDN. BHD.

No. 2A, Jalan 13/2, Seksyen 13
46200 Petaling Jaya
Selangor Darul Ehsan, Malaysia
Tel : (603) 7495 5633
Fax : (603) 7495 5638/5639

ANCOM LOGISTICS BERHAD / ANCOM ENERGY & SERVICES SDN. BHD. / ANCOM TRUELIFE SDN. BHD. / COMMON FEED SDN. BHD.

No. 2A, Jalan 13/2, Seksyen 13
46200 Petaling Jaya
Selangor Darul Ehsan, Malaysia
Tel : (603) 7495 5000
Fax : (603) 7495 5088

CKG CHEMICALS PTE LTD

51 Goldhill Plaza #11-03
Singapore 308900
Tel : (65) 6319 4680
Fax : (65) 6319 4699

DYNAMIC CHEMICAL PTE LTD

3 International Business Park
#03-04, Nordic European Centre
Singapore 609927
Tel : (65) 6224 4142
Fax : (65) 6224 6460

ENTOPEST ENVIRONMENTAL SERVICES SDN. BHD.

No. 2A, Jalan 13/2, Seksyen 13
46200 Petaling Jaya
Selangor Darul Ehsan, Malaysia
Tel : (603) 7931 3232
Fax : (603) 7931 3230

FERMPRO SDN. BHD.

No. 2A, Jalan 13/2, Seksyen 13
46200 Petaling Jaya
Selangor Darul Ehsan, Malaysia
Tel : (603) 7495 5633
Fax : (603) 7495 5699

IENTERPRISE ONLINE SDN. BHD.

Unit 1003 & 1005, Blok B, Phileo Damansara II
No. 15 Jalan 16/11, Off Jalan Damansara
46350 Petaling Jaya
Selangor Darul Ehsan, Malaysia
Tel : (603) 7665 1988
Fax : (603) 7665 1638

KUMPULAN KESUMA SDN. BHD. / WEDON SDN. BHD.

No. 6, Lorong SS13/6A
Subang Jaya Industrial Estate
47500 Subang Jaya
Selangor Darul Ehsan, Malaysia
Tel : (603) 5633 6229
Fax : (603) 5634 9915

NYLEX (MALAYSIA) BERHAD / NYLEX HOLDINGS SDN. BHD. / NYLEX POLYMER MARKETING SDN. BHD. / ALB MARINE SDN. BHD.

Lot 16, Persiaran Selangor, Section 15
40200 Shah Alam
Selangor Darul Ehsan, Malaysia
Tel : (603) 5519 1706
Fax : (603) 5510 8291

List of Principal Offices

**NYLEX SPECIALTY CHEMICALS SDN. BHD. /
SPECIALITY PHOSPHATES (MALAYSIA) SDN. BHD.**

Lot 593, Persiaran Raja Lumu
Kawasan Perusahaan Pandamaran
42000 Port Klang
Selangor Darul Ehsan, Malaysia
Tel : (603) 3168 8282
Fax : (603) 3167 9115

ONE CHEM TERMINAL SDN. BHD.

Lot 1863, Mukim Sungai Karang
Kawasan Perindustrian Lembaga Pelabuhan Kuantan
Tanjung Gelang
25720 Kuantan
Pahang Darul Makmur, Malaysia
Tel : (609) 583 3936
Fax : (609) 583 3980

PENGANGKUTAN COGENT SDN. BHD.

PTD 149227, Jalan Berjaya 7
Taman Perindustrian Berjaya
81200 Kempas Lama
Johor Darul Takzim, Malaysia
Tel : (607) 558 3131
Fax : (607) 558 1313

PERUSAHAAN KIMIA GEMILANG SDN. BHD.

No. 2A, Jalan 13/2, Seksyen 13
46200 Petaling Jaya
Selangor Darul Ehsan, Malaysia
Tel : (603) 7495 5633
Fax : (603) 7495 5638/5639

PT NYLEX INDONESIA

Desa Sumengko Km 31
Wringinanom, Gresik
61176 Indonesia
Tel : (6231) 898 2626
Fax : (6231) 898 2623

PT PKG LAUTAN INDONESIA

Gedung Graha Indramas, Jl. AIPDA K.S. Tubun Raya No. 77
Jakarta, 11410 Indonesia
Tel : (6221) 5367 3269
Fax : (6221) 5367 3278

**REDBERRY SDN. BHD. /
REDBERRY CINEMA AND DIGITAL SDN. BHD. /
REDBERRY ADVERTISING SDN. BHD.**

No. 2A, Jalan 13/2, Seksyen 13
46200 Petaling Jaya
Selangor Darul Ehsan, Malaysia
Tel : (603) 7495 1188
Fax : (603) 7495 1177

REDBERRY CONTACT CENTER SDN. BHD.

No. 2A, Jalan 13/2, Seksyen 13
46200 Petaling Jaya
Selangor Darul Ehsan, Malaysia
Tel : (603) 7627 6599

SHENNONG ANIMAL HEALTH (MALAYSIA) SDN. BHD.

2,4,6,8,10 Jalan Industri USJ 1/19
Taman Perindustrian USJ 1
47610 Subang Jaya
Selangor Darul Ehsan, Malaysia
Tel : (603) 8011 4646
Fax : (603) 8011 4466

TWINSTAR SYNERGY SDN. BHD.

No. 2A, Jalan 13/2, Seksyen 13
46200 Petaling Jaya
Selangor Darul Ehsan, Malaysia
Tel : (603) 7495 5000
Fax : (603) 7495 5088

VEMEDIM SDN. BHD.

15, Jalan USJ 1/31
47600 Subang Jaya
Selangor Darul Ehsan, Malaysia
Tel : (603) 8024 7118
Fax : (603) 8024 7168



Corporate Structure

As at 31 May 2023



ANCOM NYLEX BERHAD

100%

ANCOM AGRICHEMICAL SDN. BHD.

- ▶ 90% Entopest Environmental Services Sdn. Bhd.
- ▶ 100% Common Feed Sdn. Bhd.
- ▶ 100% Ancom Crop Care Sdn. Bhd.
 - ▶ 100% Timber Preservatives Industries Sdn. Bhd.
 - ▶ 100% Vanguard Express Sdn. Bhd.
 - ▶ 80% Shennong Animal Health (Malaysia) Sdn. Bhd.
 - ▶ 80% Vemedim Sdn. Bhd.

100%

NYLEX HOLDINGS SDN. BHD.

- ▶ 100% Nylex Polymer Marketing Sdn. Bhd.
- ▶ 100% PT Nylex Indonesia
- ▶ 100% Fermpro Sdn. Bhd.
- ▶ 100% Kumpulan Kesuma Sdn. Bhd.
- ▶ 100% Wedon Sdn. Bhd.
- ▶ 100% Nylex Specialty Chemicals Sdn. Bhd.
- ▶ 100% CKG Chemicals Pte Ltd
- ▶ 51% Speciality Phosphates (Malaysia) Sdn. Bhd.
- ▶ 51% One Chem Terminal Sdn. Bhd.
- ▶ 100% Perusahaan Kimia Gemilang Sdn. Bhd.

Note:

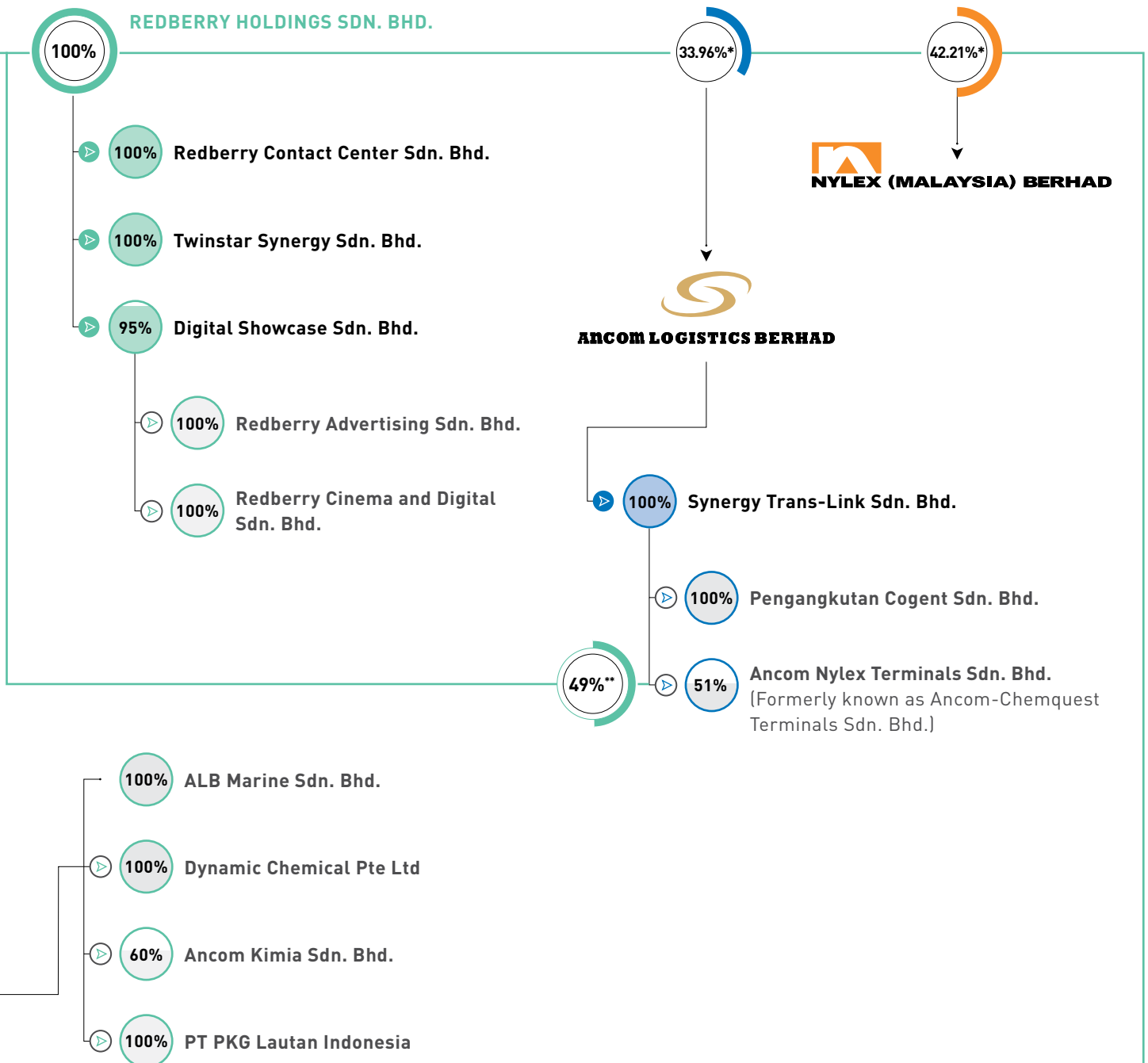
Only major and active companies in the Group are shown in this Corporate Structure

* Direct and Indirect Interest

** Held through Synergy Tanker Sdn. Bhd., a wholly-owned subsidiary

Corporate Structure

As at 31 May 2023



Board of Directors

DATO' SIEW KA WEI

Executive Chairman



MALAYSIAN
MALE
AGE 67

Board Meeting Attendance in FY2023: 4/4

Dato' Siew joined the Board on 23 October 1985. He was appointed Deputy Group Managing Director on 17 October 1995 and Group Managing Director on 30 July 2003 and subsequently elected as the Executive Chairman on 2 January 2018.

Dato' Siew received his secondary and tertiary education in the United Kingdom, first studying at Marlborough College before completing his tertiary education at Imperial College London. He obtained his Bachelor of Science (Hons) in Chemical Engineering and Master of Science ("MSc") in Operational Research at Imperial College, graduating in 1978.

Dato' Siew has extensive experience in the field of petrochemicals, accumulated over more than 30 years in the local and international sectors.

He was an active member of the Young Presidents' Organisation ("YPO") from 1993 until 2006, serving as the Chairman of the Malaysian Chapter of YPO and Co-Chairman of the first Regional Conference in Kuala Lumpur in 1998. During his tenure as a member of the International Board of YPO from 2000 to 2003, he was Chairman of YPO's Global Leadership Congress in Beijing in 2003. He was also a past President of the Imperial College Alumni of Malaysia and past Governor on the Board of Governors of Marlborough College Malaysia.

Currently, Dato' Siew is the Group Managing Director of Nylex (Malaysia) Berhad and the Executive Vice Chairman of Ancom Logistics Berhad, both of which are subsidiaries of the Company and are listed on Bursa Malaysia Securities Berhad.

Dato' Siew is currently a substantial shareholder of the Company.

LEE CHEUN WEI

Managing Director/
Group Chief Executive
Officer ("CEO")



MALAYSIAN
MALE
AGE 49

Board Meeting Attendance in FY2023: 4/4

Cheun Wei has been the Company's Group CEO since January 2018 and was appointed to the Board as the Managing Director on 29 March 2022. He is currently a member of the Risk Management Committee.

He graduated with a Bachelor of Arts (Hons) in Accounting and Finance from Lancaster University, United Kingdom, and holds a Master of Science in Finance (Distinction) from Cass Business School, London. For both degrees, he was awarded full scholarships from the British Chevening/HSBC and Renong/UEM Group respectively.

Cheun Wei started his career in 1997 as a Group Accountant at EPE Power Corporation Berhad ("EPE") and was promoted as the Chief Financial Officer of the EPE Group in 2003. He was the Director of Corporate Finance of Tamco Corporate Holding Berhad (now known as Ancom Logistics Berhad ("ALB"), a subsidiary of the Company) from 2005 to 2009. He joined the Company

in 2009 as the Group Chief Financial Officer. In July 2014, he was appointed Managing Director of Ancom Crop Care Sdn. Bhd. ("ACC"), a wholly-owned subsidiary of the Group, heading the Group's Agricultural Chemicals Division. In January 2018, Cheun Wei was appointed to his current position as the Group CEO and was appointed Managing Director of the Company in March 2022 while still holding the position of Managing Director of ACC.

Cheun Wei is a member of the Association of Chartered Certified Accountants and the Malaysian Institute of Accountants.

He is currently a Director of ALB.

Cheun Wei is currently a substantial shareholder of the Company.

Board of Directors

**TAN SRI DATO' SERI ABDULL
HAMID BIN EMBONG**

Independent
Non-Executive Director



MALAYSIAN
MALE
AGE 74

Board Meeting Attendance in FY2023: 3/4

Tan Sri Dato' Seri Abdull Hamid was appointed to the Board on 1 March 2016. He is currently a member of the Audit Committee and the Remuneration & Nomination Committee.

Tan Sri Dato' Seri Abdull Hamid completed his secondary schooling at the Malay College Kuala Kangsar, Perak. He obtained a Barrister at Law degree from Lincolns Inn, London and was admitted as an Utter Barrister in 1976.

Tan Sri Dato' Seri Abdull Hamid served in the judicial and legal service of the Government of Malaysia in various posts including that of a Magistrate, Deputy Public Prosecutor, Legal Advisor and Senior Federal Counsel with the Customs and Excise Department, the Economic Planning Unit in the Prime Minister's Department, Ministry of Land and Regional Development, Treasury and Ministry of Home

Affairs. He has also served as a Legal Advisor to the Negeri Sembilan and Pahang State Governments.

He was appointed a Judicial Commissioner in 1994 and a High Court Judge in 1996. In 2006, he was elevated to the Court of Appeal and in 2009 to the Federal Court of Malaysia. He retired from the Bench in February 2016. In March 2021, he was appointed a Judge of the Syariah Court of Appeal, Perak.

Tan Sri Dato' Seri Abdull Hamid was the Chairman of 7-Eleven Malaysia Holdings Berhad from 2016 to 2021.

Currently, he has no directorship in other public companies or listed issuers.

CHAN THYE SENG

Non-Independent
Non-Executive Director

MALAYSIAN
MALE
AGE 66

Board Meeting Attendance in FY2023: 4/4

Thye Seng joined the Board on 19 October 1999.

He graduated with a Bachelor of Law (Hons) degree from University College Cardiff, United Kingdom.

He was called to the Bar at Middle Temple in 1980 and the Malaysian Bar in 1982 and has 13 years of experience as a practising lawyer before venturing into the business/corporate world.

He is currently the Managing Director/Chief Executive Officer of Pacific & Orient Berhad ("P&O") and its subsidiary, Pacific & Orient Insurance Co. Berhad. He is currently a member on the Board of Governors of Marlborough College Malaysia.

Thye Seng is currently a shareholder of the Company through his shareholding in P&O.

Board of Directors

DATUK DR. ABD HAPIZ BIN ABDULLAH

Independent
Non-Executive Director



MALAYSIAN
MALE
AGE 65

Board Meeting Attendance in FY2023: 4/4

Datuk Dr. Abd Hapiz was appointed to the Board on 8 May 2020. He is currently Chairman of the Remuneration & Nomination Committee and the Risk Management Committee.

He graduated with a Doctor of Philosophy in Organic Chemistry from Utah State University and a Bachelor of Science in Chemistry from the University of Nevada, USA, in 1980 and 1984 respectively.

He began his career at Dow Chemical (Malaysia) Sdn. Bhd. in 1985, holding a regional role for several years. He was appointed as the Managing Director of DuPont Malaysia Sdn. Bhd. in 1995 and later, as the President/CEO of Petronas Chemicals Group Berhad from 2011 until he retired in 2014.

Datuk Dr. Abd Hapiz was appointed Chairman of ACC in March 2016. He is also an Independent Non-Executive Director of Perdana Petroleum Berhad and MSM Malaysia Holdings Berhad as well as a board member of several private chemical companies in Malaysia and the United States.

He is currently the Chairman of the Chemical Industries Council of Malaysia ("CICM").

MALIKI KAMAL BIN MOHD YASIN

Independent
Non-Executive Director



MALAYSIAN
MALE
AGE 60

Board Meeting Attendance in FY2023: 4/4

Maliki Kamal joined the Board on 28 October 2021. He is currently a member of the Remuneration & Nomination Committee.

He graduated with a Bachelor of Laws (Hons) degree at the international Islamic University Malaysia in 1987.

He began his career as an Advocate and Solicitor in 1987, specialising in criminal laws with significant experiences in civil litigations, banking and conveyancing matters.

In 1990, he joined PETRONAS as a legal officer and has continued to serve in various senior management roles. Maliki served as a Legal Head/General Counsel/Senior General Counsel for Petronas Penapisan [Terengganu] Sdn. Bhd.; Legal Corporate & Technology, Petronas Chemicals Group Berhad; Refinery and Petrochemical Integrated Development (RAPID) Project; Legal Finance and Corporate Secretarial

and Legal Downstream and Finance and Technology prior to being appointed as the Vice President and Group General Counsel in 2017. In 2019, he was appointed Senior Vice President and Group General Counsel until his retirement from PETRONAS in 2021.

During his service, Maliki Kamal also sat as a board member and Company Secretary to various entities within the PETRONAS's Group of Companies (local and overseas) and has twice served as Company Secretary of PETRONAS.

Maliki Kamal is currently the Independent Non-Executive Director of Gas Malaysia Berhad.

Board of Directors

TAN SRI DATO' SRI MOHAMAD FUZI BIN HARUN

Independent
Non-Executive Director



MALAYSIAN
MALE
AGE 64

Board Meeting Attendance in FY2023: 3/3

Tan Sri Dato' Sri Fuzi joined the Board on 19 September 2022. He is currently a member of the Audit Committee.

Tan Sri Dato' Sri Fuzi graduated with a Bachelor of Arts (Honours) degree from Universiti Malaya in 1983 and obtained his Master in Anthropology and Sociology from Universiti Kebangsaan Malaysia in 1991 and completed the Advance Management and Leadership Programmes from the SAID Business School at Oxford University, United Kingdom in 2014.

He joined the Royal Malaysia Police Force ("PDRM") in 1984 a Cadet Assistant Superintendent of Police. After completing basic police training, he was attached to the Special Branch Department of the PDRM from 1986 to 2009 where he served in various capacities, including Deputy Director of the Special Branch.

In 2009, he was promoted as the Director of Special Task Force on Operation and Counter-Terrorism. In 2014, he served as the Director of the Management Department in Bukit Aman and was subsequently promoted as the Director of Special Branch in 2015.

In September 2017, he was further promoted as the Inspector-General of Police ("IGP"), the highest-ranking position in the PDRM, until his retirement in May 2019.

Currently, Tan Sri Dato' Sri Fuzi is the Independent Non-Executive Chairman of Jaya Tiasa Holdings Berhad, Tropicana Corporation Berhad and SIAB Holdings Berhad.

CHRISTINA FOO

Independent
Non-Executive Director



MALAYSIAN
FEMALE
AGE 62

Board Meeting Attendance in FY2023: 3/3

Christina joined the Board on 19 September 2022. She is currently the Chairman of the Audit Committee and a member of the Risk Management Committee.

Christina graduated with Bachelor of Business Studies (Accounting) degree from Deakin University, Australia in 1985. She is a Chartered Accountant and a member of Malaysian Institute of Accountants; Fellow of CPA Australia; Fellow of Malaysian Institute of Management; Fellow of Institute of Corporate Directors Malaysia; Qualified Risk Director of the Institute of Enterprise Risk Practitioners; a member of ASEAN Chartered Professional Accountants and a member of Malaysian Institute of Corporate Governance.

Christina started her career in Ernst & Young ("EY") Malaysia in 1985. During this period until 2001, she served in various capacities in EY LLP based in Atlanta, USA; EY International in London and EY Asia

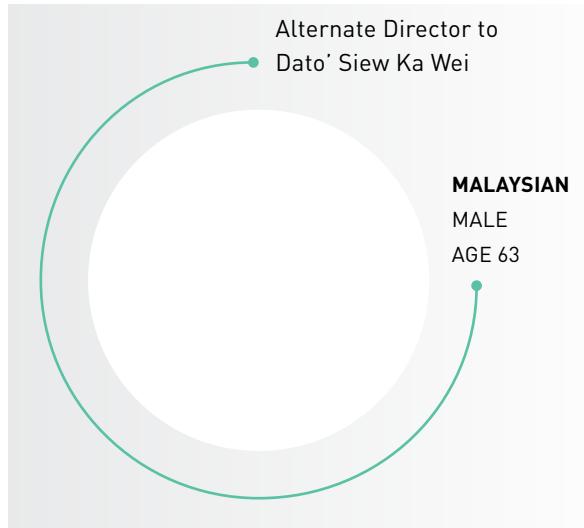
Pacific Consulting. Her last held position was Director, Business Development, EY Malaysia.

In 2001, Christina founded Priority One group and was a Director of Priority One Tax Services Sdn. Bhd. until August 2022. From 2018 to 2019, she was appointed as a Senior Practice Fellow of Sunway Business School, Sunway University, Malaysia and she currently chairs the Industry Advisory Board, Sunway Business School, Sunway University. She was a Board Director of KPJ Healthcare Berhad from 2018 to 2021 and Star Media Group Berhad from October 2022 to May 2023.

She is currently the Senior Independent Non-Executive Director of UEM Sunrise Berhad.

Board of Directors

SIEW KA KHEONG



Board Meeting Attendance in FY2023: N/A

Ka Kheong was appointed as an Alternate Director to Dato' Siew Ka Wei on 26 April 2019.

He graduated with a Bachelor of Science in Chemical Engineering from University College London, United Kingdom, in 1982.

Ka Kheong is currently the Executive Director of IEnterprise Online Sdn. Bhd., a subsidiary of the Company and heads the Group's IT Division. Prior to this, he was the Managing Director of a company he set up in 1982 which was involved in the IT industry.

He has more than 30 years of experience in the IT industry, specialising in systems development and integration as well as applications implementation. His experience spans across the financial services, manufacturing, distribution and retail industries.

He is also the Chairman of a local company that provides professional IT certification from the Project Management Institute, USA, to IT professionals in Malaysia.

He has no directorship in other public companies or listed issuers.

Ka Kheong is currently a substantial shareholder of the Company.

Notes:

1. Other than Dato' Siew Ka Wei and Siew Ka Kheong who are brothers, there are no family relationships amongst the Directors and/or major shareholders of the Company.
2. Other than certain Related Party Transactions as disclosed in this Annual Report, the Directors do not have any business interest which conflict with their positions in the Company.
3. None of the Directors has been convicted of any offences other than traffic offences (if any) within the past five (5) years or any public sanction or penalty imposed by the relevant regulatory bodies during the financial year.
4. Other than Dato' Siew Ka Wei, Lee Cheun Wei, Chan Thye Seng and Siew Ka Kheong, the other Directors do not hold any shares in the Company and its related companies. Please refer to the Directors' Report of this Annual Report for the Directors' securities holdings in the Company and its related companies.

Key Senior Management

DATO' SIEW KA WEI

Executive Chairman

MALAYSIAN / MALE / AGE 67

Dato' Siew Ka Wei's profile is disclosed in the Board of Directors of this Annual Report.

LEE CHEUN WEI

Managing Director/Group Chief Executive Officer ("CEO")

Managing Director – Ancom Crop Care Sdn. Bhd. ("ACC")

MALAYSIAN / MALE / AGE 49

Lee Cheun Wei's profile is disclosed in the Board of Directors of this Annual Report.

ROBIN LING SENG CHIONG

Deputy CEO –
Nylex (Malaysia) Berhad ("Nylex")
and Nylex Holdings Sdn. Bhd. ("Nylex Holdings")

Executive Director – Perusahaan Kimia Gemilang Sdn. Bhd. ("PKG")

MALAYSIAN / MALE / AGE 53

Robin joined the Nylex group in 2007 as an Executive Director of PKG, a subsidiary of Nylex Holdings then, in charge of its industrial chemical trading business. In January 2018, he was promoted to Deputy CEO of Nylex, assisting the Group Managing Director in overseeing the Nylex group's business operations. Prior to joining PKG, he worked as the Asia Pacific Regional Manager for a United States specialty chemicals company for 13 years.

He is currently a member of Industry Expert Advisory Panel (IEAP), Science Programme of Tunku Abdul Rahman University College (TARUC). Robin is also the Executive Committee of Chemical Industries Council of Malaysia (CICM) for 2021-2023 Term.

Robin graduated with a Bachelor of Applied Science majoring in Analytical Chemistry from the University of Science Malaysia.

Key Senior Management

DATUK HASNUL BIN HASSAN

Executive Director
(Business Development)

Deputy CEO –
Ancom Logistics Berhad (“ALB”)

MALAYSIAN / MALE / AGE 61

Datuk Hasnul joined the Company in 2014 as its Executive Director (Business Development). He was appointed as the Deputy CEO of ALB in 2019.

Datuk Hasnul brings with him vast experience in the corporate sector including several reputable multi-national companies such as Unilever, Johnson & Johnson and British American Tobacco where he developed his marketing and management skills.

After spending 23 years with the multi-national companies, Datuk Hasnul joined BERNAMA as its General Manager/CEO in 2009. He subsequently joined Malay Mail Sdn. Bhd. (“Malay Mail”) as its CEO in 2013.

Datuk Hasnul obtained his Bachelor of Science Degree in Business Administration in May 1984 from Southeast Missouri State University, USA. He subsequently pursued and obtained his Masters of Business Administration (“MBA”) from Governors State University, USA, in December 1985.

LIM CHANG MENG

Chief Financial Officer –
ANB and ALB

MALAYSIAN / MALE / AGE 51

Chang Meng is the Chief Financial Officer of ANB and ALB.

He began his career as an audit assistant with Coopers & Lybrand in 1992 and stay until 2000 with his last position as an Audit Manager. He subsequently joined Setegap Berhad, a construction company and later, HLG Securities Sdn. Bhd., a stockbroking company as a Finance Manager.

He joined Tamco Corporate Holdings Berhad (now known as ALB) in 2005 as its Corporate Accounting Manager, and became its Head of Corporate Finance of the Company in 2010. He was promoted as Chief Financial Officer of ALB in 2011 and Chief Financial Officer of the Company in 2014.

Chang Meng is a member of the Malaysian Institute of Accountants.

CHOO SE ENG

Company Secretary –
ANB, Nylex and ALB and
their subsidiaries

MALAYSIAN / MALE / AGE 62

Se Eng started his career as an auditor in a Big Four audit firm in Malaysia in 1981 and qualified as a Chartered Accountant in 1988. During this period, he gained valuable working knowledge in accounting, taxation and secretarial practices.

He worked for two years in the Corporate Finance division of a merchant bank, and was with a public listed company as its Corporate Finance Manager for four years before joining the Company in 1995 as its Senior Manager of Corporate Planning. He assumed the role of Company Secretary in 1996, and maintained this position until his resignation in August 2016. He rejoined the Company in April 2018.

Se Eng is a member of the Malaysian Institute of Accountants.

Key Senior Management

MICHELLE CHEN

Chief Financial Officer –
Nylex and Nylex Holdings

MALAYSIAN / FEMALE / AGE 56

Michelle joined Nylex in 1995 as an Associate Accounts Manager and held various positions within the Nylex group in the ensuing years. She was appointed to her current position as Chief Financial Officer in 2010. Michelle was attached to one of the international professional service firms before joining Nylex.

Michelle is a Fellow member of the Association of Chartered Certified Accountants (“ACCA”) and a member of the Malaysian Institute of Accountants.

PHILLIP KARUPPIAH

Group Human Resource
Director – ANB

MALAYSIAN / MALE / AGE 65

Phillip has been the Group Human Resource Director of ANB since April 2013.

He started his career as a journalist with the New Straits Times and has experience in communication consulting with Burson Marsteller as well as banking operations with Malayan Banking Berhad.

He was the CEO of Malay Mail, publisher of the Malay Mail newspaper, from April 2011 until March 2013. Before taking the helm at Malay Mail, Phillip was with Lexis Nexis, an American multinational company, as CEO of its South East Asia operations. He was Managing Director of Sun Media Sdn. Bhd., publisher of the Sun newspaper, and General Manager of Group Human Resources at Phileo Allied Group, a financial services organisation.

Phillip has a Bachelor of Science (Agribusiness) from University Putra Malaysia and a Law degree from the University of Wolverhampton, United Kingdom.

ANTHONY TAN SWEE HOCK

Executive Director/Chief
Operating Officer (“COO”)
– ACC

MALAYSIAN / MALE / AGE 61

Anthony has been the COO and Executive Director of ACC since 2014 and 2018 respectively.

Anthony started his career in 1982 as a Research Conductor at Highlands Research Unit, Klang, which specialised in the research & development of industrial crops in Malaysia.

In 1983, he joined Ancom Sdn. Bhd. (the Company’s name then) as a research assistant to do research & development of new cocktails for the Company. In 1984, he was transferred to its marketing department and was based in Yong Peng, Johor covering Johor, Melaka & Pahang. In 1997, he was promoted as the Marketing Manager and was based in Shah Alam. In 2006, he was promoted to General Manager of Ancom Bioscience Sdn. Bhd., a wholly-owned subsidiary of ACC. In 2014, he was promoted to COO and in 2018, to Executive Director of ACC.

He graduated with a MBA from Nottingham Trent University, United Kingdom in 2002, and obtained Certificate of Marketing from Chartered Institute of Marketing, United Kingdom in 1991.

Anthony has been a member of the Incorporated Society of Planters of Malaysia (ISP) since 1988. In 2023, he was made a Life Member of ISP.

Key Senior Management

REGINE LIM

General Manager –
Entopest Environmental
Services Sdn. Bhd.
("Entopest")

MALAYSIAN / FEMALE / AGE 46

Regine joined Entopest as the General Manager, heading the nationwide operation and also developing the South East Asia pest control operation of the Group in August 2017. Under her stewardship, Entopest won the Silver Medal for National BASF Pest Management Award 2022.

Regine started her career in 2001 as an Operation Manager in Ridpest Sdn. Bhd., a local pest control company until 2003. From 2004 to 2008, she was the Technical Manager in Pest Elimination Division of Ecolab Sdn. Bhd., and was promoted in 2008 to become its Southeast Asia Regional Sales Manager, taking care of Malaysia, Singapore, Thailand & Indonesia markets until 2010.

She started Ecogreen Pest Management Sdn. Bhd. in 2010. In Aug 2017, this company was acquired by ACC and renamed Entopest Services (Penang) Sdn. Bhd..

Regine was the president of WomenBizSENSE in Penang Women Entrepreneur Group 2017-2019 and is the first lady president of Malaysia Pest Management Association (MPMA) 2021-2023 and the Country Representative in the Federation of Asian & Oceania Pest Managers Associations (FAOPMA) 2021-2023.

She was interviewed by BBC on *Women Empowerments in Man Dominated Industry* in 2023.

Regine graduated with a B. Sc (Hons) in Biology - Zoology from Universiti Sains Malaysia and has since been involved in Pest Management specialized in urban entomology and pesticide application for the last 20 years.

GAN KIAN CHONG

Managing Director –
Shennong Animal Health
(Malaysia) Sdn. Bhd.
("Shennong") and Vemedim
Sdn. Bhd. ("Vemedim")

MALAYSIAN / MALE / AGE 55

Kian Chong has been the founder and Managing Director of Vemedim and Shennong since 1997 and 2004 respectively and holds more than 30 years of expertise in the livestock industry.

Kian Chong started his career in Pahang Pharmacy as a sales executive focusing in poultry-based veterinary medicine.

In 1997, Kian Chong and his partner, recognising the tremendous potential of Vemedim's veterinary medicine from Vietnam and to market them in Malaysia, started Vemedim to import and market Vemedim's veterinary medicine in Malaysia. Kian Chong has been the Managing Director of Vemedim since then.

In 2004, in pursuing of greater market share, Kian Chong and his partner co-founded Shennong, a company focused on local formulation and manufacturing of veterinary medicine. Kian Chong has been the Managing Director of Shennong since its inception.

Kian Chong graduated with a Bachelor of Science in Animal Husbandry from the National Pingtung University of Science and Technology, Taiwan in 1990.

WONG JUN-PIN

CEO –
Ancom Energy Division

MALAYSIAN / MALE / AGE 50

Jun-Pin was appointed as the CEO of Ancom Energy Division on 1 November 2020 to spearhead Ancom's newly created Energy division towards new growth areas.

Jun-Pin brings over 25 years of diversified experience within the renewable energies, utilities, oil & gas sectors, international business development and engineering projects.

He started his career in 1996 as an engineer at Tamco Corporate Holdings Berhad (now known as ALB), with an extensive job focus in switchgear manufacturing and commercial industry. After 8 years, Jun-Pin joined Schneider Electric Malaysia as a Division Manager for Equipment & Services until 2008.

From 2008 till 2016, Jun-Pin joined Infracomas Sdn. Bhd. as a General Manager (Manufacturing & Trading). Prior to joining ANB, he was in Khind Holdings Berhad for activities and contracts in Solar and Biogas projects from 2017 to 2020.

Jun-Pin graduated with a Bachelor of Science in Mechanical Engineering (BSME) degree in 1994 and attained a Masters in Industrial Engineering (MSIE) from University of Arkansas, Fayetteville, USA in 1996.

Key Senior Management

MAARESH STARLING

CEO –
Redberry Media Group

MALAYSIAN / MALE / AGE 55

Maaresh has been the CEO of Redberry Media Group since May 2021.

Maaresh started his career in 1989 as an Engineer in Federal Telecommunications Sdn. Bhd. In 1990, he joined Electcom Sdn. Bhd. as Manager and in 1995, joined TG Kall (M) Sdn. Bhd. as its General Manager.

He joined Mobile Media Sdn. Bhd. as its Chief Technology Officer in 2000 and in 2008, he joined Focus Media Network Sdn. Bhd. (now known as Redberry Ambient Sdn. Bhd.) as its Chief Technology Officer. In 2018, he was promoted and appointed as COO for Redberry Advertising Sdn. Bhd. and in May 2021 he was promoted as CEO of the Redberry Media Group.

Maaresh has also been elected as President of Outdoor Advertising Association of Malaysia 2021 to 2023.

Maaresh graduated with a Degree in Electronics & Communication from General University, United Kingdom.

SIEW KA KHEONG

Executive Director –
Enterprise Online Sdn. Bhd.

MALAYSIAN / MALE / AGE 63

(The profile of Siew Ka Kheong, who is an Alternate Director to Dato' Siew Ka Wei, is disclosed in the Board of Directors of this Annual Report)

DATUK ABDUL RASHID BIN HASHIM

Executive Chairman –
Ancom Kimia Sdn. Bhd.
("AKSB")

MALAYSIAN / MALE / AGE 59

Datuk Rashid joined AKSB, a subsidiary of Nyllex Holdings, as COO in February 2011. He was re-designated as its Executive Chairman in July 2020. He is also the CEO of MSTI Corporation Sdn. Bhd., an associate of the Company, which is involved in the provision of IT services.

Datuk Rashid started his career as an assistant credit officer with a commercial bank in 1982. In 1990, he joined ESPI Industries Sdn. Bhd., a parts and accessories manufacturer for Proton, as General Manager. In 1994, he was appointed as the Personal Assistant to Managing Director of Ayer Molek Plantation Berhad. Subsequently, in 2000, he joined property developer HBA Development Bhd as its CEO. In 2008, he was appointed the Managing Director of Global Globe Sdn. Bhd., a property developer and engineering group.

Datuk Rashid graduated with a Diploma in Credit Management from Institute Teknologi MARA.

Key Senior Management

WILLIAM TAN WEE LIAN

Divisional Head –
Polymer Division

MALAYSIAN / MALE / AGE 56

William started his career as a Sales Executive in PKG in 1994. In 1997, he was transferred to Fermpro Sdn. Bhd., a subsidiary of Nylex Holdings, where he held various positions before being promoted to Deputy Managing Director in 2006. In 2005, he was given the additional responsibility of handling Nylex Specialty Chemicals Sdn. Bhd. (“NSC”), a subsidiary of Nylex Holdings, and was promoted to the position of Managing Director of NSC in 2007.

On 1 January 2020, William was re-designated as the Deputy Head of Polymer Division and on 1 June 2020, as the Division’s Head.

William is a graduate of the Institute of Chartered Secretaries and Administrators.

KONG HWAI MING

Executive Director –
CKG Chemicals Pte Ltd
[“CKG”]

SINGAPOREAN / MALE / AGE 63

Hwai Ming started his career as a technician in the tankfarm and shipping operations of ESSO Refinery Pte Ltd in 1981. In 1989, he joined Petrochemical Corporation of Singapore Pte Ltd as an Operation and Shipping Executive. In 1992, he was appointed by CKG, a subsidiary of Nylex Holdings, as an Operation Manager and was subsequently promoted to the position of Executive Director. In 2006, Nylex acquired 100% shareholding of CKG, and Hwai Ming was retained in the same position, which he holds until today.

Hwai Ming has a Diploma in Mechanical Engineering and a Post-Diploma in Industrial Management from Singapore Polytechnic.

WONG SIUT YIN

Director –
Kumpulan Kesuma
Sdn. Bhd. [“Kesuma”]

MALAYSIAN / FEMALE / AGE 55

Siut Yin started her career as a Pharmaceutical Sales Executive in Ciba-Geigy (M) Sdn. Bhd. in July 1991. She joined Kesuma, a subsidiary of Nylex Holdings, as a Techno-Commercial Chemist in December 1991. She was promoted to her current position as a Director of Kesuma in 1999, handling the technical, manufacturing and sales aspects of sealants and adhesives for the automotive and construction industries.

Siut Yin holds a Bachelor of Science in Chemistry (Hons) from the National University of Malaysia, Malaysia.

Key Senior Management

SABLI BIN SIBIL

Executive Director –
Logistics Division

MALAYSIAN / MALE / AGE 69

Sabli is the Executive Director – Logistics Division.

Sabli started his career with PETRONAS as a Marketing Senior Manager in June 1992 and served in various capacities, the last being Training Senior Manager prior to his retirement in 2009.

He joined the Company as its Human Resource Director in June 2009 after retiring from PETRONAS in the same year. He was later appointed Director of Chemical Integration in December 2011 and later Managing Director/CEO of Genovasi Malaysia Sdn. Bhd. in February 2021. He assumed his present position in May 2023.

Sabli graduated with Master of Business Development from Henley/Brunel University, United Kingdom in 1988. He has a Postgraduate Diploma from Brighton Polytechnic and a Diploma from South Devon Technical College, United Kingdom. He also attended a Senior Management Programme (PETRONAS/INSEAD) and obtained a Certificate in International Management in 1999.

MOHD YUSOF BIN MUHAMAD DON

General Manager –
Pengangkutan Cogent Sdn.
Bhd. (“Cogent”)

MALAYSIAN / MALE / AGE 55

Mohd Yusof was appointed as General Manager of Cogent, a wholly-owned subsidiary of ALB, in February 2015.

Prior to joining Cogent, he was a Senior Manager/Director of Penang-based Hayara Sdn. Bhd., a solid waste management contractor, and Hayana Sdn. Bhd., a construction materials company, from 2013 to 2015. Before that, he held various senior managerial positions at Soi Yong Berhad and Koperasi Usaha Bersatu (M) Berhad.

Mohd Yusof holds a Bachelor’s degree in Industrial Engineering from the University of Alabama, Tuscaloosa, Alabama, USA.

SERENA KHOO SOOK LAI

General Manager –
Ancom Nylex Terminals
Sdn. Bhd. (formerly known as
Ancom-Chemquest Terminals
Sdn. Bhd.) (“ANT”)

MALAYSIAN / FEMALE / AGE 59

Serena was appointed the General Manager of ANT, a subsidiary of ALB, in October 2017.

She has more than 25 years of experience in the bulk chemicals and logistics businesses. Prior to her current position, she held various positions in PKG and her last position being Senior Operations Manager.

Serena holds a postgraduate Diploma in Business Administration from the University of Central Lancashire, United Kingdom.

Notes:

1. Except for Siew Ka Kheong [who is the brother of Dato’ Siew Ka Wei], there is no family relationship between the Key Senior Management with any Director and/or major shareholder of the Company.
2. Other than certain Related Party Transactions as disclosed in this Annual Report, none of the Key Senior Management has any financial interest in any business arrangement involving the Group.
3. Other than traffic offences (if any), none of the Key Senior Management has been convicted of any offence within the past five (5) years, and no public sanction or penalty was imposed by the relevant regulatory bodies during the financial year.
4. Other than Dato’ Siew Ka Wei, Lee Cheun Wei and Siew Ka Kheong, none of the Key Senior Management is a director in any public listed companies or listed issuers.

Management Discussion and Analysis

**DEAR
SHAREHOLDERS,**

ON BEHALF OF THE
BOARD OF DIRECTORS
(THE “BOARD”), WE
ARE PLEASED TO
PRESENT TO YOU
THE MANAGEMENT
DISCUSSION AND
ANALYSIS OF ANCOM
NYLEX BERHAD
 (“ANB”, “GROUP”, OR
“COMPANY”) FOR THE
FINANCIAL YEAR ENDED
31 MAY 2023 (“FY2023”).

BRIEF OVERVIEW OF FY2023

We started the year as an enlarged group following the merger of the agricultural chemicals (“agrichemicals”) and industrial chemical divisions. The Group is now closer towards putting all its chemical business together under the Company and is now one of the major integrated agrichemicals and industrial chemical players in Southeast Asia.

Meanwhile, the reopening of China’s borders from COVID-19 lockdown enabled us to make meaningful steps forward on the collaboration with our Chinese technology partner. We are making tangible progress towards commercial production of our new active ingredients for the agrichemical business.

In FY2023, the Group achieved strong growth as we expanded our reach in Southeast Asia and South America markets. The demand for our agrichemicals products remained robust in the financial under review and this have boosted our segmental revenue by 18.7% from RM462.8 million last year to RM549.3 million. Separately, the acquisitions of Shennong Animal Health (Malaysia) Sdn. Bhd. and Vemedim Sdn. Bhd. (collectively known as the “Shennong Group”) have also contributed positively to the Group’s results, and we are looking forward to further scaling this business.

Conversely, the chemical business continued to face headwinds with demand for chemicals remaining subdued due to a slower-than-anticipated recovery in the global economy. As part of our continuous effort to strengthen the Group’s financial position, we continue to monitor and control our corporate expenses. Moreover, given the elevated interest rate environment, it is imperative that we remain vigilant in managing our working capital and reducing non-essential borrowings.

Management Discussion and Analysis

ANB managed to navigate through the demanding conditions and delivered a record-breaking profit attributable to owners of the parent (“Net Profit”) of RM75.1 million for FY2023, a 10.1% growth from the RM68.2 million recorded last year. Group revenue in the financial year under review rose to RM2.04 billion versus RM2.01 billion in FY2022.

With the better performance, the Board paid an interim dividend of 1.0 sen per share for FY2023 on 30 August 2023 as an expression of appreciation to our valued shareholders for their unwavering support all this while. This marked the return of cash dividend for shareholders, since the last dividend was paid out in 2015.

On the macro front, concerns have emerged recently regarding the consequences of El Niño and its influence on global weather patterns. We will monitor the El Niño closely, particularly its potential impact on global food production, which may affect our agrichemical business. Nevertheless, with our wide geographical market reach, we believe our exposure to extreme weathers should be partially mitigated. As for the industrial chemical business, the business environment continues to be impacted by the sustained volatility in commodity prices and prevailing economic uncertainties.

ABOUT ANCOM NYLEX BERHAD

ANB IS ONE OF SOUTHEAST ASIA’S LEADING INTEGRATED CHEMICAL GROUP. THE GROUP IS INVOLVED IN THE MANUFACTURING AND DISTRIBUTION OF A WIDE RANGE OF AGRICHEMICALS AND INDUSTRIAL CHEMICALS PRODUCTS

Established in 1969 as Ansul (Malaysia) Sdn. Bhd., ANB pioneered the production of agrichemicals in Southeast Asia. On 29 March 1990, the Company was successfully listed on the Main Market of Bursa Malaysia Securities Berhad (“Bursa Securities”) under its former name, Ancom Berhad. The Company assumed its present name, Ancom Nylex Berhad on 05 April 2022 following the acquisition of the entire business of Nylex (Malaysia) Berhad on 26 January 2022.

ANB is the holding company of Nylex (Malaysia) Berhad (“Nylex”) and Ancom Logistics Berhad (“ALB”), both of which are listed on Main Market and ACE Market of Bursa Securities, respectively.

The Group’s core businesses encompass agrichemicals, industrial chemicals, polymers and chemical logistics divisions.

Management Discussion and Analysis



Agricultural Chemicals (“Agrichemicals”) Division

The Agrichemicals Division is principally involved in the business of manufacturing, formulation and sale of agrichemical products, focusing on crop protection and timber preservatives. ANB is the sole large-scale producer of active ingredients (“Als”) for herbicides in Southeast Asia and a key player in the Asia Pacific. Als are the active chemical compounds used in pesticides, which include herbicides, insecticides and fungicides.

We produce the Als used in our products such as monosodium methyl arsonate (“MSMA”), Diuron, Monex, timber preservatives, Bromacil and Ester. In addition, we also manufacture, formulate and market a wide range of herbicides comprising Glyphosate, 2-4D, Glufosinate Ammonium, Brodifacoum, Monoammonium, Carbosulfan, Clethodim, Cadusafos, Sulfentrazone and Tetraconazole. The manufacturing of Als and product formulation activities are carried out in two (2) production plants, both of which are located in Selangor, Malaysia.

Our export markets cover more than forty (40) countries across the world, encompassing North America, South

America, Asia, Africa and Oceania. Our products are primarily used in sugar cane, corn, wheat, cotton, pineapple and palm oil plantations.

In addition, we also engage in downstream activities such as pest control, hygiene and fumigation, trading of animal feeds and sale of animal health products.

The Agrichemicals Division is held via a wholly-owned subsidiary of ANB, Ancom Agrichemical Sdn. Bhd..

Key subsidiaries of the division are:

- Ancom Crop Care Sdn. Bhd.
- Timber Preservatives Industries Sdn. Bhd.
- Entopest Environmental Services Sdn. Bhd.
- Common Feed Sdn. Bhd.
- Vanguard Express Sdn. Bhd.
- Shennong Animal Health (Malaysia) Sdn. Bhd.
- Vemedim Sdn. Bhd.



Industrial Chemicals Division

The Industrial Chemicals Division is the largest revenue contributor to the Group with two (2) key business activities - manufacturing business and distribution business.

The manufacturing business specialises in the production of ethanol, phosphoric acid, adhesives and sealants. The Group is one of the two (2) key producers of ethanol in Malaysia. Meanwhile, the distribution business supplies a wide range of petrochemicals and industrial chemicals within the Asia Pacific region.

Companies involved in the manufacturing business are:

- Fermpro Sdn. Bhd.
- Nylex Specialty Chemicals Sdn. Bhd.
- Speciality Phosphates (Malaysia) Sdn. Bhd.
- Kumpulan Kesuma Sdn. Bhd.
- Wedon Sdn. Bhd.

Companies involved in the distribution business are:

- Perusahaan Kimia Gemilang Sdn. Bhd. and its subsidiaries, namely:
 - Dynamic Chemical Pte. Ltd.
 - Perusahaan Kimia Gemilang (Vietnam) Company Ltd
 - PT PKG Lautan Indonesia
 - Ancom Kimia Sdn. Bhd.
- CKG Chemicals Pte. Ltd.

Management Discussion and Analysis



Polymer Division

The Polymer Division has two manufacturing plants – one (1) in Shah Alam, Selangor while the other is in Surabaya, East Java, Indonesia. The Polymer Division is split into four (4) strategic business units, namely:

- 1) Films and Coated Fabrics - manufactures high-quality, value-added synthetic leather such as polyvinyl chloride (“PVC”) and polyurethane (“PU”) leathercloths, films and sheets using casting and calendaring technology.
- 2) Geosynthetics - produces geosynthetic drainage products for the construction and civil engineering industries.
- 3) Rotomoulding - manufactures custom moulds, serving the industrial chemicals, road safety and landscaping industries.
- 4) Trading - markets its products through a network of distributors as well as directly to industrial customers. The unit serves markets encompassing ASEAN, Australia, India, Sri Lanka, China, Korea, the Middle East, Indian Ocean Islands and Africa.

The Polymer Division includes the following companies:

- PT Nylex Indonesia
- Nylex Polymer Marketing Sdn. Bhd.



Logistics Division

The Logistics Division is principally involved in:

- 1) Management and charter hire of a ship for the carriage of chemicals;
- 2) Tank farm and terminal operations for the provision of bulk storage facilities for liquid chemicals; and
- 3) Bulk chemical land transportation services.

Through ALB Marine Sdn. Bhd., the division owns a chemical tanker, MT Nylex 1, which has been rated with 6,800 deadweight tonnes and Tier II of the International Maritime Organization (“IMO”) Standards. We also own and operate a fleet of prime movers, road tankers and lorries, and provide bulk chemicals land transportation within Malaysia as well as cross-border to and from Singapore.

We own and operate two (2) terminals for the bulk storage of liquid chemicals which are in the Westport Bulk Liquid Terminal and Free Trade Zone in Port Klang (“Westport Terminal”) and the other in Kuantan Port (“Kuantan Terminal”). The facilities in Westport Terminal comprise forty-eight (48) tanks with a combined capacity of 44,100 cubic metres (“cbm”), eight loading bays and five drumming stations while Kuantan Terminal has two (2) mild steel tanks with total capacity of 12,000 MT of Methanol storage.

The companies in this division consist of:

- ALB Marine Sdn. Bhd.
- Ancom Nylex Terminals Sdn. Bhd. (formerly known as Ancom-Chemquest Terminals Sdn. Bhd.)
- Pengangkutan Cogent Sdn. Bhd.
- One Chem Terminal Sdn. Bhd.

Management Discussion and Analysis

REVIEW OF FINANCIAL RESULTS

RM million	FY2023	FY2022	YoY Change	
			RM million	%
Revenue	2,043.3	2,013.1	30.2	1.5%
Gross Profit	296.4	290.5	5.9	2.0%
Profit Before Taxation	95.8	78.2	17.6	22.5%
Net Profit	75.1	68.2	6.9	10.1%
Gross Profit Margin	14.5%	14.4%	-	0.1 ppt*
Net Profit Margin	3.7%	3.4%	-	0.3 ppt*

* ppt = percentage point

Despite the prevailing market uncertainties, ANB managed to achieve successive year-on-year (“YoY”) growth in FY2023. Net Profit in the financial year under review rose to RM75.1 million versus RM68.2 million in FY2022. This was largely credited to the growth from the Agrichemicals Division.

Revenue

The Group posted a marginal increase of 1.5% YoY in its revenue, rising from RM2.01 billion in FY2022 to RM2.04 billion in FY2023 driven primarily by higher sales from the Agrichemicals Division. Segmental revenue from the Agrichemicals Division increased from RM462.8 million in FY2022 to RM549.3 million in FY2023 on the back of healthy demand from Thailand, Brazil and also Malaysia.

Gross Profit

In tandem with the higher revenue, we posted a gross profit of RM296.4 million in FY2023, a 2.0% YoY increase from RM290.5 million a year ago. Gross Profit Margin too, improved slightly by 0.1 percentage point from 14.4% to 14.5%, which aligns with the growth in manufacturing activities within the Agrichemicals Division.

Profit Before Taxation (“PBT”)

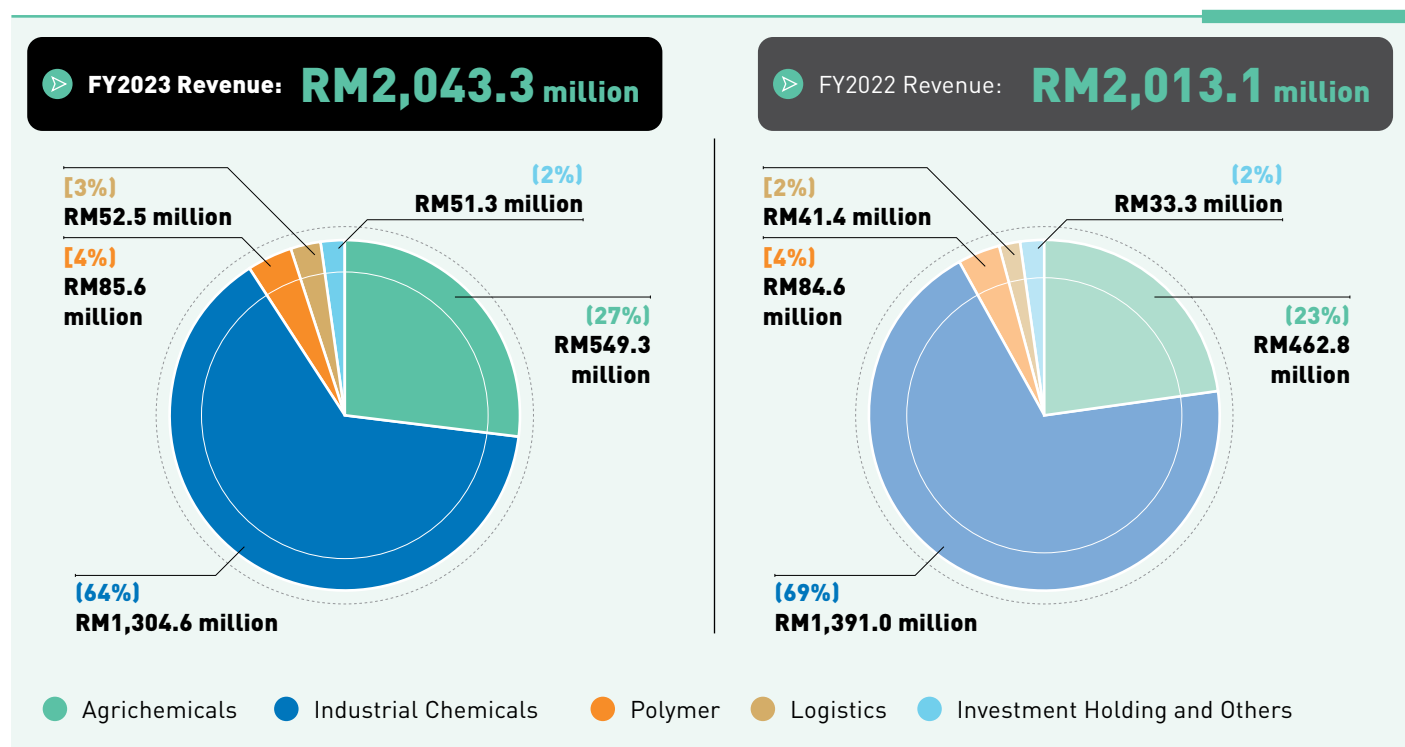
ANB posted a PBT of RM95.8 million in FY2023 compared to RM78.2 million in the prior year, which translates to a YoY increase of 22.5%. The higher PBT was attributed to better results from the Agrichemicals Division coupled with lower corporate expenses and narrower losses from other non-core businesses.

Net Profit

In the financial year under review, the Group reported a higher Net Profit of RM75.1 million vis-à-vis RM68.2 million last year. Net Profit Margin improved from 3.4% last year to 3.7% in FY2023, in line with the abovementioned factors.

Management Discussion and Analysis

SEGMENTAL ANALYSIS

**Agrichemicals Division**

The Agrichemicals Division remained the Group's primary growth driver with revenue standing at RM549.3 million in FY2023, rising 18.7% YoY as compared to RM462.8 million in last year. In terms of its contribution to ANB's revenue, it accounted for 27% of total revenue, which was an increase of a 4 percentage point from 23% last year.

In FY2023, Shennong Group made its maiden earnings contribution to the Group following completion of its acquisition by ANB. We have been channelling efforts to maximise the potential from the animal healthcare business by capitalising on ANB's reach in the domestic market.

On the other hand, the agrichemicals business also made new breakthroughs as two (2) new AI products, Bromacil and Ester, came on stream. Feedback from customers has been positive and encouraging. However, sales volume has been influenced by supply constraints in intermediary chemicals from our suppliers. As for MSMA related products, we continued to enjoy healthy demand especially from Thailand and East Malaysia in FY2023.

Meanwhile, exports to the rest of the world remained robust and we continue to receive strong orders from the United States, Brazil, South Africa and Australia. At the same time, revenue growth was also commendable in our ASEAN market including Malaysia as strong demand prevailed for our MSMA-related products in Thailand and East Malaysia.

On segment PBT, this division charted a YoY increase of 17.7% to RM81.8 million in FY2023 from RM69.5 million a year ago. The double-digit improvement stemmed from strong order flow for our products in Thailand for the paraquat replacement markets, introduction of new AIs combined with additional contributions from Shennong Group.

Management Discussion and Analysis

Industrial Chemicals Division

During the financial year under review, the Industrial Chemicals Division posted a revenue of RM1.30 billion vis-à-vis RM1.39 billion in the preceding year. The 6.5% YoY decrease was predominantly owing to decline in crude oil prices and softening of chemical prices due to weakened demand arising from the on-going geopolitical tensions. The average Brent crude oil prices dipped from the peak of USD122.71 per barrel (highest in the recent years) in June 2022 to USD75.47 per barrel in May 2023.

As a result of the aforementioned factors, coupled with high-base effect from the one-off gain on sale of terminal assets in Vietnam a year ago, the Industrial Chemical Division registered an segmental PBT of RM15.2 million in FY2023 as compared to RM57.6 million last year.

Polymer Division

Meanwhile, revenue from the Polymer Division remained broadly similar on a YoY basis at RM85.6 million in FY2023 versus RM84.6 million in the previous year. Sequentially, this division reported a strong jump of 170.4% YoY in segmental PBT for the financial year under review at RM7.3 million as compared to RM2.7 million in FY2022. This was primarily driven by the lower raw material prices and logistics costs.

Logistics Division

For our Logistics Division, we delivered a revenue of RM52.5 million for FY2023. This represented 26.8% YoY increase from RM41.4 million a year ago, chiefly attributed to higher chartered volume as well as additional contribution from our new subsidiary, One Chem Terminal Sdn. Bhd. ("OCT"), following the completion of acquisition for an additional 11%-stake at the end of FY2022. Previously, OCT was a 40% associate of ANB. Segmental PBT of this division improved to RM9.7 million in FY2023 from segmental loss before taxation of RM1.0 million in FY2022 in line with higher charter volume.

Investment Holding and Others Division

This division includes our investment holding as well as our non-core activities, mostly comprises media, information technology and electrical businesses.

Investment Holding and Others Division booked in a revenue of RM51.3 million for FY2023, an increase of 54.1% YoY from RM33.3 million last year. On the flip side, this division recorded a segmental loss before taxation of RM23.5 million for FY2023, though it was an improvement from segment loss before taxation RM42 million a year ago. The loss in FY2022 was largely due to impairments of financial and non-financial assets as part of the Group's rationalisation exercise then.

REVIEW OF FINANCIAL POSITION

RM million	As at	As at
	31 May 2023	31 May 2022
Total Assets	1,204.7	1,123.8
Total Liabilities	680.8	695.5
Shareholders' Equity	491.5	387.6
Non-Controlling Interests	32.4	40.7
Total Borrowings	383.9	411.4
Short Term Borrowings	312.9	332.5
Cash and Bank Balances	168.2	123.2
Net Operating Cash Flows	106.6	23.7
Net Assets per Share (RM)	0.53	0.45*
Net Gearing Ratio (times)	0.44	0.74

* The Net Assets per Share has been restated to reflect the share split.

At the end of the financial year under assessment, ANB's total assets stood at RM1.20 billion, an increase of RM80.9 million from RM1.12 billion in the previous year. Meanwhile, cash and bank balances rose RM45.0 million to RM168.2 million as of 31 May 2023 versus RM123.2 million last year.

Management Discussion and Analysis

Total liabilities, on the other hand, stood at RM680.8 million as at end of FY2023. This was a decrease of RM14.7 million from RM695.5 million as at 31 May 2022. Total borrowings experienced similar trend, as the Group pared down its borrowings by RM27.5 million to RM383.9 million as at end of FY2023 from RM411.4 million a year ago. It is also noteworthy to mention that 81.5% or RM312.9 million of the total borrowings are short term for working capital needs. As of 31 May 2023, total equity amounted to RM523.9 million as compared to RM428.3 million at end of FY2022.

Net Gearing Ratio

Net Gearing Ratio at the conclusion of the financial year under review was at 0.44 times, which was much lower than 0.74 times in the prior year. The improvement was part of ANB's effort to strengthen its financial position by paring down debts while improving its cash holdings and generation.

Net Operating Cash Flows

ANB generated a strong net operating cash flows ("NOCF") of RM106.6 million in FY2023. This was our sixth (6th) consecutive year of delivering a positive NOCF.

ANTICIPATE OR KNOWN RISKS

Supply Chain Disruptions

Similar to many businesses, we face the risk of potential disruptions to our supply chain, which could lead to operational disruptions and adverse effects on our financial performance. To mitigate this risk, the Group has implemented diligent measures. We closely monitor the situation and maintain communication with our suppliers to assess the likelihood of disruptions. For instance, during China's previous COVID-19 containment strategy, we maintained a higher level of inventories for our critical raw materials. At the same time, we continue with our plans to diversify our supply sources across various suppliers and, when feasible, from diverse geographical areas. Nevertheless, it is important to note that China remains the largest manufacturer of many chemical intermediaries. Therefore, the diversification of suppliers will require longer time and planning. Furthermore, the prevailing geopolitical tensions between China and the United States, along with the ongoing conflict in Ukraine, have added further layers of complexity to this situation.

Fluctuations in Input Costs

As an integrated agrichemicals and industrial chemical player, our input costs comprise chemical intermediaries, petroleum derived raw materials, logistics cost, to name a few. Any volatile movement in prices could impact our procurement planning and overall profitability. The situation in Eastern Europe has also led to greater uncertainties and affecting the supply and cost of certain chemical intermediaries.

In mitigation, we uphold a proactive line of communication with our suppliers and partners to remain up to date with the most recent developments. The Group will further leverage on its well-established relationships with these entities to enhance our ability to navigate the situation effectively.

Natural Disasters

The performance of our agrichemicals business could be negatively affected if extreme weather conditions were to arise in the areas where our clients operate. Occurrences like floods, wildfires and droughts have the potential to devastate plantations and crops, leading to a decrease in the demand for agrichemical products intended for crop protection and management. On a related note, the El Niño weather phenomenon, which brings prolonged hot and dry weather is anticipated to continue into 2024. This may lead to higher temperatures and extreme weather events in a year that has already seen plenty of both. The Group is actively engaged with our customers and suppliers in monitoring the situation.

Changes in Regulations and Government Policies

We are bound by the regulations and policies established by local authorities in the countries where our business operations take place. Our Agrichemicals Division operates under a well regulated industry, spanning multiple countries with diverse legal frameworks. Prior to any commercial launch, each of our products is mandated to adhere to the specifications and requirements outlined by the relevant regulatory bodies in each jurisdiction.

As a component of our comprehensive risk management strategy, ANB actively collaborates with the respective local authorities to stay informed about the most recent advancements and diligently tracks for any potential alterations in regulations.

Management Discussion and Analysis

CORPORATE EXERCISES AND DEVELOPMENTS

▶ Acquisition of 80% equity interest in animal healthcare business

In June 2022, Ancom Crop Care Sdn. Bhd. (“ACC”), a wholly-owned indirect subsidiary of ANB, completed the acquisition of 80% equity interest in Shennong Group for a total cash consideration of RM23.92 million. Shennong Group is primarily engaged in the production and trade of chemical and animal health goods. This encompasses a range of products such as antibiotics, feed additives, supplements, and disinfectants, with a primary focus on the domestic market. More importantly, this comes with a profit guarantee of RM4.6 million in PAT in the calendar years 2022 and 2023, which we are pleased to share is on track.



▶ Increased stake in Chemical Tank Farm

In the financial year under review, the Group had in October 2022 completed the acquisition of an additional 25% stake in Ancom Nylex Terminals Sdn. Bhd. (formerly known as Ancom-Chemquest Terminals Sdn. Bhd.) (“ANT”) for RM4.0 million. Subsequently, the Group acquired another 24% stake in November 2022 for RM3.8 million, giving us a total effective interest of 66.3%. ANT operates chemical tank farms in Port Klang, Selangor and plays a key support to our Industrial Chemicals Division.

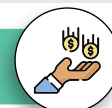
▶ Proposed Regularisation Plan for Nylex (Malaysia) Berhad (“Nylex”)

Following the completion of the acquisition of Nylex’s business by ANB in January 2022, Nylex is classified as an Affected Issuer under Paragraph 8.03A(2) of the Main Market Listing Requirements (“Listing Requirements”) of Bursa Securities, i.e., a listed issuer that has an insignificant business or operations.

Subsequently in March 2022, ANB and Nylex announced that they have entered into a Heads of Agreement with Sinar Bina Infra Sdn. Bhd. (“SBI”), LBS Bina Group Berhad (“LBS”) and BTS Group Holdings Public Company Limited (“BTS”) for the collaboration to build and operate a light rail transport system connected with the railway shuttle link currently being built from Singapore to Johor Bahru, with an integrated property development using the “Transit-Oriented Development” (“TOD”) concept in Johor Bahru metropolitan region (“Johor LRT HOA”).

On 16 August 2023, Bursa Securities has rejected Nylex’s extension of time application as Nylex has not demonstrated to the satisfaction of Bursa Securities any material development towards the finalisation and submission of the regularisation plan to the regulatory authorities. On the same date, Nylex received a notice to show cause on commencement of suspension and de-listing procedures pursuant to Paragraph 8.03a(3)(b) of the Listing Requirements from Bursa Securities (“Notice”). Nylex had on 23 August 2023 submitted the written representations to Bursa Securities to appeal on the Notice and is currently awaiting decision from Bursa Securities.

▶ Dividend



In FY2023, the Group delivered a strong financial performance, strengthened its financial position and generated strong NOCF. In view of this, the Board declared and paid an interim cash dividend of 1.0 sen per share on 30 August 2023, which signified a return of dividend for shareholders after the last cash dividend payment that took place back in 2015.

Management Discussion and Analysis

OUTLOOK AND PROSPECTS

Persistent market uncertainties are anticipated to prevail, contributing to a global economic deceleration when compared to the preceding year. The International Monetary Fund (“IMF”) forecasts a more subdued growth rate of 2.8% for the global economy in 2023. This projection reflects the impact of escalating interest rates and the ongoing conflict in Ukraine, which continue to impede economic activities. Adding to the situation, the occurrence of El Niño weather phenomenon, known for bringing extended periods of hot and dry weather, is foreseen to persist into 2024.

At ANB, we remain attuned to the macroeconomic landscape as well as global weather conditions in managing our business. The Group’s key focus continues to be on the execution of our growth catalysts.

The development of a new AI in our Klang factory has been progressing smoothly and barring any unforeseen circumstances, we should be on track for commercial production by December 2023. Over in Shah Alam, we have completed the installation of new reactors to increase our capacity for MSMA-related products given the rising demand. These are part of our plan to expand our capacity of existing products and increase our product range with new AIs. This new AI will increase our products range from 6 to 7 AIs while a few more new AIs are being planned. This brings excitement to the Group given the potential and opportunities of these new AIs. Besides new AIs, the agrichemicals team is also pursuing opportunities in the existing markets to further enhance our market share.

For our industrial chemicals segment, we expect the headwinds to persist in the coming financial year. Global demand remains affected by elevated market uncertainties. The Group is closely monitoring the situation and is committed to adapting swiftly to the evolving landscape. We understand the importance of flexibility and are prepared to make necessary adjustments to navigate through these challenges effectively.

All in all, we continue to be upbeat on the Group prospects premised upon our growth catalysts while being mindful of the current macroeconomic landscape. We look forward to sustaining our growth trajectory for the years ahead barring unforeseen circumstances.

APPRECIATION

As I conclude, I would like to convey my sincere gratitude to my fellow members of the Board. Your valuable counsel and guidance played a paramount role in steering the Group to another commendable financial year.

I would like to also thank the team at ANB for their dedication, adaptability and competency. Thanks to your collective efforts, we have achieved a historic milestone with our impressive performance in FY2023.

Next, I wish to welcome Tan Sri Dato’ Sri Mohamad Fuzi Bin Harun, and Ms. Christina Foo, who joined the Board as Independent Non-Executive Directors. Their arrival brings a wealth of experience and knowledge, contributing to greater diversity within the Group. On the other hand, I would like to take this opportunity to express my appreciation to Tan Sri Dato’ Dr. Lin See Yan, Mr. Edmond Cheah Swee Leng and Mr. Lim Hock Chye who relinquished their roles from the Board for their immense contribution and invaluable advice to ANB.

Finally, my heartfelt recognition goes to all our stakeholders, encompassing our customers, business partners, bankers, and suppliers, for their support. Your assistance and trust in the Group have played a crucial role in achieving our goals and driving our growth forward. To our shareholders, we thank you for your steadfast support as we navigated through the challenging times and emerged victorious.

Dato’ Siew Ka Wei

Executive Chairman

Sustainability Statement

ABOUT THIS SUSTAINABILITY STATEMENT

This Sustainability Statement (“Statement”) publicises the Group’s environmental, social, economic-financial and organisational profile information for Financial Year ended 31 May 2023 (“FY2023”). This Statement is prepared according to the GRI Universal Standards and includes the requirements of various Environmental, Social and Governance (“ESG”) rating agencies, including the FTSE4Good Bursa Malaysia (“F4GBM”) Index. This statement also maps ANB’s sustainability journey and aspirations against global goals: the United Nations Sustainable Development Goals (“UNSDGs”).

This Statement covers operations of ANB’s principal business activities in Malaysia and Indonesia, consisting of the following entities:

- Ancom Crop Care Sdn. Bhd. (“ACC”)
- Nylex Specialty Chemicals Sdn. Bhd. (“NSC”)
- Kumpulan Kesuma Sdn. Bhd. (“Kesuma”)
- Fermpro Sdn. Bhd. (“Fermpro”)
- Pengangkutan Cogent Sdn. Bhd. (“PCSB”)
- PT Nylex Indonesia (“PTNI”)
- ALB Marine Sdn. Bhd. (“ALB Marine”)

All references to “ANB” or “Company” refer to Ancom Nylex Berhad, while “Group” refers to the Company and its subsidiaries collectively. Where available, data is collected and reported with the help of existing management control and information systems to ensure the reliability of information flows and the accurate monitoring of sustainability performance. ANB will continue monitoring its data collection system to deliver comparable, meaningful, timely information.

There were no significant changes to ANB’s leadership, ownership or supply chain during the reporting period. There were minor changes to ANB’s environmental and social data due to improved data monitoring processes.

Relevant heads of department and the Sustainability Committee reviewed the content of this Sustainability Statement before approval by the Board of Directors (“Board”).

For more information on this Sustainability Statement or to provide your feedback, please contact:

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Contact person: Edlyn Cheah
Designation: Group Corporate Affairs

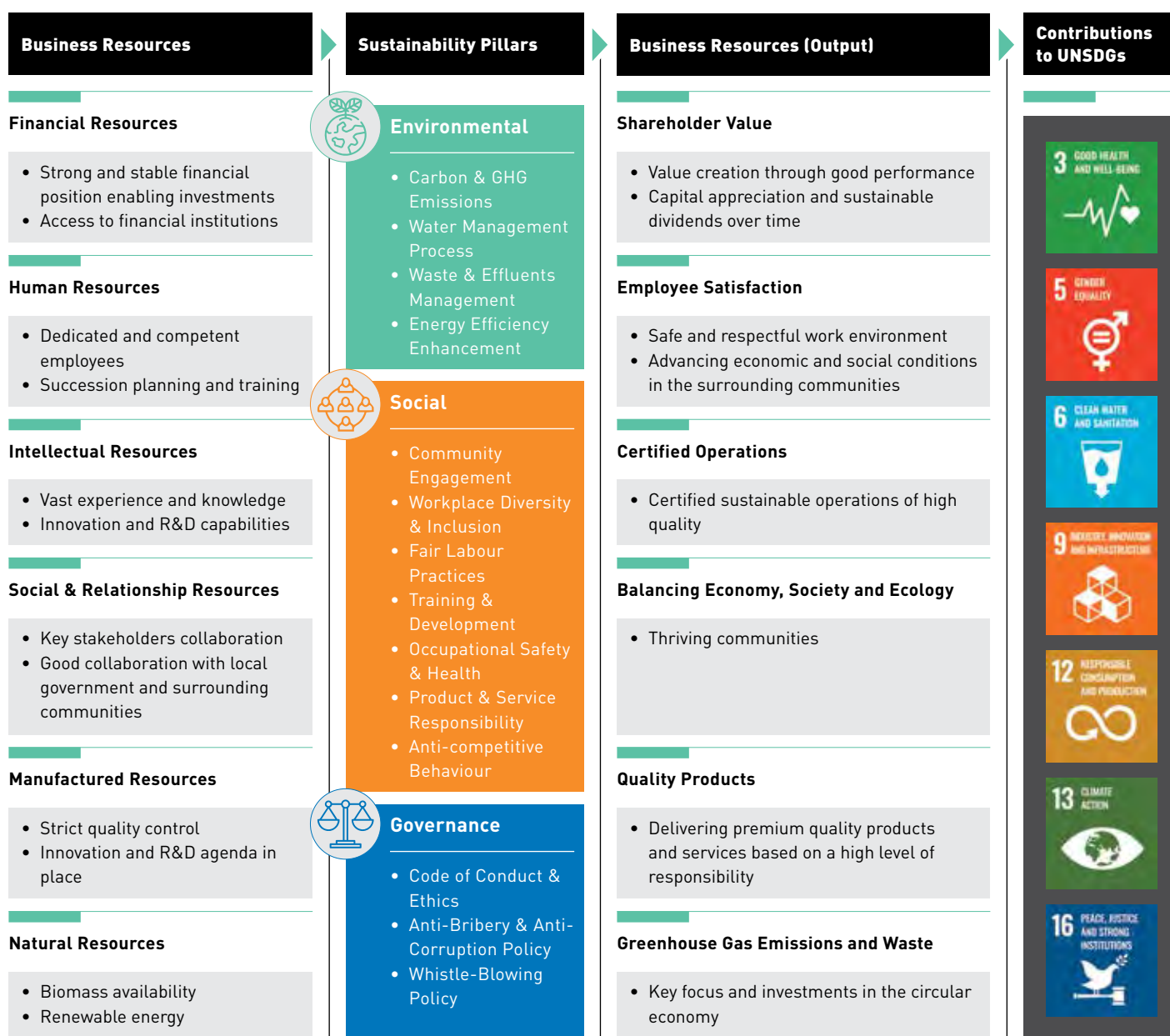
Sustainability Statement

OUR APPROACH TO SUSTAINABILITY

ANB aspires to be a key player in manufacturing agricultural chemicals and herbicides in Malaysia. Addressing sustainability and the climate crisis are core initiatives the Group embraces as part of its social responsibility.

ANB aims to secure sustainable business growth by pursuing sustainability in key aspects of its businesses. Aligning efforts and strategies to the UNSDGs, prioritising health, safety and environmental protection throughout the Group’s value chain helps us accomplish this. As a responsible business, we strive to comply with all relevant laws and regulations and to meet significant industry standards in our operational areas.

ANB SUSTAINABILITY VALUE CREATION MODEL



Sustainability Statement

ANB SUSTAINABILITY PILLARS

 <p>Environmental</p> <ul style="list-style-type: none"> • Carbon & GHG Emissions • Water Management Process • Waste & Effluents Management • Energy Efficiency Enhancement 	 <p>Social</p> <ul style="list-style-type: none"> • Community Engagement • Workplace Diversity & Inclusion • Fair Labour Practices • Training & Development • Occupational Safety & Health • Product & Service Responsibility • Anti-competitive Behaviour 	 <p>Governance</p> <ul style="list-style-type: none"> • Code of Conduct & Ethics • Anti-Bribery & Anti-Corruption Policy • Whistle-Blowing Policy
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The Group also responded to global challenges by contributing to sustainable development through its sustainability practices. A prioritisation exercise identified seven (7) of the seventeen (17) sustainable development goals issued by the United Nations. These goals are areas where we can create the most significant impact as they are relevant to our businesses and the stakeholder universe. This Statement introduces the Group’s efforts on each goal.



SUSTAINABILITY GOVERNANCE

The Board oversees and evaluates the effectiveness of the Group’s sustainability strategy to ensure it continues to create value and deliver real-life benefits for the business and society.

During FY2023, the Board established the Risk Management Committee (“RMC”), which has been tasked to review the ESG procedures of the Group.

The RMC reviews and guides the management on the Group’s sustainability initiatives, including those relating to its environmental and social impact, climate change, community engagement, diversity, equity and inclusion.

Sustainability Statement

**SUSTAINABILITY PRIORITIES AND MATERIALITY**

We conducted a sustainability materiality assessment in FY2022 to identify, assess and prioritise sustainability topics most significant to our businesses and stakeholders. This exercise helped us to understand the following:

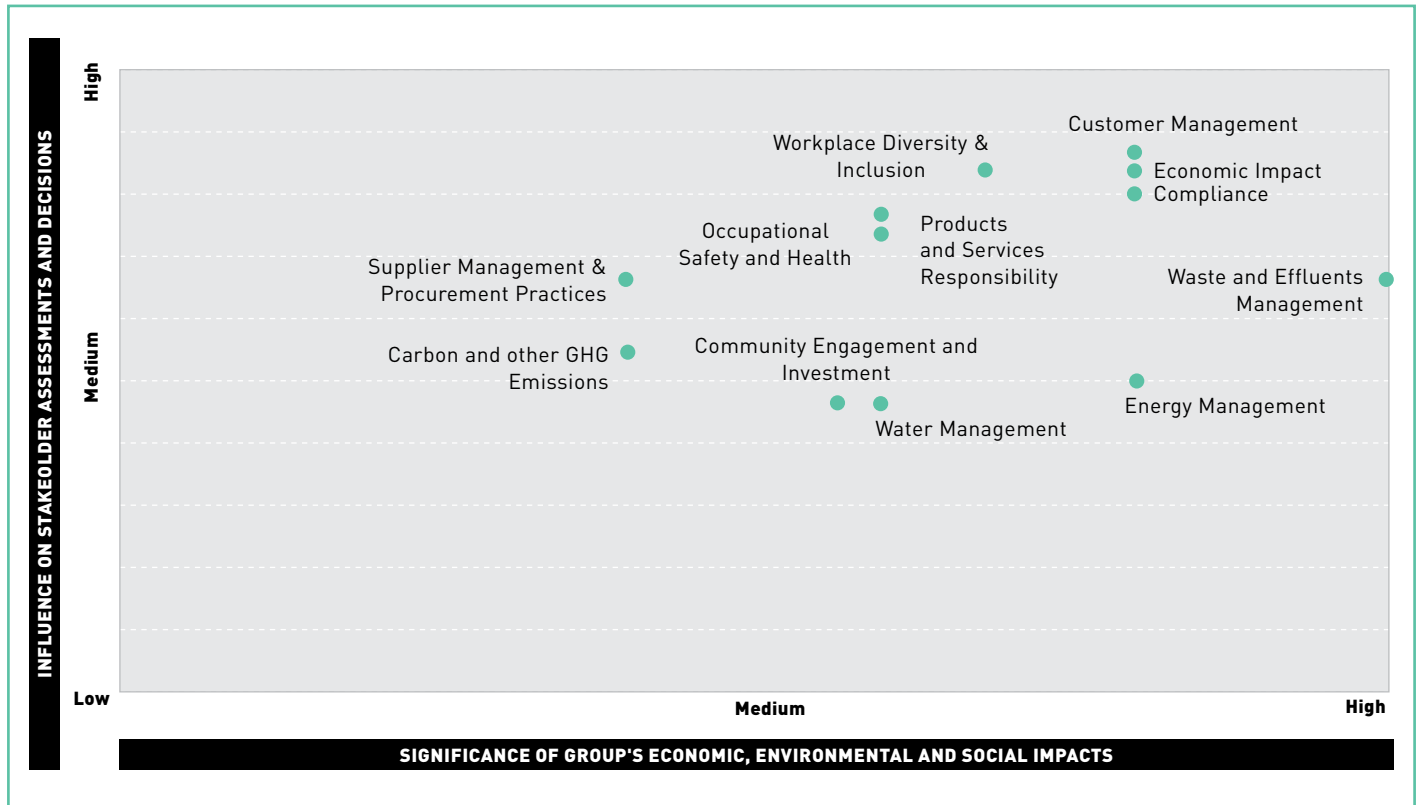
- The ESG impacts, opportunities and risks
- The influence of these on the decisions of stakeholders

The review utilised media research, company benchmarking, surveys and expert evaluation in selecting core issues to actively reflect the opinions of internal and external stakeholders on ANB's sustainability management.

The materiality results comprise several significant issues related to sustainable management activities that guide the reporting approach. They serve as a framework for evaluating and planning our future sustainability goals and objectives. The materiality matrix places the critical topics for our business from an ESG perspective on the right.

This year, the management team reviewed these materiality results and determine if they are still relevant given the similar focus areas. We are committed to assessing the materiality matrix annually to ensure it remains relevant to the Group.

Sustainability Statement



We have also aligned each material matter against the UNSDGs to understand how our efforts to address each material matter contribute to the success of the global sustainability goals.

Material Topics	Description	UNSDGs Alignment
Customer Management	Managing relationships with existing and potential customers	
Waste and Effluents Management	Managing waste and effluents from their inception to final disposal	
Economic Impact	Contributing to the advancement of industries and nation to sustain economic growth	

Sustainability Statement

Material Topics	Description	UNSDGs Alignment
Compliance	Conforming to all relevant laws and legislation	 
Workplace Diversity & Inclusion	Enforcing non-discrimination and respecting various characters in the workplace	  
Occupational Safety and Health	Preventing workplace injuries and accidents	 
Products and Services Responsibility	Operating responsibly throughout the supply chain, which focuses on efficiency and sustainability	
Energy Management	Adopting an energy management system to achieve efficiency and for continual improvement of the energy consumption performance	
Supplier Management & Procurement Practices	Working closely with supply chain partners to ensure improved quality and reduced costs	 
Carbon and other GHG Emissions	Managing the impacts of climate change through emissions management, adaptation and exploring alternative energy sources	 
Community Engagement and Investment	Aligning our community investment strategy with our business purpose, taking into consideration stakeholders' areas of interests	 
Water Management	Good water management focusing on reducing water usage, wastage and loss	 

Sustainability Statement

ENGAGING WITH STAKEHOLDERS

Continuous engagement is integral to achieving our higher purpose and is part of the foundation on which we build trust and hold ourselves accountable to all stakeholders. This constant engagement, alongside our materiality assessment, helps us assess and prioritise specific sustainability areas.

Stakeholder Group	Methods of Engagement	Frequency of Engagement
Customers	In writing (letters and emails)	As required
	Social events (product launches, cultural events hosted by ANB and customers' events)	Regularly
	Face-to-face meetings	Regularly
	Conferences and seminars	Regularly
Government & Authorities	In writing (letters and emails)	As required
	Social events (product launches, cultural events hosted by ANB and government & authorities' events)	Regularly
	Face-to-face meetings	Regularly
	Conferences and seminars	Regularly
Shareholders & Investors	Social events (product launches, cultural events hosted by ANB and shareholders & investors' events)	Regularly
	Face-to-face meetings	Regularly
	Annual General Meeting	Annually
	Extraordinary General Meetings	As required
	Annual Report	Annually
	Analyst briefings	Regularly
	Bursa announcements	As required
Community	Social events (product launches, cultural events hosted by ANB and community events)	Regularly
	CSR Programmes	Regularly
Employees	Social events (product launches, cultural events hosted by ANB and employee events)	Regularly
	Internal communication (Townhalls, gatherings, social events & festival celebrations)	Regularly
	Employee commuting survey	Regularly
Suppliers	In writing (letters and emails)	As required
	Social events (product launches, cultural events hosted by ANB and suppliers' events)	Regularly
	Face-to-face meetings	Regularly
Professional and Certification Bodies	In writing (letters and emails)	As required
	Conferences and seminars	Regularly
	Bursa announcements	As required
Non-Governmental Organisations (NGOs)	In writing (letters and emails)	As required
	Social events (product launches, cultural events hosted by ANB and NGOs events)	Regularly
	CSR programmes	Regularly

Sustainability Statement



ECONOMIC SUSTAINABILITY

Our extensive and expanding range of products contributes to the economic stability of the Group. At each step, from discovery to product development, manufacturing and commercialisation, we address environmental concerns and create a more sustainable, resilient industrial practice.

INNOVATION WITH INDUSTRY ASSOCIATIONS AND ORGANISATIONS

Collaboration and knowledge-sharing help promote innovation within the Group. ANB actively participates in the activities of the following organisations to keep abreast with the latest developments. We continue to foster partnerships and readily engage with thought leaders, industry experts and trade associations to embrace best practices within our industry. These organisations include:

- Chemical Industries Council of Malaysia (CICM)
- Institut Kimia Malaysia
- Federation of Malaysian Manufacturers (FMM) Selangor
- Malaysia Pest Management Association
- Outdoor Advertising Association Malaysia
- Malaysian Society for Occupational Safety and Health (MSOSH)
- International Maritime Organisation (IMO)

BUSINESS ETHICS

ANB is committed to good business conduct and maintaining a healthy corporate culture that engenders integrity, transparency and fairness. The comprehensive Code of Conduct and Ethics communicates our fundamental principles and expectations to business partners, including all customers and suppliers.

The Employee Handbook and Code of Conduct and Ethics outline the policies and obligations that govern business conduct. The Board is committed to good business conduct and maintaining a healthy corporate culture that engenders integrity, transparency and fairness. These ethical principles apply to everyone in the Group.

ANB formalised its Anti-Bribery & Anti-Corruption Policy on 30 August 2022, setting out the expected behaviour of all employees, directors, business partners and all third-party affiliates. The Group expressly prohibits any provision or offering or accepting of corruption, bribes or gratification of any variety to any person, whether private or public and prohibits offering or making facilitation payments. Stakeholders must report any suspected bribery or corruption to the Integrity Unit for onward investigation. In addition, ANB forbids employees from accepting any form of corruption and bribery, including fraud, hospitality, gifts, or personal favours that could influence or appear to influence business decisions.

We remind employees of their responsibility towards good business conduct. In FY2023, ANB has conducted training on anti-corruption and anti-bribery to all Directors and employees in relation to Section 17A of the Malaysian Anti-Corruption Commission Act (Amendment) 2018.

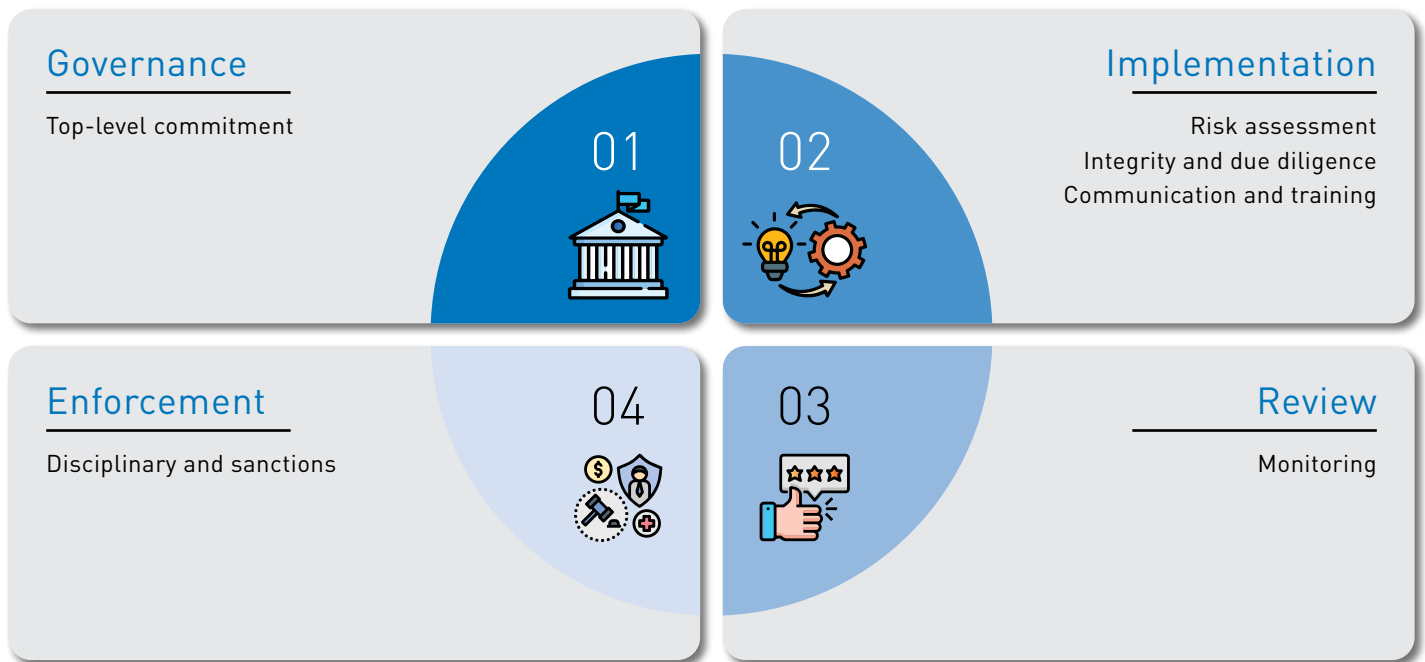
Sustainability Statement

The Group’s Whistle-Blowing Policy encourages reporting suspected fraud, corruption, misconduct or improper conduct of anyone within the Group without fear of retaliation. Reports should be channelled through the company website using the whistleblowing form provided, directed to the Head of Integrity Unit, and copied to the Company Secretary and Chairman of the Audit Committee of the Company. ANB has also trained the management to handle issues of bullying and harassment in addition to integrity issues.

Importantly, ANB’s Risk Register includes corruption risks, including bribery. The Group designs mitigation strategies and strategically deploys resources to combat potential bribery, corruption and fraud, which is especially important for high-risk operations.

Ethical conduct, including anti-corruption and anti-bribery, are essential elements of good corporate governance. The Employee Handbook incorporates Ethics and Code of Conduct guidelines for all employees. Some subsidiaries issue this document to new hires, while others have made it available on the Employee Human Resource portal, which all employees can access. ANB instructs new hires to read through and be guided by this document. All employees must sign and submit the Annual Statement of Compliance with the Group’s Anti-Bribery & Anti-Corruption Policy. During regular engagement sessions and training programmes, the Group reminds employees of its firm opposition to corruption.

Combatting Anti-Corruption



Suppliers, subcontractors, representatives and other contracting parties of the Group:

- Must have ethical standards compatible with our Anti-Bribery & Anti-Corruption Policy
- Confirmation of compliance to this effect for all new contracts and agreements.

There were no disciplinary cases for corrupt practices during the reporting period. ANB received no fines and penalties from the authorities during the reporting period other than for minor traffic offences, demonstrating the effectiveness of ANB’s stringent anti-corruption policies and practices.

Sustainability Statement

VALUE CHAIN MANAGEMENT

Our supply chain partners are an extension of ANB, instrumental in serving our customers’ needs and helping us achieve our sustainability goals and objectives. We collaborate with our suppliers and partners to maintain a standard of ethics and integrity throughout the supply chain and to promote environmentally responsible operations.

SUSTAINABLE SUPPLY CHAIN

We are committed to operating the business with a high standard of ethical conduct and expect suppliers, contractors and partners to hold themselves to similarly rigorous standards. We incorporated the principles of our Code of Conduct and Ethics into our contracts and agreements. We expect our suppliers, contractors and partners to have similar ethical conduct before conducting business with us.

We maintain various processes that reinforce transparency and efficiency to manage our extensive network of suppliers effectively. As part of our strategic sourcing and purchasing screening processes, we have begun evaluating every new supplier’s environmental performance and inquiring about suppliers’ steps to mitigate their environmental footprint and create positive environmental outcomes. Our screening efforts analyse suppliers’ quality control and environmental certifications. For example, NSC implemented an inventory management system identifying supply chain waste and environmental impact. This system also helps in logistics planning.

We have improved the accuracy of our supplier network vetting by distributing a supplier questionnaire.

Coverage of Supplier Vetting Questionnaire



In FY2023, Kesuma sought confirmation that suppliers sourced no minerals from conflict-affected or high-risk areas.

We also audit suppliers through on-site and online evaluations. NSC conducts supplier audits, surveys and evaluations against its integrity policy and standards. Fermpro’s supplier assessment ensures compliance against local and international standards such as ISO, Kosher, Halal and the British Pharmacopoeia Standards.

Maintaining a supplier reporting and whistleblower programme helps prevent deviations from our expectations and standards.

Sustainability Statement

ENVIRONMENTAL SUPPLY CHAIN

We are committed to our supplier sourcing assessment processes, including environmental elements such as energy use, climate change impact measurement, greenhouse gas emissions, water use, biodiversity impacts, pollution, waste reduction, resource use, and other environmental issues.

We have integrated environmental policies into the supply chain and communicate our expectations of major suppliers through regular engagement and training relevant supplier staff.

We will continue to mitigate environmental impacts in our supply chain by participating and collaborating in workshops and industry or topic-specific initiatives. Our membership in relevant organisations, such as the Malaysian Plastics Manufacturers Association (MPMA), addresses industry and topic-specific environmental sustainability in supply chain initiatives.

SOCIAL SUPPLY CHAIN

ANB ensures that its major supply chain partners adhere to all social standards stipulated by Malaysian Labour Law and the International Labour Organisation (ILO). The Group has a formal Ethical and Environmental Code of Conduct for suppliers.

Terms of Ethical and Environmental Code of Conduct for Suppliers

Policies

- Preventing child labour: ANB and all suppliers must adhere to the Malaysian Labour Law on the minimum legal working age
- Preventing forced labour: no work shall be performed under the threat of punishment or confiscation of belongings that the worker has not agreed to.
- Providing equal opportunities and non-discrimination in hiring, remuneration or access to training, promotion, overtime, termination or retirement

Safety

- A safety policy, code and practices on providing a safe and healthy workplace

Salary & working hours

- Meeting or exceeding the country's minimum wage
- Eliminating excessive working hours by offering fair overtime pay and limiting working hours; the Employee Handbook clearly states that overtime is voluntary and paid at a premium rate

Representation

- Freedom of association where everyone is respected to have the freedom to belong to any organisation of their choice according to local freedom of association law
- Right to collective bargaining and forming a union, including the right to representation and discussion with the company on employment matters

Sustainability Statement

ANB's Social Supply Chain Commitment



Social supply chain policy and practices integrated into buyer training, purchasing policy and suppliers' contracts.



Expected social conduct from major suppliers is communicated through purchasing policy, supplier contracts and training.



Major suppliers encouraged to inform workers of social obligations in a language they can understand.



New and existing major suppliers undergo social risk assessment as part of due diligence to ensure they comply with our standards.



Major suppliers, particularly those identified as 'high risk', are assessed both informally and formally and through physical inspection audits if required.



12 suppliers and subcontractors were assessed and audited in FY2023.



ENVIRONMENTAL MANAGEMENT

Conserving and caring for Earth's resources are primary considerations of our environmental pillar. We encourage every business segment to set targets and goals for business operations, including energy and water, and their corresponding outputs: greenhouse gas ("GHG") emissions, waste and wastewater. Maintaining an efficient operational system keeps the Group functioning within planetary boundaries.

Each business segment has departments or managerial functions that are responsible for reviewing and monitoring the Group's activities to ensure compliance with all relevant laws and regulations, especially on pollution prevention and addressing the climate crisis. ANB received no environmental fines and penalties during FY2023.

RESPONSIBLE MATERIALS MANAGEMENT

Our responsible sourcing and procurement practices ensure the safe development of products from the beginning. Kesuma voluntarily omits hazardous materials such as asbestos, lead, tin and toluene. All of our products comply with the Restriction of Hazardous Substances in Electrical and Electronic Equipment ("RoHS"), Registration, Evaluation, Authorisation and Restriction of Chemicals ("REACH") and their Substance of Concern ("SOC") list.

ACC's absorption tank uses green materials such as activated carbon, sand and gravel to absorb dimethylamine and other chemicals. This filtration system also reduces the Chemical Oxygen Demand ("COD") content applied in the waste system.

Sustainability Statement

Group Raw Materials Consumption (tonnes)

Materials	FY2022	FY2023
HCL	5,490	5,548
Caustic	13,757	14,600
MeCL	3,692	4,218
As2O3	12,738	13,427
Yellow Phosphorus	0	230
Polyphosphoric Acid	0	978
Phosphoric Acid	0	10,147
Metal and plastic drums	59	82
Unspecified	3,636	3,782
Nitrogen	60,787	60,462
Total	100,159	113,474

WATER MANAGEMENT

Water Reduction Targets

Target	Progress
To reduce water use by 5% over one (1) year	Ongoing
To collect and reuse vapour from the process over one (1) year	After completing the condenser replacement project, we expect to achieve further water use reduction and are researching installing a rainwater collection system by 2024.
To reduce water use per product by 5% over one (1) year	

ANB has no operations in water-stressed regions. However, we continue to play our role in addressing water scarcity issues by managing this resource efficiently and minimising water use at all sites. We invite other stakeholders to support us in this endeavour.

As the climate crisis intensifies, the impacts on our shared freshwater resources are far-reaching. Safe, accessible water is also essential to the health of our neighbouring communities, critical to ecosystems, and integral to economic growth.

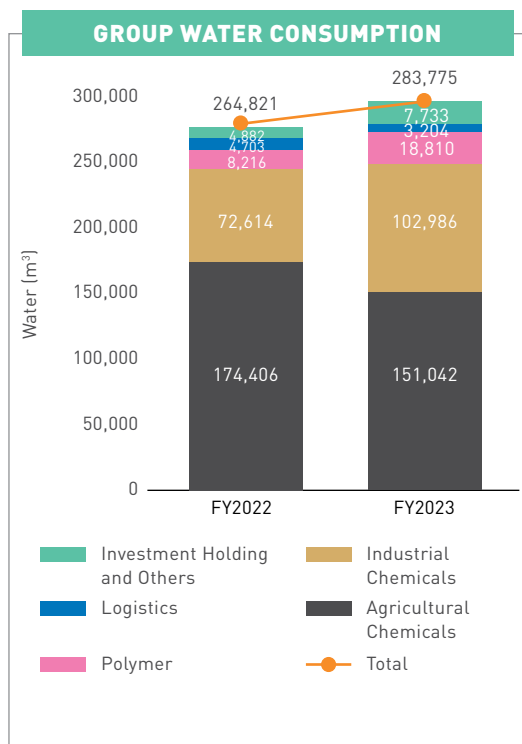
As part of the Group's water management plan, we minimise, monitor and recycle water whenever possible at the company and site levels.



There were no incidents of non-compliance with water quality/quantity permits, standards and regulations in FY2023.



Sustainability Statement



ANB's Group-Wide Water Reduction Initiatives

Minimising

- Education on water conservation
- Installing sensors and automotive shut-off system on nozzles
- Regulating taps to reduce water consumption
- Controlling steam consumption to reduce boiler water consumption

Monitoring

- Leak detection on all taps and pipes
- Centralised water consumption monitoring system

Recycling

- Installing and maintaining rainwater harvesting systems at plants
- Recycling process distillate water with a vapour condenser (ACC)
- Recycling condensate water from the process back to the boiler water system (ACC)

EFFLUENT AND WASTE

Effluent and Waste Targets

Target	Progress
To collect and compile daily waste generation data for monitoring.	To improve existing processes and comply with the regulation as stated in Environmental Quality Act ("EQA") 1974
To weigh non-hazardous waste generated by type	Ongoing
To understand the solidification process	Achieved
To improve existing processes and comply with the regulation as stated in EQA 1974	Achieved

Despite the agricultural chemicals division efforts to reduce, recycle and reuse waste, its products' manufacturing, formulation and packaging generate non-recoverable waste. We are committed to addressing the issue by maximising resource efficiency while reducing waste and minimising environmental impact.

Hazardous waste primarily comprises:

- Packaging materials
- Product residues from industry production
- Other liquids that ANB cannot dispose of as wastewater
- Residues remaining after production at certain plants

We packed, labelled and stored hazardous wastes in designated areas and appointed licensed contractors to handle and dispose of them following the Department of Environment ("DOE") regulations.

Sustainability Statement

Breakdown of Scheduled Waste by Type (Tonnes)

Waste Code	Waste Description	FY2022	FY2023
SW101	Waste containing arsenic or its compound	0.00	2.88
SW204	Sludges containing one or several metals including chromium, copper, nickel, zinc, lead, cadmium, aluminium, tin, vanadium and beryllium	657.00	2,278.09
SW303	Adhesive or glue waste containing organic solvents excluding solid polymeric materials	3.70	12.50
SW408	Contaminated soil, debris or matter resulting from clean-up of a spill of chemical, mineral oil or scheduled wastes	0.00	24.51
SW409	Disposed containers, bags or equipment contaminated with chemicals, pesticides, mineral oil or scheduled wastes	0.00	1.04
SW410	Rags, plastics, papers or filters contaminated with scheduled wastes	46.30	50.10
SW421	A mixture of scheduled wastes	1.15	0.00
Total		708.15	2,369.12

Non-hazardous waste comprises office waste, uncontaminated packaging material and other industrial waste. The Group aims to reuse and recycle as much of its non-hazardous waste as possible. We work closely with Alam Flora Environmental Solution to understand the proper collection, recovery and treatment of recyclables such as cardboard, paper, plastic and glass. Kesuma donated all its recyclable wastes to specialist collectors as part of its corporate social responsibility initiatives.

We dispose of non-hazardous waste unsuitable for recycling due to local limitations as municipal waste. As an operator of ISO and road tankers, PCSB produces significant metal waste, which it separates before sending to a scrap centre for recycling.

ANB EFFLUENT AND WASTE MINIMISATION INITIATIVES

- Electronic data keeping
- Effluent and water monitoring by a third-party specialist
- Control of effluent pH discharge from plants
- Use of carbon filter to absorb smell and colour of waste
- Oil Discharge Monitoring Equipment ("ODME") for cargo tank washing water (ALB Marine)

EMISSION CONTROL

As a performance metric, the Group operations evaluate GHG emissions in tonnes of CO₂-equivalent (tCO₂e). Non-production sites such as administrative offices, generating a small portion of the company's emissions footprint, also contribute to its commitment to reduce emissions intensity by tracking and assessing their emissions profiles in absolute quantities.

The Group coordinates energy reduction measures with Scope 1 and 2 GHG emissions management, actively mitigating daily energy use by streamlining operations.

We are embarking on renewable energy coverage to reduce the intensity of GHG emissions.

Sustainability Statement

NSC controls non-GHG emissions by conducting bi-annual stack gas emissions monitoring. The most recent tests show all emissions levels are within limits set by the Malaysian Environmental Quality (Clean Air) Regulation 2014. We also conduct timely maintenance and servicing of the machinery emission control systems.

ENERGY MANAGEMENT

The Group is committed to addressing energy use and efficiency. The Group continued replacing traditional lighting with energy-saving LED and induction lights throughout the year. All new air-conditioning units are at least a three, preferably four-star rating, indicating their power efficiency.

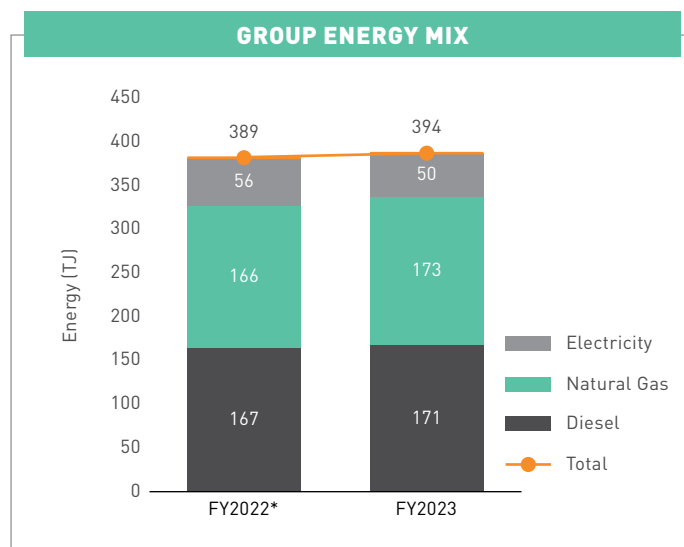
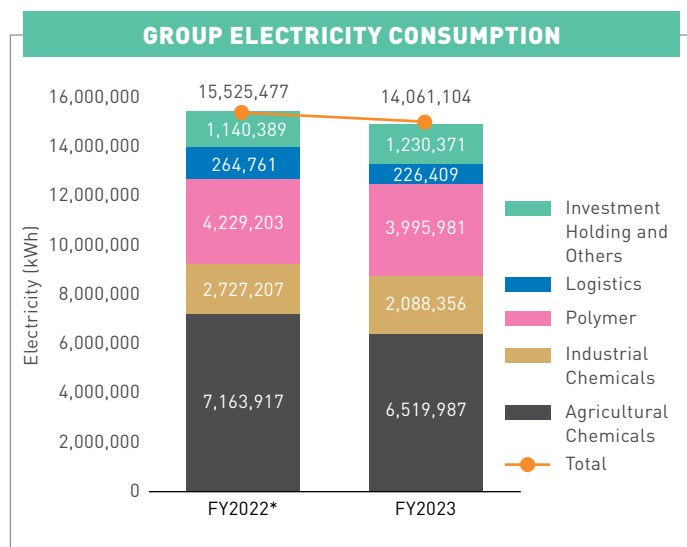
Target	Progress
To reduce electricity intensity by 2-3% by FY2024-2025	Ongoing: 1. LED replacement 50% completed 2. Inverter installation 60% completed 3. The solar project targets completion in 2026

The energy portfolio of the Group includes purchased electricity, natural gas and diesel. All plants are significant energy consumers and are the primary targets for energy savings. Scheduling regular equipment maintenance maximises machine efficiency and minimises energy losses.

ALB Marine optimises the loading plan to reduce engine load and fuel consumption. ALB Marine’s NK Class Portal is a management system to measure and determine the Energy Efficiency Operating Indicator (“EEOI”).

ALB Marine complies with the Energy Efficiency Existing Ship Index (“EEXI”) in support of the International Maritime Organisation’s (“IMO”) goal of reducing GHG emissions by 40% in 2030 and, subsequently, 50% in 2050. All ships have implemented the Ship Energy Efficiency Management Plan (“SEEMP”), which is part of a safety management system targeting to improve efficiency performance over time.

PCSB continued replacing its older trucks with upgraded alternatives using Euro 4 and Euro 5 energy-efficient fuels.



* Restated due to increased scope.

Sustainability Statement

PATHWAY TOWARDS ACHIEVING NET ZERO GOAL THROUGH RENEWABLE ENERGY

ANB is evaluating proposals for renewable energy projects. The projects comprise joint investments in several renewable energy projects involving solar and biogas.

The Group will continue to evaluate more renewable energy projects to achieve net zero in the near future.

CLIMATE CHANGE MANAGEMENT

ANB is committed to addressing and mitigating climate change risks by reducing its impact and improving operational efficiency. We recognise climate change’s devastating effects and associated short and long-term business risks.

The Group’s commitment to addressing this issue includes avoiding climate change’s impact by improving operations’ efficiency. Our climate change strategy includes working with employees and supply chain partners on energy-saving processes and a complete climate change risk assessment.

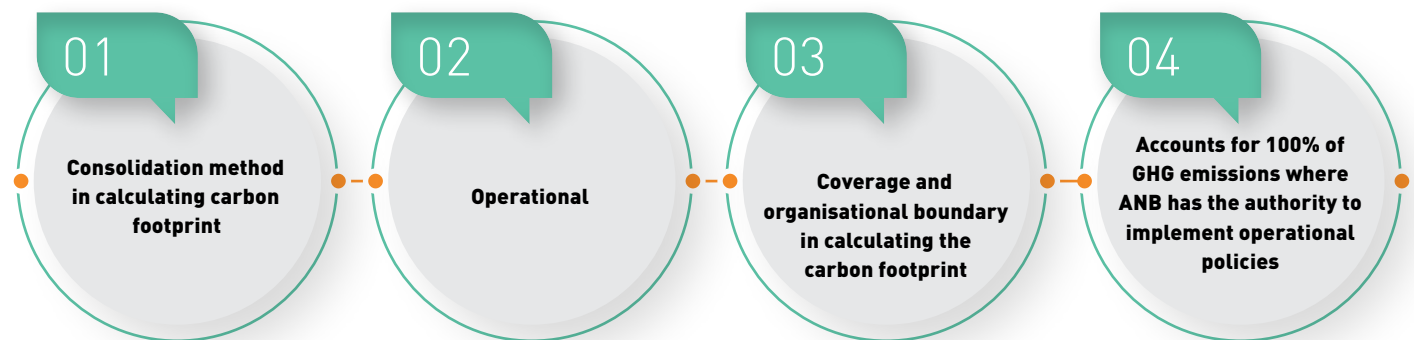
We have integrated climate-related risk management into the Risk Registers of key operating companies. It forms part of the foundation for formulating our business strategy, deciding on future R&D and investments in technology. ANB’s climate risk management process includes mitigation efforts to reduce GHG emissions, climate engineering and expanding climate system knowledge.

Inevitably, climate change affects operating costs (“OPEX”) and capital expenditure (“CAPEX”). Efficiency, output and performance of assets and equipment can decrease due to changing climate conditions. Additional CAPEX may be required due to asset damage or decreased asset performance. Further, complying with environmental regulations requires additional CAPEX for upgrading facilities or equipment to cope with increased pollution risks.

We are committed to addressing the issue of climate change and improving efficiency through adaptation by adopting new and green technology in development and implementing fuel efficiency measures. Specifically, we have adopted a tracking system for emissions, energy use, water use and waste in our manufacturing.

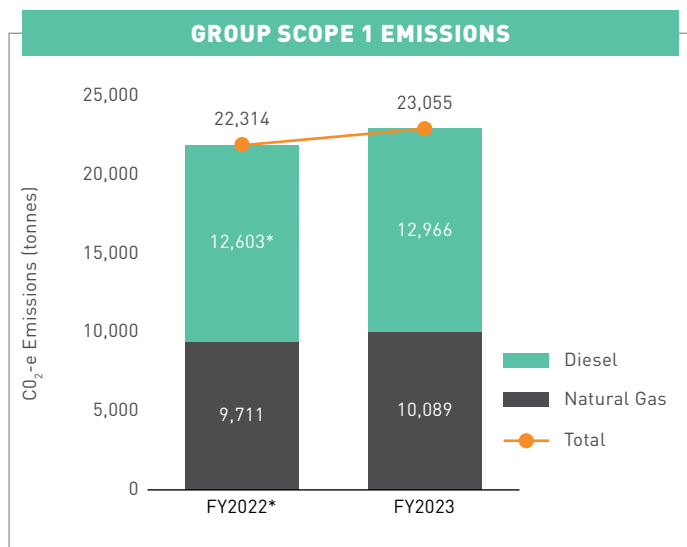
The Risk Management Working Group, which reports to the RMC, devises strategies to manage and minimise our environmental footprint.

ANB is working to manage and measure its carbon emissions as part of its Carbon Management Plan. Complete energy and carbon footprint data can be found on the performance data on page 62 of this Annual Report. In calculating, ANB uses the internationally recognised GHG Protocol established by the World Business Council for Sustainable Development (“WBCSD”) and World Research Institute (“WRI”). Emissions accounting follows the GHG Protocol classification of direct and indirect emissions.



ANB’s factories, vessel and fleet of vehicles utilise diesel. PTNI and ACC also consume significant volumes of natural gas. ANB calculated CO₂ emissions from fuel consumption using the IPCC Guidelines for National Greenhouse Gas Inventories.

Sustainability Statement

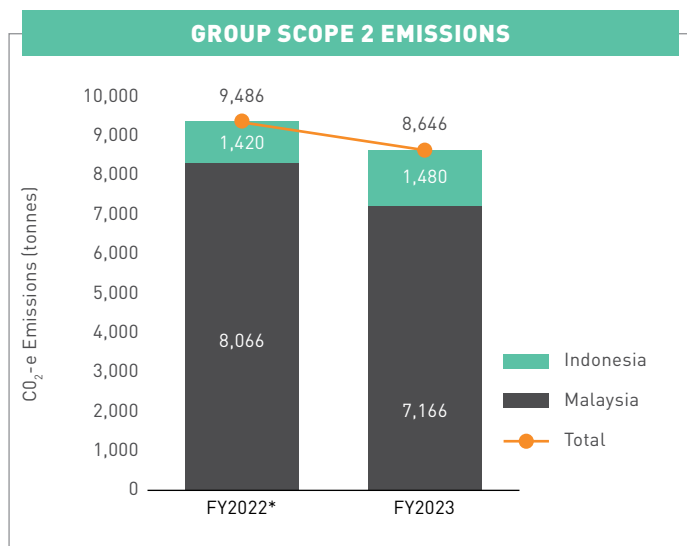


* Restated due to increased scope.

SCOPE 2 EMISSIONS

All operations consume electricity. ANB derives CO₂ emissions from electricity use:

- In Malaysia, published in the 2017 CDM Electricity Baseline for Peninsular Malaysia
- In Indonesia, using the Java-Bali Emission Factor in the Government Electricity Supply Business Plan (RUPTL) 2019



* Restated due to increased scope.

SCOPE 3: AIR TRAVEL

ANB calculates GHG emissions from point-to-point air travel, considering the number of onboard employees and distance travelled. Performing separate calculations for business and economy class flights, ANB uses online tools derived from the WRI Greenhouse Gas Protocol to calculate the CO₂ emissions from air travel. In FY2023, air travel resulted in 149 tonnes of CO₂e being released into the atmosphere.

EMPLOYEE COMMUTING

Reporting Scope 3 emissions from employee commuting is vital for comprehensive sustainability disclosure. This data reflects ANB's broader environmental impact, promotes accountability, and informs strategies to reduce carbon footprint. Transparently addressing these indirect emissions contribute to a greener future through informed decision-making and targeted mitigation efforts.

ANB initiated the tracking of employees' commuting patterns to primary offices as part of assessing value-chain emissions. Employee travel to and from work can result in significant carbon and GHG emissions. ANB gathered this data by surveying employees in the final quarter of FY2023 to determine travel methods, daily distances, vehicle specifications and fuel usage.

This online survey, available in English and Bahasa Melayu, was facilitated by an external consultant, garnering substantial employee participation.

ANB employed the Mobile Combustion GHG Emissions Calculation Tool from the GHG Protocol Initiative to compute emissions for each respondent. The Company accurately projected its annual emissions by assuming an average of 246 workdays.

Nine hundred and thirty-eight (938) employees responded to the survey, representing 84% of the workforce.

Sustainability Statement

Method of Transport	Number of Employees in Sample	Estimated Total Number of Employees in ANB	% of Employees
Bicycle	4	5	0.45%
Bus	13	12	1.08%
Company car	19	22	1.99%
Company transport	2	2	0.18%
Company van	10	12	1.08%
e-bike/e-scooter (non-owned)	5	6	0.54%
Own Vehicle	829	982	88.63%
Taxi/E-hailing	5	6	0.54%
Train (LRT/KTM/Monorail/MRT/ERL)	42	50	4.52%
Walking	9	11	0.99%
Total	938	1,108	100.00%

In FY2023, employees travelled an estimated 8,564,268 km to and from work. The total yearly tCO₂e emissions for employees commuting in FY2023 was 2,091 tonnes.

Method of Transport	Total Annual Distance of Respondents (km)	Estimated Total Annual Distance of ANB (km)	Total Annual Emissions (tCO ₂ e) of Respondents	Estimated Total Annual Emissions (tCO ₂ e) of ANB
Bicycle	38,130	45,163	0	0
Bus	115,374	136,653	8	9
Company car*	141,696	167,830	0	0
Company transport*	5,904	6,993	0	0
Company van*	146,124	173,074	0	0
e-bike/e-scooter (non-owned)	8,856	10,489	0	0
Own Vehicle	6,441,756	7,629,841	1,721	2,039
Taxi/E-hailing	19,680	23,310	3	6
Train (LRT/KTM/Monorail/MRT/ERL)	309,714	366,836	31	37
Walking	3,444	4,079	0	0
Total	7,230,678	8,564,268	1,763	2,091

* Emissions from company transportation are accounted for in Scope 1.

Sustainability Statement

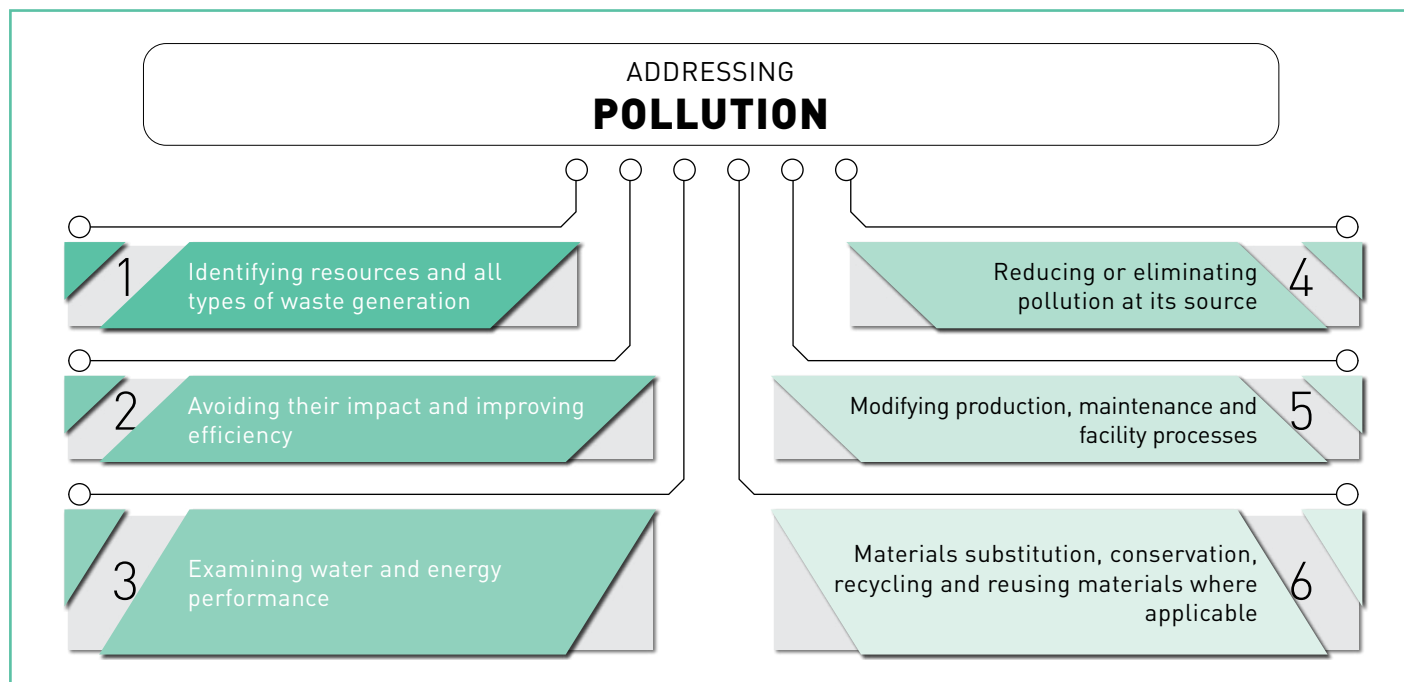
POLLUTION PREVENTION AND MANAGEMENT

Air Pollution Targets

Target	Progress
To maintain 0% of black smoke and Nitrogen Dioxide from Boiler Stack	Achieved
To maintain 0 ppm of CO and all gas stack emissions	Achieved
To achieve fewer than 10 complaints concerning odours from ACC surrounding within two (2) years by FY2024	Ongoing Total complaints are gradually decreasing, with 13 noise complaints received in FY2023. ACC actioned all complaints. Faulty machinery faulty and scrubber performance caused these smells and were identified and addressed.
To reduce natural gas use by 5% within two (2) years by the end of 2025	Ongoing The management is seeking ways to reduce natural gas use, such as through Kaizen studies.
Reduce gas released to 0 ppm through recycling, converting it to nitric acid and increasing nitric recovery to 0.5%	Achieved

Increasingly, pollution is becoming a global issue and is responsible for harming all life. We can reduce resource use and the cost of materials by adopting efficient production and packaging procedures. We address resource use and avoid impact by using resources more efficiently and reducing the quantity and toxicity of waste generated.

ANB's Pollution Reduction Model



Sustainability Statement

ACC Pollution Monitoring (mg/m³)

Pollutant	Boiler 1	Boiler 2	Boiler 3	NMT Scrubber	Diuron Scrubber
Particulate Matter (PM2.5)	1.6	1.7	1.5	1.1	1.4
Particulate Matter (PM10)	1.6	1.7	1.5	1.1	1.4
Sulphur Dioxide (SO ₂)	0.0004	ND	ND	ND	0.0002
Oxides of Nitrogen (NO _x)	ND	ND	ND	ND	ND
Mercury (Hg)	ND	ND	ND	ND	ND
Carbon Monoxide (CO)	0	0	0	0	0
Lead (Pb)	ND	ND	ND	ND	ND

Note:

ND = Non-detected

PTNI Pollution Monitoring (mg/Nm³)

Pollutant	Concentration
SO ₂	21.7
NO _x	17.8
CO	2021.8
Pb	0.00002

BIODIVERSITY, CONSERVATION AND CIRCULAR ECONOMY

ACC's Bipolar Membrane and Electrodialysis system eliminates waste discharged into waterways. The system supports a circular economy by processing this waste into caustic ("NaOH") and hydrochloric acid ("HCL"). Promoting a circular economy minimises raw material costs for herbicides, pesticides, fungicides and insecticides.



SOCIETAL IMPACT

ANB is committed to building a company with a sustainable future for its people, customers and local communities. We support these communities and society as a whole positively.

The Group's philanthropic objective and community investments focus on strengthening communities and enriching society's lives. ANB aligned these investments with the business strategy. During the financial year, we also reached out to disadvantaged communities, including flood victims and orphanage homes. Through these endeavours, our social relationship has contributed to our growth and the well-being of the broader community.

In FY2023, our philanthropy, sponsorship and donation totalled more than RM230,000. These sponsorship and donation initiatives support various critical areas, including sports, education, community advancement, arts and music, and culture and youth development. In these domains, we strive to make a meaningful impact by providing resources and assistance that empower growth, learning, creativity, and the overall well-being of individuals and communities.

Sustainability Statement

As we operate in diverse locations and countries, our various operations customise their community engagement programmes to the local environment. We have situated many sites in industrial zones. However, several are close to residential areas. We work closely with local communities near these sites.

Employee volunteerism contributed to the success of our community programmes. We have embedded it in the individual scorecard. The Group targets and facilitates employee engagement by welcoming employees as part of a community. Employees have the opportunity to share and display their very best work. We also enable channels where each employee can raise issues and give feedback.

ANCOM CROP CARE PENANG SCHOLARSHIP PROGRAMME

ACC launched the Ancom Crop Care Penang Scholarship Programme in April 2023, allocating RM1 million in funding over three (3) years. Successful scholarship applicants will receive a maximum of RM10,000 each for tuition fees throughout their programme.

Students attaining admission to any degree programme except Medicine and Dentistry in any local government or private university may apply for the scholarship.

University students pursuing courses in their second and third years are also eligible for scholarships. Recipients of the scholarship are also offered two-year employment with the Group with the possibility of an extension.

SPORTS

We contribute to advancing national badminton through sponsorship and development support. In FY2023, the Group contributed close to RM150,000 through sponsorship. We aim to elevate the nation's sports and foster excellence.



PEOPLE-ORIENTED

The Group complies with local labour legislation in all countries of operations. The Group communicates its labour standards policy to all employees in English and translates it into the local language in their respective countries. There were no incidents of non-compliance concerning labour standards during this financial year.

Our people and culture are central to the success of our business. In FY2023, we have continued to work towards developing a culturally diverse workforce. The Group adheres to local labour laws during recruitment, favouring hiring locally. However, diverse talent and expertise are essential for a Group with an international customer base. The Group sources talents and expertise internationally if necessary.

DIVERSITY AND INCLUSION

Our work on diversity and inclusion highlights how we contribute to the sustainable growth of our business by developing talent and culture across all regions.

Sustainability Statement

The Board and Management’s Approach to Furthering Diversity and Inclusion



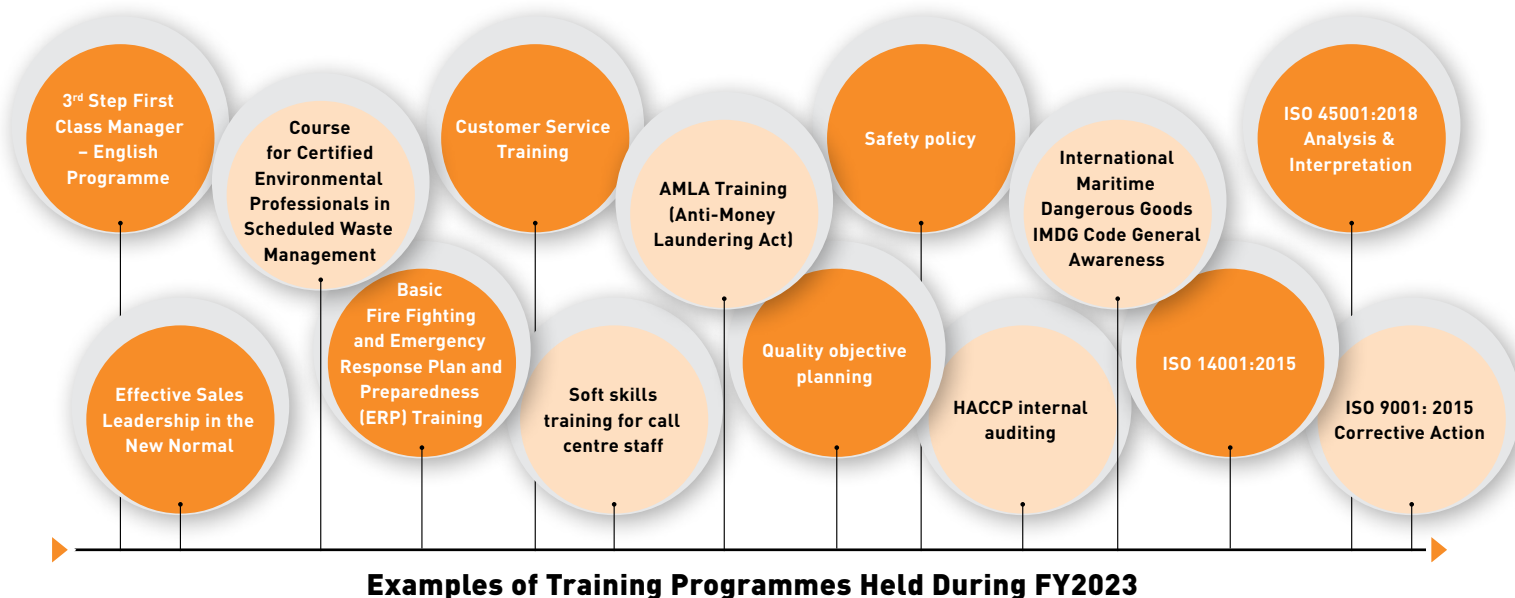
Our Code of Conduct and Ethics makes everyone in the organisation responsible for the following:

- Promoting the values of equal opportunities and non-discrimination
- Notifying the management if there is suspicion or presumption that discriminatory practices have occurred

TRAINING AND CAREER DEVELOPMENT

We invest in employees’ professional development from their first day. Our comprehensive employee onboarding programme familiarises new hires with our business, people, values and product portfolio in a way that facilitates their growth and learning within the organisation.

We offer employees professional, technical and professional development training. Each company customises training according to the nature of work.



We also encourage our people to work on their professional development by acquiring certifications and skills training from professional bodies. The Group also offers internship and graduate placement programmes to help curb the issue of youth unemployment in the country.

Sustainability Statement

Performance review is critical for employee retention and development efforts, reflecting our commitment to continuous organisational improvement. This performance review process engages with employees to understand their attitudes and aspirations about working at ANB more clearly. Engaging directly with our people allows us to manage our talent effectively, set organisational goals, and align these with our employee development efforts.

WE PUT SAFETY AND HEALTH FIRST

As our operations involve a degree of safety risk, safety and health is relevant and essential. We are committed to strengthening our Health, Safety and Environment (“HSE”) culture through actions, policies implementation, measurements and investigation. These commitments apply to all employees, contractors and other external stakeholders.

ANB has implemented comprehensive systems, training, communication and oversight that reflect the importance of safety and health across all locations. Each employee is responsible for upholding our rigorous standards.

We aim to provide a safe work environment for our team. No incidents during this financial year led to severe injuries or fatalities.

Examples of Key Health and Safety Initiatives Held During the Year

1	2	3	
<p>ACC</p> <ul style="list-style-type: none"> Emergency Response training Forklift training First aid training Mock evacuation drill Safety regulations training, including the OSHA Regulation 1994 and the Factory and Machinery Act 1974 	<p>NSC</p> <ul style="list-style-type: none"> HSE objective and policy training Quarterly safety campaign Forklift safety training Noise and hearing conservation training Fire equipment training Self-contained breathing apparatus (“SCBA”) training 	<p>Kesuma</p> <ul style="list-style-type: none"> Fogging Pest control Drills: fire, flood and spillage First aid training ISO 14001 awareness Fire prevention awareness Personal Protective Equipment (“PPE”) training Chemical hazard management 	
4	5	6	7
<p>Fermpro</p> <ul style="list-style-type: none"> Chemical handling training Forklift handling and safety training Competent person training 	<p>PCSB</p> <ul style="list-style-type: none"> Defensive Driving Training Annual medical examinations for all employees and drivers Fatigue Training Hydrotest and leak test on all ISO tanks 	<p>PTNI</p> <ul style="list-style-type: none"> Fogging and pest control First aid training Supervisory and team-building training Forklift driving and maintenance training 	<p>ALB Marine</p> <ul style="list-style-type: none"> Boat drill Fire drill First Aid Drill Security Drill Collision Drill. Man Overboard Drill Steering Failure Drill Piracy Drill

Sustainability Statement

All visitors and contractors must register upon entering our premises. Visitors and contractors receive the necessary PPE and may be required to attend a safety briefing before entering the premises. ANB conducts health and safety risk assessments on potential new or existing operations or projects. The assessment results are benchmarked against industry standards and previously set safety performance targets.

Forklift accidents are the most common type of accident occurring at our sites. We have taken several approaches to minimise this risk, such as painting the forklift tyres yellow and installing a filter on the exhaust and chain to prevent drivers from taking the wrong exits.

PCSB installed a GPS monitoring system to alert drivers as they enter high-risk areas. The Group also ensures that all product tankers are labelled with "Hazard Chemicals" to alert other road users.

SAFETY GOVERNANCE

ANB's health and safety practices apply to all contractors and other stakeholders on its premises. The management is committed to continuous improvement and compliance with OHS 1994, FMA 1967, EQA 1974 and other applicable acts, legislation, orders, rules, practices, and other requirements to which the Group subscribes.

The Board and management devise and oversee the implementation of environmental, health and safety programmes and EHS risks, review the effectiveness of safety programmes and ensure compliance with relevant laws.

We present each company's Safety and Health Committee ("Committees") composition in the table below. Employees are represented in the Committee and are actively involved in the Company's health and safety improvements.

Safety and Health Committee Composition

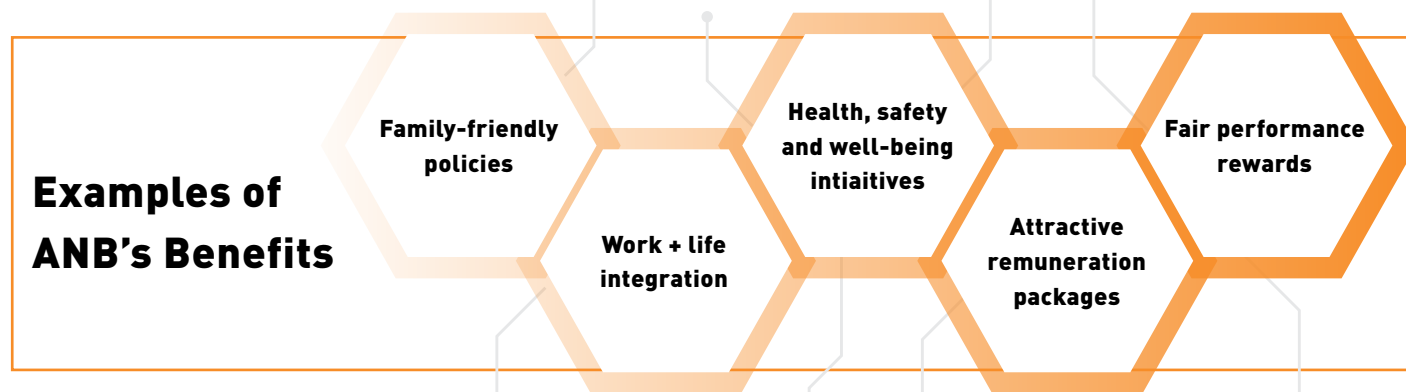
Company	Chairman	Secretary	Employer Representatives	Employee Representatives
ACC	1	1	6	6
NSC	1	1	6	6
Kesuma	1	1	2	2
Fermpro	1	1	6	11
PCSB	1	2	0	8
PTNI	1	1	0	6
ALB Marine	1	1	1	1

Each company's Committee meet at least quarterly to discuss matters raised by the management and unions regarding improving the safety, health and environmental situation of the Group. Relevant subsidiaries, such as ACC, are subject to safety and environment audits every six (6) months.

Sustainability Statement

EMPLOYEES WELLNESS

We surpass regulatory compliance to compensate for employees' contributions. Offering full-time employees comprehensive competitive and relevant benefits to current needs helps improve their performance and motivation.



The Group takes pride in its diverse family. Operating in a multicultural environment, employees enjoy a strong bond by celebrating various annual festivals, such as *Hari Raya*, Deepavali, Chinese New Year and Christmas. We also hold inter-departmental events, gatherings, get-togethers, sports tournaments and birthday celebrations. ALB Marine crew join all happenings on board virtually and attend a dedicated crew welfare webinar each year.

RESPECTING EVERYONE'S RIGHTS

ANB respects people's fundamental dignity and human rights when doing business; commitments anchored in its values, supplier code, code of business conduct, ethics and underlying policies. The Group aligned its human rights practices with the following international standards:

- The International Bill of Human Rights
- The Universal Declaration of Human Rights
- The Declaration on Fundamental Principles and Rights at Work of the International Labour Organisation (ILO)
- The United Nations (UN) Guiding Principles on Business and Human Rights

ANB adheres to all applicable employment and human rights regulations where operations are based. We summarise our human rights practices in the Code of Conduct and Ethics and require suppliers to adhere to these high standards. As part of the risk assessment procedure, we regularly review the labour standards of existing and potential businesses and supply chain partners.

Our Human Rights Standards, Policies, Principles and Commitment Statement

01

Health, safety and well-being

ANB prioritises health and safety first and delivers specific workplace safety programmes for all employees. The Group also established employee healthcare programmes to provide healthcare and well-being assistance to employees and their families.

Sustainability Statement

02

Non-discrimination

ANB respects cultural and individual diversity and promotes inclusiveness. People are treated fairly, based on the principle of non-discrimination, without distinction according to race, colour, gender, sexual orientation, religion, nationality or social origin, age, disability and other defining factors. ANB bases employment, reward and promotion on the principle of equal opportunity.

The Group's employment and hiring practices do not discriminate against individual differences, including those from deprived backgrounds, having poor social status and having no formal qualifications.

03

No harassment and violence

Adequately preventing and addressing harassment and violence, in any form, are vital aspects of safeguarding employees' dignity and equality. ANB does not tolerate physical, verbal, sexual or psychological harassment, bullying, abuse or threats.

04

Child protection

ANB follows the ILO definition of the minimum age for admission to employment. The Group refers to the Children's Rights and Business Principles, the first comprehensive set of principles to guide companies on the full range of actions we can take in the workplace, marketplace and community to respect and support children's rights.

05

Freedom of association and the right to collective bargaining

ANB adheres to the local law on freedom of association and collective bargaining. The Group acknowledges employees' freedom of choice to be legally represented by a labour union without fear of retaliation.

06

Rights of indigenous people

All ANB local and international operations must not violate the human rights of indigenous people.

07

No forced labour

ANB does not tolerate situations that force persons to work through violence, intimidation, or more subtle means, such as retaining identity papers. All employees must work freely, be familiar with the terms and conditions of their work and receive regular and timely salaries as agreed.

Sustainability Statement

08

Fair Pay and Remuneration

ANB adheres to local laws on minimum wage and commits to paying above the minimum living wage. We uphold our stand of 'equal pay for equal work' and comply with all local laws. The principle of equal remuneration for work of equal value must be respected when setting different minimum wages.

09

Rest and Leisure

The Group recognises the right to rest and leisure and will always comply with local laws and regulations on reducing working hours, overtime and ensuring adequate rest.

ANB ANTI-SEXUAL HARASSMENT POLICY

Dewan Negara passed the Anti-Sexual Harassment Act 2022 on 11 August 2022. This positive development in the country strengthens the sexual harassment provisions in the Employment Act.

Following this, the Group introduced an Anti-Sexual Harassment Policy as part of its commitment to providing a workplace free from any form of sexual harassment. Sexual harassment is unwelcome sexual behaviour in circumstances where a reasonable person would anticipate that the person subject to the behaviour would be offended, humiliated or intimidated. We believe in fostering an environment where people are treated with dignity, decency and respect.

**PRODUCT STEWARDSHIP**

Product stewardship brings responsible and ethical management to all business operations. Our sustainability strategy seeks to establish a structured, global product stewardship programme to strengthen our responsibility for our products and services throughout their entire lifecycle.

Our products undergo extensive evaluation and field trials to comply with regulatory requirements. We refine our formulations and use patterns to minimise their environmental impact and educate customers and consumers on their safe use and disposal.

RESEARCH, DEVELOPMENT AND RESPONSIBLE USE

We work to improve the environmental profile of our products through several techniques, such as substituting solvents with either natural materials or ones with a lower ecological toxicity profile. We always opt for safer chemicals which are less hazardous.

We focus on operating our agrichemical active ingredients manufacturing facilities as efficiently as possible. Most environmental impact in our agricultural value chain occurs upstream, beginning on the farms where feedstocks are grown. ACC manufactures, formulates and markets a wide range of herbicides, pesticides, fungicides, insecticides and rodenticides such as MSMA, Diuron, Bromacil, Glyphosate, 2-4D, Glufosinate Ammonium and Brodifacoum. We also manage the impact downstream in our value chains, such as environmental impacts related to product packaging and transportation.

Sustainability Statement

We actively work with customers to educate them on using our products safely and responsibly. All products are labelled to meet regulatory requirements; for example, NSC includes the Poisons Act 1952 and the Control of Industrial Major Accident Hazard (“CIMAHA”) Regulation 1996.

Consumers receive detailed information and safety data sheets (“SDS”). For example, safe handling and use, storage and appropriate disposal instructions accompany our industrial chemicals. We also explain the safe use of our products, especially if they are flammable. NSC prioritises implementing safe and sustainable approaches driven by the statutory requirement from production to waste management to control and pollution prevention, ensuring the safety of all personnel, processes and products supplied at the highest standards following customers’ requirements.

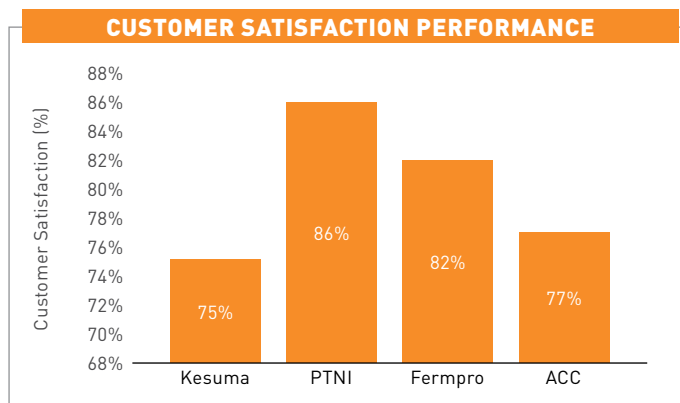
ANB’s product responsibility commitment extends to its packaging. For example, Kesuma has replaced carton boxes with returnable plastic alternatives.

QUALITY AND SATISFACTION

ANB Quality Management articulates our dedication to producing reliable products and delivering services of a high standard which are environmentally friendly, socially responsible and safe for use. This policy ensures quality compliance and risk-free usage by customers and end-users.

Our annual customer satisfaction rating scores demonstrate our quality performance. Our customers expressed high satisfaction with our products and services, highlighting their positive experiences.

The table below outlines our guiding quality standards and certifications for meticulous quality monitoring:



Group ISO Standards and Certification

Company	Certification
ACC	<ul style="list-style-type: none"> ISO 9001-2015
NSC	<ul style="list-style-type: none"> ISO 9001-2015 HACCP MS 1480:2019 Makanan Selamat Tanggungjawab Industri (MeSTI) Kosher Certification HALAL Certification
Kesuma	<ul style="list-style-type: none"> ISO14001:2015 ISO 9001 IATF 16949
Fermpro	<ul style="list-style-type: none"> ISO 9001 Kosher Certification
PTNI	<ul style="list-style-type: none"> ISO 9001:2015
ALB Marine*	<ul style="list-style-type: none"> ISO 9001 ISO 14001 ISO 45001

* Ship Manager’s company on behalf of ALB Marine.

Sustainability Statement

INFORMATION SECURITY

ANB adopted a comprehensive privacy policy outlining its practices in collecting, processing, using and disclosing personal data and privacy rights. With this legislation, data controllers must comply with certain personal data obligations, including companies and employees.

ANB regularly delivers awareness training to prevent information security breaches to strengthen employees' knowledge of information security-related issues. Control procedure audits avoid information security breaches and monitor the effectiveness of information security control systems.

We protect the right to privacy of our employees, customers, suppliers and business partners in line with the Personal Data Protection Act 2010 (PDPA).

We received no significant reports of data leakage, misuse or other non-compliance during the financial year.

RESPONSIBLE MARKETING AND COMMUNICATIONS

We are committed to maintaining transparent and responsible marketing and communications practices to ensure our compliance, and our customers' compliance, with applicable laws, regulations and industry best practices in all jurisdictions in which we operate.

Compliance with regulatory requirements is the highest priority for all our products. These multilayered regulations touch all steps in product research, development, approval and commercialisation. Typically, regulators require extensive product performance, characterisation, quality control and product safety data.

Our regulatory affairs team is responsible for generating the data necessary to secure product approvals and to oversee product stewardship programs to ensure our products are used safely, effectively and in full compliance with all relevant regulations.

Sustainability Statement

SUSTAINABILITY PERFORMANCE INDICATORS

Indicator	Unit	FY2021	FY2022	FY2023
Economic				
Procurement				
Proportion spent on local suppliers	%	53.35%	52.86%	52.22%
Proportion of local suppliers	%	80.52%	80.57%	79.87%
Suppliers assessed for environmental impacts	%	0.12%	1.74%	1.12%
Suppliers assessed for social impacts	%	0.25%	1.74%	1.12%
Corruption				
Employees receiving anti-corruption and anti-bribery training	Number	314	181	331
Management employees receiving anti-corruption and anti-bribery training	Number	73	27	96
Non-management receiving anti-corruption and anti-bribery training	Number	241	154	235
Operations assessed for corruption-related risks	%	12.50%	12.50%	5.26%
Confirmed incidents of corruption	Number	0	0	0
Employees disciplined or dismissed due to non-compliance with Anti-Bribery & Anti-Corruption Policy	Number	0	0	0
Cost of fines, penalties or settlements in relation to corruption	RM	0	0	0
Total political contributions	RM	0	0	0

Indicator	Unit	FY2022	FY2023
Environment			
Energy			
Diesel	TJ	167	171
Natural Gas	TJ	166	173
Electricity	TJ	56	50
Total energy consumption	TJ	389	394
Water			
Municipal water consumption	m ³	257,216	275,800
Groundwater	m ³	7,605	7,975
Total water consumption	m ³	264,821	283,775

Sustainability Statement

Indicator	Unit	FY2022	FY2023
Environment			
Waste and Effluents			
Total solid waste generated	Tonnes	5,574	7,438
Total waste diverted from disposal (recycled or repurposed)	Tonnes	390	583
Total waste directed to disposal (non-recycled)	Tonnes	5,184	6,855
Total scheduled waste	Tonnes	709	2,369
Effluent discharge	m ³	61,605	85,707
Materials			
Total raw materials	Tonnes	100,159	113,474
GHG Emissions			
Scope 1	tCO ₂ e	22,314*	23,055
Scope 2	tCO ₂ e	9,486	8,646
Scope 3: air travel	tCO ₂ e	N/A	149**
Scope 3: employee commuting	tCO ₂ e	N/A	2,091**
* Restated due to increased scope.			
** Calculation/Survey conducted in FY2023.			
Conformance and certification			
Total costs of environmental fines and penalties	RM	16,000	12,000

Indicator	Unit	FY2021	FY2022	FY2023
Social				
Diversity				
Total headcount	Number	1,106	1,161	1,111
<u>Employees by gender</u>				
Male	Number (%)	811 (73.33%)	834 (71.83%)	800 (72.01%)
Female	Number (%)	295 (26.67%)	327 (28.17%)	311 (27.99%)
<u>Employees by age</u>				
18-25 years old	Number (%)	131 (11.84%)	159 (13.70%)	121 (10.89%)
26-35 years old	Number (%)	386 (34.90%)	406 (34.97%)	413 (37.17%)
36-45 years old	Number (%)	289 (26.13%)	289 (24.89%)	266 (23.94%)
46-60 years old	Number (%)	261 (23.60%)	258 (22.22%)	262 (23.58%)
60 years old >	Number (%)	39 (3.53%)	49 (4.22%)	49 (4.41%)

Sustainability Statement

Indicator	Unit	FY2021	FY2022	FY2023
Social				
<u>Employees by contract</u>				
Full-time employees	Number (%)	947 (85.62%)	969 (83.46%)	949 (85.42%)
Contractors/Temporary employees	Number (%)	159 (14.38%)	192 (16.54%)	162 (14.58%)
<u>Employees by Ethnicity</u>				
Bumiputera	Number (%)	616 (55.70%)	658 (56.68%)	632 (56.89%)
Chinese	Number (%)	172 (15.55%)	177 (15.25%)	168 (15.12%)
Indian	Number (%)	119 (10.76%)	129 (11.11%)	116 (10.44%)
Foreigners	Number (%)	199 (17.99%)	197 (16.97%)	195 (17.55%)
<u>Employees by Category</u>				
Management	Number (%)	176 (15.91%)	176 (15.16%)	203 (18.27%)
Non-Management	Number (%)	930 (84.09%)	985 (84.84%)	908 (81.73%)
<u>Gender by Employee Category</u>				
Management: Male	Number (%)	101 (57.39%)	97 (55.11%)	115 (56.65%)
Management: Female	Number (%)	75 (42.61%)	79 (44.89%)	88 (43.35%)
Non-Management: Male	Number (%)	710 (76.34%)	737 (74.82%)	685 (75.44%)
Non-Management: Female	Number (%)	220 (23.66%)	248 (25.18%)	223 (24.56%)
<u>Age by Employee Category</u>				
Management: 18-25 years old	Number (%)	4 (2.27%)	1 (0.57%)	1 (0.49%)
Management: 26-35 years old	Number (%)	24 (13.64%)	23 (13.07%)	37 (18.23%)
Management: 36-45 years old	Number (%)	52 (29.55%)	51 (28.98%)	59 (29.06%)
Management: 46-60 years old	Number (%)	77 (43.75%)	77 (43.75%)	81 (39.90%)
Management: 60 years old >	Number (%)	19 (10.80%)	24 (13.64%)	25 (12.32%)
Non-Management: 18-25 years old	Number (%)	127 (13.66%)	158 (16.04%)	120 (13.22%)
Non-Management: 26-35 years old	Number (%)	362 (38.92%)	383 (38.88%)	376 (41.41%)
Non-Management: 36-45 years old	Number (%)	237 (25.48%)	238 (24.16%)	207 (22.80%)
Non-Management: 46-60 years old	Number (%)	184 (19.78%)	181 (18.38%)	181 (19.93%)
Non-Management: 60 years old >	Number (%)	20 (2.15%)	25 (2.54%)	24 (2.64%)
<u>Employees by qualification</u>				
Degree	Number (%)	239 (21.61%)	267 (23.00%)	269 (24.21%)
Diploma	Number (%)	147 (13.29%)	179 (15.42%)	158 (14.22%)
Certificate/Others	Number (%)	720 (65.10%)	715 (61.58%)	684 (61.57%)
<u>Women in leadership</u>				
Women in Management	Number (%)	75 (42.61%)	79 (44.89%)	88 (43.35%)
Women in Senior Management	Number (%)	17 (26.98%)	21 (30.88%)	24 (32.88%)
<u>Disabilities</u>				
Disabled staff	Number (%)	0 (0.00%)	1 (0.09%)	1 (0.09%)

Sustainability Statement

Indicator	Unit	FY2021	FY2022	FY2023
Social				
Board of directors				
Total directors	Number	7	11	8
<u>Directors by gender</u>				
Male	Number (%)	7 (100.00%)	10 (90.91%)	7 (87.50%)
Female	Number (%)	0 (0.00%)	1 (9.09%)	1 (12.50%)
<u>Directors by age</u>				
18-25 years old	Number (%)	0 (0.00%)	0 (0.00%)	0 (0.00%)
26-35 years old	Number (%)	0 (0.00%)	0 (0.00%)	0 (0.00%)
36-45 years old	Number (%)	0 (0.00%)	0 (0.00%)	0 (0.00%)
46-60 years old	Number (%)	0 (0.00%)	2 (18.18%)	2 (25.00%)
60 years old >	Number (%)	7 (100.00%)	9 (81.82%)	6 (75.00%)
Employee turnover				
Total Employee turnover	Number (ratio *)	183 (15.19%)	184 (16.23%)	220 (19.37%)
<i>* Employee turnover / average number of employees x 100</i>				
<u>Employee turnover by gender</u>				
Female	Number	67	74	80
Male	Number	116	110	140
<u>Employee turnover by age</u>				
18-25 years old	Number	71	66	74
26-35 years old	Number	63	74	90
36-45 years old	Number	35	26	37
46-60 years old	Number	14	17	13
60 years old >	Number	0	1	6
<u>Employee turnover by employee category</u>				
Management	Number	8	5	7
Non-Management	Number	175	179	213
<u>Voluntary/involuntary turnover</u>				
Voluntary turnover	Number (%)	179 (97.81%)	176 (95.65%)	213 (96.82%)
Involuntary turnover	Number (%)	4 (2.19%)	8 (4.35%)	7 (3.18%)
<u>Training and Development</u>				
Total training time	Hours	9,069	11,320	14,538
Total training for Management	Hours	747	1,706	4,400
Total training for Non-Management	Hours	5,571	5,149	7,331
Total training for Middle Management	Hours	1,395	2,554	1,549
Total training for Non-Executive	Hours	1,356	1,912	1,258
Total employees trained	Number	485	668	870

Sustainability Statement

Indicator	Unit	FY2021	FY2022	FY2023
Social				
Health and safety				
Fatalities	Number	0	0	0
Employees trained on health and safety standards	Number	201	292	376
Lost time incident rate	Rate *	1.82	1.99	1.38
Subsidiaries with OSHAS 18001/ISO 45001	Company	ALB	ALB	ALB
<i>* Number of lost time injuries in the reporting period / Total number of hours worked in the reporting period * 200,000</i>				
Community				
Total amount invested in the community where the target beneficiaries are external to the listed issuer	RM	14,800	292,710	238,294
Human rights				
Substantiated complaints concerning human rights violations	Number	0	0	0
Customer Privacy				
Substantiated complaints concerning breaches of customer privacy and losses of customer data	Number	0	0	0

Corporate Governance Overview Statement

PURSUANT TO PARAGRAPH 15.25 OF THE MAIN MARKET LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD

INTRODUCTION

THE BOARD OF DIRECTORS (“BOARD”) OF ANCOM NYLEX BERHAD (“COMPANY”) IS PLEASED TO PRESENT THE CORPORATE GOVERNANCE OVERVIEW STATEMENT (“STATEMENT”) FOR THE FINANCIAL YEAR ENDED 31 MAY 2023.

This Statement aims to provide shareholders and investors with an overview of the corporate governance (“CG”) practices of the Company. The Statement is guided by the three (3) key CG principles and practices as set out in the Malaysian Code on Corporate Governance (as at 28 April 2021) (“MCCG”) issued and updated by the Securities Commission (“SC”).

PRINCIPLE A:

**BOARD LEADERSHIP
AND
EFFECTIVENESS**

PRINCIPLE B:

**EFFECTIVE AUDIT
AND
RISK MANAGEMENT**

PRINCIPLE C:

**INTEGRITY IN CORPORATE
REPORTING AND MEANINGFUL
RELATIONSHIP WITH
STAKEHOLDERS**

This Statement is prepared in compliance with the Main Market Listing Requirements (“MMLR”) of Bursa Malaysia Securities Berhad (“Bursa Securities”). It is to be read in conjunction with the Corporate Governance Report (“CG Report”) of the Company for the financial year ended 31 May 2023, which is available on the Company’s website at www.ancomnylex.com.

The CG Report provides details on how the Company has applied each of the practices as set out in the MCCG during the financial year ended 31 May 2023.

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS

BOARD ROLES AND RESPONSIBILITIES

The Board has overall responsibility for the proper conduct of the Company and its subsidiaries (“Group”) as it strives to achieve the Group’s business objectives and goals. The Board provides clear and effective entrepreneurial leadership to management, oversees their performance, and ensures they have in place achievable strategic plans and objectives. The Board also ensures that management has adequate resources to implement the appropriate processes for assessing and managing risks, as well as maintaining adequate internal controls to achieve its objectives.

Corporate Governance Overview Statement

The Board has a Board Charter in place that sets out the strategic intent of the Board and outlines its roles and responsibilities. The Board Charter clearly sets out the primary roles and responsibilities of the Board in fulfilling its overall obligations regarding the Group's strategic direction, business and financial performance, risk management, internal control and management, information systems, and investor relations, as follows:

- Formulate and chart the strategic direction of the Group including both its short and long-term plans and objectives;
- Oversee sustainability governance and ensure sustainability is embedded into the Group's strategic direction and its daily operations;
- Review and approve the Group's key operational policies and initiatives and major investments in new business/projects and funding decisions of the Group;
- Oversee and review the Group's business operations and financial performances;
- Ensure the Group's strategic plan supports long-term value creation and includes strategies on economic, environmental and social considerations underpinning sustainability;
- Oversee the development, implementation and review of the succession plan for Directors and key senior management;
- Understand the principal risks of the Group's business;
- Oversee the development, implementation and reviewing/monitoring of the risk management framework and the adequacy and integrity of the Group's internal control system and management information system to ensure compliance with the relevant laws, rules, regulations, directives, guidelines and the business objectives of the Group;
- Ensure the Company has in place procedures to enable effective communication with stakeholders;
- Ensure the integrity of the Company's financial and non-financial reporting; and
- Formulate and promote ethical standards and good governance within the Group that reinforces ethical, prudent and professional behaviour.

The Board Charter was last reviewed on 15 September 2023. The Board Charter is subject to review as and when necessary and is accessible from the Company's website at www.ancomnylex.com.

SEPARATION OF FUNCTIONS BETWEEN THE EXECUTIVE CHAIRMAN AND THE MANAGING DIRECTOR/GROUP CHIEF EXECUTIVE OFFICER

The positions of the Executive Chairman ("EC") and the Managing Director/Group Chief Executive Officer ("MD/GCEO") are held by different individuals with clear and distinct roles and responsibilities. This is formally documented in the Board Charter. This ensures a balance of power and authority such that no one individual has unfettered powers of decision-making.

In addition to the EC's role in managing the Group's operations, the EC, who reports to the Board, is also primarily responsible for instilling leadership and good corporate governance practices, and ensuring ethical as well as effective conduct of the Board in discharging its responsibilities.

The MD/GCEO, who reports to and works closely with the EC, has overall responsibility for the day-to-day management of the Group's business and operations. He oversees management's implementation of the Group's business plans and strategies as agreed by the Board in order to achieve the goals set by the Board.

Corporate Governance Overview Statement

QUALIFIED AND COMPETENT COMPANY SECRETARIES

Board members have full access to the two Company Secretaries, both of whom are qualified to act as Company Secretaries under Section 235(2) of the Companies Act 2016. Both Company Secretaries have more than twenty (20) years of experience in board administration and company secretarial practices.

The key responsibilities of the Company Secretaries are as follows:

- Formulate the Company's Constitution and Board policies and procedures;
- Administer the Company's secretarial practices, particularly with regard to ensuring compliance with the Company's Constitution, Board policies and procedures, and statutory and regulatory requirements;
- Update and apprise the Board of new regulations issued by the relevant authorities including corporate governance practices;
- Prepare and organise the Board, Board Committees and shareholders' meetings;
- File the necessary documents/returns with the relevant regulatory authorities and maintain statutory records in accordance with the laws;
- Facilitate the orientation of new Directors and assist in director training; and
- Monitor and assist in the application of governance practices to meet the Board's needs and stakeholders' expectations.

The Company Secretaries work closely with the EC and the MD/GCEO to ensure timely and appropriate information flow within the Board and to the Board Committees and management. They are also the focal point for stakeholder communication.

STRATEGICALLY PROMOTING SUSTAINABILITY

The Board practises good corporate governance in the application of sustainability practices throughout the Group, the benefits of which are believed to translate into better corporate performance and value creation for shareholders.

The Group continues to carry out activities which demonstrate its commitment to creating better environmental, social and governance outcomes in line with its sustainability agenda during the financial year ended 31 May 2023. These activities are as reported in the Sustainability Statement in this Annual Report.

ACCESS TO INFORMATION AND ADVICE

All Directors have unrestricted access to the Group's information and are free to interact with management on an on-going basis to obtain updates or explanations on any aspect of the Group's operations or business. The Directors also have unrestricted access to the service and advice of the Company Secretaries. The Directors may obtain independent professional advice on specific matters relevant to the furtherance of their duties, when necessary, at the Company's expense and without the need for specific approval by the EC.

Prior to Board/Board Committee meetings, all Directors are provided with an agenda on matters to be discussed together with the meeting papers which contain minutes of meetings, operational and financial performance reports, details of corporate proposals, quarterly Interim Financial Reports or the Annual Audited Financial Statements, reports of the Board/Board Committees, internal audit reports and other matters.

Members of the senior management team are invited to attend the Board/Board Committee meetings to provide insights and to furnish clarification on issues that may be raised by the Directors. Whenever required, professional advisers appointed by the Company are invited to attend the Board/Board Committee meetings to provide explanations or clarification in order to facilitate the Board's decision-making.

Corporate Governance Overview Statement

CODE OF CONDUCT AND ETHICS

All Directors of the Group are to maintain the highest degree of integrity and professionalism while promoting transparency and accountability in their actions.

The Company has in place the Code of Conduct and Ethics, which was formulated to enhance the standard of corporate governance and corporate behaviour through:

- establishing a standard of ethical behaviour for all Directors based on trustworthiness and values that can be accepted and upheld by any one person;
- upholding the spirit of responsibility and social responsibility in line with the Company's policies and procedures and administrative guidelines; and
- managing conflicts of interest, and preventing abuse of power, corruption, insider trading and money laundering.

The Code of Conduct and Ethics, which was last reviewed by the Board on 15 September 2023, is available on the Company's website at www.ancomnylex.com.

ANTI-BRIBERY AND ANTI-CORRUPTION/WHISTLE-BLOWING

In support of ethical business practices, the Group adopts a strong stance against all forms of bribery and corruption as spelt out in the Anti-Bribery & Anti-Corruption Policy ("ABAC Policy").

The ABAC Policy applies to all individuals working at all levels and grades within the Group, including Directors (both executive and non-executive), employees (permanent, contract and temporary), business partners, contractors, other contracting parties, or any other persons associated with the Group.

The Group is also committed to the values of transparency, integrity, impartiality and accountability in the conduct of its business and affairs. For this purpose, the Board has established a Whistle-Blowing Policy to provide an avenue for employees of the Group and members of the public to raise genuine concerns of any wrongdoing or improper conduct involving the Group and/or its Directors, managers or employees.

The Board has the overall responsibility for the Whistle-Blowing Policy and oversees its implementation.

Both the ABAC Policy and Whistle-Blowing Policy, which were last review by the Board on 15 September 2023, are available on the Company's website at www.ancomnylex.com.

BOARD COMPOSITION

As of 31 May 2023, the Company's Board comprised one (1) EC, one (1) MD/GCEO, one (1) Non-independent Non-executive Directors and five (5) Independent Non-executive Directors.

The composition of the Board complies with Bursa Securities' MMLR which requires at least one-third ($\frac{1}{3}$) of the Board comprising Independent Non-executive Directors. It also complies with Practice 5.2 of the MCCG to have at least 50% representation of Independent Non-executive Directors on the Board.

The presence of a significantly higher proportion of Independent Non-executive Directors on the Board provides for an effective check and balance on the functions of the Board and is an assurance of sound decision-making process for the wellbeing of the Group. The Independent Non-executive Directors do not engage in the day-to-day management of the Company and do not participate in any business dealings or form any other relationship with the Company. This enables them to exercise independent judgement in discharging their duties and responsibilities to the best interests of the Company.

Corporate Governance Overview Statement

BOARD COMMITTEES

The Board is assisted by the following Board Committees in order to ensure an orderly and effective discharge of its responsibilities:

- Audit Committee (“AC”)
- Risk Management Committee (“RMC”) – established on 26 April 2023
- Remuneration & Nomination Committee (“R&NC”)

All Board Committees comprise a majority of Independent Non-executive Directors. These Board Committees are delegated with certain responsibilities as well as the authority to examine specific issues, and are entrusted to act on behalf of the Board in accordance with their respective Terms of Reference (“TOR”) as approved by the Board. The Board Committees report to the Board with their proceedings, deliberations and recommendations. The ultimate responsibility for decision making, however, lies with the Board.

Please refer to the respective reports of the Board Committees for further details.

ASSESSMENT OF INDEPENDENCE

The Board, through the R&NC, assessed the independence of the Independent Directors as detailed in the Remuneration & Nomination Committee Report in this Annual Report.

Senior Independent Director

The Board did not appoint a Senior Independent Non-Executive Director as a designated recipient for concerns. The Board operates in an open environment where opinions and information are freely exchanged. In this setting, there’s no necessity to direct concerns towards a specific Director, as all Board members collectively and individually undertake this responsibility.

Diversity Policy

In selecting its Directors, the Group follows a policy of impartiality, refraining from any form of discrimination, whether it pertains to age, gender, ethnicity, or religion. This commitment is outlined in the Diversity Policy, accessible on the Company’s website at www.ancomnylex.com. The Diversity Policy was last reviewed by the Board on 15 September 2023.

The Group emphasises the significance of having a Board that comprises the most skilled individuals who possess the necessary knowledge, expertise, experience, independence, forward-thinking, and prudent decision-making abilities. This ensures the Board operates efficiently and can fulfil its responsibilities in the best interest of the Company and shareholders.

The Board endorses the promotion of gender diversity in the boardroom as recommended by the MCCG. The Board will factor in gender during the nomination and selection of new Directors. As part of this commitment, a female Director was appointed on 19 September 2022.

It is worth noting that the selection of new Directors is guided based on the required skills, knowledge, experience, and qualifications of candidates, rather than being solely determined by their gender or ethnicity.

Corporate Governance Overview Statement

APPOINTMENT OF NEW DIRECTORS

The nomination and appointment of Directors is a vital process as it determines the Board's composition and quality of Board members as well as their competency. The R&NC is entrusted by the Board to review candidates for new appointments to the Board and determine the criteria for the selection of new Directors. The R&NC, in making its recommendation, will consider the following criteria in the selection of candidates:

- skills, knowledge, competencies, expertise, and experience;
- professionalism, integrity, diversity;
- commitment, contribution and performance; and
- in the case of candidates for Independent Non-executive Directors, the candidates' ability to discharge such responsibilities or functions as expected of them and they having met the criteria as set out in paragraph 1.01 of the MMLR of Bursa Securities.

The following Directors were appointed to the Board during the financial year:

- i) Tan Sri Dato' Sri Mohamad Fuzi Bin Harun (appointed on 19 September 2022); and
- ii) Christina Foo (appointed on 19 September 2022).

The above appointments were made to fill positions left vacant by the resignations of long-serving Independent Directors.

The R&NC does not use external sources to identify appropriately qualified candidates, given the R&NC's comprehension of the specialised industries the Group operates within and the type of candidates whose background fit the criteria set by the R&NC.

ANNUAL ASSESSMENT

Please refer to the Remuneration & Nomination Committee Report in this Annual Report for more details.

REMUNERATION OF DIRECTORS

Details of the Directors' remuneration received and receivable by the Directors of the Company for the financial year ended 31 May 2023 are disclosed in the Remuneration & Nomination Committee Report in this Annual Report.

TIME COMMITMENT

Each Director dedicated sufficient time to fulfil their obligations throughout the financial year. To enable Directors to effectively concentrate on and carry out their duties, they are restricted to holding a maximum of five (5) directorships in publicly listed companies, in accordance with MMLR of Bursa Securities.

At the end of every calendar year, the Company Secretaries will develop a timetable encompassing all upcoming Board/Board Committee meetings and the annual general meeting for the following year. This is to facilitate all Directors in organising their calendars and attending those meetings.

Corporate Governance Overview Statement

During the financial year, four (4) Board meetings were held. Details of attendance of each Director at the Board meetings for the financial year ended 31 May 2023 are as follows:

Board Meetings

Name of Director	No. of Meetings Attended
Dato' Siew Ka Wei	4/4
Lee Cheun Wei	4/4
Chan Thye Seng	4/4
Tan Sri Dato' Seri Abdull Hamid Bin Embong	3/4
Datuk Dr. Abd Hapiz Bin Abdullah	4/4
Maliki Kamal Bin Mohd Yasin	4/4
Tan Sri Dato' Sri Mohamad Fuzi Bin Harun	3/3*
Christina Foo	3/3*
Tan Sri Dato' Dr. Lin See Yan (resigned)	1/1**
Edmond Cheah Swee Leng (resigned)	1/1**
Lim Hock Chye (resigned)	1/1**

Note:

* Board meetings held after appointment

** Board meetings held before resignation

All the Directors fulfilled the requirement for attendance of Board meetings during the financial year as prescribed under the MMLR of Bursa Securities.

All the Directors have attended the Company's Annual General Meeting on 27 October 2022.

CONTINUING EDUCATION PROGRAMME AND TRAINING

The Board recognises the importance of continuous training and education for its Directors to ensure that they are equipped with the necessary skills and knowledge to assist them in discharging their duties as Directors.

All Directors have completed the Mandatory Accreditation Programme as required under the MMLR of Bursa Securities. The Directors will continue to attend other relevant training programmes to keep abreast with developments on a continuous basis in compliance with the MMLR of Bursa Securities.

The Board has assumed the responsibility for determining the training needs of the Directors and filling any gaps identified. The Directors are mindful of the need for continuous training to keep abreast of the relevant changes in laws, regulations and the business environment to discharge their duties and responsibilities effectively. The Board has also been regularly updated and advised by the Company Secretaries along with other independent professionals on regulatory changes and matters on governance, to enable the Directors to discharge their responsibilities effectively.

Corporate Governance Overview Statement

During the financial year, the Directors attended an in-house training facilitated by a firm of professional trainers on Board's Oversight Role on Bursa Malaysia's Enhanced Sustainability Reporting Framework and Cyber Security – A Boardroom Agenda. They have also attended the refresher course on Subsection (5) of Section 17A under the Malaysian Anti-Corruption Commission Act (Amendment) 2018.

PRINCIPLE B: EFFECTIVE AUDIT AND RISK MANAGEMENT

COMPLIANCE WITH APPLICABLE FINANCIAL REPORTING STANDARDS

The Board strives to present true and fair, comprehensive, balanced and meaningful evaluation and assessment of the financial performance, financial position and future prospects of the Group in the Annual Audited Financial Statements and the Quarterly Interim Financial Reports (collectively referred to as "Financial Statements") of the Company and of the Group.

The Directors are responsible for keeping proper accounting records which disclose with reasonable accuracy the financial position of the Company and of the Group, ensuring that the Financial Statements are prepared in accordance with the Companies Act 2016, the Malaysian Financial Reporting Standards, the International Financial Reporting Standards, the MMLR of Bursa Securities and other statutory and regulatory requirements.

ASSESSMENT OF SUITABILITY AND INDEPENDENCE OF EXTERNAL AUDITORS BY THE AUDIT COMMITTEE

Under the AC's TOR and External Auditors Assessment Policy, the AC is empowered by the Board to assess the independence and performance of the External Auditors and to review all issues in relation to their appointment, re-appointment, resignation or dismissal.

Please refer to the Audit Committee Report in this Annual Report for more details.

SOUND FRAMEWORK TO MANAGE RISK

The Board acknowledges its responsibility to maintain a sound risk management and internal control system covering not only financial controls but also operational and compliance controls to identify risks in operations and finance, and to design measures to manage those risks. This system is intended to manage, rather than eliminate, the risk of failure to achieve the Group's corporate objectives, as well as to safeguard the shareholders' investments and Group's assets.

Prior to the establishment of the RMC, the AC has been entrusted by the Board to ensure that an effective and adequate risk management and internal control system is in place at all times. A separate RMC has been established on 26 April 2023 in line with the Step-up Practice 10.3 of the MCCG. The RMC's objective is to assist the Board in ensuring the Company has in place sound and robust risk management framework. This is to ensure that the risk management framework is implemented effectively to enhance the Company's ability to achieve its strategic objectives especially in pursuing its growth agenda.

Please refer to the Statement on Risk Management and Internal Control and the Risk Management Committee Report in this Annual Report which provide an overview of the risk management and internal controls within the Group for more details.

INTERNAL AUDIT FUNCTION

To assist the Board in maintaining a sound system of internal control hence eliminate the risk of failure to achieve the Group's corporate objectives, as well as to safeguard the shareholders' investments and Group's assets, the Board outsources the Internal Audit function to Sterling Business Alignment Consulting Sdn. Bhd., an independent firm of consultants.

The Internal Auditors conduct regular audits to review the adequacy and effectiveness of the Group's risk management and internal control system in identifying and managing principal risks, ensuring compliance with the law and regulations, and preserving the quality of assets and the integrity of the management information system.

Corporate Governance Overview Statement

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

CORPORATE DISCLOSURE POLICY

The Board acknowledges the importance of timely and thorough dissemination of material information about the Group's business to its shareholders and investors to enable informed investment decisions. The Board considers consistent communication with the public through different notifications and the distribution of Annual Reports, circulars, and press releases crucial for fostering positive engagements with shareholders and investors. Briefing to investors were held regularly by the senior management of the Company.

The Board strives to disclose such information to the public as soon as practicable through Bursa Securities, the media and the Company's website at www.ancomnylex.com, and to ensure that such information is managed properly to avoid leakage or improper use. The Board takes reasonable steps to ensure all investors have equal access to material information.

SHAREHOLDERS' PARTICIPATION AT GENERAL MEETINGS

General meetings continue to serve as the primary platform for communication between the Company and its shareholders, offering a channel for interaction and information exchange.

In order to promote increased shareholder involvement during the Company's general meetings, any eligible member has the option to designate a proxy for attendance and voting if they are unable to personally attend the meetings. The proxy may, but need not be, a member of the Company and need not be an advocate, an approved company auditor or a person approved by the Registrar of Companies. The Company's Constitution explicitly allows a proxy to speak at general meetings. Notices of the general meetings and related circulars are sent to the shareholders in accordance with the regulatory and statutory provisions. All notices are advertised in a national English newspaper within the prescribed deadlines.

Minutes of the proceedings at the general meetings are recorded by the Company Secretaries, and made available for inspection by shareholders at the Company's registered office. The minutes of general meetings and a summary of key matters discussed at the general meetings are also posted on the Company's website at www.ancomnylex.com.

LEVERAGING INFORMATION TECHNOLOGY

The Board leverages information technology to hold virtual shareholder meetings in order to facilitate the participation of remote shareholders and voting in absentia.

The Company conducted one (1) fully virtually Annual General Meeting on 27 October 2022 successfully.

The Company releases all material information publicly through Bursa Securities' website at www.bursamalaysia.com and via the Company's website at www.ancomnylex.com.

POLL VOTING

As provided in the Company's Constitution, all resolutions at the shareholder meetings are decided via poll voting.

Corporate Governance Overview Statement

EFFECTIVE COMMUNICATION AND PROACTIVE ENGAGEMENT WITH STAKEHOLDERS

Shareholders and investors are encouraged to submit their queries and concerns to the Company through its website at www.ancomnylex.com or by e-mail to companysecretary@ancomnylex.com. Their queries will be attended by the Company Secretaries, the Board or senior management, as the case may be.

CORPORATE GOVERNANCE REPORT

The Board has deliberated, reviewed and approved this Statement and is satisfied that the Group has fulfilled its obligations under the relevant paragraphs of the MMLR of Bursa Securities, Companies Act 2016, MCCG, Corporate Governance Guide – 4th edition issued by Bursa Malaysia Berhad and other applicable laws and regulations throughout the financial year ended 31 May 2023. The Board is also satisfied that the Company has adopted the practices and applied the key Principles of the MCCG for the financial year under review.

Please refer to the Company's CG Report, which is available on the Company's website at www.ancomnylex.com, on the extent of the Company's application and compliance with the MCCG and explanations for any deviations.

This Corporate Governance Overview Statement is made in accordance with a resolution of the Board.

Audit Committee Report

The Board of Directors ("Board") is pleased to present the Audit Committee Report which provides insights into the manner in which the Audit Committee discharged its functions during the financial year ended 31 May 2023.

COMPOSITION OF THE AUDIT COMMITTEE

The Audit Committee was refreshed and reconstituted during the financial year ended 31 May 2023 in response to the resignations of the long serving Directors. Members of the Audit Committee are as follows:

Christina Foo - Chairman (appointed as Member on 19 September 2022 and re-designated as Chairman on 17 January 2023)

Tan Sri Dato' Seri Abdull Hamid Bin Embong - Member (re-designated as Chairman on 19 September 2022 and as Member on 17 January 2023)

Tan Sri Dato' Sri Mohamad Fuzi Bin Harun - Member (appointed on 19 September 2022)

Edmond Cheah Swee Leng - Chairman (resigned on 19 September 2022)

Lim Hock Chye - Member (resigned on 19 September 2022)

As of 31 May 2023, the Audit Committee comprises three (3) members of the Board, all of whom are Independent Non-Executive Directors.

The composition of the Audit Committee complies with the requirements of paragraph 15.09(1)(a), (b) and (c) and paragraph 15.10 of the Main Market Listing Requirements ("MMLR") of Bursa Malaysia Securities Berhad ("Bursa Securities") and practices 9.1 and 9.4 of the Malaysian Code on Corporate Governance (issued and updated on 28 April 2021).

The Chairman of the Audit Committee, Christina Foo, is a Chartered Accountant and a member of the Malaysian Institute of Accountants ("MIA"). The former Audit Committee Chairman, Edmond Cheah Swee Leng, is a Chartered Accountant and members of MIA and the Institute of Chartered Accountants in England & Wales ("ICAEW").

The positions of Chairman of the Audit Committee and Chairman of the Board are assumed by different persons to prevent any impairment on objectivity of the Board's review of the Audit Committee's findings and recommendations.

MEETINGS OF THE AUDIT COMMITTEE

During the financial year ended 31 May 2023, the Audit Committee had six (6) meetings and the attendance of each member of the Audit Committee at those meetings is as follows:

Name of Director	Designation	No. of Meetings Attended*
Meetings on 18 July 2022 and 30 August 2022		
Edmond Cheah Swee Leng	Chairman, Independent Non-Executive Director	2/2
Tan Sri Dato' Seri Abdull Hamid Bin Embong	Member, Independent Non-Executive Director	2/2
Lim Hock Chye	Member, Non-Independent Non-Executive Director	2/2
Meetings on 17 October 2022, 17 November 2022, 17 January 2023 and 18 April 2023		
Christina Foo	Chairman, Independent Non-Executive Director	4/4
Tan Sri Dato' Seri Abdull Hamid Bin Embong	Member, Independent Non-Executive Director	3/4
Tan Sri Dato' Sri Mohamad Fuzi Bin Harun	Member, Independent Non-Executive Director	4/4

* six (6) virtual meetings were held - two (2) were attended by the former Audit Committee members and the latter four (4) were attended by the reconstituted Audit Committee members

Audit Committee Report

Web and teleconferencing were the main tools used to conduct the Audit Committee meetings during the financial year. The virtual meetings were structured through the use of agendas and relevant meeting papers distributed electronically to the Audit Committee members prior to those meetings. The meetings were of adequate length to allow the Audit Committee sufficient time to accomplish its agenda and to discuss emerging issues.

The meetings were conducted in an open and constructive manner where focused discussions, questioning and expressions of differing opinions were encouraged. The Managing Director/Group Chief Executive Officer, the Chief Financial Officer, and the company secretaries were invited to attend those meetings.

The Internal Auditors attended five (5) of the six (6) Audit Committee meetings during the year, while the External Auditors attended three (3) of those six (6) meetings.

TERMS OF REFERENCE

The Audit Committee is governed by its Terms of Reference (“TOR”) which is established pursuant to the MMLR of Bursa Securities. There is a term in the TOR of the Audit Committee which requires a former key audit partner of the Company’s External Auditors to observe a cooling-off period of at least three (3) years before being appointed as a member of the Audit Committee. None of the members of the Audit Committee was a former audit partner.

The Audit Committee’s TOR was last reviewed by the Board on 15 September 2023. The Audit Committee’s TOR is subject to review as and when necessary and is accessible from on the Company’s website at www.ancomnylex.com.

SUMMARY OF ACTIVITIES

The Audit Committee carried out its duties as set out in its TOR. The main activities undertaken by the Audit Committee in relation to the financial year ended 31 May 2023, are as follows:

FINANCIAL REPORTING

- a) Reviewed the Quarterly Interim Financial Reports (“Interim Financial Reports”) presented by the Management to ensure compliance with the disclosure requirements of the approved Malaysian Financial Reporting Standards (“MFRSs”), the International Financial Reporting Standards (“IFRSs”), the Companies Act 2016, the MMLR of Bursa Securities and other statutory and regulatory requirements prior to recommending to the Board for its consideration and approval, and for subsequent announcement to Bursa Securities. The Audit Committee also sought clarifications from Management on the Group’s performance from time to time.
- b) Reviewed the Annual Audited Financial Statements (“Audited Financial Statements”) presented by Management in the presence of the External Auditors to ensure these complied with the disclosure requirements of the MFRSs and IFRSs, the Companies Act 2016, the MMLR of Bursa Securities and other statutory and regulatory requirements. The Audit Committee also sought to resolve contentious issues, if any, prior to recommending the Audited Financial Statements to the Board for its consideration and approval, and for subsequent announcement to Bursa Securities and dispatch to the Company’s shareholders.

In all the aforementioned reviews, the Chief Financial Officer (“CFO”) assured the Audit Committee that the Interim Financial Reports and Audited Financial Statements have been prepared based on the consistent application of generally acceptable accounting policies and standards and that there were no material misstatements. The CFO further assured that the Interim Financial Reports and Audited Financial Statements gave a true and fair view of the financial positions of the Company and of the Group as at the respective reporting dates and of the financial performance and cash flows of the Company and of the Group for the financial periods/year.

Audit Committee Report

EXTERNAL AUDIT

- a) Reviewed with the External Auditors, Messrs. BDO PLT:
 - the Audit Planning Memorandum focusing on the scope of work which included the audit strategy and approach for financial year ended 31 May 2023, new areas of audit emphasis arising from emerging events and recent developments in accounting standards and laws and regulations, multi-location audit scoping, audit timelines, significant audit areas that may give rise to key audit matters (“KAM”) and also the proposed statutory audit fees which was subsequently recommended for the Board’s approval;
 - the results of the audits, significant audit and accounting matters identified; and
 - management letter points together with Management’s responses or comments.
- b) Reviewed the External Audit Reports and results of the External Auditors’ examination of the Company’s and of the Group’s Audited Financial Statements;
- c) Reviewed the suitability of the External Auditors for re-appointment, taking into consideration their independence, performance, competence, experience, provision of non-audit services and audit fees; and
- d) Assessed the independence and objectivity of the External Auditors in carrying out statutory audit for the Group and prior to the engagement of the External Auditors for ad-hoc non-audit services.

The Audit Committee received confirmation from the External Auditors that they adhered to 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’ Code of Ethics for Professional Accountants (including International Independence Standards) (“IESBA Code”) in relation to communication of breaches of auditor independence, in which they have not identified any breach of independence and they were in compliance with the independence requirements set out in the By-Laws and the IESBA Code. Based on this, the Audit Committee was satisfied that they were not likely to create any conflict of interest nor impair the independence and objectivity of the external auditors.

INTERNAL AUDIT

- a) Reviewed and approved the Internal Audit Plan for the financial year ended 31 May 2023, including the scope of audit and ensured that all major and/or high-risk activities were covered.
- b) Reviewed the quarterly Internal Audit Reports, which detailed the observations and recommendations of the Internal Auditors and the Management’s responses to those recommendations. The Audit Committee also reviewed and deliberated the weaknesses identified in those quarterly Internal Audit Reports and incidences of non-compliance including Management responses. The Internal Auditors monitored the implementation of Management action plans on outstanding issues through follow-up reports to ensure that all key risks and control weaknesses are being addressed.
- c) Reviewed the suitability of the Internal Auditors for re-appointment, taking into consideration their independence, performance, competence, experience and fees. The Audit Committee received written assurance from the Internal Auditors confirming their independence to the Company and the Group.

RISK MANAGEMENT

Reviewed the Group’s Risk Management Framework and Registry of Risk as well as ongoing identification, evaluation and management of the significant risks affecting the Group, as reported in the Statement on Risk Management and Internal Control in this Annual Report.

Audit Committee Report

RELATED PARTY TRANSACTIONS AND CONFLICT OF INTEREST

- a) On an annual basis, reviewed the procedures in identifying, monitoring, reporting and reviewing related party transactions (“RPTs”), recurrent related party transactions (“RRPTs”) and Conflict of Interest (“COI”) situations, if any;
- b) On a quarterly basis, reviewed related party disclosures in compliance with MFRS 124 Related Party Disclosures, MMLR of Bursa Securities, Companies Act 2016 and the Group’s guidelines;
- c) Reviewed RPTs that took place within the Company and the Group during the financial year, including the RRPTs of a revenue or trading nature; and
- d) Reviewed potential COI situations that may arise within the Company and the Group.

The Audit Committee is satisfied that the procedures are sufficient to ensure that all RPTs undertaken were on an arm’s length basis and on terms that are not more favourable to the related parties than those generally available to the public, nor were they detrimental to the Company’s minority shareholders. The Audit Committee is also satisfied that the Group has in place adequate procedures and processes to identify, monitor, track and report RPTs and RRPTs in a timely and orderly manner; and there is no COI situation that arose, persisted or may have arisen during the financial year that required measures to resolve, eliminate or mitigate such COI.

INTERNAL AUDIT FUNCTION

ORGANISATIONAL INDEPENDENCE, RESPONSIBILITY, SCOPE AND RESOURCING

The Internal Audit function is an integral part of the assurance framework and its principal role is to undertake independent and systematic reviews of the Group’s internal control system so as to provide reasonable assurance on the adequacy, integrity and effectiveness of the Group’s overall system of internal controls, risk management and governance.

The Audit Committee is supported by an outsourced Internal Audit Function in discharging its duties and responsibilities. The Internal Audit function is outsourced to an independent consulting company specialised in internal audit services, Sterling Business Alignment Consulting Sdn. Bhd. (“SBAC”), a corporate member of the Institute of Internal Auditors, Malaysia. The Audit Committee reviews the adequacy of the scope, functions, competency and resources of the Internal Audit Function to ensure that it is adequately resourced with competent and proficient internal auditors.

Each audit review is performed by approximately two (2) to three (3) internal auditors depending on the areas being audited. From the internal audit reviews undertaken by SBAC, opportunities for improvement in relation to the system of internal control were identified and presented on a quarterly basis to the Audit Committee. These Internal Audit Reports presented include Management responses and action plans in addressing any weaknesses identified.

The Audit Committee is chaired by an Independent Non-Executive Director and its members comprise all Independent Non-Executive Directors. Internal Audit Reports were reviewed and adopted by the Audit Committee on a quarterly basis. During the financial year, SBAC has reviewed critical business processes, identified risks and internal control gaps, assessed the effectiveness and adequacy of the existing state of internal control of the major subsidiaries and recommended possible improvements to the internal control process. This is to provide reasonable assurance that such system continues to operate satisfactorily and effectively within the Group.

Audit Committee Report

In assessing the independence and performance of SBAC, the Audit Committee was satisfied with SBAC's competency, independence and quality of Internal Audit Reports delivered. SBAC has given written assurance to the Audit Committee that it has complied with all relevant ethical requirements with regards to their professional independence.

SUMMARY OF INTERNAL AUDIT ACTIVITIES IN FY2023

For the financial year ended 31 May 2023, the following activities were conducted:

- Tabled the Internal Audit Plan for the financial year ended 31 May 2023 for Audit Committee's review and endorsement.
- Conducted internal audit reviews based on the approved Internal Audit Plan.
- Performed follow-up reviews on previously reported findings and recommendations.
- Issued Internal Audit Reports incorporating audit recommendations and management responses in relation to audit findings on weaknesses in the systems and controls to the Audit Committee and Management.
- Presented Internal Audit Reports to the Audit Committee for review.

Total cost incurred by the Group in respect of internal audit services rendered by SBAC for the financial year ended 31 May 2023 was RM58,900 (2022: RM80,000).

CONCLUSION

The Audit Committee is of the opinion that it has discharged its duties and responsibilities in accordance with its TOR during the financial year.

This Audit Committee Report is made in accordance with a resolution of the Board.

Remuneration & Nomination Committee Report

The Board of Directors (“Board”) is pleased to present its Remuneration & Nomination Committee (“R&N Committee”) report for the financial year ended 31 May 2023.

COMPOSITION OF THE R&N COMMITTEE

The R&N Committee was refreshed and reconstituted during the financial year ended 31 May 2023 in response to the resignations of the long serving Directors. Members of the R&N Committee are as follows:

Datuk Dr. Abd Hapiz Bin Abdullah - Chairman (appointed on 19 September 2022)

Tan Sri Dato’ Seri Abdull Hamid Bin Embong - Member (appointed on 19 September 2022)

Maliki Kamal Bin Mohd Yasin - Member (appointed on 19 September 2022)

Tan Sri Dato’ Dr. Lin See Yan - Chairman (resigned on 19 September 2022)

Edmond Cheah Swee Leng - Member (resigned on 19 September 2022)

Lim Hock Chye - Member (resigned on 19 September 2022)

As of 31 May 2023, the R&N Committee comprises three (3) members of the Board, all of whom are Independent Non-Executive Directors.

MEETINGS OF THE R&N COMMITTEE

During the financial year ended 31 May 2023 (“FY2023”), the R&N Committee had two (2) meetings and the attendance of each member of the R&N Committee at those meetings is as follows:

Name of Director	Designation	No. of Meetings Attended*
Meeting on 30 August 2022		
Tan Sri Dato’ Dr. Lin See Yan	Chairman, Independent Non-Executive Director	1/1
Edmond Cheah Swee Leng	Member, Independent Non-Executive Director	1/1
Lim Hock Chye	Member, Non-Independent Non-Executive Director	1/1
Meeting on 9 February 2023		
Datuk Dr. Abd Hapiz Bin Abdullah	Chairman, Independent Non-Executive Director	1/1
Tan Sri Dato’ Seri Abdull Hamid Bin Embong	Member, Independent Non-Executive Director	0/1
Maliki Kamal Bin Mohd Yasin	Member, Independent Non-Executive Director	1/1

* two (2) virtual meetings were held - one (1) was attended by the former R&N Committee members and the latter was attended by the reconstituted R&N Committee members

Remuneration & Nomination Committee Report

Web and teleconferencing were the main tools used to conduct the R&N Committee meetings during the financial year. The virtual meetings were structured through the use of agendas and relevant meeting papers distributed electronically to the R&N Committee members prior to those meetings. The meetings were of adequate length to allow the R&N Committee sufficient time to accomplish its agenda and to discuss emerging issues.

The meetings were conducted in an open and constructive manner where focused discussions, questioning and expressions of differing opinions were encouraged. The Managing Director/Group Chief Executive Officer, the Chief Financial Officer, and the Company Secretaries were invited to attend those meetings.

TERMS OF REFERENCE

The R&N Committee is governed by its Terms of Reference ("TOR") which is established pursuant to the Main Market Listing Requirements ("MMLR") of Bursa Malaysia Securities Berhad ("Bursa Securities").

The R&N Committee's TOR was last reviewed by the Board on 15 September 2023. The R&N Committee's TOR is subject to review as and when necessary and is accessible from on the Company's website at www.ancomnylex.com.

SUMMARY OF ACTIVITIES

During FY2023, the R&N Committee carried out its duties as set out in its TOR and undertook the following activities:

ASSESSMENT OF DIRECTORS

Fit and Proper Assessment

The R&N Committee is responsible for conducting Fit and Proper Assessment on any person identified to be appointed as Director or to continue holding the position of a Director within Ancom Nylex Berhad ("Company") and its subsidiaries (collectively "Group") prior to initial appointment or proposed re-election/re-appointment as Director. The Fit and Proper Assessment of a Director may also be conducted whenever the Company becomes aware of any information that could materially compromise a Director's fitness and propriety. The Fit and Proper Assessment is guided by the Directors' Fit and Proper Policy, which is available on the Company's website at www.ancomnylex.com, was adopted by the Board on 29 June 2022.

Newly appointed Directors and existing Directors seeking for re-election at an annual general meeting ("AGM") are required to complete a Fit and Proper Declaration. All Independent Non-Executive Directors ("INEDs") had, during the Fit and Proper Assessment, declared their conflict of interest (if any) and affirmed their independence and ability to act in an independent and objective manner. Each INED also has an ongoing obligation to inform the Board of any circumstances which could impair his or her independence. Such declarations are verified against independent sources. For FY2023, the Board is satisfied that all newly appointed and existing Directors who are seeking for re-election at the forthcoming AGM have met the required standards of fitness and propriety.

Remuneration & Nomination Committee Report

Board Effectiveness Evaluation and Individual Director Peer Evaluation

The Board Effectiveness Evaluation (“BEE”) is intended to evaluate the performance of the Board, Board Committees and individual members of the Board as well as identifying any gaps or areas of improvement where required. In FY2023, the R&N Committee has conducted a BEE internally with the objective of assessing whether the Board, Board Committees, and individual Directors have effectively performed its/their roles and fulfilled its/their responsibilities, and devoted sufficient time commitment to the Company’s affairs; and to recommend areas for improvement.

The BEE was facilitated by the Company Secretary and took the form of completion of questionnaires/evaluation form. In evaluating the effectiveness of the Board, several areas were reviewed including the composition, mix of expertise, experience and skills, quality of information and decision making, and boardroom activities. Board committees were assessed on their composition, expertise, and whether their functions and responsibilities were effectively discharged in accordance with their respective Terms of Reference. As part of the BEE, the R&N Committee assessed the Director’s qualifications, skills, knowledge, expertise and experience, time availability, professionalism and integrity. For INEDs, the ability to discharge such responsibilities and functions as expected of them was also assessed.

Under the Individual Directors Peer Evaluation, individual Directors were assessed by fellow Directors on the Directors’ skills and understanding of: strategy and entrepreneurship; legal and regulatory requirements; corporate governance, risk management and internal control; audit, accounting, financial reporting and taxation; human capital; sales and marketing; strategy and planning; government relations; marketing and communication; and information technologies and digital skills.

The R&N Committee is satisfied with the results of the assessment and is of the opinion that the current size and composition of the Board is appropriate and well-balanced. Members of the Board comprise individuals of high calibre, credibility and with the necessary skills and qualifications to enable the Board to discharge its responsibility effectively.

The R&N Committee did not engage an independent consultant for the annual assessment as recommended by Practice 6.1 of the Malaysian Code on Corporate Governance 2021 (“MCCG”). However, it has taken note that an independent expert or party would lend greater objectivity to the assessment by providing an unbiased perspective on a director’s performance and his ability to contribute effectively to the Board.

Independence of Directors

The Board adopts a standard which is met by all individual Directors where it considers “independence” as a matter of individual judgement and conscience. A Director is independent only when he or she is free from any business or other relationships that might interfere with the exercise of his or her independent judgement.

In FY2023, the R&N Committee carried out a review of Director’s independence. It concluded that all five (5) INEDs are independent and have carried out their duties in an objective and professional manner. The Board is satisfied that all INEDs have represented the interest of minority shareholders as required of them by virtue of their roles and responsibilities.

The Board will continue to monitor and review whether there are relationships or circumstances that could potentially affect their independence. The Board undertakes that the rights of minority shareholders shall not be impaired in any manner and that the number and strength of INEDs are adequate to promote the independence of the Board and safeguard the rights of the minority shareholders.

Director’s independence is assessed based on the independence criteria as set out in paragraph 1.01 of the MMLR of Bursa Securities. For FY2023, all five (5) INEDs satisfied the independence criteria and the R&N Committee has recommended that the INEDs be retained as Independent Directors of the Company.

Remuneration & Nomination Committee Report

APPOINTMENT OF NEW DIRECTORS

The nomination and appointment of Directors is a vital process as it determines the Board composition and quality of Board members as well as their competency. The R&N Committee is entrusted by the Board to review candidates for new appointments to the Board and determine the criteria for the selection of new Directors. The R&N Committee, in making its recommendation, will consider the following criteria in the selection of candidates:

- skills, knowledge, competencies, expertise, and experience;
- professionalism, integrity, diversity;
- commitment, contribution and performance; and
- in the case of candidates for INEDs, the candidates' ability to discharge such responsibilities or functions as expected of INEDs and they having met the criteria as set out in paragraph 1.01 of the MMLR of Bursa Securities.

The following Directors were appointed to the Board during FY2023:

- Tan Sri Dato' Sri Mohamad Fuzi Bin Harun (appointed on 19 September 2022); and
- Christina Foo (appointed on 19 September 2022).

The above appointments were made to fill positions left vacant by the resignations of long-serving Independent Directors.

RE-ELECTION OF DIRECTORS

The performance of those Directors who are subject to re-election at the forthcoming AGM are assessed by the R&N Committee. The R&N Committee has recommended to the Board the re-election of the following Directors who are retiring pursuant to Clause 125 of the Company's Constitution at the Company's forthcoming AGM:

Directors	Designation
Chan Thye Seng	Non-Independent Non-Executive Director
Tan Sri Dato' Seri Abdull Hamid Bin Embong	Independent Non-Executive Director
Datuk Dr. Abd Hapiz Bin Abdullah	Independent Non-Executive Director

Tan Sri Dato' Seri Abdull Hamid Bin Embong and Datuk Dr. Abd Hapiz Bin Abdullah have indicated their willingness to continue in office and being eligible, will seek shareholders' approval at the forthcoming AGM of the Company for re-election as Directors of the Company.

Chan Thye Seng has indicated that he will not seek shareholders' approval for re-election as Director at the forthcoming AGM of the Company. Accordingly, his directorship will cease at the conclusion of the forthcoming AGM.

REMUNERATION OF DIRECTORS

The R&N Committee is responsible for recommending the remuneration of the Non-Executive Directors, including Directors' fees and benefits as per the Remuneration Policy. The Remuneration Policy sets out the remuneration principles and guidelines for the Board and the R&N Committee in reviewing and/or determining the remuneration package of Non-Executive Directors and Executive Directors (i.e. the Executive Chairman ("EC") and the Managing Director ("MD")). The Remuneration Policy was last reviewed by the Board on 15 September 2022 and is available on the Company's website at www.ancomnylex.com.

Remuneration & Nomination Committee Report

The R&N Committee undertook a review of the remuneration structure for the Directors during FY2023 and recognised that Directors' responsibilities remain elevated due to the multitude of regulatory changes impacting public listed companies.

For FY2023, the R&N Committee has engaged a professional firm to conduct a Directors Remuneration Benchmarking assessment on the remuneration of the Non-Executive and Executive Directors.

Based on the results of the assessment, the R&N Committee has recommended to the Board and the Board has approved the following remuneration structure for Directors:

Directors	Annual fee per Director (RM)
<u>Board of Directors</u>	
- Non-Executive director	70,000
<u>Audit Committee</u>	
- Chairman	45,000
- Member	30,000
<u>R&N Committee & Risk Management Committee</u>	
- Chairman	25,000
- Member	20,000

Non-Executive Directors also received an attendance allowance of RM500.00 for each Board and Board Committee meeting attended during the financial year. Consistent with previous years, the EC and the MD did not receive any meeting allowance for those meetings.

The Board will propose that the Directors fees for the Company and the Group for FY2023, amounting to RM615,534 and RM1,043,589 respectively, be paid to the Non-Executive Directors, subject to shareholders' approval at the Company's forthcoming AGM.

The R&N Committee also assumes the task of recommending to the Board the remuneration package for the EC and MD. The remuneration of the EC and MD comprises a monthly salary, bonuses, benefits-in-kind ("BIK") and other benefits that the Board approves from time to time. The EC and MD are not paid any Director's fee.

The results of the Directors Remuneration Benchmarking assessment indicated that the level of remuneration paid to the EC and the MD in FY2023 is comparable and within range of the remuneration paid by other companies in the same industry.

Subject to shareholders' approval at the forthcoming AGM of the Company on the payment of Directors' fees, details of remuneration received and receivable by the Directors of the Company for FY2023, including remuneration for services rendered to the Company and to the subsidiaries, are as follows:

Remuneration & Nomination Committee Report

Company	Directors' fee (RM'000)	Salaries & Bonus (RM'000)	Other emoluments (RM'000)	Meeting allowances (RM'000)	BIK (RM'000)	Total (RM'000)
Executive Directors						
Dato' Siew Ka Wei	-	275.8	-	-	38.7	314.5
Lee Cheun Wei	-	-	-	-	-	-
Non-Executive Directors						
Tan Sri Dato' Dr. Lin See Yan	27.1	-	-	1.0	-	28.1
Tan Sri Dato' Seri Abdull Hamid Bin Embong	114.0	-	-	4.5	13.7	132.2
Chan Thye Seng	70.0	-	-	2.5	-	72.5
Edmond Cheah Swee Leng	40.7	-	-	2.0	-	42.7
Lim Hock Chye	36.2	-	-	2.0	-	38.2
Datuk Dr. Abdul Hapiz Bin Abdullah	91.4	-	-	3.5	-	94.9
Maliki Kamal Bin Mohd Yasin	84.0	-	-	3.0	-	87.0
Christina Foo	82.3	-	-	4.5	-	86.8
Tan Sri Dato' Sri Mohamad Fuzi Bin Harun	69.9	-	-	4.0	-	73.9
Total	615.6	275.8	-	27.0	52.4	970.8

Group	Directors' fee (RM'000)	Salaries & Bonus (RM'000)	Other emoluments (RM'000)	Meeting allowances (RM'000)	BIK (RM'000)	Total (RM'000)
Executive Directors						
Dato' Siew Ka Wei	-	4,661.9	-	-	66.7	4,728.6
Lee Cheun Wei	-	2,574.0	-	-	13.3	2,587.3
Non-Executive Directors						
Tan Sri Dato' Dr. Lin See Yan	127.1	-	-	4.7	-	131.8
Tan Sri Dato' Seri Abdull Hamid Bin Embong	114.0	-	-	4.5	13.7	132.2
Chan Thye Seng	70.0	-	-	2.5	-	72.5
Edmond Cheah Swee Leng	160.7	-	-	6.6	-	167.3
Lim Hock Chye	100.2	-	-	6.2	-	106.4
Datuk Dr. Abdul Hapiz Bin Abdullah	235.4	-	356.5	3.5	-	595.4
Maliki Kamal Bin Mohd Yasin	84.0	-	-	3.0	-	87.0
Christina Foo	82.3	-	-	4.5	-	86.8
Tan Sri Dato' Sri Mohamad Fuzi Bin Harun	69.9	-	-	4.0	-	73.9
Total	1,043.6	7,235.9	356.5	39.5	93.7	8,769.2

In addition to the above, the Company has taken up a Directors' and Officers' Liability ("D&O") insurance for coverage of directors' defence costs and legal representation expenses incurred, should any action be brought against any director for actions undertaken as a director of the Company and/or its subsidiaries. Nevertheless, the D&O insurance does not indemnify a director if he is proven to have acted fraudulently or dishonestly or to have intentionally breached the law.

CONCLUSION

The R&N Committee is of the opinion that it has discharged its duties and responsibilities in accordance with its TOR during the financial year.

This R&N Committee Report is made in accordance with a resolution of the Board.

Risk Management Committee Report

The Board of Directors (“Board”) is pleased to present the Risk Management Committee (“RMC”) Report for the financial year ended 31 May 2023.

COMPOSITION OF THE RMC

The Board of Ancom Nylex Berhad (“Company”) recognises the fact that the identification and management of risks impacting the business, and the disclosure of these to the shareholders is vital to good governance. Prior to the establishment of the RMC, the Audit Committee has been entrusted by the Board to ensure that an effective and adequate risk management and internal control system is in place at all times. A separate RMC has been established during the financial year in line with the Step-up Practice 10.3 of the Malaysian Code on Corporate Governance (as at 28 April 2021) (“MCCG”).

The RMC’s objective is to assist the Board in ensuring the Company has in place sound and robust risk management framework. This is to ensure that the risk management framework is implemented effectively to enhance the Company’s ability to achieve its strategic objectives especially in pursuing its growth agenda. In discharging the RMC’s duties and fulfilling its oversight responsibilities, each RMC member is to provide individual independent opinions to the fact-finding, analysis and decision-making process of the RMC, based on their expertise, experience and industry knowledge.

As of 31 May 2023, the RMC comprises three (3) members of the Board, a majority of whom are Independent Non-Executive Directors (“INEDs”), as follows:

Datuk Dr. Abd Hapiz Bin Abdullah - Chairman (appointed on 26 April 2023)
(Independent Non-Executive Director)

Christina Foo - Member (appointed on 26 April 2023)
(Independent Non-Executive Director)

Lee Cheun Wei - Member (appointed on 26 April 2023)
(Managing Director)

The composition of the RMC also complies with the recommendation provided in the Step-up Practice 10.3 of the MCCG.

FIRST MEETING OF THE RMC

The first meeting of the RMC was held virtually on 26 April 2023 and was attended by all members of the RMC.

Name of Director	Designation	No. of Meetings Attended
Meeting on 26 April 2023		
Datuk Dr. Abd Hapiz Bin Abdullah	Chairman, Independent Non-Executive Director	1/1
Christina Foo	Member, Independent Non-Executive Director	1/1
Lee Cheun Wei	Member, Managing Director	1/1

Risk Management Committee Report

Web and teleconferencing were the main tools used to conduct the first RMC meeting during the financial year. The first virtual meeting was structured through the use of agendas and relevant meeting papers distributed electronically to the RMC members prior to the meeting. The meeting was of adequate length to allow the RMC sufficient time to accomplish its agenda and to discuss the way forward.

The meeting was conducted in an open and constructive manner where focused discussions, questioning and expressions of differing opinions were encouraged. The Chief Financial Officer and the Company Secretary were invited to attend this first meeting to provide input and advice, appropriate information as well as clarification to relevant items on the agenda.

The RMC will meet at least twice a year, where additional meetings can be called by the Board or upon the request of the Chairman or any member of the RMC. The quorum for an RMC meeting shall be a minimum of two (2) members, both of whom must be INEDs. The meeting agenda shall be sent to all RMC members and any other persons required to attend the meeting at least seven (7) days in advance, unless such requirement is waived by the RMC.

TERMS OF REFERENCE

The RMC's Terms of Reference ("TOR") was approved by the Board on 26 April 2023 and is subject to review as and when necessary. The RMC TOR is accessible from the Company's website at www.ancomnylex.com.

SUMMARY OF ACTIVITIES

The main activities undertaken by the RMC in relation to the financial year ended 31 May 2023, are as follows:

RMC TOR

Reviewed and approved the RMC TOR.

CORPORATE RISK PROFILE

Reviewed and endorsed the Corporate Risk Profile for the Board's approval. Subsequently on a quarterly basis in the first year after the establishment of the RMC and bi-annual basis in the subsequent years, the RMC will be deliberating on risk mitigations implementation and key risk indicators to ensure its adequacy and effectiveness.

RISK MANAGEMENT FRAMEWORK AND REGISTRY OF RISK

- a) Reviewed the Group's Risk Management Framework and Registry of Risk as well as ongoing identification, evaluation and management of the significant risks affecting the Group, as reported in the Statement on Risk Management and Internal Control in this Annual Report.
- b) Reviewed the progress of work done by the management level Risk Management Working Group ("RMWG").
- c) Reviewed the criteria for preparation of the Register of Risks moving forward.
- d) Reviewed the current Registry of Risks tabled by the RMWG.

Risk Management Committee Report

IMPLEMENTATION OF ADEQUATE PROCEDURES FOR CORPORATE LIABILITY

- a) Reviewed and satisfied that the Company has conducted training to all Directors and employees in relation to Section 17A of the Malaysian Anti-Corruption Commission Act (Amendment) 2018.
- b) Reviewed and satisfied that anti-bribery clauses have also been added into the Group's employment letters for all new employees, purchase orders and agreements with third parties.

CONCLUSION

The RMC is of the opinion that it has discharged its duties and responsibilities in accordance with its TOR during the financial year.

This RMC Report is made in accordance with a resolution of the Board.

Statement on Risk Management and Internal Control

PURSUANT TO PARAGRAPH 15.26(b) OF THE MAIN MARKET LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD

INTRODUCTION

THE BOARD OF DIRECTORS (“BOARD”) OF ANCOM NYLEX BERHAD (“COMPANY”) IS PLEASED TO PRESENT THE STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL (“STATEMENT”) OF THE COMPANY AND ITS SUBSIDIARIES (COLLECTIVELY “GROUP”) FOR THE FINANCIAL YEAR ENDED 31 MAY 2023 (“FY2023”). THIS STATEMENT HAS BEEN PREPARED IN ACCORDANCE WITH PARAGRAPH 15.26(B) OF THE MAIN MARKET LISTING REQUIREMENTS (“MMLR”) OF BURSA MALAYSIA SECURITIES BERHAD (“BURSA SECURITIES”), THE MALAYSIAN CODE ON CORPORATE GOVERNANCE (AS AT 28 APRIL 2021) ISSUED BY THE SECURITIES COMMISSION AS GUIDED BY THE STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL - GUIDELINES FOR DIRECTORS OF LISTED ISSUERS.

BOARD’S RESPONSIBILITY

The Board acknowledges its overall responsibility for maintaining the Group’s system of risk management, internal control and reviewing its adequacy, integrity and effectiveness. The Board recognises the importance of risk management and internal control to establish and maintain a sound system of internal control. In view of the limitations that are inherent in any system of internal control, the system is designed to manage rather than eliminate the risk of failure to achieve the Group’s business objectives and strategies. Accordingly, it can only provide reasonable but not absolute assurance against material misstatement of financial information, loss or fraud.

The Board, on a quarterly basis, receives and reviews the reports on the effectiveness of the risk management and internal control from the Audit Committee (“AC”). The Board recognises the fact that the identification and management of risks impacting the business, and the disclosure of these to the shareholders is vital to good governance. To maintain objectivity of the AC’s members when considering reports of the risk management function, a separate Risk Management Committee (“RMC”) was established during the year. The first meeting of the RMC was held on 26 April 2023. Activities undertaken by the RMC are included in the Risk Management Committee Report in this Annual Report.

In FY2023, the adequacy and effectiveness of internal controls were reviewed by the AC in relation to the audits conducted by the internal auditors during the financial year. Audit issues and actions taken by management to address issues identified by Internal Auditors (“IA”) were deliberated on during the AC meetings. Minutes of the AC meetings, which recorded all deliberations made, were presented to the Board for notation.

Moving forward, internal control and risk-related matters that warrant the Board’s attention will be recommended by the AC and RMC respectively to the Board for deliberation. Approval and matters or decisions made within the AC’s and RMC’s purview will be escalated to the Board for notation.

The Board is satisfied that the Group has implemented an ongoing process to identify, evaluate, monitor, manage and respond to significant risks faced by the Group in its achievement of the business goals and objectives amidst the dynamic and challenging business environment and increasing regulatory scrutiny. This ongoing process has been in place for the entire financial year under review and up to the date of approval of this Statement for inclusion in the Annual Report.

Statement on Risk Management and Internal Control

MANAGEMENT'S RESPONSIBILITY

Management is responsible for implementing all policies and procedures approved by the Board in relation to risk management and internal control. Management responsibilities include the following:

- identifying and evaluating the risks relevant to the Group's business, and the achievement of business objectives and strategies;
- formulating relevant policies and procedures to manage these risks in accordance with the Group's strategic vision and overall risk appetite;
- designing, implementing and monitoring the effective implementation of risk management and internal control system;
- implementing remedial actions to address the compliance deficiencies as directed by the Board; and
- reporting to the Board in a timely manner on any changes to the risks or emerging risks and the mitigation actions taken.

RISK MANAGEMENT AND INTERNAL CONTROL SYSTEM

RISK MANAGEMENT

As part of the risk management process, the Group maintains a Risk Management Handbook and a Registry of Risks. A Risk Management Policy has also been adopted by the Board. The Risk Management Handbook summarises the risk management methodology, approach and processes, roles and responsibilities, and various risk management concepts. The Registry of Risks is maintained to evaluate principal business risks and risk profiles which identify the risk factors, statement of risks, risk owners, likelihood, impacts, and proposed risk mitigation actions.

The risk identification process includes reviewing and identifying issues arising from changes in both the external business environment and internal operating conditions. The risk measurement guidelines comprise both financial and non-financial qualitative measures of risk consequences. The risk measurement guidelines are applied in allocating a risk likelihood rating and a risk impact rating. Risk control actions are designed and implemented based on prioritisation of risks.

The respective risk owners are entrusted to identify risks and to ensure that adequate control systems are implemented to mitigate risks faced by the Group. The process of identifying, evaluating, monitoring and managing significant risks is embedded in the various work processes and procedures of the respective operational functions and the management team. The key risks categories of the Group encompass business and strategic risks, financial risks, operational risks and regulatory or compliance risk.

Prior to the establishment of the separate RMC in April 2023, the AC has been entrusted by the Board to ensure that an effective and adequate risk management and internal control system is in place at all times. A Risk Management Working Group ("RMWG") comprising the Managing Director/Group Chief Executive Officer ("MD/GCEO"), Chief Financial Officer, and Risk Manager (role assumed by the Internal Auditors), was set up to report on matters relating to risk management to the AC.

The RMWG considers all matters relating to the identification, assessment, monitoring and management of risks associated with the Group that it deems to be appropriate. With respect to risk management, the duties of the RMWG include:

- assessing and monitoring of risks associated with the Group's operations;
- development and implementation of internal compliance and control systems and procedures to manage risks;
- assessing and monitoring of the effectiveness of controls instituted;
- reviewing and making recommendations to the AC in relation to risk management;
- making recommendations to the AC on compliance matters by the Group with its risk management strategy;

Statement on Risk Management and Internal Control

- reporting on material changes to the risk profile of the Group to the AC;
- monitoring and referring to the AC any instances involving material breaches or potential breaches of the Group's risk management strategy;
- reporting to the AC on the Group's annual reporting responsibilities in relation to matters pertaining to the Group's risk management strategy; and
- undertaking annual reviews in accordance with the Group's risk management framework, and making recommendations to the AC in connection with changes required to be made to the Group's risk management strategy.

INTERNAL CONTROL SYSTEM

The key elements of the internal control system established by the Board to provide effective governance and oversight of internal controls include:

- Group organisation structure

The Board has established an organisation structure with clearly defined lines of responsibility, authority limits, and accountability aligned to business and operations requirements which support the maintenance of a strong control environment. There is proper segregation of duties and responsibilities to eliminate the possibility of an employee having total control of a business process.

The Executive Chairman ("EC"), the MD/GCEO and his management team are entrusted by the Board to run the businesses of the Group. The MD/GCEO is assisted by Divisional Heads/Divisional Managing Directors and Chief Financial Officer who are "hands on" in running the operating divisions. Experienced and competent employees have been placed in positions of responsibility to ensure the objectives of the Group's risk management and internal control system are achieved.

- Reporting and review

The MD/GCEO holds meetings, as and when necessary, with the Divisional Heads/Divisional Managing Directors and senior management to discuss and resolve operational, corporate, financial and key management issues. A performance review comparing actual results with the set targets as well as previous year's results and the explanations on significant variances is presented to the Board during the Board meetings.

The Group's quarterly interim financial reports and annual audited financial statements are released to Bursa Securities only after being reviewed by the AC and approved by the Board.

- Policies and procedures

Policies and standard operating procedures ("SOPs") consist of elements of internal control in the day-to-day operations of the Group. These policies and SOPs are aimed at promoting accountability, efficiencies, and responsibilities within the Group. Relevant policies and SOPs have been approved by the Board and relevant authorities to ensure that the Group's values and adequate control mechanisms are embedded in business operations. Periodic review is done to ensure their relevance and effectiveness. They are updated from time to time in tandem with changes to the business environment or regulatory guidelines.

The Group's policies and SOPs cover the following core areas: authority limits and authorisation mandates, protection and maintenance of assets, human resources management, sales, finance, procurement and operations. The Limits of Authority established in the Group's policies and SOPs delineate authority limits to the appropriate persons to ensure accountability and segregation of duties.

Statement on Risk Management and Internal Control

- Compliance management

The Group's compliance management covers both regulatory and operational compliance. Regulatory compliance includes all relevant legal obligations imposed, in particular laws, regulations, rules and major identified guidelines or legal requirements. Operational compliance covers compliance to internal policies and procedures, code of ethics and business conduct.

The Board is assisted by the RMC in the assessment of compliance risk. The overall objective of the RMC is to ensure compliance risk management is given the necessary attention to ensure regulatory compliance risk is effectively managed to support business growth in line with the Group's aspiration and risk appetite. The roles of RMC include reviewing and assessing the adequacy of infrastructure, resources and systems to manage compliance risk across the Group and recommend improvements to ensure effectiveness.

- Code of Conduct and Ethics

A Code of Conduct and Ethics sets out the policy stand on the conduct of business and the standards of behaviour/ethical conduct expected of the Group's employees. The policy sets out sound principles and standards of good practice to be observed by all employees.

- Anti-Bribery & Anti-Corruption Policy

The Group has an Anti-Bribery & Anti-Corruption Policy that sets out the Group's commitments and requirements regarding ethical business practices and personal conduct. It also outlines the behaviour the Group expects of its employees as well as what the Group's employees and business partners can expect from the Group. All the Group's employees and persons associated with the Group are expected to act in accordance with corporate values and ethics as set out in the Group's Anti-Bribery & Anti-Corruption Policy.

- Whistle-Blowing Policy

The Group has a Whistle-Blowing Policy and a whistle-blowing channel at www.ancomnylex.com that provides an avenue for any persons, namely, directors, managers, employees or external parties to report of any improper conduct against any directors, managers or employees, in a safe and confidential manner. An employee who makes a report of improper conduct in good faith shall not be subject to unfair dismissal, victimisation, demotion, suspension, intimidation or harassment, discrimination, any action causing injury, loss or damage or any other retaliatory actions by the Group.

- Insurance

Sufficient insurance coverage and physical safeguards on major assets are in place to ensure that the Group's assets are adequately covered against any mishap that could result in material loss. An annual policy renewal exercise is undertaken by management to review the coverage of the assets as recorded in the current fixed assets register and their respective net book values and "replacement values", that are the prevailing market prices for the same or similar items, where applicable.

The Internal Audit reviews are focused on achieving effective and efficient operations, reliability of reporting, compliance with applicable laws and regulations as well as safeguarding of assets.

Statement on Risk Management and Internal Control

The system of internal control covers governance, risk management, financial, strategy, organisational, operational, regulatory and compliance control matters. The Board recognises that this system is designed to manage, rather than eliminate the risks of not adhering to the Group's policies and achieving goals and objectives within the risk tolerance established by the Board and management. Therefore, the system provides reasonable but not absolute, assurance against the occurrence of any material misstatement, loss or fraud.

The adequacy and effectiveness of internal controls were reviewed by the AC in relation to the audits conducted by the Internal Auditors during the financial year. Audit issues and actions taken by management to address the issues tabled by Internal Auditors were deliberated on during the AC meetings where the matters are reported to the Board by the AC Chairman at the Board meetings.

INTERNAL AUDIT

INTERNAL AUDIT FUNCTION

The Group has appointed Sterling Business Alignment Consulting Sdn. Bhd. ("SBAC"), an independent consulting company to undertake its Internal Audit Function. SBAC is engaged to undertake continuous testing and assessment on the effectiveness and efficiency of the risk management and internal control system in order to provide reasonable assurance that such system continues to operate efficiently and effectively. It provides risk-based and objective assurance, advice and insight to stakeholders with the aim of enhancing and protecting organisational values and supporting the Group to achieve its goals.

SBAC, a corporate member of The Institute of Internal Auditors Malaysia, has confirmed that it is free from any relationships or conflicts of interest which could impair their objectivity and independence of the Internal Audit Function. SBAC does not have any direct operational responsibility or authority over any of the activities audited and SBAC reports directly to the AC. SBAC conducts independent reviews of the key activities within the Group's operating units based on a detailed Internal Audit Plan approved by the AC. Quarterly Internal Audit Reports and Status Reports on follow-up actions are tabled to the AC during its quarterly meetings.

SBAC adopts the internal control framework as promulgated by the Committee of Sponsoring Organisations of the Treadway Commission (COSO) Internal Control-Integrated Framework as the basis for evaluating the effectiveness of the internal control systems and carries out review procedures in accordance with applicable standards of the International Professional Practices Framework as adopted and recommended by The Institute of Internal Auditors Malaysia.

Based on the internal audit reviews, observations were presented by SBAC, along with management's response and proposed action plans to the AC for review during the quarterly AC meetings. In addition, the SBAC followed up on the implementation of recommendations from previous cycles of internal audit and updated the AC on the status of management agreed action plans.

AUDIT COMMITTEE OF THE BOARD

The AC is a board-level committee established by the Board to assist in the execution of its governance and oversight responsibilities. The responsibilities include the assessment of the adequacy and effectiveness of the Group's governance, risk management and internal control system through the outsourced Internal Audit Function. The AC has active oversight over SBAC's independence, scope of work and resources. The AC meets on a scheduled basis to review audit and investigation reports prepared by SBAC. Where necessary, significant control lapses are also escalated by the AC to the Board for further deliberation. The AC deliberates on the outstanding audit findings to ensure that management undertakes the necessary remedial actions within the committed timeline. Where necessary, representatives from the audited units are requested to attend the AC meeting to facilitate the deliberation of the audit reports. Minutes of the AC meetings are then tabled to the Board.

Statement on Risk Management and Internal Control

REVIEW OF THE STATEMENT BY EXTERNAL AUDITORS

This Statement has been reviewed by external auditors pursuant to paragraph 15.23 of the MMLR of Bursa Securities for inclusion in the Annual Report of the Group for the financial year ended 31 May 2023. The limited assurance review was conducted in accordance with Audit and Assurance Practice Guide 3 ("AAPG 3") issued by the Malaysian Institute of Accountants. AAPG 3 does not require external auditors to form an opinion on the adequacy and effectiveness of the risk management and internal control systems of the Group.

Based on the limited assurance procedures performed and evidence obtained, the external auditors have reported to the Board that nothing has come to their attention that causes them to believe that this Statement intended to be included in the Annual Report is not prepared, in all material respects, 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 Issuers; nor is the Statement factually inaccurate.

CONCLUSION

The EC, MD/GCEO and Chief Financial Officer have provided their assurance to the Board that the Group's risk management and internal control system is operating adequately and effectively, in all material aspects, during the financial year under review and up to the date of approval of this Statement for inclusion in the Annual Report.

After taking into consideration the assurance from the management and input from the relevant assurance providers, the Board is of the view that the Group's risk management and internal control system is operating adequately and effectively to safeguard the interests of the Group's shareholders and assets. The Board is also satisfied that the Group has put in place an ongoing process to identify, evaluate, monitor, manage and respond to significant risks faced in achieving its business and strategic objectives amid the dynamic and challenging business environment and increasing regulatory scrutiny, particularly in these times of uncertainty and crisis. This process has been in place for the entire financial year under review up until the date of approval of the Statement for inclusion in this Annual Report.

Directors' Responsibilities Statement

In accordance with the Companies Act 2016, the Directors of the Company are required to prepare Audited Financial Statements for a financial year to give a true and fair view of the financial positions of the Company and of the Group as at the end of the financial year and of the financial performance and cash flows of the Company and of the Group for the financial year.

The Directors hereby state that they are responsible for ensuring that the Company and the Group keep proper accounting records to enable the Company to disclose, with reasonable accuracy and without any material misstatement, the financial positions of the Company and of the Group as at 31 May 2023 and of the financial performance and cash flows of the Company and of the Group for the financial year ended 31 May 2023. They are also responsible for safeguarding the assets of the Company and of the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors are also responsible for ensuring that the Audited Financial Statements comply with the provisions of the Companies Act 2016, the Malaysian Financial Reporting Standards, the International Financial Reporting Standards, the Main Market Listing Requirements of Bursa Malaysia Securities Berhad and other statutory and regulatory requirements.

In preparing the Audited Financial Statements, the Directors have:

- adopted accounting policies which are appropriate and which have been consistently applied;
- made judgments and estimates which are reasonable and prudent;
- prepared the Audited Financial Statements on the assumption that the Company and the Group will operate as a going concern; and
- ensured that all applicable approved accounting standards have been followed, subject to any material departure being disclosed and explained in the Audited Financial Statements.

The Directors have also provided the Auditors with every opportunity to take steps, undertake inspections and seek explanations they consider appropriate to enable them to audit and report on the Audited Financial Statements.

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Directors' Report

The Directors have pleasure in submitting their report and the audited financial statements of the Group and of the Company for the financial year ended 31 May 2023.

PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding. The principal activities of the subsidiaries are mainly provision of management services, manufacturing and trading of agricultural chemical products and related business, trading of petrochemical and industrial chemicals, manufacturing, trading and sale of polymer products, ship-owning, ship-operating, land transportation, container haulage, bulk cargo handling, chemicals warehousing and related services, providing IT related consultancy services, provision of media marketing, cinema and digital advertising and media related services. Further details of the subsidiaries are set out in Note 42 to the financial statements. There have been no significant changes in the nature of the activities of the Company and its subsidiaries during the financial year.

RESULTS

	Group RM'000	Company RM'000
Profit for the financial year	76,827	4,747
Attributable to:		
Owners of the parent	75,127	4,747
Non-controlling interests	1,700	-
	76,827	4,747

DIVIDEND

On 14 July 2023, the Directors proposed and declared a first interim single tier dividend of 1.0 sen per ordinary share in respect of the current financial year which will be paid on 30 August 2023. The financial statements of the current financial year do not reflect this proposed dividend.

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

RESERVES AND PROVISIONS

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

Directors' Report

ISSUE OF SHARES AND DEBENTURES

During the financial year, the issued and fully paid-up ordinary shares of the Company was increased from 302,487,849 to 972,776,411 by way of issuance of 670,288,562 new ordinary shares pursuant to the following:

- i. 604,975,698 new ordinary shares issued involving a sub-division of every one (1) existing ordinary share into three (3) ordinary shares ("Share Split");
- ii. 18,218,890 options exercised under the Employees' Share Option Scheme ("ESOS") at an exercise price of RM0.255 per ordinary share; and
- iii. 47,093,974 new ordinary shares arising from the exercise of Warrants B at RM0.28 per ordinary share.

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

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

OPTIONS GRANTED OVER UNISSUED SHARES

No options were granted to any person to take up unissued ordinary shares of the Company during the financial year apart from the issuance of options pursuant to the ESOS.

At an extraordinary general meeting of the Company held on 18 October 2018, the Company's shareholders approved the establishment of an ESOS of up to ten per centum (10%) of the issued and paid-up share capital (excluding treasury shares) of the Company for the eligible Executive Directors and employees of the Group ("Scheme"). The ESOS shall be in force for a period of five (5) years commencing from 6 March 2019 ("Duration of the Scheme").

The salient features of the Scheme are as follows:

- i. The maximum number of new ordinary shares in the Company which may be available under the Scheme shall not be more than ten per centum (10%) of the issued and fully paid-up share capital (excluding treasury shares) of the Company at any point in time during the Duration of the Scheme;
- ii. Eligible Executive Directors and employees of the Group (excluding Nylex (Malaysia) Berhad ("Nylex"), Ancom Logistics Berhad ("ALB") and dormant subsidiaries) are those who have been confirmed in service on the date of the offer and has attained eighteen (18) years of age or above; and are employed on a continuous full time basis (either permanent or on contract);
- iii. The option price shall be determined by the ESOS Committee of the Company at a discount of not more than ten per centum (10%) from the volume weighted average market price of the Company's shares as quoted on Bursa Malaysia Securities Berhad ("Bursa Securities") for the five (5) market days immediately preceding the date of the offer; and
- iv. The options granted are not entitled to dividends or voting rights. Upon exercise of the options, the ordinary shares issued shall rank pari passu in all respects with the existing ordinary shares of the Company.

OPTIONS GRANTED OVER UNISSUED SHARES (CONTINUED)

Details of the ESOS options granted are as follows:

Date of offer	Number of options over ordinary shares ('000)				Balance as at 31.5.2023
	Balance as at 1.6.2022	Adjusted balance as at 3.6.2022 [^]	Movement for the financial year		
			Exercised	Forfeited*	
18 December 2020	9,572	28,716	(15,267)	(168)	13,281
14 September 2021	1,526	4,578	(2,493)	(37)	2,048
25 January 2022	354	1,063	(459)	(7)	597
	11,452	34,357	(18,219)	(212)	15,926

* Due to resignation.

[^] The number of the outstanding ESOS Options as at 3 June 2022 has been adjusted in accordance with the provisions of the By-Laws of the ESOS as a result of the Share Split.

WARRANTS B (2020/2025)

The Warrants B are constituted by the deed poll dated 21 August 2020.

The Company issued 59,878,790 free Warrants B on the basis of one (1) Warrant for every four (4) existing ordinary shares held, which were listed and quoted on the Main Market of Bursa Securities on 18 September 2020.

The salient terms of the Warrants B are as follows:

- i. Each Warrant B entitles the registered holder to subscribe for one (1) new ordinary share in the Company at any time on or before the maturity date, 9 September 2025, falling five (5) years from the date of issue of the Warrants B. Unexercised Warrants B after the exercise period will thereafter lapse and cease to be valid;
- ii. The exercise price of the Warrants B is fixed at RM0.84 per Warrant B; and
- iii. The new ordinary shares to be issued upon the exercise of the Warrants B shall rank pari passu in all respects with the existing ordinary shares of the Company.

During the financial year, a total of 105,908,882 additional Warrants B have been issued pursuant to the Share Split and the exercise price of Warrants B is adjusted to RM0.28 per Warrant B.

During the financial year, 47,093,974 (2022: 6,924,349) Warrants B were exercised.

As at 31 May 2023, 111,769,349 Warrants B remained unexercised.

Directors' Report

REPURCHASE OF SHARES

At the 53rd Annual General Meeting held on 27 October 2022, the Company's shareholders approved the proposed renewal of shareholders' mandate for the Company to repurchase up to ten percent (10%) of its own ordinary shares.

During the financial year:

- i. a total of 32,302,118 new ordinary shares was issued for treasury shares held by the Company pursuant to the Share Split;
- ii. the Company repurchased 3,464,300 of its issued ordinary shares from the open market of Bursa Securities at an average price of RM1.09 per share; and
- iii. the Company resold 13,597,500 of its treasury shares with price ranging from RM0.93 to RM1.25.

As at 31 May 2023, a total of 38,268,677 (2022: 16,099,759) treasury shares at a total cost of RM25,122,936 (2022: RM30,710,799) are held by the Company. The shares repurchased are being held as treasury shares in accordance with Section 127(4)(b) of the Companies Act 2016 and the Main Market Listing Requirements and applicable guideline of Bursa Securities.

The number of ordinary shares as at 31 May 2023 net of treasury shares is 934,507,734 (2022: 286,388,090).

DIRECTORS

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

Dato' Siew Ka Wei	(Executive Chairman)
Siew Ka Kheong	(Alternate to Dato' Siew Ka Wei)
Lee Cheun Wei	(Managing Director)
Tan Sri Dato' Dr. Lin See Yan*	(Resigned on 19 September 2022)
Tan Sri Dato' Seri Abdull Hamid Bin Embong	
Tan Sri Dato' Sri Mohamad Fuzi Bin Harun	(Appointed on 19 September 2022)
Datuk Dr. Abd Hapiz Bin Abdullah	
Chan Thye Seng	
Christina Foo	(Appointed on 19 September 2022)
Edmond Cheah Swee Leng*	(Resigned on 19 September 2022)
Lim Hock Chye	(Resigned on 19 September 2022)
Maliki Kamal Bin Mohd Yasin	

Subsidiaries of Ancom Nylex Berhad (excluding those Directors listed above)

Abdul Latif Bin Mahamud	
Akio Hatakeyama	
Andrew Leong	
Anthony Tan Swee Hock	
Aznur Bin Azizuddin	
Asmariah Binti Ismail	
Carina Lee Ling Tze	
Chai Hann Lin	
Chen Tai Ngoh	
Chin Kok Wooi	(Resigned on 15 November 2022)
Chua Choo Oon	
Datin Joanne Marie Lopez	(Appointed on 30 May 2023)
Dato' Abdul Latif Bin Abdullah	
Dato' Mohammad Medan Bin Abdullah	(Appointed on 30 March 2023)
Dato' Ng How Hon	
Dato' Sri Tong Seech Wi	(Resigned on 14 November 2022)

Directors' Report

DIRECTORS (CONTINUED)

Subsidiaries of Ancom Nylex Berhad (excluding those Directors listed above) (continued)

Datuk Abdul Rashid Bin Hashim	
Datuk Anuar Bin Ahmad	
Datuk Hasnul Bin Hassan	
Datuk Mohd Farid Bin Mohd Adnan	
Francis Quah Chuan Hoe @ Quah Chuan Hoe (Alternate to Chin Kok Wooi)	(Ceased on 15 November 2022)
Gan Kian Chong	
Hasbullah Kassim	(Resigned on 30 June 2023)
Hasdi Bin Husain	
Idris Bin Pilus	
Indrawan Masrin	(Resigned on 31 May 2023)
Jimmy Masrin	(Resigned on 31 May 2023)
Joe Pramesh Ganesaguru	
Khamis Bin Awal	
Kong Hwai Ming	
Lee Nan Pin	
Liew Tet Seng	
Lim Chang Meng	
Lim Lay Chin	
Lim Liang Tan	
Lim Wee Beng	
Looi Seng Chong	
Low Huoi Seong	
Masahiko Otomo	
Mohamad Ruslan Bin Ali	
Mohd Azlan Bin Mohammed	
Norzain Bin Abdul Wahab	
Raja Mazhar Mohar Bin Raja Mohar	
Robin Ling Seng Chiong	
Sabli Bin Sibil	
S.Mareshvaran A/L S.Starling	
Safrizal Bin Mohd Said	(Resigned on 23 September 2022)
Shamsudin Bin Basri	
Shigeo Fuji	
Somsak Chatteerapat (Alternate to Surasak Suwannapasri)	(Ceased on 15 November 2022)
Surasak Suwannapasri	(Resigned on 15 November 2022)
Suzuki Masayuki	
Tan Sri Datuk Dr. Ampikaipakan A/L S.Kandiah	
Tan Wee Lian	
Winraswathy Riny Surakhmad	
Wong Jun-Pin	
Wong Kah Pun	
Wong Siut Yin	
Wong Yew Mun	
Yim Suet Lai	
YM Datin Paduka Raja Nor Mazli Binti Raja Mohar	
YM Dato' Paduka Tengku Shaharin Abu Bakar Tengku Suleiman	
Yuliues Hidajat	

* As at the date of this report, the Directors remained as the Directors of the Group.

Directors' Report

DIRECTORS' INTERESTS

The Directors holding office at the end of the financial year and their beneficial interests in the ordinary shares, options over ordinary shares and warrants of the Company and of its related corporations during the financial year ended 31 May 2023 as recorded in the Register of Directors' Shareholdings kept by the Company under Section 59 of the Companies Act 2016 in Malaysia were as follows:

	← Number of ordinary shares →				As at 31.5.2023
	As at 1.6.2022	Share Split	Addition	Sold	
The Company					
<u>Direct interests:</u>					
Dato' Siew Ka Wei	38,536,872	77,105,744	36,746,500	(3,950,000)	148,439,116
Siew Ka Kheong	482,513	965,026	900,000	(1,500,000)	847,539
Lee Cheun Wei	16,899,280	33,786,960	16,912,000	(5,800)	67,592,440
<u>Indirect interests:</u>					
Dato' Siew Ka Wei	22,307,417	45,494,834	10,121,135	(27,820,000)	50,103,386
Chan Thye Seng	15,910,144	31,820,288	-	(36,888,600)	10,841,832
Siew Ka Kheong	16,886,836	33,773,672	8,281,135	(13,120,000)	45,821,643
Lee Cheun Wei	-	-	5,600,000	-	5,600,000

	← Number of options over ordinary shares →			As at 31.5.2023
	As at 1.6.2022	Share Split	Exercised	
The Company				
<u>Direct interests:</u>				
Dato' Siew Ka Wei	480,000	960,000	(1,440,000)	-
Siew Ka Kheong	200,000	400,000	(600,000)	-
Lee Cheun Wei	540,000	1,080,000	-	1,620,000
<u>Indirect interest:</u>				
Dato' Siew Ka Wei	200,000	400,000	(600,000)	-

Directors' Report

DIRECTORS' INTERESTS (CONTINUED)

The Directors holding office at the end of the financial year and their beneficial interests in the ordinary shares, options over ordinary shares and warrants of the Company and of its related corporations during the financial year ended 31 May 2023 as recorded in the Register of Directors' Shareholdings kept by the Company under Section 59 of the Companies Act 2016 in Malaysia were as follows: (continued)

	← Number of Warrants B (2020/2025) →				As at 31.5.2023
	As at 1.6.2022	Share Split	Bought	Conversion/ Sold	
The Company					
<u>Direct interests:</u>					
Dato' Siew Ka Wei	10,206,077	20,416,154	892,700	(10,037,000)	21,477,931
Siew Ka Kheong	100,000	200,000	-	(300,000)	-
Lee Cheun Wei	6,096,370	12,273,340	420,300	(8,000,000)	10,790,010
<u>Indirect interests:</u>					
Dato' Siew Ka Wei	3,897,045	7,794,090	-	(9,291,135)	2,400,000
Chan Thye Seng	2,596,491	5,192,982	-	-	7,789,473
Siew Ka Kheong	2,997,045	5,994,090	-	(8,991,135)	-
Lee Cheun Wei	-	-	2,800,000	-	2,800,000
← Number of ordinary shares →					
	As at 1.6.2022		Bought	Sold	As at 31.5.2023
Subsidiary, Nylex					
<u>Direct interests:</u>					
Dato' Siew Ka Wei		1,399,646	-	(500,000)	899,646
Siew Ka Kheong		24,125	-	(24,125)	-
Lee Cheun Wei		461,714	-	(461,714)	-
<u>Indirect interests:</u>					
Dato' Siew Ka Wei		77,883,551	-	(1,407,659)	76,475,892
Siew Ka Kheong		1,650,316	-	(1,383,534)	266,782
Subsidiary, ALB					
<u>Direct interest:</u>					
Dato' Siew Ka Wei		6	-	-	6
<u>Indirect interests:</u>					
Dato' Siew Ka Wei		160,779,900	-	-	160,779,900
Siew Ka Kheong		33,609	-	-	33,609

By virtue of his interests in the ordinary shares of the Company, Dato' Siew Ka Wei is deemed to be interested in the ordinary shares of all the subsidiaries to the extent that the Company has an interest.

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

Directors' Report

DIRECTORS' BENEFITS

Since the end of the previous financial year, none of the Directors have received or become entitled to receive any benefit (other than those benefits included in the aggregate amount of remuneration received and receivable by the Directors) 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 the following:

- (a) certain Directors who may be deemed to derive benefits by virtue of trade transactions entered into with companies in which certain Directors have substantial financial interests; and
- (b) certain Directors who received remuneration from the subsidiaries as Directors of the subsidiaries.

The details of the above transactions are disclosed in Note 37 to the financial statements.

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

DIRECTORS' REMUNERATION

Fees and other benefits of the Directors of the Company who held office during the financial year ended 31 May 2023 were as follows:

	Group		Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Executive Directors				
- salaries, bonus and allowances	7,079	7,594	265	265
- defined contribution plan	157	72	11	11
- share options granted under ESOS	71	238	34	112
	7,307	7,904	310	388
Non-Executive Directors				
- fees	1,044	901	615	611
- other emoluments	396	436	27	29
	1,440	1,337	642	640
Total remuneration of Directors	8,747	9,241	952	1,028

The estimated monetary value of benefits-in-kind received by the Directors otherwise than in cash from the Group and the Company amounted to RM94,000 (2022: RM89,000) and RM52,000 (2022: RM39,000) respectively.

Directors' Report

INDEMNITY AND INSURANCE FOR OFFICERS, DIRECTORS AND AUDITORS

The Group and the Company effected Directors' and officers' liability insurance during the financial year to protect the Directors and officers of the Group and of the Company against potential costs and liabilities arising from claims brought against the Directors and officers. The total amount of insurance premium effected for any Director and officer of the Group and of the Company was RM14,000.

No indemnity was given to or insurance effected for the auditors of the Group and of the Company.

OTHER STATUTORY INFORMATION REGARDING THE GROUP AND THE COMPANY**(I) AS AT THE END OF THE FINANCIAL YEAR**

- (a) Before the financial statements of the Group and of the Company were prepared, the Directors took reasonable steps:
 - (i) to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of provision for doubtful debts and satisfied themselves that all known bad debts had been written off and that adequate provision had been made for doubtful debts; and
 - (ii) to ensure that any current assets other than debts, which were unlikely to realise their book values in the ordinary course of business had been written down to their estimated realisable values.
- (b) In the opinion of the Directors, the results of the operations of the Group and of the Company during the financial year have not been substantially affected by any item, transaction or event of a material and unusual nature.

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

- (c) The Directors are not aware of any circumstances:
 - (i) which would render the amount written off for bad debts or the amount of the provision for doubtful debts in the financial statements of the Group and of the Company inadequate to any material extent;
 - (ii) which would render the values attributed to current assets in the financial statements of the Group and of the Company misleading; and
 - (iii) which have arisen which would render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate.
- (d) In the opinion of the Directors:
 - (i) there has not arisen any item, transaction or event of a material and unusual nature likely to affect substantially the results of the operations of the Group and of the Company for the financial year in which this report is made; and
 - (ii) no contingent or other liability has become enforceable, or is likely to become enforceable, within the period of twelve (12) months after the end of the financial year which would or may affect the ability of the Group and of the Company to meet their obligations as and when they fall due.

Directors' Report

OTHER STATUTORY INFORMATION REGARDING THE GROUP AND THE COMPANY (CONTINUED)

(III) AS AT THE DATE OF THIS REPORT

- (e) There are no charges on the assets of the Group and of the Company which have arisen since the end of the financial year to secure the liabilities of any other person.
- (f) There are no contingent liabilities of the Group and of the Company which have arisen since the end of the financial year.
- (g) The Directors are not aware of any circumstances not otherwise dealt with in this report or the financial statements which would render any amount stated in the financial statements of the Group and of the Company misleading.

SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR AND SUBSEQUENT TO THE END OF THE REPORTING PERIOD

- (a) The Group via its wholly-owned subsidiary, Ancom Crop Care Sdn. Bhd. had on 28 December 2021 entered into several Share Sale Agreements to acquire 80% equity interest each in Shennong Animal Health (Malaysia) Sdn. Bhd. ("Shennong") and Vemedim Sdn. Bhd. ("Vemedim") for a cash consideration of RM23,919,999.

The acquisition of Shennong and Vemedim was completed on 22 June 2022.

- (b) The Company had on 7 March 2022 announced that the Company proposes to undertake the proposed share split involving the subdivision of every 1 existing share held by shareholders of the Company whose names appear in the Record of Depositors of the Company on an entitlement date to be determined and announced by the Board at a later date into 3 shares ("Proposed Share Split").

On 6 April 2022, the Company announced that Bursa Securities had, vide its letter dated 6 April 2022, approved the following:

- (i) the Proposed Share Split;
- (ii) listing of and quotation for up to 116,864,960 additional Warrants B to be issued arising from adjustments to the exercise price and number of outstanding Warrants B pursuant to the Proposed Share Split on the Main Market of Bursa Securities; and
- (iii) listing of and quotation for up to 116,864,960 new ordinary shares after the Proposed Share Split to be issued arising from the exercise of additional Warrants B on the Main Market of Bursa Securities.

At the Extraordinary General Meeting of the Company held on 20 May 2022, shareholders of the Company had approved the Proposed Share Split.

On 7 June 2022, the Company announced that the Proposed Share Split has been completed following the listing and quotation of 907,463,547 subdivided shares and 105,908,882 additional Warrants B on the Main Market of Bursa Securities.

- (c) The Company and Nylex, had on 21 March 2022 entered into a Heads of Agreement ("HOA") with Sinar Bina Infra Sdn. Bhd., LBS Bina Group Berhad and BTS Group Holdings Public Company Limited (collectively referred to as "Parties") for the collaboration to build and operate a light rail transport system connected with the railway shuttle link currently being built from Singapore to Johor Bahru, with an integrated property development using the "Transit-Oriented Development" concept in Johor Bahru metropolitan region ("LRT Project"). The Parties are working together exclusively to agree on the terms of the definitive agreements to effect the proposals stipulated in the HOA. ("Proposals"). The LRT Project is subject to the feasibility study as defined in the HOA being completed and the grant of the concession award for the LRT Project by the state government of Johor. The Proposals will form part of the regularisation plan to be undertaken by Nylex to regularise its affected listed issuer status.

Nylex had on 13 December 2022, signed a letter of Intent ("LOI") with CRRC Changchun Railway Vehicles Co., Ltd for the purposes of entering into good faith discussions and negotiations with regards to the construction, commissioning, installation and testing of the LRT Project. The LOI is entered by Nylex as apart of its efforts to complete the feasibility study for the LRT Project.

Directors' Report

SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR AND SUBSEQUENT TO THE END OF THE REPORTING PERIOD (CONTINUED)

(c) (continued)

Bursa Securities had via its letter dated 30 January 2023, granted Nylex an extension of time of six (6) months up to 26 July 2023 for Nylex to submit its regularisation plan to the regulatory authorities.

On 22 March 2023, the Parties have agreed to extend the long stop date of the HOA by another three (3) months to 21 June 2023. On 21 June 2023, the Parties have further agreed to extend the long stop date of the HOA to 31 January 2024.

On 16 August 2023, Bursa Securities has rejected Nylex's extension of time application as Nylex has not demonstrated to the satisfaction of Bursa Securities any material development towards the finalisation and submission of the regularisation plan to the regulatory authorities. On the same day, Nylex has received a notice to show cause on commencement of suspension and de-listing procedures pursuant to Paragraph 8.03a(3)(b) of the Listing Requirements from Bursa Securities ("Notice").

Nylex had on 23 August 2023 submitted the written representations to Bursa Securities in relation to why a suspension should not be imposed on the trading of the securities of Nylex; and why the securities of Nylex should not be de-listed from the Official List of Bursa Securities.

As at the date of this report, the terms of the definitive agreements to effects the Proposals stipulated in the HOA have not been finalised.

(d) The Group via its wholly-owned subsidiary, Synergy Tanker Sdn. Bhd., ("STSB") had on 5 October 2022 completed the acquisition of 25% equity interest in Ancom Nylex Terminals Sdn. Bhd. (formerly known as Ancom-Chemquest Terminals Sdn. Bhd.) ("ANT"), a 51% owned subsidiary of Synergy Trans-Link Sdn. Bhd., which in turn is a wholly-owned subsidiary of ALB, from Chemquest Sdn. Bhd. for a cash consideration of RM4,000,000. STSB has also completed the acquisition of 24% equity interest in ANT held by a Thai national, Mr. Surasak Suwanapasri for a cash consideration of RM3,840,000 on 15 November 2022.

Upon completion of both acquisitions above, ANT became a 66.3% owned subsidiary of the Group.

AUDITORS

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

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

	Group RM'000	Company RM'000
Statutory audit	1,116	130
Assurance related services	21	12
	1,137	142

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

Dato' Siew Ka Wei
Director

Kuala Lumpur
29 August 2023

Lee Cheun Wei
Director

Statement by Directors

In the opinion of the Directors, the financial statements set out on pages 116 to 200 have been drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the provisions of the Companies Act 2016 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at 31 May 2023 and of the financial performance and cash flows of the Group and of the Company for the financial year then ended.

On behalf of the Board,

Dato' Siew Ka Wei

Director

Kuala Lumpur
29 August 2023

Lee Cheun Wei

Director

Statutory Declaration

I, Lim Chang Meng (CA 15594), being the officer primarily responsible for the financial management of Ancom Nylex Berhad, do solemnly and sincerely declare that the financial statements set out on pages 116 to 200 are, to the best of my knowledge and belief, correct and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly
declared by the abovenamed
at Kuala Lumpur this
29 August 2023

Before me:

Mardhiyyah Abdul Wahab

Commissioner for Oaths (No. W729)

Lim Chang Meng
Chief Financial Officer

Independent Auditors' Report

To the Members of Ancom Nylex Berhad (Incorporated in Malaysia)

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the financial statements of Ancom Nylex Berhad, which comprise the statements of financial position as at 31 May 2023 of the Group and of the Company, and the statements of profit or loss, statements of comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the financial year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 116 to 200.

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 May 2023, and of their financial performance and their cash flows for the financial year then ended in accordance with Malaysian Financial Reporting Standards ("MFRSs"), International Financial Reporting Standards ("IFRSs") and the requirements of the Companies Act 2016 in Malaysia.

Basis for Opinion

We conducted our audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing ("ISAs"). Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence and Other Ethical Responsibilities

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

Key Audit Matters

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

Key Audit Matter of the Group

1. Annual impairment assessment on goodwill on consolidation

The carrying amount of goodwill on consolidation as at 31 May 2023 amounted to RM86,010,000, as disclosed in Note 13 to the financial statements.

We determined the annual impairment assessment on goodwill on consolidation to be a key audit matter because of its significance to the consolidated financial position of the Group and it requires significant management judgement and key assumptions in determining the value-in-use of the Cash Generating Units ("CGUs") using cash flow projections. These judgements and key assumptions include projected growth in future revenues and profit margins, as well as determining appropriate pre-tax discount rates and terminal values.

Independent Auditors' Report

To the Members of Ancom Nylex Berhad (Incorporated in Malaysia)

Key Audit Matters (continued)

Key Audit Matter of the Group (continued)

1. Annual impairment assessment on goodwill on consolidation (continued)

Our audit procedures included the following:

- a. Compared prior period projections to historical performance to assess the reliability of management's projections;
- b. Compared cash flow projections against the CGUs' approved one-year financial budget and future projections;
- c. Assessed the reasonableness of the key assumptions applied in the value-in-use calculations through discussions with management to understand and evaluate their basis in determining the key assumptions and compared them to available external market information;
- d. Assessed the reasonableness of the pre-tax discount rate applied by management for the CGUs by comparing the discount rates used to entities with similar risk profiles and relevant market information and other risk factors; and
- e. Performed sensitivity analysis of our own to stress test the key assumptions in the impairment model.

Key Audit Matters of the Company

2. Impairment assessment of the carrying amounts of costs of investments in subsidiaries

As at 31 May 2023, the carrying amount of costs of investments in subsidiaries amounted to RM508,111,000 as disclosed in Note 8 to the financial statements. Impairment losses on costs of investments in subsidiaries of the Company amounted to RM121,108,000 as at 31 May 2023.

We determined the impairment assessment of the carrying amounts of the costs of investments in subsidiaries to be a key audit matter as it requires significant management judgement and key assumptions in determining the value-in-use of the subsidiaries. These judgements and key assumptions include projected growth in future revenues and profit margins, as well as determining appropriate pre-tax discount rates and terminal values.

Our audit procedures included the following:

- a. Compared prior period projections to historical performance to assess the reliability of management's projections;
- b. Compared cash flow projections against the subsidiaries' approved one-year financial budget and future projections;
- c. Assessed the reasonableness of the key assumptions applied in the value-in-use calculations through discussions with management to understand and evaluate their basis in determining the key assumptions and compared them to available external market information;
- d. Assessed the reasonableness of the pre-tax discount rate applied by management for the subsidiaries by comparing the discount rates used to entities with similar risk profiles and relevant market information and other risk factors; and
- e. Performed sensitivity analysis of our own to stress test the key assumptions in the impairment model.

Independent Auditors' Report

To the Members of Ancom Nylex Berhad (Incorporated in Malaysia)

Key Audit Matters (continued)

Key Audit Matters of the Company (continued)

3. Impairment assessment on amounts owing by subsidiaries

As at 31 May 2023, the amounts owing by subsidiaries amounted to RM47,814,000 as disclosed in Note 17 to the financial statements.

We determined this to be a key audit matter because it requires management to exercise significant judgement in determining the probability of default by subsidiaries, appropriate forward-looking information and significant increase in credit risk.

Our audit procedures included the following:

- a. Recomputed probability of default using historical data and forward-looking information adjustment, applied by the Company;
- b. Assessed the appropriateness of the indicators of significant increase in credit risk applied by management and the resultant basis for classification of exposure into respective stages; and
- c. Evaluated management's basis for determining recoverable cash flows, where applicable.

Information Other than the Financial Statements and Auditors' Report Thereon

The Directors of the Company are responsible for the other information. The other information comprises the information included in the annual report, but does not include the financial statements of the Group and of the Company and our auditors' report thereon.

Our opinion on the financial statements of the Group and of the Company does not cover the other information and we do not express any form of assurance or conclusion thereon.

In connection with our audit of the financial statements of the Group and of the Company, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements of the Group and of the Company or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Financial Statements

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

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

Independent Auditors' Report

To the Members of Ancom Nylex Berhad (Incorporated in Malaysia)

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

- (a) Identify and assess the risks of material misstatement of the financial statements of the Group and of the Company, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- (b) Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and the Company's internal control.
- (c) Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.
- (d) Conclude on the appropriateness of the Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's or the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements of the Group and of the Company or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group or the Company to cease to continue as a going concern.
- (e) Evaluate the overall presentation, structure and content of the financial statements of the Group and of the Company, including the disclosures, and whether the financial statements of the Group and of the Company represent the underlying transactions and events in a manner that achieves fair presentation.
- (f) Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial statements of the Group. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

Independent Auditors' Report

To the Members of Ancom Nylex Berhad (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 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 42(a) to the financial statements.

Other Matters

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

BDO PLT

201906000013 (LLP0018825-LCA) & AF 0206
Chartered Accountants

Kuala Lumpur
29 August 2023

Rejeesh A/L Balasubramaniam

02895/08/2024 J
Chartered Accountant

Statements of Financial Position

As at 31 May 2023

	Note	Group		Company	
		2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
ASSETS					
Non-current assets					
Property, plant and equipment	5	221,289	216,656	6,103	6,441
Right-of-use assets	6	98,424	103,864	20,894	20,929
Investment properties	7	2,287	303	-	-
Investments in subsidiaries	8	-	-	508,111	513,402
Investments in associates	9	1,586	3,929	-	-
Investments in joint ventures	10	-	-	-	-
Other investments	11	3,165	415	2,493	243
Intangible assets	12	4,504	4,931	-	-
Goodwill on consolidation	13	86,010	72,158	-	-
Deferred tax assets	14	22,614	11,247	-	-
		439,879	413,503	537,601	541,015
Current assets					
Inventories	15	211,097	179,134	-	-
Trade and other receivables	16	369,479	393,288	3,029	6,318
Amounts owing by subsidiaries	17	-	-	47,814	42,114
Amounts owing by associates	18	5,080	4,984	3,500	4,024
Amounts owing by joint ventures	19	-	-	-	-
Current tax assets		9,875	6,787	469	409
Other investments	11	1,101	2,905	-	-
Cash and bank balances	20	168,211	123,176	2,657	213
		764,843	710,274	57,469	53,078
TOTAL ASSETS		1,204,722	1,123,777	595,070	594,093

Statements of Financial Position

As at 31 May 2023

	Note	Group		Company	
		2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
EQUITY AND LIABILITIES					
Equity attributable to the owners of the parent					
Share capital	22	397,624	377,892	397,624	377,892
Treasury shares	22(c)	(25,123)	(30,711)	(25,123)	(30,711)
Reserves	23	119,007	40,406	37,712	28,218
		491,508	387,587	410,213	375,399
Non-controlling interests	8(e)	32,423	40,674	-	-
TOTAL EQUITY		523,931	428,261	410,213	375,399
LIABILITIES					
Non-current liabilities					
Borrowings	24	70,989	78,904	24,200	24,750
Lease liabilities	6	6,768	17,348	152	-
Deferred tax liabilities	14	19,525	12,471	267	267
Provision for retirement benefits	26	5,143	5,131	-	-
		102,425	113,854	24,619	25,017
Current liabilities					
Borrowings	24	312,921	332,510	53,347	73,070
Lease liabilities	6	17,077	14,844	35	-
Trade and other payables	27	237,729	225,559	5,142	5,267
Amounts owing to subsidiaries	28	-	-	101,714	115,340
Amounts owing to associates	18	694	12	-	-
Contract liabilities	29	4,666	3,869	-	-
Current tax liabilities		5,279	4,868	-	-
		578,366	581,662	160,238	193,677
TOTAL LIABILITIES		680,791	695,516	184,857	218,694
TOTAL EQUITY AND LIABILITIES		1,204,722	1,123,777	595,070	594,093

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

Statements of Profit or Loss

For the Financial Year ended 31 May 2023

	Note	Group		Company	
		2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Revenue	30	2,043,253	2,013,103	26,927	22,652
Cost of sales		(1,746,902)	(1,722,590)	-	-
Gross profit		296,351	290,513	26,927	22,652
Other operating income		13,427	38,213	2,149	2,533
Distribution costs		(105,523)	(116,802)	-	-
Administrative expenses		(81,439)	(98,797)	(5,309)	(7,070)
Other operating expenses		(8,313)	(12,298)	(14,763)	(935)
Finance costs	31	(20,216)	(13,664)	(6,971)	(5,587)
Net gain/(losses) on impairment of financial assets		1,542	(9,647)	2,900	(5,753)
Share of results of associates, net of tax	9(g)	(19)	675	-	-
Profit before taxation		95,810	78,193	4,933	5,840
Taxation	32	(18,983)	(49,108)	(186)	(271)
Profit for the financial year		76,827	29,085	4,747	5,569
Profit/(Loss) attributable to:					
Owners of the parent		75,127	68,178	4,747	5,569
Non-controlling interests	8(e)	1,700	(39,093)	-	-
		76,827	29,085	4,747	5,569

	Note	Group	
		2023 Sen	2022 Sen
Earnings per ordinary share			
- Basic	33(a)	8.43	8.98
- Diluted	33(b)	7.64	7.56

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

Statements of Comprehensive Income

For the Financial Year ended 31 May 2023

	Note	Group		Company	
		2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Profit for the financial year		76,827	29,085	4,747	5,569
Other comprehensive income, net of tax					
Item that may be reclassified subsequently to profit or loss					
Foreign currency translations		8,220	5,969	-	-
Item not to be reclassified subsequently to profit or loss					
Re-measurement of defined benefit liability	26	254	8	-	-
Other comprehensive income, net of tax		8,474	5,977	-	-
Total comprehensive income		85,301	35,062	4,747	5,569
Total comprehensive income/(loss) attributable to:					
Owners of the parent		83,601	70,954	4,747	5,569
Non-controlling interests	8(e)	1,700	(35,892)	-	-
		85,301	35,062	4,747	5,569

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

Consolidated Statement of Changes in Equity

For the Financial Year ended 31 May 2023

Group	Share capital	Capital reserve	Exchange translation reserve	Share options reserve	Treasury shares	Retained earnings	Total attributable to owners of the parent	Non-controlling interests	Total equity
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Balance as at 1 June 2022	377,892	273	13,232	2,509	(30,711)	24,392	387,587	40,674	428,261
Profit for the financial year	-	-	-	-	-	75,127	75,127	1,700	76,827
Other comprehensive income/(loss), net of tax	-	-	15,128	-	-	(6,654)	8,474	-	8,474
Total comprehensive income	-	-	15,128	-	-	68,473	83,601	1,700	85,301
Transactions with owners									
Ordinary shares issued pursuant to:									
- Employees' Share Option Scheme ("ESOS")	6,546	-	-	(1,900)	-	-	4,646	-	4,646
- Warrants B	13,186	-	-	-	-	-	13,186	-	13,186
Share options granted under ESOS	-	-	-	615	-	-	615	-	615
Net resold of treasury shares of the Company	-	-	-	-	5,588	6,032	11,620	-	11,620
Acquisition of subsidiaries	-	-	-	-	-	-	-	3,302	3,302
Acquisition of additional interests in subsidiaries	-	-	-	-	-	(5,650)	(5,650)	(11,325)	(16,975)
Dividends paid to non-controlling interests of a subsidiary	-	-	-	-	-	(4,240)	(4,240)	(1,060)	(5,300)
Disposal of a subsidiary	-	-	-	-	-	-	-	(725)	(725)
Disposal of equity interest of a subsidiary	-	-	-	-	-	143	143	(143)	-
Total transactions with owners	19,732	-	-	(1,285)	5,588	(3,715)	20,320	(9,951)	10,369
Balance as at 31 May 2023	397,624	273	28,360	1,224	(25,123)	89,150	491,508	32,423	523,931

Consolidated Statement of Changes in Equity

For the Financial Year ended 31 May 2023

Group	Share capital	Capital reserve	Exchange translation reserve	Share options reserve	Treasury shares	Retained earnings	Total attributable to owners of the parent	Non-controlling interests	Total equity
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Balance as at 1 June 2021	256,043	273	7,930	3,117	(6,248)	101,084	362,199	120,197	482,396
Profit/(Loss) for the financial year	-	-	-	-	-	68,178	68,178	(39,093)	29,085
Other comprehensive income, net of tax	-	-	2,768	-	-	8	2,776	3,201	5,977
Total comprehensive income/(loss)	-	-	2,768	-	-	68,186	70,954	(35,892)	35,062
Transactions with owners									
Ordinary shares issued pursuant to:									
- ESOS	10,815	-	-	(3,209)	-	-	7,606	-	7,606
- Warrants B	5,816	-	-	-	-	-	5,816	-	5,816
Share options granted under ESOS	-	-	-	2,601	-	-	2,601	(148)	2,453
Net repurchased of treasury shares of the Company	-	-	-	-	(24,463)	8,565	(15,898)	-	(15,898)
Resold of treasury shares of a subsidiary	-	-	-	-	-	-	-	333	333
Accretion of equity interest of a subsidiary	-	-	-	-	-	240	240	(240)	-
Acquisition of subsidiaries	-	-	-	-	-	(24,481)	(24,481)	27,495	3,014
Acquisition of additional interests in subsidiaries	105,218	-	2,534	-	-	(127,251)	(19,499)	(71,768)	(91,267)
Dividend-in-specie	-	-	-	-	-	(1,951)	(1,951)	1,863	(88)
Dividends paid to non-controlling interests of a subsidiary	-	-	-	-	-	-	-	(980)	(980)
Derecognition of a subsidiary	-	-	-	-	-	-	-	(186)	(186)
Total transactions with owners	121,849	-	2,534	(608)	(24,463)	(144,878)	(45,566)	(43,631)	(89,197)
Balance as at 31 May 2022	377,892	273	13,232	2,509	(30,711)	24,392	387,587	40,674	428,261

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

Statement of Changes in Equity

For the Financial Year ended 31 May 2023

Company	Share capital RM'000	Treasury shares RM'000	Share options reserve RM'000	Retained earnings RM'000	Total equity RM'000
Balance as at 1 June 2022	377,892	(30,711)	2,658	25,560	375,399
Profit for the financial year	-	-	-	4,747	4,747
Other comprehensive income, net of tax	-	-	-	-	-
Total comprehensive income	-	-	-	4,747	4,747
Transactions with owners					
Ordinary shares issued pursuant to:					
- ESOS	6,546	-	(1,900)	-	4,646
- Warrants B	13,186	-	-	-	13,186
Share options granted under ESOS	-	-	615	-	615
Net resold of treasury shares of the Company	-	5,588	-	6,032	11,620
Total transactions with owners	19,732	5,588	(1,285)	6,032	30,067
Balance as at 31 May 2023	397,624	(25,123)	1,373	36,339	410,213
Balance as at 1 June 2021	256,043	(6,248)	3,266	12,369	265,430
Profit for the financial year	-	-	-	5,569	5,569
Other comprehensive income, net of tax	-	-	-	-	-
Total comprehensive income	-	-	-	5,569	5,569
Transactions with owners					
Ordinary shares issued pursuant to:					
- ESOS	10,815	-	(3,209)	-	7,606
- Warrants B	5,816	-	-	-	5,816
- Acquisition of additional interest in subsidiaries	105,218	-	-	-	105,218
Share options granted under ESOS	-	-	2,601	-	2,601
Net repurchased of treasury shares of the Company	-	(24,463)	-	8,565	(15,898)
Dividend-in-specie	-	-	-	(943)	(943)
Total transactions with owners	121,849	(24,463)	(608)	7,622	104,400
Balance as at 31 May 2022	377,892	(30,711)	2,658	25,560	375,399

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

Statements of Cash Flows

For the Financial Year ended 31 May 2023

	Note	Group		Company	
		2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES					
Profit before taxation		95,810	78,193	4,933	5,840
Adjustments for:					
Amortisation of intangible assets	12	557	1,490	-	-
Bad debts written off - third parties		438	134	-	-
Deposits written off		367	-	-	-
Depreciation of investment properties	7	61	11	-	-
Depreciation of property, plant and equipment	5	21,059	22,822	435	467
Depreciation of right-of-use assets	6	17,305	16,488	248	241
Dividend income	30	-	-	(25,182)	(20,622)
Fair value loss/(gain) on other investments		205	(53)	-	-
Gain on derecognition of a subsidiary		-	(4,092)	-	-
Gain on disposal of assets held for sale		-	(24,831)	-	-
Gain on disposal of property, plant and equipment		(915)	(386)	(41)	-
Gain on disposal of right-of-use assets	6(e)	(117)	(47)	-	-
Gain on reassessments and modifications of leases	6(e)	(35)	-	-	-
Gain on remeasurement of previously retained interest		-	(681)	-	-
Gain on termination of leases	6(e)	(3)	(127)	-	-
Impairment loss on amounts owing by associates	18(e)	910	5	-	-
Impairment loss on amounts owing by subsidiaries	17(d)	-	-	-	2,955
Impairment loss on goodwill on consolidation	13	-	2,080	-	-
Impairment loss on investments in associates	9(b)	555	-	-	-
Impairment loss on investments in subsidiaries	8(b)	-	-	2,392	-
Impairment loss on trade and other receivables		3,143	13,293	-	2,900
Impairment loss on property, plant and equipment	5	-	2,669	-	-
Interest expense	31	20,216	13,664	6,971	5,587
Interest income		(1,098)	(975)	(243)	(277)
Inventories written down	15	396	2,348	-	-
Inventories written off		107	-	-	-
Investment in an associate written off		-	5	-	-
Loss on disposal of subsidiaries		100	-	9,250	-
Loss on liquidation of an associate	9(b)	998	-	-	-
Net unrealised loss/(gain) on foreign exchange		525	(1,056)	-	-
Property, plant and equipment written off	5	285	3,682	22	-
Provision for retirement benefits	26	634	576	-	-
Reversal of impairment loss on trade and other receivables		(5,595)	(3,651)	(2,900)	(69)
Reversal of impairment loss on amounts owing by subsidiaries	17(d)	-	-	-	(33)
Reversal of impairment loss on investments in associates	9(b)	(2,069)	-	-	-
Reversal of impairment loss on investment in subsidiaries		-	-	-	(2,306)
Share of results of associates	9(g)	19	(675)	-	-
Share options granted under ESOS		615	2,453	46	160
Operating profit/(loss) before working capital changes		154,473	123,339	(4,069)	(5,157)

Statements of Cash Flows

For the Financial Year ended 31 May 2023

	Note	Group		Company	
		2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES (CONTINUED)					
Operating profit/(loss) before working capital changes (continued)		154,473	123,339	(4,069)	(5,157)
Working capital changes:					
Inventories		(27,956)	(6,458)	-	-
Trade and other receivables		1,787	(64,925)	(1,918)	(1,639)
Trade and other payables		5,440	5,804	(125)	2,642
Contract liabilities		797	(1,411)	-	-
Amounts owing by associates		(1,006)	4,119	524	163
Amounts owing to associates		682	(2,077)	-	-
Cash generated from/(used in) operations		134,217	58,391	(5,588)	(3,991)
Dividend received		-	-	25,182	20,622
Retirement benefits paid	26	(228)	(160)	-	-
Tax paid		(27,416)	(34,518)	(246)	(307)
Net cash from operating activities		106,573	23,713	19,348	16,324
CASH FLOWS FROM INVESTING ACTIVITIES					
Acquisition of additional interests in subsidiaries		(8,867)	(7,538)	(3,925)	(1,470)
Acquisition of associates		(450)	-	-	-
Advance payment for acquisition of subsidiaries		-	(23,920)	-	-
Capital reduction of a subsidiary		-	(35,000)	-	-
Interest received		1,098	975	243	277
Liquidation distribution received from an associate	9(b)	3,290	-	-	-
Net cash inflow on acquisition of subsidiaries		4,995	651	-	-
Net cash inflow on disposal of a subsidiary		3,975	-	-	-
Net cash outflow on derecognition of a subsidiary		-	(13)	-	-
Repayments to subsidiaries		-	-	(19,326)	(1,304)
Proceeds from disposal of assets held for sale		-	31,086	-	-
Proceeds from disposal of a subsidiary		-	-	4,000	-
Proceeds from disposal of property, plant and equipment		6,143	724	41	-
Proceeds from disposal of right-of-use assets		175	160	-	-
Proceed from sale of other investments		1,099	179	-	-
Purchase of intangible assets	12	(130)	(643)	-	-
Purchase of property, plant and equipment	5	(19,756)	(30,998)	(119)	(20)
Additions of right-of-use assets		(3,360)	(4,202)	(23)	-
Resold of treasury shares of a subsidiary		-	333	-	-
Withdrawal/(Placement) of short term deposits:					
- pledged with licensed banks		21	(469)	-	-
- with maturity period more than three (3) months		(1,420)	274	-	-
Net cash used in investing activities		(13,187)	(68,401)	(19,109)	(2,517)

Statements of Cash Flows

For the Financial Year ended 31 May 2023

	Note	Group		Company	
		2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
CASH FLOWS FROM FINANCING ACTIVITIES					
Dividend paid		-	(88)	-	(88)
Dividends paid to non-controlling interests of subsidiaries		(5,300)	(980)	-	-
Drawdown of term loans		27,458	82,894	20,000	-
Interest paid		(19,043)	(12,325)	(6,970)	(5,587)
Net (repayments)/ drawdown of other short term borrowings		(14,422)	21,048	(9,160)	(11,125)
Net resold/(repurchased) of treasury shares of the Company		11,620	(15,898)	11,620	(15,898)
Payment of lease liabilities	6	(17,571)	(18,091)	(4)	-
Proceeds from issuance of ordinary shares pursuant to:					
- ESOS		4,646	7,606	4,646	7,606
- Warrants B	22	13,186	5,816	13,186	5,816
Repayments of term loans		(50,374)	(11,411)	(30,600)	-
Net cash (used in)/from financing activities		(49,800)	58,571	2,718	(19,276)
Net increase/(decreased) in cash and cash equivalents		43,586	13,883	2,957	(5,469)
Cash and cash equivalents at beginning of financial year		106,820	92,908	(6,732)	(1,263)
Effects of exchange rate changes on cash and cash equivalents		70	29	-	-
		106,890	92,937	(6,732)	(1,263)
Cash and cash equivalents at end of financial year	20(c)	150,476	106,820	(3,775)	(6,732)

Statements of Cash Flows

For the Financial Year ended 31 May 2023

RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

	Note	Group		Company	
		2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Borrowings*					
Balance as at 1 June 2022/2021		398,643	291,291	90,875	52,000
Cash flows					
- Drawdown of term loans		27,458	82,894	20,000	-
- Repayments of term loans		(50,374)	(11,411)	(30,600)	-
- Net (repayments)/drawdown of other short term borrowings		(14,422)	21,048	(9,160)	(11,125)
Non-cash flows:					
- Acquisition of additional interest in subsidiaries		-	-	-	50,000
- Acquisition of a subsidiary		4,660	8,300	-	-
- Unrealised loss on foreign exchange		808	1,692	-	-
- Effect of foreign exchange		4,386	4,829	-	-
Balance as at 31 May 2023/2022		371,159	398,643	71,115	90,875
Lease liabilities					
Balance as at 1 June 2022/2021		32,192	40,901	-	-
Cash flows		(17,571)	(18,091)	(4)	-
Non-cash flows:					
- Additions		6,980	9,064	190	-
- Effect of foreign exchange		1,404	614	-	-
- Reassessments/Modifications		(39)	95	-	-
- Termination		(429)	(1,730)	-	-
- Unwinding of interest		1,173	1,339	1	-
- Disposal of a subsidiary		(6)	-	-	-
- Acquisition of subsidiaries		141	-	-	-
Balance as at 31 May 2023/2022	6	23,845	32,192	187	-

* Excluding bank overdrafts of the Group and of the Company of RM12,751,000 (2022: RM12,771,000) and RM6,432,000 (2022: RM6,945,000) respectively.

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

Notes to the Financial Statements

31 May 2023

1. CORPORATE INFORMATION

Ancom Nylex Berhad (“ANB” or “the Company”) is a public limited liability company, incorporated and domiciled in Malaysia, and is listed on the Main Market of Bursa Malaysia Securities Berhad (“Bursa Securities”).

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

The principal place of business of the Company is located at No. 2A, Jalan 13/2, Seksyen 13, 46200 Petaling Jaya, Selangor Darul Ehsan, Malaysia.

The consolidated financial statements for the financial year ended 31 May 2023 comprise the Company and its subsidiaries and the interests of the Group in associates and joint ventures. These financial statements are presented in Ringgit Malaysia (“RM”), which is also the functional currency of the Company. All financial information presented in RM has been rounded to the nearest thousand, unless otherwise stated.

The financial statements were authorised for issue in accordance with a resolution by the Board of Directors on 29 August 2023.

2. PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding. The principal activities and the details of the subsidiaries are disclosed in Note 42 to the financial statements. There have been no significant changes in the nature of the activities of the Company and its subsidiaries during the financial year.

3. BASIS OF PREPARATION

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

The accounting policies adopted are consistent with those of the previous financial year except for the effects of adoption of new MFRSs during the financial year. The new MFRSs and Amendments to MFRSs adopted during the financial year are disclosed in Note 43.1 to the financial statements.

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

Notes to the Financial Statements

31 May 2023

4. OPERATING SEGMENTS

The Group's operations comprise the following main operating segments:

Investment holding : Investment holding

Agricultural chemicals : Manufacture, trading and sale of agricultural chemical products

Industrial chemicals : Manufacture, trading and sale of industrial chemical products

Logistics : Ship-owning, ship-operating, land transportation, container haulage, bulk cargo handling, chemicals warehousing and related services

Polymer : Manufacturing and marketing of polymer products

Others mainly comprise media, education, information technology, manufacturing, sales of electrical component products and property development.

The accounting policies of operating segments are the same as those described in the respective notes to the financial statements. The Group evaluates performance on the basis of profit or loss from operations before taxation. These policies have been applied consistently throughout the current and previous financial years.

The Group's chief operating decision maker monitors the operating results of its business units separately for the purpose of making decisions on resource allocation and performance assessment.

The inter-segment assets are adjusted against the segment assets to arrive at total assets reported in the consolidated statement of financial position.

The inter-segment liabilities are adjusted against the segment liabilities to arrive at total liabilities reported in the consolidated statement of financial position.

Notes to the Financial Statements

31 May 2023

4. OPERATING SEGMENTS (CONTINUED)

(a) Operating segment

	Investment holding and others RM'000	Agricultural chemicals RM'000	Industrial chemicals RM'000	Logistics RM'000	Polymer RM'000	Elimination and adjustments RM'000	Total RM'000
2023							
Revenue							
External sales	51,241	549,339	1,304,586	52,472	85,615	-	2,043,253
Inter-segment sales	34,878	177,188	273	7,412	5	(219,756)	-
Total revenue	86,119	726,527	1,304,859	59,884	85,620	(219,756)	2,043,253
Segment (loss)/profit before taxation							
Interest income	(23,533)	81,753	15,167	9,714	7,256	5,453	95,810
Depreciation and amortisation	2,132	900	644	54	102	(2,734)	1,098
Share of results of associates	(3,303)	(8,446)	(19,696)	(10,532)	(4,123)	7,118	(38,982)
Interest expense	(19)	-	-	-	-	-	(19)
Other material non-cash items:	(10,180)	(3,235)	(7,301)	(2,525)	(45)	3,070	(20,216)
Loss on liquidation of an associate	(998)	-	-	-	-	-	(998)
Reversal of impairment loss on investments in associates	2,069	-	-	-	-	-	2,069
Impairment loss on:							
- amounts owing by associates	(910)	-	-	-	-	-	(910)
- trade and other receivables	(2,232)	(836)	-	(75)	-	-	(3,143)
Inventories written down	-	(321)	(225)	-	150	-	(396)
Net unrealised (loss)/gain on foreign exchange	(30)	650	(1,236)	(898)	356	633	(525)
Property, plant and equipment written off	(25)	(260)	-	-	-	-	(285)
Reversal of impairment loss on trade and other receivables	4,050	1,056	267	-	222	-	5,595
Segment assets	158,484	347,270	440,997	132,592	91,197	34,182	1,204,722
Investments in associates	845	757	-	-	-	(16)	1,586
Goodwill on consolidation	1,916	17,941	66,053	-	100	-	86,010
Additions to property, plant and equipment and intangible assets	1,156	13,638	1,191	3,589	312	-	19,886
Segment liabilities	175,973	138,828	285,135	62,145	20,479	(1,769)	680,791

Notes to the Financial Statements

31 May 2023

4. OPERATING SEGMENTS (CONTINUED)

(a) Operating segment (continued)

2022	Investment holding and others RM'000	Agricultural chemicals RM'000	Industrial chemicals RM'000	Logistics RM'000	Polymer RM'000	Elimination and adjustments RM'000	Total RM'000
Revenue							
External sales	33,273	462,763	1,390,986	41,420	84,661	-	2,013,103
Inter-segment sales	31,783	139,655	273	7,315	36	(179,062)	-
Total revenue	65,056	602,418	1,391,259	48,735	84,697	(179,062)	2,013,103
Segment (loss)/profit before taxation							
Interest income	(41,982)	69,536	57,640	(1,024)	2,741	(8,718)	78,193
Depreciation and amortisation	2,406	891	538	3	148	(3,011)	975
Share of results of associates	(4,928)	(9,399)	(19,190)	(9,062)	(4,099)	5,867	(40,811)
Interest expense	675	-	-	-	-	-	675
Other material non-cash items:	(7,950)	(1,197)	(4,907)	(2,875)	(49)	3,314	(13,664)
Gain on derecognition of a subsidiary	4,092	-	-	-	-	-	4,092
Gain on disposal of assets held for sale	655	-	24,176	-	-	-	24,831
Impairment loss on:							
- goodwill on consolidation	(2,080)	-	-	-	-	-	(2,080)
- property, plant and equipment	(2,669)	-	-	-	-	-	(2,669)
- trade and other receivables	(12,025)	(206)	(841)	(6)	(215)	-	(13,293)
Inventories written down	-	-	(348)	-	(2,000)	-	(2,348)
Net unrealised gain/(loss) on foreign exchange	77	(307)	2,190	(1,456)	552	-	1,056
Property, plant and equipment written off	(236)	(48)	-	-	-	(3,398)	(3,682)
Reversal of impairment loss on trade and other receivables	353	2,160	373	-	765	-	3,651
Segment assets	145,749	291,535	475,031	107,568	90,051	13,843	1,123,777
Investments in associates	1,636	507	-	1,802	-	(16)	3,929
Goodwill on consolidation	1,916	7,228	62,916	-	98	-	72,158
Additions to property, plant and equipment and intangible assets	558	26,034	2,138	2,157	754	-	31,641
Segment liabilities	184,749	131,046	307,822	55,659	20,548	(4,308)	695,516

Notes to the Financial Statements

31 May 2023

4. OPERATING SEGMENTS (CONTINUED)

(b) Geographical segment

In determining the geographical segment of the Group, revenue is based on the geographical location of customers. Segment assets are based on the geographical location of the assets.

	Revenue		Segment assets	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Malaysia	1,283,628	1,213,098	988,863	905,812
Singapore	164,186	165,019	110,410	121,877
Indonesia	130,256	201,168	68,651	68,098
Other Southeast Asian countries	182,993	187,292	25,497	18,184
Other Asian countries	75,612	56,781	11,301	9,806
Australia and New Zealand	36,303	49,557	-	-
North and South America	127,568	97,124	-	-
Africa	42,332	42,979	-	-
Europe	375	85	-	-
	2,043,253	2,013,103	1,204,722	1,123,777

(c) Major customers

There are no major customers with revenue equal or more than ten percent (10%) of the Group's revenue.

Notes to the Financial Statements

31 May 2023

5. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Company 2023	Balance as at 1.6.2022 RM'000	Additions RM'000	Written off RM'000	Depreciation charge for the financial year RM'000	Balance as at 31.5.2023 RM'000
Carrying amount					
Building	4,972	-	-	(126)	4,846
Motor vehicles	14	-	-	(14)	-
Furniture, fittings and office equipment	135	53	(22)	(28)	138
Renovation	1,320	66	-	(267)	1,119
	6,441	119	(22)	(435)	6,103

← At 31.5.2023 →

	Cost RM'000	Accumulated depreciation RM'000	Carrying amount RM'000
Building	6,327	(1,481)	4,846
Motor vehicles	1,632	(1,632)	-
Furniture, fittings and office equipment	1,375	(1,237)	138
Renovation	5,474	(4,355)	1,119
	14,808	(8,705)	6,103

Notes to the Financial Statements

31 May 2023

5. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Company	Balance as at 1.6.2021 RM'000	Additions RM'000	Depreciation charge for the financial year RM'000	Balance as at 31.5.2022 RM'000
2022				
Carrying amount				
Building	5,098	-	(126)	4,972
Motor vehicles	70	-	(56)	14
Furniture, fittings and office equipment	161	2	(28)	135
Renovation	1,559	18	(257)	1,320
	6,888	20	(467)	6,441

	← At 31.5.2022 →		
	Cost RM'000	Accumulated depreciation and impairment RM'000	Carrying amount RM'000
Building	6,327	(1,355)	4,972
Plant and machinery	2,403	(2,403)	-
Motor vehicles	1,772	(1,758)	14
Furniture, fittings and office equipment	1,346	(1,211)	135
Renovation	5,408	(4,088)	1,320
	17,256	(10,815)	6,441

- (a) All items of property, plant and equipment are initially measured at cost. After initial recognition, property, plant and equipment are stated at cost less any accumulated depreciation and any accumulated impairment losses.
- (b) Freehold land has unlimited useful life and is not depreciated. Bearer plant and assets under construction are not depreciated until such time when the asset is available for use.

Depreciation on other property, plant and equipment is calculated to write off the cost of the assets to their residual values on a straight line basis over their estimated useful lives. The principal annual depreciation rates are as follows:

Buildings	1.0% - 8.0%
Plant and machinery	5.0% - 33.3%
Vessel and equipment	3.8% - 50.0%
Motor vehicles	10.0% - 25.0%
Furniture, fittings and office equipment	7.0% - 33.3%
Renovation	2.0% - 33.3%

- (c) As at 31 May 2023, certain buildings of the Group and of the Company with a total carrying amount of RM10,464,000 (2022: RM7,646,000) and RM4,846,000 (2022: RM4,972,000) respectively have been charged to licensed banks for banking facilities granted to the Company and subsidiaries as disclosed in Note 24 to the financial statements.
- (d) As at 31 May 2023, vessel and equipment of the Group with carrying amount of RM55,929,000 (2022: RM58,896,000) have been charged to a licensed bank for banking facilities granted to a subsidiary as disclosed in Note 24 to the financial statements.
- (e) In the previous financial year, the Group recognised an impairment loss of RM2,669,000 due to continuous loss making of a subsidiary with no reasonable prospect of generating sufficient future profit to substantiate the recoverable amount.

Notes to the Financial Statements

31 May 2023

6. RIGHT-OF-USE ASSETS AND LEASE LIABILITIES

The Group as lessee

Right-of-use assets

2023 Group	Balance as at 1.6.2022		Additions	Disposal	Reassessments/ Modifications	Depreciation charge for the financial year	Exchange differences	Reclassi- fication*	Termination	Acquisition of subsidiaries	Disposal of a subsidiary	Balance as at 31.5.2023
	RM'000	RM'000										
Carrying amount	71,253	2,996	-	-	(2,070)	265	-	-	-	2,137	-	74,581
Leasehold land												
Buildings	2,474	1,442	-	(4)	(1,446)	36	-	-	-	-	-	2,502
Storage tanks	25,885	306	-	-	(12,207)	1,012	-	(366)	-	-	-	14,630
Motor vehicles	3,904	4,237	(58)	-	(1,265)	2	(1,528)	(58)	116	-	-	5,350
Plant and machinery	155	1,320	-	-	(166)	-	(123)	-	-	-	-	1,186
Office equipment	193	39	-	-	(151)	-	-	(2)	101	(5)	(5)	175
	103,864	10,340	(58)	(4)	(17,305)	1,315	(1,651)	(426)	2,354	(5)	(5)	98,424

Company

2023 Company	Balance as at 1.6.2022		Addition	Depreciation charge for the financial year	Balance as at 31.5.2023
	RM'000	RM'000			
Carrying amount	20,929	-	213	(241)	20,688
Leasehold land					
Motor vehicle	-	-	213	(7)	206
	20,929	213	(248)		20,894

* The assets previously acquired under hire purchase arrangements were reclassified to property, plant and equipment as the lease liabilities for those assets have been fully settled during the financial year.

Notes to the Financial Statements

31 May 2023

6. RIGHT-OF-USE ASSETS AND LEASE LIABILITIES (CONTINUED)

The Group as lessee (continued)

Right-of-use assets (continued)

2022 Group	Balance as at 1.6.2021 RM'000	Additions RM'000	Disposal RM'000	Reassessments/ Modifications RM'000	Depreciation charge for the financial year RM'000	Exchange differences RM'000	Reclassi- fication* RM'000	Termination RM'000	Reclassi- fication from assets held for sale RM'000	Balance as at 31.5.2022 RM'000
Carrying amount										
Leasehold land	68,267	4,381	-	-	(1,886)	66	-	-	425	71,253
Buildings	2,027	1,852	-	95	(1,364)	37	-	(173)	-	2,474
Storage tanks	30,070	6,532	-	-	(11,237)	1,586	-	(1,066)	-	25,885
Motor vehicles	8,450	501	(113)	-	(1,322)	3	(3,560)	(55)	-	3,904
Plant and machinery	614	-	-	-	(369)	-	-	(90)	-	155
Office equipment	722	-	-	-	(310)	-	-	(219)	-	193
	110,150	13,266	(113)	95	(16,488)	1,692	(3,560)	(1,603)	425	103,864

Company	Balance as at 1.6.2021 RM'000	Depreciation charge for the financial year RM'000	Balance as at 31.5.2022 RM'000
Carrying amount			
Leasehold land	21,170	(241)	20,929

* The assets previously acquired under hire purchase arrangements were reclassified to property, plant and equipment as the lease liabilities for those assets have been fully settled during the financial year.

Notes to the Financial Statements

31 May 2023

6. RIGHT-OF-USE ASSETS AND LEASE LIABILITIES (CONTINUED)**The Group as lessee (continued)****Lease liabilities**

	Group		Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Balance as at 1 June 2022/2021	32,192	40,901	-	-
Additions	6,980	9,064	190	-
Exchange differences	1,404	614	-	-
Reassessments/Modifications	(39)	95	-	-
Termination	(429)	(1,730)	-	-
Lease payments	(17,571)	(18,091)	(4)	-
Acquisition of subsidiaries	141	-	-	-
Disposal of a subsidiary	(6)	-	-	-
Interest expense	1,173	1,339	1	-
Balance as at 31 May 2023/2022	23,845	32,192	187	-
Represented by:				
Current liabilities	17,077	14,844	35	-
Non-current liabilities	6,768	17,348	152	-
	23,845	32,192	187	-
Lease liabilities owing to financial institutions	4,663	1,862	187	-
Lease liabilities owing to non-financial institutions	19,182	30,330	-	-
	23,845	32,192	187	-

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

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

- (b) The right-of-use assets are depreciated on the straight-line basis over the earlier of the estimated useful lives of the right-of-use assets or the end of the lease term. The lease terms of right-of-use assets are as follows:

Leasehold land	5 to 99 years
Buildings	2 to 5 years
Storage tanks	2 to 8 years
Motor vehicles	2 to 5 years
Plant and machinery	2 to 5 years
Office equipment	2 to 5 years

Notes to the Financial Statements

31 May 2023

6. RIGHT-OF-USE ASSETS AND LEASE LIABILITIES (CONTINUED)

- (c) As at 31 May 2023, certain lands of the Group and of the Company with a total carrying amount of RM31,465,000 (2022: RM30,615,000) and RM20,688,000 (2022: RM20,929,000) respectively have been charged to licensed banks for banking facilities granted to the Company and subsidiaries as disclosed in Note 24 to the financial statements.
- (d) The Group has certain leases of assets with lease term of twelve (12) months or less and low value leases of RM20,000 and below. The Group applies the “short-term lease” and “lease of low-value assets” exemptions for these leases.
- (e) The following are the amounts recognised in profit or loss:

	Group		Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Represented by:				
Depreciation charge on right-of-use assets (included in cost of sales, distribution costs and administrative expenses)	17,305	16,488	248	241
Interest expense on lease liabilities (included in finance costs)	1,173	1,339	1	-
Gain on disposal of right-of-use assets (included in other operating income)	(117)	(47)	-	-
Gain on termination of leases (included in other operating income)	(3)	(127)	-	-
Gain on reassessments and modifications of leases (included in other operating income)	(35)	-	-	-
Expense relating to short-term leases and leases of low-value assets (included in administrative expenses)	848	647	-	-
	19,171	18,300	249	241

- (f) At the end of the financial year, the Group and the Company had total cash outflows for leases of RM18,419,000 (2022: RM18,738,000) and RM4,000 (2022: Nil) respectively.

7. INVESTMENT PROPERTIES**Group**

	Balance as at 1.6.2022 RM'000	Depreciation charge for the financial year RM'000	Acquisition of subsidiaries RM'000	Balance as at 31.5.2023 RM'000
2023				
Carrying amount				
Freehold land at cost	20	(9)	397	408
Leasehold land at cost	-	(6)	214	208
Buildings at cost	283	(46)	1,434	1,671
	303	(61)	2,045	2,287

Notes to the Financial Statements

31 May 2023

7. INVESTMENT PROPERTIES (CONTINUED)**Group**

	Balance as at 1.6.2021 RM'000	Depreciation charge for the financial year RM'000	Balance as at 31.5.2022 RM'000
2022			
Carrying amount			
Freehold land at cost	20	-	20
Buildings at cost	294	(11)	283
	314	(11)	303

	Group	
	2023 RM'000	2022 RM'000
Fair value	2,960	940

- (a) Investment properties are properties which are held to earn rental yields or for capital appreciation or for both and are not occupied by the Group. Investment properties are initially measured at cost, including transaction costs. After initial recognition, investment properties are stated at cost less any accumulated depreciation and any accumulated impairment losses.
- (b) Depreciation is calculated to write off the cost or valuation of the investment properties to their residual values on a straight line basis over their estimated useful lives. The principal depreciation periods for the investments properties are fifty (50) years.
- (c) Rental income generated from rental of investment properties of the Group during the financial year amounted to RM98,000 (2022: RM14,000). Direct operating expenses from investment properties which generated rental income to the Group during the financial year amounted to RM68,000 (2022: RM9,000).
- (d) The fair value of investment properties for disclosure purposes, which are at Level 3 fair value, was recommended by the Directors as at the end of reporting period based on indicative market value of similar properties in the vicinity on a price per square foot basis.
- (e) The investment properties of the Group are mainly used to generate rental income. However, the fair value of the investment properties reflects the highest and best use of the said properties should the investment properties be disposed. Currently, management does not intend to dispose off the investment properties and the existing use of the investment properties remains for rental purposes.
- (f) As at 31 May 2023, certain land and buildings of the Group with a total carrying amount of RM1,302,000 have been charged to licensed banks for banking facilities granted a subsidiary as disclosed in Note 24 to the financial statements.

Notes to the Financial Statements

31 May 2023

8. INVESTMENTS IN SUBSIDIARIES

	Company	
	2023	2022
	RM'000	RM'000
Quoted shares in Malaysia, at cost	4,106	4,106
Unquoted shares, at cost	498,600	502,068
Equity loans	120,000	120,000
Equity contributions in subsidiaries in respect of ESOS	6,513	5,944
	629,219	632,118
Less: Impairment losses	(121,108)	(118,716)
	508,111	513,402

- (a) Investments in subsidiaries, which are eliminated on consolidation, are stated in the separate financial statements of the Company at cost less impairment losses, if any. On disposal of such investments, the difference between net disposal proceeds and their carrying amounts is included in profit or loss.

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

- (b) Management reviews the investments in subsidiaries for impairment when there is an indication of impairment. The recoverable amounts of the investments in subsidiaries are assessed by reference to the fair value less cost to sell of the underlying assets or the value-in-use of the respective subsidiaries. The value-in-use is the net present value of the projected future cash flows derived from the business operations of the respective subsidiaries discounted at an appropriate pre-tax discount rate. For such discounted cash flow method, it involves the use of estimated future results and a set of assumptions to support their income and cash flows. Significant judgements and estimates had also been used to determine the key assumptions applied to the cash flow projections, which includes the profit margins, growth rates, and the appropriate pre-tax discount rates used for each of the subsidiary. Impairment losses are made when the carrying amount of the investments in subsidiaries exceed its recoverable amount.

During the financial year, impairment loss of RM2,392,000 (2022: Nil) was recognised within the other operating expenses in statement of profit or loss to bring the carrying amount to their recoverable amount due to decline in operations of certain subsidiaries of the Company. The net assets of these subsidiaries were used as a proxy of their recoverable amount based on fair value less cost to sell method.

- (c) The details of the subsidiaries are disclosed in Note 42(a) to the financial statements.
- (d) Quoted investments in subsidiaries with a carrying amount of RM1,840,000 (2022: RM1,840,000) and quoted investments held by subsidiaries with a carrying amount of RM20,553,000 (2022: RM16,953,000) have been charged to licensed banks for credit facilities granted to the Company and a subsidiary as disclosed in Note 24 to the financial statements.

Unquoted investments in subsidiaries held by subsidiaries with total carrying amounts of RM115,012,000 (2022: RM96,500,000) have been charged to licensed banks for credit facilities granted to the Company and a subsidiary as disclosed in Note 24 to the financial statements.

Notes to the Financial Statements

31 May 2023

8. INVESTMENTS IN SUBSIDIARIES (CONTINUED)

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

	Nylex (Malaysia) Berhad RM'000	Ancom Logistics Berhad RM'000	Others* RM'000	Total RM'000
2023				
NCI percentage of ownership interest and voting interest (%)	57.8%	66.0%		
Carrying amount of NCI	12,451	14,248	5,724	32,423
(Loss)/Profit allocated to NCI	(750)	32	2,418	1,700
Other comprehensive income allocated to NCI	-	-	-	-
Total comprehensive (loss)/ income allocated to NCI	(750)	32	2,418	1,700
2022				
NCI percentage of ownership interest and voting interest (%)	57.8%	66.0%		
Carrying amount of NCI	13,201	21,032	6,441	40,674
Loss allocated to NCI	(34,515)	(35)	(4,543)	(39,093)
Other comprehensive income allocated to NCI	699	-	2,502	3,201
Total comprehensive loss allocated to NCI	(33,816)	(35)	(2,041)	(35,892)

* The NCI of all other subsidiaries that are not wholly-owned by the Group are deemed to be immaterial.

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8. INVESTMENTS IN SUBSIDIARIES (CONTINUED)

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

	Nylex (Malaysia) Berhad RM'000	Ancom Logistics Berhad RM'000
2023		
Assets and liabilities		
Non-current assets	7,785	23,283
Current assets	14,211	20,890
Non-current liabilities	-	(4,233)
Current liabilities	(658)	(11,154)
Net assets	21,338	28,786
Results		
Revenue	211	30,564
(Loss)/Profit for the financial year	(1,508)	502
Total comprehensive (loss)/profit	(1,508)	502
Cash flows (used in)/from operating activities	(1,704)	5,141
Cash flows from/(used in) investing activities	256	(2,137)
Cash flows used in financing activities	-	(2,876)
Net (decrease)/increase in cash and cash equivalents	(1,448)	128
2022		
Assets and liabilities		
Non-current assets	7,785	25,174
Current assets	15,741	23,025
Non-current liabilities	-	(4,702)
Current liabilities	(680)	(15,213)
Net assets	22,846	28,284
Results		
Revenue	934,143	29,949
Loss for the financial year	(33,049)	(618)
Total comprehensive loss	(49,947)	(618)
Cash flows (used in)/from operating activities	(19,489)	8,700
Cash flows used in investing activities	(28,069)	(729)
Cash flows used in financing activities	(29,893)	(5,247)
Net (decrease)/increase in cash and cash equivalents	(77,451)	2,724
Dividend paid to NCI	-	980

Notes to the Financial Statements

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8. INVESTMENTS IN SUBSIDIARIES (CONTINUED)**8.1 Acquisition of subsidiaries**

- (a) The Group via its wholly-owned subsidiary, Ancom Crop Care Sdn. Bhd. ("ACC") had on 28 December 2021 entered into several Share Sale Agreements to acquire 80% equity interest each in Shennong Animal Health (Malaysia) Sdn. Bhd. ("Shennong") and Vemedim Sdn. Bhd. ("Vemedim") for a cash consideration of RM23,920,000.

The acquisition of Shennong and Vemedim was completed on 22 June 2022.

The fair values of the identifiable assets and liabilities acquired and the effects on cash flows arising from the acquisition were as follows:

	RM'000
Property, plant and equipment	9,709
Right-of-use assets	2,354
Investment properties	2,045
Trade and other receivables	6,535
Inventories	4,510
Cash and bank balances	4,995
Borrowings	(4,660)
Deferred tax liabilities	(1,244)
Lease liabilities	(141)
Current tax liabilities	(111)
Trade and other payables	(7,483)
Net assets	16,509
NCI at the date of acquisition	(3,302)
Goodwill on consolidation	10,713
Cost of acquisition	23,920
Cash inflow on acquisition:	
Cash and bank balances of a subsidiary acquired	4,995

For the financial year ended 31 May 2023, the acquisition contributed revenue of RM31,209,000 and profit after taxation of RM7,566,000.

- (b) In the previous financial year:

- (i) The Company acquired 1 ordinary share, representing 100% equity interest in Nylex Holdings Sdn. Bhd. ("Nylex Holdings") for a cash consideration of RM1. The acquisition did not have any material impact to the Group.
- (ii) The Group via its wholly-owned subsidiary, ACC acquired 26,686,004 ordinary shares, representing 100% equity interest in Timber Preservatives Industries Sdn. Bhd. for a cash consideration of RM2. The acquisition did not have any material impact to the Group.

Notes to the Financial Statements

31 May 2023

8. INVESTMENTS IN SUBSIDIARIES (CONTINUED)**8.1 Acquisition of subsidiaries (continued)**

(b) In the previous financial year: (continued)

- (iii) The Group via its wholly-owned subsidiary, Ancom Management Sdn. Bhd. acquired 1 ordinary share, representing 100% equity interest in Ancom Academy Sdn. Bhd. for a cash consideration of RM1. The acquisition did not have any material impact to the Group.
- (iv) The Group via its subsidiary, Digital Showcase Sdn. Bhd. (“DSSB”) acquired 1 ordinary share, representing 100% equity interest in Redberry Cinema and Digital Sdn. Bhd. for a cash consideration of RM1. The acquisition did not have any material impact to the Group.
- (v) The Group via its wholly-owned subsidiary, Nylex Holdings, acquired additional 110,000 ordinary shares, representing 11% equity interest in One Chem Terminal Sdn. Bhd. (“OCT”) for a total consideration of RM863,000. Upon completion of the acquisition on 31 May 2022, OCT became a 51% owned subsidiary of Nylex Holdings on the same date.

The fair values of the identifiable assets and liabilities acquired and the effects on cash flows arising from the acquisition were as follows:

	RM'000
Property, plant and equipment	22,260
Trade and other receivables	322
Current tax assets	176
Cash and bank balances	1,514
Borrowings	(8,300)
Deferred tax liabilities	(2,040)
Trade and other payables	(7,783)
Net assets	6,149
NCI at the date of acquisition	(3,013)
Goodwill on consolidation	867
Total deemed purchase consideration	4,003
Less: Fair value of interests retained	(3,140)
Cost of acquisition	863
Cash inflow on acquisition:	
Cash and bank balances of a subsidiary acquired	1,514
Net cash inflow on acquisition	651

The revenue and profit after taxation contributed by OCT if the acquisition occurred on 1 June 2021 is not disclosed as it is immaterial to the Group.

Notes to the Financial Statements

31 May 2023

8. INVESTMENTS IN SUBSIDIARIES (CONTINUED)

8.2 Acquisition of additional interest in subsidiaries

- (a) During the financial year, the equity interest in Redberry Ambient Sdn. Bhd. increased from 70.2% to 100.0% via the following transactions:
- (i) acquisition of 723,800 ordinary shares from Sixth Media Sdn. Bhd. for a cash consideration of RM634,000;
 - (ii) acquisition of 448,380 ordinary shares from Wong Yuet Cheng for a cash consideration of RM393,000; and
 - (iii) acquisition of 3,311,620 ordinary shares from its 95% owned subsidiary, DSSB, for a cash consideration of RM2,898,000.

- (b) The Group via its wholly-owned subsidiary, Synergy Tanker Sdn. Bhd., (“STSB”) had on 5 October 2022 completed the acquisition of 25% equity interest in Ancom Nylex Terminals Sdn. Bhd. (formerly known as Ancom-Chemquest Terminals Sdn. Bhd.) (“ANT”), a 51% owned subsidiary of Synergy Trans-Link Sdn. Bhd., which in turn is a wholly-owned subsidiary of Ancom Logistics Berhad (“ALB”), from Chemquest Sdn. Bhd. for a cash consideration of RM4,000,000. STSB has also completed the acquisition of 24% equity interest in ANT held by a Thai national, Mr. Surasak Suwanapasri for a cash consideration of RM3,840,000 on 15 November 2022.

Upon completion of both acquisitions above, ANT became a 66.3% owned subsidiary of the Group.

- (c) The Company had on 28 April 2021 submitted a formal proposal to the Board of Directors of Nylex (Malaysia) Berhad (“Nylex”) (“Nylex Board”) to acquire all the assets and liabilities of Nylex (“the Offer”), The Offer entails the acquisition by the Company for all the business of Nylex for a total consideration of RM179,287,000 (“Proposed Acquisitions of Nylex Business”).

On 28 June 2021, Nylex Board (save for Dato’ Siew Ka Wei, being an interested director) has accepted the Offer, subject to, among others, the approvals of the non-interested shareholders of Nylex and the relevant regulatory authorities, where required.

The Company and Nylex Holdings had on 29 July 2021, entered into the Sale of Business Agreement with Nylex in respect of the Proposed Acquisition of Nylex Business.

On 26 October 2021, the shareholders of the Company have approved the Proposed Acquisition of Nylex Business subject to the fulfilment of all conditions precedent as announced on 29 July 2021.

The Proposed Acquisition of Nylex Business was completed on 26 January 2022.

- (d) On 31 May 2022, the Group via its wholly-owned subsidiary, Perusahaan Kimia Gemilang Sdn. Bhd. (“PKG”) acquired additional 5,390,000 ordinary shares, representing 49% equity interest in PT PKG Lautan Indonesia (“PT Lautan”) for a cash consideration of RM7,538,000. Upon completion of the acquisition, PT Lautan became a wholly-owned subsidiary of the Group.

Notes to the Financial Statements

31 May 2023

8. INVESTMENTS IN SUBSIDIARIES (CONTINUED)**8.3 Dilution of equity interests in subsidiaries**

- (a) During the financial year, the Company disposed of 2,000,000 ordinary shares, representing 25% equity interests in Ancom Truelife Sdn. Bhd. ("ATL") for cash consideration of RM1. Upon completion of the disposal, ATL became a 75% owned subsidiary of the Group.
- (b) In the previous financial year, the equity interest in Nylex reduced from 50.3% to 42.2% resulted from the following transactions:
 - (i) resold of 500,000 treasury shares of Nylex to NCI; and
 - (ii) dividend-in-specie via a share dividend distribution of 14,240,521 Nylex shares to the Company's shareholders.

8.4 Disposal of subsidiaries

During the financial year, the Company together with Datuk Hasnul Bin Hassan and Kamalia Binti Kasmaruddin have collectively disposed of 11,250,000 ordinary shares, representing 75% equity interest in Genovasi Malaysia Sdn. Bhd. ("Genovasi") to Splendour Education Sdn. Bhd. and Sharifah Fazlina Binti Syed Jaafar for a cash consideration of RM4,000,000.

The transaction was completed on 15 June 2022 and Genovasi ceased to be a subsidiary of the Group on the same date. Total cash and bank balances of Genovasi being disposed amounted to RM25,000. Net cash inflow on the disposal was RM3,975,000.

8.5 Common control transactions

In the previous financial year:

- (i) ATL disposed of its entire equity interest in Pureplay Interactive Sdn. Bhd. ("Pureplay") to iEnterprise Online Sdn. Bhd. for a cash consideration of RM1.

Upon completion of the transaction, Pureplay became a 97.3% owned subsidiary of the Group.

- (ii) Ancom Components Sdn. Bhd. disposed of its entire equity interest in Ancom Energy & Services Sdn. Bhd. ("AES") to Ancom Power Solutions Sdn. Bhd. ("APS") for a cash consideration of RM1.

Upon completion of the transaction, AES became a wholly-owned subsidiary of the Group.

8.6 Equity loans

Equity loans to subsidiaries, which are unsecured, interest-free and settlement is neither planned nor likely to occur in the foreseeable future, and are considered to be part of the investments of the Company in providing the subsidiaries with a long term source of additional capital.

Impairment for equity loans to subsidiaries are recognised based on the general approach within MFRS 9 using the forward looking expected credit loss model as disclosed in Note 16(d) to the financial statements.

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9. INVESTMENTS IN ASSOCIATES

	Group		Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Unquoted shares, at cost	20,260	23,712	9,149	9,149
Share of post-acquisition reserves	(11,339)	(10,934)	-	-
	8,921	12,778	9,149	9,149
Less: Impairment losses	(7,335)	(8,849)	(9,149)	(9,149)
	1,586	3,929	-	-

- (a) Investments in associates are measured at cost less impairment losses in the separate financial statements of the Company and accounted for using the equity method in the consolidated financial statements.
- (b) During the financial year:
- the liquidation of Tamco Chongqing Switchgear Company Limited was completed. The Group received a cash liquidation distribution of RM3,290,000 and reversed an impairment loss of RM2,069,000 and recognised a loss on liquidation of RM998,000.
 - the Group via its wholly-owned subsidiary, ACC had on 28 February 2023 entered into a share sale agreement with Seicom System Sdn. Bhd. to acquire 250,000 ordinary shares, representing 25% equity interest in Trevi Properties Sdn. Bhd. (formerly known as Sri Tinggi Properties Sdn. Bhd.) ("Trevi") for a cash consideration of RM250,000.
 - the Group via its wholly-owned subsidiary, APS acquired 40% of equity interest in Trilogy Renewables Sdn. Bhd. for a cash consideration of RM200,000.
 - an impairment loss of RM555,000 was recognised within the other operating expenses in statement of profit or loss to bring the carrying amount to their recoverable amount due to decline in operations of certain associates of the Group. The net assets of these associates were used as a proxy for their recoverable amount based on fair value less cost to sell method.
- (c) In the previous financial year:
- the Group via its wholly-owned subsidiary, Nylex Holdings acquired additional 110,000 ordinary shares, representing 11% equity interest in OCT for a total consideration of RM863,000. Upon completion of the acquisition on 31 May 2022, OCT ceased to be the associate of Nylex Holdings and became a 51% owned subsidiary of Nylex Holdings.
 - Jasa Rimbun Sdn. Bhd. have commenced the striking off process under Section 550 of the Companies Act 2016. The strike off of this associate did not have any material impact to the Group.
- (d) DJ Money Matters Sdn. Bhd. ("DJ Money") and Trevi have a financial year end of 30 April and 30 June respectively. Therefore, the financial statements of DJ Money and Trevi are not coterminous with the Group. In applying the equity method of accounting, the unaudited financial statements of DJ Money and Trevi for financial period ended 31 May 2023 have been used. The use of the unaudited financial statements is not expected to have any significant effects on the consolidated financial statements of the Group.

Notes to the Financial Statements

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9. INVESTMENTS IN ASSOCIATES (CONTINUED)

- (e) The details of the associates are disclosed in Note 42(b) to the financial statements.
- (f) Summarised financial information of the associates are not disclosed as it is immaterial to the Group.
- (g) The aggregate amount of the associates results shared by the Group during the financial year are as follows:

	Group	
	2023 RM'000	2022 RM'000
Share of (loss)/profit	(19)	675
Share of other comprehensive income	-	-
Share of total comprehensive (loss)/income	(19)	675

10. INVESTMENTS IN JOINT VENTURES

	Group	
	2023 RM'000	2022 RM'000
Unquoted shares, at cost	540	540
Share of post-acquisition reserves	(540)	(540)
	-	-

- (a) Investments in joint ventures are stated at cost in the separate financial statements. The Group recognises its interest in a joint venture as an investment and accounts for that investment using the equity method.
- (b) The details of the joint ventures are disclosed in Note 42(c) to the financial statements.
- (c) Senandung Sonik Sdn. Bhd. ("SSSB") and TeaFM Radio Sdn. Bhd. ("TeaFM") are unlisted separate entities whose quoted market prices are not available. The contractual arrangement provides the Group with only the rights to the net assets of the joint arrangement, with the rights to assets and obligation for liabilities of the joint arrangement resting primarily with SSSB and TeaFM.
- (d) The joint ventures are not allowed to distribute their profits prior to the consent of the venture partners.
- (e) Summarised financial information of joint ventures are not disclosed as it is immaterial to the Group.

Notes to the Financial Statements

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11. OTHER INVESTMENTS

	Group		Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Non-current				
<i>Fair value through profit or loss</i>				
Quoted shares in Malaysia	147	147	-	-
Unquoted shares in Malaysia	2,750	-	2,250	-
Club memberships	268	268	243	243
	3,165	415	2,493	243
Current				
<i>Fair value through profit or loss</i>				
Quoted shares in Malaysia	435	673	-	-
Unit trusts	666	2,232	-	-
	1,101	2,905	-	-

- (a) Quoted shares in Malaysia of the Group are categorised as Level 1 in fair value hierarchy. Fair values of quoted shares in Malaysia is determined by reference to exchange quoted market prices at the end of the reporting period.
- (b) Unquoted shares in Malaysia of the Group and of the Company are categorised as Level 3 in the fair value hierarchy. Fair values of unquoted shares in Malaysia are estimated by discounting expected future cash flows at market incremental lending rates for similar types of lending or borrowing arrangements at the end of the reporting period.
- (c) Unit trusts of the Group are categorised as Level 2 in the fair value hierarchy. Fair values of unit trusts is determined by reference to closing price at the end of the reporting period.
- (d) Club memberships of the Group and of the Company are categorised as Level 3 in the fair value hierarchy. Fair values of club memberships is determined by reference to club memberships price.
- (e) Sensitivity analysis for other investments is not disclosed as it is immaterial to the Group.
- (f) There is no transfer between levels in the fair value hierarchy during the financial year.

Notes to the Financial Statements

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12. INTANGIBLE ASSETS**Group**

	Balance as at 1.6.2022 RM'000	Additions RM'000	Amortisation during the financial year RM'000	Balance as at 31.5.2023 RM'000
2023				
Carrying amount				
Chemical formula	1,133	-	-	1,133
Rights	1,056	-	(299)	757
Development expenditure	2,325	64	-	2,389
Computer software	417	66	(258)	225
	4,931	130	(557)	4,504
2022				
Carrying amount				
Chemical formula	1,045	88	-	1,133
Rights	1,354	-	(298)	1,056
Development expenditure	1,793	532	-	2,325
Computer software	1,586	23	(1,192)	417
	5,778	643	(1,490)	4,931

- (a) Chemical formula is capitalised on the basis of the costs incurred to develop, formulate and market a wide range of chemical products.
- (b) Rights represent audio and visual advertising network distributions secured by the Group for media sales. These are recognised as assets at the acquisition date and initially measured at cost. After initial recognition, the rights are carried at cost less accumulated amortisation and accumulated impairment losses, if any.
- (c) Development expenditure comprise salaries of personnel involved in the development and design of products prior to commencement of commercial production.
- (d) Computer software is capitalised on the basis of the costs incurred to acquire and bring to use the specific software.
- (e) Amortisation is calculated to write off the cost of the assets to their residual values on a straight line basis over their estimated useful lives. The principal amortisation periods are as follows:

Rights	15 years
Computer software	3 to 5 years

Chemical formula and development expenditure are not amortised until such time when the asset is available for use.

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13. GOODWILL ON CONSOLIDATION

	Group	
	2023	2022
	RM'000	RM'000
Balance as at 1 June 2022/2021	72,158	70,112
Acquisition of subsidiaries	10,713	867
Impairment loss on goodwill on consolidation	-	(2,080)
Foreign exchange differences	3,139	3,259
Balance as at 31 May 2023/2022	86,010	72,158

Goodwill is initially measured at cost. Following the initial recognition, goodwill is measured at cost less accumulated impairment losses, if any.

Goodwill and fair value adjustments arising on the acquisition of foreign operation on or after 1 January 2006 are treated as assets and liabilities of the foreign operations and are recorded in the functional currency of the foreign operations and translated in accordance with the accounting policy for foreign currencies.

In the previous financial year, an impairment loss on goodwill on consolidation of RM2,080,000 was recognised within the other operating expenses in statement of profit or loss due to adverse adjustments made to the forecasted operating cash flows included in the value in use.

(a) Allocation of goodwill

Goodwill has been allocated to the Group's cash generating units ("CGUs") which has been identified according to business segments as follows:

	Group	
	2023	2022
	RM'000	RM'000
Industrial chemicals	66,053	62,916
Agricultural chemicals	17,941	7,228
Others	2,016	2,014
	86,010	72,158

(b) Recognition and measurement of impairment loss

For the purpose of impairment testing, goodwill is allocated from the acquisition date, to each of the Group's CGU that are expected to benefit from the synergies of the combination.

Goodwill is tested for impairment on an annual basis by comparing the carrying amount with the recoverable amount. As the Directors are of the opinion that all the CGUs are held on a long-term basis, the value-in-use would best reflect their recoverable amount. The value-in-use is determined by discounting future cash flows over a relevant period. The future cash flows are based on management's business plans, which is the best estimate of future performance. The ability to achieve the business plan targets is a key assumption in determining the recoverable amount for each CGU.

There remains a risk that the ability to achieve management's business plans may be adversely affected due to unforeseen changes in the respective economies in which the CGUs operate and/or global economic conditions.

Notes to the Financial Statements

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13. GOODWILL ON CONSOLIDATION (CONTINUED)

(b) Recognition and measurement of impairment loss (continued)

Industrial chemicals CGU

The key assumptions on which management has based its cash flow projections for the purposes of the impairment test for goodwill are as follows:

- (i) Revenue growth rate used is based on historical trends of each CGU taking into account the industry outlook. The average revenue growth rate and terminal growth rate are 3.10% (2022: 2.53%) and 2.50% per annum respectively.
- (ii) The profit margin applied to the projections are the average gross margins achieved in the year immediately before the budgeted year adjusted for expected efficiency improvements or deficiency.
- (iii) Discount rates used for cash flows discounting purpose is the pre-tax discount rate of the Group plus a reasonable risk premium at the date of assessment of the CGU. The average discount rate applied on the cash flow projections is 5.65% (2022: 5.34%).

Management is not aware of any reasonable possible changes in the key assumptions, which would cause the carrying amount of the industrial chemicals CGU to materially exceed its recoverable amount.

Agricultural chemicals CGU

The key assumptions on which management has based its cash flow projections for the purposes of the impairment test for goodwill are as follows:

- (i) Revenue growth rate used is based on the historical trends of the CGU. The average revenue growth rate and terminal growth rate are 7.7% (2022: 1.0%) and 1.0% per annum respectively.
- (ii) Discount rates used for cash flows discounting purpose is the pre-tax discount rate of the Group plus a reasonable risk premium at the date of assessment of the CGU. The average discount rate applied on the cash flow projections is 6.17% (2022: 5.34%).

Management is not aware of any reasonable possible changes in the key assumptions, which would cause the carrying amount of the agricultural chemicals CGU to materially exceed its recoverable amount.

Other CGUs

The management is not aware of any reasonable possible changes which would cause the carrying amount of the other CGUs to materially exceed its recoverable amount.

Notes to the Financial Statements

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14. DEFERRED TAX (ASSETS)/LIABILITIES

(a) The deferred tax (assets)/liabilities are made up of the following:

	Group		Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Balance as at 1 June 2022/2021	1,224	(14,967)	267	249
Recognised in profit or loss (Note 32)	(5,445)	14,228	-	18
Acquisition of subsidiaries	1,244	2,040	-	-
Foreign exchange differences	(112)	(77)	-	-
	(4,313)	16,191	-	18
Balance as at 31 May 2023/2022	(3,089)	1,224	267	267
Presented after appropriate offsetting as follows:				
Deferred tax assets, net*	(22,614)	(11,247)	-	-
Deferred tax liabilities, net*	19,525	12,471	267	267
	(3,089)	1,224	267	267

* The amount of set-off between deferred tax assets and deferred tax liabilities was RM8,015,000 (2022: RM1,684,000) for the Group.

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

Deferred tax liabilities

Property, plant and equipment	Group		Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Balance as at 1 June 2022/2021	14,155	10,887	267	249
Recognised in profit or loss	12,161	(306)	-	18
Acquisition of subsidiaries	1,244	3,538	-	-
Foreign exchange differences	(20)	36	-	-
Balance as at 31 May 2023/2022	27,540	14,155	267	267

Notes to the Financial Statements

31 May 2023

14. DEFERRED TAX (ASSETS)/LIABILITIES (CONTINUED)

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

Deferred tax assets of the Group

	Provision for liabilities RM'000	Unutilised tax losses and unabsorbed capital allowances RM'000	Others RM'000	Total RM'000
2023				
Balance as at 1 June 2022	(2,820)	(8,875)	(1,236)	(12,931)
Recognised in profit or loss	539	(18,145)	-	(17,606)
Foreign exchange differences	(69)	(23)	-	(92)
Balance as at 31 May 2023	(2,350)	(27,043)	(1,236)	(30,629)
2022				
Balance as at 1 June 2021	(4,539)	(20,153)	(1,162)	(25,854)
Recognised in profit or loss	1,758	12,866	(90)	14,534
Acquisition of subsidiaries	-	(1,498)	-	(1,498)
Foreign exchange differences	(39)	(90)	16	(113)
Balance as at 31 May 2022	(2,820)	(8,875)	(1,236)	(12,931)

- (c) The amounts of temporary differences for which no deferred tax assets have been recognised in the consolidated statement of financial position are as follows:

	Group	
	2023 RM'000	2022 RM'000
Unutilised tax losses	124,959	181,249
Unabsorbed capital allowances	61,067	60,318
Others	(1,001)	(1,197)
	185,025	240,370

Deferred tax assets of certain subsidiaries have not been recognised in respect of these items as it is not certain that these subsidiaries will have future taxable profits to offset the unutilised tax losses and unabsorbed capital allowances.

Notes to the Financial Statements

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14. DEFERRED TAX (ASSETS)/LIABILITIES (CONTINUED)

(c) (continued)

The availability of unutilised tax losses for offsetting against future taxable profits of the respective subsidiaries in Malaysia are subject to guidelines issued by tax authority. The use of tax losses of subsidiaries in other countries is subject to the agreement of the tax authorities and compliance with certain provisions of the tax legislation of the respective countries in which the subsidiaries operate. Unutilised tax losses of subsidiaries incorporated in Malaysia can be carried forward up to ten (10) consecutive years of assessment immediately following the year of assessment under the tax legislation of Inland Revenue Board.

Unutilised tax losses	Group	
	2023 RM'000	2022 RM'000
No expiry date	37,310	34,898
Expires by year of assessment 2028	44,299	99,553
Expires by year of assessment 2029	9,710	14,935
Expires by year of assessment 2030	9,802	15,906
Expires by year of assessment 2031	6,000	6,486
Expires by year of assessment 2032	8,357	9,471
Expires by year of assessment 2033	9,481	-
	124,959	181,249

15. INVENTORIES

	Group	
	2023 RM'000	2022 RM'000
At cost		
Raw materials and consumables	43,275	38,642
Packing materials	783	1,523
Work-in-progress	1,131	3,709
Finished goods	84,171	72,547
Inventory-in-transit	5,932	3,669
	135,292	120,090
At net realisable value		
Raw materials and consumables	9,325	7,428
Work-in-progress	2,753	-
Finished goods	63,727	51,616
	75,805	59,044
	211,097	179,134

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15. INVENTORIES (CONTINUED)

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

Cost is determined using the first-in, first-out formula and weighted average method. Cost comprises all costs of purchase, cost of conversion plus other costs incurred in bringing the inventories to their present condition and location. Cost of finished goods and work-in-progress include the cost of raw materials, direct labour, other direct cost and an appropriate portion of production overheads based on normal operating capacity of the production facilities.

During the financial year, the amount of inventories recognised as an expense in cost of sales of the Group amounted to RM1,641,425,000 (2022: RM1,727,745,000). The Group has also written down inventories by RM396,000 (2022: RM2,348,000) to their net realisable value.

16. TRADE AND OTHER RECEIVABLES

	Group		Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Trade receivables				
Third parties	312,130	328,302	-	-
Less: Impairment losses	(16,860)	(16,610)	-	-
	295,270	311,692	-	-
Other receivables				
Third parties	31,681	27,896	2,752	5,523
Deposits	34,523	31,174	15	15
	66,204	59,070	2,767	5,538
Less: Impairment losses	(15,200)	(23,806)	(101)	(3,001)
	51,004	35,264	2,666	2,537
Total receivables	346,274	346,956	2,666	2,537
Deferred expenditure	3,515	1,910	-	-
Prepayments	19,690	44,422	363	3,781
	23,205	46,332	363	3,781
	369,479	393,288	3,029	6,318

- (a) Total receivables are classified as financial assets measured at amortised cost.
- (b) Trade receivables are non-interest bearing and the normal trade credit terms granted by the Group ranged from one (1) month to four (4) months (2022: one (1) month to four (4) months). They are recognised at their original invoiced amounts, which represent their fair values on initial recognition.
- (c) The currency exposure profile of trade and other receivables are disclosed in Note 36(i) to the financial statements.

Notes to the Financial Statements

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16. TRADE AND OTHER RECEIVABLES (CONTINUED)

(d) Recognition and measurement of impairment loss

Impairment for trade receivables that do not contain a significant financing component are recognised based on the simplified approach using the lifetime expected credit losses.

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

The Group uses an allowance matrix to measure the expected credit loss of trade receivables based on grouping of customer sharing the same credit risk characteristics and past due days. Expected loss rates are calculated using the roll rate method separately for exposures in different segments based on geographic region.

During this process, the probability of non-payment by the trade receivables is adjusted by forward looking information on macroeconomic factors, which the Group has identified as consumer price index, gross domestic product growth rate, unemployment rate, inflation rate, producer price index and multiplied by the amount of the expected loss arising from default to determine the lifetime expected credit loss for the trade receivables. For trade receivables, which are reported net, such impairments are recorded in a separate impairment account with the loss being recognised in the statements of profit or loss. On confirmation that the trade receivable would not be collectable, the gross carrying amount of the asset would be written off against the associated impairment.

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

It requires management to exercise significant judgement in determining the probability of default by trade receivables, and the appropriate forward looking information.

Lifetime expected loss provision for trade receivables of the Group are as follows:

	Gross carrying amount RM'000	Lifetime expected loss RM'000	Net carrying amount RM'000
2023			
Collective assessment			
Not past due	221,544	(923)	220,621
Past due			
1 to 30 days	45,762	(796)	44,966
31 to 60 days	18,203	(652)	17,551
Over 60 days	18,014	(6,290)	11,724
	81,979	(7,738)	74,241
Individual assessment	8,607	(8,199)	408
	312,130	(16,860)	295,270

Notes to the Financial Statements

31 May 2023

16. TRADE AND OTHER RECEIVABLES (CONTINUED)

(d) Recognition and measurement of impairment loss (continued)

Lifetime expected loss provision for trade receivables of the Group are as follows: (continued)

2022	Gross carrying amount RM'000	Lifetime expected loss RM'000	Net carrying amount RM'000
Collective assessment			
Not past due	234,758	(855)	233,903
Past due			
1 to 30 days	57,391	(877)	56,514
31 to 60 days	16,268	(805)	15,463
Over 60 days	9,438	(5,503)	3,935
	83,097	(7,185)	75,912
Individual assessment	10,447	(8,570)	1,877
	328,302	(16,610)	311,692

Trade receivables are not secured by any collateral or credit enhancement.

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

Impairment for other receivables and inter-company balances are recognised based on the 3 stages general approach within MFRS 9 using the forward looking expected credit loss model. The methodology used to determine the amount of the impairment is based on whether there has been a significant increase in credit risk since initial recognition of the financial asset by comparing the risk of default occurring over the expected life with the risk of default since initial recognition. For those in which the credit risk has not increased significantly since initial recognition of the financial asset, twelve month expected credit losses along with gross interest income are recognised. For those in which credit risk has increased significantly, lifetime expected credit losses along with the gross interest income are recognised. For those that are determined to be credit impaired, lifetime expected credit losses along with interest income on a net basis are recognised.

The Group defined significant increase in credit risk as twenty percent (20%) on relative basis and including operating performance of the receivables, payment trends and past due information.

The probability of non-payment by other receivables and inter-company balances are adjusted by forward-looking information on macroeconomic factors, which the Group has identified as unemployment rate, gross domestic product growth rate and inflation rate and multiplied by the amount of the expected loss arising from default to determine the 12-month or lifetime expected credit loss for other receivables and inter-company balances.

The carrying amount of the financial asset is reduced through the use of an allowance for impairment loss account and the amount of the impairment loss is recognised in profit or loss. When a financial asset becomes uncollectible, it is written off against the allowance for impairment loss account.

Notes to the Financial Statements

31 May 2023

16. TRADE AND OTHER RECEIVABLES (CONTINUED)

(e) Movement in impairment loss are as follows:

	Group	
	2023 RM'000	2022 RM'000
Trade receivables		
Balance as at 1 June 2022/2021	16,610	20,037
Charge for the financial year	926	2,664
Reversal of impairment loss	(2,191)	(3,390)
Written off	(8)	(2,790)
Exchange differences	(35)	89
Disposal of a subsidiary	(118)	-
Acquisition of subsidiaries	1,676	-
Balance as at 31 May 2023/2022	16,860	16,610

	12-month ECL RM'000	Credit impaired RM'000	Total RM'000
Other receivables			
Group			
Balance as at 1 June 2022	94	23,712	23,806
Charge for the financial year	2,216	1	2,217
Reversal of impairment loss	(15)	(3,389)	(3,404)
Written off	(9)	(7,409)	(7,418)
Disposal of a subsidiary	(1)	-	(1)
Balance as at 31 May 2023	2,285	12,915	15,200
Balance as at 1 June 2021	279	13,740	14,019
Charge for the financial year	33	10,596	10,629
Reversal of impairment loss	(85)	(176)	(261)
Written off	-	(448)	(448)
Acquisition of a subsidiary	(133)	-	(133)
Balance as at 31 May 2022	94	23,712	23,806
Company			
Balance as at 1 June 2022	-	3,001	3,001
Reversal of impairment loss	-	(2,900)	(2,900)
Balance as at 31 May 2023	-	101	101
Balance as at 1 June 2021	195	108	303
Charge for the financial year	-	2,900	2,900
Reversal of impairment loss	(62)	(7)	(69)
Acquisition of a subsidiary	(133)	-	(133)
Balance as at 31 May 2022	-	3,001	3,001

(f) Information on financial risks of trade and other receivables are disclosed in Note 36 to the financial statements.

Notes to the Financial Statements

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17. AMOUNTS OWING BY SUBSIDIARIES

	Company	
	2023	2022
	RM'000	RM'000
Amounts owing by subsidiaries	53,352	47,652
Less: Impairment losses	(5,538)	(5,538)
	47,814	42,114

- (a) Amounts owing by subsidiaries are classified as financial assets measured at amortised cost.
- (b) The amounts owing by subsidiaries represent advances and payments made on behalf, which are interest-free, unsecured and payable within next twelve (12) months or upon demand in cash and cash equivalents except for an amount of RM4,168,000 (2022: RM7,397,000), which bears interest at 4.5% (2022: 3.5%) per annum.
- (c) Amounts owing by subsidiaries are denominated in RM.
- (d) Recognition and measurement of impairment loss

Impairment for amounts owing by subsidiaries are recognised based on the general approach within MFRS 9 using the forward looking expected credit loss model as disclosed in Note 16(d) to the financial statements. Significant judgement is required in determining the probabilities of default by subsidiaries and appropriate forward looking information in assessing the expected credit loss allowance.

Movements in the impairment allowance for amounts owing by subsidiaries are as follows:

Company	12-month ECL RM'000	Credit impaired RM'000	Total RM'000
Balance as at 1 June 2021	132	2,351	2,483
Acquisition of a subsidiary	133	-	133
Charge for the financial year	2,714	241	2,955
Reversal of impairment loss	-	(33)	(33)
Balance as at 31 May 2022/2023	2,979	2,559	5,538

- (e) Information on financial risks of amounts owing by subsidiaries are disclosed in Note 36 to the financial statements.

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18. AMOUNTS OWING BY/(TO) ASSOCIATES

	Group		Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Amounts owing by associates	18,121	17,115	3,638	4,162
Less: Impairment losses	(13,041)	(12,131)	(138)	(138)
	5,080	4,984	3,500	4,024
Amounts owing to associates	(694)	(12)	-	-

- (a) Amounts owing by associates are classified as financial assets measured at amortised cost.
- (b) Amounts owing to associates are classified as financial liabilities measured at amortised cost.
- (c) The amounts owing by/(to) associates represent balances arising from trade transactions, advances and payments made on behalf, which are unsecured, interest-free and payable within next twelve (12) months or upon demand in cash and cash equivalents. The trade transactions are carried out based on normal trade terms as disclosed in Notes 16(b) and 27(b) to the financial statements.
- (d) Amounts owing by/(to) associates are denominated in RM.
- (e) Recognition and measurement of impairment loss

Impairment for amounts owing by associates are recognised based on the general approach within MFRS 9 using the forward looking expected credit loss model as disclosed in Note 16(d) to the financial statements.

Movements in the impairment allowance for amounts owing by associates are as follows:

Group	12-month ECL RM'000	Credit impaired RM'000	Total RM'000
Balance as at 1 June 2022	75	12,056	12,131
Charge for the financial year	-	910	910
Balance as at 31 May 2023	75	12,966	13,041
Balance as at 1 June 2021	105	13,979	14,084
Acquisition of a subsidiary	(35)	-	(35)
Written off	-	(1,923)	(1,923)
Charge for the financial year	5	-	5
Balance as at 31 May 2022	75	12,056	12,131

- (f) Information on financial risks of amounts owing by/(to) associates are disclosed in Note 36 to the financial statements.

Notes to the Financial Statements

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19. AMOUNTS OWING BY JOINT VENTURES

	Group	
	2023 RM'000	2022 RM'000
Amounts owing by joint ventures	93	93
Less: Impairment losses	(93)	(93)
	-	-

- (a) Amounts owing by joint ventures are classified as financial assets measured at amortised cost.
- (b) The amounts owing by joint ventures represent advances and payments made on behalf, which are unsecured, interest free and payable within next twelve (12) months or upon demand in cash and cash equivalents.
- (c) Amounts owing by joint ventures are denominated in RM.
- (d) Recognition and measurement of impairment loss

Impairment for amounts owing by joint ventures are recognised based on the general approach within MFRS 9 using the forward looking expected credit loss model as disclosed in Note 16(d) to the financial statements.

20. CASH AND BANK BALANCES

	Group		Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Short term deposits with licensed banks	62,520	37,585	-	-
Cash and bank balances	105,691	85,591	2,657	213
	168,211	123,176	2,657	213

- (a) Short term deposits of the Group amounting to RM600,000 (2022: RM621,000) have been pledged to licensed banks for banking facilities granted to certain subsidiaries of the Group as disclosed in Note 24 to the financial statements.
- (b) The currency exposure profiles of cash and bank balances are disclosed in Note 36(i) to the financial statements.

Notes to the Financial Statements

31 May 2023

20. CASH AND BANK BALANCES (CONTINUED)

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

	Group		Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Cash and bank balances	168,211	123,176	2,657	213
Less:				
Short term deposits with maturity period more than three (3) months	(4,384)	(2,964)	-	-
Short term deposits pledged with licensed banks	(600)	(621)	-	-
Bank overdrafts (Note 24)	(12,751)	(12,771)	(6,432)	(6,945)
As reported in statements of cash flows	150,476	106,820	(3,775)	(6,732)

- (d) Cash at banks earns interest at floating rates based on daily bank deposit rates. Short term deposits are made for varying periods of between one (1) day and twelve (12) months, depending on the immediate cash requirements of the Group, and earn interest at respective short term deposits rates.
- (e) No expected credit losses were recognised arising from the short term deposits with licensed banks because the probability of default by these license banks were negligible.
- (f) Information on financial risks of cash and bank balances are disclosed in Note 36 to the financial statements.

21. ASSETS HELD FOR SALE

- (a) The Group via its subsidiary, AES entered into a sale and purchase agreement with T & A Holdings Sdn. Bhd. on 9 March 2021 to dispose a piece of leasehold land located at Port Klang, Selangor for a cash consideration of RM1,419,000. Accordingly, the leasehold land under the right-of-use assets of the Group was classified as assets held for sale in the financial year ended 31 May 2021.

The sale and purchase agreement was cancelled in the previous financial year and accordingly the leasehold land has been reclassified to right-of-use assets of the Group.

- (b) The Group via its subsidiary, Syarikat Wandeerfull (Kg Attap) Sdn. Bhd. ("SWKA") acquired a land and building located at Jalan Chan Sow Lin, Kuala Lumpur for consideration of RM6,255,000. Subsequent to the completion of the above acquisition, SWKA entered into a sale and purchase agreement with Pudu Ria Flourish Trading Sdn. Bhd. on 19 January 2021 to dispose the land and building for a consideration of RM8,000,000.

The disposal was completed on 8 March 2022 and a gain on disposal of assets held for sale of RM655,000 was recognised in statement of profit or loss of the Group for the financial year ended 31 May 2022.

Notes to the Financial Statements

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21. ASSETS HELD FOR SALE (CONTINUED)

- (c) On 24 May 2021, sale and purchase agreement entered into between Perusahaan Kimia Gemilang (Vietnam) Company Ltd. and TOP Solvent (Vietnam) Limited Liability Company in respect of the proposed disposal of terminal assets for a cash consideration of USD6,250,000. The terminal assets have been fully depreciated in the previous financial years.

The sale and purchase transaction has been completed on 25 March 2022 and the gain on disposal of assets held for sale of RM24,176,000 was recognised in statement of profit or loss.

22. SHARE CAPITAL

	Group and Company			
	2023		2022	
	Number of shares	RM'000	Number of shares	RM'000
Issued and fully paid with no par value:				
Balance as at 1 June 2022/2021	302,487,849	377,892	254,491,472	256,043
Ordinary shares issued pursuant to:				
- ESOS	18,218,890	6,546	9,942,520	10,815
- Warrants B	47,093,974	13,186	6,924,349	5,816
- acquisition of additional interest in subsidiaries	-	-	31,129,508	105,218
Share Split	604,975,698	-	-	-
Balance as at 31 May 2023/2022	972,776,411	397,624	302,487,849	377,892

- (a) During the financial year, the issued and fully paid-up ordinary shares of the Company was increased from 302,487,849 to 972,776,411 by way of issuance of 670,288,562 new ordinary shares pursuant to the following:
- 604,975,698 new ordinary shares issued involving a sub-division of every one (1) existing ordinary share into three (3) ordinary shares ("Share Split");
 - 18,218,890 options exercised under the ESOS at an exercise price of RM0.255 per ordinary share; and
 - 47,093,974 new ordinary shares arising from the exercise of Warrants B at RM0.28 per ordinary share.

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

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

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22. SHARE CAPITAL (CONTINUED)

(c) Treasury shares

During the financial year:

- i. a total of 32,302,118 new ordinary shares was issued for treasury shares held by the Company pursuant to the Share Split;
- ii. the Company repurchased 3,464,300 of its issued ordinary shares from the open market of Bursa Securities at an average price of RM1.09 per share; and
- iii. the Company resold 13,597,500 of its treasury shares with price ranging from RM0.93 to RM1.25.

As at 31 May 2023, a total of 38,268,677 (2022: 16,099,759) treasury shares at a total cost of RM25,123,000 (2022: RM30,711,000) are held by the Company. The shares repurchased are being held as treasury shares in accordance with Section 127(4)(b) of the Companies Act 2016 and the Main Market Listing Requirements and applicable guideline of Bursa Securities.

The number of ordinary shares as at 31 May 2023 net of treasury shares is 934,507,734 (2022: 286,388,090).

23. RESERVES

	Group		Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Non-distributable				
Capital reserve	273	273	-	-
Exchange translation reserve	28,360	13,232	-	-
Share options reserve	1,224	2,509	1,373	2,658
Distributable				
Retained earnings	89,150	24,392	36,339	25,560
	119,007	40,406	37,712	28,218

Exchange translation reserve

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

Share options reserve

The share options reserve represents the effect of equity-settled share options granted to employees. This reserve is made up of the cumulative value of services received from employees for the issue of share options. When options are exercised, the amount from the share options reserve is transferred to share capital. When the share options expire, the amount from the share options reserve is transferred to retained earnings.

Notes to the Financial Statements

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24. BORROWINGS

	Note	Group		Company	
		2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Non-current liabilities					
Secured					
Revolving credits		-	3,750	-	3,750
Term loans		70,989	75,154	24,200	21,000
		70,989	78,904	24,200	24,750
		70,989	78,904	24,200	24,750
Current liabilities					
Unsecured					
Bankers' acceptances		96,515	97,042	-	-
Bank overdrafts		3,131	3,738	747	992
Revolving credits		60,000	57,825	-	625
Trust receipts		48,754	53,730	-	-
Others		12,991	8,622	-	-
		221,391	220,957	747	1,617
Secured					
Bank overdrafts		9,620	9,033	5,685	5,953
Revolving credits		31,715	36,500	31,715	36,500
Trust receipts		13,885	11,557	-	-
Term loans		32,582	45,413	15,200	29,000
Others		3,728	9,050	-	-
		91,530	111,553	52,600	71,453
		312,921	332,510	53,347	73,070
Total borrowings					
Bankers' acceptances		96,515	97,042	-	-
Bank overdrafts	20	12,751	12,771	6,432	6,945
Revolving credits		91,715	98,075	31,715	40,875
Trust receipts		62,639	65,287	-	-
Term loans	25	103,571	120,567	39,400	50,000
Others		16,719	17,672	-	-
		383,910	411,414	77,547	97,820

Notes to the Financial Statements

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24. BORROWINGS (CONTINUED)

- (a) Borrowings are classified as financial liabilities measured at amortised cost.
- (b) The secured borrowings of the Group are secured by the following:
- (i) a fixed charge over certain land and buildings of the Group as disclosed in Notes 5, 6 and 7 to the financial statements;
 - (ii) a fixed charge over the vessel and equipment of the Group as disclosed in Note 5 to the financial statements;
 - (iii) certain quoted shares of quoted subsidiaries and shares of unquoted subsidiaries as disclosed in Note 8 to the financial statements;
 - (iv) pledge of short term deposits of the Group with licensed banks as disclosed in Note 20 to the financial statements; and
 - (v) assignment of insurance policies covering stock in trade in favour of the bank of certain subsidiaries.
- (c) The secured borrowings of the Company are secured by the following:
- (i) a fixed charge over the land and buildings of the Company and a subsidiary; and
 - (ii) certain quoted shares of a quoted subsidiary and shares of unquoted subsidiaries.
- (d) The currency exposure profiles of borrowings are disclosed in Note 36(i) to the financial statements.
- (e) Information on financial risks of borrowings are disclosed in Note 36 to the financial statements.

25. TERM LOANS

	Group		Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Current liabilities				
- not later than one year	32,582	45,413	15,200	29,000
Non-current liabilities				
- later than one year and not later than five years	70,989	75,154	24,200	21,000
	70,989	75,154	24,200	21,000
	103,571	120,567	39,400	50,000

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26. PROVISION FOR RETIREMENT BENEFITS

	Group	
	2023 RM'000	2022 RM'000
Balance as at 1 June 2022/2021	5,131	4,679
Actuarial gain from re-measurement	(254)	(8)
Expense recognised in profit or loss	634	576
Benefits paid	(228)	(160)
Foreign exchange differences	(140)	44
Balance as at 31 May 2023/2022	5,143	5,131

The retirement benefit obligation is a post-employment benefit plan under which the Group is obligated to pay eligible employees a fixed percentage on the average annual salary for each completed year of service.

- (a) The Group provides retirement benefit obligations for qualifying employees of its overseas subsidiaries, PT Nylex Indonesia and PT Lautan., in accordance with the legislations established in Indonesia.

The principal actuarial assumptions used are as follows:

Indonesia	2023 %	2022 %
Discount rate	5.7 - 7.1	7.8 - 8.0
Annual salary increment	8.0 - 10.0	8.0 - 10.0

The management believes that no reasonably possible changes in any of the above key assumptions would lead to significant changes to the present value of the retirement obligations.

- (b) Sensitivity analysis

Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant, would have affected the retirement benefit obligation by the amounts shown below:

	2023 RM'000	2022 RM'000
Discount rate		
- if increase 1%	(789)	(574)
- if decrease 1%	948	712
Annual salary increment		
- if increase 1%	1,009	704
- if decrease 1%	(817)	(573)

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27. TRADE AND OTHER PAYABLES

	Group		Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Trade payables	146,938	134,459	-	-
Other payables	35,189	36,816	3,748	3,080
Deposits	147	899	120	720
Accruals	55,455	53,385	1,274	1,467
	237,729	225,559	5,142	5,267

- (a) Trade and other payables are classified as financial liabilities measured at amortised cost.
- (b) The normal credit terms available to the Group in respect of trade payables ranged from 30 to 90 days (2022: 30 to 90 days) from date of invoice.
- (c) The currency exposure profiles of trade and other payables are disclosed in Note 36(i) to the financial statements.
- (d) Information on financial risks of trade and other payables are disclosed in Note 36 to the financial statements.

28. AMOUNTS OWING TO SUBSIDIARIES

- (a) Amounts owing to subsidiaries are classified as financial liabilities measured at amortised cost.
- (b) The amounts owing to subsidiaries represent advances and payments made on the Company's behalf by the subsidiaries, which are unsecured, interest-free and payable within next twelve (12) months or upon demand in cash and cash equivalents, except for an amount of RM52,937,000 (2022: RM66,777,000), which is subject to interest ranging from 4.50% - 5.20% (2022: 3.50% - 7.25%) per annum.
- (c) Amounts owing to subsidiaries are denominated in RM.
- (d) Information on financial risks of amounts owing to subsidiaries are disclosed in Note 36 to the financial statements.

29. CONTRACT LIABILITIES

	Group	
	2023 RM'000	2022 RM'000
Deferred revenue	4,666	3,869

Deferred revenue is recognised as revenue when performance obligations are satisfied.

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30. REVENUE

	Group		Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
<i>Revenue from contracts with customers</i>				
Recognised at point in time:				
Sale of goods	1,958,311	1,946,007	-	-
Services rendered	30,796	37,072	-	-
Recognised over time:				
Services rendered	47,402	24,713	-	-
	2,036,509	2,007,792	-	-
<i>Other revenue</i>				
Rental income	6,744	5,311	1,502	1,753
Interest income	-	-	243	277
Dividend income:				
- Unquoted investments in Malaysia	-	-	4	7
- Unquoted subsidiaries	-	-	25,178	20,615
	-	-	25,182	20,622
	2,043,253	2,013,103	26,927	22,652

(a) Revenue from contracts with customers is disaggregated in Note 4 to the financial statements by geographical area.

(b) Sale of goods

Revenue from the sale of goods is recognised when the goods has been transferred, being when the goods have been shipped to the customer's specific location (delivery). Following delivery, the customer has full discretion over the manner of distribution and price to sell the goods, has the primary responsibility when selling the goods and bears the risks of obsolescence and loss in relation to the goods.

(c) Services rendered

Revenue in respect of the rendering of services is recognised when performance obligation is satisfied at point in time or over time.

(d) Rental income

Rental income is accounted for on a straight line basis over the lease term of an ongoing lease.

(e) Interest income

Interest income is recognised as on a time proportion basis that reflects the effective yield on assets.

(f) Dividend income

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

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31. FINANCE COSTS

	Group		Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Interest expense on:				
- amounts owing to subsidiaries	-	-	2,372	2,482
- bank overdrafts	648	761	476	526
- term loans, revolving credits and bankers' acceptances	17,287	10,568	4,096	2,563
- lease liabilities	1,173	1,339	1	-
- others	1,108	996	26	16
	20,216	13,664	6,971	5,587

32. TAXATION

	Group		Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Current taxation				
- Malaysian income tax	21,108	25,942	186	297
- Foreign income tax	1,651	9,645	-	-
	22,759	35,587	186	297
Under/(Over) provision in prior years				
- Malaysian income tax	1,469	119	-	(44)
- Foreign income tax	200	(826)	-	-
	1,669	(707)	-	(44)
	24,428	34,880	186	253
Deferred tax (Note 14)				
Relating to origination and reversal of temporary differences	(8,985)	15,074	-	(14)
Under/(Over) provision in prior years	3,540	(846)	-	32
	(5,445)	14,228	-	18
	18,983	49,108	186	271

(a) The Malaysian income tax is calculated at the statutory tax rate of 24% (2022: 24%) of the estimated taxable profit for the fiscal year.

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

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32. TAXATION (CONTINUED)

- (c) The numerical reconciliations between the tax expense and the product of accounting profit multiplied by the applicable tax rate of the Group and of the Company are as follows:

	Group		Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Profit before taxation	95,810	78,193	4,933	5,840
Tax at Malaysian statutory tax rate of 24% (2022: 24%)	22,994	18,766	1,184	1,402
Tax effects in respect of:				
Non-allowable expenses	12,192	27,726	6,248	4,465
Non-taxable income	(8,288)	(1,923)	(7,246)	(5,584)
Tax incentives and allowances	(136)	(55)	-	-
Deferred tax assets not recognised	4,083	10,677	-	-
Share of results of associates	5	(142)	-	-
Utilisation of unrecognised tax losses and capital allowances	(17,366)	(2,192)	-	-
Different tax rates in foreign jurisdictions	290	(2,196)	-	-
	13,774	50,661	186	283
Under/(Over) provision in prior years:				
- income tax	1,669	(707)	-	(44)
- deferred tax	3,540	(846)	-	32
	5,209	(1,553)	-	(12)
	18,983	49,108	186	271

- (d) Tax savings of the Group are as follows:

	Group	
	2023 RM'000	2022 RM'000
Utilisation of unrecognised tax losses and capital allowances	17,366	2,192
Utilisation of tax incentives and allowances	136	55

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33. EARNINGS PER ORDINARY SHARE

(a) Basic

The basic earnings per ordinary share for the financial year has been calculated based on the consolidated profit for the financial year attributable to owners of the parent and the weighted average number of ordinary shares in issue (excluding treasury shares) during the financial year.

	Group	
	2023	2022
Profit attributable to owners of the parent (RM'000)	75,127	68,178
Weighted average number of ordinary shares in issue ('000)	891,036	759,591
Basic earnings per ordinary share for the financial year (sen)	8.43	8.98

The basic earnings per ordinary share for the previous financial year ended 31 May 2022 has been adjusted to reflect the Share Split. Further details are disclosed in Note 44(b) to the financial statements.

(b) Diluted

The diluted earnings per ordinary share for the financial year has been calculated based on the consolidated profit for the financial year attributable to owners of the parent and the weighted average number of ordinary shares in issue (excluding treasury shares) during the financial year adjusted for the effects of dilutive potential ordinary shares.

	Group	
	2023	2022
Profit attributable to owners of the parent (RM'000)	75,127	68,178
Weighted average number of ordinary shares in issue ('000)	891,036	759,591
Effects of dilution:		
- ESOS	11,913	25,908
- Warrants B	80,845	115,968
Adjusted weighted average number of ordinary shares in issue ('000)	983,794	901,467
Diluted earnings per ordinary share for the financial year (sen)	7.64	7.56

The diluted earnings per ordinary share for the previous financial year ended 31 May 2022 has been adjusted to reflect the Share Split. Further details are disclosed in Note 44(b) to the financial statements.

34. DIVIDEND

On 14 July 2023, the Directors proposed and declared a first interim single tier dividend of 1.0 sen per ordinary share in respect of the current financial year which will be paid on 30 August 2023. The financial statements of the current financial year do not reflect this proposed dividend.

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

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35. CAPITAL MANAGEMENT

The primary objective of the Group's capital management is to ensure that entities of the Group would be able to continue as going concerns while it maintains acceptable capital ratios in order to support its business and maximise shareholder value. The overall strategy of the Group remains unchanged from that in financial year ended 31 May 2022.

The Group manages its capital structure and makes adjustments to it in response to changes in economic conditions. In order to maintain or adjust the capital structure, the Group may adjust dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies or processes during the financial years ended 31 May 2023 and 31 May 2022.

The Group monitors capital using a gearing ratio. This ratio is calculated as net debt divided by total equity attributable to owners of the parent. Net debt are calculated as total borrowings net of cash and bank balances.

	Note	Group	
		2023 RM'000	2022 RM'000
Borrowings	24	383,910	411,414
Short term deposits with licensed banks	20	(62,520)	(37,585)
Cash and bank balances	20	(105,691)	(85,591)
Net debt		215,699	288,238
Total equity attributable to owners of the parent		491,508	387,587
Gearing ratio		0.44	0.74

Pursuant to the requirements of Practice Note No. 17/2005, of the Bursa Securities, the Group is required to maintain a consolidated shareholders' equity of more than twenty-five percent (25%) of the issued and paid-up capital (excluding treasury shares) and such shareholders' equity is not less than RM40 million. The Company has complied with this requirement during the financial year ended 31 May 2023.

36. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's overall financial risk management objective is to ensure that the Group creates value for its shareholders. The Group focuses on unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the Group.

Financial risk management is carried out through risk reviews, internal control systems and adherence to the Group's financial risk management policies.

The main risk arising from the Group's financial instruments are foreign currency risk, interest rate risk, liquidity risk and credit risk. Management reviews and agrees policies for managing each of these risks and these are summarised below:

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36. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)**(i) Foreign currency risk**

The Group is exposed to foreign currency risk as a result of its net investments in overseas subsidiaries and normal trading activities, both external and intra-group, where the currency denomination differs from the functional currency, Ringgit Malaysia. The Group's policy is to minimise the exposure of overseas operating subsidiaries to transaction risk by matching local currency income against local currency costs.

The net financial assets and liabilities of the Group that are not denominated in their functional currencies are as follows:

31 May 2023	Ringgit Malaysia ("RM") RM'000	Indonesian Rupiah ("IDR") RM'000	Hong Kong Dollar ("HKD") RM'000	United States Dollar ("USD") RM'000	Vietnamese Dong ("VND") RM'000	Total RM'000
Functional currency						
Trade and other receivables						
United States Dollar	91,920	-	-	-	-	91,920
Singapore Dollar	1,052	-	-	3,113	-	4,165
Chinese Renminbi	790	-	-	-	-	790
Japanese Yen	344	-	-	-	-	344
Indonesian Rupiah	-	-	-	5,697	-	5,697
Brunei Dollar	10	-	-	-	-	10
	94,116	-	-	8,810	-	102,926
Cash and bank balances						
Ringgit Malaysia	-	-	-	27	-	27
United States Dollar	23,695	3,681	5,541	-	15	32,932
Indonesian Rupiah	-	-	-	2,500	-	2,500
Japanese Yen	373	-	-	1	-	374
Singapore Dollar	805	-	-	589	-	1,394
	24,873	3,681	5,541	3,117	15	37,227

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36. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)**(i) Foreign currency risk (continued)**

The net financial assets and liabilities of the Group that are not denominated in their functional currencies are as follows: (continued)

31 May 2023	Ringgit Malaysia ("RM") RM'000	Hong Kong Dollar ("HKD") RM'000	United States Dollar ("USD") RM'000	Total RM'000	
Functional currency					
Borrowings					
United States Dollar	24,503	-	-	24,503	
Trade and other payables					
United States Dollar	38,098	13,871	-	51,969	
Singapore Dollar	78	-	2,907	2,985	
New Zealand Dollar	37	-	-	37	
Indonesian Rupiah	-	-	1,320	1,320	
Ringgit Malaysia	-	-	446	446	
	38,213	13,871	4,673	56,757	
Lease liabilities					
Singapore Dollar	-	-	11,692	11,692	
Ringgit Malaysia	-	-	3,454	3,454	
	-	-	15,146	15,146	
31 May 2022	Ringgit Malaysia ("RM") RM'000	Indonesian Rupiah ("IDR") RM'000	United States Dollar ("USD") RM'000	Vietnamese Dong ("VND") RM'000	Total RM'000
Functional currency					
Trade and other receivables					
United States Dollar	75,463	-	-	-	75,463
Singapore Dollar	1,463	-	3,858	-	5,321
Chinese Renminbi	746	-	-	-	746
Japanese Yen	342	-	-	-	342
Indonesian Rupiah	-	-	3,967	-	3,967
Euro	18	-	-	-	18
	78,032	-	7,825	-	85,857
Cash and bank balances					
Ringgit Malaysia	-	-	18	-	18
United States Dollar	22,745	3,071	-	14	25,830
Indonesian Rupiah	-	-	4,164	-	4,164
Japanese Yen	291	-	1	-	292
Singapore Dollar	856	-	866	-	1,722
	23,892	3,071	5,049	14	32,026

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36. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)**(i) Foreign currency risk (continued)**

The net financial assets and liabilities of the Group that are not denominated in their functional currencies are as follows: (continued)

31 May 2022	Ringgit Malaysia ("RM") RM'000	Indonesian Rupiah ("IDR") RM'000	United States Dollar ("USD") RM'000	Total RM'000
Functional currency				
Borrowings				
United States Dollar	45,807	-	-	45,807
Trade and other payables				
United States Dollar	11,405	21	-	11,426
Singapore Dollar	116	-	4,210	4,326
Euro	9	-	-	9
New Zealand Dollar	43	-	-	43
Indonesian Rupiah	-	-	1,536	1,536
Ringgit Malaysia	-	-	436	436
	11,573	21	6,182	17,776
Lease liabilities				
Singapore Dollar	-	-	20,377	20,377
Ringgit Malaysia	-	-	5,295	5,295
	-	-	25,672	25,672

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36. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)**(i) Foreign currency risk (continued)**Sensitivity analysis for foreign currency risk

The following table demonstrates the sensitivity of the Group's profit after taxation to a reasonably possible change in the foreign currencies strengthened or weakened by 8% (2022: 3%) and exchange rates against the respective functional currencies of the Group entities, with all other variables held constant.

	Group	
	2023 RM'000 Increase/ (Decrease)	2022 RM'000 Increase/ (Decrease)
Profit after taxation		
RM/USD - strengthen by 8% (2022: 3%)	3,223	935
- weaken by 8% (2022: 3%)	(3,223)	(935)
USD/SGD - strengthen by 8% (2022: 3%)	(663)	(453)
- weaken by 8% (2022: 3%)	663	453
HKD/USD - strengthen by 8% (2022: 3%)	(506)	-
- weaken by 8% (2022: 3%)	506	-
USD/IDR - strengthen by 8% (2022: 3%)	418	150
- weaken by 8% (2022: 3%)	(418)	(150)

The Group's profit after taxation is not sensitive to other foreign currencies.

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36. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)**(ii) Interest rate risk**

The Group's exposure to interest rate risk arises mainly from the Group's borrowings and is managed through the use of fixed and floating rate borrowings and deposits.

The following tables set out the carrying amounts, the effective annual interest rates as at the end of reporting date and the remaining maturities of the Group's and of the Company's financial instruments that are exposed to interest rate risk:

Group	Effective annual interest rate %	Within one year RM'000	One to five years RM'000	Over five years RM'000	Total RM'000
As at 31 May 2023					
Fixed rates					
Short term deposits with licensed banks	2.00 - 2.84	62,520	-	-	62,520
Lease liabilities	2.31 - 6.72	17,077	6,587	181	23,845
Floating rates					
Bankers' acceptances	3.31 - 4.46	96,515	-	-	96,515
Bank overdrafts	6.30 - 8.65	12,751	-	-	12,751
Revolving credits	4.07 - 7.15	91,715	-	-	91,715
Trust receipts	6.83 - 8.00	62,639	-	-	62,639
Other borrowings	2.57 - 7.50	16,719	-	-	16,719
Term loans	4.28 - 7.84	32,582	70,989	-	103,571
As at 31 May 2022					
Fixed rates					
Short term deposits with licensed banks	1.75 - 2.11	37,585	-	-	37,585
Lease liabilities	4.25 - 6.15	14,844	17,332	16	32,192
Floating rates					
Bankers' acceptances	2.30 - 3.15	97,042	-	-	97,042
Bank overdrafts	6.73 - 7.57	12,771	-	-	12,771
Revolving credits	3.47 - 4.48	94,325	3,750	-	98,075
Trust receipts	2.29 - 3.51	65,287	-	-	65,287
Other borrowings	1.42 - 7.00	17,672	-	-	17,672
Term loans	3.83 - 5.52	45,413	75,154	-	120,567

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36. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)**(ii) Interest rate risk (continued)**

The following tables set out the carrying amounts, the effective annual interest rates as at the end of reporting date and the remaining maturities of the Group's and of the Company's financial instruments that are exposed to interest rate risk: (continued)

Company	Effective annual interest rate %	Within one year RM'000	One to five years RM'000	Total RM'000
As at 31 May 2023				
Fixed rates				
Amounts owing by subsidiaries	4.50	4,168	-	4,168
Amounts owing to subsidiaries	4.50 - 5.20	52,937	-	52,937
Lease liabilities	2.31	35	152	187
Floating rates				
Bank overdrafts	7.20	6,432	-	6,432
Revolving credits	5.01	31,715	-	31,715
Term loans	5.04	15,200	24,200	39,400
As at 31 May 2022				
Fixed rates				
Amounts owing by subsidiaries	3.50	7,397	-	7,397
Amounts owing to subsidiaries	3.50 - 7.25	66,777	-	66,777
Floating rates				
Bank overdrafts	7.57	6,945	-	6,945
Revolving credits	4.48	37,125	3,750	40,875
Term loan	4.44	29,000	21,000	50,000

Sensitivity analysis for fixed rate instruments

The Group and the Company do not account for any fixed rate financial instruments at fair value through profit or loss, and the carrying amount of fixed rate financial instruments of the Group and of the Company are measured at amortised cost. Therefore, no sensitivity analysis for fixed rate instruments was prepared as the change in market interest rate at the end of the reporting period would not affect profit or loss.

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36. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)**(ii) Interest rate risk (continued)**Sensitivity analysis for floating rate instruments

As at 31 May 2023, if there was a variation in interest rates by 100 basis points with all other variables held constant, the Group's and the Company's profit after taxation for the financial year, arising mainly as a result of higher or lower interest expense on variable borrowings, would have been:

Effects on profit after taxation	Group		Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
100 basis point higher	(2,918)	(3,130)	(589)	(743)
100 basis point lower	2,918	3,130	589	743

The assumed movement in basis points for interest rate sensitivity analysis is based on the currently observable market environment.

(iii) Liquidity risk

It is the Group's policy to ensure continuity in servicing its cash obligations in the future by way of measuring and forecasting its cash commitments, monitoring and maintaining a level of cash and cash equivalents deemed adequate for the Group's operations.

As at 31 May 2023, the current liabilities of the Company exceeded its current assets by RM102.8 million. The Company has sufficient cash flows from its business activities and the Company has been provided with undertakings not to demand repayment by the subsidiaries which amounted to RM101.7 million unless the Company has sufficient funds to permit repayments. Therefore, the Directors are confident that the Company is able to meet its obligations as and when they fall due.

The table below summarises the maturity profile of the Group's and of the Company's liabilities at the end of the reporting period based on contractual undiscounted repayment obligations.

	On demand or within one year RM'000	One to five years RM'000	Over five years RM'000	Total RM'000
2023				
Group				
Financial liabilities				
Trade and other payables	237,729	-	-	237,729
Amounts owing to associates	694	-	-	694
Lease liabilities	17,511	7,079	340	24,930
Borrowings	319,547	74,812	-	394,359
Total undiscounted financial liabilities	575,481	81,891	340	657,712

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36. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)**(iii) Liquidity risk (continued)**

The table below summarises the maturity profile of the Group's and of the Company's liabilities at the end of the reporting period based on contractual undiscounted repayment obligations. (continued)

	On demand or within one year RM'000	One to five years RM'000	Over five years RM'000	Total RM'000
2023				
Company				
Financial liabilities				
Trade and other payables	5,142	-	-	5,142
Lease liabilities	42	166	-	208
Amounts owing to subsidiaries	101,714	-	-	101,714
Borrowings	55,702	25,420	-	81,122
Total undiscounted financial liabilities	162,600	25,586	-	188,186
2022				
Group				
Financial liabilities				
Trade and other payables	225,559	-	-	225,559
Amounts owing to associates	12	-	-	12
Lease liabilities	15,620	17,955	17	33,592
Borrowings	484,962	115,746	-	600,708
Total undiscounted financial liabilities	726,153	133,701	17	859,871
Company				
Financial liabilities				
Trade and other payables	5,267	-	-	5,267
Amounts owing to subsidiaries	115,340	-	-	115,340
Borrowings	75,851	25,931	-	101,782
Total undiscounted financial liabilities	196,458	25,931	-	222,389

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36. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(iv) Credit risk

Cash deposits and receivables may give rise to credit risk, which requires the loss to be recognised if a counter party failed to perform as contracted. It is the Group's policy to monitor the financial standing of these counter parties on an ongoing basis to ensure that the Group is exposed to minimal credit risk.

The Group's primary exposure to credit risk arises through its trade receivables. The Group's trading terms with its customers are mainly on credit. The credit period granted by the Group ranged from one (1) month to four (4) months (2022: one (1) month to four (4) months). Each customer has a maximum credit limit and the Group seeks to maintain strict control over its outstanding receivables to minimise credit risk. Overdue balances are reviewed regularly by senior management.

In respect of the cash and bank balances placed with major financial institutions in Malaysia, the Directors believe that the possibility of non-performance by these financial institutions is remote on the basis of their financial strength.

Exposure to credit risk

At the end of the reporting period, the maximum exposures to credit risk of the Group and of the Company are represented by the carrying amounts of each class of financial assets recognised in the statements of financial position.

Credit risk concentration profile

At the end of the reporting period, the Group did not have any significant exposure to any individual customer or counter party nor did it have any major concentration of credit risk related to any financial instruments.

At the end of the reporting period, the Company did not have any significant exposure to any individual customer or counter party nor did it have any major concentration of credit risk related to any financial instruments other than the amounts owing by subsidiaries of RM47,814,000 (2022: RM42,114,000).

37. RELATED PARTY DISCLOSURES

(a) Identities of related parties

Parties are considered to be related to the Group if the Group has the ability, directly or indirectly, to control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Group and the party are subject to common control or common significant influence. Related parties could be individuals or other entities.

The Group has related party relationship with its subsidiaries, associates and joint ventures as disclosed in Note 42 to the financial statements, and which Directors have substantial direct/indirect shareholding.

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37. RELATED PARTY DISCLOSURES (CONTINUED)

(b) Significant related parties transactions

In addition to the related parties information detailed elsewhere in the financial statements, the Group and the Company had the following significant transactions with related parties during the financial year:

	Group	
	2023 RM'000	2022 RM'000
Interest income from associates	-	175
Purchases from:		
- companies in which certain Directors of the Company have substantial indirect shareholding	2,070	1,418
- subsidiaries of associates	264	133
Professional fees paid to a firm in which a Director of the Company is a Partner	-	50
Rental income from:		
- company in which a Director of the Company has substantial indirect shareholding	252	168
- a subsidiary of an associate	82	-
- associates	-	652
Rental paid to a subsidiary of an associate	23	-
Sales to a subsidiary of an associate	36	-

	Company	
	2023 RM'000	2022 RM'000
Professional fees paid to a firm in which a Director of the Company is a Partner	-	50
Purchases from:		
- a subsidiary of an associate	16	-
- company in which a Director of the Company has substantial indirect shareholding	16	20
Rental income from:		
- an associate	-	14
- a subsidiary of an associate	82	-
- company in which a Director of the Company has substantial indirect shareholding	252	168

The Directors of the Group and of the Company are of the opinion that the above transactions were carried out based on negotiated terms and conditions and mutually agreed with the related parties.

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37. RELATED PARTY DISCLOSURES (CONTINUED)

- (c) Compensation of key management personnel

Key management personnel are those persons having the authority and responsibility for planning, directing and controlling the activities of the entity, directly and indirectly, including any Director (whether executive or otherwise) of the Group.

The remuneration of Directors and other key management personnel of the Group and of the Company during the financial year was as follows:

	Group		Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Fees	1,651	1,549	615	611
Short term employee benefits	19,960	23,229	265	265
Defined contribution plan	1,179	1,176	11	11
Share options granted under ESOS	152	560	34	112
Other emoluments	1,006	738	27	29
	23,948	27,252	952	1,028

The estimated monetary value of benefits-in-kind received by the Directors otherwise than in cash from the Group and the Company amounted to RM229,000 (2022: RM168,000) and RM52,000 (2022: RM39,000) respectively.

38. CAPITAL COMMITMENTS

Capital commitments not provided for in the financial statements are as follows:

	Group	
	2023 RM'000	2022 RM'000
In respect of purchase of property, plant and equipment:		
Contracted but not provided for	22,309	18,068
Approved but not contracted for	34,951	43,641
	57,260	61,709

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39. GUARANTEES

	Company	
	2023 RM'000	2022 RM'000
Secured		
Bank guarantees given by financial institutions for trade performance of certain subsidiaries and working capital purpose	4,649	4,649
Unsecured		
Guarantees given to financial institutions in respect of credit facilities granted to certain subsidiaries	59,670	60,016
	64,319	64,665

The Group designates guarantees as insurance contracts as defined in MFRS 4 *Insurance Contracts*.

All the above unexpired guarantees were not recognised as the Directors are of the view that the fair value of such guarantees given by the Company is negligible.

40. EMPLOYEE BENEFITS

	Group		Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Salaries and wages	89,819	100,130	265	265
Defined contribution plan	8,603	8,378	11	11
Provision for retirement benefits	634	576	-	-
Other benefits	3,749	3,417	-	-
Share options granted under ESOS	615	2,453	34	112
	103,420	114,954	310	388

Included in the employee benefits of the Group and of the Company are Executive Directors remuneration and other emoluments amounting to RM19,429,000 (2022: RM10,022,000) and RM310,000 (2022: RM388,000) respectively.

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41. EMPLOYEES' SHARE OPTION SCHEME

At an extraordinary general meeting of the Company held on 18 October 2018, the Company's shareholders approved the establishment of an ESOS of up to ten per centum (10%) of the issued and paid-up share capital (excluding treasury shares) of the Company for the eligible Executive Directors and employees of the Group ("Scheme"). The ESOS shall be in force for a period of five (5) years commencing from 6 March 2019 ("Duration of the Scheme").

The salient features of the Scheme are as follows:

- i. The maximum number of new ordinary shares in the Company which may be available under the Scheme shall not be more than ten per centum (10%) of the issued and fully paid-up share capital (excluding treasury shares) of the Company at any point in time during the Duration of the Scheme;
- ii. Eligible Executive Directors and employees of the Group (excluding Nylex, ALB and dormant subsidiaries) are those who have been confirmed in service on the date of the offer and has attained eighteen (18) years of age or above; and are employed on a continuous full time basis (either permanent or on contract);
- iii. The option price shall be determined by the ESOS Committee of the Company at a discount of not more than ten per centum (10%) from the volume weighted average market price of the Company's shares as quoted on Bursa Securities for the five (5) market days immediately preceding the date of the offer; and
- iv. The options granted are not entitled to dividends or voting rights. Upon exercise of the options, the ordinary shares issued shall rank pari passu in all respects with the existing ordinary shares of the Company.

Details of the ESOS options granted are as follows:

Date of offer	Number of options over ordinary shares ('000)				Balance as at 31.5.2023
	Balance as at 1.6.2022	Adjusted balance as at 3.6.2022 [^]	Movement for the financial year		
			Exercised	Forfeited*	
18 December 2020	9,572	28,716	(15,267)	(168)	13,281
14 September 2021	1,526	4,578	(2,493)	(37)	2,048
25 January 2022	354	1,063	(459)	(7)	597
	11,452	34,357	(18,219)	(212)	15,926

* Due to resignation.

[^] The number of the outstanding ESOS Options as at 3 June 2022 has been adjusted in accordance with the provisions of the By-Laws of the ESOS as a result of the Share Split.

Notes to the Financial Statements

31 May 2023

41. EMPLOYEES' SHARE OPTION SCHEME (CONTINUED)

Fair value of share options was estimated by the Group using the Black-Scholes-Merton option pricing model, taking into account the terms and conditions upon which the options were granted. The fair value of share options measured at grant date and assumptions used are as follows:

Fair value of share options granted on 18 December 2020 based on vesting date (RM)

- 18 December 2020	0.34
- 14 September 2021	0.32
- 18 December 2021	0.31
- 25 January 2022	0.31
- 18 December 2022	0.28
Expected volatility of Company's share price (%)	38.39
Option term (years)	5
Risk free rate of interest per annum (%)	2.11
Expected dividend yield per annum (%)	-

42. SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES

(a) Details of subsidiaries are as follows:

Company	Principal place of business/ Country of incorporation	Group's effective equity interest		Principal activities
		2023 %	2022 %	
<i>Direct:</i>				
Ancom Properties Sdn. Bhd.	Malaysia	100.0	100.0	Investment holding
Rhodemark Development Sdn. Bhd.	Malaysia	100.0	100.0	Investment holding
Ancom Agrichemical Sdn. Bhd.	Malaysia	100.0	100.0	Investment holding
@ HSO Business Systems Sdn. Bhd.	Malaysia	48.0	48.0	Dormant
Nylex Holdings Sdn. Bhd.	Malaysia	100.0	100.0	Investment holding and manufacture and marketing of vinyl-coated fabrics, calendered film and sheeting and other polymer products, including geotextiles and prefabricated sub-soil drainage system and property development
iEnterprise Online Sdn. Bhd.	Malaysia	97.3	97.3	Development of IT systems and providing IT related consultancy services

Notes to the Financial Statements

31 May 2023

42. SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES (CONTINUED)

(a) Details of subsidiaries are as follows: (continued)

Company	Principal place of business/ Country of incorporation	Group's effective equity interest		Principal activities
		2023 %	2022 %	
<i>Direct: (continued)</i>				
Ancom Truelife Sdn. Bhd.	Malaysia	75.0	100.0	Sale and trading of healthcare products
* Ancom Components Sdn. Bhd.	Malaysia	66.7	66.7	Manufacturing and marketing of low voltage switchgear
Redberry Sdn. Bhd.	Malaysia	100.0	100.0	Investment holding and provision of media advertising
Redberry Holdings Sdn. Bhd.	Malaysia	100.0	100.0	Investment holding
Ancom Management Services Sdn. Bhd.	Malaysia	100.0	100.0	Provision of management services
Synergy Tanker Sdn. Bhd.	Malaysia	100.0	100.0	Investment holding
* Genovasi Malaysia Sdn. Bhd.	Malaysia	-	60.0	Provide education, training, advisory and consulting services
Ancom Power Solutions Sdn. Bhd.	Malaysia	100.0	100.0	Dormant
Redberry Ambient Sdn. Bhd.	Malaysia	100.0	70.2	Provision of digital and cinema advertising
<i>Indirect:</i>				
Ancom Crop Care Sdn. Bhd.	Malaysia	100.0	100.0	Manufacture and marketing of agricultural chemical products
Ancom Bioscience Sdn. Bhd.	Malaysia	100.0	100.0	Trading of agricultural chemical products
Polytensides Sdn. Bhd.	Malaysia	100.0	100.0	Manufacture and sale of agricultural chemical products
Ancom Energy & Services Sdn. Bhd.	Malaysia	100.0	100.0	Marketing of low voltage switchgear
Timber Preservatives Sdn. Bhd.	Malaysia	100.0	100.0	Manufacture and distribution of timber and preservatives related chemical products

Notes to the Financial Statements

31 May 2023

42. SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES (CONTINUED)

(a) Details of subsidiaries are as follows: (continued)

Company	Principal place of business/ Country of incorporation	Group's effective equity interest		Principal activities
		2023 %	2022 %	
<i>Indirect: (continued)</i>				
Timber Preservatives Industries Sdn. Bhd.	Malaysia	100.0	100.0	Manufacture and distribution of timber and preservatives related chemical products
Kemcom Sdn. Bhd.	Malaysia	100.0	100.0	Manufacture and sale of wood preservatives
Ancom Nutrifoods Sdn. Bhd.	Malaysia	100.0	100.0	General trading and investment holding
Shennong Animal Health (Malaysia) Sdn. Bhd.	Malaysia	80.0	-	Manufacturing of chemical and animal health products
Vemedim Sdn. Bhd.	Malaysia	80.0	-	Trading of chemical and animal health products
* Ancom do Brasil Ltda	Brazil	99.9	99.9	Dormant. Holder of licenses for certain agricultural chemical products
* Ancom Australia Pty. Ltd.	Australia	100.0	100.0	Dormant. Holder of licenses for certain agricultural chemical products
* Malancom Agrochemicals (Pte) Limited	South Africa	100.0	100.0	Dormant. Holder of licenses for certain agricultural chemical products
* ChemResources China (Agencies) Limited	Hong Kong	100.0	100.0	Trading of chemical products
Entopest Environmental Services Sdn. Bhd.	Malaysia	90.0	90.0	Provision of pest control, hygiene and sanitation services
Entopest Environmental Services (PG) Sdn. Bhd.	Malaysia	81.0	81.0	Provision of pest control, hygiene and sanitation services
PT Entopest Environmental Services	Indonesia	60.3	60.3	Dormant
@ Airefresh Industries (M) Sdn. Bhd.	Malaysia	18.0	18.0	Manufacture, distribution, merchandise and sale of air fresh products
Airefresh Marketing Sdn. Bhd.	Malaysia	72.0	72.0	General trading

Notes to the Financial Statements

31 May 2023

42. SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES (CONTINUED)

(a) Details of subsidiaries are as follows: (continued)

Company	Principal place of business/ Country of incorporation	Group's effective equity interest		Principal activities
		2023 %	2022 %	
<i>Indirect: (continued)</i>				
Common Feed Sdn. Bhd.	Malaysia	100.0	100.0	Trading of animal feed products
Vanguard Express Sdn. Bhd.	Malaysia	100.0	100.0	Freight and logistics services
@ Redberry Media Sdn. Bhd.	Malaysia	46.6	46.6	Provision of media related services
Redberry Solutions Sdn. Bhd.	Malaysia	51.0	51.0	Dormant
Wheel Sport Management Sdn. Bhd.	Malaysia	77.0	77.0	Promoters and organiser of motor sports and to buy, sell and deal in all kinds of motors
Redberry Contact Center Sdn. Bhd.	Malaysia	100.0	100.0	Providing call centre services
Redberry Events Sdn. Bhd.	Malaysia	90.0	90.0	Dormant
Redberry Screens Sdn. Bhd.	Malaysia	100.0	100.0	Provision of digital advertising
Digital Showcase Sdn. Bhd.	Malaysia	95.0	95.0	Investment holding
* Redberry Animation Sdn. Bhd.	Malaysia	51.0	51.0	Dormant
Redberry Advertising Sdn. Bhd.	Malaysia	95.0	95.0	Provision of digital advertising
Twinstar Synergy Sdn. Bhd.	Malaysia	100.0	100.0	Printing of newspapers, journals, magazines, books and other literary works
Redberry Retail Sdn. Bhd.	Malaysia	70.0	70.0	Provision of digital advertising
Ten Plus Resources Sdn. Bhd.	Malaysia	85.5	85.5	Dormant
Redberry Cinema and Digital Sdn. Bhd.	Malaysia	95.0	95.0	Provision of digital and cinema advertising
Ancom Academy Sdn. Bhd.	Malaysia	100.0	100.0	Provide training, advisory and consulting services
^# Nylex (Malaysia) Berhad	Malaysia	42.2	42.2	Investment holding and manufacture and marketing of vinyl-coated fabrics, calendered film and sheeting and other polymer products, including geotextiles and prefabricated sub-soil drainage system and property development

Notes to the Financial Statements

31 May 2023

42. SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES (CONTINUED)

(a) Details of subsidiaries are as follows: (continued)

Company	Principal place of business/ Country of incorporation	Group's effective equity interest		Principal activities
		2023 %	2022 %	
<i>Indirect: (continued)</i>				
Nylex Polymer Marketing Sdn. Bhd.	Malaysia	100.0	100.0	Marketing of polyurethane ("PU") and polyvinyl chloride ("PVC") synthetic leather, films and sheets, geosynthetic and general trading
PT Nylex Indonesia	Indonesia	100.0	100.0	Manufacture, marketing and distribution of PVC and PU leathercloth
Perusahaan Kimia Gemilang Sdn. Bhd.	Malaysia	100.0	100.0	Trading in petrochemicals and industrial chemicals
Fermpro Sdn. Bhd.	Malaysia	100.0	100.0	Manufacture and marketing of ethanol, carbon dioxide and other related chemical products
Kumpulan Kesuma Sdn. Bhd.	Malaysia	100.0	100.0	Manufacture and marketing of sealants and adhesive products
Wedon Sdn. Bhd.	Malaysia	100.0	100.0	Marketing of sealants and adhesive products
Speciality Phosphates (Malaysia) Sdn. Bhd.	Malaysia	51.0	51.0	Manufacture and sale of chemicals
Nycon Manufacturing Sdn. Bhd.	Malaysia	100.0	100.0	Dormant
* Dynamic Chemical Pte. Ltd.	Singapore	100.0	100.0	Blending, trading and distribution of industrial chemicals
ALB Marine Sdn. Bhd.	Malaysia	100.0	100.0	Carrying out business of ship owning, ship management and charter hire of tanker
Ancom Kimia Sdn. Bhd.	Malaysia	60.0	60.0	Distribution of petrochemicals and industrial chemicals
* CKG Chemicals Pte. Ltd.	Singapore	100.0	100.0	Trading and distribution of industrial chemicals and gasoline blending components

Notes to the Financial Statements

31 May 2023

42. SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES (CONTINUED)

(a) Details of subsidiaries are as follows: (continued)

Company	Principal place of business/ Country of incorporation	Group's effective equity interest		Principal activities
		2023 %	2022 %	
<i>Indirect: (continued)</i>				
Nylex Specialty Chemicals Sdn. Bhd.	Malaysia	100.0	100.0	Manufacture and sale of phosphoric acid
Perusahaan Kimia Gemilang (Vietnam) Company Ltd.	Vietnam	100.0	100.0	Building tank farms and other facilities for the storage of industrial chemicals, importation and distribution of industrial chemicals
PT PKG Lautan Indonesia	Indonesia	100.0	100.0	Importation and distribution of industrial chemicals
One Chem Terminal Sdn. Bhd.	Malaysia	51.0	51.0	Operate, lease and manage chemical tank farm and warehouse
## @ Ancom Logistics Berhad	Malaysia	34.0	34.0	Investment holding
@ Synergy Trans-Link Sdn. Bhd.	Malaysia	34.0	34.0	Investment holding
Ancom Nylex Terminals Sdn. Bhd. (formerly known as Ancom-Chemquest Terminals Sdn. Bhd.)	Malaysia	66.3	17.3	Build, own, operate, lease and manage chemical tank farm and warehouse
@ Pengangkutan Cogent Sdn. Bhd.	Malaysia	34.0	34.0	Providing transportation and related services
@ Hikmat Ikhlas Sdn. Bhd.	Malaysia	35.0	35.0	Dormant
* Syarikat Wandeerfull Sdn. Bhd.	Malaysia	100.0	100.0	Investment holding, dealing in and subletting of properties
* Wandeerfull Industries Sdn. Bhd.	Malaysia	100.0	100.0	Property investment
* Syarikat Wandeerfull (Kg Attap) Sdn. Bhd.	Malaysia	100.0	100.0	Property investment
* Genovasi Malaysia DT Sdn. Bhd.	Malaysia	-	60.0	Dormant
* Genovasi University College Sdn. Bhd.	Malaysia	-	60.0	Dormant
* Pureplay Interactive Sdn. Bhd.	Malaysia	97.3	97.3	Dormant

Notes to the Financial Statements

31 May 2023

42. SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES (CONTINUED)

(b) Details of associates are as follows:

Company	Principal place of business/ Country of incorporation	Group's effective equity interest		Principal activities
		2023 %	2022 %	
<i>Direct:</i>				
* iSpring Capital Sdn. Bhd.	Malaysia	42.0	42.0	Dormant
* Jirnexu Pte. Ltd.	Singapore	22.4	22.4	Investment holding
MSTi Corporation Sdn. Bhd.	Malaysia	20.0	20.0	Trading of computer hardware and software and rendering of IT related consultancy services
<i>Indirect:</i>				
* Ancom Philippines Inc.	Philippines	39.6	39.6	Dormant. Holder of licenses for certain agricultural chemical products
* Tamco Chongqing Switchgear Company Limited	China	-	16.6	Dissolved
* ActMedia (M) Sdn. Bhd.	Malaysia	30.0	30.0	Advertising media design and production
Puncak Berlian Sdn. Bhd.	Malaysia	30.0	30.0	Investment holding
* Trevi Properties Sdn. Bhd. (formerly known as Sri Tinggi Properties Sdn. Bhd.)	Malaysia	25.0	-	Property Development
* Advanced Technology Studies Centre Sdn. Bhd.	Malaysia	32.4	32.4	Promoting knowledge and skills development in IT
* DJ Money Matters Sdn. Bhd.	Malaysia	50.0	50.0	Money lending business
* PT Mynindo Acqua Pura	Indonesia	30.0	30.0	Developing high technology products, in particular micro water treatment and waste treatment
* Trilogy Renewables Sdn. Bhd.	Malaysia	40.0	-	Manufacture of gaseous fuels with a specified calorific value, by purification, blending and other processes from gases of various types including natural gas

Notes to the Financial Statements

31 May 2023

42. SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES (CONTINUED)

(c) Details of the joint ventures are as follows:

Company	Principal place of business/ Country of incorporation	Group's effective equity interest		Principal activities
		2023 %	2022 %	
<i>Indirect:</i>				
* Senandung Sonik Sdn. Bhd.	Malaysia	24.5	24.5	Holder of radio license
* TeaFM Radio Sdn. Bhd.	Malaysia	14.7	14.7	Internet radio broadcasting

* *Not audited by BDO PLT or BDO Member Firms.*^ *Percentage shareholding computed based on the number of ordinary shares in issue after deduction of the treasury shares of Nylex.*@ *The Group considers that it controls these subsidiaries even though it owns less than 50% of voting rights. This is because the Group is the single largest shareholder of these companies. Since the date of acquisition of these subsidiaries, there is no history of the other shareholders collaborating to exercise their votes collectively or to outvote the Group.*# *The financial statements of Nylex were consolidated as a subsidiary as the Group has control over the Board of Nylex.*## *The financial statements of ALB were consolidated as a subsidiary as the Group has power to govern the financial and operating policies of ALB under a statute and an agreement.***43. ADOPTION OF NEW MFRSs AND AMENDMENTS TO MFRSs****43.1 New MFRSs and Amendments to MFRSs adopted during the financial year**

The Group and the Company adopted the following Standards and Amendments of the MFRS Framework that were issued by the Malaysian Accounting Standards Board ("MASB") during the financial year:

Title	Effective Date
Annual Improvements to MFRS Standards 2018 - 2020	1 January 2022
<i>Reference to the Conceptual Framework (Amendments to MFRS 3 Business Combinations)</i>	1 January 2022
<i>Property, Plant and Equipment - Proceeds before Intended Use (Amendments to MFRS 116 Property, Plant and Equipment)</i>	1 January 2022
<i>Onerous Contracts - Cost of Fulfilling a Contract (Amendments to MFRS 137 Provisions, Contingent Liabilities and Contingent Assets)</i>	1 January 2022

The adoption of the above Standards and Amendments did not have any material effect on the financial performance or position of the Group and of the Company.

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43. ADOPTION OF NEW MFRSs AND AMENDMENTS TO MFRSs (CONTINUED)**43.2 New MFRSs and Amendments to MFRSs that have been issued, but only effective for annual periods beginning on or after 1 January 2023**

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

Title	Effective Date
MFRS 17 <i>Insurance Contracts</i>	1 January 2023
Amendments to MFRS 17 <i>Insurance Contracts</i>	1 January 2023
Initial application of MFRS 17 and MFRS 9 - <i>Comparative Information</i> (Amendment to MFRS 17 <i>Insurance Contract</i>)	1 January 2023
<i>Disclosure of Accounting Policies</i> (Amendments to MFRS 101 <i>Presentation of Financial Statements</i>)	1 January 2023
<i>Definition of Accounting Estimates</i> (Amendments to MFRS 108 <i>Accounting Policies, Changes in Accounting Estimates and Errors</i>)	1 January 2023
<i>Deferred Tax related to Assets and Liabilities arising from a Single Transaction</i> (Amendments to MFRS 112 <i>Income taxes</i>)	1 January 2023
<i>Lease liability in a sale and leaseback</i> (Amendments to MFRS 16 <i>Leases</i>)	1 January 2024
<i>Classification of Liabilities as Current or Non-current</i> (Amendments to MFRS 101 <i>Presentation of Financial Statements</i>)	1 January 2024
<i>Non-current Liabilities with Covenants</i> (Amendments to MFRS 101 <i>Presentation of Financial Statements</i>)	1 January 2024
<i>Supplier Finance Arrangements</i> (Amendments to MFRS 107 <i>Statement of Cash Flows</i> and MFRS 7 <i>Financial Instruments: Disclosures</i>)	1 January 2024
<i>International Tax Reform - Pillar Two Model Rules</i> (Amendments to MFRS 112 <i>Income Taxes</i>)	Refer Paragraph 98M of MFRS 112
<i>Sale or Contribution of Assets between an Investor and its Associate or Joint Venture</i> (Amendments to MFRS 10 <i>Consolidated Financial Statements</i> and MFRS 128 <i>Investments in Associates and Joint Ventures</i>)	Deferred

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

Notes to the Financial Statements

31 May 2023

44. SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR AND SUBSEQUENT TO THE END OF THE REPORTING PERIOD

- (a) The Group via its wholly-owned subsidiary, ACC had on 28 December 2021 entered into several Share Sale Agreements to acquire 80% equity interest each in Shennong and Vemedim for a cash consideration of RM23,920,000.

The acquisition of Shennong and Vemedim was completed on 22 June 2022. The details of the acquisition are disclosed in Note 8.1(a) to the financial statements.

- (b) The Company had on 7 March 2022 announced that the Company proposes to undertake the proposed share split involving the subdivision of every 1 existing ordinary share held by shareholders of the Company whose names appear in the Record of Depositors of the Company on an entitlement date to be determined and announced by the Board at a later date into 3 ordinary shares ("Proposed Share Split").

On 6 April 2022, the Company announced that Bursa Securities had, vide its letter dated 6 April 2022, approved the following:

- (i) the Proposed Share Split;
- (ii) listing of and quotation for up to 116,864,960 additional Warrants B to be issued arising from adjustments to the exercise price and number of outstanding Warrants B pursuant to the Proposed Share Split on the Main Market of Bursa Securities; and
- (iii) listing of and quotation for up to 116,864,960 new ordinary shares after the Proposed Share Split to be issued arising from the exercise of additional Warrants B on the Main Market of Bursa Securities.

At the Extraordinary General Meeting of the Company held on 20 May 2022, shareholders of the Company had approved the Proposed Share Split.

On 7 June 2022, the Company announced that the Proposed Share Split has been completed following the listing and quotation of 907,463,547 subdivided shares and 105,908,882 additional Warrants B on the Main Market of Bursa Securities.

- (c) The Company and Nylex, had on 21 March 2022 entered into a Heads of Agreement ("HOA") with Sinar Bina Infra Sdn. Bhd., LBS Bina Group Berhad and BTS Group Holdings Public Company Limited (collectively referred to as "Parties") for the collaboration to build and operate a light rail transport system connected with the railway shuttle link currently being built from Singapore to Johor Bahru, with an integrated property development using the "Transit-Oriented Development" concept in Johor Bahru metropolitan region ("LRT Project"). The Parties are working together exclusively to agree on the terms of the definitive agreements to effect the proposals stipulated in the HOA. ("Proposals"). The LRT Project is subject to the feasibility study as defined in the HOA being completed and the grant of the concession award for the LRT Project by the state government of Johor. The Proposals will form part of the regularisation plan to be undertaken by Nylex to regularise its affected listed issuer status.

Nylex had on 13 December 2022, signed a letter of Intent ("LOI") with CRRC Changchun Railway Vehicles Co., Ltd for the purposes of entering into good faith discussions and negotiations with regards to the construction, commissioning, installation and testing of the LRT Project. The LOI is entered by Nylex as apart of its efforts to complete the feasibility study for the LRT Project.

Bursa Securities had via its letter dated 30 January 2023, granted Nylex an extension of time of six (6) months up to 26 July 2023 for Nylex to submit its regularisation plan to the regulatory authorities.

Notes to the Financial Statements

31 May 2023

44. SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR AND SUBSEQUENT TO THE END OF THE REPORTING PERIOD (CONTINUED)

(c) (continued)

On 22 March 2023, the Parties have agreed to extend the long stop date of the HOA by another three (3) months to 21 June 2023. On 21 June 2023, the Parties have further agreed to extend the long stop date of the HOA to 31 January 2024.

On 16 August 2023, Bursa Securities has rejected Nylex's extension of time application as Nylex has not demonstrated to the satisfaction of Bursa Securities any material development towards the finalisation and submission of the regularisation plan to the regulatory authorities. On the same day, Nylex has received a notice to show cause on commencement of suspension and de-listing procedures pursuant to Paragraph 8.03a(3)(b) of the Listing Requirements from Bursa Securities ("Notice").

Nylex had on 23 August 2023 submitted the written representations to Bursa Securities in relation to why a suspension should not be imposed on the trading of the securities of Nylex; and why the securities of Nylex should not be de-listed from the Official List of Bursa Securities.

As at the date of this report, the terms of the definitive agreements to effects the Proposals stipulated in the HOA have not been finalised.

(d) The Group via its wholly-owned subsidiary, STSB had on 5 October 2022 completed the acquisition of 25% equity interest in ANT, a 51% owned subsidiary of Synergy Trans-Link Sdn. Bhd., which in turn is a wholly-owned subsidiary of ALB, from Chemquest Sdn. Bhd. for a cash consideration of RM4,000,000. STSB has also completed the acquisition of 24% equity interest in ANT held by a Thai national, Mr. Surasak Suwanapasri for a cash consideration of RM3,840,000 on 15 November 2022.

Upon completion of both acquisitions above, ANT became a 66.3% owned subsidiary of the Group.

45. MATERIAL LITIGATION

(a) High Court of Malaya at Kuala Lumpur Suit No. WA-22NCVC-87-02/2018

On 12 February 2018, a wholly-owned subsidiary of the Group, ACC and Hamshi Plantation Sdn. Bhd. initiated a legal action at the High Court of Malaya at Kuala Lumpur as plaintiffs against Logix World (M) Sdn. Bhd. ("Logix World") and Citra Semerbak Sdn. Bhd. as defendants to claim against and to hold the defendants jointly and severally liable for a principal sum of RM2,702,500, being the unpaid amount for goods sold and delivered by the plaintiffs to the defendants, and interest at the rate of 12.0% per annum from 24 October 2017 until full and final settlement.

On 21 May 2019, the plaintiffs filed the Substantive Application for Contempt against the directors of Logix World. The court had on 13 July 2020 found the directors of Logix World guilty of contempt and that the plaintiffs have proven their case against the aforesaid directors for interference with the administration of justice beyond reasonable doubt. The court had on 15 October 2021, sentenced the directors and awarded costs of RM15,000 and imposed a fine of RM10,000 per person.

Full trials for the matter are fixed on 22 April 2024 to 3 May 2024 and a case management date is fixed on 4 March 2024. This matter is not expected to have a material impact on the earnings, net assets and gearing of our Group as the principal sum of RM2,702,500 has been fully provided and accounted for in prior years.

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31 May 2023

45. MATERIAL LITIGATION (CONTINUED)

- (b) High Court of Malaya at Kuala Lumpur Suit No. WA-25-341-10/2021

On 14 October 2021, Fermpro Sdn. Bhd. ("Fermpro"), a wholly-owned subsidiary of Nylex Holdings, submitted an application for Judicial Review to High Court of Malaya at Kuala Lumpur ("High Court") as Applicant against Royal Malaysian Customs Department ("Customs") as Respondent, in regard to Customs decision dated 3 August 2021 that affirmed Customs earlier decisions dated 15 June 2020 to issue four Bills of Demand ("BODs") for indirect taxes totalling RM7.8 million, comprising import duty, excise duty, Goods and Services Tax ("GST") and sales tax (collectively referred to as "the indirect taxes").

The BODs were issued by Customs due to the alleged liability of Fermpro for the indirect taxes in the removal of goods from Westport Free Commercial Zone ("FCZ") to Licensed Manufacturing Warehouse ("LMW") for the period January 2017 to August 2019.

Upon consulting its tax consultants, the Group is of the view that the BODs are without any technical basis and there are reasonably strong grounds for Fermpro to challenge the validity of the said BODs raised by the Customs, amongst others, the removal of goods from FCZ to LMW should not be liable to import duty, excise duty and sales tax under established general principles in indirect tax law and practice. The GST demanded by Customs is effectively levied on the import duty and excise duty elements and hence, should not be applicable as well, since import duty and excise duty should not be applicable in the removal of goods from FCZ to LMW.

The High Court had on 25 August 2023 dismissed the BODs application. Subsequent to the High Court's decision, Fermpro has seek for legal advice and the solicitor is of the view that it has a fair chance to defend against the High Court's decision as the High Court has ignored all the ground above and gave no reason for the judgement. Furthermore, there is no evidence given by the Custom to prove Fermpro has transferred the goods from FCZ to LMW. Therefore, the Group has instructed the solicitor to file an appeal with Court of Appeal to against the judgement of the High Court.

The Group has not recognised any potential liability in respect of the claims in the financial statements of the Group up to the reporting date pending further developments at the Court of Appeal, as the Group believes that there are strong grounds to argue the case.

Additional Compliance Information

Audit and Non-audit Fee

The disclosure on audit fee and non-audit fee paid or payable to Messrs BDO PLT, the External Auditors of the Company, in the financial year is in page 109 to the financial statements.

Utilisation of Proceeds

(a) Warrants B 2022/2025 (“WB”)

The Company has completed a bonus issue of 59,878,790 free WB on the basis of one (1) WB for every four (4) existing ordinary shares held, which were listed and quoted on the Main Market of Bursa Malaysia Securities Berhad (“Bursa Securities”) on 18 September 2020.

Pursuant to the Share Split exercise undertaken by the Company involving the subdivision of every one (1) existing ordinary share in the Company into three (3) ordinary shares which was completed on 7 June 2022 (“Share Split”), the number of unexercised WB amounting to 52,954,441 WB were adjusted to 158,863,323 WB and the exercise price of RM0.84 per WB was adjusted to RM0.28 per WB as certified by the External Auditors.

During the financial year, a total of 47,093,974 WB have been exercised, raising a total of RM13,186,000 in proceeds which were used as working capital of the Group.

As at 31 May 2023, 111,769,349 WB remained unexercised.

(b) Employee’s Share Options Scheme (“ESOS”)

At an extraordinary general meeting of the Company held on 18 October 2018, the Company’s shareholders approved the establishment of an ESOS of up to ten per centum (10%) of the issued and paid-up share capital (excluding treasury shares) of the Company for the eligible Executive Directors and employees of the Group. The ESOS shall be in force for a period of five (5) years commencing from 6 March 2019.

Pursuant to the Share Split, the number of unexercised ESOS Options (“Option(s)”) amounting to 11,452,492 Options were adjusted to 34,357,476 Options and the exercise price of RM0.765 per Option was adjusted to RM0.255 per Option as certified by the External Auditors.

Details of the Options granted, exercise and forfeited during the financial year are as follows:

	For the financial year ended 31 May 2023				Outstanding Options as at 31.5.2023 ('000)
	Outstanding Options as at 1.6.2022 ('000)	Outstanding Options after Share Split ('000)	Options exercised ('000)	Options forfeited* ('000)	
All eligible Executive Directors and employees	11,452	34,357	(18,219)	(212)	15,926
Executive Directors	1,020	3,060	(1,440)	-	1,620

* Due to resignation.

Additional Compliance Information

In accordance with the Company's ESOS By-Laws, not more than 60.00% of the Company's ordinary shares available under the ESOS shall be allocated, in aggregate, to Directors and senior management of the Group.

The Company did not grant any Option to the Non-Executive Directors.

Recurrent Related Party Transactions ("RRPTs")

The aggregate value of RRPTs made during the financial year, pursuant to the shareholders' mandate obtained at 53rd Annual General Meeting of the Company, is as follows :

Related Party	Transacting Parties for RRPTs	Nature of RRPTs	Value of RRPTs (RM'000)	Interested directors, major shareholders and connected persons
Malay Mail Online Sdn. Bhd. ("MMOSB")	The Company and its subsidiaries ("ANB Group")	Provision of advertising space in the media channels by MMOSB to ANB Group	2,028	<ul style="list-style-type: none"> • Dato' Siew Ka Wei • Datin Young Ka Mun • Siew Ka Kheong • Quek Lay Kheng • Siew Nim Chee & Sons Sdn. Bhd. • Silver Dollars Sdn. Bhd.

Material Contracts Involving Directors'/Major Shareholders' Interests

There was no material contract (other than the RRPTs contracts which were entered into in the ordinary course of business) entered into by the Company and/or its subsidiaries which involves the interest of Directors and major shareholders, either still subsisting at the end of the financial year ended 31 May 2023 or entered into since the end of the previous financial year.

List of Top Ten Properties

Owner	Location	Tenure	Land Area	Descriptions	Net Book Value As At 31 May 2023 (RM'000)	Date of Acquisition / Revaluation
1. Nylex Holdings Sdn. Bhd.	H.S.(D) 256546, Lot 16, Seksyen 15, Bandar Shah Alam, Selangor	Unexpired leasehold interest of 85 years <i>(Expiring on 29 June 2108)</i>	3.02 hectares	Office building and factory Age of buildings: approximately 52 years	29,857	5 May 2011
	H.S.(D) 256546, Lot 16, Seksyen 15, Bandar Shah Alam, Selangor	Unexpired leasehold interest of 85 years <i>(Expiring on 29 June 2108)</i>	1.21 hectares	Warehouse, factory and vacant land Age of buildings: approximately 43 years		
2. Ancom Nylex Berhad	H.S.(D) 259800, No. 2A, Jalan 13/2, Petaling Jaya, Selangor	Unexpired leasehold interest of 85 years <i>(Expiring on 21 October 2108)</i>	1.31 hectares	Office and factory buildings Age of buildings: approximately 37 to 48 years	25,534	7 April 2011
3. Ancom Crop Care Sdn. Bhd.	PN 77684, Lot 5, Seksyen 15, Bandar Shah Alam, Selangor	Unexpired leasehold interest of 85 years <i>(Expiring on 15 July 2108)</i>	2.22 hectares	Office and factory buildings Age of buildings: approximately 53 years	13,166	11 May 2011
4. PT Nylex Indonesia	HGB No. 82, Desa Sumengko Km31, Wringinanom, Gresik 61176 Indonesia	Unexpired leasehold interest of 6 years <i>(Expiring on 12 January 2029)</i>	0.64 hectares	Casting line factory and office Age of buildings: approximately 19 years	11,479	12 May 2011
	HGB No. 82, Desa Sumengko Km31, Wringinanom, Gresik 61176 Indonesia	Unexpired leasehold interest of 6 years <i>(Expiring on 12 January 2029)</i>	5.36 hectares	Calendar line factory and vacant land Age of buildings: approximately 9 years		
5. Ancom Nylex Terminals Sdn. Bhd. (formerly known as Ancom-Chemquest Terminals Sdn. Bhd.)	Jeti Petrokimia, Pelabuhan Barat Pelabuhan Klang, Selangor	Unexpired lease period of 1 year <i>(Expiring on 31 August 2024)</i>	9.8 acres	Tank farm, office and warehouse Age of buildings: approximately 26 years	9,444	N/A

List of Top Ten Properties

	Owner	Location	Tenure	Land Area	Descriptions	Net Book Value As At 31 May 2023 (RM'000)	Date of Acquisition / Revaluation
6.	Perusahaan Kimia Gemilang Sdn. Bhd.	H.S.(M) 6259, PT 4228, Mukim of Kapar, Daerah Klang, Selangor	Unexpired leasehold interest of 63 years <i>(Expiring on 9 June 2086)</i>	2.85 hectares	Office building and factory Age of building: approximately 32 years	7,960	7 April 2011
7.	Ancom Crop Care Sdn. Bhd.	P.T. 4227, Mukim of Kapar, Daerah Klang, Selangor	Unexpired leasehold interest of 63 years <i>(Expiring on 9 June 2086)</i>	2.52 hectares	Office and factory buildings Age of buildings: approximately 32 years	7,422	30 March 2011
8.	Nylex Holdings Sdn. Bhd.	Unit No: 7-10, Wisma 730 (The Trax) No: 1, Jalan Lima, Off Jalan Chan Sow Lin, 54200 Kuala Lumpur	Unexpired leasehold interest of 92 years <i>(Expiring on 1 March 2115)</i>	0.10 hectares	Vacant	6,442	12 September 2019
9.	Ancom Crop Care Sdn. Bhd.	Lot 5163, Mukim Kota Lama Kanan, Daerah Kuala Kangsar, Perak	Unexpired leasehold interest of 76 years <i>(Expiring on 17 July 2099)</i>	2.20 acres	Industrial land	4,022	19 July 2021
		Lot 5164, Mukim Kota Lama Kanan, Daerah Kuala Kangsar, Perak	Unexpired leasehold interest of 76 years <i>(Expiring on 25 September 2099)</i>	3.75 acres	Industrial land		
10.	Nylex Specialty Chemicals Sdn. Bhd.	H.S.(M) 5507, Lot 593, Persiaran Raja Lumu, Kawasan Perusahaan Pandamaran, 42000 Port Klang, Selangor Darul Ehsan	Unexpired leasehold interest of 51 years <i>(Expiring on 1 September 2074)</i>	0.81 hectares	Office building and factory Age of buildings: approximately 48 years	2,835	25 April 2011

Analysis of Shareholdings

As at 5 September 2023

NO. OF HOLDERS OF EACH CLASS OF EQUITY SECURITIES

Class of securities : Ordinary shares ("Shares")
 Total no. issued : 987,054,745
 No. of holders : 13,175
 Voting rights : One vote per Share on a poll

DISTRIBUTION SCHEDULE

Holdings	No. of Holders	Total Holdings	%
Less than 100	2,722	91,230	0.009
100 to 1,000	2,931	1,208,945	0.127
1,001 to 10,000	4,319	19,178,079	2.017
10,001 to 100,000	2,658	75,273,400	7.916
100,001 to less than 5% of issued Shares	544	778,240,859	81.844
5% and above of issued Shares	1	76,893,655	8.087
	13,175	950,886,168	100.000
Treasury shares	-	36,168,577	-
	13,175	987,054,745	100.000

SHAREHOLDINGS

	Direct		Indirect	
	No. of Shares	%	No. of Shares	%
<u>Substantial Shareholders</u>				
Dato' Siew Ka Wei	134,134,593	14.106	48,153,909 ^(a)	5.064
Lee Cheun Wei	74,337,440	7.818	5,600,000 ^(b)	0.589
<u>Directors</u>				
Dato' Siew Ka Wei	134,134,593	14.106	48,153,909 ^(a)	5.064
Lee Cheun Wei	74,337,440	7.818	5,600,000 ^(b)	0.589
Chan Thye Seng	-	-	810,000 ^(c)	0.085
Siew Ka Kheong (alternate to Dato' Siew Ka Wei)	847,539	0.089	45,821,643 ^(d)	4.819

Notes:

- (a) Deemed interested by virtue of his direct and indirect interests held through Siew Nim Chee & Sons Sdn. Bhd., Datin Young Ka Mun, Siew Ka Kheong and Quek Lay Kheng.
- (b) Deemed interested by virtue of his direct interests in QuantumVerse Sdn. Bhd..
- (c) Deemed interested by virtue of his direct and indirect interests held through Pacific & Orient Insurance Co. Berhad.
- (d) Deemed interested by virtue of his direct and indirect interests held through Siew Nim Chee & Sons Sdn. Bhd. and Quek Lay Kheng.

Analysis of Shareholdings

As at 5 September 2023

THIRTY LARGEST HOLDERS AS PER RECORD OF DEPOSITORS

(Without aggregating securities from different securities accounts belonging to the same person)

Name	No. of Shares	%
1. Kenanga Nominees (Tempatan) Sdn. Bhd. - Siew Ka Wei	76,893,655	8.087
2. Affin Hwang Nominees (Tempatan) Sdn. Bhd. - Siew Ka Wei	43,203,461	4.543
3. CIMB Group Nominees (Tempatan) Sdn. Bhd. - CIMB Commerce Trustee Berhad – Kenanga Growth Fund	33,640,100	3.538
4. TA Nominees (Tempatan) Sdn. Bhd. - Siew Nim Chee & Sons Sendirian Berhad	32,512,549	3.419
5. Lee Cheun Wei	26,759,340	2.814
6. Maybank Nominees (Tempatan) Sdn. Bhd. - Lee Cheun Wei	26,572,048	2.794
7. Lim Chin Tong	23,932,029	2.517
8. Affin Hwang Nominees (Tempatan) Sdn. Bhd. - Lee Cheun Wei	17,482,300	1.839
9. Maybank Nominees (Tempatan) Sdn. Bhd. - Siew Ka Wei	15,949,477	1.678
10. Hong Leong Assurance Berhad - As Beneficial Owner (Unitlinked BCF)	14,562,900	1.532
11. DB (Malaysia) Nominee (Tempatan) Sendirian Berhad - Deutsche Trustees Malaysia Berhad – Eastspring Investmentssmall-Cap Fund	14,420,000	1.516
12. Citigroup Nominees (Tempatan) Sdn. Bhd. - Kumpulan Wang Persaraan (Diperbadankan) (Kenanga)	14,309,300	1.505
13. Citigroup Nominees (Tempatan) Sdn. Bhd. - Universal Trustee (Malaysia) Berhad – Principal Dali Equity Fund	13,302,300	1.399
14. Kenanga Nominees (Tempatan) Sdn. Bhd. - Siew Nim Chee & Sons Sdn. Bhd.	12,637,094	1.329
15. Hong Leong Assurance Berhad - As Beneficial Owner (Unitlinked GF)	12,315,700	1.295
16. Amanahraya Trustees Berhad - AC Principal Dali Asia Pacific Equity Growth Fund	10,293,000	1.082
17. HSBC Nominees (Tempatan) Sdn. Bhd. - HSBC (M) Trustee Bhd – Manulife Investment Shariah Progress Fund	10,025,700	1.054
18. Citigroup Nominees (Tempatan) Sdn. Bhd. - Urusharta Jamaah Sdn. Bhd.	9,263,200	0.974
19. Hasnul Bin Hassan	8,816,000	0.927
20. RHB Nominees (Tempatan) Sdn. Bhd. - Tai Mee Yin	8,715,225	0.917
21. Yap Ai Toi	8,230,000	0.866
22. Leverage Success Sdn. Bhd.	8,000,000	0.841
23. Cartaban Nominees (Tempatan) Sdn. Bhd. - CN CIMB Commerce Trustee Berhad - Kenanga Growth Fund Series 2	7,907,100	0.832
24. Maybank Securities Nominees (Tempatan) Sdn. Bhd. - One IFC Residence Sdn. Bhd.	7,602,700	0.800
25. Maybank Nominees (Tempatan) Sdn. Bhd. - National Trust Fund (IFM AHAM) (4101951)	6,917,700	0.728
26. Maybank Nominees (Tempatan) Sdn. Bhd. - Maybank Trustees Berhad – Principal Islamic Lifetime Balanced Growth Fund (230122)	6,893,400	0.725
27. HSBC Nominees (Tempatan) Sdn. Bhd. - HSBC (M) Trustee Bhd - Pertubuhan Keselamatan Sosial (UOB AMM6939-406)	6,810,000	0.716
28. Lau Sam Siong	6,550,000	0.688
29. RHB Nominees (Tempatan) Sdn. Bhd. - Gan Sook Peng	6,373,800	0.670
30. Lembaga Tabung Angkatan Tentera	6,355,400	0.668
Total	497,245,478	52.293

Analysis of Warrant Holdings

As at 5 September 2023

NO. OF HOLDERS OF EACH CLASS OF EQUITY SECURITIES

Class of securities : Warrants B ("WB")

Total no. outstanding : 103,653,515

Exercise price per WB : RM0.280

DISTRIBUTION SCHEDULE

Holdings	No. of Holders	Total Holdings	%
Less than 100	1,948	59,860	0.058
100 to 1,000	786	331,247	0.320
1,001 to 10,000	2,274	7,105,829	6.855
10,001 to 100,000	380	10,945,750	10.560
100,001 to less than 5% of issued WB	83	43,936,615	42.388
5% and above of issued WB	4	41,274,214	39.819
	5,475	103,653,515	100.000

WB HOLDINGS

	Direct		Indirect	
	No. of WB	%	No. of WB	%
<u>Directors</u>				
Dato' Siew Ka Wei	19,586,331	18.896	2,400,000 ^(a)	2.315
Lee Cheun Wei	10,790,010	10.410	2,800,000 ^(b)	2.701
Chan Thye Seng	-	-	7,689,473 ^(c)	7.418

Notes:

(a) Deemed interested by virtue of his direct and indirect interests held through Silver Dollars Sdn. Bhd..

(b) Deemed interested by virtue of his direct interests in QuantumVerse Sdn. Bhd..

(c) Deemed interested by virtue of his direct and indirect interests held through Pacific & Orient Insurance Co. Berhad.

Analysis of Warrant Holdings

As at 5 September 2023

THIRTY LARGEST WB HOLDERS AS PER RECORD OF DEPOSITORS

(Without aggregating securities from different securities accounts belonging to the same person)

Name	No. of WB	%
1. Kenanga Nominees (Tempatan) Sdn. Bhd. - Siew Ka Wei	19,586,331	18.896
2. Lee Cheun Wei	8,223,410	7.934
3. Lim Chin Tong	5,775,000	5.571
4. Pacific & Orient Insurance Co. Berhad	3,857,150	3.721
5. Pacific & Orient Insurance Co. Berhad	3,832,323	3.697
6. Lee Kok Meng	3,503,975	3.381
7. QuantumVerse Sdn. Bhd.	2,800,000	2.701
8. Silver Dollars Sdn. Bhd.	2,400,000	2.315
9. Maybank Nominees (Tempatan) Sdn. Bhd. - Lee Cheun Wei	2,186,700	2.110
10. RHB Nominees (Tempatan) Sdn. Bhd. - Tai Mee Yin	2,000,000	1.930
11. RHB Nominees (Tempatan) Sdn. Bhd. - Nicholas Tan Jo-Han	1,912,425	1.845
12. Maybank Nominees (Tempatan) Sdn. Bhd. - Chew Kuan Fah	1,725,100	1.664
13. Yap Chee Hong	1,609,551	1.553
14. Yap Ai Toi	1,455,000	1.404
15. Lee Soo Hong	1,177,500	1.136
16. Maybank Nominees (Tempatan) Sdn. Bhd. - Ong Thai Guan	1,170,000	1.129
17. RHB Nominees (Tempatan) Sdn. Bhd. - Gan Sook Peng	1,087,950	1.050
18. Maybank Nominees (Tempatan) Sdn. Bhd. - Lee Wah Yow	1,050,000	1.013
19. Kanaheswari A/P P Yoganathan	934,200	0.901
20. Goh Siok Ling	855,000	0.825
21. Astro (M) Sdn. Bhd.	785,382	0.758
22. Liew Sim Kien	659,295	0.636
23. Kenanga Nominees (Tempatan) Sdn. Bhd. - Rakuten Trade Sdn. Bhd. for Wong Yew Mun	610,000	0.588
24. Sivanesan A/L K Sivalingam	604,650	0.583
25. CGS-CIMB Nominees (Tempatan) Sdn. Bhd. - Lee Cheun Wei	542,500	0.523
26. Maybank Nominees (Tempatan) Sdn. Bhd. - Mak Hon Leong	535,500	0.517
27. AllianceGroup Nominees (Tempatan) Sdn. Bhd. - Meeta A/P Ravilal	506,700	0.489
28. Tan Lee Huang	495,000	0.478
29. Hong Peng Cheng	487,616	0.470
30. Chua Kwee Nam	457,830	0.442
Total	72,826,088	70.259

Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN THAT the 54th Annual General Meeting (“AGM”) of the Company will be conducted virtually through live streaming from the broadcast venue at No. 2A, Jalan 13/2, Seksyen 13, 46200 Petaling Jaya, Selangor Darul Ehsan, Malaysia (“Broadcast Venue”) on Friday, 27 October 2023 at 3.00 p.m. using remote participation and voting facilities provided by the Company’s Share Registrar, Tricor Investor & Issuing House Service Sdn. Bhd., via TIIH Online website at <https://tiih.online>, to transact the following businesses:

AGENDA

AS ORDINARY BUSINESS

- | | | |
|----|---|--|
| 1. | To receive the Audited Financial Statements for the financial year ended 31 May 2023 together with the Reports of the Directors and Auditors thereon. | (Please refer to Explanatory Note 1) |
| 2. | To re-elect the following Directors who are retiring by rotation pursuant to Clause 125 of the Company’s Constitution:
(i) Tan Sri Dato’ Seri Abdull Hamid Bin Embong
(ii) Datuk Dr. Abd Hapiz Bin Abdullah | [Ordinary Resolution 1]
[Ordinary Resolution 2] |
| 3. | To approve the payment of Non-Executive Directors’ fees for the financial year ended 31 May 2023. | [Ordinary Resolution 3] |
| 4. | To approve the payment of Non-Executive Directors’ fees for the financial year ending 31 May 2024, to be paid quarterly in arrears. | [Ordinary Resolution 4] |
| 5. | To approve the payment of Directors’ benefits to the Non-Executive Directors for the period from 27 October 2023 until the next annual general meeting of the Company in 2024. | [Ordinary Resolution 5] |
| 6. | To re-appoint Messrs BDO PLT as Auditors of the Company and to authorise the Directors to fix their remuneration. | [Ordinary Resolution 6] |

AS SPECIAL BUSINESS

To consider and if thought fit, to pass the following resolutions, with or without modification(s):

- | | | |
|----|--|--------------------------------|
| 7. | PROPOSED RENEWAL OF SHAREHOLDERS’ MANDATE FOR RECURRENT RELATED PARTY TRANSACTIONS (“RRPTs”) OF A REVENUE OR TRADING NATURE | [Ordinary Resolution 7] |
|----|--|--------------------------------|

“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 the RRPTs of a revenue or trading nature with the related parties as specified in Section 2.2 of the Circular to Shareholders dated 27 September 2023, provided that such transactions are necessary for the Group’s day-to-day operations and carried out in the ordinary course of business at arm’s length basis and on normal commercial terms which are not more favourable to the related parties than those generally available to the public and are not detrimental to the interest of the minority shareholders of the Company.

Notice of Annual General Meeting

THAT the authority conferred by such mandate shall continue to be in force until:

- (i) the conclusion of the next annual general meeting of the Company, at which time it will lapse, unless by a resolution passed at that meeting, the authority is renewed;
- (ii) the expiration of the period within which the next annual general meeting of the Company is required to be held pursuant to Section 340(2) of the Companies Act 2016 (but must not extend to such extension as may be allowed pursuant to Section 340(4) of the Companies Act 2016); or
- (iii) revoked or varied by a resolution passed by the Company's shareholders in a general meeting,

whichever is the earlier.

AND THAT the Directors of the Company be and are hereby authorised to complete and do all such acts and things (including executing all such documents) as the Directors may consider expedient or necessary or in the best interest of the Company to give effect to this resolution."

8. **PROPOSED RENEWAL OF SHAREHOLDERS' MANDATE FOR SHARE BUY-BACK**

[Ordinary Resolution 8]

"THAT subject to the Companies Act 2016 ("Act"), the Constitution of the Company, the Main Market Listing Requirements ("Listing Requirements") of Bursa Malaysia Securities Berhad ("Bursa Securities") and all other applicable laws, guidelines, rules and regulations, approval be and is hereby given for the Company to purchase such amount of ordinary shares in the Company as may be determined by the Directors of the Company from time to time through Bursa Securities upon such terms and conditions as the Directors may deem fit and expedient in the best interest of the Company ("Share Buy-Back Mandate") provided that:

- (i) the aggregate number of ordinary shares in the Company purchased and/or held as treasury shares pursuant to the Share Buy-Back Mandate does not exceed ten percent (10%) of the total number of issued shares of the Company at any point in time;
- (ii) the maximum funds to be allocated by the Company for the purpose of purchasing its ordinary shares shall not exceed the total retained profits of the Company based on the latest audited financial statements and/or the latest management accounts (where applicable) available at the time of the purchase; and
- (iii) the Directors of the Company may decide either to retain the ordinary shares so purchased as treasury shares or cancel the ordinary shares so purchased or retain part of the ordinary shares so purchased and cancel the remainder or resell the treasury shares on Bursa Securities or distribute the treasury shares as dividends or transfer the treasury shares under an employees' share scheme or as purchase consideration or otherwise use the treasury shares for such other purpose in the manner as prescribed by the applicable laws, guidelines, rules and regulations.

Notice of Annual General Meeting

THAT the authority conferred by this resolution will be effective upon the passing of this resolution and will continue to be in force until:

- (a) the conclusion of the next annual general meeting of the Company, at which time it shall lapse, unless by an ordinary resolution passed at that meeting, the authority is renewed, either unconditionally or subject to conditions;
- (b) the expiration of the period within which the next annual general meeting of the Company after that date is required by law to be held; or
- (c) revoked or varied by an ordinary resolution passed by the Company's shareholders in a general meeting,

whichever occurs first, but shall not prejudice the completion of purchase(s) by the Company of its own shares before the aforesaid expiry date and, in any event, in accordance with the Listing Requirements and all other applicable laws, guidelines, rules and regulations issued by any relevant authorities.

AND THAT authority be and is hereby given to the Directors of the Company to take all such steps to implement, finalise and give full effect to the Share Buy-Back Mandate with full power to assent to any conditions, modifications, variations and/or amendments as may be required by the relevant authorities or as the Directors deem fit and expedient at their discretion in the best interest of the Company."

9. **PROPOSED AUTHORITY TO ISSUE AND ALLOT SHARES PURSUANT TO SECTIONS 75 AND 76 OF THE COMPANIES ACT 2016**

[Ordinary Resolution 9]

"THAT contingent upon the passing of the Special Resolution on Waiver of Pre-Emptive Rights Pursuant to Section 85 of the Companies Act 2016 ("Act") and subject to the Constitution of the Company, the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities") and the approvals of the relevant governmental/regulatory authorities, where such approval is required, the Directors be and are hereby authorised, pursuant to Sections 75 and 76 of the Act, to issue and allot shares in the Company from time to time, at such price, upon such terms and conditions, to such persons 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 ten percent (10%) of the total number of issued shares (excluding treasury shares) of the Company for the time being and that such authority shall continue to be in force until the conclusion of the next annual general meeting of the Company, AND THAT the Directors be authorised to do all such things as they deem fit and expedient in the best interest of the Company to give effect to the issuance of new shares under this resolution including making such applications to Bursa Securities for the listing of and quotation for the additional shares so issued on Bursa Securities."

10. **SPECIAL RESOLUTION
PROPOSED WAIVER OF PRE-EMPTIVE RIGHTS PURSUANT TO SECTION 85 OF THE COMPANIES ACT 2016**

[Special Resolution]

"THAT pursuant to Section 85 of the Companies Act 2016 read together with Clause 15 of the Constitution of the Company, approval be and is hereby given for the waiver of the statutory pre-emptive rights of the shareholders of the Company to be offered new shares in the Company ranking equally to the existing issued shares in the Company arising from any issuance of new shares in the Company to the allottees subject to the passing of Ordinary Resolution 9 – Proposed Authority to Issue and Allot Shares Pursuant to Sections 75 and 76 of the Companies Act 2016."

Notice of Annual General Meeting

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

By Order of the Board,

CHOO SE ENG (MIA 5876) (SSM PC No. 202208000036)

WONG WAI FOONG (MAICSA 7001358) (SSM PC No. 202008001472)

Company Secretaries

Petaling Jaya

27 September 2023

NOTES:

- (1) The Broadcast Venue is strictly for the purpose of complying Section 327(2) of the Companies Act 2016 ("Act") which requires the Chairman of the meeting to be present at the main venue of the meeting. Members will not be allowed to attend the AGM in person at the Broadcast Venue on the day of the meeting. Members are to attend, speak (via real time submission of typed texts only) and vote (collectively "participate") remotely at the AGM via Remote Participation and Voting facilities ("RPV") provided by Tricor Investor & Issuing House Service Sdn. Bhd., via TIIH Online website at <https://tiih.online>. Please refer to the Administrative Guide for Shareholders available at <http://www.ancomnylex.com/agm.php> on registration, participation and voting at the AGM.
- (2) In respect of deposited securities, only members whose names appear on the Record of Depositors as at 19 October 2023 shall be entitled to participate at the AGM and appoint proxy(ies) to participate on his/her behalf at the AGM.
- (3) A member, including an authorised nominee, who is entitled to participate at the AGM may appoint not more than two (2) proxies to attend, speak and vote for him/her. A proxy need not be a member of the Company.
- (4) Where a member is an exempt authorised nominee as defined under Securities Industry (Central Depositories) Act, 1991 which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("omnibus account"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds.
- (5) Where a member, an authorised nominee or an exempt authorised nominee, appoints more than one (1) proxy, the appointment shall be invalid unless he/she specifies the proportion of his/her holding to be represented by each proxy in the Proxy Form.
- (6) The appointment of proxy may be made in the following manner and must be received by the Company's Share Registrar at least forty-eight (48) hours before the time appointed for holding the AGM or adjourned general meeting at which the person named in the appointment proposes to vote:
 - (i) In hardcopy form
The Proxy Form may be deposited at the office of the Company's Share Registrar, Tricor Investor & Issuing House Services Sdn. Bhd. at Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia or alternatively, the Customer Service Centre at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia.
 - (ii) By electronic means via TIIH Online website
The Proxy Form can be submitted electronically via TIIH Online website at <https://tiih.online>. Please refer to the procedures as set out in the Administrative Guide for the AGM for further information on electronic submission of Proxy Form.
- (7) Please ensure ALL the particulars as required in the Proxy Form are completed, signed and dated accordingly.
- (8) Last date and time for lodging the Proxy Form is Wednesday, 25 October 2023 at 3.00 p.m..**

Notice of Annual General Meeting

- (9) Any authority pursuant to which such an appointment is made by a Power of Attorney must be deposited at the office of the Company's Share Registrar, Tricor Investor & Issuing House Services Sdn. Bhd. at Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia or alternatively, the Customer Service Centre at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia at least forty-eight (48) hours before the time appointed for holding the AGM or adjourned general meeting at which the person named in the appointment proposes to vote. A copy of the Power of Attorney may be accepted provided that it is certified notarially and/or in accordance with the applicable legal requirements in the relevant jurisdiction in which it is executed.
- (10) For a corporate member who has appointed an authorised representative, please deposit the original or duly certified certificate of appointment of authorised representative ("Certificate") with the Company's Share Registrar at its address indicated in (6) above before the time appointed for holding the AGM or adjourned general meeting at which the person named in the appointment proposes to vote. The Certificate should be executed in the following manner:
- (i) If the corporate member has a Common Seal, the Certificate should be executed under seal in accordance with the constitution of the corporate member.
 - (ii) If the corporate member does not have a Common Seal, the Certificate should be affixed with the rubber stamp of the corporate member (if any) and executed by: (a) at least two (2) authorised officers, one (1) of whom shall be a director; or, (b) any director and/or authorised officers in accordance with the laws of the country under which the corporate member is incorporated.
- (11) A member who has appointed a proxy or attorney or authorised representative to participate in the AGM must request his/her proxy or attorney or authorised representative to register himself/herself for the RPV at the Share Registrar's TIH Online website at <https://tiih.online>. Please read and follow the procedures provided in the Administrative Guide for the AGM in order to participate remotely via RPV.
- (12) Pursuant to Paragraph 8.29A(1) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, all the resolutions set out in the Notice of AGM will be put to vote by way of poll.

EXPLANATORY NOTES TO THE AGENDA:

1. Item 1 of the Agenda – Audited Financial Statements for the financial year ended 31 May 2023

This agenda item is meant for discussion only. The provisions of Sections 248(2) and 340(1)(a) of the Act do not require a formal approval of the shareholders for the Audited Financial Statements. As such, this agenda item is not put forward for voting.

2. Ordinary Resolutions 1 and 2 - Re-election of Retiring Directors

The profiles of the Directors, namely, Tan Sri Dato' Seri Abdull Hamid Bin Embong and Datuk Dr. Abd Hapiz Bin Abdullah, who are standing for re-election are set out in the Annual Report 2023.

Save as disclosed in the Annual Report 2023, the retiring Directors have no conflict of interest with the Company and have no family relationship with any Director and/or major shareholder of the Company. The Board had, through the Remuneration & Nomination Committee, assessed the performance and contribution of each of the retiring Directors including their personality, experience, integrity, competence, time commitment and fit and properness to effectively discharge their roles as Directors. Based on the assessment conducted, the Board is satisfied that the aforesaid Directors have devoted sufficient time to carry out their responsibilities throughout their tenure. They also possess relevant qualification, knowledge and experience which complement the Board's competencies.

Based on the above, the Board recommends that the above retiring Directors be re-elected to continue to serve on the Board of the Company.

Chan Thye Seng who is also due to retire in accordance with Clause 125 of the Constitution of the Company, has expressed his intention not to seek re-election. Hence, he will retain his office as Director until the conclusion of the AGM.

Notice of Annual General Meeting

3. Ordinary Resolution 3 – Non-Executive Directors’ Fees for the financial year ended 31 May 2023

Pursuant to Section 230(1) of the Act, the Directors’ fees and benefits payable to the Directors of the listed company and its subsidiaries shall be approved at a general meeting. In this respect, the Board of Directors is recommending to the shareholders to approve the fees payable to the Non-Executive Directors (“NEDs”) by the Company of RM615,534 and by the Group amounting to RM1,043,589 for the financial year ended 31 May 2023.

4. Ordinary Resolution 4 – Non-Executive Directors’ Fees for the financial year ending 31 May 2024

The proposed fees payable to the NEDs by the Company and the Group of up to RM800,000 and RM1,100,000 respectively for the financial year ending 31 May 2024 are calculated based upon their memberships in the Board and Board Committees, and assuming that all NEDs will hold office until the next annual general meeting and possible new additions to the Board in the financial year ending 31 May 2024. This resolution is to facilitate payment of NEDs’ fees on current year basis.

The proposed fees payable by the Company to each of the NEDs is detailed below:

NEDs	Fee (RM)
<u>Board of Directors</u>	
- Member	70,000
<u>Audit Committee</u>	
- Chairman	45,000
- Member	30,000
<u>Risk Management Committee</u>	
- Chairman	25,000
- Member	20,000
<u>Remuneration & Nomination Committee</u>	
- Chairman	25,000
- Member	20,000

5. Ordinary Resolution 5 – Non-Executive Directors’ Benefits

The Directors’ benefits comprise the meeting attendance allowance and other benefits (car, fuel, driver, allowance and other emoluments) payable to the NEDs.

In determining the estimated total amount of benefits (excluding Directors’ fees) for the NEDs, the Board considered various factors including the number of scheduled meetings for the Board, Board Committees as well as the number of Directors involved. The Board is recommending to the shareholders to approve the Directors’ benefits payable to the NEDs of up to RM120,000 from the date of the forthcoming AGM until the next annual general meeting of the Company. In the event the proposed amount is insufficient (due to more meetings/enlarged board size), approval will be sought at the next annual general meeting for the shortfall.

6. Ordinary Resolution 6 – Re-appointment of Auditors

The Audit Committee has evaluated the performance of Messrs BDO PLT, the External Auditors, as enumerated in the Audit Committee Report and has recommended the re-appointment of Messrs BDO PLT as the External Auditors of the Company. The Board has concurred with the recommendation of the Audit Committee.

Notice of Annual General Meeting

7. Ordinary Resolution 7 – Proposed Renewal of Shareholders’ Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature

This proposed resolution, if passed, will allow the Group to enter into recurrent related party transactions of a revenue or trading nature with the existing related party(ies) in accordance with the Main Market Listing Requirements of Bursa Malaysia Securities Berhad without the necessity to convene separate general meetings to seek shareholders’ approval as and when such recurrent related party transactions occur. This would reduce substantial administrative time and expenses associated with the convening of such meetings without compromising the corporate objectives of the Group or affecting the business opportunities available to the Group. This authority, unless revoked or varied at a general meeting, will expire at the next annual general meeting of the Company and is subject to renewal on an annual basis.

Further details relating to this proposed resolution are set out in the Company’s Circular to Shareholders dated 27 September 2023.

8. Ordinary Resolution 8 – Proposed Renewal of Shareholders’ Mandate for Share Buy-Back

The proposed resolution, if passed, will empower the Company to purchase its own shares up to ten percent (10%) of the total number of issued shares of the Company. This authority, unless revoked or varied at a general meeting, will expire at the next annual general meeting of the Company.

Further details relating to this proposed resolution are set out in the Company’s Statement to Shareholders dated 27 September 2023.

9. Ordinary Resolution 9 – Proposed Authority to Issue and Allot Shares Pursuant to Sections 75 and 76 of the Companies Act 2016

Subject to the passing of the Special Resolution on the Waiver of Pre-Emptive Rights Pursuant to Section 85 of the Act, this proposed resolution, if passed, will empower the Directors to issue and allot up to a maximum of ten percent (10%) of the total number of issued shares of the Company for the time being for such purposes as the Directors consider would be in the best interest of the Company. This authority will, unless revoked or varied by the Company in a general meeting, expire at the conclusion of the AGM of the Company.

This is a renewal of the mandate obtained from the shareholders at the Company’s 53rd annual general meeting held on 27 October 2022. The proposed resolution is to provide flexibility to the Company for any possible fund-raising exercises including but not limited to further placement of shares for purpose of funding current and/or future investment projects, working capital, repayment of borrowings, acquisitions and/or for issuance of shares as settlement of purchase consideration or such other application as the Directors may deem fit and in the best interest of the Company, without the need to convene separate general meeting to obtain shareholders’ approval so as to avoid incurring additional costs and time.

As at the date of this Notice, the Company did not issue any new shares pursuant to the mandate granted by the shareholders at the last annual general meeting.

10. Special Resolution – Proposed Waiver of Pre-emptive Rights Pursuant to Section 85 of the Companies Act 2016

The provision of Section 85 of the Act requires all new shares or other convertible securities of the Company be first offered to shareholders in proportion to their existing holdings.

The purpose of this Special Resolution is to seek waiver from the Company’s shareholders on their statutory pre-emptive rights pursuant to Section 85 of the Act. This resolution, if passed, will allow the Directors to issue and allot new shares in the Company from time to time without making a pre-emptive offer to the existing shareholders.

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ANCOM NYLEX BERHAD
 [Registration No. 196901000122 (8440-M)]
 Incorporated in Malaysia

Proxy Form

CDS A/C. No.	No. of shares held

I/We _____ NRIC No. _____
 (Full Name in Block Letters)

of _____
 (Full Address)

being (a) member(s) of ANCOM NYLEX BERHAD, hereby appoint

Full Name in Block Letters		Proportion of shareholdings to be represented %
NRIC No.		
Full Address		
Full Name in Block Letters		Proportion of shareholdings to be represented %
NRIC No.		
Full Address		
		100 %

or failing *him/her, the Chairman of the Meeting as *my/our *proxy/proxies to participate and to vote for *me/us on *my/our behalf at the 54th Annual General Meeting of the Company which will be conducted virtually through live streaming from the broadcast venue at No. 2A, Jalan 13/2, Seksyen 13, 46200 Petaling Jaya, Selangor Darul Ehsan, Malaysia ("Broadcast Venue") on Friday, 27 October 2023 at 3.00 p.m. and to vote as indicated below:-

ORDINARY RESOLUTIONS		FOR	AGAINST
1	To re-elect Tan Sri Dato' Seri Abdull Hamid Bin Embong as a Director of the Company		
2	To re-elect Datuk Dr. Abd. Hapiz Bin Abdullah as a Director of the Company		
3	To approve the payment of Non-Executive Directors' fees for the financial year ended 31 May 2023		
4	To approve the payment of Non-Executive Directors' fees for the financial year ending 31 May 2024, in arrears		
5	To approve the payment of Directors' benefits		
6	To re-appoint Messrs BDO PLT as Auditors of the Company		
7	To approve the proposed renewal of shareholders' mandate for recurrent related party transactions of a revenue or trading nature		
8	To approve the proposed renewal of shareholders' mandate for share buy-back		
9	To approve the proposed authority to issue and allot shares		
SPECIAL RESOLUTION			
	To approve the proposed waiver of pre-emptive rights		

(Please indicate with an "X" on how you wish your vote to be cast. If no specific direction as to voting is given, the proxy will vote or abstain from voting at his/her discretion.)

[*Delete if not applicable]

Dated this _____ day of _____ 2023

Telephone no. during office hours:

 [Signature / Common Seal of shareholder(s)]

NOTES:

- (1) The Broadcast Venue is strictly for the purpose of complying Section 327(2) of the Companies Act 2016 ("Act") which requires the Chairman of the meeting to be present at the main venue of the meeting. Members will not be allowed to attend the AGM in person at the Broadcast Venue on the day of the meeting. Members are to attend, speak (via real time submission of typed texts only) and vote (collectively "participate") remotely at the AGM via Remote Participation and Voting facilities ("RPV") provided by Tricor Investor & Issuing House Service Sdn. Bhd., via TIIH Online website at <https://tiih.online>. Please refer to the Administrative Guide for Shareholders available at <http://www.ancomnylex.com/agm.php> on registration, participation and voting at the AGM.
- (2) In respect of deposited securities, only members whose names appear on the Record of Depositors as at 19 October 2023 shall be entitled to participate at the AGM and appoint proxy(ies) to participate on his/her behalf at the AGM.
- (3) A member, including an authorised nominee, who is entitled to participate at the AGM may appoint not more than two (2) proxies to attend, speak and vote for him/her. A proxy need not be a member of the Company.
- (4) Where a member is an exempt authorised nominee as defined under Securities Industry (Central Depositories) Act, 1991 which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("omnibus account"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds.
- (5) Where a member, an authorised nominee or an exempt authorised nominee, appoints more than one (1) proxy, the appointment shall be invalid unless he/she specifies the proportion of his/her holding to be represented by each proxy in the Proxy Form.
- (6) The appointment of proxy may be made in the following manner and must be received by the Company's Share Registrar at least forty-eight (48) hours before the time appointed for holding the AGM or adjourned general meeting at which the person named in the appointment proposes to vote:
 - (i) In hardcopy form
The Proxy Form may be deposited at the office of the Company's Share Registrar, at Tricor Investor & Issuing House Services Sdn. Bhd. at Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia or alternatively, the Customer Service Centre at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia.
 - (ii) By electronic means via TIIH Online website
The Proxy Form can be submitted electronically via TIIH Online website at <https://tiih.online>. Please refer to the procedures as set out in the Administrative Guide for the AGM for further information on electronic submission of Proxy Form.
- (7) Please ensure ALL the particulars as required in the Proxy Form are completed, signed and dated accordingly.
- (8) Last date and time for lodging the Proxy Form is Wednesday, 25 October 2023 at 3.00 p.m..**
- (9) Any authority pursuant to which such an appointment is made by a Power of Attorney must be deposited at the office of the Company's Share Registrar, Tricor Investor & Issuing House Services Sdn. Bhd. at Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia or alternatively, the Customer Service Centre at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia at least forty-eight (48) hours before the time appointed for holding the AGM or adjourned general meeting at which the person named in the appointment proposes to vote. A copy of the Power of Attorney may be accepted provided that it is certified notarially and/or in accordance with the applicable legal requirements in the relevant jurisdiction in which it is executed.

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Affix
Stamp

ANCOM NYLEX BERHAD

[Registration No. 196901000122 (8440-M)]

The Share Registrar:

Tricor Investor & Issuing House Services Sdn. Bhd.

Unit 32-01, Level 32, Tower A
Vertical Business Suite
Avenue 3, Bangsar South
No. 8, Jalan Kerinchi
59200 Kuala Lumpur
Malaysia

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- (10) For a corporate member who has appointed an authorised representative, please deposit the original or duly certified certificate of appointment of authorised representative ("Certificate") with the Company's Share Registrar at its address indicated in (6) above before the time appointed for holding the AGM or adjourned general meeting at which the person named in the appointment proposes to vote. The Certificate should be executed in the following manner:
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- (12) Pursuant to Paragraph 8.29A(1) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, all the resolutions set out in the Notice of AGM will be put to vote by way of poll.

