



**NYLEX (MALAYSIA) BERHAD**

(Registration No.: 197001000148 (9378-T))  
(Incorporated in Malaysia)

**ANNUAL REPORT**

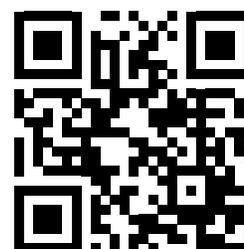
**2022**



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Proxy Form



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# CORPORATE INFORMATION

## BOARD OF DIRECTORS

**Datuk Anuar bin Ahmad**  
(Independent Non-Executive Chairman)

**Khamis bin Awal**  
(Non-Independent Non-Executive Director)

**Dato' Siew Ka Wei**  
(Group Managing Director)

**Tan Sri Dato' Dr Lin See Yan**  
(Independent Non-Executive Director)

**Edmond Cheah Swee Leng**  
(Independent Non-Executive Director)

### AUDIT COMMITTEE

**Edmond Cheah Swee Leng**  
(Chairman)

**Khamis bin Awal**

**Datuk Anuar bin Ahmad**

**Tan Sri Dato' Dr Lin See Yan**

### REMUNERATION AND NOMINATION COMMITTEE

**Edmond Cheah Swee Leng**  
(Chairman)

**Khamis bin Awal**

### COMPANY SECRETARIES

**Choo Se Eng**  
(MIA 5876)  
(SSM PC No. 202208000036)

**Stephen Geh Sim Whye**  
(MICPA 1810)  
(SSM PC No. 201908001029)

### REGISTERED OFFICE

Unit C508, Block C, Kelana Square  
Jalan SS7/26, Kelana Jaya  
47301 Petaling Jaya  
Selangor Darul Ehsan  
Malaysia  
Tel : (603) 7805 1817  
Fax : (603) 7804 1316

### PRINCIPAL PLACE OF BUSINESS

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

### WEBSITE

[www.nylex.com](http://www.nylex.com)

### 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  
Tel : (603) 2783 9299  
Fax : (603) 2783 9222

### AUDITORS

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

### STOCK EXCHANGE LISTING

Main Market of Bursa Malaysia  
Securities Berhad  
- Industrial Products & Services  
Sector  
- Stock code : 4944

### PRINCIPAL BANKERS

Malayan Banking Berhad  
HSBC Bank Malaysia Berhad  
RHB Bank Berhad  
OCBC Bank (Malaysia) Berhad  
Bangkok Bank Berhad  
United Overseas Bank (Malaysia)  
Berhad

### SOLICITORS

Chong, Ng & Yap  
Advocates and Solicitors

### DOMICILE

Malaysia

# FIVE-YEAR HIGHLIGHTS

	2022* RM'000	2021* RM'000	2020 RM'000	2019 RM'000	2018 RM'000
Revenue	<b>934,143</b>	1,151,677	1,136,305	1,560,354	1,446,375
(Loss)/Earnings before interest, tax, depreciation and amortisation	<b>(10,564)</b>	60,662	20,212	27,781	52,804
(Loss)/Profit before tax	<b>(33,050)</b>	26,392	(18,940)	4,640	30,576
Net (loss)/profit for the year	<b>(49,947)</b>	18,753	(25,705)	(4,520)	20,075
Net (loss)/profit attributable to owners of the parent	<b>(50,435)</b>	18,923	(23,207)	(3,332)	19,093
<b>ASSETS</b>					
Property, plant and equipment	-	115,357	123,658	147,340	146,197
Right-of-use assets	-	59,053	48,734	-	-
Investments	-	3,831	2,999	4,241	1,640
Other non-current assets	<b>7,785</b>	107,075	111,478	126,431	127,864
Other current assets	<b>15,741</b>	444,788	344,048	442,665	503,750
<b>TOTAL ASSETS</b>	<b>23,526</b>	730,104	630,917	720,677	779,451
<b>EQUITY AND LIABILITIES</b>					
<b>Equity attributable to owners of the parent</b>					
Share capital	<b>30,856</b>	195,143	195,143	195,143	195,143
Reserves	-	17,322	20,810	24,805	18,612
Retained earnings	<b>1,668</b>	110,769	94,767	119,753	135,353
Less: Treasury shares, at cost	<b>(9,678)</b>	(10,011)	(12,916)	(10,062)	(4,883)
	<b>22,846</b>	313,223	297,804	329,639	344,225
<b>Non-controlling interests</b>	-	9,563	10,101	11,216	16,011
<b>Total equity</b>	<b>22,846</b>	322,786	307,905	340,855	360,236
Borrowings	-	213,554	210,565	250,285	254,059
Other non-current liabilities	-	28,426	14,373	7,046	6,077
Other current liabilities	<b>680</b>	165,338	98,074	122,491	159,079
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>23,526</b>	730,104	630,917	720,677	779,451
<b>FINANCIAL INDICATORS</b>					
Earnings per share - sen	<b>(28.1)</b>	10.7	(13.2)	(1.8)	10.1
Dividend per share - sen	-	1.7	1.0	3.0	2.0
Net assets per share - sen	<b>12.7</b>	174.7	170.3	183.5	183.5
Share price - sen	<b>23.0</b>	85.0	84.0	64.0	63.0
<b>OTHER INFORMATION</b>					
Depreciation and amortisation	<b>17,351</b>	26,741	27,421	10,423	11,330
Finance costs	<b>5,727</b>	7,919	11,867	12,474	11,156
<b>* Including discontinued operations as follows</b>					
Revenue	<b>934,143</b>	1,151,677			
(Loss)/Earnings before interest, tax, depreciation and amortisation	<b>(9,795)</b>	61,571			
(Loss)/Profit before tax	<b>(32,281)</b>	27,301			
Net (loss)/profit for the year	<b>(49,178)</b>	19,662			
Net (loss)/profit attributable to owners of the parent	<b>(49,666)</b>	19,832			
<b>OTHER INFORMATION</b>					
Depreciation and amortisation	<b>17,351</b>	26,741			
Finance costs	<b>5,727</b>	7,919			

# BOARD OF DIRECTORS



**DATUK ANUAR BIN AHMAD**  
Independent Non-Executive Chairman

**MALAYSIAN / MALE / AGE 68**

Joined the Board on 14 August 2018. He was appointed as a member of the Audit Committee on 21 August 2018. He was re-designated as Independent Non-Executive Chairman on 16 January 2020.

Datuk Anuar graduated in 1977 with a Bachelor of Science (Econs) from the London School of Economics and Political Science from University of London.

Datuk Anuar started his career in 1977 with Petroliaam Nasional Berhad ("PETRONAS"). During his 36 years of service with the PETRONAS Group, he held various senior managerial and leadership positions in marketing, trading, corporate planning and human resource management until his retirement in April 2014 where his last position held was the Executive Vice President of Gas and Power Business.

During his stint with PETRONAS Group, Datuk Anuar was appointed as the Managing Director and Chief Executive Officer in PETRONAS Dagangan Berhad from 1998 to 2002. He was also a member of PETRONAS Management Committee and member of PETRONAS board from 2002 to April 2014. He also sat on the board of various companies within PETRONAS Group.

In 1997, between his years of service with the PETRONAS Group, Datuk Anuar underwent a 3-month business management course under the Advanced Management Program at Harvard Business School.

Presently, Datuk Anuar is Chairman, Non-Independent Non-Executive Director of PETRONAS Dagangan Berhad, and Independent Non-Executive Director of Kumpulan FIMA Berhad all of which are companies listed on Bursa Malaysia Securities Berhad. Datuk Anuar also holds directorships in a few private companies.



**DATO' SIEW KA WEI**  
Group Managing Director

**MALAYSIAN / MALE / AGE 66**

Joined the Board on 12 October 1999. He became the Group Managing Director on 29 January 2002.

He received his secondary and tertiary education in the United Kingdom, first studying in Marlborough College and then completed his tertiary education at Imperial College, London, United Kingdom. He received his Bachelor of Science (Hons) Degree in Chemical Engineering and his Masters of Science (MSc) degree in Operational Research at Imperial College, graduated in 1978.

Dato' Siew has extensive working experience in the field of petrochemicals locally and internationally for more than 30 years.

Dato' Siew was a very active member of the Young Presidents' Organization ("YPO") from 1993 until 2006. He was Chairman of the Malaysian Chapter of YPO and was Co-Chairman of the first Regional Conference in Kuala Lumpur in 1998. He became a member of the International Board of YPO in 2000 and served until 2003. During his tenure he was Chairman of YPO's Global Leadership Congress in Beijing in 2003. He was also a former President of the Imperial College Alumni of Malaysia and a former Governor of the Board of Governors of Marlborough College of Malaysia.

Currently, Dato' Siew is also the Executive Chairman of Ancom Nylex Berhad and the Executive Vice Chairman of Ancom Logistics Berhad, both of which are listed on the Bursa Malaysia Securities Berhad.

Dato' Siew is a substantial shareholder of the Company by virtue of his direct and indirect interest in Ancom Nylex Berhad (formerly known as Ancom Berhad), the holding company of the Company, and his direct and indirect interest in the Company.

## BOARD OF DIRECTORS



**EDMOND CHEAH SWEE LENG**

Independent Non-Executive Director

**MALAYSIAN / MALE / AGE 68**

Joined the Board on 26 August 2005. He is currently the Chairman of the Audit Committee. He was appointed as the Chairman of the Remuneration and Nomination Committee on 21 August 2018.

Mr Cheah is a Chartered Accountant by profession and a member of the Malaysian Institute of Accountants (MIA) and Association of Chartered Accountants, England & Wales. He is also a Certified Financial Planner (CFP).

Mr Cheah started his career as an Audit Manager with a professional accounting firm in London. He was later the Manager in charge of portfolio investment in a merchant bank in Malaysia and subsequently in charge of the corporate planning and investment division of a public listed company in Malaysia. Mr Cheah was formerly the Chief Executive Officer/Executive Director and a member of the Investment Committee of Public Mutual Berhad. He was also a Council Member and the Chairman of the Secretariat of the Federation of Investment Managers Malaysia (FIMM); a former Task Force Member on Islamic Finance for the Labuan Offshore Financial Services Authority (LOFSA); a former member on the Securities Market Consultation Panel in Bursa Malaysia Securities Berhad and a founder member and a past President of the Financial Planning Association of Malaysia (FPAM) and the Treasurer for the Society for the Prevention of Cruelty to Animals (SPCA).

Mr Cheah is currently Chairman of Adventa Berhad, a company which is listed on Bursa Malaysia Securities Berhad. He is also Chairman of the Investment Committee and Director of Manulife Asset Management Services Berhad and also serves as Chairman of Manulife Insurance Labuan Limited.



**KHAMIS BIN AWAL**

Non-Independent Non-Executive Director

**MALAYSIAN / MALE / AGE 74**

Joined the Board on 9 April 2012 and is currently a member of the Audit Committee. He was appointed as a member of the Remuneration and Nomination Committee on 21 August 2018.

Encik Khamis graduated with a Bachelor of Science in Agriculture in 1972 from the University of Western Australia, Perth.

Encik Khamis has worked in various capacities after his graduation including working as an Area Manager in Associated Tractors Sdn Bhd, a subsidiary of Tractors Malaysia Berhad; Divisional Manager in Malaysian International Shipping Corporation Berhad and Executive Director in Ancom Nylex Berhad (formerly known as Ancom Berhad). He started his own business in 1996 and became the Managing Director of Warisan Tankers Sdn Bhd, a brokerage company until he retired in 2010.

Encik Khamis has no directorships in other public companies and listed issuers.

## BOARD OF DIRECTORS



### TAN SRI DATO' DR LIN SEE-YAN

Independent Non-Executive Director

**MALAYSIAN / MALE / AGE 82**

Joined the Board on 2 December 2019. He was appointed as a member of the Audit Committee on 28 April 2021.

Tan Sri Dato' Dr Lin is an independent strategic and financial consultant; a British Chartered Scientist and a UK Chartered Statistician. He received three degrees from Harvard University, including a PhD in Economics. He is an Eisenhower Fellow and a Fellow of the IMF Institute in Washington DC, Royal Statistical Society, London, Asian Institute of Chartered Bankers, Malaysian Insurance Institute (Hon.), Malaysian Institute of Management and the Malaysian Economic Association. He is also a Distinguished Fellow of the Institute of Strategic and International Studies, and Research Professor at Sunway University.

He has a long and distinguished history of service in the government and private sectors. He was Chairman/President and Chief Executive Officer of the Pacific Bank Group and, for 14 years previously, Deputy Governor of Bank Negara Malaysia, having been a central banker for 34 years. Tan Sri Dato' Dr Lin continues to serve the public as a member of key steering committees at the Ministry of Higher Education; a member of the Asian Shadow Financial Regulatory Committee; Governor of the Asian Institute of Management, Manila; Board member of Sunway University; Chairman Emeritus of the Harvard Graduate School Alumni Council at Harvard University in Cambridge, USA; President of the Harvard Club of Malaysia; and Economic Advisor to the Associated Chinese Chambers of Commerce and Industry of Malaysia.

Tan Sri Dato' Dr Lin is currently a Director of Wah Seong Corporation Berhad and Sunway Berhad; Chairman of IGB REIT Management Sdn Bhd (a manager of the IGB Real Estate & Investment Trust). He also serves as a trustee of the Tun Ismail Ali Foundation (PNB), Malaysian Economic Association Foundation, Prime Minister's Exchange Fellowship Malaysia, Jeffrey Cheah Foundation and Harvard Club of Malaysia Foundation; and is a Mentor Counselor of the LIN Foundation.

#### Notes:

1. The Directors have no family relationship with any Directors and/or major shareholders of the Company.
2. Save for Dato' Siew Ka Wei who has interest in certain related party transactions as disclosed in the page 120 of this Annual Report, the Director does not have any business interest which conflict with his position in the Company.
3. Other than traffic offences (if any), none of the Directors has been convicted of any offence within the past five (5) years and there is no public sanction or penalty imposed by the relevant regulatory bodies during the financial year.
4. The meeting attendance records and securities holdings of the Directors are respectively disclosed in page 18 and page 121 of this Annual Report.

# KEY SENIOR MANAGEMENT

<b>DATO' SIEW KA WEI</b>	<b>ROBIN LING SENG CHIONG</b>	<b>MICHELLE CHEN TAI NGOH</b>
Group Managing Director	Deputy Chief Executive Officer - Nylex (Malaysia) Berhad	Chief Financial Officer
<b>MALAYSIAN / MALE / AGE 66</b>	<b>MALAYSIAN / MALE / AGE 52</b>	<b>MALAYSIAN / FEMALE / AGE 55</b>
<p>Details of Dato' Siew Ka Wei are disclosed in the Director's profile on page 4 of this Annual Report.</p>	<p>Robin was appointed as Deputy Chief Executive Officer on 2 January 2018. He is also the Executive Director in PKG, a position he held since he joined the Group in 2007. Prior to joining PKG, he worked as Asia Pacific Regional Manager for a USA specialty chemicals company for 13 years.</p> <p>He is currently a member of Industry Expert Advisory Panel (IEAP), Science Programme of Tunku Abdul Rahman University College (TARUC). Robin is also a member of the Executive Committee of Chemical Industries Council of Malaysia (CICM) for 2021-2023 Term.</p> <p>Robin graduated with a Bachelor of Applied Science degree, majoring in Analytical Chemistry from University of Science Malaysia.</p> <p>Robin has no directorship in public companies and listed issuers.</p>	<p>Michelle joined the Company in 1995 as Associate Accounts Manager and in the ensuing years, she has held various positions within the Corporate Office of Nylex. She was appointed as Chief Financial Officer in year 2010. Michelle was attached to one of the international professional service firms before joining Nylex.</p> <p>Michelle is a Fellow member of the Association of Chartered Certified Accountants (ACCA) and also a member of the Malaysian Institute of Accountants (MIA).</p> <p>Michelle has no directorship in public companies and listed issuers.</p>

**Notes:**

1. There is no family relationship between the Key Senior Management with any Director and/or major shareholder of the Company.
2. 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 there is no public sanction or penalty imposed by the relevant regulatory bodies during the financial year.

# MANAGEMENT DISCUSSION AND ANALYSIS

## OVERVIEW AND REVIEW OF FINANCIAL RESULTS

On 26 January 2022, Nylex (Malaysia) Berhad (**"Nylex"** or **"the Company"**) has successfully completed the disposal of all its assets and liabilities, including investment in all its subsidiaries, to its holding company, Ancom Nylex Berhad (formerly known as "Ancom Berhad") (**"ANB"**) (**"Disposal"**).

Consequent to the Disposal, the consolidation of the group financial results was made up to 31 January 2022 for the financial year ended 31 May 2022 (**"FY 2022"**), a 8-month financial results for current financial year under review, compared with 12-month results for the last financial year (**"FY 2021"**).

For FY 2022, the Nylex Group achieved lower revenue of RM934.1 million, which represents a decrease of 18.9% from RM1,151.7 million recorded in the last financial year with reduced profit before tax (**"PBT"**) of RM15.9 million for the 8-month's period. After taking account the loss of RM49.0 million arising from the Disposal, the Group suffered a loss before tax (**"LBT"**) of RM33.1 million for FY 2022, compared with PBT of RM26.4 million recorded in the 12-month's period in FY 2021.

The Group recorded loss attributable to the owners of the parent company of RM50.4 million for FY 2022 (FY 2021: Profit of RM18.9 million).

The basic loss per share is at 28.1 sen for FY 2022 compared with basic earnings per share of 10.7 sen in FY 2021. The net assets per share attributable to owners of the parent company is at 12.7 sen, compared with 174.7 sen as at 31 May 2021.

## RETURN TO SHAREHOLDERS

In accordance with the terms of the Disposal with ANB, the Company completed the distribution of the proceeds from the Disposal amounting to RM164.3 million, to all the entitled shareholders of Nylex by way of a capital reduction and repayment exercise on 23 March 2022.

The Directors do not recommend the payment of any dividend for the current financial year.

There is no payment of dividend by the Company in the last financial year.

## OUTLOOK AND PROSPECTS

Following the completion of the Disposal, the Company has triggered Paragraph 8.03A(2) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad (**"Listing Requirements"**) whereby the Company has ceased all of its business and entire operations and accordingly, the Company is now classified as an affected listed issuer under the Listing Requirements.

As part of its regularisation exercise, Nylex has on 21 March 2022 entered into a Heads of Agreement (**"HOA"**) with Sinar Bina Infra Sdn Bhd (**"SBI"**), LBS Bina Group Berhad (**"LBS"**), BTS Group Holdings Public Company Limited (**"BTS"**) and ANB 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 (**"LRT Project"**). The LRT Project is subject to a Feasibility Study being completed and the grant of the concession award for the LRT Project by the state government of Johor in due course. The parties are working together exclusively to agree on the terms of the definitive agreements to effect the proposals stipulated in the HOA.

The prospects of the Company would hinge on the feasibility of the LRT Project.

## APPRECIATION

The Board wishes to thank all our customers, suppliers, bankers, the relevant regulatory authorities, management and employees of the Company for the successful completion of the Proposals and their continued support throughout the year.

# 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 (**“the Board”**) acknowledges the importance of adopting good corporate governance practices in discharging its duties and responsibilities to safeguard the assets of the Company and its subsidiaries (**“the Group”**) and to enhance shareholders’ value and financial performance of the Group.

The *Malaysian Code on Corporate Governance* (**“MCCG”**) covers three (3) broad principles:

- (A) Board leadership and effectiveness;
- (B) Effective audit and risk management; and
- (C) Integrity in corporate reporting and meaningful relationship with stakeholders.

The Board is pleased to present this Corporate Governance Overview Statement (**“Statement”**) to provide an overview of the extent of compliance with these three (3) principles of the MCCG under the stewardship of the Board throughout the financial year ended 31 May 2022 (**“FY 2022”**).

Pursuant to the Main Market Listing Requirements (**“Listing Requirements”**) of Bursa Malaysia Securities Berhad (**“Bursa Securities”**), the Company has completed the prescribed Corporate Governance Report for FY 2022, which is made available at the Company’s website at [www.nylex.com](http://www.nylex.com) under the *Corporate Governance* section.

## PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS

### I. BOARD RESPONSIBILITIES

#### Clear roles and responsibilities of the Board

The Board retains full and effective control of and responsibility for the Group. It is primarily responsible for charting and reviewing the strategic direction of the Group. The principal duties and responsibilities of the Board are, inter alia, as follows:

- Formulating and reviewing the business direction and objectives of the Group

The Board plays an active role in formulating the Group’s overall business direction and in reviewing the Group’s business strategies and financial performances at regular intervals. In carrying out its duties, the Board ensures that the strategic plan of the Group supports long-term value creation and includes strategies on economic, environmental and social considerations underpinning sustainability.

The Board also reviews and approves key operational policies and initiatives, as well as major investments and funding decisions of the Group.

- Overseeing the conduct of business of the Group

The Board has established the Board Committees, namely the Audit Committee and the Remuneration and Nomination Committee (**“R&N Committee”**), which are entrusted with specific responsibilities to oversee the affairs of the Group with authority to act on behalf of the Board in accordance with their respective Terms of Reference (**“TOR”**). At each Board meeting, the Chairman of the respective Board Committees would report to the Board on the key matters discussed by the Board Committees at their respective meetings.

# CORPORATE GOVERNANCE OVERVIEW STATEMENT

The activities of the Audit Committee and R&N Committee are detailed under separate sections of this Statement.

Overall, the Board's duties in overseeing the conduct of business of the Group includes monitoring and assessing Management's implementation of its business strategies, protecting the Group's assets and the integrity of its financial and non-financial reporting through the upholding of effective risk management and internal controls systems, setting Group values and promoting ethical and good corporate governance practices by building such values into internal procedures and policies, and maintaining procedures to enable effective communication with stakeholders.

- Reviewing the risk management framework and the adequacy and integrity of the Group's internal control system and management information system

The Board, through the Audit Committee, conducts periodic reviews on the risk management framework to ensure compliance with the relevant laws, rules, regulations, directives, guidelines and the business objectives of the Group. Authority levels, control procedures, reporting mechanisms and internal audit function are subject to periodic reviews by the Board.

- Succession planning

The Board ensures that all candidates appointed to Senior Management positions are of sufficient calibre and that there are programmes in place to provide for the orderly succession of Senior Management.

## Clear functions of the Board and Management

As at 31 May 2022, the Board comprised one (1) Independent Non-Executive Chairman, one (1) Group Managing Director, two (2) Independent Non-Executive Directors and one (1) Non-Independent Non-Executive Director.

A Deputy Chief Executive Officer, who is not a Board member, has also been appointed to assist the Group Managing Director.

The Board is responsible for the oversight and overall management of the business direction and objectives of the Group. The Non-Executive Directors are independent of the Management but will have free and open contact with the Management in order to provide objective and critical evaluation to Management's function. The Board ensures that the Management has in place an achievable strategic plan and objectives, and appropriate processes for risk assessment, risk management and internal controls.

The Management, under the guidance of the Group Managing Director and Deputy Chief Executive Officer, is accountable for the day-to-day operations of the Group and implementation of the Board's decisions and policies. At the quarterly Board meetings, the Group Managing Director provides the Board with an update on the Group's key strategic initiatives and key operational issues.

To ensure that the Board and Management are clearly aware of where the limits of responsibility lie and that due consideration is given to issues at the appropriate level, certain matters are formally reserved for the Board's decision. The Board reserves full decision-making powers, amongst others, on the following matters (save to the extent that the Board resolves that the decision/approval of any such matter shall be delegated to the committees of the Board or Management):

- Material acquisitions and disposals of undertakings and properties not in the ordinary course of business;
- Material corporate exercise/restructuring;
- Major capital commitment; and
- New issue of securities.

# CORPORATE GOVERNANCE OVERVIEW STATEMENT

## Separation of the positions of the Non-Executive Chairman and the Group Managing Director

The Group has adopted the practice of the MCCG whereby the positions of the Non-Executive Chairman and the Group Managing Director are held by different individuals.

The roles of the Non-Executive Chairman and the Group Managing Director are distinct and separate with individual responsibilities and clearly defined duties, power and authorities.

The Chairman holds a non-executive position and is primarily responsible for instilling good corporate governance practices, providing leadership and ensuring the Board's effectiveness and conduct in discharging its responsibilities as well as leading the Board in the oversight of the Management.

The principal duties and responsibilities of the Chairman are, inter alia, as follows:

- Providing leadership for the Board so that the Board can perform its responsibilities effectively;
- Setting the Board agenda and ensuring that Board members receive adequate and accurate information in a timely manner;
- Leading Board meetings and discussions;
- Encouraging active participation and allowing dissenting views to be freely expressed;
- Managing the interface between Board and Management;
- Ensuring appropriate steps are taken to provide effective communication with stakeholders and that their views are communicated to the Board as a whole; and
- Leading the Board in establishing and monitoring good corporate governance practices in the Company.

On the other hand, the Group Managing Director with the assistance of the Deputy Chief Executive Officer, are accountable for the day-to-day management of the Group's business operations and implementation of the Board's decisions and policies. They are supported by the management team which consists of the Chief Financial Officer and the various divisional heads.

The distinct and separate roles of the Chairman and the Group Managing Director, with a clear division of responsibilities, ensure a balance of power and authorities, such that no one individual has unfettered powers of decision making.

## Qualified and competent Company Secretaries

The Board is supported by two (2) Company Secretaries. Both Company Secretaries have more than twenty (20) years of experience in company secretarial practices and are qualified to act as Company Secretary in accordance with the provisions of the Companies Act 2016 (**"Act"**).

The Company Secretaries play an advisory role to the Board on its roles and responsibilities and in formulating the Company's Constitution (**"Constitution"**) and Board policies and procedures. The Company Secretaries have a key role to play in ensuring that the Board policies and procedures are both followed and regularly reviewed. They are responsible for the efficient administration of the Company's secretarial practices, particularly with regard to ensure compliance with the Constitution, the Board policies and procedures and the statutory and regulatory requirements. They are also responsible for regularly updating and apprising the Board on new regulations issued by the regulatory authorities as well as corporate governance practices.

# CORPORATE GOVERNANCE OVERVIEW STATEMENT

One of the key responsibilities of the Company Secretaries is to prepare and organise Directors and Committee meetings and the shareholders meetings. The Company Secretaries will also attend these meetings in order to ensure that the legal requirements are fulfilled and provide such information as is necessary. This responsibility will involve the issue of proper notices of meetings, preparation of agenda, circulation of relevant papers and that accurate and adequate records of the proceedings of the Board meetings and resolutions passed are taken and maintained in the statutory register of the Company.

The Company Secretaries are also responsible for ensuring that the Company files its various documents/returns and maintains its statutory records in accordance with the requirements of the Act. The other roles and responsibilities of Company Secretaries include but not limited to facilitate the orientation of new Directors and assist in Directors' training and development; monitor corporate governance developments and assist the Board in applying governance practices to meet the Board's needs and stakeholders' expectations; and serve as a focal point for stakeholders' communication and engagement on corporate governance issues.

The Company Secretaries work closely with the Chairman and the Group Managing Director/Deputy Chief Executive Officer/Chief Financial Officer to ensure that there are timely and appropriate information flows between the Management and the Board and Board Committees.

## **Access to information and advice**

All Directors have unrestricted access to information of the Group and on an on-going basis, the Directors interact with the Management team to seek further information, updates or explanation on any aspect of the Group's operations or businesses. Furthermore, the Directors have access to the advice and services of the two (2) Company Secretaries, who are responsible for ensuring that all Board procedures are followed and that applicable laws and regulations are complied with, and may engage independent professional advice on any matter connected with the discharge of their responsibilities as they may deem necessary and appropriate, at the Company's expense.

The Board meets at least once in every quarter to deliberate and consider a variety of matters including the review and approval of the quarterly interim financial reports of the Group.

Prior to the Board/Committee meetings, the 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, the quarterly interim financial reports or the annual audited financial statements, reports of the Board Committees, Internal Audit Reports and other matters for the Directors' perusal before the Board/Committee meetings. The Company Secretaries will strive to provide these materials to the Directors seven (7) days prior to the Board/Committee meetings, working within the challenges and constraints of the information gathering process; otherwise, the materials will be provided two (2) days before the meetings while those of a confidential nature will be provided during the Board/Committee meetings. Upon conclusion of the Board/Committee meetings, minutes are circulated for review by the attendees. The Board ensures that the minutes of meetings accurately reflect the deliberations and decisions of the Board, including whether any Director abstained from voting or deliberating on a particular matter. The Company Secretaries ensure that the minutes are kept to record all proceedings at the Board/Committee meetings, the deliberations on the matters at hand and the decisions made thereto.

Senior Management is invited to attend the Board and Board Committee meetings to provide insight 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/Committee meetings to provide the Board/Committees, as the case may be, with explanations and clarifications which the Directors may require to facilitate informed decision-making.

# CORPORATE GOVERNANCE OVERVIEW STATEMENT

## Board Charter

The Board is mindful of the need to safeguard the interest of the Group's stakeholders. In order to facilitate the effective discharge of its duties, the Board has drawn up and adopted a board charter on 28 October 2013 of which is posted on the Company's website at [www.nylex.com](http://www.nylex.com) under the *Corporate Governance* section.

The Board Charter sets out the roles and responsibilities of the Board and Board Committees to assist the Board in being aware of their duties and responsibilities to effectively discharge their fiduciary duties in managing the affairs of the Company.

The Board Charter focuses on the following areas:

- Board composition and Board Committees;
- The duties and responsibilities of the Board and the Board Committees; and
- The Code of Conduct and Ethics for the Board members.

The Board Charter will be updated from time to time to reflect changes to the Board's practices and amendments to the relevant rules, requirements and regulations.

The Board Charter was last reviewed by the Board on 30 August 2022.

## Code of Conduct and Ethics

The Board, in discharging its oversight role, conducts its business in observation to the Company's Code of Conduct and Ethics for Directors.

A summary of the Code of Conduct and Ethics is available on the Company's website at [www.nylex.com](http://www.nylex.com) under the *Corporate Governance* section.

The Code of Conduct and Ethics is formulated to enhance the standard of corporate governance and corporate behaviour with the aim of achieving the following objectives:

- To establish a standard of conduct and ethical behaviour for Directors based on trustworthiness and value that can be accepted and upheld by the Directors;
- To uphold the spirit of responsibility and social responsibility in line with the legislation, regulations and guidelines for administering a company; and
- To manage conflicts of interest, preventing the abuse of power, corruption, insider trading and money laundering.

The Code of Conduct and Ethics is updated from time to time to reflect changes to the Board's practices and amendments to the relevant rules, requirements and regulations.

The Code of Conduct and Ethics was last reviewed by the Board on 30 August 2022.

## Strategies promoting sustainability

The Board practices 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 its shareholders.

The Group continued to carry out activities which demonstrate its commitment towards creating a better environmental, social and sustainability agenda during FY 2022 as reported in the *Sustainability Statement* on page 35 of this Annual Report.

# CORPORATE GOVERNANCE OVERVIEW STATEMENT

## Anti-Bribery and Anti-Corruption Management/Whistle-Blowing

The Company is committed to uphold sound values and the high standard of work ethics in line with good corporate governance. All its Directors, managers and employees are expected to conduct themselves with integrity in carrying out their functions.

During the last financial year, the Company has initiated the Anti-Bribery and Anti-Corruption Management within the Group. The Company engaged a law firm to draft the Anti-Bribery and Anti-Corruption Policy for the Group ("**Policy**"). The Policy sets out the Group's commitments and requirements regarding ethical business practices and personal conduct. It also sets out the behaviour the Group expects of its employees and what the Group's employees, business partners can expect from the Group. The Group shall conduct its business with integrity, respecting the laws, cultures, dignity and rights of individuals in all of the countries where it operates. 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 Policy. The Policy was last reviewed by the Board on 30 August 2022.

The Whistle-Blowing Policy has also been formulated along with a Whistle-Blowing channel on the Company's website [www.nylex.com](http://www.nylex.com) for all employees of the Group and other stakeholders to raise genuine concerns about any improper conduct without fear of retaliation. Offering protection to those who report improper conduct, it strengthens the Group's accountability and transparency in conducting its business affairs. The Whistle-Blowing Policy is accessible on the Company's website at [www.nylex.com](http://www.nylex.com) under the *Corporate Governance* section. The Whistle-Blowing Policy was last reviewed by the Board on 30 August 2022.

## II. BOARD COMPOSITION

### Composition of the Board

As at 31 May 2022, the Board comprises one (1) Independent Non-Executive Chairman, one (1) Group Managing Director, two (2) Independent Non-Executive Directors and one (1) Non-Independent Non-Executive Director. The composition of the Board is in compliance with the Listing Requirements which requires at least two (2) Directors or one-third (1/3) of the Board, whichever is higher, are Independent Non-Executive Directors. It is also complied with the MCCG by having at least half of the Board that comprises Independent Non-Executive Directors.

All Board members are persons of calibre and credibility with extensive expertise and wealth of experience in legal, accounting, economics, corporate finance, marketing and business practices to augment the Group's continued growth and success.

The higher proportion of Independent Non-Executive Directors on the Board provides for an effective check and balance on the functions of the Board. The 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, which enables them to exercise independent judgement in the discharge of their duties and responsibilities in the best interests of the Company.

The profile of the *Board of Directors* is set out in pages 4 to 6 of this Annual Report.

# CORPORATE GOVERNANCE OVERVIEW STATEMENT

## Annual Assessment

The Board has in place a Director's Fit and Proper Policy, which was adopted by the Board on 29 June 2022. The Director's Fit and Proper Policy is available on the Company's website at [www.nylex.com](http://www.nylex.com).

The R&N Committee has conducted an assessment on all the Board members in accordance with the assessment criteria in the Director's Fit and Proper Policy and are satisfied that all the Directors fulfilled the criteria as set out in the Director's Fit and Proper Policy.

In addition, taking into consideration the Board's structure, size, composition and the required mix of expertise and experience which the Directors should bring to the Board, the R&N Committee assessed each Board member's qualifications, skills, knowledge, expertise and experience, time availability, professionalism, integrity and, in the case of Independent Non-Executive Directors, their ability to discharge such responsibilities and functions as expected of them.

The R&N Committee was 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, with members comprising individuals of high calibre, credibility and with the necessary skills and qualifications to enable the Board to discharge its responsibility effectively. Accordingly, the R&N Committee recommended that the current composition of the Board and Committees be retained.

During the financial year, the R&N Committee did not perform any evaluation on the individual Director's performance. The R&N Committee was of the view that the evaluations done in the previous financial years were adequate and reflective of the current state of affairs as far as the Board and Directors' performance are concerned.

The R&N Committee did not engage independent expert for the annual assessment as suggested by the MCGG but the Board has taken note that the involvement of independent expert or party to facilitate the Board evaluation periodically will 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.

## Re-election of Directors

Based on the results of the assessment, the R&N Committee has recommended to the Board the re-election of the following Directors who are retiring at the Company's forthcoming annual general meeting ("**AGM**") pursuant to the Constitution of the Company:

- i. Khamis bin Awal; and
- ii. Tan Sri Dato' Dr Lin See Yan.

## Assessment of independence

The Board, through the R&N Committee, annually assesses the independence of the Independent Directors. The criteria of an Independent Director include the following:

- The Independent Director is neither employee nor related to any major shareholders/Management of the Group and does not participate in the day-to-day operations of the Group and has fulfilled the definition of "Independent Directors" in the Listing Requirements;
- He/She is free from any business or other relationship with the Group which would materially interfere with the exercise of his/her independent judgement on matters on hand; and
- He/She is a person of calibre, credibility and has the necessary skill and experience to bring an independent judgement to bear on the issues of strategy, business performance, resources and standards of conduct. He/She is able to provide independent views in the Board's discussion and has not shown to have compromised on his/her independent judgement.

# CORPORATE GOVERNANCE OVERVIEW STATEMENT

The R&N Committee, having conducted the assessment on the Independent Non-Executive Directors, concluded that each of the Independent Non-Executive Directors continues to demonstrate that he/she has fulfilled the above criteria of an Independent Director.

## Tenure of Independent Directors

Practice 5.3 of the MCGG states that the tenure of an Independent Director should not exceed a cumulative term limit of nine (9) years. Upon completion of the nine (9) years, an Independent Director may continue to serve on the Board as a Non-Independent Director. If the Board intends to retain an Independent Director beyond nine (9) years in the same capacity, it should provide justification and seek annual shareholders' approval through a two-tier voting process.

The Board is of the view that the length of service of the Independent Directors should not affect a Director's ability to remain independent and to discharge their duties with integrity and competency. The important criteria that must be possessed by the Independent Directors are their independence from Management and their freedom from any business and other relationship which could interfere with the exercise of independent judgement or the ability to provide the necessary check and balance in the best interests of the Company. The Board also believes that valuable contributions can be obtained from Directors who have developed valuable insight of the Group and its business due to their long tenure of directorship in the Company. Their experience enables them to discharge their duties and responsibilities independently and effectively in the decision-making processes of the Board notwithstanding their tenure on the Board.

Based on the recent assessment in FY 2022, the Board is generally satisfied with the level of independence demonstrated by the Independent Directors, i.e. they are independent of Management and free from any business dealing or other relationship with the Group that could reasonably be materially interfere with their exercise of independent judgement.

Further, the Board had, via the R&N Committee, conducted an annual performance evaluation and assessment of Edmond Cheah Swee Leng, who has served as the Independent Non-Executive Director of the Company for a cumulative term of more than twelve (12) years, and recommend him to continue to act as the Independent Non-Executive Director of the Company based on the following justifications:

- He has fulfilled the criteria under the definition of Independent Director as stated in the Listing Requirements and his ability to bring an element of objectivity to the Board;
- He has been with the Company for more than twelve (12) years and he understands the Company's business operations which enable him to participate actively and contribute during the deliberations or discussions at the meetings;
- He is knowledgeable and has vast experience that could be shared with the Board; and
- He has exercised due care during his tenure as Independent Non-Executive Director of the Company and carried out his professional duties in the interest of the Company. It should be noted that his long tenure notwithstanding, the remuneration for Edmond Cheah Swee Leng does not vary significantly from the other Independent Non-Executive Directors.

The Board will seek shareholders' approval at the forthcoming AGM to retain Edmond Cheah Swee Leng as Independent Director of the Company based on the above justifications.

# CORPORATE GOVERNANCE OVERVIEW STATEMENT

## Senior Independent Director

The Board has decided to dispense with the need to appoint a Senior Independent Non-Executive Director to whom any concerns should be conveyed. The Board operates in an open environment whereby opinions and information are freely exchanged and, in these circumstances, any concerns need not be focused on a single Director as all members of the Board fulfil this role individually and collectively.

## Board Diversity Policy

The Group practices non-discrimination in any form, whether based on age, gender, ethnicity or religion, throughout the Group in selection of Board members. In addition, the Group believes it is of utmost importance that the Board is composed of the best-qualified individuals who possess the requisite knowledge, experience, independence, foresight and good judgement to ensure that the Board functions are effectively carried out and these individuals are able to discharge their duties in the best interests of the Company and its shareholders.

The R&N Committee has taken note of the practice in the MCCG pertaining to the establishment of a policy on boardroom diversity including gender diversity. The Board has formalised a Diversity Policy on 25 July 2018 which is available on the Company website at [www.nylex.com](http://www.nylex.com) under the *Corporate Governance* section.

The Board Diversity Policy was last reviewed by the Board on 30 August 2022.

The Board is supportive of gender diversity in the boardroom as recommended by the MCCG to promote the representation of women on Boards of Directors. However, the appointment of new Directors will be guided by the skills, knowledge, experience and qualifications of the candidates rather than solely by their gender or ethnicity. Nevertheless, the Board will endeavour to ensure that gender diversity is considered in nominating and selecting new Directors in future.

## Time commitment

All the Directors have committed sufficient time to carry out their duties during the tenure of their appointments. To ensure that the Directors have the time to focus and fulfil their roles and responsibilities, the Directors do not hold more than five (5) directorships in public listed companies, as required in the Listing Requirements.

The Directors are required to inform the Board the proportion of time they will commit to spend in performing their duties when accepting the Company's directorship. They are also required to inform the Board, including the proposed proportion of time to be committed to each of their appointments, should they wish to accept new board directorships in other public listed companies.

The Board meets at least once each quarter and additional meetings are convened as and when necessary as determined by the Chairman or as requested by the Directors. To help the Directors in planning their attendances at the Board and/or Board committees meetings, at the end of each calendar year, the Company Secretaries would draw up a proposed timetable for all the meetings of the Board and Board Committees, including the AGM, to be held in the next calendar year. Reminders are also sent to the Directors prior to each Board/Board Committee meeting.

## Board meetings

During the financial year, the Board held six (6) Board meetings; the Audit Committee held five (5) meetings and the R&N Committee held one (1) meeting. The attendance record below indicates the level of time commitment of the Directors in carrying out their duties as Directors of the Company:

# CORPORATE GOVERNANCE OVERVIEW STATEMENT

## Attendance at Board meetings

Name of Directors	Attendance	Percentage
Datuk Anuar bin Ahmad	6/6	100%
Dato' Siew Ka Wei	6/6	100%
Edmond Cheah Swee Leng	6/6	100%
Khamis bin Awal	6/6	100%
Tan Sri Dato' Dr Lin See Yan	6/6	100%

## Attendance at Audit Committee meetings

Name of Directors	Attendance	Percentage
Edmond Cheah Swee Leng	5/5	100%
Khamis bin Awal	5/5	100%
Datuk Anuar bin Ahmad	5/5	100%
Tan Sri Dato' Dr Lin See Yan	5/5	100%

## Attendance at R&N Committee meetings

Name of Directors	Attendance	Percentage
Edmond Cheah Swee Leng	1/1	100%
Khamis bin Awal	1/1	100%

All Directors have attained the minimum attendance during the financial year as required under the Listing Requirements.

The proceedings of all meetings, including all issues raised, deliberations, decisions and conclusions made at the Board of Directors and Board Committee meetings, were recorded in the minutes of the Board of Directors and Board Committee meetings respectively.

## Continuing Education Programme and Training

All Directors have attended the Directors' Mandatory Accreditation Programme and are aware of the requirements of the Continuing Education Programme prescribed by the Listing Requirements.

The Board has assumed the onus of determining and overseeing the training needs of the Directors. 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 effectively discharge their responsibilities and are encouraged to attend forums, training and seminars in accordance with their respective needs in discharging their duties as Directors. The Company Secretaries will also provide updates to the Directors from time to time on relevant guidelines and statutory and regulatory requirements.

In March 2022, the Directors of the Company have attended an in-house training session on Unpacking the Guide on how it assists PLCs in applying the Principles, Practices & Guidance of the updated Malaysian Code on Corporate Governance 2021 Edition.

# CORPORATE GOVERNANCE OVERVIEW STATEMENT

## III. REMUNERATION

### Remuneration and Nomination Committee

The Board has combined the functions of the Remuneration Committee and Nomination Committee into a **R&N Committee**. The R&N Committee was established on 24 September 2001.

The TOR of the R&N Committee, which was last reviewed on 30 August 2022, is available at the Company's website at [www.nylex.com](http://www.nylex.com) under the *Corporate Governance* section.

During FY 2022, the members of the R&N Committee, which comprises of Independent Non-Executive Director and Non-Independent Non-Executive Director, were as follows:

- i. Edmond Cheah Swee Leng; and
- ii. Khamis bin Awal

The Chairman of the R&N Committee has assumed the following responsibilities:

- Lead the succession planning and appointment of Board members; and
- Lead the annual review of Board effectiveness, ensuring that the performance of each individual Director is independently assessed.

The R&N Committee is primarily responsible for reviewing and assessing the performance and effectiveness of the Board and the Board Committees as a whole as well as its Directors individually and collectively, and also to recommend the re-appointment of the retiring Directors. Should there be any Board vacancy or the need for new talent on the Board, the R&N Committee is responsible for identifying, assessing and recommending suitable candidates for Board memberships. The R&N Committee will take into consideration the Board structure, size, composition and the required mix of expertise and experience which the candidates should bring to the Board. In such an evaluation, the R&N Committee would consider the candidates' qualifications, skill, knowledge, expertise and experience, professionalism, integrity, and, in the case of Independent Non-Executive Directors, the candidates' ability to discharge such responsibilities and functions expected from them. The R&N Committee does not utilise independent sources to identify suitably qualified candidates as the R&N Committee understands the specialised industry the Group operates in and the type of candidates whose background fit its criteria.

The final decision as to who shall be appointed as Director remains the responsibility of the Board, after considering the recommendations of the R&N Committee.

### Remuneration of Directors

The R&N Committee is responsible for recommending the remuneration of the Non-Executive Directors, including Directors' fees and benefits, and after considering a comparison with payments by similar companies, to the Board for its endorsement. The R&N Committee is also responsible for determining and recommending to the Board the remuneration packages of the Chairman and the Group Managing Director of the Company. During the financial year, the Board has approved the Remuneration Policy which maintain strong linkage between remuneration of Directors with performance, value and sustainability of the Company as well as skills and experienced required. The Remuneration Policy is available on the Company's website at [www.nylex.com](http://www.nylex.com).

It is the ultimate responsibility of the Board as a whole to decide the remuneration of the Directors as per the Remuneration Policy. The Directors' fees and benefits will be submitted to the shareholders for approval at the AGM of the Company. Directors who are shareholders will abstain from voting at general meetings to approve their fees.

## CORPORATE GOVERNANCE OVERVIEW STATEMENT

For the last financial year, the Non-Executive Directors of the Board received RM70,000 each as Directors' fee per annum. The members of the Audit Committee received RM30,000 each while the members of the R&N Committee received RM20,000 each per annum. These were as recommended by the R&N Committee and the total Directors' fees of RM379,045 was approved by the shareholders at the last AGM of the Company.

In addition, the Non-Executive Directors also received attendance allowances of RM416 for each Board and Board Committees meeting attended.

The Board has endorsed the R&N Committee's recommendation and will propose that the fees for the Board and Board Committees for the current financial year amounting to RM460,000 be paid to the Non-Executive Directors subject to the approval of the Company's shareholders at the forthcoming 52<sup>nd</sup> AGM.

The R&N Committee also assumes the task of recommending to the Board the remuneration package for the Group Managing Director ("**GMD**"). The remuneration of the GMD comprises a monthly salary, bonuses, benefits-in-kind and other benefits that the Board approves from time to time. The GMD is not entitled to the Director's fee and attendance allowance for the Board and Board Committee meetings that they attend.

The R&N Committee is of the opinion that the remuneration of the GMD during the financial year was reasonable.

Subject to the approval of the shareholders at the 52<sup>nd</sup> AGM of the Company for the payment of Directors fees, the details of remuneration, including remuneration for services rendered to the Company and to the subsidiaries, received and receivable by the Directors of the Company for the financial year ended 31 May 2022 are as follows:

	Company				Company Total (RM'000)	Subsidiaries	Group Total (RM'000)
	Directors' fee (RM'000)	Salaries, bonus and other emoluments (RM'000)	Meeting allowances (RM'000)	Benefits-in-kind (RM'000)		Salaries, bonus and other emoluments (RM'000)	
<b>Executive Director</b>							
Dato' Siew Ka Wei	-	840	-	19	<b>859</b>	912	<b>1,771</b>
<b>Non-Executive Directors</b>							
Datuk Anuar bin Ahmad	120	-	5	10	<b>135</b>	-	<b>135</b>
Edmond Cheah Swee Leng	120	-	6	-	<b>126</b>	-	<b>126</b>
Khamis bin Awal	120	-	6	-	<b>126</b>	-	<b>126</b>
Tan Sri Dato' Dr Lin See Yan	100	-	5	-	<b>105</b>	-	<b>105</b>
<b>Total</b>	<b>460</b>	<b>840</b>	<b>22</b>	<b>29</b>	<b>1,351</b>	<b>912</b>	<b>2,263</b>

In addition to the above, the Company has taken up a Directors' and Officers' Liability ("**D&O**") insurance for coverage of the Directors' defence costs and legal representation expenses incurred by the Directors concerned should any action be brought against them for actions undertaken as Directors 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.

# CORPORATE GOVERNANCE OVERVIEW STATEMENT

## PRINCIPLE B: EFFECTIVE AUDIT AND RISK MANAGEMENT

### I. AUDIT COMMITTEE

#### Compliance with Applicable Financial Reporting Standards

The Board strives to present true and fair, comprehensive, balanced and meaningful evaluation and assessment of the Group's financial performance, financial position and future prospects of the Group in the quarterly interim financial reports of the Group and the annual audited financial statements of the Group and of the Company in accordance with the provisions of the Act, the Listing Requirements, the Malaysian Financial Reporting Standards in Malaysia ("**MFRSs**"), the International Financial Reporting Standards ("**IFRSs**") and any other statutory or regulatory requirements.

The Directors are responsible for keeping proper accounting records which disclosed with reasonable accuracy on the financial position of the Group and of the Company, to enable them to ensure that the financial statements comply with the Act, the Listing Requirements, MFRSs, IFRSs and any other statutory or regulatory requirements.

The *Directors' Responsibilities Statement on Financial Statements* is set out on page 40 of this Annual Report.

The Board has established an Audit Committee to assist the Board in discharging its responsibility more effectively. The activities of the Audit Committee are elaborated on in more detail in the *Audit Committee Report* in this Annual Report.

The Group's annual audited financial statements are reviewed by the Audit Committee together with the External Auditors and the Management of the Company. The quarterly interim financial reports are reviewed by the Audit Committee and the Management. Thereafter, the Audit Committee will recommend to the Board to approve the same prior to their release to Bursa Securities within the stipulated time frame.

The Audit Committee also provides assurance to the Board with support from the External Auditors that all the statutory financial statements and reports presented are in compliance with applicable laws and accounting standards and give a true and fair view of the Group's performance and financial position.

#### Assessment of suitability and independence of External Auditors by the Audit Committee

The Board has established a formal, transparent and appropriate relationship with the Group's External Auditors, primarily through the Audit Committee.

Under its TOR and External Auditors Assessment Policy, the Audit Committee has explicit authority to communicate directly with the External Auditors. Meetings with the External Auditors are held as appropriate to discuss audit plans, audit findings and the annual audited financial statements. Whenever required, the Audit Committee will hold private sessions with the External Auditors in the absence of the Management to discuss the issues affecting the Group, if any.

The Audit Committee is empowered by the Board to assess the independence and performances of the External Auditors and to review all issues in relation to their appointment, re-appointment, resignation or dismissal.

The assessment of independence focuses on whether there exists any relationship between the External Auditors and the Directors or Senior Management and major shareholders of the Group as well as any conflict of interest arising therefrom, including the extent of non-audit services performed and fees charged by the External Auditors during the financial year that will give rise to questions about the External Auditors' independence and objectivities in carrying out the responsibilities entrusted to them. The assessment of performance also focuses on the External Auditors' experience, competency, resources of the firm, the quality of the staff assigned to audit the Company and its subsidiaries' accounts and the Audit Committee's opinion on the quality of the reports to the Audit Committee.

# CORPORATE GOVERNANCE OVERVIEW STATEMENT

For FY 2022, the Audit Committee has assessed the External Auditors' performance and independence based on the above criteria and was satisfied with the External Auditors' competency and independence. The Audit Committee has also received written assurance from the External Auditors confirming that they have complied with the relevant ethical requirements regarding professional independence. The Audit Committee, upon satisfying itself with the independence of the External Auditors, has recommended to the Board on the re-appointment of the External Auditors. The Board concurred with the Audit Committee's recommendation and has recommended the re-appointment of the External Auditors for the approval of the Company's shareholders at the forthcoming 52<sup>nd</sup> AGM.

The *Audit Committee Report* is set out on pages 25 to 29 of this Annual Report.

## II. RISK MANAGEMENT AND INTERNAL CONTROL FRAMEWORK

### Recognise and Manage Risks

The Board acknowledges its overall responsibility to maintain a sound risk management framework 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. The Board recognises that risks cannot be totally eliminated and the risk management framework and internal control system is designed to manage and mitigate, rather than eliminate, these risks to safeguard shareholders' investments and the Group's assets.

As per its TOR, the Audit Committee, which has been empowered to assist the Board in discharging its duties in relation to risk management and internal control, seeks regular assurance on the continuity and effectiveness of the risk management framework and internal control system through independent reviews conducted by the internal and external auditors. It is also empowered to decide on the appointment, dismissal or resignation of the internal auditors. The TOR can be found in the Company's website at [www.nylex.com](http://www.nylex.com) under the *Corporate Governance* section.

Deloitte Business Advisory Sdn Bhd has been appointed as the Group's internal auditors to review the internal control system during the financial year. The internal auditors report to the Audit Committee who shall determine their remuneration.

The *Statement on Risk Management and Internal Control* is disclosed on pages 30 to 34 of this Annual Report.

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

### I. COMMUNICATION WITH STAKEHOLDERS

#### Procedures on corporate disclosure

The Board acknowledges the importance of transparency and accountability to its shareholders, stakeholders and other investors through proper, timely and adequate dissemination of information on the Group's performance, business activities, financial performance, material information and corporate events through an appropriate channel of communication. The annual reports, quarterly interim financial reports and other announcements, circulars to shareholders and press releases are the primary modes of communication utilised by 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.nylex.com](http://www.nylex.com), and to ensure that such information is handled properly to avoid leakage or improper use. The Board will take reasonable steps to ensure that all investors have equal access to material information. Selective disclosure is not allowed.

# CORPORATE GOVERNANCE OVERVIEW STATEMENT

The Company shall disclose all material information required to be disclosed under applicable securities laws, regulations and requirements as per the disclosure principles listed below:

- Material information will be announced immediately to Bursa Securities, and later be made available on the Company's website;
- Material information will be kept confidential temporarily if the immediate release of such information would be detrimental to the interests of the Company and/or its shareholders;
- The disclosure must be factual and non-speculative;
- If the Company learns that an earlier disclosure contained material error(s), such disclosures must be corrected immediately; and
- The Company will not comment, affirmatively or negatively, on rumours including those on the Internet. Should Bursa Securities request that the Company make a definitive statement in response to any market rumour that is causing significant volatility in the price of the Company's securities, the GMD or the Company Secretary will respond appropriately, after consulting with the Board or Advisors if time permits, before a reply is given to Bursa Securities.

Information is considered material if it can reasonably be expected to have a material effect on the price, value or market activity of the Company's securities or the decision of a holder of security or an investor in his/her actions.

The Company Secretaries are responsible for compiling such information for the approval of the Board as soon as possible and for releasing such information to the market as stipulated by Bursa Securities.

## **Leverage on information technology for effective dissemination of information**

The Company has established a website at [www.nylex.com](http://www.nylex.com) where shareholders, stakeholders and other investors can have access to the Company's latest annual report, quarterly interim financial reports, announcements, circulars to shareholders and press releases, as well as the Company's current share price.

Announcements on corporate developments are made on a timely basis to Bursa Securities and these are made available to the public via Bursa Securities' website at [www.bursamalaysia.com](http://www.bursamalaysia.com) as well as on the Company's website.

## **Effective communication and proactive engagement with shareholders**

The Board encourages shareholders, stakeholders and other investors to communicate with the Company through other channels, via post at Lot 16, Persiaran Selangor, Section 15, 40200 Shah Alam, Selangor Darul Ehsan, Malaysia, fax at 603-55108291 or e-mail at [corp@nylex.com](mailto:corp@nylex.com). These questions and queries would be attended to by the Company's Senior Management or the Board, as the case may be.

## **II. CONDUCT OF GENERAL MEETINGS**

### **Encourage shareholder participation at general meetings**

General meetings remain the principal forum for dialogue between the Company and its shareholders.

At the general meetings, the Board encourages and gives sufficient opportunity for shareholders to ask questions regarding the Group's affairs, its financial performance and the resolutions being proposed. The Chairman of the meeting, when presenting items on the agenda for voting, will give a brief background of the resolutions and shareholders are invited to give their views and raise questions before voting takes place. Explanatory notes are also available on the Notice of General Meeting to provide rationales for the resolutions.

# CORPORATE GOVERNANCE OVERVIEW STATEMENT

In line with the Listing Requirements, to encourage more shareholder participation at the Company's general meetings, the Company allows any member who is entitled to attend and vote at the general meeting to appoint a proxy to attend and vote for him/her. 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 on the proceedings at the general meetings are recorded by the Company Secretaries and shareholders may inspect the minutes in accordance with the provisions of the Act. The minutes are published on the Company's website at [www.nylex.com](http://www.nylex.com) under the *Corporate Governance* section, to allow easier access for shareholders to inspect the minutes. A summary of key matters discussed at the general meetings is also posted on the Company's website at [www.nylex.com](http://www.nylex.com).

## Poll Voting

As provided in the Company's Constitution, all resolutions are to be decided via poll voting. The Company has appointed one (1) scrutineer to validate the votes cast at the AGM.

## CORPORATE GOVERNANCE REPORT

Please refer to the Company's Corporate Governance Report, available on the Company's website at [www.nylex.com](http://www.nylex.com), on the extent of the Company's application and compliance with the MCCG and the relevant explanations for any deviations.

## CONCLUSION

The Board recognises the importance of the Group practising good corporate governance and believes that it has managed the affairs of the Group in accordance with the corporate governance standards which are in compliance with the practices of the MCCG, except where stated otherwise.

# AUDIT COMMITTEE REPORT

Pursuant to Paragraph 15.15 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad

The Board of Directors (**“the Board”**) is pleased to present its Audit Committee Report for the financial year ended 31 May 2022.

## TERMS OF REFERENCE (“TOR”)

The Audit Committee is governed by its Terms of Reference, which are available on the Company’s website at [www.nylex.com](http://www.nylex.com) under the *Corporate Governance* section. The Terms of Reference were last reviewed by the Board on 30 August 2022.

## MEMBERS AND MEETINGS

The Audit Committee held a total of five (5) meetings during the financial year. The members and their attendance record are as follows:

Members	Attendance	
	No.	%
<b>Edmond Cheah Swee Leng</b> <i>Chairman, Independent Non-Executive Director</i>	5/5	100
<b>Khamis bin Awal</b> <i>Member, Non-Independent Non-Executive Director</i>	5/5	100
<b>Datuk Anuar bin Ahmad</b> <i>Member, Independent Non-Executive Director</i>	5/5	100
<b>Tan Sri Dato’ Dr Lin See Yan</b> <i>Member, Independent Non-Executive Director</i>	5/5	100

The Audit Committee Chairman, Edmond Cheah Swee Leng is a member of the Malaysian Institute of Accountants (MIA). The composition of the Audit Committee during the financial year complied with the Main Market Listing Requirements of Bursa Malaysia Securities Berhad (**“Listing Requirements”**). The members of the Audit Committee are financially literate and are able to understand matters under the purview of the Audit Committee, including the financial reporting process.

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.

As per the TOR, the Chairman of the Audit Committee should engage on a continuous basis with Senior Management of the Company in order to be kept informed of matters affecting the Company and the Group. In this respect, the Audit Committee has decided that this would be carried out in the form of Audit Committee/Management meeting whenever the situation warrants such a meeting.

During the financial year, five (5) Audit Committee/Management meetings were held which were attended by the Audit Committee members and Senior Management of the Group to discuss the operational issues in the Group.

The TOR requires a former key audit partner 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.

# AUDIT COMMITTEE REPORT

## SUMMARY OF WORK

During the financial year under review, the Audit Committee carried out its duties in accordance with its TOR. The work undertaken were as follows:

### Financial results

- Reviewed the quarterly interim financial reports with the Management before recommending them for the Board's approval for release to Bursa Malaysia Securities Berhad ("**Bursa Securities**"); and
- Reviewed the annual audited financial statements with the External Auditors prior to submission to the Board for approval for release to Bursa Securities.

The reviews above were to focus particularly on (if any):

- (i) changes in or implementation of major accounting policies;
- (ii) significant matters highlighted including financial reporting issues, significant judgements made by Management, significant and unusual events or transactions, and how these matters are addressed;
- (iii) compliance with the provisions of the Companies Act 2016, the Listing Requirements, the Malaysian Financial Reporting Standards ("**MFRSs**"), the International Financial Reporting Standards ("**IFRSs**") and other statutory and regulatory requirements; and
- (iv) that all audit issues were satisfactorily resolved.

### Internal audits

- Reviewed and approved the internal audit plan, including the scope of audit, and ensuring that all major and/or high-risk activities are covered;
- Reviewed the risk assessment reports and ensured the effective implementation of risk management system across the Group;
- Reviewed the quarterly internal audit reports, which detailed the observations and recommendations of the Internal Auditors, and the Management's responses to these recommendations;
- Reviewed certain weaknesses noted in the internal audit or non-compliance of the internal control system to assess their possible impact on the effectiveness of the internal control system and their possible financial impact on the Group's financial results and the going concern assumptions;
- Reviewed the Management's remedial actions to be undertaken in relation to the weaknesses and/or non-compliances and the follow-up actions undertaken by the Management; and
- Reviewed the performance of the Internal Auditor in discharging its duties during the financial year, and upon being satisfied of their independence, competence, experience and effectiveness, recommended to the Board that the Internal Auditors be re-appointed in the following financial year.

### External audits

- Reviewed and approved the annual audit planning memorandum, which detailed the areas of audit emphasis and the multi-location scope of the audit;
- Apprised of and reviewed the updates on the MFRSs and the material effects on the Group's financial reporting on adoption of new and revised MFRSs by the Group for the current financial year;
- Reviewed with the External Auditors, the results of their audit, the annual audited financial statements and the internal control recommendations in respect of the weaknesses noted in the Group's internal control system, if any, in the course of their audit and the Management's responses and remedial actions to be undertaken in relation to the weaknesses noted therein; and

# AUDIT COMMITTEE REPORT

- Reviewed the External Auditors' performance, independence and suitability and made recommendation to the Board for their remuneration and re-appointment. The re-appointment is subject to the approval by shareholders. In reviewing the performance, independence and suitability of the External Auditors, the Audit Committee received feedback from Management on the professional working relationship with the External Auditors, the quality of the audit delivery and the quality of people and service. Pertaining to independence, the assessment would focus on whether there exists any relationship between the External Auditors and the Directors or Senior Management and major shareholders of the Group as well as any conflict of interest arising therefrom, including the extent of non-audit services performed and fees charged by the External Auditors during the financial year that will give rise to questions about the External Auditors' independence and objectivities in carrying out the responsibilities entrusted to them. The Audit Committee has obtained written assurance from the External Auditors that they have complied with the relevant ethical requirements regarding professional independence. The External Auditors' independence is further enhanced by the *By-Laws (on Professional Ethics, Conduct and Practice)* of the Malaysian Institute of Accountants. As such, the Audit Committee has recommended to the Board to re-appoint Messrs BDO PLT as the External Auditors for financial year ending 31 May 2023.

## Related party transactions

- The Audit Committee reviewed the procedures for related party transactions that took place within the Company and the Group during the financial year, including the recurrent related parties' transactions ("**RRPT**") of a revenue and trading nature. The Audit Committee is satisfied that the procedures are sufficient to ensure that the related party transactions undertaken were on arm's length basis and on terms not more favourable to the related parties than those generally available to the public, nor were detrimental to the Company's minority shareholders.
- The Audit Committee is also satisfied that the Group has in place adequate procedures and processes to monitor, track and identify RRPT in a timely and orderly manner. The Audit Committee conducts a review of these procedures and processes at least once in a financial year.

## Share issuance scheme

- The Company has not established any share issuance scheme and has no subsisting share issuance scheme during the financial year under review.

During the Board Meeting, the Chairman of the Audit Committee briefed the Board on the matters discussed at the Audit Committee meetings. The Chairman also briefed the Board on the discussion on the internal audit reports and the issues raised in respect of the Group's internal control system, the quarterly interim financial reports, the annual audited financial statements and the recommendations of the Audit Committee thereon to the Board to approve the quarterly interim financial reports and the annual audited financial statements.

## INTERNAL AUDIT FUNCTION

The Audit Committee recognises that an independent and adequately resourced internal audit function is essential to assist in obtaining the assurance it requires regarding the effectiveness and adequacy of the Group's internal control system.

In this regard, the Board has outsourced the internal audit function of the Group to an independent professional consulting firm of international standing, Deloitte Business Advisory Sdn Bhd ("**Deloitte**"), for the financial year ended 31 May 2022 for a fee of RM27,500. The budget for the internal audit function had been approved by the Board upon recommendation from the Audit Committee. The outsourced internal audit function reports to the Audit Committee and indirectly assists the Board in monitoring and managing risks and the Group's system of internal control.

# AUDIT COMMITTEE REPORT

Prior to the appointment of Deloitte, the Audit Committee had evaluated the firm, and had satisfied itself that the firm and the relevant personnel are free from any relationships or conflicts of interest, which could impair their objectivity and independence. The Audit Committee also ensured that Deloitte has sufficient resources and is appropriately qualified to conduct the internal audit function of the Group. During its evaluation of Deloitte, the Audit Committee was assured that the personnel from Deloitte received continuous training to keep abreast with developments in the profession, relevant industry and regulations. The team is led by the Executive Director, Encik Muzafar Kamal Mahmood, who has over 19 years' experience in the field. The internal audits were conducted in accordance with the Standards for the Professional Practice of Internal Auditing issued by The Institute of Internal Auditors.

For the financial year ended 31 May 2022, most countries continued with the Covid-19 pandemic related restrictions and lockdowns. On 26 January 2022, Nylex has also successfully completed the disposal of all its assets and liabilities, including investment in all its subsidiaries, to its holding company, Ancom Nylex Berhad (formerly known as "Ancom Berhad") ("Proposed Disposal"). Due to the above, the annual audit planned approved by the Audit Committee have not been completed.

Amongst the responsibilities of the Internal Auditors were:

- (i) to review the adequacy, integrity 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, preserving the quality of assets and the integrity of management information system and consequently to determine the future requirements for internal control system and to co-develop a prioritised action plan;
- (ii) to perform a risk assessment of the Group's business operation and to identify the business processes within the Group that internal audit should focus on; and
- (iii) to allocate audit resources to areas within the Group that provide the Audit Committee and the Management with efficient and effective level of audit coverage.

At the Audit Committee meeting, the Internal Auditors presented the quarterly internal audit reports to the Audit Committee for review and discussion. The quarterly internal audit reports, which highlighted internal control weaknesses in the business operations and the Internal Auditors' assessment of the magnitude of the financial effects arising from the weaknesses noted, also contained the Internal Auditors' recommendations on the corrective actions to overcome the internal control weaknesses and the Management's responses to the findings and the recommendations thereof. Target was set for the appropriate corrective actions to be effected and the Internal Auditors would report their findings from the follow-up reviews in their internal audit progress reports, to the Audit Committee.

## ASSESSMENT OF INDEPENDENCE AND PERFORMANCE

### External Auditors

Under its TOR and External Auditors Assessment Policy, the Audit Committee is empowered by the Board to assess the independence and performances of the External Auditors and to review all issues in relation to their appointment, re-appointment, resignation or dismissal.

The assessment of independence focuses on whether there exists any relationship between the External Auditors and the Directors or senior management and major shareholders of the Group as well as any conflict of interest, including the extent of non-audit services performed by the External Auditors during the financial year that may impact their independence and objectivity. The assessment of performance focuses on the External Auditors' experience, competency, resources of the firm, quality of the staff assigned and the Audit Committee's opinion on the quality of the reports to the Audit Committee.

# AUDIT COMMITTEE REPORT

During the financial year, the Audit Committee assessed the External Auditors' performance and independence and was satisfied with the External Auditors' competency and independence. The External Auditors have given written assurance to the Audit Committee that they have complied with the relevant ethical requirements regarding their professional independence.

The Audit Committee has recommended to the Board to re-appoint Messrs BDO PLT as the External Auditors.

The Board concurred with the Audit Committee's recommendation and will recommend that the shareholders approve Messrs BDO PLT's re-appointment at the forthcoming 52<sup>nd</sup> Annual General Meeting of the Company.

## RISK MANAGEMENT

The Audit Committee reviewed the Risk Management Framework and the Risk Registry of the Group and the ongoing identification, evaluation and management of the significant risks affecting the Group, as has been reported in the *Statement on Risk Management and Internal Control* of this Annual Report.

Please refer to pages 30 to 34 of this Annual Report for the *Statement on Risk Management and Internal Control*.

## CONCLUSION

The Audit Committee is of the opinion that it has discharged its duties in accordance with the TOR as established above during the financial year under review, and that the Group's risk management and internal control system was effective and adequate.

# 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

This Statement on Risk Management and Internal Control by the Board of Directors (**“the Board”**) is prepared in accordance with the *Malaysian Code on Corporate Governance 2021* issued by the Securities Commission Malaysia and the *Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers* issued by the Taskforce on Internal Control with the support and endorsement of Bursa Malaysia Securities Berhad. It outlines the nature and scope of risk management and internal control of Nylex (Malaysia) Berhad (**“the Company”**) and its subsidiaries (**“the Group”**) during the financial year under review.

For the purpose of this Statement, the Group means the Company and its subsidiaries, excluding associates. This Statement does not cover associates as the Company does not have control over the operations, management and internal control systems of associates.

## RESPONSIBILITY OF BOARD AND MANAGEMENT

Risk is factor that affects or prevents the Group from achieving its financial, operational or organisational targets. An effective risk management and internal control system should achieve the following objectives:

- Identify, assess and respond to risks so that overall risk does not exceed acceptable levels;
- Safeguard assets of the Group and shareholders' interests; and
- Ensure compliance with regulatory requirements.

The Board is responsible for setting the tone at the top and ensuring that the risk management and internal control framework is embedded into the culture, processes and structures of the Group. The Board determines the tolerable risk appetite for the Group and reviews the existing risk management framework, processes and structures of the Group to ensure that the systems are sufficient to provide reasonable assurance that the risk exposure of the Group can be kept within acceptable limits.

The Board is supported by the Management, which has been tasked with the implementation of an effective risk management framework. Management performs its role by designing, implementing and monitoring the risk management framework in accordance with the tolerable risk appetite approved by the Board. Where there are changes to the overall risk profile, Management takes the appropriate response to contain the risk and promptly informs the Board on the matter.

However, it should be noted that due to the limitations that are inherent in any risk management and internal control system, the Group's risk management and internal control system is designed to manage and mitigate, rather than to eliminate the risk that may impede the achievement of the Group's business objectives. Accordingly, it can only provide reasonable but not absolute assurance against material misstatement or loss. Furthermore, consideration is given to the cost of implementation as compared to the expected benefits to be derived from the implementation of the internal control system.

## KEY ELEMENTS OF RISK MANAGEMENT AND INTERNAL CONTROL

The Group adopts an Enterprise Risk Management (**“ERM”**) framework and the Board has established a process for identifying, evaluating, monitoring and managing the significant risks that may materially affect the achievement of objectives and strategies. This process is being implemented throughout the Group and the Board will continue to review and strengthen this process from time to time in response to the changes in business environment or regulatory guidelines.

# STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

Key elements of risk management and internal control that the Board has established in reviewing the adequacy and integrity of the system of internal control are described below. During the financial year under review and up to the date of approval of this Statement, these elements were in place and the Audit Committee has carried out review on the adequacy and effectiveness of the risk management and internal control system, and has reported its findings to the Board.

## Organisational Structure

- The Audit Committee in its advisory capacity was established with specific terms of reference which include the overseeing and monitoring of the Group's financial reporting system and the review of the effectiveness of the Group's risk management framework and system of internal control periodically.
- A Risk Management Working Committee, which comprises the Group Managing Director, the Deputy Chief Executive Officer, Chief Financial Officer and selected committee members from the Corporate Office, was established by the Board to oversee and monitor all identified risks and assess the effectiveness and benefits of internal control in mitigating these risks based on the risk management framework adopted by the Group.
- The Group has in place an organisation structure with formally defined lines of responsibility and delegation of authority. A process of hierarchical reporting has been established which provides for a documented and auditable trail of accountability.

## Written Communication of Company Policies and Procedures

- Operational manuals and procedures on authority limits and day-to-day operations are provided to ensure compliance with the Group's risk management and internal control system and the relevant laws and regulations.
- The Board Charter sets out the authorities, roles, functions, compositions and responsibilities of the Board to assist the Directors to be aware of their duties and responsibilities to effectively discharge their fiduciary duty in managing the affairs of the Group. The Board Charter is complemented by the terms of reference of the Audit Committee and the Remuneration & Nomination Committee, which sets out the composition, responsibilities and administrative rights of the relevant Board Committees.

## Information and Communications Processes

- Limits of Authority have been established within the Group to define the necessary reporting procedures and appropriate authorised personnel to make decisions on operational matters, such as policy approval and capital and operational expenditure. These limits serve as a control whereby a cross-check system has been incorporated to minimise any abuse of authority.
- Each business unit within the Group prepares its own annual business plans and budgets, which is reviewed by Senior Management. The approved budget serves as a benchmark for the performance of the business units in the ensuing financial period. Monthly comparisons are made between the performance and budget, and also comparing the actual results with the previous year's results, where significant variances are investigated and explained to the Senior Management so that corrective actions can be taken in a timely manner, if necessary.
- The computers and internal server of the Group are outfitted with antivirus systems to protect the Group's database from cybersecurity threats. All software programs used in the Group are sourced from authorised dealers only, to ensure the authenticity and integrity of its information systems.

# STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

## Protection of Physical Assets

- The Group has in place insurance and physical safeguards on major assets to prevent any theft or damage that may cause material losses for the Group. Management conducts annual policy renewal exercise to review the coverage of Group's assets against the prevailing market price for the similar assets.

## Internal Control

- The Group's internal audit function is outsourced to a public accounting firm of international standing. The internal audit function facilitates the Board in its review and evaluation of the adequacy and integrity of the Group's internal control system.

During the financial year under review, the internal audit function of the Group was outsourced to Deloitte Business Advisory Sdn Bhd ("**Deloitte**"). Prior to the appointment of Deloitte, the Audit Committee has satisfied itself of the independence, resources and qualification of the firm.

- Internal audits are carried out according to the annual audit plan approved by the Audit Committee. The resulting reports from the internal audits undertaken are presented to the Audit Committee at its regular meetings. The Audit Committee meets to review, discuss and direct actions on matters pertaining to the internal audit reports which, among other matters, include findings relating to the adequacy and integrity of the internal control system of the Group. After the Audit Committee has deliberated on the reports, these are then forwarded to the operational management for attention and necessary actions. The operational management is responsible for ensuring recommended corrective actions on reported weaknesses are taken within the required time frame.

For the financial year ended 31 May 2022, most countries continued with the Covid-19 pandemic related restrictions and lockdowns. On 26 January 2022, Nylex has also successfully completed the disposal of all its assets and liabilities, including investment in all its subsidiaries, to its holding company, Ancom Nylex Berhad (formerly known as "Ancom Berhad") ("Proposed Disposal"). Due to the above, the annual audit planned approved by the Audit Committee have not been completed.

During the financial year under review up to the date of completion of the Proposed Disposal, the following former subsidiary was audited by Deloitte:

Name of Entity Audited	Audited Areas
Perusahaan Kimia Gemilang (Vietnam) Company Ltd	<ul style="list-style-type: none"> <li>Cash Management;</li> <li>Procurement and Accounts Payable Management;</li> <li>General IT Controls; and</li> <li>Inventory and Logistics Management.</li> </ul>

# STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

The principal risks faced by the Group are outlined below:

Risks	Mitigation plans
Strategic risks due to long-term policies or strategic objectives taken by the organisation to maintain operational competitiveness	<ul style="list-style-type: none"> <li>The Group maintains the efficacy of its risk management system to avoid being caught unawares by upcoming material changes.</li> <li>Regular information flow is provided to the Board to inform their decision-making process.</li> </ul>
Operational risks due to changes to the internal environment of the organisation arising from daily business activities	<ul style="list-style-type: none"> <li>A good corporate culture consistent with the values of the Group is instilled within the organisation to guide the behaviours and expectations of employees.</li> <li>Regular maintenance of machineries and information hardware is conducted to prevent breakdown that would impede the operations of the Group.</li> </ul>
External/Market risks due to changes in the external economic environment of the organisation	<ul style="list-style-type: none"> <li>The Group diligently monitors and evaluates market conditions and expected trends in deciding its product mix, suppliers and target markets.</li> <li>The Group capitalises on its experience and synergy among its subsidiaries to achieve operational efficiency and maintain competitiveness.</li> </ul>
Financial risks which are associated with the effective management and control of the finances of the organisation and the effects of external factors such as availability of credit, foreign exchange rate fluctuations, interest rate movements, commodity prices and other market exposures	<ul style="list-style-type: none"> <li>The Group maintains a natural hedge, whenever possible, by borrowing in the currency in which the investment is located or by borrowing in currencies that match the future revenue stream to be generated from its investments.</li> <li>Financial performance review by comparing the actual results with the previous year's result and the explanations on significant variances is presented to the Board during the Board meetings.</li> </ul>
Hazard risks, which include risks from fire and other property damage, windstorms and other natural perils, theft and other crime, personal injury, business interruption, disease and disability and liability claims	<ul style="list-style-type: none"> <li>Safety training programs, certified safety equipment and medical check-ups are provided for employees working in hazardous areas.</li> <li>Insurance and physical safeguards, including the employment of a security service, barriers and locks are installed in the Group's property to protect against theft and damage.</li> </ul>
Compliance risks such as occupational, health & safety, environmental, trade regulations, consumer protection, data and intellectual property protection, employment practices and regulatory requirements	<ul style="list-style-type: none"> <li>Corporate secretary regularly updates the Board on any changes in regulatory requirements by the relevant authorities.</li> <li>Senior Management and Board actively monitor the markets in which the Group operates. Any changes in compliance requirements detected by employees are also promptly escalated to the Board for swift decision-making.</li> </ul>

# STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

## REVIEW OF THIS STATEMENT

Pursuant to Paragraph 15.23 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, the External Auditors have reviewed this Statement in accordance with Malaysian Approved Standard on Assurance Engagements, ISAE 3000 (Revised), *Assurance Engagements Other than Audits or Reviews of Historical Financial Information* and the scope set out in the Audit and Assurance Practice Guide (“**APPG 3**”) issued by the Malaysian Institute of Accountants for inclusion in the Annual Report for the financial year ended 31 May 2022. AAPG 3 does not require the external auditors to form an opinion on the adequacy and effectiveness of the risk management and internal control systems of the Company. The External Auditors have reported to the Board that nothing has come to their attention that causes them to believe that the Statement on Risk Management and Internal Control intended to be included in the Annual Report has not been 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* to be set out, nor is the Statement on Risk Management and Internal Control factually inaccurate.

## CONCLUSION

The Board is satisfied with the adequacy and effectiveness of the Group's risk management and internal control system, up to the completion of the Proposed Disposal on 26 January 2022, for the financial year under review. The Board has received assurance from the Group Managing Director, Deputy Chief Executive Officer and Chief Financial Officer that the Group's risk management and internal control system, in all material aspects, is operating adequately and effectively, based on the risk management and internal control system adopted by the Group. For the financial year under review, there was no material control failure that has resulted in any material losses that would require disclosure in the Group's Annual Report. The Board will continue to take measures and maintain an on-going commitment to strengthen the Group's risk management and internal control system.

# SUSTAINABILITY STATEMENT

Pursuant to Paragraph 29, Part A of Appendix 9C of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad

The Board of Directors (**“the Board”**) is pleased to present the Sustainability Statement (**“Statement”**) of the Company and its subsidiaries (**“the Group”**) for the financial year ended 31 May 2022.

## Governance Structure

At Nylex (Malaysia) Berhad (**“Nylex”**), we recognise the importance of integrating sustainability in the Group’s operations when developing business strategy and management process.

The Group’s sustainability strategy is driven by the Board who is involved in formulating plans to identify, evaluate and manage sustainability matters within the Group. The Board is assisted by Senior Management who oversees the implementation of sustainability at their respective operation units.

## Scope of Disclosure

This Statement covers the period from 1 June 2021 to 31 May 2022 (**“FY 2022”**) for the Group, excluding associates. This Statement does not cover associates as the Company does not have full management and control over associates. In determining the sustainability disclosure of the Group, the reporting scope covers Malaysia, Singapore, Indonesia and Vietnam which is based on the geographical location of the Group’s operations.

At Nylex, we understand that a holistic approach to business management, where decisions are based not just on economic considerations but also on environmental, social and governance issues, will serve as a sound business model that supports business continuity and competitiveness over the long term. We have worked to incorporate sustainability as an essential element of our corporate culture and business decision making, strive for transparent business practices that are based on ethical values and respect for the stakeholders.

## Stakeholder Engagement

We engage regularly with key stakeholders via different platforms to build relationships based on openness and trust. Through these formal and informal sessions, we are able to obtain relevant input on our stakeholders’ concerns.

Stakeholder	Main Interests of Stakeholder	Engagement Channels
Employees	<ul style="list-style-type: none"> <li>Occupational safety and health</li> <li>Career development</li> <li>Employees welfare</li> </ul>	<ul style="list-style-type: none"> <li>Health and safety campaigns</li> <li>Monthly management meeting</li> <li>Employee engagement activities such as annual dinner</li> <li>Other on-going multiple internal engagement channels (e.g. emails, training, meeting)</li> </ul>
Vendors & Suppliers	<ul style="list-style-type: none"> <li>Fair procurement system</li> <li>Sustainable partnerships with Nylex</li> <li>Pricing and credit term</li> </ul>	<ul style="list-style-type: none"> <li>Vendor evaluation and registration</li> <li>Formal and informal briefings and meetings</li> </ul>
Customers	<ul style="list-style-type: none"> <li>Product and service quality</li> <li>Timely product delivery</li> <li>Pricing and credit terms</li> </ul>	<ul style="list-style-type: none"> <li>Customer feedback sessions</li> <li>On-going multiple engagement channels (e.g. emails, meetings)</li> </ul>
Shareholders and investment community	<ul style="list-style-type: none"> <li>Shareholders’ returns</li> <li>Growth potential</li> <li>Business sustainability</li> </ul>	<ul style="list-style-type: none"> <li>Annual and quarterly reports</li> <li>General Meetings</li> <li>Announcements via Bursa Malaysia Securities Berhad (<b>“Bursa Securities”</b>)</li> <li>Corporate website</li> </ul>

# SUSTAINABILITY STATEMENT

Stakeholder	Main Interests of Stakeholder	Engagement Channels
Regulators	<ul style="list-style-type: none"> <li>Compliance with regulations</li> </ul>	<ul style="list-style-type: none"> <li>Regular reporting to relevant regulators</li> <li>Regular engagement with regulators</li> </ul>
Financial Institutions	<ul style="list-style-type: none"> <li>Timeliness of repayment</li> <li>Provide insight on our sustainable business performance</li> </ul>	<ul style="list-style-type: none"> <li>Contractual arrangements and business transactions</li> <li>Annual and quarterly reports</li> <li>General Meetings</li> <li>Announcements via Bursa Securities</li> <li>Corporate website</li> <li>On-going multiple engagement channels (e.g. emails, meetings)</li> </ul>
Communities	<ul style="list-style-type: none"> <li>Environment, education and social support</li> </ul>	<ul style="list-style-type: none"> <li>Corporate Social Responsibility programmes</li> </ul>

## ECONOMIC ENHANCEMENT

### Customer Management

The Group is of the view that maintaining products and services quality is essential to contribute to business success. We make great efforts to deliver positive customer experience, and this is always high on our priority list. We work closely with our customers to understand their needs by way of conducting annual customer satisfaction survey which includes aspect such as responsive enquiry and order handling, product quality, delivery performance, service performance and overall satisfaction. Customers feedback or complain will be attended by our sales personnel along with quality assurance personnel. Corrective and preventive actions will be carried out and monitored by our Quality Assurance Department to prevent recurrence of complaints. We do our best to ensure products we produce meet our customers' requirements.

### Supply Chain Management & Procurement Practices

There has been an increased focus around the world on integrating the sustainability practices into the supply chain. Supply chain management is important in facilitating the business operations and the Group aims to build mutually beneficial relationships with the suppliers in the long run. The Group engages with suppliers fairly, transparently and ethically.

We have an all-encompassing approach to maximise value creation by reducing supply chain costs, improving transactional processes, complying with laws and regulations and enhancing efficiency, while providing sustainable fit for purpose solutions. We source from different suppliers of respective industries and trade globally. We believe in contributing back to the economy which has given us much in economic benefits.

Suppliers' performances are monitored through vendor evaluation. Evaluations on suppliers are generally focusing on areas such as price and payment terms, product and service quality, operation scale, reliability and credibility. Identified issues are communicated with the suppliers for necessary rectification action and improvement.

### Indirect Economic Impact

Our business generates a wide range of indirect economic benefits such as investments in our production facilities and logistics network, which benefit our communities by facilitating commerce and providing jobs.

# SUSTAINABILITY STATEMENT

## ENVIRONMENT

As a manufacturer of polymers and industrial chemicals as well as a provider of transportation services, we are aware that our operations need to be managed carefully to minimise our impact on the environment. Our initiatives to address the environmental concerns in our operations include the management of energy and water consumption, responsible disposal of our effluent and other waste products.

### Energy Use

The Group monitors its energy consumption closely. To minimise energy usage, energy-saving light bulbs are used whenever possible throughout our operations. We also encourage our employees to switch off the lights and air conditioners when the office is not in use. In addition, meetings are conducted to discuss the energy saving issues when necessary.

The Group is continuously looking for ways to ensure business operations are energy efficient. By minimising energy consumption, we can lower our operational cost and reduce our carbon footprint.

### Freshwater Consumption

Water is mainly used to generate steam and for cooling on certain production processes and cleaning purposes. Water is reused whenever possible. Nylex takes an active approach to reduce water consumption through the implementation of various initiatives and we aim to reduce our water footprint by fostering water conservation practices and habits among the users.

### Waste and Effluent Management

Some of the by-products of our manufacturing operations are hazardous. As a responsible corporate citizen, we strive to minimise possibility of harm resulting from unintended contact with hazardous waste.

As part of our waste management process, we quantify and inventorise hazardous waste. Hazardous wastes temporarily stored in our premises pending further treatment or disposal are kept in designated areas away from the manufacturing line. Prior to transportation of hazardous waste, they are properly packaged and labelled.

Our chemical wastes are sent to Kualiti Alam Waste Management Centre in Negeri Sembilan for proper disposal. Monthly reports on the scheduled waste are submitted to the Department of Environment (“DOE”) and the Majlis Bandaraya Shah Alam.

Other wastes or materials such as papers, plastics and wood are re-used where possible or sent to recycling centres. Our production is moving forward to use more recyclable materials in the future.

### Greenhouse Gas Emission

Carbon emissions are inevitable in our business, and we do our very best in minimising these emissions. Regular and scheduled maintenance are prepared on vehicles and plants to ensure optimal performance and efficiency.

The Group employs Alam Sekitar Malaysia Sdn Bhd to carry out quarterly stack gas emission tests to ensure compliance with the Environmental Quality Act, 1974 (“EQA”).

As per the requirement set by DOE, certain former subsidiaries have monitored the air emissions on a regular basis. Besides this, air emission measurement and reporting is performed annually by an independent laboratory registered with the DOE.

# SUSTAINABILITY STATEMENT

## SOCIAL CONTRIBUTION

Nylex endeavours to safeguard high standards of governance across its operations, encourage responsible business practices, manage the environmental impact of its businesses, provide a safe and caring workplace and meet the social needs of its community. Our social contribution efforts are aimed for the benefit of the society and mirrored in the corporate social responsibility or community patronage activities undertaken.

### Workplace Diversity and Inclusion

The Group values its employees and understands that the welfare of its employees is the linchpin to its success. We believe discrimination bars people from living up to their full potential, creates inequality as well as less stable and prosperous societies. We observed basic human rights and will embrace diversity and inclusion of individuals in our business activities.

Talent is diverse by nature and we aim to build a diverse workforce begins with offering same opportunities and career perspectives to women and men regardless of races. However, the challenge will be the business nature and working models of our industry, which is still considered a male dominated industry. We strive to increase the involvement of women in all area.

The Group employs workers from more than six nationalities. They consist of full-time permanent employees, contract employees and part time employees. During peak periods, we employ contract staff to cope with peak manufacturing demand.

Our people are the crucial system underpinning organisation's ability to grow and thrive. Therefore, it is crucial to provide employee benefits that suit the Company's goals and objectives.

### Occupational Health and Safety

Keeping our people safe is our first and primary responsibility. It is a core value for us, and an unequivocal expectation from our employees, their families and communities. We aim to establish a "Safety First" culture in the Group. Training, coaching, and recognition are critical components to continuously encourage a culture of safety. The Group takes a proactive approach towards mitigating occupational hazards and risks, by ensuring employees operate in a secure environment at all times. Various activities and procedures focusing on safety and health were organised to promote healthy and positive work environment for its employees. The activities include:

- (a) for certain former subsidiaries that involve food related process, production staffs are required to take Typhoid inoculation. The requisite dosage is once every 3 years;
- (b) newly joined local employees will undergo basic pre-employment medical check-up while foreign workers will undergo Foreign Workers' Medical Examination ("**FOMEMA**") medical check-up upon arrival or renewal of contract;
- (c) proactive measures are taken to reduce employees' exposure to the noise in the high noise level areas, such as providing ear plugs and soundproofing the affected areas where possible. Annual Employee Audiometric Hearing tests are also conducted to ensure employees' hearing is in good condition;
- (d) ensure that Personal Protective Equipment ("**PPE**") which are registered with the Department of Occupational Safety and Health are used;
- (e) carry out scheduled safety drills such as fire and evacuation, chemical leakage, storage tank leakage and falling ill on-site drills to ensure that employees are well trained to handle emergency situations; and
- (f) training on safety, product handling, first aid, fire-fighting, inspection of fire-fighting equipment, fire and chemical handling drills and health briefings are carried out on a regular basis.

For health benefits provided to employees, we provide medical coverage and insurance benefits. We are also constantly reviewing our policies and management systems on Occupational Safety and Health and to ascertain they are effective and appropriate.

# SUSTAINABILITY STATEMENT

## Whistle-Blowing

The combination of sound corporate governance and ethical business conduct are fundamental to the achievement of our objectives to grow our business sustainably and enhance stakeholders' value. It is our policy to conduct business in a fair, honest and transparent manner.

The Board had adopted a Whistle-Blowing Policy ("**Policy**"), which is accessible on the Company's website at [www.nylex.com](http://www.nylex.com) under the *Corporate Governance* section. This Policy provides an avenue for all employees of the Group and other stakeholders to raise concerns about any improper conduct without fear of retaliation. Offering protection to those who report improper conduct, the Policy strengthens the Group's accountability and transparency in conducting its business affairs.

## Workforce Training and Development

The Group believes that talent development and retention are important to a sustainable entity as it depends on the quality of its people to bring the Group forward. Various trainings have been carried out in-house or participated externally to aim for improvement in employees' knowledge, skillsets and competencies allowing them to excel in their work and meet challenges head-on. Management and Supervisory Development programmes which provide career advancement opportunities were also organised for certain employees to develop key talents and successors for key management positions.

## Compliance

An effective governance structure and risk management system forms the backbone of our business operations. Risk assessments are conducted to identify and mitigate significant risks that are affecting our business operations. Additionally, we also review the adequacy of insurance coverage of all our business operations to safeguard against potential threats.

Employees of the Group are involved in identifying and mitigating sustainability risks across all areas of the Group's operations. The Group's Internal Audit function oversees the adequacy and effectiveness of the risk management framework while monitoring compliance with policies and procedures and with other relevant professional and regulatory requirements.

## Corporate Philanthropy

Consistent with one of the important focal area of its sustainability outlook, the Group welcome undergraduates or technical students from local and international institutions to apply for industrial training or factory visits.

The Company and/or its former subsidiaries has made sponsorship to the COVID-19 vaccination centre in Bukit Jalil, donation of test kits for flood relief, and donations to various charity and community service centres as well as donations to support various festivities.

## CONCLUSION

Towards integrating sustainability into our business, we continue our efforts to strengthen the risk management framework and enhance stakeholder value by adopting and applying good corporate governance framework, environmentally responsible practices and sound social policies.

# DIRECTORS' RESPONSIBILITIES STATEMENT ON FINANCIAL STATEMENTS

Pursuant to Paragraph 15.26(a) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad

In accordance with the Companies Act 2016, the Directors of the Company are required to prepare the financial statements for each financial year which shall give a true and fair view of the state of affairs and financial position of the Company and of the Group and their financial performance and cash flows as at the end of the financial year.

Pursuant to paragraph 15.26(a) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad (**“Listing Requirements”**), the Directors are required to issue a Statement explaining their responsibilities in the preparation of the annual audited financial statements.

The Directors hereby state that they are responsible for ensuring that the Company and the Group keep proper accounting records to enable the Company and the Group to disclose, with reasonable accuracy and without any material misstatement, the financial position of the Company and of the Group as at 31 May 2022 and the statements of profit or loss and statements of cash flows of the Company and of the Group for the financial year ended on that date. The Directors are also responsible for ensuring that the financial statements comply with the Malaysian Financial Reporting Standards, the International Financial Reporting Standards, the Companies Act 2016 in Malaysia, the Listing Requirements, and other statutory and regulatory requirements.

In preparing the financial statements of the Company and of the Group for the financial year ended 31 May 2022, the Directors have:

- adopted the appropriate accounting policies, which are consistently applied;
- made judgements and estimates that are reasonable and prudent;
- adopted all applicable accounting standards, material departures, if any, will be disclosed and explained in the financial statements; and
- adopted the assumption that the Company will operate as a going concern.

The Directors have provided the auditors with every opportunity to take all steps, undertake all inspections and seek all explanations they considered appropriate to enable them to give their audit report on the financial statements.

# FINANCIAL STATEMENTS

For the Financial Year Ended 31 May 2021

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# DIRECTORS' REPORT

## DIRECTORS' REPORT

The Directors hereby submit their report together with the audited financial statements of the Group and of the Company for the financial year ended 31 May 2022.

## PRINCIPAL ACTIVITIES

The Company is principally involved in investment holding, manufacture and marketing of vinyl-coated fabrics, calendered film and sheeting, rotomoulded plastic products, and other plastic products, including geotextiles, prefabricated sub-soil drainage systems, bulk chemical containers, road barriers, playground equipment and disposal bins as well as property development.

The principal activities and the details of the subsidiaries are indicated in Note 11 to the financial statements.

During the financial year, the Company has completed the Proposed Disposal as stated in Note 32(e) to the financial statements and all subsidiaries was disposed from the Group.

## RESULTS

The results of the operations of the Group and of the Company for the financial year are as follows:

	<b>Group RM'000</b>	<b>Company RM'000</b>
Loss from continuing operations, net of tax	(769)	(769)
Loss from discontinued operations, net of tax	(49,178)	(7,396)
<b>Net loss for the year</b>	<b>(49,947)</b>	<b>(8,165)</b>
Attributable to:		
Owners of the parent	(50,435)	(8,165)
Non-controlling interests	488	-
	<b>(49,947)</b>	<b>(8,165)</b>

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

In the opinion of the Directors, other than as disclosed in Note 32(e), 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.

# DIRECTORS' REPORT

## ISSUE OF SHARES AND DEBENTURES

During the financial year, the Company reduced its issued share capital from RM195,142,388 to RM30,855,176 by way of capital reduction and repayment exercise in relation to the Proposed Disposal as disclosed in Note 32(e) in the following manners:

- (a) Set-off amounted to RM82,592,950 against the interested shareholders of the Company;
- (b) Cash distribution of RM35,000,000 on the basis of approximately RM0.3926 for every one share held by the non-controlling interest of the Company; and
- (c) Consideration shares of RM46,694,262 which consist of 31,129,508 Ancom Nylex Berhad (formerly known as Ancom Berhad) ("ANB") shares on the basis of approximately RM0.5238 for every share held by the non-controlling interest of the Company.

There was no issuance of shares and debentures during the financial year.

## TREASURY SHARES

At the 51<sup>st</sup> Annual General Meeting held on 26 October 2021, the shareholders of the Company approved the proposed renewal of shareholders' mandate for the Company to repurchase up to 10% of its own ordinary shares. The Company did not purchase any of its ordinary shares during the financial year.

On 8 March 2022, the Company sold a total of 500,000 treasury shares at an average price of RM0.31 per share. The total consideration received for the disposal including transaction cost was RM151,768.

As at 31 May 2022, a total of 14,550,648 (2021: 15,050,648) treasury shares with a carrying amount of RM9,678,119 (2021: RM10,010,685) were held by the Company. Details of the shares sold in the financial year are disclosed in Note 22 to the financial statements.

## DIVIDENDS

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

## DIRECTORS

The Directors who served on the Board of the Company since the date of the last report and at the date of this report are as follows:

Datuk Anuar bin Ahmad  
Dato' Siew Ka Wei (*Group Managing Director*)  
Edmond Cheah Swee Leng  
Khamis bin Awal  
Tan Sri Dato' Dr Lin See Yan

In accordance with Clause 125 of the Company's Constitution, Khamis bin Awal and Tan Sri Dato' Dr Lin See Yan retire by rotation at the forthcoming annual general meeting and being eligible, offer themselves for re-election.

# DIRECTORS' REPORT

## DIRECTORS' INTERESTS

The interests in shares in the Company and its related companies of those who were Directors at the end of the financial year, as recorded in the Register of Directors' Shareholdings kept by the Company under Section 59 of the Companies Act 2016, are as follows:

	← Number of ordinary shares →				
	Balance as at 1.6.2021	Share Dividend	Acquired	Disposed	
<b>The Company</b>					
<i>Direct interest</i>					
Dato' Siew Ka Wei	3,857,706	1,883,098	761,558	(5,102,716)	1,399,646
<i>Deemed interest*</i>					
Dato' Siew Ka Wei	96,394,241	(13,103,154)	-	(5,407,536)	77,883,551
<b>Holding Company, Ancom Nylex Berhad</b>					
<i>Direct interest</i>					
Dato' Siew Ka Wei	29,968,920	1,612,901	9,995,051	(3,040,000)	38,536,872
<i>Deemed interest*</i>					
Dato' Siew Ka Wei	22,556,221	2,151,647	1,500,000	(3,900,451)	22,307,417
<b>Related Company, Ancom Logistics Berhad</b>					
<i>Direct interest</i>					
Dato' Siew Ka Wei	56,206	-	-	(56,200)	6
<i>Deemed interest*</i>					
Dato' Siew Ka Wei	161,616,500	-	-	(836,600)	160,779,900

	← Number of options over ordinary shares →			
	Balance as at 1.6.2021	Granted	Exercised	
<b>Options in Holding Company, Ancom Nylex Berhad</b>				
<i>Direct interest</i>				
Dato' Siew Ka Wei	1,200,000	-	(720,000)	480,000
<i>Deemed interest*</i>				
Dato' Siew Ka Wei	500,000	-	(300,000)	200,000

## DIRECTORS' REPORT

### DIRECTORS' INTERESTS *(continued)*

The interests in shares in the Company and its related companies of those who were Directors at the end of the financial year, as recorded in the Register of Directors' Shareholdings kept by the Company under Section 59 of the Companies Act 2016, are as follows *(continued)*:

	← Number of Warrants B (2020/2025) →			
	Balance as at 1.6.2021	Bought	Sold	
<b>Warrants in Holding Company, Ancom Nylex Berhad</b>				
<i>Direct interest</i>				
Dato' Siew Ka Wei	7,718,154	4,387,923	(1,900,000)	10,206,077
<i>Deemed interest*</i>				
Dato' Siew Ka Wei	4,397,157	-	(500,112)	3,897,045

\* *Deemed interested by virtue of Dato' Siew Ka Wei's direct and indirect interest in Ancom Nylex Berhad, Rhodemark Development Sdn. Bhd., Siew Nim Chee & Sons Sendirian Berhad, Silver Dollars Sdn. Bhd., Datin Young Ka Mun, Quek Lay Kheng and Siew Ka Kheong.*

By virtue of his interest in the shares in the holding company, Ancom Nylex Berhad ("ANB"), Dato' Siew Ka Wei is also deemed to have an interest in the shares in all the other subsidiaries of ANB to the extent ANB has an interest.

Other than as disclosed above, none of the other Directors holding office at the end of the financial year had any interest in the ordinary shares of the Company and its related companies during the financial year.

### DIRECTORS' BENEFITS

Since the end of the previous financial year, no Director has received or become entitled to receive a benefit (other than those benefits included in the aggregate amount of remuneration received or due and receivable by the Directors, or the fixed salary received in his capacity as a full-time employee of the Company) by reason of a contract made by the Company or by a related corporation with a 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, except as disclosed in Note 28 to the financial statements.

During and at the end of the financial year, no arrangement subsisted to which the Company was a party whereby Directors of the Company might acquire benefits by means of the acquisition of shares in, or debentures of the Company or any other body corporate.

# DIRECTORS' REPORT

## DIRECTORS' REMUNERATION

Directors' remuneration of the Group and of the Company are as follows:

	Group		Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
<b>Executive Directors</b>				
Salaries	488	630	408	525
Bonuses	1,200	1,300	400	700
Defined contribution plan	64	73	32	49
	1,752	2,003	840	1,274
Benefits-in-kind	19	28	19	28
	1,771	2,031	859	1,302
<b>Non-Executive Directors</b>				
Fees	460	379	460	379
Allowances	22	17	22	17
	482	396	482	396
Benefits-in-kind	10	15	10	15
	492	411	492	411
Total directors' remuneration	2,263	2,442	1,351	1,713

## INDEMNITY AND INSURANCE FOR DIRECTORS, OFFICERS AND AUDITORS

The Group 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 paid for the Directors and officers of the Group and of the Company during the financial year was RM13,000.

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

# DIRECTORS' REPORT

## OTHER STATUTORY INFORMATION

- (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 allowance for doubtful debts and satisfied themselves that all known bad debts had been written off and that adequate allowance had been made for doubtful debts; and
  - (ii) to ensure that any current assets which were unlikely to realise their values as shown in the accounting records in the ordinary course of business had been written down to an amount which they might be expected so to realise.
- (b) At the date of this report, the Directors are not aware of any circumstances which would render:
- (i) the amounts written off for bad debts or the amount of the allowance for doubtful debts inadequate to any substantial extent; and
  - (ii) the values attributed to the current assets in the financial statements of the Group and of the Company misleading.
- (c) At the date of this report, the Directors are not aware of any circumstances 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) At the date of this report, the Directors are not aware of any circumstances not otherwise dealt with in this report or financial statements which would render any amount stated in the financial statements of the Group and of the Company misleading.
- (e) At the date of this report, there does not exist:
- (i) any charge on the assets of the Group and of the Company which has arisen since the end of the financial year which secures the liabilities of any other person; or
  - (ii) any contingent liability of the Group and of the Company which has arisen since the end of the financial year.
- (f) In the opinion of the Directors:
- (i) no contingent or other liability has become enforceable or is likely to become enforceable within the period of twelve months after the end of the financial year which will or may substantially affect the ability of the Group and of the Company to meet their obligations as and when they fall due; and
  - (ii) no item, transaction or event of a material and unusual nature has arisen in the interval between the end of the financial year and the date of this report which is 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.

# DIRECTORS' REPORT

## HOLDING COMPANY

The holding company of the Company is Ancom Nylex Berhad, a company incorporated in Malaysia and listed on the Main Market of the Bursa Malaysia Securities Berhad.

## SIGNIFICANT EVENTS DURING THE YEAR

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

## 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 2022 are as follows:

	<b>Group RM'000</b>	<b>Company RM'000</b>
Statutory audit	123	35
Other services	130	130
	253	165

Signed on behalf of the Board in accordance with a resolution of the Directors dated 30 August 2022.

**Dato' Siew Ka Wei**

Director

**Edmond Cheah Swee Leng**

Director

# STATEMENT BY DIRECTORS

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

We, Dato' Siew Ka Wei and Edmond Cheah Swee Leng, being two of the Directors of Nylex (Malaysia) Berhad, do hereby state that, in the opinion of the Directors, the accompanying financial statements set out on pages 53 to 118 are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at 31 May 2022 and of their financial performance and cash flows for the financial year then ended.

Signed on behalf of the Board in accordance with a resolution of the Directors dated 30 August 2022.

**Dato' Siew Ka Wei**  
Director

**Edmond Cheah Swee Leng**  
Director

# STATUTORY DECLARATION

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

I, Chen Tai Ngoh (CA 32025), being the officer primarily responsible for the financial management of Nylex (Malaysia) Berhad, do solemnly and sincerely declare that the accompanying financial statements set out on pages 53 to 118 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  
on 30 August 2022

**Chen Tai Ngoh**

Before me,

**Mardhiyyah Abdul Wahab** (No. W729)  
Pesuruhjaya Sumpah  
Malaysia

# INDEPENDENT AUDITORS' REPORT

To the members of Nylex (Malaysia) Berhad (Incorporated in Malaysia)

## Report on the Audit of the Financial Statements

### Opinion

We have audited the financial statements of Nylex (Malaysia) Berhad, which comprise the statements of financial position as at 31 May 2022 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 53 to 118.

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 2022, 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 current year. We have determined that there were no key audit matters to communicate in our report.

### Information Other than the Financial Statements and Auditors' Report Thereon

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

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

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

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

# INDEPENDENT AUDITORS' REPORT

To the members of Nylex (Malaysia) Berhad (Incorporated in Malaysia)

## Responsibilities of the Directors for the Financial Statements

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

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

## Auditors' Responsibilities for the Audit of the Financial Statements

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

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

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

# INDEPENDENT AUDITORS' REPORT

To the members of Nylex (Malaysia) Berhad (Incorporated in Malaysia)

## **Auditors' Responsibilities for the Audit of the Financial Statements** *(continued)*

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

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

From the matters communicated with the Directors, we determine those matters that were of most significance in the audit of the financial statements of the Group and of the Company for the current year and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

## **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

30 August 2022  
Kuala Lumpur

### **Lum Chiew Mun**

03039/04/2023 J  
Chartered Accountant

# STATEMENTS OF PROFIT OR LOSS

For The Financial Year Ended 31 May 2022

	Note	Group		Company	
		2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
<b>Continuing operation</b>					
Other income	3	97	-	97	-
Administrative expenses		(866)	(909)	(866)	(909)
<b>Loss before tax from continuing operation</b>		<b>(769)</b>	(909)	<b>(769)</b>	(909)
Taxation	5	-	-	-	-
<b>Loss from continuing operation, net of tax</b>		<b>(769)</b>	(909)	<b>(769)</b>	(909)
<b>Discontinued operations</b>					
(Loss)/Gain from discontinued operations, net of tax		(191)	19,662	(63,891)	7,625
(Loss)/Gain on disposal of discontinued operations		(48,987)	-	56,495	-
<b>(Loss)/Gain from discontinued operations, net of tax</b>	6	<b>(49,178)</b>	19,662	<b>(7,396)</b>	7,625
<b>Net (loss)/profit for the year</b>		<b>(49,947)</b>	18,753	<b>(8,165)</b>	6,716
<b>Net (loss)/profit attributable to:</b>					
Owners of the parent		(50,435)	18,923	(8,165)	6,716
Non-controlling interests		488	(170)	-	-
		<b>(49,947)</b>	18,753	<b>(8,165)</b>	6,716
<b>Basic and diluted:</b>					
Earnings per share (sen)	7				
Continuing operation		(0.4)	(0.5)		
Discontinued operations		(27.7)	11.2		
		<b>(28.1)</b>	10.7		
Dividends per ordinary share (sen)	8	-	1.7		

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

# STATEMENTS OF COMPREHENSIVE INCOME

For The Financial Year Ended 31 May 2022

	Note	Group		Company	
		2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
<b>Net (loss)/profit for the year</b>		<b>(49,947)</b>	18,753	<b>(8,165)</b>	6,716
<b>Other comprehensive income/(loss), net of tax</b>					
<b>Item to be reclassified subsequently to profit or loss</b>					
Foreign currency translations		<b>1,241</b>	(3,850)	-	-
<b>Item not to be reclassified subsequently to profit or loss</b>					
Re-measurement of defined benefit liability	24	<b>74</b>	(22)	-	-
<b>Total comprehensive (loss)/income for the year</b>		<b>(48,632)</b>	14,881	<b>(8,165)</b>	6,716
<b>Total comprehensive (loss)/income attributable to:</b>					
Owners of the parent		<b>(49,246)</b>	15,419	<b>(8,165)</b>	6,716
Non-controlling interests		<b>614</b>	(538)	-	-
		<b>(48,632)</b>	14,881	<b>(8,165)</b>	6,716

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

# STATEMENTS OF FINANCIAL POSITION

As at 31 May 2022

	Note	Group		Company	
		2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
<b>ASSETS</b>					
<b>Non-current assets</b>					
Property, plant and equipment	9	-	115,357	-	17,050
Right-of-use assets	10	-	59,053	-	11,070
Investments in subsidiaries	11	-	-	-	157,502
Investments in associates	12	-	2,991	-	400
Goodwill arising on consolidation	13	-	82,820	-	-
Deferred tax assets	14	<b>7,785</b>	24,255	<b>7,785</b>	20,861
		<b>7,785</b>	284,476	<b>7,785</b>	206,883
<b>Current assets</b>					
Inventories	15	-	122,148	-	7,572
Trade and other receivables	16	-	224,265	-	91,804
Investment securities	17	-	840	-	161
Income tax recoverable		<b>1,264</b>	4,124	<b>1,264</b>	941
Short-term deposits with licensed banks	18	<b>14,000</b>	14,719	<b>14,000</b>	-
Cash and bank balances	18	<b>477</b>	79,532	<b>477</b>	9,351
		<b>15,741</b>	445,628	<b>15,741</b>	109,829
<b>TOTAL ASSETS</b>		<b>23,526</b>	730,104	<b>23,526</b>	316,712

# STATEMENTS OF FINANCIAL POSITION

As at 31 May 2022

	Note	Group		Company	
		2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
<b>EQUITY AND LIABILITIES</b>					
<b>Equity attributable to the owners of the parent</b>					
Share capital	19	<b>30,856</b>	195,143	<b>30,856</b>	195,143
Reserves	20	-	17,322	-	-
Retained earnings	21	<b>1,668</b>	110,769	<b>1,668</b>	68,537
Treasury shares, at cost	22	<b>(9,678)</b>	(10,011)	<b>(9,678)</b>	(10,011)
		<b>22,846</b>	313,223	<b>22,846</b>	253,669
<b>Non-controlling interests</b>		-	9,563	-	-
<b>TOTAL EQUITY</b>		<b>22,846</b>	322,786	<b>22,846</b>	253,669
<b>LIABILITIES</b>					
<b>Non-current liabilities</b>					
Deferred tax liabilities	14	-	2,602	-	-
Borrowings	23	-	26,837	-	-
Provision for retirement benefits	24	-	4,679	-	2,726
Lease liabilities	10	-	21,145	-	143
		-	55,263	-	2,869
<b>Current liabilities</b>					
Trade and other payables	25	<b>680</b>	150,551	<b>680</b>	14,654
Borrowings	23	-	186,717	-	45,400
Income tax payable		-	1,464	-	-
Lease liabilities	10	-	13,323	-	120
		<b>680</b>	352,055	<b>680</b>	60,174
<b>TOTAL LIABILITIES</b>		<b>680</b>	407,318	<b>680</b>	63,043
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>23,526</b>	730,104	<b>23,526</b>	316,712

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

# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For The Financial Year Ended 31 May 2022

	Note	Attributable to owners of the parent					Non-controlling interests RM'000	Total equity RM'000
		← Non-distributable →		Distributable		Total RM'000		
		Share capital RM'000	Translation reserve RM'000	Treasury shares RM'000	Retained earnings RM'000			
Balance as at 1 June 2021		195,143	17,322	(10,011)	110,769	313,223	9,563	322,786
Net (loss)/profit for the year		-	-	-	(50,435)	(50,435)	488	(49,947)
Other comprehensive income, net of tax		-	1,151	-	38	1,189	126	1,315
<b>Total comprehensive income/(loss) for the year</b>		-	1,151	-	(50,397)	(49,246)	614	(48,632)
<b>Transactions with owners</b>								
Capital reduction	19	(164,287)	-	-	(58,523)	(222,810)	-	(222,810)
Disposal of discontinued operations		-	(18,473)	-	-	(18,473)	(10,177)	(28,650)
Disposal of treasury shares	22	-	-	333	(181)	152	-	152
<b>Total transactions with owners</b>		(164,287)	(18,473)	333	(58,704)	(241,131)	(10,177)	(251,308)
<b>Balance as at 31 May 2022</b>		<b>30,856</b>	<b>-</b>	<b>(9,678)</b>	<b>1,668</b>	<b>22,846</b>	<b>-</b>	<b>22,846</b>

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**

For The Financial Year Ended 31 May 2022

	Note	Attributable to owners of the parent					Non-controlling interests RM'000	Total equity RM'000
		← Non-distributable →		Distributable		Total RM'000		
		Share capital RM'000	Translation reserve RM'000	Treasury shares RM'000	Retained earnings RM'000			
Balance as at 1 June 2020		195,143	20,810	(12,916)	94,767	297,804	10,101	307,905
Net profit/(loss) for the year		-	-	-	18,923	18,923	(170)	18,753
Other comprehensive loss, net of tax		-	(3,488)	-	(16)	(3,504)	(368)	(3,872)
<b>Total comprehensive (loss)/income for the year</b>		-	(3,488)	-	18,907	15,419	(538)	14,881
<b>Transactions with owners</b>								
Dividends	8	-	-	2,905	(2,905)	-	-	-
<b>Total transactions with owners</b>		-	-	2,905	(2,905)	-	-	-
Balance as at 31 May 2021		195,143	17,322	(10,011)	110,769	313,223	9,563	322,786

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

# COMPANY STATEMENT OF CHANGES IN EQUITY

For The Financial Year Ended 31 May 2022

	Note	Non-distributable Share capital RM'000	Treasury shares RM'000	Distributable Retained earnings RM'000	Total equity RM'000
Balance as at 1 June 2021		195,143	(10,011)	68,537	253,669
Net loss for the year		-	-	(8,165)	(8,165)
<b>Total comprehensive loss for the year</b>		-	-	(8,165)	(8,165)
<b>Transactions with owners</b>					
Capital reduction	19	(164,287)	-	(58,523)	(222,810)
Disposal of treasury shares	22	-	333	(181)	152
<b>Total transactions with owners</b>		(164,287)	333	(58,704)	(222,658)
<b>Balance as at 31 May 2022</b>		<b>30,856</b>	<b>(9,678)</b>	<b>1,668</b>	<b>22,846</b>
Balance as at 1 June 2020		195,143	(12,916)	64,726	246,953
Net profit for the year		-	-	6,716	6,716
<b>Total comprehensive income for the year</b>		-	-	6,716	6,716
<b>Transactions with owners</b>					
Dividends	8	-	2,905	(2,905)	-
<b>Total transactions with owners</b>		-	2,905	(2,905)	-
Balance as at 31 May 2021		195,143	(10,011)	68,537	253,669

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

# STATEMENTS OF CASH FLOWS

For The Financial Year Ended 31 May 2022

	Note	Group		Company	
		2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
<b>Cash Flows From Operating Activities</b>					
(Loss)/Profit before tax from:					
- continuing operation		(769)	(909)	(769)	(909)
- discontinued operations		(32,281)	27,301	6,278	9,932
(Loss)/Profit before tax, total		(33,050)	26,392	5,509	9,023
Adjustments for:					
Bad debts written off		52	3	-	-
Depreciation of property, plant and equipment	9	6,798	10,392	1,173	2,346
Depreciation of right-of-use assets	10	10,553	16,349	166	250
Dividend income		(41)	(14)	(6,837)	(15,279)
Finance costs		5,727	7,919	1,370	2,083
Fair value loss/(gain) on investment securities		69	(202)	(17)	(39)
Loss on disposal of investment securities		1	-	1	-
Loss/(Gain) on disposal of discontinued operations	6	48,987	-	(56,495)	-
(Gain)/Loss on disposal of property, plant and equipment		(308)	573	(261)	547
(Write-back)/Written down of inventories	15	(835)	728	-	678
Interest income		(1,890)	(2,322)	(2,104)	(3,297)
Provision for retirement benefits	24	366	180	171	262
Share of results of associates		(592)	(390)	-	-
Waiver of debts		-	-	(51,450)	-
Unrealised loss/(gain) on foreign exchange		10	1,891	(356)	291
Termination of lease		-	(2)	-	-
(Write-back of impairment)/Impairment loss on trade receivables	16(a)	(1,138)	(237)	29	(28)
(Write-back of impairment)/Impairment loss on other receivables		-	(13)	(481)	42
Operating cash flows before working capital changes		34,709	61,247	(109,582)	(3,121)
<b>Working Capital Changes</b>					
Receivables		(40,495)	(55,832)	781	(1,717)
Inventories		(6,602)	(36,896)	(2,248)	1,496
Payables		258	70,930	(1,835)	(502)
Related companies		-	(1,866)	98,858	(5,874)
Associates		-	(121)	(468)	(52)
Cash flows (used in)/generated from operations		(12,130)	37,462	(14,494)	(9,770)
Tax paid		(7,267)	(6,169)	(921)	(1,257)
Retirement benefits paid	24	(92)	(224)	(92)	(183)
<b>Net Cash Flows (Used In)/From Operating Activities (carried forward)</b>		<b>(19,489)</b>	<b>31,069</b>	<b>(15,507)</b>	<b>(11,210)</b>

# STATEMENTS OF CASH FLOWS

For The Financial Year Ended 31 May 2022

	Note	Group		Company	
		2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
<b>Net Cash Flows (Used In)/From Operating Activities (brought forward)</b>		<b>(19,489)</b>	31,069	<b>(15,507)</b>	(11,210)
<b>Cash Flows from Investing Activities</b>					
Acquisition of interest in associates		-	(240)	-	-
Net cash (outflow)/inflow from disposal of discontinued operations	6	<b>(31,845)</b>	-	<b>41,048</b>	-
Dividends received from equity instruments		<b>41</b>	14	<b>7</b>	3
Dividends received from subsidiaries		-	-	<b>6,830</b>	14,324
Interest received		<b>1,890</b>	2,322	<b>2,104</b>	3,297
Withdrawal of short-term deposits					
- with maturity of more than three months		<b>3,238</b>	421	-	-
Proceeds from disposal of unquoted/quoted investment		<b>177</b>	-	<b>177</b>	-
Proceeds from disposal of property, plant and equipment		<b>456</b>	1,589	<b>261</b>	1,550
Purchase of property, plant and equipment	9(b)	<b>(2,026)</b>	(4,810)	<b>(377)</b>	(2,675)
<b>Net Cash Flows (Used In)/From Investing Activities</b>		<b>(28,069)</b>	(704)	<b>50,050</b>	16,499
<b>Cash Flows From Financing Activities</b>					
Capital reduction	19(b)	<b>(35,000)</b>	-	<b>(35,000)</b>	-
Drawdowns of borrowings		<b>127,459</b>	161,914	<b>21,835</b>	45,500
Repayments of borrowings		<b>(106,574)</b>	(155,035)	<b>(15,100)</b>	(50,500)
Payments of lease liabilities		<b>(10,203)</b>	(16,312)	<b>(80)</b>	(125)
Proceeds from disposal of treasury shares	22	<b>152</b>	-	<b>152</b>	-
Lease interest paid		<b>(644)</b>	(639)	<b>(7)</b>	(7)
Interest paid		<b>(5,083)</b>	(7,280)	<b>(1,363)</b>	(2,076)
<b>Net Cash Flows Used In Financing Activities</b>		<b>(29,893)</b>	(17,352)	<b>(29,563)</b>	(7,208)
<b>Net (Decrease)/Increase In Cash And Cash Equivalents</b>		<b>(77,451)</b>	13,013	<b>4,980</b>	(1,919)
Effects of Exchange Rate Changes		<b>597</b>	(2,585)	-	-
<b>Cash and Cash Equivalents at Beginning of Year</b>		<b>91,013</b>	80,269	<b>9,351</b>	11,091
Effects of Exchange Rate Changes		<b>318</b>	316	<b>146</b>	179
		<b>91,331</b>	80,585	<b>9,497</b>	11,270
<b>Cash and Cash Equivalents at End of Year</b>	18	<b>14,477</b>	91,013	<b>14,477</b>	9,351

# STATEMENTS OF CASH FLOWS

For The Financial Year Ended 31 May 2022

## RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

	Note	Group		Company	
		2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
<b>Borrowings</b>					
As at 1 June 2021/2020		<b>213,554</b>	210,565	<b>45,400</b>	50,400
Cash flows		<b>20,885</b>	6,879	<b>6,735</b>	(5,000)
Non-cash flows:					
- Disposal of discontinued operations		<b>(235,626)</b>	-	<b>(52,135)</b>	-
- Effect of foreign exchange		<b>1,187</b>	(3,890)	-	-
As at 31 May	23	-	213,554	-	45,400
<b>Lease liabilities</b>					
As at 1 June 2021/2020		<b>34,468</b>	23,555	<b>263</b>	179
Cash flows		<b>(10,847)</b>	(16,951)	<b>(87)</b>	(132)
Non-cash flows:					
- Additions		<b>6,631</b>	27,627	-	209
- Unwinding of interest		<b>644</b>	639	<b>7</b>	7
- Disposal of discontinued operations		<b>(30,640)</b>	-	<b>(183)</b>	-
- Termination of lease		-	(208)	-	-
- Effect of foreign exchange		<b>(256)</b>	(194)	-	-
As at 31 May	10	-	34,468	-	263

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

# NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 31 May 2022

## 1. CORPORATE INFORMATION

Nylex (Malaysia) Berhad ("the Company" or "Nylex") 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 C508, Block C, Kelana Square, Jalan SS7/26, Kelana Jaya, 47301 Petaling Jaya, Selangor Darul Ehsan, while the principal place of business is located at Lot 16, Persiaran Selangor, Section 15, 40200 Shah Alam, Selangor Darul Ehsan.

The Company is a subsidiary of Ancom Nylex Berhad (formerly known as Ancom Berhad), a company incorporated in Malaysia and listed on the Main Market of Bursa Securities.

The Company is principally involved in investment holding and the manufacture and marketing of vinyl-coated fabrics, calendered film and sheeting, rotomoulded plastic products, and other plastic products, including geotextiles, prefabricated sub-soil drainage systems, bulk chemical containers, road barriers, playground equipment and disposal bins as well as property development. The principal activities and the details of the subsidiaries are indicated in Note 11 to the financial statements.

During the financial year, the Company has completed the Proposed Disposal as stated in Note 32(e) to the financial statements and all subsidiaries was disposed from the Group.

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the Directors on 30 August 2022.

## 2. SIGNIFICANT ACCOUNTING POLICIES

### (a) 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") issued by the International Accounting Standards Board ("IASB") 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 2(b) 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.

The financial statements are presented in Ringgit Malaysia ("RM") and all values are rounded to the nearest thousand ("RM'000") except when otherwise indicated.

During the current financial year as disclosed in Note 32(e) to the financial statements, the Group has disposed all of its polymer, industrial chemical and logistics segments, which represent the entire core businesses of the Group. The Company has been classified as an affected listed issuer under Paragraph 8.03A(2) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities"). The Company has a 12 months period from 26 January 2022 to submit its proposal to acquire a new core business in order to enable the Company to regularise its condition and to maintain the listing status on Bursa Securities.

On 21 March 2022, the Company has entered into a Heads of Agreement ("HOA") with Sinar Bina Infra Sdn Bhd, LBS Bina Group Berhad, BTS Group Holdings Public Company Limited and Ancom Nylex Berhad 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. The parties are working together exclusively to agree on the terms of the definitive agreements to effect the proposals stipulated in the HOA ("Proposals").

# NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 31 May 2022

## 2. SIGNIFICANT ACCOUNTING POLICIES (continued)

### (a) Basis of preparation (continued)

The Proposals will form part of the regularisation plan to be undertaken by the Company to regularise its affected listed issuer status. The regularisation plan will result in a significant change in the business direction or policy of the Company and is subject to the approval of the Securities Commission Malaysia ("SC").

In view of the Directors' intention and financial ability to pursue new business opportunities, the Directors are of the opinion that the preparation of the financial statements of the Company on the going concern basis is appropriate.

### (b) New MFRSs adopted during the financial year

On 1 June 2021, the Group and the Company adopted the following applicable MFRS and amendments to MFRS which are mandatory for financial periods beginning on or after 1 January 2021.

<b>MFRSs and amendments to MFRSs</b>	<b>Effective date</b>
<i>Interest Rate Benchmark Reform - Phase 2</i> (Amendments to MFRS 9, MFRS 139, MFRS 7, MFRS 4 and MFRS 16)	1 January 2021
<i>Covid-19-Related Rent Concessions beyond 30 June 2021</i> (Amendment to MFRS 16 Leases)	1 April 2021

Adoption of the above Standards did not have any material effect on the financial performance or position of the Group and of the Company.

### (c) Applicable MFRS and amendments to MFRS that are not yet effective and not adopted

<b>MFRSs and amendments to MFRSs</b>	<b>Effective date</b>
Annual Improvements to MFRS Standards 2018 - 2020	1 January 2022
Amendments to MFRS 3 <i>Reference to the Conceptual Framework</i>	1 January 2022
Amendments to MFRS 116 <i>Property, Plant and Equipment - Proceeds before Intended Use</i>	1 January 2022
Amendments to MFRS 137 <i>Onerous Contracts - Cost of Fulfilling a Contract</i>	1 January 2022
MFRS 17 <i>Insurance Contracts</i>	1 January 2023
Amendments to MFRS 17 <i>Insurance Contracts</i>	1 January 2023
Amendments to MFRS 101 <i>Classification of Liabilities as Current or Non-current</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
Amendments to MFRS 112 <i>Deferred Tax related to Assets and Liabilities arising from a Single Transaction</i>	1 January 2023
Amendments to MFRS 10 and MFRS 128 <i>Sale or Contribution of Assets between an Investor and its Associate or Joint Venture</i>	Deferred

The Group and the Company do not expect the adoption of the above Standards to have a significant impact on the financial statements.

# NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 31 May 2022

## 3. OTHER INCOME

	Group		Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Interest income	97	-	97	-

## 4. STAFF COSTS

	Group		Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Short-term employee benefits	36	-	36	-
Defined contribution plan and social security costs	4	-	4	-
	40	-	40	-

Included in staff costs of the Group and of the Company are Executive Directors' remuneration amounting to RM8,320 (2021: RM NIL) respectively.

## 5. TAXATION

- (a) There is no tax expense in the current financial year as the continuing operation is in a tax loss position.
- (b) Malaysian income tax is calculated at the statutory tax rate of 24% (2021: 24%) of the estimated taxable profit for the fiscal year.
- (c) A reconciliation of the income tax expense applicable to loss before tax at the statutory income tax rate against the income tax expenses at the effective income tax rate of the Group and of the Company is as follows:

	Group/Company	
	2022 RM'000	2021 RM'000
Loss before tax	(769)	(909)
Tax at Malaysian statutory tax rate of 24% (2021: 24%)	185	218
Expenses not deductible for tax purposes	(44)	(86)
Deferred tax assets not recognised	(141)	(132)
	-	-

# NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 31 May 2022

## 6. DISCONTINUED OPERATIONS

As disclosed in Note 32(e) to the financial statements, on 26 January 2022, the Company has completed the disposal of the entire assets and liabilities of the Company to Ancom Nylex Berhad ("ANB") for a total consideration of RM179.3 million ("Proposed Disposal"). Following the completion of the Proposed Disposal, the Company has ceased all of its business and operation. The results of the disposed business and operation are disclosed under discontinued operations.

### Statements of comprehensive income disclosures

The results of the discontinued operations for the years ended 31 May are as follows:

	Group		Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Revenue	934,143	1,151,677	21,509	47,340
Cost of sales	(853,214)	(1,026,698)	(18,704)	(41,021)
<b>Gross profit</b>	<b>80,929</b>	124,979	<b>2,805</b>	6,319
Other income	2,946	2,569	66,045	18,759
Selling and distribution expenses	(37,604)	(57,949)	(3,248)	(5,170)
Administrative expenses	(25,478)	(33,002)	(6,995)	(6,351)
Other expenses	(49,076)	(2,017)	(51,460)	(1,528)
Write-back of impairment/(Impairment loss) on receivables	1,137	250	501	(14)
<b>(Loss)/Profit from discontinued operations</b>	<b>(27,146)</b>	34,830	<b>7,648</b>	12,015
Finance cost	(5,727)	(7,919)	(1,370)	(2,083)
Share of results of associates, net of tax	592	390	-	-
<b>(Loss)/Profit before tax from discontinued operations</b>	<b>(32,281)</b>	27,301	<b>6,278</b>	9,932
Taxation	(16,897)	(7,639)	(13,674)	(2,307)
<b>(Loss)/Profit from discontinued operations</b>	<b>(49,178)</b>	19,662	<b>(7,396)</b>	7,625

### (a) Revenue and cost of sales

	Group		Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Revenue from contracts with customers:				
Sales of goods	923,922	1,134,122	21,509	47,340
Services rendered	10,221	17,555	-	-
	<b>934,143</b>	1,151,677	<b>21,509</b>	47,340

# NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 31 May 2022

## 6. DISCONTINUED OPERATIONS *(continued)*

### (b) Other income and other expenses

The significant other income and other expenses of the discontinued operations are as follows:

	Group		Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Interest income	1,793	2,322	2,007	3,297
Dividend income	41	14	6,837	15,279
Gain/(Loss) on disposal of property, plant and equipment	308	(573)	261	(547)
(Loss)/Gain on disposal of discontinued operations	(48,987)	-	56,495	-
Waiver of debts	-	-	(51,450)	-

### (c) Finance cost

	Group		Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Borrowings	5,083	7,280	1,363	2,076
Lease interest	644	639	7	7
	5,727	7,919	1,370	2,083

### (d) Staff costs

	Group		Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Short-term employee benefits	20,105	32,189	6,278	9,471
Defined contribution plan and social security costs	2,448	3,487	770	1,104
Provision for retirement benefits (Note 24)	366	180	171	262
Other staff related expenses	690	920	105	150
	23,609	36,776	7,324	10,987

# NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 31 May 2022

## 6. DISCONTINUED OPERATIONS *(continued)*

### (e) Taxation

	Group		Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Current income tax:				
- Malaysian income tax	<b>(4,588)</b>	(5,508)	<b>(598)</b>	(907)
- Foreign income tax	<b>(910)</b>	(1,953)	-	-
	<b>(5,498)</b>	(7,461)	<b>(598)</b>	(907)
Over/(Under) provision in prior years:				
- Malaysian income tax	<b>1</b>	987	-	-
- Foreign income tax	<b>825</b>	(1)	-	-
	<b>(4,672)</b>	(6,475)	<b>(598)</b>	(907)
Deferred tax (Note 14):				
Relating to origination and reversal of temporary differences	<b>(12,228)</b>	(954)	<b>(13,076)</b>	(1,400)
Under/(Over) provision in prior years	<b>3</b>	(210)	-	-
	<b>(12,225)</b>	(1,164)	<b>(13,076)</b>	(1,400)
Tax expense for the year	<b>(16,897)</b>	(7,639)	<b>(13,674)</b>	(2,307)

### Statements of cash flows disclosures

The cash flows attributable to the discontinued operations are as follows:

	Group		Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Operating activities	<b>(18,623)</b>	31,978	<b>(14,640)</b>	(10,301)
Investing activities	<b>(28,166)</b>	(704)	<b>49,952</b>	16,499
Financing activities	<b>29,893</b>	17,352	<b>29,563</b>	7,208
Net cash (outflow)/inflows from discontinued operations	<b>(16,896)</b>	48,626	<b>64,875</b>	13,406

# NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 31 May 2022

## 6. DISCONTINUED OPERATIONS (continued)

### Effects of disposal on financial position

The disposal had the following effects on the financial position of the Group and of the Company as at the end of the year:

	Group 2022 RM'000	Company 2022 RM'000
Property, plant and equipment	110,657	16,254
Right-of-use assets	55,582	10,904
Investments in subsidiaries	-	157,502
Investments in associates	3,583	400
Goodwill arising on consolidation	83,557	-
Deferred tax assets	4,287	-
Inventories	130,596	9,818
Trade and other receivables	264,053	44,827
Investment securities	593	-
Income tax recoverable	3,170	-
Short-term deposits with licensed banks	19,268	-
Cash and bank balances	62,577	8,952
Translation reserves	(18,473)	-
Non-controlling interests	(10,177)	-
Deferred tax liabilities	(2,602)	-
Borrowings	(235,626)	(52,135)
Provision for retirement benefits	(5,030)	(2,805)
Lease liabilities	(30,640)	(183)
Trade and other payables	(150,682)	(14,323)
Net assets disposed	284,693	179,211
Expenses related to the disposal	2,105	2,105
Total deemed disposal proceeds	(237,811)	(237,811)
<b>Loss/(Gain) on disposal</b>	<b>48,987</b>	<b>(56,495)</b>
Disposal proceeds settled by:		
Cash	50,000	50,000
Set off arrangement	82,593	82,593
Ordinary shares of ANB, at fair value	105,218	105,218
	237,811	237,811

# NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 31 May 2022

## 6. DISCONTINUED OPERATIONS (continued)

	Group 2022 RM'000	Company 2022 RM'000
Cash consideration	50,000	50,000
Cash and cash equivalents of subsidiaries disposed	(81,845)	(8,952)
<b>Net cash (outflow)/inflow on disposal</b>	<b>(31,845)</b>	<b>41,048</b>

## 7. EARNINGS PER SHARE

Basic earnings per share amounts are calculated by dividing (loss)/profit for the year, net of tax, attributable to owners of the Company by the weighted average number of ordinary shares outstanding during the financial year.

	Group 2022 RM'000	2021 RM'000
(Loss)/Profit net of tax attributable to equity holders of the Company:		
- Continuing operation	(769)	(909)
- Discontinued operations	(49,666)	19,832
	<b>(50,435)</b>	18,923
	Number of shares	Number of shares
Weighted average number of ordinary shares	<b>179,403,650</b>	177,061,135
Basic earnings per share (sen):		
- Continuing operation	(0.4)	(0.5)
- Discontinued operations	(27.7)	11.2
Total	<b>(28.1)</b>	10.7

The Group has no potential ordinary shares in issue as at reporting date and therefore, diluted earnings per share equals to basic earnings per share.

There have been no other transactions involving ordinary shares or potential shares since the reporting date and before the completion of these financial statements.





# NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 31 May 2022

## 9. PROPERTY, PLANT AND EQUIPMENT (continued)

Company	Buildings RM'000	Plant and machinery RM'000	Furniture and fittings RM'000	Office equipment RM'000	Motor vehicles RM'000	Capital work-in- progress RM'000	Total RM'000
<b>Cost</b>							
As at 1 June 2020	22,994	102,188	1,023	4,037	3,109	-	133,351
Additions	-	745	63	19	-	1,848	2,675
Disposals	-	(67,263)	(26)	(33)	(412)	-	(67,734)
As at 31 May 2021	22,994	35,670	1,060	4,023	2,697	1,848	68,292
As at 1 June 2021	22,994	35,670	1,060	4,023	2,697	1,848	68,292
Additions	-	265	-	27	-	85	377
Disposals	-	(259)	-	(12)	(235)	-	(506)
Disposal of discontinued operations	(22,994)	(37,472)	(1,060)	(4,038)	(2,462)	(137)	(68,163)
Reclassification	-	1,796	-	-	-	(1,796)	-
<b>As at 31 May 2022</b>	-	-	-	-	-	-	-
<b>Accumulated depreciation</b>							
As at 1 June 2020	10,847	97,907	751	3,761	1,267	-	114,533
Charge for the year	493	1,131	41	124	557	-	2,346
Disposals	-	(65,338)	(26)	(33)	(240)	-	(65,637)
As at 31 May 2021	11,340	33,700	766	3,852	1,584	-	51,242
As at 1 June 2021	11,340	33,700	766	3,852	1,584	-	51,242
Charge for the year	328	315	31	59	440	-	1,173
Disposals	-	(259)	-	(12)	(235)	-	(506)
Disposal of discontinued operations	(11,668)	(33,756)	(797)	(3,899)	(1,789)	-	(51,909)
<b>As at 31 May 2022</b>	-	-	-	-	-	-	-
<b>Carrying amount</b>							
As at 31 May 2021	11,654	1,970	294	171	1,113	1,848	17,050
<b>As at 31 May 2022</b>	-	-	-	-	-	-	-

# NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 31 May 2022

## 9. PROPERTY, PLANT AND EQUIPMENT *(continued)*

- (a) Property, plant and equipment are measured after initial recognition at cost less any accumulated depreciation and any accumulated impairment losses.

Depreciation of all property, plant and equipment is computed on the straight-line method based on the estimated useful life of the various assets, at the following annual rates:

	%
Buildings	1.1 - 5.0
Vessel, equipment and docking	3.8 - 50.0
Plant and machinery	6.7 - 33.3
Furniture and fittings	10.0 - 33.3
Office equipment	7.0 - 33.3
Motor vehicles	15.0 - 25.0

Capital work-in-progress are not depreciated until such time when the asset is available for use.

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

	<b>Group</b>		<b>Company</b>	
	<b>2022</b>	<b>2021</b>	<b>2022</b>	<b>2021</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Additions of property, plant and equipment	<b>2,026</b>	4,810	<b>377</b>	2,675

- (c) In the previous financial year, the Group's vessel with carrying amount of RM61,809,000 had been charged as security for borrowings as disclosed in Note 23 to the financial statements.

# NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 31 May 2022

## 10. LEASES

### The Group as lessee

Right-of-use assets	Land RM'000	Storage tanks RM'000	Buildings RM'000	Office equipment RM'000	Motor vehicles RM'000	Total RM'000
<b>Group</b>						
<b>Cost</b>						
As at 1 June 2020	32,387	36,211	3,084	90	389	72,161
Additions	-	27,083	335	-	209	27,627
Termination	-	-	(209)	-	(204)	(413)
Exchange differences	(108)	(1,262)	(7)	-	(8)	(1,385)
As at 31 May 2021	32,279	62,032	3,203	90	386	97,990
As at 1 June 2021	32,279	62,032	3,203	90	386	97,990
Additions	-	6,089	542	-	-	6,631
Termination	-	(22,936)	(737)	-	-	(23,673)
Disposal of discontinued operations	(32,329)	(45,895)	(3,032)	(90)	(389)	(81,735)
Exchange differences	50	710	24	-	3	787
<b>As at 31 May 2022</b>	-	-	-	-	-	-
<b>Accumulated depreciation</b>						
As at 1 June 2020	7,050	15,449	764	12	152	23,427
Charge for the year	329	14,951	901	18	150	16,349
Termination	-	-	(3)	-	(204)	(207)
Exchange differences	-	(601)	(30)	-	(1)	(632)
As at 31 May 2021	7,379	29,799	1,632	30	97	38,937
As at 1 June 2021	7,379	29,799	1,632	30	97	38,937
Charge for the year	221	9,587	634	12	99	10,553
Termination	-	(22,936)	(737)	-	-	(23,673)
Disposal of discontinued operations	(7,600)	(16,768)	(1,546)	(42)	(197)	(26,153)
Exchange differences	-	318	17	-	1	336
<b>As at 31 May 2022</b>	-	-	-	-	-	-
<b>Carrying amount</b>						
As at 31 May 2021	24,900	32,233	1,571	60	289	59,053
<b>As at 31 May 2022</b>	-	-	-	-	-	-

# NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 31 May 2022

## 10. LEASES (continued)

### The Group as lessee (continued)

Right-of-use assets	Land RM'000	Office equipment RM'000	Motor vehicles RM'000	Total RM'000
<b>Company</b>				
<b>Cost</b>				
As at 1 June 2020	15,045	90	204	15,339
Additions	-	-	209	209
Termination	-	-	(204)	(204)
As at 31 May 2021	15,045	90	209	15,344
As at 1 June 2021	15,045	90	209	15,344
Disposal of discontinued operations	(15,045)	(90)	(209)	(15,344)
<b>As at 31 May 2022</b>	-	-	-	-
<b>Accumulated depreciation</b>				
As at 1 June 2020	4,110	12	106	4,228
Charge for the year	126	18	106	250
Termination	-	-	(204)	(204)
As at 31 May 2021	4,236	30	8	4,274
As at 1 June 2021	4,236	30	8	4,274
Charge for the year	84	12	70	166
Disposal of discontinued operations	(4,320)	(42)	(78)	(4,440)
<b>As at 31 May 2022</b>	-	-	-	-
<b>Carrying amount</b>				
As at 31 May 2021	10,809	60	201	11,070
<b>As at 31 May 2022</b>	-	-	-	-

# NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 31 May 2022

## 10. LEASES (continued)

### The Group as lessee (continued)

#### Lease liabilities

	Group		Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
As at 1 June 2021/2020	34,468	23,555	263	179
Additions	6,631	27,627	-	209
Lease payments	(10,847)	(16,951)	(87)	(132)
Interest expenses	644	639	7	7
Termination	-	(208)	-	-
Disposal of discontinued operations	(30,640)	-	(183)	-
Exchange differences	(256)	(194)	-	-
<b>As at 31 May</b>	-	34,468	-	263

	Group		Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Represented by:				
<b>Current</b>				
Lease liabilities owing to non-financial institutions	-	13,323	-	120
<b>Non-current</b>				
Lease liabilities owing to non-financial institutions	-	21,145	-	143
	-	34,468	-	263

- (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 with incremental borrowing rates per annum ranging from 4.8% to 5.3% (2021: 3.5% to 5.5%).

After initial recognition, right-of-use assets are stated at cost less accumulated depreciation and any accumulated impairment losses, and adjusted for any re-measurement 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:

Land	20 to 99 years
Storage tanks	3 to 8 years
Buildings	2 to 5 years
Office equipment	5 years
Motor vehicles	2 to 4 years

# NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 31 May 2022

## 10. LEASES (continued)

### The Group as lessee (continued)

#### Lease liabilities (continued)

(c) The Group has certain leases such as buildings and office equipment with lease term of 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.

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

	Group		Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Depreciation charge of right-of-use assets	10,553	16,349	166	250
Interest expense on lease liabilities	644	639	7	7
Expense relating to short-term leases and lease of low-value assets	153	200	26	38
	11,350	17,188	199	295

## 11. INVESTMENTS IN SUBSIDIARIES

	Company	
	2022 RM'000	2021 RM'000
Unquoted shares - at cost	-	206,702
Accumulated impairment losses	-	(49,200)
<b>Carrying amount</b>	-	157,502

(a) Investments in subsidiaries are accounted for at cost less impairment losses. 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 MFRSs. The choice of 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.

# NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 31 May 2022

## 11. INVESTMENTS IN SUBSIDIARIES (continued)

(b) Details of subsidiaries

Name of Company	Principal place of business	Principal activities	Effective % ownership interest held by the Group*	
			2022 %	2021 %
<b>Direct subsidiaries</b>				
Nycon Manufacturing Sdn. Bhd.	Malaysia	Investment holding and manufacture and marketing of rotomoulded products.	-	100
Nylex Polymer Marketing Sdn. Bhd.	Malaysia	Investment holding and marketing of polyurethane ("PU") and polyvinyl chloride ("PVC") synthetic leather, films and sheets, geosynthetic and general trading.	-	100
PT Nylex Indonesia**	Indonesia	Manufacture, marketing and distribution of PU and PVC leathercloth.	-	100
Perusahaan Kimia Gemilang Sdn. Bhd.	Malaysia	Trading in petrochemicals and industrial chemicals.	-	100
Fermpro Sdn. Bhd.	Malaysia	Manufacture and marketing of ethanol, carbon dioxide and other related chemical products.	-	100
Kumpulan Kesuma Sdn. Bhd.	Malaysia	Manufacture and marketing of sealants and adhesive products.	-	100
Wedon Sdn. Bhd.	Malaysia	Marketing of sealants and adhesive products.	-	100
Nylex Specialty Chemicals Sdn. Bhd.	Malaysia	Manufacture and sale of phosphoric acid.	-	100
Speciality Phosphates (Malaysia) Sdn. Bhd.	Malaysia	Manufacture and sale of chemicals.	-	51
CKG Chemicals Pte. Ltd.***	Singapore	Trading and distribution of industrial chemicals and gasoline blending components.	-	100

# NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 31 May 2022

## 11. INVESTMENTS IN SUBSIDIARIES (continued)

(b) Details of subsidiaries (continued)

Name of Company	Principal place of business	Principal activities	Effective % ownership interest held by the Group*	
			2022 %	2021 %
<b>Subsidiaries of Perusahaan Kimia Gemilang Sdn. Bhd.</b>				
Dynamic Chemical Pte. Ltd.***	Singapore	Blending, trading and distribution of industrial chemicals.	-	100
Perusahaan Kimia Gemilang (Vietnam) Company Ltd.**	Vietnam	Building tank farms and other facilities for the storage of industrial chemicals, importation and distribution of industrial chemicals.	-	100
PT PKG Lautan Indonesia**	Indonesia	Importation and distribution of industrial chemicals.	-	51
Ancom Kimia Sdn. Bhd.	Malaysia	Distribution of petrochemicals and industrial chemicals.	-	60
ALB Marine Sdn. Bhd.	Malaysia	Carrying out business of ship owning, ship management and charter hire of tanker.	-	100

\* Equals to the proportion of voting rights held.

\*\* The financial statements of these subsidiaries are audited by member firms of BDO PLT.

\*\*\* The financial statements of these subsidiaries are audited by firms other than BDO PLT.

# NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 31 May 2022

## 11. INVESTMENTS IN SUBSIDIARIES (continued)

### (c) Financial information of subsidiaries with non-controlling interests

The summarised financial information of PT PKG Lautan Indonesia ("PKI"), Speciality Phosphates (Malaysia) Sdn. Bhd. ("SPM") and Ancom Kimia Sdn. Bhd. ("AKM") which had non-controlling interests that are material to the Group is set out below. The summarised financial information presented below is the amount before intercompany elimination.

#### (i) Summarised statements of financial position

	PKI RM'000	SPM RM'000	AKM RM'000	Total RM'000
2021				
Non-current assets	1,301	35	103	1,439
Current assets	28,121	5,804	9,144	43,069
Total assets	29,422	5,839	9,247	44,508
Current liabilities	16,556	309	7,330	24,195
Non-current liabilities	444	-	-	444
Total liabilities	17,000	309	7,330	24,639
Net assets	12,422	5,530	1,917	19,869
Equity attributable to:				
Owners of the parent	6,336	2,820	1,150	10,306
Non-controlling interests	6,086	2,710	767	9,563
	12,422	5,530	1,917	19,869

#### (ii) Summarised statements of profit or loss

	PKI RM'000	SPM RM'000	AKM RM'000	Total RM'000
2021				
Revenue	25,775	2,979	92,734	121,488
Net (loss)/profit for the year	(877)	279	304	(294)
Net (loss)/profit attributable to:				
Owners of the parent	(448)	142	182	(124)
Non-controlling interests	(429)	137	122	(170)
	(877)	279	304	(294)

# NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 31 May 2022

## 11. INVESTMENTS IN SUBSIDIARIES (continued)

(c) Financial information of subsidiaries with non-controlling interests (continued)

### (iii) Summarised statements of comprehensive income

	PKI RM'000	SPM RM'000	AKM RM'000	Total RM'000
2021				
Net (loss)/profit for the year	(877)	279	304	(294)
Other comprehensive loss attributable to:				
Owners of the parent	(383)	-	-	(383)
Non-controlling interests	(368)	-	-	(368)
Other comprehensive loss, net of tax	(751)	-	-	(751)
Total comprehensive (loss)/income for the year	(1,628)	279	304	(1,045)
Total comprehensive (loss)/income attributable to:				
Owners of the parent	(831)	142	182	(507)
Non-controlling interests	(797)	137	122	(538)
	(1,628)	279	304	(1,045)

### (iv) Summarised statements of cash flows

	PKI RM'000	SPM RM'000	AKM RM'000	Total RM'000
2021				
Net cash flows from operating activities	1,390	401	766	2,557
Net cash flows (used in)/from investing activities	(48)	78	(2)	28
Net cash flows from/(used in) financing activities	7,763	(60)	-	7,703
Net increase in cash and cash equivalents	9,105	419	764	10,288
Cash and cash equivalents at beginning of year	8,195	4,398	1,088	13,681
Effects of exchange rate changes	(2,046)	(78)	(2)	(2,126)
	6,149	4,320	1,086	11,555
Cash and cash equivalents at end of year	15,254	4,739	1,850	21,843

# NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 31 May 2022

## 11. INVESTMENTS IN SUBSIDIARIES (continued)

- (d) During the financial year, the Company had completed the disposal of the entire assets and liabilities of the Company in accordance with the Sale of Business Agreement as disclosed in Note 32(e) to the financial statements. Thus, all the investments in subsidiaries had been duly disposed.

## 12. INVESTMENTS IN ASSOCIATES

	Group		Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Unquoted shares, at cost	-	1,640	-	400
Share of post-acquisition reserves, net of dividends received	-	1,351	-	-
	-	2,991	-	400

- (a) Investments in associates are measured at cost in the separate financial statements and accounted for using the equity method in the consolidated financial statements.
- (b) Details of associates

Name of Company	Principal place of business	Principal activities	Effective % ownership interest held by the Group	
			2022 %	2021 %
One Chem Terminal Sdn. Bhd.*	Malaysia	To operate, lease and manage chemical tank farm and warehouse.	-	40
DJ Money Matters Sdn. Bhd.*	Malaysia	Money lending business.	-	25
PT Myindo Acqua Pura*	Indonesia	Developing high technology products, in particular micro water treatment and waste treatment.	-	30
Jasa Rimbun Sdn. Bhd.	Malaysia	Marketing and distribution of industrial chemical.	-	50

\* The financial statements of these associates are audited by firms other than BDO PLT.

# NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 31 May 2022

## 12. INVESTMENTS IN ASSOCIATES *(continued)*

- (c) One Chem Terminal Sdn. Bhd. ("OCT") has a financial year end of 31 December. Therefore, the financial statements of OCT are not coterminous with the Group. In applying the equity method of accounting, the unaudited financial statements of OCT for financial period ended 31 May 2022 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.
- (d) During the financial year, the Company had completed the disposal of the entire assets and liabilities of the Company in accordance with the Sale of Business Agreement as disclosed in Note 32(e) to the financial statements. Thus, all the investments in associates had been duly disposed.
- (e) In the previous financial year, a wholly-owned subsidiary of the Company, Nylex Polymer Marketing Sdn. Bhd. has acquired 30% of the paid up capital of PT Myindo Acqua Pura, a company incorporated in the Republic of Indonesia for a cash consideration of IDR750,000,000 (equivalent to RM234,750).
- (f) In the previous financial year, a wholly-owned subsidiary of the Company, Fermpro Sdn. Bhd. has invested in 50% of the issued and paid up capital of Jasa Rimbun Sdn. Bhd. for a cash consideration of RM5,000. Jasa Rimbun has been strike off during the year.
- (g) The summarised financial information of the associates are not disclosed as it is immaterial to the Group.

## 13. GOODWILL ARISING ON CONSOLIDATION

	Group	
	2022 RM'000	2021 RM'000
As at 1 June 2021/2020	82,820	85,624
Disposal of discontinued operations	(83,557)	-
Exchange differences	737	(2,804)
As at 31 May	-	82,820

Goodwill was initially measured at cost. Following the initial recognition, goodwill was measured at cost less any accumulated impairment losses.

For the purpose of impairment testing, goodwill was allocated from the acquisition date, to each of the Group's cash-generating units ("CGU") that were expected to benefit from the synergies of the combination.

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.

# NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 31 May 2022

## 13. GOODWILL ARISING ON CONSOLIDATION (continued)

### (a) Allocation of goodwill

Goodwill has been allocated to the Group's CGUs which have been identified according to business segments as follows:

	Polymer RM'000	Industrial chemical RM'000	Total RM'000
<b>31 May 2022</b>	-	-	-
31 May 2021	95	82,725	82,820

### (b) Key assumptions used in value in use calculations

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 its recoverable amount.

The value in use is determined by discounting future cash flows over a five-year period. The future cash flows are based on management's business plan, which is the best estimate of future performance. Cash flows beyond the five-year period are extrapolated using the growth rate stated below. 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 plan will be adversely affected due to unforeseen changes in the respective economies in which the CGUs operate and/or global economic conditions. In computing the value in use for each CGU, the management has applied a pre-tax discount rate of NIL (2021: 6.2%) and average growth rate of NIL (2021: 1.5%).

The following describes each key assumption on which the management has based its cash flow projections for the purposes of the impairment test for goodwill:

- (i) The discount rate 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.
- (ii) Growth rate used has been based on historical trend of each segment taking into account industry outlook for that segment.
- (iii) 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.

# NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 31 May 2022

## 13. GOODWILL ARISING ON CONSOLIDATION (continued)

### (c) Sensitivity to changes in assumptions

With regard to the assessment of value in use of the polymer segment, the management believes that no reasonably possible change in any of the above key assumptions would cause the carrying value of the unit to materially exceed its recoverable amount.

For the industrial chemical segment, the estimated recoverable amount is higher than its carrying value for the remaining goodwill assessed during the year. The implication of the key assumption for the recoverable amount is discussed below:

#### (i) Discount rate assumptions

The discount rate calculation is based on the specific circumstances of the Group and its operating segments which takes into account both debt and equity of the Group. The management has considered the possibility of greater than forecasted discount rate. Based on the sensitivity analysis performed by the management, increase of 100 basis point in the discount rate used would result in an additional impairment of RM NIL (2021: RM7,983,000).

#### (ii) Growth rate assumptions

Management has considered the possibility of a weaker than the anticipated growth rate which may occur if the Group and its segments do not perform as per expected results. The effect of bearish future growth performance is not expected to have an adverse impact on forecasts included in the budget, where a reduction in 100 basis point of the growth rate used would result in an additional impairment of RM NIL (2021: RM5,465,000).

## 14. DEFERRED TAX

	Group		Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
As at 1 June 2021/2020	(21,653)	(23,159)	(20,861)	(22,261)
Recognised in profit or loss	12,225	1,164	13,076	1,400
Exchange differences	(42)	342	-	-
Disposal of discontinued operations	1,685	-	-	-
As at 31 May	(7,785)	(21,653)	(7,785)	(20,861)
<i>Presented after appropriate offsetting as follows:</i>				
Deferred tax assets	(7,785)	(24,255)	(7,785)	(20,861)
Deferred tax liabilities	-	2,602	-	-
	(7,785)	(21,653)	(7,785)	(20,861)

# NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 31 May 2022

## 14. DEFERRED TAX (continued)

The components and movements of deferred tax liabilities and assets during the financial year are as follows:

### Deferred tax liabilities

	Property, plant and equipment RM'000	Offsetting RM'000	Total RM'000
<b>Group</b>			
As at 1 June 2021	2,898	(296)	2,602
Recognised in profit or loss	(773)	773	-
Disposal of discontinued operations	(2,120)	(482)	(2,602)
Exchange differences	(5)	5	-
<b>As at 31 May 2022</b>	<b>-</b>	<b>-</b>	<b>-</b>
As at 1 June 2020	3,156	(461)	2,695
Recognised in profit or loss	(336)	243	(93)
Exchange differences	78	(78)	-
As at 31 May 2021	2,898	(296)	2,602
<b>Company</b>			
As at 1 June 2021	712	(712)	-
Recognised in profit or loss	(712)	712	-
<b>As at 31 May 2022</b>	<b>-</b>	<b>-</b>	<b>-</b>
As at 1 June 2020	1,291	(1,291)	-
Recognised in profit or loss	(579)	579	-
As at 31 May 2021	712	(712)	-

# NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 31 May 2022

## 14. DEFERRED TAX (continued)

The components and movements of deferred tax liabilities and assets during the financial year are as follows (continued):

### Deferred tax assets

	Retirement benefit obligations RM'000	Provision for liabilities RM'000	Tax losses and unabsorbed capital allowances RM'000	Offsetting RM'000	Total RM'000
<b>Group</b>					
As at 1 June 2021	(1,088)	(3,241)	(20,222)	296	(24,255)
Recognised in profit or loss	611	2,555	9,832	(773)	12,225
Disposal of discontinued operations	495	677	2,633	482	4,287
Exchange differences	(18)	9	(28)	(5)	(42)
<b>As at 31 May 2022</b>	<b>-</b>	<b>-</b>	<b>(7,785)</b>	<b>-</b>	<b>(7,785)</b>
As at 1 June 2020	(1,114)	(2,577)	(22,624)	461	(25,854)
Recognised in profit or loss	(7)	(697)	2,204	(243)	1,257
Exchange differences	33	33	198	78	342
As at 31 May 2021	(1,088)	(3,241)	(20,222)	296	(24,255)
<b>Company</b>					
As at 1 June 2021	(654)	(2,410)	(18,509)	712	(20,861)
Recognised in profit or loss	(19)	3,083	10,724	(712)	13,076
Disposal of discontinued operations	673	(673)	-	-	-
<b>As at 31 May 2022</b>	<b>-</b>	<b>-</b>	<b>(7,785)</b>	<b>-</b>	<b>(7,785)</b>
As at 1 June 2020	(635)	(2,382)	(20,535)	1,291	(22,261)
Recognised in profit or loss	(19)	(28)	2,026	(579)	1,400
As at 31 May 2021	(654)	(2,410)	(18,509)	712	(20,861)

# NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 31 May 2022

## 14. DEFERRED TAX (continued)

### Unrecognised tax losses

At the reporting date, the Group and the Company have tax losses of approximately RM63,047,000 (2021: RM70,018,000) and RM63,047,000 (2021: RM34,975,000) respectively that are available for offset against future taxable profits of the companies in which the losses arose, for which no deferred tax asset is recognised due to uncertainty of its realisation.

The availability of unused tax losses for offsetting against future taxable profits of the respective subsidiaries in Malaysia are subject to guidelines issued by the 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.

The amounts of unrecognised tax losses are as follows:

	Group		Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
No expiry date	-	24,404	-	-
Expires by year of assessment 2024	-	424	-	-
Expires by year of assessment 2025	-	946	-	-
Expires by year of assessment 2026	-	940	-	-
Expires by year of assessment 2028	<b>53,726</b>	32,407	<b>53,726</b>	26,353
Expires by year of assessment 2029	<b>3,865</b>	3,885	<b>3,865</b>	3,865
Expires by year of assessment 2030	<b>4,757</b>	5,778	<b>4,757</b>	4,757
Expires by year of assessment 2031	<b>699</b>	1,234	<b>699</b>	-
	<b>63,047</b>	70,018	<b>63,047</b>	34,975

# NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 31 May 2022

## 15. INVENTORIES

	Group		Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
<b>Cost</b>				
Finished goods	-	30,848	-	-
Work-in-progress	-	2,667	-	2,335
Raw materials and consumable stores	-	16,840	-	3,171
Inventory-in-transit	-	189	-	-
	-	50,544	-	5,506
<b>Net realisable value</b>				
Finished goods	-	64,855	-	2,066
Raw materials and consumable stores	-	6,749	-	-
	-	71,604	-	2,066
	-	122,148	-	7,572

Raw materials and consumable stores, work-in-progress, finished goods and inventory-in-transit were valued at the lower of cost and net realisable value. Cost comprises the actual cost of raw materials determined using weighted average cost, standard cost and an applicable portion of labour and manufacturing overheads for work-in-progress and finished goods.

During the year, the amount of inventories recognised as an expense in cost of sales of the Group and of the Company under discontinued operations was RM820,398,000 (2021: RM975,804,000) and RM11,174,080 (2021: RM26,761,000) respectively.

The Group and the Company also wrote back inventories to net realisable value by RM835,000 (2021: write down inventories to net realisable value by RM728,000) and RM NIL (2021: write down inventories to net realisable value by RM678,000) respectively.

# NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 31 May 2022

## 16. TRADE AND OTHER RECEIVABLES

	Group		Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
<b>Trade receivables</b>				
Third parties	-	180,502	-	6,438
Related companies	-	52	-	-
	-	180,554	-	6,438
Less: Impairment loss	-	(4,210)	-	(126)
	-	176,344	-	6,312
<b>Other receivables</b>				
Amounts due from related companies	-	1,376	-	12
Amounts due from associates	-	3,513	-	2,970
Amounts due from subsidiaries	-	-	-	48,101
Amount due from holding company	-	24,902	-	24,902
Sundry receivables	-	6,835	-	598
Deposits	-	12,409	-	13,897
Prepayments	-	3,507	-	114
	-	52,542	-	90,594
Less: Impairment loss	-	(4,621)	-	(5,102)
	-	47,921	-	85,492
	-	224,265	-	91,804
Trade and other receivables	-	224,265	-	91,804
Less: Prepayments	-	(3,507)	-	(114)
Add: Short-term deposits with licensed banks (Note 18)	<b>14,000</b>	14,719	<b>14,000</b>	-
Add: Cash and bank balances (Note 18)	<b>447</b>	79,532	<b>447</b>	9,351
Total financial assets, measured at amortised cost	<b>14,447</b>	315,009	<b>14,447</b>	101,041

# NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 31 May 2022

## 16. TRADE AND OTHER RECEIVABLES (continued)

### (a) Trade receivables

Trade receivables are non-interest bearing and generally on 30 to 90 days (2021: 30 to 90 days) terms. They are recognised at their original invoice amounts which represent their fair values on initial recognition.

Impairment for trade receivables that do not contain significant financing component are recognised based on the simplified approach using the lifetime expected credit losses. The Group uses an allowance matrix to measure the expected credit loss of trade receivables based on grouping of receivables sharing the same credit risk characteristics and past due days. Expected loss rates are calculated using the roll rate method.

During this process, the probability of non-payment by the trade receivables is adjusted by forward looking information (i.e. gross domestic products growth rate) 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 within administrative expenses in the consolidated statement of profit or loss and other comprehensive income. On confirmation that the trade receivable would not be collectable, the gross carrying value of the asset would be written off against the associated impairment.

Management exercised significant judgement in determining the probability of default by trade receivables and appropriate forward looking information.

Lifetime expected loss provision for trade receivables for the financial year ended 31 May 2021 are as follows:

	Group			Company		
	Gross carrying amount RM'000	Loss allowance RM'000	Carrying amount RM'000	Gross carrying amount RM'000	Loss allowance RM'000	Carrying amount RM'000
31 May 2021						
Current	132,166	(217)	131,949	5,001	(12)	4,989
Past due						
1 to 30 days	34,931	(235)	34,696	1,095	(6)	1,089
31 to 60 days	7,169	(197)	6,972	202	(4)	198
61 to 90 days	554	(196)	358	27	(3)	24
91 to 120 days	608	(107)	501	-	-	-
More than 120 days	3,049	(1,181)	1,868	113	(101)	12
	46,311	(1,916)	44,395	1,437	(114)	1,323
Past due and impaired	2,077	(2,077)	-	-	-	-
	180,554	(4,210)	176,344	6,438	(126)	6,312

# NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 31 May 2022

## 16. TRADE AND OTHER RECEIVABLES (continued)

### (a) Trade receivables (continued)

The movements in impairment loss of trade receivables are as follows:

	Group		Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
As at 1 June 2021/2020	4,210	4,400	126	195
(Write-back of impairment)/Impairment loss for the year	(1,138)	(237)	29	(28)
Written off	(2)	(41)	(2)	(41)
Disposal of discontinued operations	(3,009)	-	(153)	-
Exchange differences	(61)	88	-	-
As at 31 May	-	4,210	-	126

### (b) Other receivables

Related companies refer to companies within the Ancom Nylex Berhad group.

The amounts due from related companies, associates, subsidiaries and holding company are non-trade balances which arose mainly from intercompany advances, expenses paid on behalf and other intercompany charges which are negotiated on a mutually agreed basis. All advances to holding company, subsidiaries and associates are unsecured, repayable within next twelve months in cash and cash equivalents and bore interest at rates ranging from 3.5% to 6.3% (2021: 3.5% to 6.3%) per annum.

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

The Group defined significant increase in credit risk as twenty percent (20%) on relative basis and including operating performance of the receivables, payment delays and past due information. It requires management to exercise significant judgement in determining the probability of default by receivables, appropriate forward looking information (i.e. unemployment rate, gross domestic product growth rate and inflation rate) and significant increase in credit risk.

# NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 31 May 2022

## 16. TRADE AND OTHER RECEIVABLES (continued)

### (b) Other receivables (continued)

The movements in impairment loss of other receivables are as follows:

	12 month ECL RM'000	Lifetime ECL - credit impaired RM'000	Total RM'000
<b>2022</b>			
<b>Group</b>			
As at 1 June 2021	279	4,342	4,621
Write-back for the year	-	(14)	(14)
Charge for the financial year	14	-	14
Written off	-	(358)	(358)
Disposal of discontinued operations	(293)	(3,970)	(4,263)
<b>As at 31 May 2022</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Company</b>			
As at 1 June 2021	760	4,342	5,102
Write-back for the year	(481)	(14)	(495)
Charge for the financial year	14	-	14
Written off	-	(358)	(358)
Disposal of discontinued operations	(293)	(3,970)	(4,263)
<b>As at 31 May 2022</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>2021</b>			
<b>Group</b>			
As at 1 June 2020	264	4,772	5,036
Write-back for the year	-	(28)	(28)
Charge for the financial year	15	-	15
Written off	-	(402)	(402)
<b>As at 31 May 2021</b>	<b>279</b>	<b>4,342</b>	<b>4,621</b>
<b>Company</b>			
As at 1 June 2020	690	5,811	6,501
Write-back for the year	-	(28)	(28)
Charge for the financial year	70	-	70
Written off	-	(1,441)	(1,441)
<b>As at 31 May 2021</b>	<b>760</b>	<b>4,342</b>	<b>5,102</b>

# NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 31 May 2022

## 17. INVESTMENT SECURITIES

	Group		Company	
	Carrying amount RM'000	Market value of quoted investments RM'000	Carrying amount RM'000	Market value of quoted investments RM'000
<b>As at 31 May 2022</b>				
<b>Current</b>				
<i>Held for trading</i>				
Equity instrument (quoted in Malaysia)	-	-	-	-
<b>As at 31 May 2021</b>				
<b>Current</b>				
<i>Held for trading</i>				
Equity instrument (quoted in Malaysia)	840	840	161	161

Investment securities are classified as financial assets measured at fair value through profit or loss.

## 18. CASH AND CASH EQUIVALENTS

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

	Group		Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Short-term deposits with licensed banks (Note 16)	14,000	14,719	14,000	-
Cash and bank balances (Note 16)	477	79,532	477	9,351
	14,477	94,251	14,477	9,351
Short-term deposits with maturity of more than three months	-	(3,238)	-	-
	14,477	91,013	14,477	9,351

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 day and twelve months, depending on the immediate cash requirements of the Group, and earn interest at respective short-term deposit rates.

The average interest rate of deposits as at the reporting date is 1.6% (2021: 1.7%) per annum.

No expected credit losses were recognised on the deposits with financial institutions because the probabilities of default by these financial institutions were negligible.

# NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 31 May 2022

## 19. SHARE CAPITAL

	Group/Company			
	Number of ordinary shares		Amount	
	2022 '000	2021 '000	2022 RM'000	2021 RM'000
<b>Issued and fully paid:</b>				
As at 1 June 2021/2020	<b>194,338</b>	194,338	<b>195,143</b>	195,143
Less: Capital reduction	-	-	<b>(164,287)</b>	-
As at 31 May	<b>194,338</b>	194,338	<b>30,856</b>	195,143

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

During the financial year, the Company reduced its issued share capital from RM195,142,388 to RM30,855,176 by way of capital reduction and repayment exercise in relation to the Proposed Disposal as disclosed in Note 32(e) in the following manners:

- Set-off amounted to RM82,592,950 against the interested shareholders of the Company;
- Cash distribution of RM35,000,000 on the basis of approximately RM0.3926 for every one share held by the non-controlling interest of the Company; and
- Consideration shares of RM46,694,262 which consist of 31,129,508 Ancom Nylex Berhad ("ANB") shares on the basis of approximately RM0.5238 for every share held by the non-controlling interest of the Company.

Of the total 194,337,860 (2021: 194,337,860) issued and paid-up ordinary shares as at 31 May 2022, 14,550,648 (2021: 15,050,648) shares are held as treasury shares by the Company (Note 22). Consequently, as at 31 May 2022, the number of ordinary shares in issue after deduction of the treasury shares is 179,787,212 (2021: 179,287,212) ordinary shares.

# NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 31 May 2022

## 20. RESERVES

	Group		Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
<b>Non-distributable</b>				
Translation reserves	-	17,322	-	-

The movements of the above reserves are disclosed in the consolidated statement of changes in equity.

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

## 21. RETAINED EARNINGS

The balance of the entire retained earnings of the Company may be distributed as dividends under the single-tier system. Dividends paid under this system are tax-exempt in the hands of shareholders.

## 22. TREASURY SHARES

	Group/Company			
	Number of ordinary shares		Amount	
	2022 '000	2021 '000	2022 RM'000	2021 RM'000
As at 1 June 2021/2020	15,051	19,419	10,011	12,916
Sold during the year	(500)	-	(333)	-
Distribution of share dividend	-	(4,368)	-	(2,905)
As at 31 May	14,551	15,051	9,678	10,011

On 8 March 2022, the Company sold a total of 500,000 treasury shares at an average price of RM0.31 per share. The total consideration received for the disposal including transaction cost was RM151,768.

As at 31 May 2022, a total of 14,550,648 (2021: 15,050,648) treasury shares with a carrying amount of RM9,678,119 (2021: RM10,010,685) were held by the Company.

# NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 31 May 2022

## 23. BORROWINGS

	Group		Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
<b>Short-term borrowings</b>				
<i>Secured</i>				
Trust receipts	-	19,308	-	-
Term loans	-	4,955	-	-
<i>Unsecured</i>				
Short-term loans	-	162,454	-	45,400
	-	186,717	-	45,400
<b>Long-term borrowings</b>				
<i>Secured</i>				
Term loans	-	26,837	-	-
	-	213,554	-	45,400
<i>Maturity of borrowings</i>				
On demand or within one year	-	187,174	-	45,400
One to five years	-	30,911	-	-
Total undiscounted borrowings	-	218,085	-	45,400

In the previous financial year, the borrowings bore interest at rates ranging from 1.9% to 5.6% per annum.

The secured term loans and trust receipts were for subsidiaries and secured by the mortgage of vessel, assignment of insurance policies covering stock in trade in favour of the bank and/or corporate guarantees by their shareholders as disclosed in Note 9(c) to the financial statements.

The unsecured short-term loans were in relation to bankers' acceptance, trust receipts, revolving credits and onshore foreign currency loan obtained from various financial institutions.

# NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 31 May 2022

## 24. PROVISION OF RETIREMENT BENEFITS

	Group		Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
As at 1 June 2021/2020	4,679	4,561	2,726	2,647
Benefits paid	(92)	(224)	(92)	(183)
Expense recognised in profit or loss (Note 6)	366	180	171	262
Actuarial loss from re-measurement	(74)	22	-	-
Disposal of discontinued operations	(5,030)	-	(2,805)	-
Exchange fluctuation	151	140	-	-
As at 31 May	-	4,679	-	2,726

Retirement benefits obligation is a post-employment benefit plan under which the Company and certain subsidiaries are obligated to pay eligible employees a fixed percentage on the average annual salary for each completed year of service. For the Company, the retirement benefits obligation is payable to employees employed prior to 1 July 2005 who has more than 10 years of continuous working experience with the Company.

- (a) The Group provides retirement benefit obligations for qualifying employees of its overseas subsidiaries, PT Nylex Indonesia and PT PKG Lautan Indonesia., in accordance with the legislations established in Indonesia.

The principal actuarial assumptions used are as follows:

	Discount rate %	Annual salary increase %
For the reporting period		
<b>2022</b>		
Indonesia	NIL	NIL
2021		
Indonesia	7.8 - 8.0	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 benefit obligations.

# NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 31 May 2022

## 24. PROVISION OF RETIREMENT BENEFITS (continued)

### (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.

	2022 RM'000	2021 RM'000
Discount rate:		
- if increase 1%	-	(268)
- if decrease 1%	-	319
Annual salary:		
- if increase 1%	-	312
- if decrease 1%	-	(268)

## 25. TRADE AND OTHER PAYABLES

	Group		Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
<b>Trade payables</b>				
Third parties	-	122,469	-	3,453
Related companies	-	1,091	-	-
	-	123,560	-	3,453
<b>Other payables</b>				
Amounts due to related companies	-	6	-	3
Amounts due to subsidiaries	-	-	-	40
Other payables	<b>529</b>	15,239	<b>529</b>	4,733
Accruals	<b>151</b>	11,746	<b>151</b>	6,425
	<b>680</b>	26,991	<b>680</b>	11,201
	<b>680</b>	150,551	<b>680</b>	14,654
Trade and other payables	<b>680</b>	150,551	<b>680</b>	14,654
Borrowings (Note 23)	-	213,554	-	45,400
Total financial liabilities, measured at amortised cost	<b>680</b>	364,105	<b>680</b>	60,054

# NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 31 May 2022

## 25. TRADE AND OTHER PAYABLES *(continued)*

### (a) Trade payables

Trade payables are non-interest bearing and the normal trade credit terms granted range from 30 to 90 days (2021: 30 to 90 days).

### (b) Amounts due to related companies and subsidiaries

Related companies refer to companies within the Ancom Nylex Berhad group.

The amounts due to related companies and subsidiaries are trade and non-trade transactions. The trade transactions are granted with normal credit terms and non-interest bearing, and non-trade transactions are mainly intercompany advances and expenses paid on behalf. All balances are unsecured, repayable on demand, and non-interest bearing as at reporting date.

(c) Maturity profile of trade and other payables of the Group and of the Company at the end of the reporting period is based on contractual undiscounted repayment obligations and is repayable within twelve months.

## 26. COMMITMENTS

### (a) Capital commitments

Capital expenditures as at the reporting date are as follows:

	Group		Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
<i>Approved and contracted</i>				
Property, plant and equipment	-	307	-	80
<i>Approved but not contracted</i>				
Property, plant and equipment	-	8,184	-	27
	-	8,491	-	107

# NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 31 May 2022

## 26. COMMITMENTS (continued)

### (b) Guarantees

The Company has provided the following guarantees:

	Group		Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Unsecured				
Corporate guarantees given to financial institutions in respect of credit facilities guarantee	-	-	-	109,077
Guarantees given by financial institutions in respect of third parties	-	45,299	-	2,074

The Group designates corporate guarantees given to financial institutions for credit facilities granted to certain subsidiaries and associate as insurance contracts as defined in MFRS 4 *Insurance Contracts*. The Group recognises these insurance contracts as recognised insurance liabilities when there is a present obligation, legal or constructive, as a result of a past event, when it is probable that an outflow of resources embodying economic benefits would be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

The Company monitors on an ongoing basis the results of the subsidiaries and associate and repayment made by the subsidiaries and associate. As at the end of the reporting period, there were no indication that the subsidiaries and associate would default on repayment and no values are ascribed on corporate guarantees provided by the Company to secure bank loans and other banking facilities granted to its subsidiaries and associate. The Directors regard the value of the credit enhancement provided by the corporate guarantees as minimal.

## 27. CONTINGENT LIABILITIES

There are no material contingent liabilities as at the reporting date.

# NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 31 May 2022

## 28. RELATED PARTY DISCLOSURES

### (a) Significant related party transactions

#### 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 may be individuals or other entities.

Related parties of the Group include:

- (i) Direct and indirect subsidiaries as disclosed in Note 11 to the financial statements;
- (ii) Associates as disclosed in Note 12 to the financial statements; and
- (iii) Key management personnel are defined as those persons having the authority and responsibility for planning, directing and controlling the activities of the Group either directly or indirectly. The key management personnel include the Executive Directors of the Group.

In addition to the related party information disclosed elsewhere in the financial statements, the following significant transactions between the Group and related parties took place on terms agreed between the parties during the financial year:

	Note	Group		Company	
		2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
<i>Sales to a related company</i>	(i)				
Ancom Crop Care Sdn. Bhd.		<b>238</b>	256	<b>36</b>	30
<i>Purchases from subsidiaries and a related company</i>	(i)				
Perusahaan Kimia Gemilang Sdn. Bhd.		-	-	<b>170</b>	375
Fempro Sdn. Bhd.		-	-	<b>2</b>	2
Ancom Crop Care Sdn. Bhd.		-	3,000	-	-
<i>Freight/transport charges paid to related companies</i>	(i)				
Pengangkutan Cogent Sdn. Bhd.		<b>1,425</b>	2,813	-	-
Vanguard Express Sdn. Bhd.		<b>30</b>	5	<b>28</b>	-

# NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 31 May 2022

## 28. RELATED PARTY DISCLOSURES (continued)

### (a) Significant related party transactions (continued)

	Note	Group		Company	
		2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
<i>Pest control service and health and safety paid to related companies</i>	(i)				
Entopest Environmental Services Sdn. Bhd.		<b>28</b>	23	<b>16</b>	12
Ancom Truelife Sdn. Bhd.		<b>96</b>	-	<b>95</b>	-
<i>Storage rental income from an associate and a related company</i>	(i)				
One Chem Terminal Sdn. Bhd.		<b>392</b>	859	-	-
Pengangkutan Cogent Sdn. Bhd.		<b>7</b>	11	-	-
<i>Storage lease paid to a related company</i>	(i)				
Ancom-ChemQuest Terminals Sdn. Bhd.		<b>3,571</b>	5,513	-	-
<i>IT hardware paid to a related company</i>	(i)				
Redberry Media Sdn. Bhd.		-	7	-	-
<i>Office rental paid to holding company</i>	(i)				
Ancom Nylex Berhad		<b>19</b>	29	<b>10</b>	15
<i>Waiver of debts to subsidiaries</i>					
ALB Marine Sdn. Bhd.		-	-	<b>41,766</b>	-
CKG Chemincals Pte. Ltd.		-	-	<b>9,684</b>	-
<i>Interest income from holding company, subsidiaries and an associate</i>	(ii)				
Ancom Nylex Berhad		<b>1,144</b>	1,640	<b>1,144</b>	1,640
CKG Chemicals Pte. Ltd.		-	-	<b>169</b>	362
ALB Marine Sdn. Bhd.		-	-	<b>572</b>	1,094
One Chem Terminal Sdn. Bhd.		<b>114</b>	158	<b>114</b>	158

# NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 31 May 2022

## 28. RELATED PARTY DISCLOSURES (continued)

### (a) Significant related party transactions (continued)

	Note	Group		Company	
		2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
<i>Bulk sponsorship and advertisement expenses paid to a related company</i>	(iii)				
Redberry Sdn. Bhd.		972	1,060	-	-
<i>Gross dividend from subsidiaries</i>					
Kumpulan Kesuma Sdn. Bhd.		-	-	1,025	2,563
PT Nylex Indonesia		-	-	5,805	9,513
Fermpro Sdn. Bhd.		-	-	-	3,200

(i) The Directors are of the opinion that the sales, purchases and other charges to/from subsidiaries and related companies are entered into in the normal course of business and have been established on terms and conditions that are not materially different from those obtainable in transactions with unrelated parties.

(ii) Interest income arose from advances or loan to holding company, subsidiaries and an associate.

(iii) Bulk sponsorship and advertisement expenses are contracted for certain period or incurred upon each advertisement. The expenses incurred and utilised for the financial year were recognised in the profit or loss.

### (b) Compensation of key management personnel

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including any Directors of the Company and its subsidiaries.

The remuneration of Directors and other members of key management personnel are as follows:

	Group		Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Fees	460	379	460	379
Short-term employee benefits	6,654	8,456	2,213	2,383
Defined contribution plan and social security costs	476	755	199	259
Other emoluments	482	566	60	89
	8,072	10,156	2,932	3,110

# NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 31 May 2022

## 28. RELATED PARTY DISCLOSURES *(continued)*

### (b) Compensation of key management personnel *(continued)*

Included in the total remuneration of key management personnel are:

	Group		Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Directors' remuneration	2,263	2,442	1,351	1,713

## 29. FAIR VALUE OF FINANCIAL INSTRUMENTS

### (a) Determination of fair values

The carrying amounts of financial assets and liabilities of the Group and of the Company at the reporting date approximate their fair values.

The following methods and assumptions are used to estimate fair values of the following classes of financial instruments:

#### (i) Current receivables, cash and bank balances and current payables

The carrying amounts of these financial assets and liabilities are reasonable approximation of fair values, either due to their short-term nature or that they are floating rate instruments that are re-priced to market interest rates on or near the reporting date.

#### (ii) Borrowings

The fair values of borrowings are estimated by discounting future contractual cash flows at the current market interest rates available to the Group for similar financial instruments.

#### (iii) Quoted equity instruments

Fair value is determined directly by reference to their published market bid price at the reporting date.

### (b) Fair value hierarchy

The Group and the Company use the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

- Level 1: quoted (unadjusted) market prices in active markets for identical assets or liabilities;
- Level 2: valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable; and
- Level 3: valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

# NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 31 May 2022

## 29. FAIR VALUE OF FINANCIAL INSTRUMENTS (continued)

### (b) Fair value hierarchy (continued)

As at the financial year end, the Group and the Company held the following financial instruments carried at fair value in the statements of financial position:

	Level	2022 RM'000	2021 RM'000
<b>Group</b>			
<i>Financial assets at fair value through profit or loss:</i>			
Equity instruments (quoted in Malaysia)	1	-	840
<b>Company</b>			
<i>Financial assets at fair value through profit or loss:</i>			
Equity instruments (quoted in Malaysia)	1	-	161

During the financial years ended 31 May 2022 and 31 May 2021, there were no transfers between Level 1 and Level 2 fair value measurements.

## 30. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's financial risk management policy seeks to ensure that adequate financial resources are available for the development of the Group's businesses whilst managing their risks. The Group operates within clearly defined guidelines and the Group's policy is not to engage in speculative transactions.

It is the Group's policy that no derivatives shall be undertaken except for the use as hedging instruments where appropriate and cost-efficient. The Group and the Company do not apply hedge accounting.

The following sections provide details regarding the Group's and the Company's exposure to the above-mentioned financial risks and the objectives, policies and processes for the management of these risks.

### (a) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of the Group's and of the Company's financial instruments will fluctuate because of changes in market interest rates.

# NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 31 May 2022

## 30. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

### (a) Interest rate risk (continued)

The Group manages its interest rate exposure by maintaining a mix of fixed and floating rate borrowings. The Group reviews its debt portfolio, taking into account the investment holding period and nature of its assets. This strategy allows it to capitalise on cheaper funding in a low interest rate environment and achieve a certain level of protection against rate hikes.

The interest profile of the financial assets and liabilities of the Group and of the Company as at the reporting date are as follows:

	Group		Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
<b>Financial assets</b>				
Fixed rate	14,000	31,584	14,000	56,991
Floating rate	-	27,946	-	-
Interest free	477	256,319	477	44,211
	<b>14,477</b>	<b>315,849</b>	<b>14,477</b>	<b>101,202</b>
<b>Financial liabilities</b>				
Fixed rate	-	34,467	-	263
Floating rate	-	213,555	-	45,400
Interest free	680	150,551	680	14,654
	<b>680</b>	<b>398,573</b>	<b>680</b>	<b>60,317</b>

The weighted average interest rates on the financial assets and liabilities are as follows:

	Group		Company	
	2022 %	2021 %	2022 %	2021 %
<b>Financial assets</b>				
Fixed rate	1.6	4.8	1.6	4.3
Floating rate	-	5.5	-	-
<b>Financial liabilities</b>				
Fixed rate	-	3.8	-	5.0
Floating rate	-	3.4	-	3.4

At the reporting date, if interest rates had been 10 basis points lower/higher, with all other variables held constant, the Group's net profit for the year would have been lower/ higher by approximately RM NIL (2021: RM141,000) arising mainly as a result of lower/higher interest expense on floating rate loans and borrowings and higher/lower interest income from floating rate deposits and savings with licensed banks.

# NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 31 May 2022

## 30. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *(continued)*

### (b) Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

The Group operates internationally and is exposed to various currencies, mainly United States Dollar ("USD"), Singapore Dollar ("SGD"), Japanese Yen ("JPY"), Indonesian Rupiah ("IDR") and Vietnamese Dong ("VND"). Foreign currency denominated assets and liabilities together with expected cash flows from highly probable purchases and sales give rise to foreign exchange exposures.

The Group maintains a natural hedge, whenever possible, by borrowing in the currency of the country in which the investment is located or by borrowing in currencies that match the future revenue stream to be generated from its investments.

Foreign exchange exposures in transactional currencies other than functional currencies of the operating entities are kept to an acceptable level. Material foreign currency transaction exposures are hedged, mainly with derivative financial instruments such as forward currency contracts.

At the reporting date, if the functional currency strengthened/weakened by 3% against the other currencies, with all other variables held constant, the Group's and the Company's net profit for the year would have been higher/lower as follows:

	<b>Group</b>		<b>Company</b>	
	<b>2022</b>	<b>2021</b>	<b>2022</b>	<b>2021</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
USD/RM	-	(459)	-	90
SGD/RM	-	47	-	48
JPY/RM	-	16	-	-
USD/SGD	-	(668)	-	-
USD/IDR	-	297	-	-

# NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 31 May 2022

## 30. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

### (b) Foreign currency risk (continued)

The net unhedged financial assets and financial liabilities of the Group and of the Company that are not denominated in their functional currencies are as follows:

	Functional currency of group companies				Total RM'000
	Ringgit Malaysia RM'000	Indonesian Rupiah RM'000	United States Dollar RM'000	Vietnamese Dong RM'000	
As at 31 May 2021					
<b>Receivables</b>					
United States Dollar	11,237	-	-	-	11,237
Singapore Dollar	119	-	2,312	-	2,431
Japanese Yen	223	-	-	-	223
Indonesian Rupiah	-	-	5,920	-	5,920
	11,579	-	8,232	-	19,811
<b>Cash and bank balances</b>					
Ringgit Malaysia	-	-	15	-	15
United States Dollar	11,847	2,467	-	13	14,327
Singapore Dollar	1,966	-	210	-	2,176
Japanese Yen	491	-	2	-	493
Indonesian Rupiah	-	-	6,607	-	6,607
	14,304	2,467	6,834	13	23,618
<b>Borrowings</b>					
United States Dollar	31,792	-	-	-	31,792
<b>Lease liabilities</b>					
Ringgit Malaysia	-	-	1,109	-	1,109
United States Dollar	-	-	-	1,362	1,362
Singapore Dollar	-	-	28,168	-	28,168
	-	-	29,277	1,362	30,639
<b>Payables</b>					
Ringgit Malaysia	-	-	353	-	353
United States Dollar	9,988	46	-	22	10,056
Singapore Dollar	4	-	3,656	-	3,660
Indonesian Rupiah	-	-	1,905	-	1,905
New Zealand Dollar	20	-	-	-	20
	10,012	46	5,914	22	15,994

# NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 31 May 2022

## 30. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *(continued)*

### (b) Foreign currency risk *(continued)*

The net unhedged financial assets and financial liabilities of the Group and of the Company that are not denominated in their functional currencies are as follows *(continued)*:

	Company	
	2022 RM'000	2021 RM'000
<b>Receivables</b>		
United States Dollar	-	1,455
Singapore Dollar	-	119
	-	1,574
<b>Cash and bank balances</b>		
United States Dollar	-	2,479
Singapore Dollar	-	1,965
	-	4,444
<b>Payables</b>		
New Zealand Dollar	-	20

### (c) Liquidity risk

Liquidity risk is the risk that the Group or the Company will encounter difficulty in meeting financial obligations due to shortage of funds. The Group's and the Company's exposure to liquidity risk arises primarily from mismatches of the maturities of financial assets and liabilities. The Group's and the Company's objective is to maintain a balance between continuity of funding and flexibility through the use of credit facilities and short-term borrowings.

# NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 31 May 2022

## 30. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

### (c) Liquidity risk (continued)

The table below summarises the maturity profile of the liabilities of the Group and of the Company at the reporting date based on contractual undiscounted repayment obligations.

	On demand or within one year RM'000	One to five years RM'000	More than five years RM'000	Total RM'000
<b>As at 31 May 2022</b>				
<b>Group and Company</b>				
<b>Financial liabilities</b>				
Trade and other payables	680	-	-	680
<b>Total undiscounted financial liabilities</b>	<b>680</b>	<b>-</b>	<b>-</b>	<b>680</b>
<b>As at 31 May 2021</b>				
<b>Group</b>				
<b>Financial liabilities</b>				
Trade and other payables	150,551	-	-	150,551
Loans and borrowings	187,174	30,911	-	218,085
Lease liabilities	14,227	21,762	260	36,249
<b>Total undiscounted financial liabilities</b>	<b>351,952</b>	<b>52,673</b>	<b>260</b>	<b>404,885</b>
<b>Company</b>				
<b>Financial liabilities</b>				
Trade and other payables	14,654	-	-	14,654
Loans and borrowings	45,400	-	-	45,400
Lease liabilities	130	148	-	278
Financial guarantee contract	67,090	-	-	67,090
<b>Total undiscounted financial liabilities</b>	<b>127,274</b>	<b>148</b>	<b>-</b>	<b>127,422</b>

# NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 31 May 2022

## 30. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *(continued)*

### (d) Credit risk

Credit risk is the risk of loss on outstanding financial instruments should a counterparty default on its obligations. The Group's exposure to credit risk is controlled by the application of credit approvals, limits and monitoring procedures and are minimised by limiting the Group's associations to business partners with high credit worthiness. Trade receivables are monitored on an ongoing basis via Group management reporting procedures.

At the reporting date, the Group's and the Company's maximum exposure to credit risk is represented by the carrying amount of each class of financial assets recognised in the statements of financial position.

The Group does not have any significant exposure to any individual customer or counterparty nor does it have any major concentration of credit risk related to any financial instruments. Information regarding trade and other receivables is disclosed in Note 16 to the financial statements. Deposits with banks and other financial institutions and investment securities are placed with or entered into with reputable financial institutions or companies with high credit ratings and no history of default.

A nominal amount of RM NIL (2021: RM109,077,000) relating to corporate guarantees is provided by the Company to financial institutions for credit facilities granted to its subsidiaries. Nominal amount for guarantees given by financial institutions in respect of third parties for the Group and for the Company was RM NIL (2021: RM45,299,000) and RM NIL (2021: RM2,074,000) respectively.

## 31. CAPITAL MANAGEMENT

The primary objective of the Group's capital management is to maintain a strong capital base and safeguard the Group's ability to continue in operations as a going concern in order to provide fair returns for shareholders and to maintain an optimal capital structure.

The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions or expansion plans of the Group. The Group may, from time to time, adjust the dividend pay-out to shareholders, issue new shares, return capital to shareholders, redeem debt or sell assets to reduce debts, where necessary. No changes were made in the objectives, policies or processes during the financial year ended 31 May 2022 and 31 May 2021.

## 32. SIGNIFICANT EVENTS DURING THE YEAR

(a) In previous financial year, a wholly-owned subsidiary of the Company, Nylex Polymer Marketing Sdn. Bhd. has acquired 30% of the paid up capital of PT Myindo Acqua Pura, a company incorporated in the Republic of Indonesia for a cash consideration of IDR750,000,000 (equivalent to RM234,750).

(b) In previous financial year, the holding company of the Company, Ancom Nylex Berhad ("ANB") and Ancom Logistic Berhad ("ALB") (a 45.06% owned subsidiary of ANB, listed on ACE Market of Bursa Malaysia Securities Berhad) had entered into a Heads of Agreement ("HOA") with shareholders of S7 Holdings Sdn. Bhd., Merrington Assets Limited, MY E.G. Capital Sdn. Bhd. and Avocat Sdn. Bhd. where the Company is involved in the proposed acquisition of Synergy Trans-Link Sdn. Bhd. (a wholly owned subsidiary of ALB), and its subsidiaries at a valuation to be agreed by the Company and ALB. The Board has on 15 July 2020 approved in principle on the proposed acquisition subject to the terms and conditions to be determined by the Company and ALB at later date. Subsequently on 15 April 2022, ANB announced that the HOA (as supplemented by the Supplemental HOA) has expired and lapsed on 15 April 2022.

Upon expiry and lapse of the HOA (as supplemented by the Supplemental HOA), the Parties shall have no claims against each other under the HOA and Supplemental HOA.

# NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 31 May 2022

## 32. SIGNIFICANT EVENTS DURING THE YEAR *(continued)*

- (c) In previous financial year, a wholly-owned subsidiary of the Company, Fermpro Sdn. Bhd. has invested in 50% of the issued and paid-up capital of Jasa Rimbun Sdn. Bhd. for a cash consideration of RM5,000.
- (d) On 24 May 2021, Perusahaan Kimia Gemilang (Vietnam) Company Ltd (“PKG”), a wholly owned subsidiary of Perusahaan Kimia Gemilang Sdn. Bhd. (“PKG”), which in turn is a wholly owned subsidiary of Nylex, had entered into a sale and purchase agreement dated 24 May 2021 with TOP Solvent (Vietnam) Limited Liability Company (“TSV”) for the disposal of terminal assets owned by PKG for a cash consideration of USD6,250,000 (approximately RM25,700,000).

Subsequent to the completion of the Proposed Disposal as disclosed in Note 32(e), PKG has ceased to be a subsidiary of the Company.

- (e) **(i) Proposed disposal of all the assets and liabilities of the Company to Ancom Nylex Berhad (“ANB”) (“Proposed Disposal”); and**  
**(ii) Proposed distribution of the proceeds from the Proposed Disposal amounting to RM164.3 million to all the entitled shareholders of the Company by way of a capital reduction and repayment exercise pursuant to Section 116 of the Companies Act 2016 (“Proposed Distribution”) (Collectively to be referred to as “Proposals”)**

On 28 April 2021, Nylex had received a letter dated 28 April 2021 from ANB (“Proposal Letter”) offering to acquire all the assets and liabilities of Nylex, upon the terms and conditions as set out in the Proposal Letter and subject to the execution of a sale of business agreement to effect the Proposed Disposal (“Offer”).

On 28 June 2021, Nylex Board (save for Dato’ Siew Ka Wei, being an interested director) has decided to accept the Offer, subject to, among others, the approvals of the non-interested shareholders of Nylex and the relevant regulatory authorities, where required.

On 29 July 2021, Nylex entered into the Sale of Business Agreement with ANB and its wholly owned subsidiary, Nylex Holdings Sdn Bhd in respect of the Proposed Disposal.

On 26 October 2021, the Proposals were approved by the shareholders of the Company at the Extraordinary General Meeting.

On 29 November 2021, the High Court of Malaya has fixed 12 January 2022 as the hearing date of the Company’s petition dated 17 November 2021 to obtain the order of the High Court of Malaya confirming the special resolution passed by the shareholders of the Company on 26 October 2021 approving the Proposed Distribution (“Special Resolution”) (“Court Order”).

On 12 January 2022, Court Order on the Special Resolution has been obtained. Following the receipt of the Court Order, the Sale of Business Agreement for the Proposed Disposal has become unconditional.

On 26 January 2022, the Proposed Disposal has been completed in accordance with the Sale of Business Agreement. Following the completion of the Proposed Disposal, the Company has triggered Paragraph 8.03A(2) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad whereby the Company has ceased all of its business and operations and accordingly, the Company is now classified as an affected listed issuer.

On 23 March 2022, the Proposed Distribution has been completed following the cash distribution and distribution of ANB shares to non-controlling shareholders. Accordingly, the Company has completed the Proposals.

# NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 31 May 2022

## 32. SIGNIFICANT EVENTS DURING THE YEAR *(continued)*

- (f) The Company had on 21 March 2022 entered into a Heads of Agreement (“HOA”) with Sinar Bina Infra Sdn. Bhd., LBS Bina Group Berhad, BTS Group Holdings Public Company Limited and Ancom Nylex Berhad 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 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 parties are working together exclusively to agree on the terms of the definitive agreements to effect the proposals stipulated in the HOA.

## 33. SEGMENT INFORMATION

Segment information is presented in respect of the Group’s business and geographical segments. The primary format, business segments, is based on the Group’s management and internal reporting structure. Inter-segment pricing is determined based on negotiated terms.

### (a) Business segments

The Group comprises the following main business segments:

#### (i) Polymer

Manufacture and marketing of polyurethane and vinyl-coated fabrics, calendered film and sheeting, and other plastic products, including geotextiles and prefabricated sub-soil drainage systems, and rotomoulded plastic products.

#### (ii) Industrial chemical

Trading, manufacture and sale of petrochemicals and industrial chemical products.

#### (iii) Logistics

Carrying out business of transport, cartage and haulage contractors and agencies, ship owning, ship management and charter hire of tanker.

During the financial year, polymer, industrial chemical and logistics segments have been classified as discontinued operations as disclosed in Note 6 to the financial statements.

# NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 31 May 2022

## 33. SEGMENT INFORMATION (continued)

### (a) Business segments (continued)

	Discontinued operations			Continuing operation		Adjustments and eliminations RM'000	Note	Consolidated RM'000
	Polymer RM'000	Industrial chemical RM'000	Logistics RM'000	Investment holding RM'000	Investment holding RM'000			
<b>2022</b>								
<b>Revenue</b>								
External sales	53,760	870,162	10,221	-	-	(934,143)		-
Inter-segment sales	-	172	-	-	-	(172)	(ii)	-
<b>Total revenue</b>	<b>53,760</b>	<b>870,334</b>	<b>10,221</b>	<b>-</b>	<b>-</b>	<b>(934,315)</b>		<b>-</b>
<b>Results</b>								
Interest income	101	435	-	1,257	97	1,793		97
Depreciation	(2,719)	(12,046)	(2,238)	(348)	-	17,351		-
Unrealised (loss)/ gain on foreign exchange	(195)	(801)	1,083	(77)	-	(10)		-
Inventories written back/(written down)	1,000	(165)	-	-	-	(835)		-
Provision for retirement benefits	(326)	-	-	(40)	-	366		-
(Loss)/Gain on disposal of property, plant and equipment	(175)	1	-	(135)	-	309		-
Segment profit/ (loss)	3,346	19,803	(4,828)	(50,602)	(769)	32,281		(769)
<b>Segment assets</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>23,526</b>	<b>-</b>	<b>(iv)</b>	<b>23,526</b>
<b>Segment liabilities</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>680</b>	<b>-</b>	<b>(v)</b>	<b>680</b>

# NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 31 May 2022

## 33. SEGMENT INFORMATION (continued)

### (a) Business segments (continued)

	Discontinued operations			Continuing operation		Adjustments and eliminations RM'000	Note	Consolidated RM'000
	Polymer RM'000	Industrial chemical RM'000	Logistics RM'000	Investment holding RM'000	Investment holding RM'000			
2021								
<b>Revenue</b>								
External sales	91,768	1,042,354	17,555	-	-	(1,151,677)		-
Inter-segment sales	-	377	698	-	-	(1,075)	(ii)	-
<b>Total revenue</b>	<b>91,768</b>	<b>1,042,731</b>	<b>18,253</b>	<b>-</b>	<b>-</b>	<b>(1,152,752)</b>		<b>-</b>
<b>Results</b>								
Interest income	181	344	-	1,797	-	(2,322)		-
Depreciation	(4,840)	(18,224)	(3,350)	(327)	-	26,741		-
Unrealised gain/ (loss) on foreign exchange	76	(3,160)	1,634	(441)	-	1,891		-
Inventories written down	(678)	(50)	-	-	-	728		-
Provision for retirement benefits	(190)	70	-	(60)	-	180		-
Loss on disposal of property, plant and equipment	(547)	(26)	-	-	-	573		-
Segment profit/ (loss)	5,411	25,800	(1,026)	(2,884)	(909)	(27,301)		(909)
<b>Assets</b>								
Investments in associates	-	-	-	2,991	-	-	(iv)	2,991
Goodwill arising on consolidation	95	82,725	-	-	-	-	(iv)	82,820
Additions to non- current assets	3,041	29,281	52	63	-	-	(iii)	32,437
Segment assets	91,072	422,490	70,986	101,449	18,239	(59,943)	(iv)	644,293
Segment liabilities	17,609	308,895	83,816	56,545	396	(59,943)	(v)	407,318

# NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 31 May 2022

## 33. SEGMENT INFORMATION (continued)

### (a) Business segments (continued)

#### Note

- (i) The amounts relating to the polymer, industrial chemical and logistics segments have been excluded to arrive at amounts shown in the consolidated statement of comprehensive income as they are presented separately in the statement of comprehensive income within one line item, "profit from discontinued operations, net of tax".
- (ii) Inter-segment sales are eliminated on consolidation.
- (iii) Additions to non-current assets consist of property, plant and equipment and right-of-use assets.
- (iv) The inter-segment assets are added to segment assets to arrive at total assets reported in the consolidated statement of financial position.
- (v) The inter-segment liabilities are added to segment liabilities to arrive at total liabilities reported in the consolidated statement of financial position.
- (vi) There are no major customers with revenue equal to or more than ten percent (10%) of Group revenue.

### (b) Geographical segments

Segment assets information based on the geographical location assets respectively are as follows:

	Segment assets	
	2022 RM'000	2021 RM'000
Malaysia	23,526	418,125
Indonesia	-	76,617
Singapore	-	130,277
Vietnam	-	19,274
	<b>23,526</b>	644,293

# ADDITIONAL INFORMATION

## UTILISATION OF PROCEEDS

Other than as disclosed below, the Company has not raised any funds from any of its corporate exercises during the financial year.

During the financial year, the Company has completed the disposal of the entire assets and liabilities of the Company and distribution of the proceeds to the entitled shareholders of the Company. The status of utilisation of proceeds as at 31 May 2022 are as follows:

No.	Description of use	Intended time frame for utilisation of proceeds from the date of completion of the disposal	Proposed utilisation RM'000	Actual utilisation RM'000	Balance
1.	Retained Cash				
	(a) Acquisition of new businesses	Within 12 months	11,250	-	11,250
	(b) Working capital	Within 12 months	1,250	174	1,076
	(c) Defraying expenses relating to the Proposals	Within 3 months	2,500	2,105 <sup>(1)</sup>	395
			15,000	2,279	12,721
2.	Distribution to non-controlling interest of Nylex	Within 3 months	35,000	35,000	-
			50,000	37,279	12,721

### Note:

(1) Of which approximately RM1,507,000 has been incurred and paid by the Company before the receipt of the cash proceeds. Upon receipt of the cash proceeds, the said amount has been used to replenish the internally generated fund of the Company, which forms part of the Company's cash and bank balances of RM14,477,000 as at 31 May 2022.

## AUDIT AND NON-AUDIT FEES

The audit and non-audit fees of the Group and of the Company are disclosed in Directors' Report on page 48 of this Annual Report. The Company paid RM130,000 to BDO PLT, the external auditors, for review of the Statement on Risk Management and Internal Control for the financial year ended 31 May 2022 and as the reporting accountant and a special audit carried out for the Proposed Disposal as disclosed in Note 32(e) to the financial statements on page 114 of this Annual Report.

## MATERIAL CONTRACTS INVOLVING DIRECTORS' AND/OR MAJOR SHAREHOLDERS' INTERESTS

There were no material contracts, of the Company and its subsidiaries, not being contracts entered into in the ordinary course of business, which involves Directors' and/or major shareholders' interests, either still subsisting at the end of the financial year or entered into since the end of the previous financial year.

## ADDITIONAL INFORMATION

### RECURRENT RELATED PARTY TRANSACTIONS (“RRPT”)

The aggregate value of RRPT made during the financial year, pursuant to the shareholders’ mandate obtained at the last annual general meeting of the Company are as follows:

Related party	Nature of transaction	Value of RRPT (RM’000)	Interested Directors, major shareholders and connected person
Ancom-Chemquest Terminals Sdn Bhd	Storage rental and handling of industrial chemicals for storage	3,571	1) Ancom Nylex Berhad 2) Rhodemark Development Sdn Bhd 3) Dato’ Siew Ka Wei
Pengangkutan Cogent Sdn Bhd	Charges for transportation of industrial chemicals	1,425	
Redberry Sdn Bhd	Provision of media services and sponsorship	972	
Ancom Crop Care Sdn Bhd	Sale and purchase of industrial chemicals	238	
iEnterprise Online Sdn Bhd	Provision of IT related products and services	-	
Malay Mail Online Sdn Bhd	Provision of Advertising space in the media channels	-	Dato’ Siew Ka Wei

# ANALYSIS OF SHAREHOLDINGS

As at 30 August 2022

## No. of holders of each class of equity securities

Class of securities	:	Ordinary shares
Total no. issued	:	194,337,860
No. of holders	:	13,609
Voting rights	:	One vote per ordinary share on a poll

## Distribution schedule

Holdings	No. of holders	No. of shares	%
Less than 100	2,996	78,871	0.04
100 to 1,000	5,002	1,968,323	1.09
1,001 to 10,000	3,827	14,448,659	8.04
10,001 to 100,000	1,630	49,258,157	27.40
100,001 to less than 5% of issued shares	151	40,150,219	22.33
5% and above of issued shares	3	73,882,983	41.10
	13,609	179,787,212	100.00
Treasury shares	-	14,550,648	-
	<b>13,609</b>	<b>194,337,860</b>	<b>100.00</b>

## Substantial holders

	Direct No. of shares	%	Indirect No. of shares	%
1. Dato' Siew Ka Wei	1,399,646	0.78	77,883,551 <sup>(1)</sup>	43.32
2. Ancom Nylex Berhad	18,507,921	10.29	57,385,535 <sup>(2)</sup>	31.92
3. Rhodemark Development Sdn Bhd	57,385,535	31.92	-	-

### Notes:

- Deemed interested through his direct and indirect interest in Ancom Nylex Berhad, Rhodemark Development Sdn Bhd, Siew Nim Chee & Sons Sendirian Berhad, Silver Dollars Sdn Bhd, Datin Young Ka Mun, Siew Ka Kheong and Quek Lay Kheng.
- Deemed interested by virtue of its direct interest in Rhodemark Development Sdn Bhd pursuant to Section 8 of the Companies Act 2016.

## Directors' holdings

	Direct No. of shares	%	Indirect No. of shares	%
1. Dato' Siew Ka Wei	1,399,646	0.78	77,883,551 <sup>(1)</sup>	43.32

### Note:

- Deemed interested through his direct and indirect interest in Ancom Nylex Berhad, Rhodemark Development Sdn Bhd, Siew Nim Chee & Sons Sendirian Berhad, Silver Dollars Sdn Bhd, Datin Young Ka Mun, Siew Ka Kheong and Quek Lay Kheng.

# ANALYSIS OF SHAREHOLDINGS

As at 30 August 2022

## Thirty largest shareholders

(Without aggregating securities from different securities accounts belonging to the same person)

Name	No. of shares	%
1. Malaysia Nominees (Tempatan) Sendirian Berhad <i>Pledged Securities Account for Rhodemark Development Sdn Bhd (01-00845-000)</i>	37,411,483	20.81
2. Malaysia Nominees (Tempatan) Sendirian Berhad <i>Pledged Securities Account for Ancom Berhad (01-00846-000)</i>	21,525,000	11.97
3. Kenanga Nominees (Tempatan) Sdn Bhd <i>Pledged Securities Account for Rhodemark Development Sdn Bhd</i>	14,946,500	8.31
4. Pacific & Orient Insurance Co Berhad	2,870,528	1.60
5. Ancom Nylex Berhad	1,982,921	1.10
6. Lim Chin Tong	1,193,163	0.66
7. Kenanga Nominees (Asing) Sdn Bhd <i>Exempt An For Phillip Securities Pte Ltd (Client Account)</i>	1,052,832	0.59
8. TA Nominees (Tempatan) Sdn Bhd <i>Pledged Securities Account for Mohamad Fuzi Bin Harun</i>	1,050,000	0.58
9. TA Nominees (Tempatan) Sdn Bhd <i>Pledged Securities Account for Siew Nim Chee &amp; Sons Sendirian Berhad</i>	966,782	0.54
10. Affin Hwang Nominees (Tempatan) Sdn Bhd <i>Pledged Securities Account for Siew Ka Wei</i>	899,646	0.50
11. Pua Lay Koon	850,000	0.47
12. SJ Sec Nominees (Tempatan) Sdn Bhd <i>Pledged Securities Account for Hafidah Binti Pawanchik (SMT)</i>	700,000	0.39
13. Kenanga Nominees (Tempatan) Sdn Bhd <i>Pledged Securities Account for Siew Nim Chee &amp; Sons Sdn Bhd (001)</i>	677,284	0.38
14. Kenanga Nominees (Tempatan) Sdn Bhd <i>Pledged Securities Account for Grace Yeoh Cheng Geok</i>	637,341	0.35
15. Kenanga Nominees (Tempatan) Sdn Bhd <i>Rakuten Trade Sdn Bhd For Faiza Binti Mohd Ghazali</i>	585,000	0.33
16. CGS-CIMB Nominees (Asing) Sdn Bhd <i>Exempt An For CGS-CIMB Securities (Singapore) Pte Ltd (Retail Clients)</i>	578,841	0.32
17. Chew Kok Siang	500,000	0.28
18. Kenanga Nominees (Tempatan) Sdn Bhd <i>Pledged Securities Account for Siew Ka Wei</i>	500,000	0.28
19. Yong Boon Chieh	450,000	0.25
20. Ker Leong Chuan	428,698	0.24
21. Ting Kwong Chai	411,525	0.23
22. Marc Laval Koo Sin Lin	400,000	0.22
23. Maybank Nominees (Tempatan) Sdn Bhd <i>Pledged Securities Account For Lee Cheun Wei</i>	345,235	0.19
24. Public Nominees (Tempatan) Sdn Bhd <i>Pledged Securities Account for Lee Kok Tiong (E-PKG/TCL)</i>	320,000	0.18
25. Tai Kong Chun	320,000	0.18
26. Tan Kah Choon	309,600	0.17
27. Ooi Chew Leong	302,635	0.17
28. CIMSEC Nominees (Tempatan) Sdn Bhd <i>CIMB For Kwan Junyi (PB)</i>	300,000	0.17
29. Kenanga Nominees (Tempatan) Sdn Bhd <i>Pledged Securities Account for Julian Cheah Wai Meng</i>	300,000	0.17
30. Loy Teck Chye	300,000	0.17
<b>Total</b>	<b>93,115,014</b>	<b>51.79</b>

# NOTICE OF ANNUAL GENERAL MEETING

**NOTICE IS HEREBY GIVEN THAT** the 52<sup>nd</sup> Annual General Meeting (“AGM”) of the Company will be conducted entirely 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 Thursday, 27 October 2022 at 9:30 a.m. using remote participation and voting facilities provided by the Company’s Share Registrar, Tricor Investor & Issuing House Services 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 2022 together with the Reports of the Directors and the 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:
  - (a) Khamis Bin Awal **(Ordinary Resolution 1)**
  - (b) Tan Sri Dato’ Dr Lin See Yan **(Ordinary Resolution 2)**
3. To approve the payment of Non-Executive Directors’ fees for the financial year ended 31 May 2022. **(Ordinary Resolution 3)**
4. To approve the payment of Directors’ benefits (excluding Non-Executive Directors’ fees) for the Non-Executive Directors from the date of the forthcoming AGM until the next annual general meeting of the Company. **(Ordinary Resolution 4)**
5. To re-appoint Messrs BDO PLT as Auditors of the Company and to authorise the Directors to fix their remuneration. **(Ordinary Resolution 5)**

### AS SPECIAL BUSINESS

To consider and, if thought fit, with or without modification(s) to pass the following resolutions:

6. **PROPOSED RENEWAL OF AUTHORITY FOR SHARE BUY-BACK MANDATE** **(Ordinary Resolution 6)**

“THAT subject always 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 interest of the Company (“Share Buy-Back Mandate”) provided that:

  - (a) the aggregate number of ordinary shares in the Company purchased and/or held as treasury shares pursuant to this ordinary resolution does not exceed ten percent (10%) of the total number of issued shares of the Company at any point in time;
  - (b) 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

# NOTICE OF ANNUAL GENERAL MEETING

- (c) the Directors of the Company may decide either to retain the shares so purchased as treasury shares or cancel the shares so purchased or retain part of the 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.

THAT the authority conferred by this resolution will be effective upon 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 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 any applicable laws, rules, regulations, orders, guidelines and requirements 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."

## 7. PROPOSED AUTHORITY TO ISSUE AND ALLOT SHARES

**(Ordinary Resolution 7)**

"THAT pursuant to Sections 75 and 76 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 empowered to issue and allot new ordinary 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 ordinary shares to be issued does not exceed ten percent (10%) of the total number of issued ordinary 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 ordinary shares under this resolution including making such applications to Bursa Securities for the listing of and quotation for the new ordinary shares so issued on Bursa Securities pursuant to this resolution."

## 8. PROPOSED CONTINUATION IN OFFICE AS INDEPENDENT DIRECTOR

**(Ordinary Resolution 8)**

"THAT approval be and is hereby given to Edmond Cheah Swee Leng, who has served as an Independent Director of the Company for a cumulative term of more than twelve (12) years, to continue to serve as an Independent Director of the Company until 31 May 2023."

# NOTICE OF ANNUAL GENERAL MEETING

## 9. OTHER ORDINARY BUSINESS

To transact any other business 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)**  
**STEPHEN GEH SIM WHYE (MICPA 1810) (SSM PC No. 201908001029)**  
Company Secretaries

Petaling Jaya  
28 September 2022

### NOTES:

1. Pursuant to Section 327(2) of the Companies Act 2016, the Chairman will be present at the Broadcast Venue being the main venue of the AGM. **Members will not be allowed to attend the 52<sup>nd</sup> AGM in person at the Broadcast Venue on the day of the meeting.** Members are to participate, speak (via real time submission of typed texts only) and vote remotely. Please refer to the Administrative Guide available on the Company's website at <http://www.nylex.com/agm.php> for information 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 18 October 2022 shall be entitled to participate, speak and vote or appoint proxy(ies) to participate, speak and vote on his behalf at the AGM.
3. A member, including an authorised nominee, who is entitled to participate, speak and vote at the AGM may appoint not more than two (2) proxies to participate and vote for him. A proxy may but need not be a member of the Company. There is no restriction as to the qualification of the proxy.
4. Where a member is an exempt authorised nominee as defined under the 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 specifies the proportion of his holding to be represented by each proxy in the Proxy Form.
6. The appointment of proxy may be made in a hard copy form or by electronic means 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 any adjourned meeting at which the person named in the appointment proposes to vote:
  - i. In hardcopy form  
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, Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia.
  - ii. By electronic means  
The Proxy Form can be electronically lodged with the Share Registrar of the Company via TIIH Online website at <https://tiah.online>. Please refer to the Administrative Guide for Shareholders on the appointment and registration of proxy for the AGM by electronic means.

# NOTICE OF ANNUAL GENERAL MEETING

7. Any authority pursuant to which such an appointment is made by a Power of Attorney must be deposited at the Share Registrar of the Company 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 not less than forty-eight (48) hours before the time appointed for holding the AGM 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.
8. For a corporate member who has appointed an authorised representative, please deposit the ORIGINAL Certificate of Appointment of Authorised Representative ("Certificate") with the Share Registrar of the Company 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, Customer Service Centre at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia before the time appointed for holding the AGM or adjourned 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, of whom one shall be a director; or, (b) any director and/or authorised officers in accordance with the laws of the country under which the corporate member is incorporated.
9. 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 remote participation and voting facilities (RPV) at the Share Registrar's TIH Online website at <https://tih.online>. Please read and follow the procedures provided in the Administrative Guide for Shareholders.
10. Pursuant to Paragraph 8.29A(1) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, all the resolutions set out in this Notice of AGM will be put to vote by way of poll.

## EXPLANATORY NOTES

### 1. **Item 1 of the Agenda - Audited Financial Statements for the Financial Year Ended 31 May 2022**

This Agenda item is meant for discussion only. The provision of Sections 248(2) and 340(1)(a) of the Companies Act 2016 require the audited financial statements and the reports of the Directors and Auditors thereon be laid before the Company at its AGM. As such, this Agenda item is not a business which requires a motion to be put forward for voting by shareholders.

### 2. **Ordinary Resolutions 1 and 2 - Re-election of Retiring Directors**

The profiles of the retiring Directors are as disclosed in the Board of Directors in the Annual Report.

All the retiring Directors have no conflict of interest with the Company. The Board had, through the Remuneration and Nomination Committee, carried out the necessary assessment on the aforesaid Directors and concluded that they met the criteria as prescribed under Paragraph 2.20A of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad on character, experience, integrity, competence and time commitment to effectively discharge their roles as Directors. 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.

### 3. **Ordinary Resolution 3 - Non-Executive Directors' Fees**

Pursuant to Section 230(1) of the Companies Act 2016, 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 for approval to pay fees to the Non-Executive Directors of the Company and of the Group amounting to RM460,000 respectively for the financial year ended 31 May 2022.

# NOTICE OF ANNUAL GENERAL MEETING

## 4. **Ordinary Resolution 4 - Directors' Benefits**

The Directors' benefits comprise the meeting attendance allowance and other benefits (car, fuel, driver, allowance and other emoluments) payable to the Non-Executive Directors ("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 for approval to pay benefits to the NEDs of up to RM60,000 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.

## 5. **Ordinary Resolution 5 - Re-appointment of Auditors**

The Audit Committee has evaluated the performance of BDO PLT, the External Auditors, as enumerated in the Audit Committee Report and has recommended the re-appointment of BDO PLT as the External Auditors of the Company.

The Board has concurred with the recommendation of the Audit Committee.

## 6. **Ordinary Resolution 6 - Proposed Renewal of Authority for Share Buy-Back Mandate**

This proposed resolution, if passed, will empower the Company to purchase its own shares up to ten percent (10%) of the total number of issued ordinary 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 Share Buy-Back Statement dated 28 September 2022.

## 7. **Ordinary Resolution 7 - Proposed Authority to Issue and Allot Shares**

The Company had, during its 51<sup>st</sup> AGM held on 26 October 2021, obtained its shareholders approval for the general mandate for issuance of shares up to a maximum of 20% of the total number of issued shares of the Company ("20% General Mandate").

As at the date of this Notice, the Company did not implement its proposal for new allotment of shares under the 20% General Mandate and the general mandate has been reinstated from a 20% limit to a 10% limit with effect from 1 January 2022 ("10% General Mandate"). The authority for the 10% General Mandate will expire at the conclusion of the 52<sup>nd</sup> AGM.

This proposed resolution is a new mandate. It 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.

This proposed resolution, if passed, will empower the Directors to issue and allot up to a maximum of 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 at a general meeting, will expire at the conclusion of the next annual general meeting or the expiration of the period within which the next annual general meeting is required by law to be held, whichever is the earlier.

The Board, having considered the current and future financial positions of the Company, is of the view that this mandate is in the best interest of the Company and its shareholders to ensure the long term sustainability of the Company.

# NOTICE OF ANNUAL GENERAL MEETING

## 8. Ordinary Resolution 8 - Proposed Continuation in Office as Independent Director

Edmond Cheah Swee Leng, Independent Director, who was appointed to the Board on 26 August 2005, has served a cumulative period of more than 12 years as at the date of the AGM.

Pursuant to Practice 5.3 of the MCCG, the tenure of an Independent Director should not exceed a cumulative term of nine (9) years. Upon completion of the nine (9) years, an Independent Director may continue to serve on the Board subject to the director's re-designation as a Non-Independent Director. The Board must justify and seek shareholders' approval in the event it retains as an Independent Director, a person who has served in that capacity for more than nine (9) years. If the board continues to retain the independent director after the twelfth year, the board will seek annual shareholders' approval through a two-tier voting process.

The R&N Committee will recommend to the Board to retain Edmond Cheah Swee Leng as independent Director until 31 May 2023 with the following justifications:

- (i) He has fulfilled the criteria under the definition of Independent Director as stated in the Main Market Listing Requirements of Bursa Malaysia Securities Berhad and his ability to bring an element of objectivity to the Board, saved and except the tenure of his respective directorship in the Company;
- (ii) He understands the Company's business operations which enable him to participate actively and contribute during the deliberations or discussions at the meetings;
- (iii) He is well respected in his professions and is knowledgeable and has vast experience that could be shared with the Board; and
- (iv) He has exercised due care during his tenure as Independent Non-Executive Director of the Company and carried out his professional duties in the interest of the Company.

The profile of Edmond Cheah Swee Leng is set out in the Company's Annual Report 2022.

The Board will adopt the two-tier voting process for the approval to retain Edmond Cheah Swee Leng as Independent Director of the Company.

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 NYLEX (MALAYSIA) 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 52<sup>nd</sup> Annual General Meeting ("AGM") of the Company to be conducted entirely 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 Thursday, 27 October 2022 at 9:30 a.m. and to vote as indicated below:-

ORDINARY RESOLUTIONS		FOR	AGAINST
1	To re-elect Khamis Bin Awal as a Director of the Company		
2	To re-elect Tan Sri Dato' Dr Lin See Yan as a Director of the Company		
3	To approve the payment of Non-Executive Directors' Fees		
4	To approve the payment of Directors' Benefits		
5	To re-appoint Messrs BDO PLT as Auditors of the Company		
6	To approve the Proposed Renewal of Authority for Share Buy-Back Mandate		
7	To approve the Proposed Authority to Issue and Allot Shares		
8	To approve the Proposed Continuation in office as an Independent Director – Edmond Cheah Swee Leng		

(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.)

Dated this \_\_\_\_\_ day of \_\_\_\_\_ 2022.

\_\_\_\_\_  
(Signature/Common Seal of Shareholder(s))

(\*Delete if not applicable)

Telephone number during office hours:

**NOTES:**

1. Pursuant to Section 327(2) of the Companies Act 2016, the Chairman will be present at the Broadcast Venue being the main venue of the AGM. **Members will not be allowed to attend the 52<sup>nd</sup> AGM in person at the Broadcast Venue on the day of the meeting.** Members are to participate, speak (via real time submission of typed texts only) and vote remotely. Please refer to the Administrative Guide available on the Company's website at <http://www.nylex.com/agm.php> for information 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 18 October 2022 shall be entitled to participate, speak and vote or appoint proxy(ies) to participate, speak and vote on his behalf at the AGM.
3. A member, including an authorised nominee, who is entitled to participate, speak and vote at the AGM may appoint not more than two (2) proxies to participate and vote for him. A proxy may but need not be a member of the Company. There is no restriction as to the qualification of the proxy.
4. Where a member is an exempt authorised nominee as defined under the 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 specifies the proportion of his holding to be represented by each proxy in the Proxy Form.
6. The appointment of proxy may be made in a hard copy form or by electronic means 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 any adjourned meeting at which the person named in the appointment proposes to vote:
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10. Pursuant to Paragraph 8.29A(1) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, all the resolutions set out in this Notice of AGM will be put to vote by way of poll.

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Stamp

**NYLEX (MALAYSIA) BERHAD**

(Registration No.: 197001000148 (9378-T))

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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