

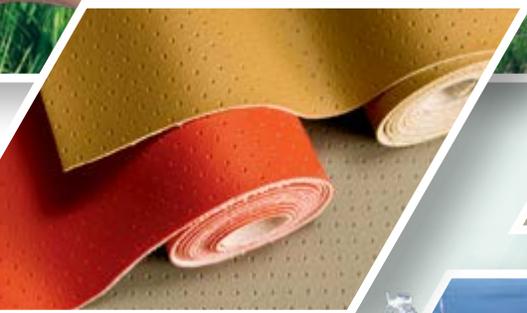


ANCOM NYLEX BERHAD

(Formerly known as Ancom Berhad)
[Registration No. 196901000122 (8440-M)]
Incorporated in Malaysia

TOGETHER

We Can Make A Difference



ANNUAL REPORT **2022**

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Proxy Form



Go online to our website at:
www.ancomnylex.com

CORPORATE INFORMATION

BOARD OF DIRECTORS

Dato' Siew Ka Wei
(Executive Chairman)

Lee Cheun Wei
(Managing Director/Group Chief
Executive Officer)
(Appointed on 29 March 2022)

Tan Sri Dato' Dr. Lin See Yan
(Independent Non-Executive Director)
(Resigned on 19 September 2022)

**Tan Sri Dato' Seri Abdull Hamid
Bin Embong**
(Independent Non-Executive Director)

Chan Thye Seng
(Non-Independent
Non-Executive Director)

Edmond Cheah Swee Leng
(Independent Non-Executive Director)
(Resigned on 19 September 2022)

Lim Hock Chye
(Non-Independent
Non-Executive Director)
(Resigned on 19 September 2022)

Datuk Dr. Abd Hapiz Bin Abdullah
(Independent Non-Executive Director)

Maliki Kamal Bin Yasin
(Independent Non-Executive Director)
(Appointed on 28 October 2021)

**Tan Sri Dato' Sri Mohamad Fuzi
Bin Harun**
(Independent Non-Executive Director)
(Appointed on 19 September 2022)

Christina Foo
(Independent Non-Executive Director)
(Appointed on 19 September 2022)

Siew Ka Kheong
(Alternate Director to
Dato' Siew Ka Wei)

AUDIT COMMITTEE

Edmond Cheah Swee Leng (Chairman)
(Resigned on 19 September 2022)

Tan Sri Dato' Seri Abdull Hamid Bin Embong
(Chairman wef 19 September 2022)

Lim Hock Chye
(Resigned on 19 September 2022)

Tan Sri Dato' Sri Mohamad Fuzi Bin Harun
(Appointed on 19 September 2022)

Christina Foo
(Appointed on 19 September 2022)

REMUNERATION AND NOMINATION COMMITTEE

Tan Sri Dato' Dr. Lin See Yan (Chairman)
(Resigned on 19 September 2022)

Edmond Cheah Swee Leng
(Resigned on 19 September 2022)

Lim Hock Chye
(Resigned on 19 September 2022)

Datuk Dr. Abd Hapiz Bin Abdullah
(Chairman wef 19 September 2022)

Tan Sri Dato' Seri Abdull Hamid Bin Embong
(Appointed on 19 September 2022)

Maliki Kamal Bin Yasin
(Appointed on 19 September 2022)

COMPANY SECRETARIES

Choo Se Eng (MIA 5876)

Wong Wai Foong (MAICSA 7001358)

REGISTERED OFFICE

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

BUSINESS ADDRESS

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

SHARE REGISTRAR

**Tricor Investor & Issuing House Services
Sdn. Bhd.**

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

Customer Service Centre

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

AUDITORS

BDO PLT, Chartered Accountants

STOCK EXCHANGE LISTING

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

PRINCIPAL BANKERS

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

SOLICITORS

Chong, Ng & Yap

DOMICILE

Malaysia

WEBSITE

www.ancomnylex.com

FIVE-YEAR HIGHLIGHTS

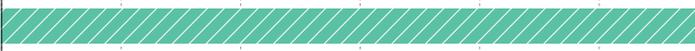
	2022 RM'000	2021 RM'000	2020 RM'000	2019 RM'000	2018 RM'000
Revenue	2,013,103	1,538,476	1,472,285	1,986,891	1,954,809
Profit/(Loss) before taxation	78,193	50,977	(832)	21,479	47,028
Profit/(Loss) after taxation	29,085	32,559	(18,892)	(2,071)	25,661
Effective percentage rate of tax	63%	36%	>100%	>100%	45%
Net earnings/(loss) for Ancom shareholders	68,178	23,753	(9,696)	15,132	17,581
ASSETS EMPLOYED					
Property, plant and equipment	216,656	189,690	200,660	280,355	286,399
Right-of-use assets	103,864	110,150	104,324	-	-
Investments	4,647	6,447	8,641	12,962	7,616
Other non-current assets	88,336	101,231	116,286	130,434	124,992
Current assets	710,274	660,791	529,395	660,468	795,368
TOTAL ASSETS	1,123,777	1,068,309	959,306	1,084,219	1,214,375
FINANCED BY					
Share capital	377,892	256,043	245,766	245,766	218,956
Reserves	40,406	112,404	75,629	75,262	100,755
Less: Treasury shares, at cost	(30,711)	(6,248)	(9,688)	(5,566)	(2,473)
Ancom shareholders' interest	387,587	362,199	311,707	315,462	317,238
Minority shareholders' interest	40,674	120,197	111,854	139,443	168,407
Total shareholders' fund and minority interest	428,261	482,396	423,561	454,905	485,645
Non-current liabilities	113,854	91,097	97,273	66,419	68,733
Current liabilities	581,662	494,816	438,472	562,895	659,997
TOTAL FUNDS EMPLOYED	1,123,777	1,068,309	959,306	1,084,219	1,214,375
SHAREHOLDERS' INTERESTS					
Earnings/(Loss) per ordinary share - sen					
- Basic	26.93	9.97	(4.31)	6.44	7.42
- Diluted	22.69	8.60	(4.31)	6.44	7.42
Net assets per ordinary share attributable to Ancom shareholders - RM	1.35	1.49	1.40	1.37	1.34
OTHERS					
Depreciation & amortisation	40,811	41,657	55,125	28,976	25,819
Interest expense	13,664	12,734	19,070	21,515	19,013
Number of ordinary shares of the Company	302,487,849	254,491,472	240,849,284	240,849,284	240,849,284
Treasury shares	(16,099,759)	(11,875,059)	(18,483,359)	(9,887,959)	(3,779,327)
	286,388,090	242,616,413	222,365,925	230,961,325	237,069,957

FIVE-YEAR HIGHLIGHTS

REVENUE (in RM'000)

2022		2,013,103
2021		1,538,476
2020		1,472,285
2019		1,986,891
2018		1,954,809

PROFIT/(LOSS) BEFORE TAXATION (in RM'000)

2022		78,193
2021		50,977
2020		(832)
2019		21,479
2018		47,028

EARNINGS/(LOSS) PER ORDINARY SHARE - BASIC (Sen)

2022		26.93
2021		9.97
2020		(4.31)
2019		6.44
2018		7.42

NET ASSETS PER ORDINARY SHARE (RM)

2022		1.35
2021		1.49
2020		1.40
2019		1.37
2018		1.34

LIST OF PRINCIPAL OFFICES

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

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

ANCOM-CHEMQUEST TERMINALS SDN. BHD.

Jeti Petrokimia, Pelabuhan Barat
42920 Pulau Indah, Port Klang
Selangor Darul Ehsan, Malaysia
Tel : (603) 3101 1372
Fax : (603) 3101 1279

ANCOM COMPONENTS SDN. BHD.

7, Jalan Empat, Off Jalan Chan Sow Lin
57100 Kuala Lumpur, Malaysia
Tel : (603) 9223 0288/0289
Fax : (603) 9223 7388

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

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

ANCOM KIMIA SDN. BHD.

3A02, Block A, Phileo Damansara I
No. 9, Jalan 16/11, Off Jalan Damansara
46350 Petaling Jaya, Selangor Darul Ehsan, Malaysia
Tel : (603) 7660 0033
Fax : (603) 7660 0133

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

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

CKG CHEMICALS PTE LTD

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

DYNAMIC CHEMICAL PTE LTD

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

ENTOPEST ENVIRONMENTAL SERVICES SDN. BHD.

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

FERMPRO SDN. BHD.

202, Block A, Phileo Damansara I
No. 9, Jalan 16/11, Off Jalan Damansara
46350 Petaling Jaya, Selangor Darul Ehsan, Malaysia
Tel : (603) 7660 0033
Fax : (603) 7660 0133

IENTERPRISE ONLINE SDN. BHD.

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

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

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

LIST OF PRINCIPAL OFFICES

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

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

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

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

ONE CHEM TERMINAL SDN. BHD.

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

PENGANGKUTAN COGENT SDN. BHD.

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

PERUSAHAAN KIMIA GEMILANG SDN. BHD.

302, Block A, Phileo Damansara I
No. 9, Jalan 16/11, Off Jalan Damansara
46350 Petaling Jaya, Selangor Darul Ehsan, Malaysia
Tel : (603) 7660 0033
Fax : (603) 7660 0133

PT NYLEX INDONESIA

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

PT PKG LAUTAN INDONESIA

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

**REDBERRY SDN. BHD. / REDBERRY AMBIENT SDN. BHD.
/ REDBERRY ADVERTISING SDN. BHD.**

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

REDBERRY CONTACT CENTER SDN. BHD.

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

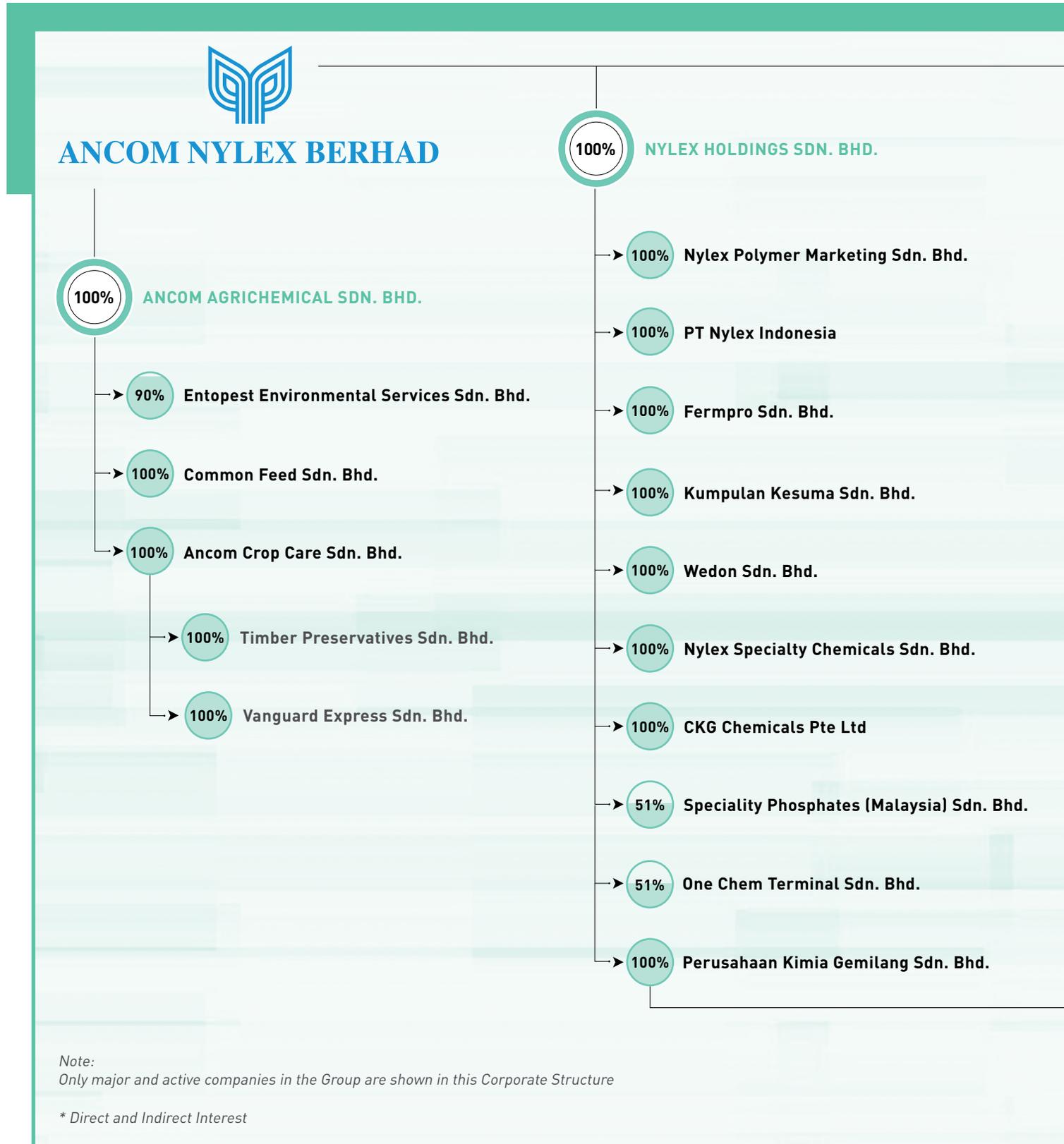
TWINSTAR SYNERGY SDN. BHD.

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



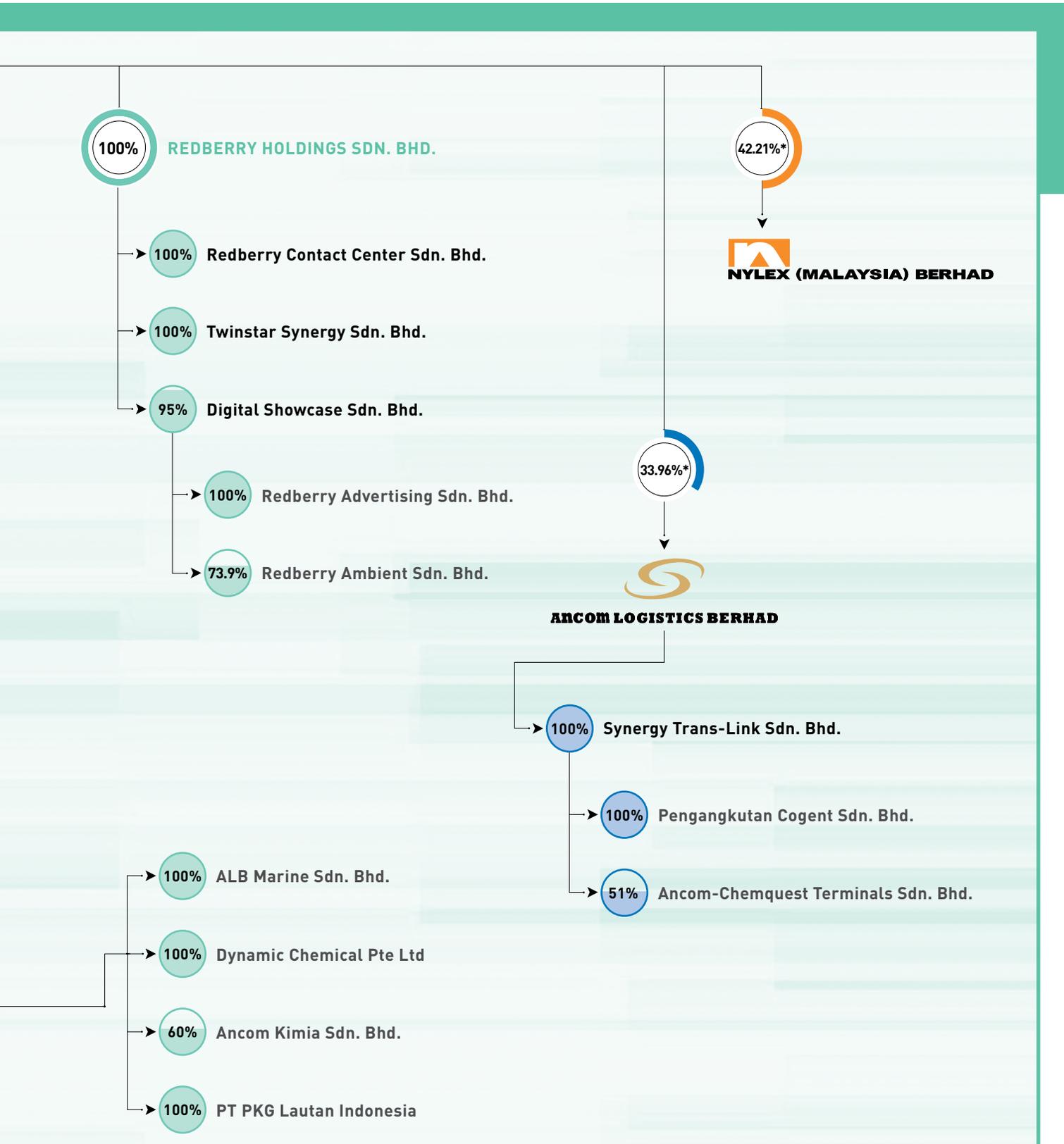
CORPORATE STRUCTURE

AS AT 31 MAY 2022



CORPORATE STRUCTURE

As at 31 May 2022



BOARD OF DIRECTORS



DATO' SIEW KA WEI
Executive Chairman

MALAYSIAN / MALE / AGE 66

Board Meeting Attendance in FY2022: 5/5

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

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

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

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

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

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



LEE CHEUN WEI
Managing Director /
Group Chief Executive Officer
("Group CEO")

MALAYSIAN / MALE / AGE 48

Board Meeting Attendance in FY2022: 5/5

Cheun Wei has been the Company's Group CEO since January 2018 and the Managing Director of Ancom Crop Care Sdn. Bhd. ("ACC"), a wholly-owned subsidiary of the Company, since July 2014. He was appointed the Managing Director of the Company on 29 March 2022.

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

Cheun Wei started his career in 1997 as a Group Accountant at EPE Power Corporation Berhad ("EPE"), a Transmission and Distribution Engineering company, and was made the Chief Financial Officer of the EPE Group in 2003. He was the Director of Corporate Finance of Tamco Corporate Holding Berhad (now known as Ancom Logistics Berhad, a subsidiary of the Company)

from 2005 to 2009. He joined the Company in 2009 as the Group Chief Financial Officer. In July 2014, he was appointed Managing Director of ACC, heading the Group's Agricultural Chemicals Division. In January 2018, Cheun Wei was appointed to his current position as the Group CEO while retaining his Managing Director post in ACC. In March 2022, he was appointed Managing Director of the Company.

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

Cheun Wei has no directorship in other public companies or listed issuers.

Cheun Wei is currently a substantial shareholder of the Company.

BOARD OF DIRECTORS



TAN SRI DATO' DR. LIN SEE YAN

Independent Non-Executive Director

MALAYSIAN / MALE / AGE 83

Board Meeting Attendance in FY2022: 5/5

Tan Sri Dato' Dr. Lin was appointed to the Board on 30 October 2000. He resigned as a Director on 19 September 2022 after having served for more than 20 years as Director of the Company. He was Chairman of the Remuneration and Nomination Committee of the Company.

Tan Sri Dato' Dr. Lin is an independent strategic and financial consultant; a British Chartered Scientist; and a UK Chartered Statistician. He received three professional degrees from Harvard University, including a PhD in Economics. He is an Eisenhower Fellow and a Fellow of the International Monetary Fund (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, the 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 of the Associated Chinese Chambers of Commerce and Industry of Malaysia.

Tan Sri Dato' Dr. Lin is currently a Director of Nylex (Malaysia) Berhad, a subsidiary of the Company listed on Bursa Malaysia Securities Berhad; Wah Seong Corporation Berhad and Sunway Berhad as well as the Chairman of IGB REIT Management Sdn. Bhd. (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 as well as a Mentor Counsellor of the LIN Foundation.



TAN SRI DATO' SERI ABDULL HAMID BIN EMBONG

Independent Non-Executive Director

MALAYSIAN / MALE / AGE 73

Board Meeting Attendance in FY2022: 5/5

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

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

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

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

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

Tan Sri Dato' Seri Abdull Hamid was the Chairman of 7-Eleven Malaysia Holdings Berhad from 2016 to 2021. Currently, he has no directorship in other public companies or listed issuers.

BOARD OF DIRECTORS

CHAN THYE SENG

Non-Independent
Non-Executive Director

MALAYSIAN / MALE / AGE 65

Board Meeting Attendance in FY2022: 5/5

Thye Seng joined the Board on 19 October 1999.

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

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

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

Thye Seng was previously on the Board of the Kuala Lumpur Commodities Exchange as well as Malaysian Futures Clearing Corporation Sdn. Bhd..

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



EDMOND CHEAH SWEE LENG

Independent Non-Executive Director

MALAYSIAN / MALE / AGE 68

Board Meeting Attendance in FY2022: 5/5

Edmond was appointed to the Board on 30 August 2005. He resigned as a Director of the Company on 19 September 2022 after having served for more than 17 years as a Director of the Company. He was the Chairman of the Audit Committee and a member of the Remuneration and Nomination Committee of the Company.

A Chartered Accountant by profession, he is a member of the Malaysian Institute of Accountants and Association of Chartered Accountants, England and Wales. He is also a Certified Financial Planner.

Edmond's career started at a professional accounting firm in London, UK where he was an Audit Manager. He was a Manager in charge of portfolio investment at a merchant bank in Malaysia and subsequently in charge of the corporate planning and investment division of a public listed company in Malaysia.

He was the Chief Executive Officer/Executive Director and a member of the Investment Committee of Public Mutual Berhad, the largest private unit trust

management company in Malaysia. He is a former member of the Task Force on Islamic Finance at Labuan International Offshore Financial Centre (LOFSA); a former council member and Chairman of the Secretariat of the Federation of Investment Managers Malaysia (FIMM) and a former member of the Securities Market Consultation Panel of Bursa Malaysia Securities Berhad. Edmond is a founder member and a past President of the Financial Planning Association of Malaysia.

Edmond sits on the Board of Nylex (Malaysia) Berhad, a subsidiary of the Company which is listed on Bursa Malaysia Securities Berhad. He is also the Chairman of Adventa Berhad. In addition, he is currently the Chairman of the Investment Committee and Director of Manulife Assets Management Services Berhad and Chairman of Manulife Insurance Labuan Limited.

BOARD OF DIRECTORS



LIM HOCK CHYE

Non-Independent
Non-Executive Director

MALAYSIAN / MALE / AGE 67

Board Meeting Attendance in FY2022: 5/5

Hock Chye was appointed to the Board on 1 December 2011. He resigned as a Director of the Company on 19 September 2022, after having served for more than 10 years as a Director of the Company. He was a member of the Audit Committee and the Remuneration and Nomination Committee of the Company.

Hock Chye graduated with an LLB (Hons) degree from the University of London, UK, in 1999.

He started his career in journalism and his last position held at the Star Publications was Deputy Editor. He later joined the Minority Shareholders Watchdog Group as one of its pioneer consultants.

He has been the Group Director of Strategic Planning and Corporate Affairs, HELP University Sdn. Bhd. (formerly known as Help International Corporation Berhad) since April 2008 until his retirement in May 2022. At HELP University, he was the Governance Chairman and had lectured on Corporate Governance practices to the public.

Hock Chye is currently a Director of Ancom Logistics Berhad, a subsidiary of the Company which is listed on Bursa Malaysia Securities Berhad.



DATUK DR. ABD HAPIZ BIN ABDULLAH

Independent Non-Executive Director

MALAYSIAN / MALE / AGE 64

Board Meeting Attendance in FY2022: 5/5

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

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

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

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

Datuk Dr. Abd Hapiz is currently Chairman of the Chemical Industries Council of Malaysia ("CICM") and a member of the National Science Council of Malaysia.

BOARD OF DIRECTORS



MALIKI KAMAL BIN MOHD YASIN
Independent Non-Executive Director

MALAYSIAN / MALE / AGE 59

Board Meeting Attendance in FY2022: 4/4

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

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

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

In June 1990, he joined Petroliam Nasional Berhad ("PETRONAS") as a legal officer and has continued to serve in various senior management roles. Maliki Kamal's area of legal advisory has been predominantly in downstream business and corporate & commercial matters where he served as a Legal Head/General Counsel/Senior General Counsel for Petronas Penapisan (Terengganu) Sdn.

Bhd.; Legal Corporate & Technology, Petronas Chemical Group Berhad; Refinery and Petrochemical Integrated Development (RAPID) Project; Legal - Finance and Corporate Secretarial and Legal Downstream and Finance and Technology prior to being appointed as the Vice President and Group General Counsel in June of 2017.

In January 2019, he was accorded the role of Senior Vice President and Group General Counsel. He served in this role until his retirement from PETRONAS in June 2021.

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

Maliki Kamal has no directorship in other public companies or listed issuers.



TAN SRI DATO' SRI MOHAMAD FUZI BIN HARUN
Independent Non-Executive Director

MALAYSIAN / MALE / AGE 63

Board Meeting Attendance in FY2022: N/A

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

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

Tan Sri Fuzi is a retired Inspector-General ("IGP") of the Royal Malaysia Police Force ("PDRM") where he had served for 35 years in various capacities.

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

of the Special Branch in 2007 where he was responsible for overseeing the management, financial, human resource and training functions of PDRM. In 2009, he was promoted as the Director of Special Task Force on Operation and Counter-Terrorism where he was responsible for overseeing all matters related to anti-terrorism, terrorist financing and money laundering in the country. In 2014, he served as the Director of the Management Department in Bukit Aman and was subsequently promoted as the Director of Special Branch in 2015 where he oversees the overall functions of the Special Branch, including recruitment and training.

In September 2017, he was promoted as the IGP, the highest-ranking position in PDRM, until his retirement in May 2019.

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

BOARD OF DIRECTORS



CHRISTINA FOO

Independent Non-Executive Director

MALAYSIAN / FEMALE / AGE 61

Board Meeting Attendance in FY2022: N/A

Christina was appointed to the Board on 19 September 2022. She is currently a member of the Audit Committee of the Company.

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

Christina started her career in Ernst & Young ("EY") Malaysia in 1985. During this period until 2001, she served in various capacities in EY LLP based in

Atlanta, USA; EY International in London, UK and EY Asia Pacific Consulting. Her last held position was Director, Business Development, EY Malaysia.

In 2001, Christina founded Priority One group and was a Director of Priority One Tax Services Sdn. Bhd. until August 2022. From 2018 to 2019, she was appointed as a Senior Practice Fellow of Sunway Business School, Sunway University, Malaysia. She was a Board Director of KPJ Healthcare Berhad from 2018 to 2021.

Christina is currently the Senior Independent Director of UEM Sunrise Berhad and sits on the Board of Malaysian Technology Development Corporation Sdn. Bhd.. She chairs the Industry Advisory Board, Sunway Business School, Sunway University and also the Members Liaison Committee of The Mines Resort & Golf Club.

SIEW KA KHEONG

Alternate Director to Dato' Siew Ka Wei

MALAYSIAN / MALE / AGE 62

Board Meeting Attendance in FY2022: N/A

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

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

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

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

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

Ka Kheong has no directorship in other public companies or listed issuers.

Ka Kheong is currently a substantial shareholder of the Company.

Notes:

1. Other than Dato' Siew Ka Wei and Siew Ka Kheong who are brothers, there are no family relationships amongst the Directors and/or major shareholders of the Company.
2. Other than certain Related Party Transactions as disclosed in this Annual Report, the Directors do not have any business interest which conflict with their positions in the Company.
3. None of the Directors has been convicted of any offences other than traffic offences (if any) within the past 5 years or any public sanction or penalty imposed by the relevant regulatory bodies during the financial year.
4. Please refer to the Corporate Governance Overview Statement of this Annual Report for the Directors' meeting attendance records.
5. Other than Dato' Siew Ka Wei, Lee Cheun Wei, Chan Thye Seng and Siew Ka Kheong, the other Directors do not hold any shares in the Company and its related companies. Please refer to the Directors' Report of this Annual Report for the Directors' securities holdings in the Company and its related companies.
6. Tan Sri Dato' Sri Mohamad Fuzi Bin Harun and Christina Foo did not attend any Board meeting during the financial year. They were appointed after the financial year.

KEY SENIOR MANAGEMENT

DATO' SIEW KA WEI	LEE CHEUN WEI	ROBIN LING SENG CHIONG
Executive Chairman	<p>Managing Director/Group Chief Executive Officer ("CEO") – Ancom Nylex Berhad ("Company" or "ANB")</p> <p>Managing Director – Ancom Crop Care Sdn. Bhd. ("ACC")</p>	<p>Deputy CEO – Nylex (Malaysia) Berhad ("Nylex") and Nylex Holdings Sdn. Bhd. ("Nylex Holdings")</p> <p>Executive Director – Perusahaan Kimia Gemilang Sdn. Bhd. ("PKG")</p>
MALAYSIAN / MALE / AGE 66	MALAYSIAN / MALE / AGE 48	MALAYSIAN / MALE / AGE 52
<p>Dato' Siew Ka Wei's profile is disclosed in the Board of Directors of this Annual Report.</p>	<p>Lee Cheun Wei's profile is disclosed in the Board of Directors of this Annual Report.</p>	<p>Robin joined the Nylex group in 2007 as an Executive Director of PKG, a subsidiary of Nylex Holdings, in charge of its industrial chemical trading business. In January 2018, he was promoted to Deputy CEO of Nylex, assisting the Group Managing Director in overseeing the Nylex group's business operations. Prior to joining PKG, he worked as the Asia Pacific Regional Manager for a United States specialty chemicals company for 13 years.</p> <p>He is currently a member of the Industry Expert Advisory Panel ("IEAP") Science Programme of Tunku Abdul Rahman University College. Robin is also a member of the Executive Committee of Chemical Industries Council of Malaysia for the 2021-2023 term.</p> <p>Robin graduated with a Bachelor of Applied Science majoring in Analytical Chemistry from the University of Science Malaysia.</p>

KEY SENIOR MANAGEMENT

DATUK HASNUL BIN HASSAN

Deputy CEO -
Ancom Logistics Berhad ("ALB")

MALAYSIAN / MALE / AGE 60

Datuk Hasnul joined the Company in 2014 as its Executive Director (Business Development). In October 2019, he assumed his current position as Deputy CEO of ALB.

Datuk Hasnul has more than 23 years of experience in several reputable multi-national companies including Unilever, Johnson & Johnson and British American Tobacco where he developed his marketing and management skills.

Datuk Hasnul joined BERNAMA as its General Manager/CEO in 2009. He joined Malay Mail in 2013 as its CEO, a position he held until 2014.

Datuk Hasnul obtained a Bachelor of Science in Business Administration in May 1984 from Southeast Missouri State University, USA. He then obtained a Master of Business Administration ("MBA") from Governors State University, USA, in December 1985.

LIM CHANG MENG

Chief Financial Officer -
ANB and ALB

MALAYSIAN / MALE / AGE 50

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

He began his career as an auditor with a Big Four audit firm in Malaysia in 1992 and stayed until 2000, his last position as an Audit Manager. He subsequently joined a construction company and later a stockbroking company as a Finance Manager.

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

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

CHOO SE ENG

Company Secretary -
ANB, Nylex and ALB and their
subsidiaries

MALAYSIAN / MALE / AGE 61

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

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

Se Eng is a member of Malaysian Institute of Accountants.

KEY SENIOR MANAGEMENT

MICHELLE CHEN TAI NGOH	PHILLIP KARUPPIAH	ANTHONY TAN SWEE HOCK
Chief Financial Officer – Nylex and Nylex Holdings	Group Human Resource Director – ANB	Executive Director/Chief Operating Officer (“COO”) – ACC
MALAYSIAN / FEMALE / AGE 55	MALAYSIAN / MALE / AGE 64	MALAYSIAN / MALE / AGE 60
<p>Michelle joined Nylex in 1995 as an Associate Accounts Manager and held various positions within the Nylex group in the ensuing years. She was appointed to her current position as Chief Financial Officer in 2010. Before joining Nylex, she was attached to an international professional service firm.</p> <p>Michelle is a Fellow member of the Association of Chartered Certified Accountants and a member of the Malaysian Institute of Accountants.</p>	<p>Phillip has been the Group Human Resource Director of ANB since April 2013.</p> <p>He started his career as a journalist with the New Straits Times and has experience in communication consulting with Burson Marsteller as well as banking operations with Malayan Banking Berhad.</p> <p>He was the CEO of Malay Mail, publisher of the Malay Mail newspaper, from April 2011 until March 2013. Before taking the helm at Malay Mail, Phillip was with Lexis Nexis, an American multinational company, as CEO of its South East Asia operations. His other stints include Managing Director of Sun Media Sdn. Bhd., publisher of the Sun newspaper; and General Manager of Group Human Resources at Phileo Allied Group, a financial services organisation.</p> <p>Phillip has a Bachelor of Science (Agribusiness) degree from University Putra Malaysia and a Law degree from the University of Wolverhampton, United Kingdom (“UK”).</p>	<p>Anthony has been the COO and Executive Director of ACC since 2014 and 2018 respectively.</p> <p>Anthony started his career in 1982 as a Research Conductor at Highlands Research Unit, Klang, which specialised in the research & development of industrial crops in Malaysia.</p> <p>In 1983, he joined Ancom Sdn. Bhd. (the Company’s name then) as a research assistant to do research & development of new cocktails for the Company. In 1984, he was transferred to its marketing department and was based in Yong Peng, Johor covering Johor, Melaka & Pahang. In 1997, he was promoted as the Marketing Manager and was based in Shah Alam. In 2006, he was promoted to General Manager of Ancom Bioscience Sdn. Bhd., a wholly-owned subsidiary of ACC. In 2014, he was promoted to COO and in 2018, to Executive Director of ACC.</p> <p>He graduated with a MBA from Nottingham Trent University, UK, in 2002, and obtained Certificate of Marketing from Chartered Institute of Marketing, UK in 1991.</p> <p>Anthony is a member of the Incorporated Society of Planters of Malaysia since 1997.</p>

KEY SENIOR MANAGEMENT

REGINE LIM

General Manager –
Entopest Environmental Services
Sdn. Bhd. (“Entopest”)

MALAYSIAN / FEMALE / AGE 45

Regine joined Entopest as the General Manager, heading the nationwide operation and also developing the South East Asia pest control operation of the Group in August 2017.

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

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

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

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

WONG JUN-PIN

CEO –
Ancom Energy Division

MALAYSIAN / MALE / AGE 49

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

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

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

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

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

MAARESH STARLING

CEO –
Redberry Media Group

MALAYSIAN / MALE / AGE 54

Maaresh was appointed CEO of Redberry Media Group in May 2021.

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

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

Maaresh has also been elected as the President of the Outdoor Advertising Association of Malaysia for the 2021-2023 term.

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

KEY SENIOR MANAGEMENT

SIEW KA KHEONG

Executive Director –
iEnterprise Online Sdn. Bhd.

MALAYSIAN / MALE / AGE 62

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

DATUK ABDUL RASHID BIN HASHIM

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

MALAYSIAN / MALE / AGE 58

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

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

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

WILLIAM TAN WEE LIAN

Divisional Head –
Nylex Polymer Division

MALAYSIAN / MALE / AGE 55

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

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

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

KEY SENIOR MANAGEMENT

KONG HWAI MING

Executive Director –
CKG Chemicals Pte Ltd (“CKG”)

SINGAPOREAN / MALE / AGE 62

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

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

WONG SIUT YIN

Director –
Kumpulan Kesuma Sdn. Bhd.
 (“Kesuma”)

MALAYSIAN / FEMALE / AGE 54

Siut Yin joined Kesuma, a subsidiary of Nylex Holdings, as a Techno-Commercial Chemist in December 1991. She was promoted to her current position as a Director of Kesuma in 1999, handling the technical, manufacturing and sales aspects of sealants and adhesives for the automotive and construction industries.

Siut Yin started her career as a Pharmaceutical Sales Executive in CibaGeigy (M) Sdn. Bhd. in July 1991 before joining Kesuma.

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

MOHD YUSOF BIN MUHAMAD DON

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

MALAYSIAN / MALE / AGE 56

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

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

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

KEY SENIOR MANAGEMENT

SERENA KHOO SOOK LAI

General Manager –
Ancom-Chemquest Terminals
Sdn. Bhd. (“ACT”)

MALAYSIAN / FEMALE / AGE 57

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

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

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

Notes:

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

MANAGEMENT DISCUSSION AND ANALYSIS

DEAR ESTEEMED SHAREHOLDERS,

ON BEHALF OF THE BOARD OF DIRECTORS OF ANCOM NYLEX BERHAD (“ANB”, “GROUP”, OR “COMPANY”), WE ARE DELIGHTED TO PRESENT TO YOU THE MANAGEMENT DISCUSSION AND ANALYSIS FOR THE FINANCIAL YEAR ENDED 31 MAY 2022 (“FY2022”).

ABOUT ANCOM NYLEX BERHAD

ANB IS ONE OF SOUTHEAST ASIA’S LEADING FULLY INTEGRATED CHEMICAL GROUPS. WE ARE INVOLVED IN THE MANUFACTURING AND DISTRIBUTION OF A WIDE RANGE OF AGRICULTURAL CHEMICALS (“AGRICHEMICALS”) AND INDUSTRIAL CHEMICALS PRODUCTS.

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

ANB is the holding company of Nylex (Malaysia) Berhad (“Nylex”) and Ancom Logistics Berhad (“ALB”), both of which are listed on Bursa Malaysia’s Main Market and ACE Market, respectively. The Group’s core businesses encompass agrichemicals, industrial chemicals, polymers and chemical logistics.

BRIEF OVERVIEW OF FY2022

FY2022 has been an eventful year for ANB with the consolidation of businesses, synergistic acquisitions and strategic expansions. The consolidation of our agrichemicals and industrial chemicals businesses under one roof has solidified the Group’s standing as one of the leading integrated chemicals players in the region. Other notable events include the acquisition of a livestock chemicals business, the introduction of two new active ingredients into our agrichemical product range and completion of the factories to house our production lines for the new agrichemicals.

Several external factors were in our favour this year. While the world grapples with health pandemic, food security remained important and, therefore the demand for agrichemicals have not been affected. Further, the ban of the paraquat, a popular herbicide used in many plantations, in Thailand has given us an opportunity to sell our products as substitutes in the replacement market. Meanwhile, prices of petrochemical products which trended up throughout the financial year benefitted our industrial chemicals distribution business.

Collectively, these have propelled the Group to achieve a much higher net profit attributable to owners of the parent (“Net Profit”) of RM68.2 million in FY2022.

Nevertheless, we also faced numerous supply-side challenges throughout the year. Although the health crisis has largely abated, the post COVID-19 pandemic has given rise to new operational challenges. Earlier lockdowns around the globe created a host of structural issues, including shortages of many key materials, supply chain havoc, inflationary pressure and possibly a recession risk. These were worsened by China’s zero-Covid policy and geopolitical tensions such as the US-China trade war and the Russian-Ukraine war.

MANAGEMENT DISCUSSION AND ANALYSIS

Agricultural Chemicals Division



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

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

Our export markets cover more than 40 countries across the world, encompassing North America, South America, Asia, Africa and Oceania, which makes up more than two-thirds of our revenue. Our products are primarily used in sugar cane, corn, wheat, cotton, pineapple and palm oil plantations. In addition, we also engage in downstream activities such as pest control, hygiene and fumigation.

The Agricultural Chemicals Division is parked under an intermediate holding company, Ancom Agrichemical Sdn. Bhd., a wholly-owned subsidiary of ANB.

Key subsidiaries of the division are:

- Ancom Crop Care Sdn. Bhd.
- Timber Preservatives Sdn. Bhd.
- Entopest Environmental Services Sdn. Bhd.
- Common Feed Sdn. Bhd.
- Vanguard Express Sdn. Bhd.

Industrial Chemicals Division



The Industrial Chemicals Division is the largest revenue contributor to the Group, and it is divided into two business activities, which is the manufacturing business and distribution business.

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

Companies involved in the manufacturing business are:

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

The distribution business is conducted by the following companies:

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

MANAGEMENT DISCUSSION AND ANALYSIS

Polymer Division



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

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

The Polymer Division comprises Nylex Holdings Sdn. Bhd. and the following companies:

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

Logistics Division



The Logistics Division is principally involved in:

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

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

Our terminals for the bulk storage of liquid chemicals are in the West Port Bulk Liquid Terminal and Free Trade Zone in Port Klang. The facilities comprise 48 tanks with a combined capacity of 44,100 cubic metres (“cbm”), eight loading bays and five drumming stations.

The companies in this division consist of:

- ALB Marine Sdn. Bhd.
- Ancom-Chemquest Terminals Sdn. Bhd.
- Pengangkutan Cogent Sdn. Bhd.

REVIEW OF FINANCIAL RESULTS

RM million	Group	
	FY2022	FY2021
Revenue	2,013.1	1,538.5
Gross profit	290.5	248.2
Profit before taxation	78.2	51.0
Net Profit	68.2	23.8
Gross profit margin	14.4%	16.1%
Net Profit margin	3.4%	1.5%

Scores of operational challenges did not prevent ANB from registering what was a record-high Net Profit of RM68.2 million in FY2022, vis-à-vis RM23.8 million last year. This was a strong showing of resiliency and adaptability stemming from its organisational stability established over the years. Apart from internal attribution, external factors also helped the Group in achieving this historic milestone.

MANAGEMENT DISCUSSION AND ANALYSIS

Revenue

ANB's FY2022 revenue came in at RM2.01 billion, having increased by 30.5% year-on-year ("YoY") from the RM1.54 billion reported in FY2021. Better sales in both the Agricultural Chemicals and Industrial Chemicals Divisions contributed to the near one-third improvement.

Gross Profit

Similar to the top-line growth trajectory, gross profit rose 17.0% YoY from RM248.2 million in FY2021 to RM290.5 million in FY2022. Higher revenue contribution from the distribution business of the Industrial Chemicals Division, however, caused Gross Profit margin to compress from 16.1% to 14.4% over the same period. The distribution business generally commands a lower Gross Profit margin compared to the manufacturing business of the Group.

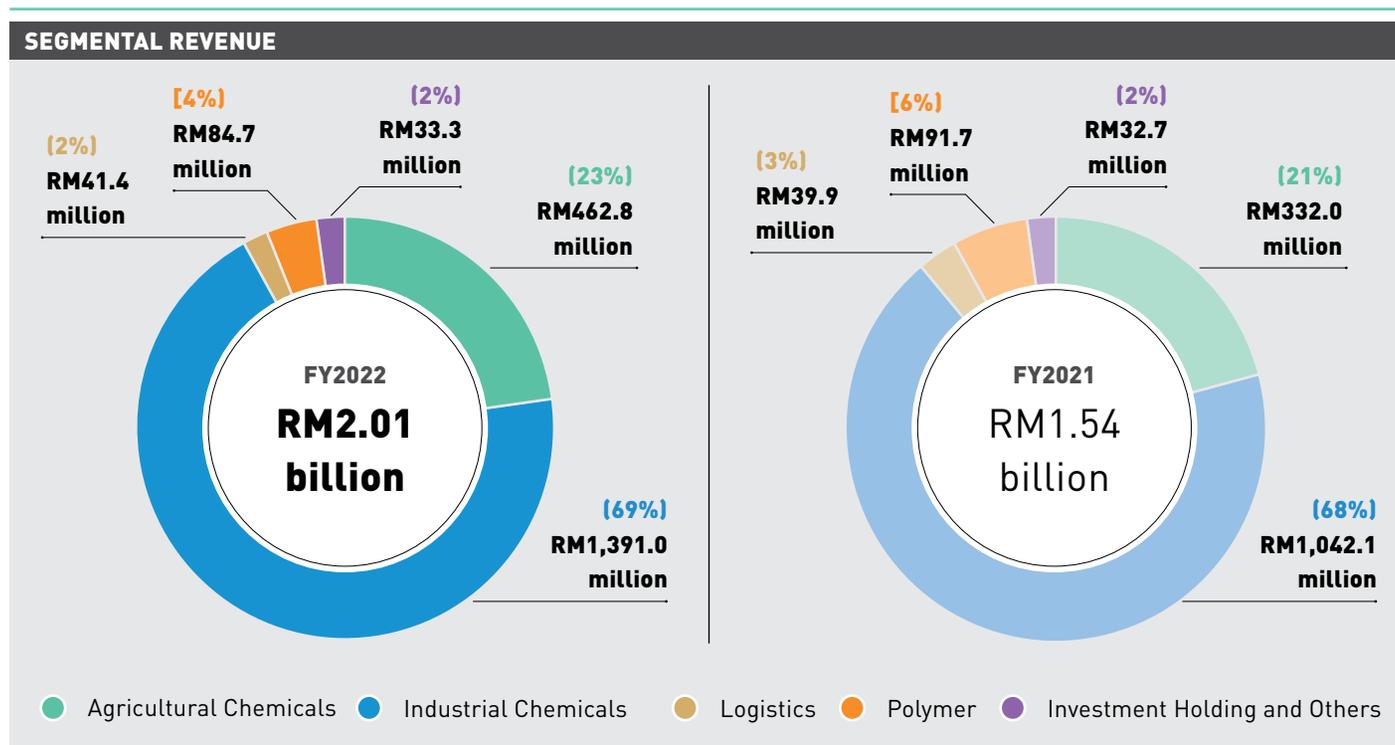
Profit Before Taxation

The Group posted profit before taxation ("PBT") of RM78.2 million in FY2022 versus RM51.0 million last year, translating to a 53.3% YoY increase. Included in the PBT was a one-off RM24.2 million gain from the sale of terminal assets in Vietnam but offset against the RM49.0 million loss on disposal recognised by Nylex upon completion of the sale of Nylex's business to ANB.

Net Profit

In line with the revenue increment, the Group registered a much higher Net Profit of RM68.2 million in FY2022. Compared to the RM23.8 million reported in FY2021, this was close to a threefold increase. On its profitability, Net Profit margin expanded by 1.9 percentage points from 1.5% in FY2021 to 3.4% in FY2022.

SEGMENTAL ANALYSIS



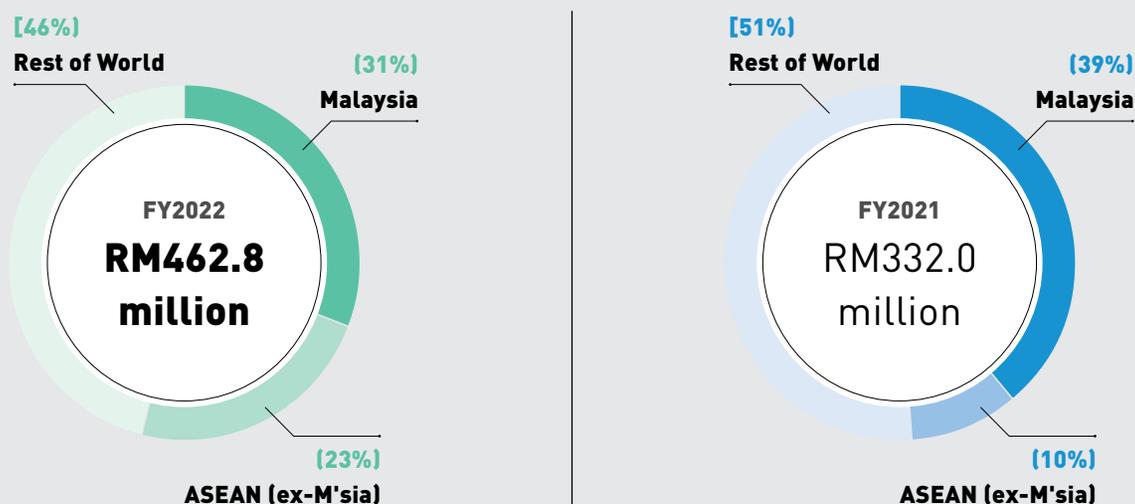
MANAGEMENT DISCUSSION AND ANALYSIS

Agricultural Chemicals Division

The division posted revenue of RM462.8 million in FY2022, which was a 39.4% YoY jump from RM332.0 million in FY2021. In relation to other business segments, the Agricultural Chemicals Division contributed 23% of the total revenue in FY2022 compared to 21% in FY2021.

With the rising risks of global food security, demand for agrichemicals has generally improved as agriculture players seek to maximise their crop production and yield. In addition, the demand for our MSMA-based products rose exponentially following the ban of paraquat in Thailand by the authorities. Our MSMA-based products are one of the close substitutes available in the market for the replacement of paraquat. Recently, the Group also enjoyed success in the local market, particularly in East Malaysia, as we managed to sell more to palm oil plantations there.

AGRICULTURAL CHEMICALS REVENUE (GEOGRAPHY)



In terms of geographical breakdown, export sales posted much higher growth as compared to domestic market at 69% of FY2022 segmental revenue, versus 61% in FY2021. We saw substantial growth in the ASEAN market where contribution more than doubled from 10% to 23% over the same period last year. This was mainly attributed to higher sales in Thailand for the MSMA-based products. Exports to the Rest of the World continued to be encouraging as orders from the United States, Brazil, South Africa and Australia remained intact.

In line with the surge in revenue, segmental PBT improved from RM45.9 million in FY2021 to RM69.5 million in FY2022, representing a 51.4% YoY growth.

While demand had been largely robust, there were operational challenges during the financial year, mostly arising from the global supply chain disruption. This has resulted in shortages of vessels which affected deliveries and rising raw materials costs. Being the sole large-scale producer of active ingredients for herbicides in this region, we were in a better position to maintain our profit margins with better planning and negotiations with our customers and suppliers.

During the financial year, we have introduced two new active ingredients, catering mostly to the overseas market. We look forward to better contributions from these new products once we have achieved economies of scale and market acceptance in the coming years.

MANAGEMENT DISCUSSION AND ANALYSIS

Industrial Chemicals Division

The division posted higher revenue of RM1.39 billion in FY2022, a one-third increase from RM1.04 billion last year as average selling prices of our products rose in tandem with higher prices of chemical commodities. The geopolitical tensions including the Russia-Ukraine War have pushed up the prices of chemical commodities during the financial year. The average Brent crude oil prices trended from USD70.50 per barrel in June 2021 to a much higher USD112.63 per barrel in May 2022.

The segmental PBT more than doubled from RM25.8 million in FY2021 to RM57.6 million in FY2022. Included in the segmental PBT is a RM24.2 million one-off gain from the sale of terminal assets in Vietnam.

Distribution Business

Revenue from the Distribution Business climbed 31.6% YoY from RM0.95 billion in FY2021 to RM1.25 billion in FY2022, supported by higher average selling prices and volume. The lifting of movement restrictions across the countries we operate in had enabled better operating rate and improved demand from all industries which contributed to higher sales volume.

The PBT from the Distribution Business increased to RM37.9 million compared to RM10.4 million in FY2021, which included a RM24.1 million one-off gain from the disposal of terminal assets in Vietnam.

Manufacturing Business

The Manufacturing Business recorded improved revenue of RM139.5 million, a 49.8% YoY jump from RM93.1 million in FY2021. Sales of phosphoric acids grew 158.5% YoY as we benefitted from the supply interruptions of phosphoric acids from China and higher demand from oleo refineries. Meanwhile, demand for adhesives and sealants increased marginally by 3.4% as automotive production stabilised after easing of restrictions in Malaysia.

Correspondingly, our Manufacturing Business recorded higher PBT of RM19.7 million, rising by 27.9% YoY from RM15.4 million in FY2021. The higher profit margin for phosphoric acids boosted profitability of our Manufacturing Business. However, higher raw material costs for adhesives and sealants partially dragged down the business' growth.

Polymer Division

The Polymer Division recorded revenue of RM84.7 million and segmental PBT of RM2.7 million in FY2022. This was lower compared to revenue of RM91.7 million and segmental PBT of RM5.4 million a year ago. Production volume was affected during the lockdown in the first quarter of FY2022. Higher raw material prices and logistic costs affected profitability.

Logistics Division

Revenue attained by the Logistics Division improved from RM39.9 million in FY2021 to RM41.4 million in FY2022 due to increase in chartered volume of the vessel and higher take-up of spot tank rental at the terminals. However, the division posted a segmental loss before taxation of RM1.0 million in FY2022 compared to a segmental PBT of RM2.8 million in FY2021 due to higher operating and fuel costs.

Investment Holding and Others Divisions

This segment includes our investment holding as well as our non-core activities, mostly making up of education, media, information technology, electrical businesses and property development.

Investment Holding and Others Division registered marginally higher revenue of RM33.3 million in FY2022 versus RM32.7 million in FY2021. However, segmental loss before taxation widened from RM27.9 million in FY2021 to RM42.0 million in FY2022 due to impairments incurred relating to ANB's acquisition of Nylex's business during the financial year.

MANAGEMENT DISCUSSION AND ANALYSIS

REVIEW OF FINANCIAL POSITION

RM Million	Group	
	As at 31 May 2022	As at 31 May 2021
Total assets	1,123.8	1,068.3
Total liabilities	695.5	585.9
Shareholders' equity	387.6	362.2
Non-controlling interests	40.7	120.2
Total borrowings	411.4	300.8
Lease liabilities owing to financial institutions	1.9	4.4
Cash and bank balances	123.2	105.8
Net operating cash flows	23.7	31.5
Net assets per ordinary share (RM)	1.35	1.49
Net gearing ratio (times)	0.75	0.55

As at 31 May 2022, ANB's total assets stood at RM1.12 billion compared to RM1.07 billion reported last year. Cash and bank balances amounted to RM123.2 million, an increase of RM17.4 million from a year ago.

Meanwhile, total liabilities were at RM695.5 million at the end of FY2022, higher than RM585.9 million recorded at the end of FY2021. Over the same period, total borrowings climbed to RM411.4 million from RM300.8 million. This was in tandem with higher trading activities under the distribution arm of its Industrial Chemicals Division. Furthermore, a RM50.0 million loan was obtained by ANB for the acquisition of Nylex's business.

Net Gearing Ratio

As at 31 May 2022, the net gearing ratio stood at 0.75 times, which was higher than 0.55 times reported a year earlier. This was mainly attributed to the RM50.0 million loan obtained by ANB for the acquisition of Nylex's business.

Net Operating Cash Flows

The Group generated a positive net operating cash flows ("NOCF") of RM23.7 million in FY2022. This was our fifth consecutive year of reporting a positive NOCF.

ANTICIPATE OR KNOWN RISKS

Supply Chain Disruptions

Whilst the COVID-19 containment measures have eased in many parts of the world, China continues to maintain a stringent zero-Covid strategy. This has necessitated the Group to keep a higher level of inventories for the time being with regards to materials procured from China. We continue to seek and diversify our source of supplies from multiple suppliers and from different locations. However, the fact remains that China is still the largest manufacturer of many chemical intermediaries. Thus, supply diversifications will require more time and planning. Besides that, geopolitical tensions between China and the United States, as well as the war in Ukraine have further complicated the matter.

As part of our risk mitigation measures, we are constantly in contact with our key suppliers to anticipate potential disruptions and manage such risks accordingly. Wherever possible, we strive to maintain a diverse supply chain to reduce over-reliance on any single supplier.

MANAGEMENT DISCUSSION AND ANALYSIS

Logistical Costs

During the height of the COVID-19 pandemic, costs of shipping containers reached an unusually high level. Though shipping costs have decreased and stabilised since then, the ongoing geopolitical tensions may cause further disruptions and destabilise the maritime industry again. This could ultimately affect our profitability as our exposure to the export market is huge and growing.

To minimise potential impact, we have frequent communications with our logistics providers to keep tabs on the latest developments. We also strive to optimise the cargo scheduling to our best ability, as well as avoiding large shipments during peak seasons, whenever possible.

Natural Disasters

Recently, Europe and many parts of China have experienced severe droughts during summer. Such extreme weather phenomena, if occur in the regions where our clients operate in, could adversely impact the performance of the Agricultural Chemicals Division. Conditions such as floods, wildfires and droughts would destroy plantations and crops, thus reducing the demand for agrichemicals products for crop protection and management.

We constantly seek to further diversify our client base to include customers from different geographical regions to minimise the impact of severe weathers.

Changes in Regulations and Government Policies

We are subject to regulations and policies set by the local authorities in the countries where we conduct business. Our Agricultural Chemicals Division operates in a highly regulated industry and has exposure in many countries with differing jurisdictions. Each of our products, before commercialisation, are required to meet the standards set by the respective regulatory bodies in each country.

As part of our risk management, ANB engages with the respective local authorities to keep abreast of the latest developments and closely monitors for any potential regulatory changes.

CORPORATE EXERCISES AND DEVELOPMENTS

Merger of Ancom and Nylex: Acquisition of Remaining Stake in Nylex's Business by ANB

On 28 April 2021, ANB announced the proposed acquisition of all assets and liabilities of Nylex ("Proposed Acquisition of Nylex Business") for a total consideration of RM179.3 million, which translated to RM1.00 per Nylex share. The price was arrived based on a premium of 16.2% to 31.5% over a series of volume weighted average market prices ("VWAMP") of Nylex shares up to and including 27 April 2021.

The Proposed Acquisition of Nylex Business was completed on 26 January 2022. With full control of Nylex's businesses, ANB is able to recognise 100% of the profit compared to approximately 50% before this. The Group also stands to benefit from synergies via economies of scale and cost savings with all its chemical businesses under one roof.

MANAGEMENT DISCUSSION AND ANALYSIS

Acquisitions by Ancom Crop Care Sdn. Bhd. (“ACC”), a wholly-owned subsidiary of ANB, of 80% equity interest animal livestock chemicals business

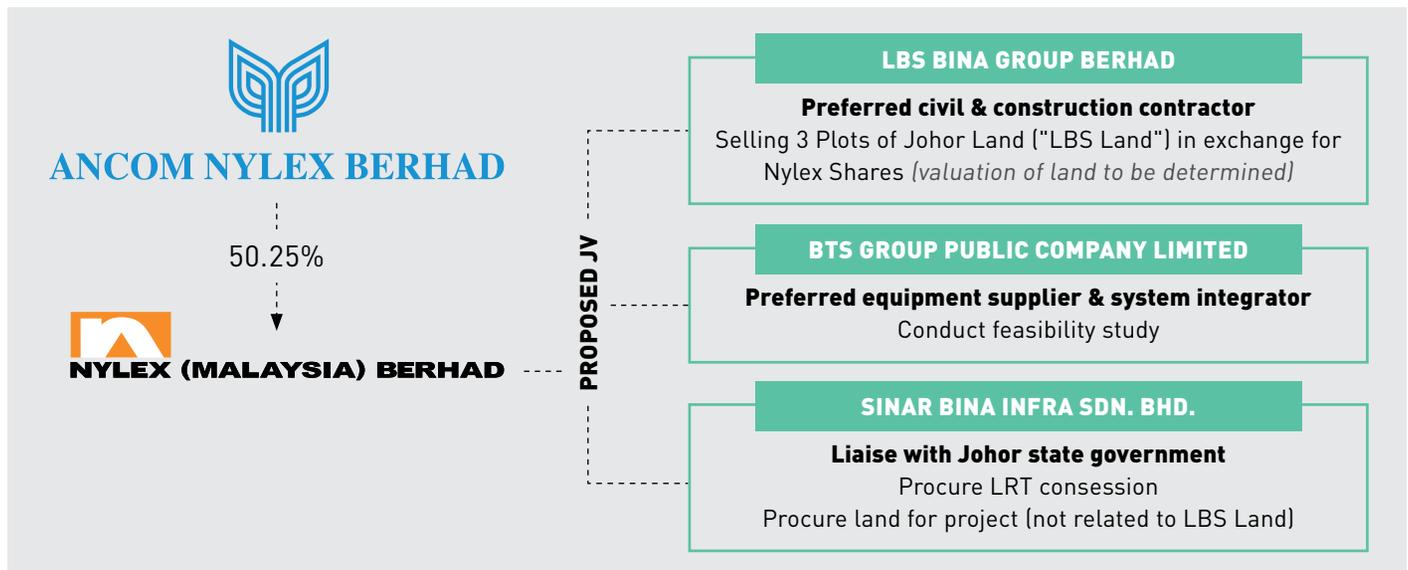
On 28 December 2021, ANB, via ACC made a proposal to acquire 80% equity interest each in Shennong Animal Health (Malaysia) Sdn. Bhd. (“Shennong”) and Vemedim Sdn. Bhd. (“Vemedim”) for a total cash consideration of RM16.64 million and RM7.28 million, respectively.

Shennong and Vemedim are principally involved in the manufacturing and trading of chemical and animal health products, which include antibiotics, feed additives, supplements and disinfectants focusing mainly on the domestic market.

The acquisitions of Shennong and Vemedim will diversify ACC’s business from its existing plant-related chemicals to include livestock chemicals and others. Moving forward, the Government’s focus on improving the nation’s self-sufficiency level is expected to benefit these businesses. Being in the agrichemicals business, the Group can derive synergies from its existing customer base and supply chain to potentially scale the business of Shennong and Vemedim.

The acquisitions come with a profit guarantee of RM4.6 million in profit after taxation in the calendar years 2022 and 2023. The acquisitions of Shennong and Vemedim were completed on 22 June 2022.

Nylex Regularisation Plan



On 21 March 2022, ANB and Nylex announced that they have entered into a Heads of Agreement with Sinar Bina Infra Sdn. Bhd., LBS Bina Group Berhad and BTS Group Holdings Public Company Limited 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.

Dividend-in-specie

On 5 May 2022, ANB distributed around 14.2 million ordinary shares in Nylex by way of dividend-in-specie on the basis of 1 Nylex share for every 20 ordinary shares of ANB held. The dividend was a gesture of appreciation to all shareholders for their support over the years. The distribution gave ANB’s shareholders the opportunity to benefit from the future of Nylex, which is currently undergoing its regularisation plan following its disposal of all assets and liabilities to ANB earlier.

MANAGEMENT DISCUSSION AND ANALYSIS

Share split

On 7 June 2022, ANB completed the share split involving the subdivision of every 1 ANB share into 3 ANB shares. The exercise was conducted to potentially improve the trading liquidity of ANB shares and reduce the price volatility, as well as induce greater participation of a wider range of shareholders.

Restructuring: Proposed Acquisition of S5 Holdings Inc. by ALB and Consolidation of Logistics Businesses

On 16 July 2020, the Group entered into a Heads of Agreement with S7 Holdings Sdn. Bhd., Merrington Assets Limited, MY E.G. Capital Sdn. Bhd. and Avocat Sdn. Bhd. ("HOA") for the proposed acquisition of S5 Holdings Inc. by ALB at a valuation to be determined later ("Proposed Acquisition of S5").

The HOA had since lapsed on 15 April 2022 as certain condition precedents were not fulfilled.

OUTLOOK AND PROSPECTS

According to the International Monetary Fund, global gross domestic product ("GDP") is projected to only grow by 3.2% and 2.9% in 2022 and 2023, respectively. Macroeconomic and geopolitical challenges continue to be prevalent with the possibility of a global recession.

Notwithstanding this, ANB remains generally optimistic about the new financial year on the basis of its exposure to the agriculture industry, which is relatively stable and is an essential part of the food production industry. This could cushion volatility in other businesses in the event of an economic contraction.

Agricultural Chemicals Division

After numerous delays caused by the COVID-19 pandemic, we have completed the construction of the new 70,000 square feet plant in Klang, Selangor dedicated to produce our new active ingredients. Currently, equipment is being finalised for installation and the plant is expected to be operational by January 2023.

The new plant will increase our annual capacity by an additional 4,000 metric tonnes ("MT") and is designed and set up to produce up to three new active ingredients catering to the overseas market. These active ingredients were chosen upon requests from our customers as part of their supply chain diversification strategies. We are proud to have the necessary technical knowhow to expand our product portfolio. Currently, we have six active ingredients, two of which were introduced in FY2022 and with this new plant, we will increase our portfolio to at least eight active ingredients.

Apart from the new plant, we are currently expanding our existing facility by about 25% to increase our MSMA-based production. This follows the increase in demand from Thailand after the ban of paraquat stated earlier. The new machines are expected to be installed by October 2022.



Internal view of the new plant before installation of equipment



Exterior view of the new plant

MANAGEMENT DISCUSSION AND ANALYSIS

Industrial Chemicals Division

Due to its high correlation to crude oil prices, the distribution business is subject to volatility and is heavily dependent on macroeconomic factors. For instance, the prolonged conflict between Russia and Ukraine has been detrimental to the global economy. Apart from shortages in key commodities from Ukraine, the economic sanctions imposed on Russia and subsequent retaliation by Russia such as the cutting of energy supply to the European countries have far-reaching consequences across the world.

For the time being, we foresee industrial chemical prices to stay firm in the coming months in view of the supply limitation in China and relatively high crude oil prices compared to its historical average. Inventory planning will be critical in such periods of volatility. Meanwhile, our manufacturing business in Malaysia and Indonesia are expected to benefit from the uncertainties of supplies from China with its zero-Covid strategy. This resulted in supply shortages in the market which we were able to fulfil during the financial year.

Logistics

Our Logistics Division will continue to complement the Industrial Chemicals Division by providing intra-group logistics support as well as offering bulk cargo services to customers in the Southeast Asian and South China regions.

To support the growing demand, the Group is increasing its tank farm capacity by an additional 10,000 cbm. The construction is expected to start in October 2022 once relevant approvals are obtained and is targeted to complete by June 2024.

APPRECIATION

In closing, I would like to express my appreciation to my fellow Board members, management, and staff of ANB for the excellent performance in FY2022 despite many challenges faced. To this end, I welcome our Group Chief Executive Officer, Mr. Lee Cheun Wei, to the Board who joined us as Managing Director on 29 March 2022. Mr. Lee has played an instrumental role in driving the transformation of the Group and charting the strategic growth direction of the Group going forward.

I also welcome Encik Maliki Kamal Bin Mohd Yasin, Tan Sri Dato' Sri Mohamad Fuzi Bin Harun and Ms. Christina Foo to our Board as independent directors. A lawyer by training, Encik Maliki brings with him a wealth of experience in the oil and gas, and petrochemical industry. Tan Sri Fuzi is the former Inspector-General of Police and had served in the Royal Malaysia Police for 35 years in various capacities up to his retirement. Ms. Christina is a chartered accountant with over 30 years of experience in accounting, finance, taxation and advisory. I believe with their vast knowledge and experience, they will provide a different perspective to our Boardroom discussions.

Three of our Board members, Tan Sri Dato' Dr. Lin See Yan, Mr. Edmond Cheah Swee Leng and Mr. Lim Hock Chye have resigned as directors of ANB. I would like to take this opportunity to express my deepest gratitude for all their contributions over the years. Their advice and input have been invaluable, and I wish them all the very best in their future endeavours.

Lastly, I would also like to extend my appreciation to all other stakeholders for their continuous support throughout the year.

Barring unforeseen circumstances, we look forward to sustaining our growth trajectory for the years ahead as we reap the benefits of operational streamlining and strategic expansions that were completed in FY2022.

Dato' Siew Ka Wei

Executive Chairman

CORPORATE GOVERNANCE OVERVIEW STATEMENT

THE BOARD OF DIRECTORS (“BOARD”) IS PLEASED TO PRESENT AN OVERVIEW OUTLINING THE EXTENT TO WHICH ANCOM NYLEX BERHAD (“COMPANY”) AND ITS SUBSIDIARIES (“GROUP”) HAVE APPLIED AND COMPLIED WITH THE RELEVANT PRINCIPLES, PRACTICES AND RECOMMENDATIONS SET OUT IN THE MALAYSIAN CODE ON CORPORATE GOVERNANCE 2021 (“CG CODE”) ISSUED BY THE SECURITIES COMMISSION (“SC”) ON 28 APRIL 2021, THE GUIDELINES ON CONDUCT OF DIRECTORS OF LISTED CORPORATIONS AND THEIR SUBSIDIARIES ISSUED BY THE SC ON 30 JULY 2020 AND REVISED ON 12 APRIL 2021 AS WELL AS THE MAIN MARKET LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD (“BURSA SECURITIES”) FOR THE FINANCIAL YEAR ENDED 31 MAY 2022.

This Statement should be read together with the Company’s Corporate Governance (“CG”) Report for the financial year ended 31 May 2022, which is available on the Company’s website at www.ancomnylex.com.

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS

BOARD RESPONSIBILITIES

The Board has overall responsibility for the proper conduct of the Group’s business as it strives to achieve its business objectives and goals by providing clear and effective entrepreneurial leadership to the Management and to review management performance. The Board ensures that Management has in place an achievable strategic plans and objectives as well as the adequate resources to implement the appropriate processes for risk assessment, risk management and internal controls for the Company to meet its objectives.

The Board has established a Board Charter which sets out the Board’s strategic intent and outlines the Board’s roles and responsibilities. The Board Charter clearly sets out the following principal roles and responsibilities of the Board in discharging the overall responsibilities for the Group’s overall strategic direction, business and financial performance, risk management, internal control and management, information systems and investor relations:

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

The Board Charter is available on the Company’s website at www.ancomnylex.com.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

DISTINCTIVE FUNCTIONS OF THE BOARD AND MANAGEMENT

There is a distinct and clear demarcation of the functions and roles of the Board and Management.

The Board has overall responsibility for the proper conduct of the Group's business as it strives to achieve its business objectives and goals by providing clear and effective entrepreneurial leadership to the Management. In addition to its stewardship, the Board ensures that Management has in place achievable strategic plans and objectives as well as the appropriate processes for risk assessment, risk management and internal controls.

The Board is responsible for formulating the Group's strategic direction with the Management team. The Board does not involve itself in the day-to-day business operations of the Group, delegating such responsibility to the Executive Chairman ("EC") and Managing Director/Group CEO ("MD/GCEO") and Management team, which consists of the Divisional Heads/Divisional Managing Directors and Chief Financial Officers.

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

The MD/GCEO, who heads the Management team, has overall responsibility for the day-to-day management of the Group's business and operations. He oversees the Management's implementation of the Group's business plans and strategies as agreed by the Board to achieve the goals set by the Board.

SEPARATION OF THE POSITIONS OF THE EC AND MD/GCEO

The positions of the EC and MD/GCEO are held by two (2) persons with distinct and separate roles and responsibilities. This ensures a balance of power and authority such that no one individual has unfettered powers of decision-making.

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

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

QUALIFIED AND COMPETENT COMPANY SECRETARIES

The Board is supported by two (2) Company Secretaries who are qualified to act as Company Secretaries under Section 235(2) of the Companies Act 2016. Each has more than twenty (20) years of experience in company secretarial practices.

The key responsibilities of the Company Secretaries are as follows:

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

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

CORPORATE GOVERNANCE OVERVIEW STATEMENT

STRATEGICALLY PROMOTING SUSTAINABILITY

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

The Group constantly strives to maintain a safe and conducive work environment for its employees and adopts documented policies and procedures as part of its commitment towards Quality, Health, Safety and Environment.

The Group continues to carry out activities which demonstrate its commitment to creating better environmental, social and governance outcomes in line with its sustainability agenda during the financial year ended 31 May 2022. These activities are as reported in the Sustainability Statement in this Annual Report.

ACCESS TO INFORMATION AND ADVICE

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

Prior to 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.

Members of senior management are invited to attend 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 with explanations or clarification to facilitate the Board's informed decision-making.

CODE OF CONDUCT AND ETHICS

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

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

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

The Code of Conduct and Ethics is available on the Company's website at www.ancomnylex.com.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

ANTI-BRIBERY AND ANTI-CORRUPTION/WHISTLE-BLOWING

The Group adopts a zero-tolerance approach to all forms of bribery and corruption as spelt out in its Anti-Bribery & Anti-Corruption Policy (“ABAC Policy”).

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

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

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

The ABAC Policy and the Whistle-Blowing Policy are available on the Company’s website at www.ancomnylex.com.

BOARD COMPOSITION

During the financial year, the Company’s Board comprised one (1) EC, one (1) MD/GCEO, 2 (two) Non-Independent Non-Executive Directors and five (5) Independent Non-Executive Directors.

The Board composition complies with Bursa Securities’ Main Market Listing Requirements (“Listing Requirements”) on at least one-third (1/3) of the Board comprising Independent Non-Executive Directors. It also complies with Practice 4.1 of the CG Code in having at least 50% representation by Independent Non-Executive Directors.

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

BOARD COMMITTEE

The Board has established an Audit Committee and a Remuneration and Nomination Committee (“R&N Committee”) to assist the Board in carrying out its responsibilities more effectively. These Committees are entrusted with the authority to act on behalf of the Board in accordance with their respective Terms of Reference.

Please refer to the Audit Committee Report and Remuneration & Nomination Committee Report in this Annual Report for further details of their activities.

ASSESSMENT OF INDEPENDENCE

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

SENIOR INDEPENDENT DIRECTOR

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

CORPORATE GOVERNANCE OVERVIEW STATEMENT

BOARD DIVERSITY POLICY

In selecting its Directors, the Group practices non-discrimination in any form, whether based on age, gender, ethnicity or religion as enumerated in the Board Diversity Policy, which is available on the Company's website at www.ancomnylex.com.

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 soundness of judgement to ensure the Board functions effectively and is able to discharge its duties in the best interests of the Company and its shareholders.

The Board is supportive of Boardroom gender diversity as recommended by the CG Code, and will take gender into consideration in the nomination and selection of new Directors. In this regard, the Board has appointed one (1) woman Director on 19 September 2022.

It is worthy to note that, however, the appointment of new Directors will be guided by the skills, knowledge, experience and qualifications of the candidates rather than their gender or ethnicity alone.

APPOINTMENT OF NEW DIRECTORS

During the financial year, the R&N Committee recommended the nomination by the EC, and the Board approved the appointment of a new Independent Non-Executive Director. The appointment was in line with the intention of the Board to refresh the composition of the Board to replace the long-serving Independent Directors.

The Board also approved the appointment of the GCEO to the position of MD in recognition of his performances in steering the Group in achieving improved financial results.

The R&N Committee does not utilise independent sources to identify suitably qualified candidates as the Committee understands the specialised industry the Group operates in and the type of candidates whose background fit the criteria set by the R&N Committee.

ANNUAL ASSESSMENT

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

REMUNERATION OF DIRECTORS

Details of the Directors' remuneration received and receivable by the Directors of the Company for the financial year ended 31 May 2022 are disclosed in the Remuneration & Nomination Committee Report in this Annual Report.

TIME COMMITMENT

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

At the end of every calendar year, the Company Secretaries will draw up a proposed timetable for all Board/Committee meetings and annual general meeting to be held in the following year to help the Directors plan their schedules and attend the meetings.

During the financial year, five (5) Board meetings, five (5) Audit Committee meetings and one (1) R&N Committee meeting were held. The attendance records below indicate the Directors' commitment in carrying out their duties:

CORPORATE GOVERNANCE OVERVIEW STATEMENT

Name of Directors	No. of Attendance
Board of Directors' Meetings	
Dato' Siew Ka Wei	5/5
Lee Cheun Wei (appointed on 29 March 2022)	5/5*
Tan Sri Dato' Dr. Lin See Yan	5/5
Tan Sri Dato' Seri Abdull Hamid Bin Embong	5/5
Chan Thye Seng	5/5
Edmond Cheah Swee Leng	5/5
Lim Hock Chye	5/5
Datuk Dr. Abd Hapiz Bin Abdullah	5/5
Maliki Kamal Bin Yasin (appointed on 28 October 2021)	4/4
Audit Committee Meetings	
Edmond Cheah Swee Leng	5/5
Tan Sri Dato' Seri Abdull Hamid Bin Embong	5/5
Lim Hock Chye	5/5
Remuneration & Nomination Committee Meeting	
Tan Sri Dato' Dr. Lin See Yan	1/1
Edmond Cheah Swee Leng	1/1
Lim Hock Chye	1/1

* also attended as GCEO

All the Directors fulfilled the requirement for attendance of Board meetings during the financial year as prescribed under the Listing Requirements.

All the Directors, except for Maliki Kamal Bin Yasin, have attended the Company's Annual General Meeting in October 2021.

CONTINUING EDUCATION PROGRAMME AND TRAINING

All Directors have completed the Directors' Mandatory Accreditation Programme prescribed by Bursa Securities.

The Board has assumed the responsibility for determining the training needs of the Directors and filling any gaps identified. The Directors are mindful of the need for continuous training to keep abreast of the relevant changes in laws, regulations and the business environment to discharge their duties and responsibilities effectively. The Company Secretaries also provide updates to the Directors from time to time on relevant guidelines as well as statutory and regulatory requirements.

During the financial year, all Directors of the Company attended an in-house training facilitated by a professional trainer on Corporate Governance Guide 4th Edition: Rise Together. In this training, the Directors were coached on applying the Principles, Practices & Guidance of the updated CG Code in the Group.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

PRINCIPLE B: EFFECTIVE AUDIT AND RISK MANAGEMENT

COMPLIANCE WITH APPLICABLE FINANCIAL REPORTING STANDARDS

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

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

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

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

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

SOUND FRAMEWORK TO MANAGE RISK

The Board acknowledges its responsibility to maintain a sound risk management and internal control system covering not only financial controls but also operational and compliance controls to identify risks in operations and finance, and to design measures to manage those risks. This system is intended to manage, rather than eliminate, the risk of failure to achieve the Group’s corporate objectives, as well as to safeguard the shareholders’ investments and Group’s assets. The Board, through the Audit Committee, seeks regular assurance on the continuity and effectiveness of the internal control system through independent reviews by the Internal Auditors.

INTERNAL AUDIT FUNCTION

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

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

CORPORATE GOVERNANCE OVERVIEW STATEMENT

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

CORPORATE DISCLOSURE POLICY

The Board acknowledges the importance of timely and thorough dissemination of material information about the Group's business to its shareholders and investors to enable informed investment decisions. The Board regards regular communication with the public via various announcements and the issuance of Annual Reports, circulars and press releases as key to building good relationships with its shareholders and investors. Briefing to investors were held regularly by the senior management of the Company.

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

SHAREHOLDERS' PARTICIPATION AT GENERAL MEETINGS

General meetings remain the principal forum for dialogue between the Company and its shareholders, and a means of communication with the shareholders.

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 if he/she is not able to attend the meetings in person. The proxy may, but need not be, a member of the Company and need not be an advocate, an approved company auditor or a person approved by the Registrar of Companies. The Company's Constitution explicitly allows a proxy to speak at general meetings. Notices of the general meetings and related circulars are sent to the shareholders in accordance with the regulatory and statutory provisions. All notices are advertised in a national English newspaper within the prescribed deadlines.

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

LEVERAGING INFORMATION TECHNOLOGY

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

The Company conducted two (2) fully virtually extraordinary shareholders meetings in October 2021 and May 2022 respectively and the annual general meeting in October 2021 successfully.

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

POLL VOTING

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

EFFECTIVE COMMUNICATION AND PROACTIVE ENGAGEMENT WITH STAKEHOLDERS

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

CORPORATE GOVERNANCE REPORT

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

AUDIT COMMITTEE REPORT

The Board of Directors (“Board”) is pleased to present the Audit Committee Report which provides insights into the manner in which the Audit Committee discharged its functions during the financial year ended 31 May 2022.

TERMS OF REFERENCE

The Audit Committee is governed by its Terms of Reference which are available on the Company’s website at www.ancom.com.my.

AUDIT COMMITTEE COMPOSITION AND MEETINGS HELD

No. Name	Directorship	No. of Meetings Attended
1. Edmond Cheah Swee Leng (Chairman)	Independent Non-Executive Director	5/5
2. Tan Sri Dato’ Seri Abdull Hamid Bin Embong (Member)	Independent Non-Executive Director	5/5
3. Lim Hock Chye (Member)	Non-Independent Non-Executive Director	5/5

The Audit Committee Chairman, Edmond Cheah Swee Leng, is a member of the Malaysian Institute of Accountants (“MIA”) and the Association of Chartered Accountants, England and Wales (“ICAEW”). The Audit Committee meets the requirements of paragraph 15.09(1)(a), (b) and (c) and paragraph 15.10 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad (“Listing Requirements”).

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.

There is a term in the Terms of Reference of the Audit Committee which requires a former key audit partner of the Company’s External Auditors to observe a cooling-off period of at least three (3) years before being appointed as a member of the Audit Committee. None of the members of the Audit Committee was a former audit partner.

The Internal Auditors and the External Auditors attended four (4) and three (3) Audit Committee meetings respectively during the financial year.

SUMMARY OF ACTIVITIES

During the financial year, the Audit Committee undertook the following activities in carrying out its duties as set out in its Terms of Reference:

FINANCIAL RESULTS

The Audit Committee reviewed the Quarterly Interim Financial Reports (“Interim Financial Reports”) presented by the Management to ensure compliance with the disclosure requirements of the approved Malaysian Financial Reporting Standards (“MFRSs”), the International Financial Reporting Standards (“IFRSs”), the Companies Act 2016, the Listing Requirements and other statutory and regulatory requirements prior to recommending to the Board for its consideration and approval, and for subsequent announcement to Bursa Malaysia Securities Berhad (“Bursa Securities”). The Audit Committee also sought clarifications from Management on the Group’s performance from time to time.

AUDIT COMMITTEE REPORT

In addition, the Audit Committee reviewed the Annual Audited Financial Statements (“Audited Financial Statements”) presented by Management in the presence of the External Auditors to ensure these complied with the disclosure requirements of the MFRSs and IFRSs, the Companies Act 2016, the Listing Requirements and other statutory and regulatory requirements. The Audit Committee also sought to resolve contentious issues, if any, prior to recommending the Audited Financial Statements to the Board for its consideration and approval, and for subsequent announcement to Bursa Securities and dispatch to the Company’s shareholders.

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

EXTERNAL AUDIT

The Audit Committee carried out the following tasks during the financial year in relation to the External Audit:

- Reviewed and approved the External Audit Plan, scope and nature of the statutory audit of the Company’s and of the Group’s Financial Statements prior to the audit;
- Reviewed the External Audit Reports and results of the External Auditors’ examination of the Company’s and of the Group’s Audited Financial Statements;
- Reviewed the External Auditors’ recommendations on internal control weaknesses noted and Management’s response to these recommendations;
- Reviewed and discussed with the External Auditors the impact of new and proposed changes in the financial reporting standards and other new developments in financial reporting;
- Reviewed the suitability of the External Auditors for re-appointment, taking into consideration their independence, performance, competence, experience, provision of non-audit services and audit fees; and
- Received from the External Auditors written assurance confirming their professional independence to the audit engagement.

INTERNAL AUDIT

The Audit Committee undertook the following tasks during the financial year in relation to the Internal Audit:

- Reviewed and approved the Internal Audit Plan, including the scope of audit and ensured that all major and/or high-risk activities were covered;
- Reviewed the Risk Assessment Reports and ensured the effective implementation of a 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 response to these recommendations;
- Reviewed weaknesses noted in the Internal Audit Reports and incidences of non-compliance of the internal control system to assess their possible impact on the effectiveness of the internal control system, the Group’s financial results as well as going concern assumptions;
- Reviewed Management’s remedial actions to be undertaken in relation to any weakness and/or non-compliance and the follow-up actions undertaken by the Management;
- Reviewed the suitability of the Internal Auditors for re-appointment, taking into consideration their independence, performance, competence, experience and fees; and
- Received from the Internal Auditors written assurance confirming their professional independence to the audit engagement.

AUDIT COMMITTEE REPORT

RISK MANAGEMENT

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

EXTERNAL AUDIT FUNCTION

The Group's External Audit function is performed by Messrs. BDO PLT. The External Auditors report to the Audit Committee and conduct the audit based on the audit plan approved by the Audit Committee.

The External Auditors are responsible for auditing the Company's and the Group's financial statements and rendering reasonable assurance that the Audited Financial Statements give a true and fair view of the financial position of the Company and of the Group as at the end of the financial year and of the financial performance and cash flows of the Company and of the Group for the financial year.

The External Auditors are also required to ensure that the Audited Financial Statements comply with the disclosure requirements of the MFRSs and IFRSs, the Companies Act 2016, the Listing Requirements and other statutory and regulatory requirements.

The External Auditors are also required to report on any incidence of non-compliance with the laws and regulations, frauds (actual, suspected or alleged), weaknesses in internal control that may have an impact on the integrity of the Audited Financial Statements or challenges encountered during the course of their audit.

Based on the results of the audit, the External Auditors have issued an unqualified Audit Report for the Audited Financial Statements of the Company and of the Group for the financial year ended 31 May 2022. They have also reported that there were no incidences of non-compliance with the laws and regulations, frauds, weaknesses in internal control that may have an impact on the integrity of the Audited Financial Statements and challenges encountered during the course of their audit.

INTERNAL AUDIT FUNCTION

The Audit Committee recognises the importance of the Internal Audit function to enhance and protect the organisational value of the Company and Group by providing risk-based and objective assurance, advice and insight as well as the need for it to be independent of Management in order to carry out its functions effectively. During the financial year, the Group's Internal Audit function was outsourced to Sterling Business Alignment Consulting Sdn. Bhd., an independent firm of consultants.

The Internal Audit function assists the Board to review the adequacy and effectiveness of the Group's internal control system in identifying and managing principal risks, ensuring compliance with the law and regulations, preserving the quality of its assets and the integrity of its information management system, thus determining future requirements for the internal control system.

The Internal Audit Review concentrated on areas of concern where the Audit Committee needed assurance that the Group Internal Control system was adequate and effective, and was in line with the Internal Audit Plan approved by the Audit Committee. The review covered key functional areas and business activities of major subsidiaries of the Group, placing emphasis on best practices and management assurance encompassing all business risks, particularly:

- The effectiveness and efficiency of operations;
- Reliability of reporting;
- Compliance with applicable laws and regulations; and
- Safeguarding of assets.

AUDIT COMMITTEE REPORT

The Internal Audit approach taken was broad, involving inquiry, analysis and review of the internal audit areas.

The Internal Auditors conducted four (4) reviews during the financial year and presented their quarterly Internal Audit Reports to the Audit Committee at its meetings for review and discussion with Management. The quarterly Internal Audit Reports highlighted the Internal Auditors' review and findings on the Group's compliance with established internal policies and procedures, their assessment of the magnitude of potential financial impacts arising from weaknesses noted, as well as the Internal Auditors' recommendations on corrective actions to overcome the weaknesses and Management's comments and agreed actions thereon. The Internal Auditors reported their follow-up findings and highlighted any non-actions by Management in subsequent Audit Committee meetings.

In all the Internal Audit Reviews during the financial year, the Internal Auditors reported that the internal control systems and processes of the companies audited were generally in place with minimum control issues.

The Audit Committee is satisfied with the results of the Internal Audit Reviews during the financial year. None of the weaknesses noted have resulted in any material loss that would require separate disclosure in this Report, as reported by the Audit Committee.

ASSESSMENT OF INDEPENDENCE AND PERFORMANCE

EXTERNAL AUDITORS

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

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 audit works.

During the financial year, the Audit Committee carried out an assessment of Messrs. BDO PLT, the External Auditors based on the above criteria and was satisfied with the External Auditors' competency, independence and quality of audit work. The External Auditors have given written assurance to the Audit Committee on their compliance with all 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 53rd Annual General Meeting of the Company.

AUDIT COMMITTEE REPORT

INTERNAL AUDITORS

The Audit Committee also assessed the independence and performance of Sterling Business Alignment Consulting Sdn. Bhd., the Internal Auditors, during the financial year.

The assessment of independence focuses on whether there exists any relationship between the Internal Auditors and the Directors or senior management and major shareholders of the Group as well as any conflict of interest arising from such relationships. The assessment of performance focuses on the Internal Auditors' experience, competency and resources as well as the quality of staff assigned and the Audit Committee's opinion on the quality of the Internal Audit Reports.

The Audit Committee was satisfied with the Internal Auditors' competency, independence and quality of Internal Audit Reports. The Internal Auditors have given written assurance to the Audit Committee that they have complied with all relevant ethical requirements regarding their professional independence.

The total cost incurred by the Group's Internal Audit function for discharging its functions and responsibility during the financial year was RM80,000 (2021: RM63,000).

The Audit Committee has recommended to the Board to continue to engage the Internal Auditors. The Board concurred with the Audit Committee's recommendation.

ANTI-BRIBERY AND ANTI-CORRUPTION/WHISTLE-BLOWING

During the financial year, the Internal Auditors conducted an assessment exercise to review the adequacy of the Company and its subsidiaries (except Nylex (Malaysia) Berhad) in relation to the implementation of the Anti-Bribery and Anti-Corruption Management System in accordance with the objective of compliance with Subsection (5) of Section 17A under the Malaysian Anti-Corruption Commission Act 2009. The assessment was performed with reference made to the Corporate Integrity System Malaysia ("CISM") Framework as a basis for evaluating the Company's Anti-Bribery and Anti-Corruption Management System, specifically:

- Review the Anti-Bribery and Anti-Corruption Management System in accordance with the CISM Framework promulgated by the Companies Commission of Malaysia;
- Review the existing business policies and procedures against the recommended adequate procedures as set out in the CISM Anti-Bribery Checklist and Assessment Indicators; and
- Recommend the necessary policies, procedures, practices, forms and format to close the assessment gaps in accordance with the CISM as a defense against corporate liability.

Based on the assessment undertaken, the Internal Auditors noted the gaps in the Company's Anti-Bribery and Corruption Management System and recommended measures to address the gaps which are applicable to the Group.

A Whistle-Blowing Policy has also been formulated along with a Whistle-Blowing channel on the Company's website www.ancomnylex.com for employees and any stakeholder to raise genuine concerns of any wrongdoing or improper conduct involving the Group and its Directors, managers or employees in accordance with the Company's Whistle-Blowing Policy. Any reports received will be investigated as per the processes stipulated in the Whistle-Blowing Policy. The Board and the Audit Committee will be duly notified of the outcome of the investigations.

No corruption and bribery incidences involving the Group and its Directors, managers or employees were reported during the financial year.

AUDIT COMMITTEE REPORT

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 party transactions (“RRPTs”) of a revenue or trading nature. The Audit Committee is satisfied that the procedures are sufficient to ensure that the related party transactions undertaken were on an arms-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 RRPTs in a timely and orderly manner. The Audit Committee conducts a review of these procedures and processes at least once in a financial year.

EMPLOYEES’ SHARE OPTION SCHEME (“ESOS”)

The Company established an ESOS on 6 March 2019 for the benefit of eligible Executive Directors and employees of the Group. The ESOS shall be in force for a period of five (5) years.

In December 2019, the Company granted 20,268,000 options to eligible Executive Directors and employees of the Group.

During the financial year, the Company further granted 3,500,000 options to the eligible employees of the Group, including 150,000 options to the Group Chief Executive Officer.

The Audit Committee was satisfied that the allocation of options was in compliance with the approved criteria for allocation of options as set out in the by-laws of the ESOS.

CONCLUSION

The Audit Committee is of the opinion that it has discharged its duties in accordance with its Terms of Reference during the financial year and that the Group’s Risk Management and Internal Control system has been adequate and effective.

Please refer to the Statement on Risk Management and Internal Control in this Annual Report for more details.

REMUNERATION & NOMINATION COMMITTEE REPORT

The Board of Directors ("Board") is pleased to present its Remuneration & Nomination Committee ("R&N Committee") Report for the financial year ended 31 May 2022.

R&N COMMITTEE COMPOSITION AND MEETINGS HELD

No.	Name	Directorship
1.	Tan Sri Dato' Dr. Lin See Yan (Chairman)	Independent Non-Executive Director
2.	Edmond Cheah Swee Leng (Member)	Independent Non-Executive Director
3.	Lim Hock Chye (Member)	Non-Independent Non-Executive Director

The R&N Committee held one (1) meeting, which was attended by all the members, during the financial year.

TERMS OF REFERENCE

The R&N Committee is governed by its Terms of Reference which is established pursuant to the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("Listing Requirements"). The Terms of Reference is published on the Company's website at www.ancommylex.com.

SUMMARY OF ACTIVITIES

During the financial year ended 31 May 2022, the R&N Committee carried out its duties as set out in its Terms of Reference and undertook the following activities:

ASSESSMENT OF DIRECTORS

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.ancomnylex.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, including the newly appointed 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 the 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.

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 an independent expert for the annual assessment as suggested by the Malaysian Code on Corporate Governance 2021 ("MCCG"). However, it has taken note that an independent expert or party would lend greater objectivity to the assessment by providing an unbiased perspective on a Director's performance and his ability to contribute effectively to the Board and would consider adopting such a practice in future.

REMUNERATION & NOMINATION COMMITTEE REPORT

APPOINTMENTS OF NEW DIRECTORS

In light of the amendments to the Listing Requirements which limits the tenure of an Independent Director to not more than a cumulative period of twelve (12) years and the requirement to appoint at least one (1) woman Director to the Board by 1 June 2023 (for public listing company with market capitalisation of less than RM2 billion), the Board, with recommendation of the R&N Committee, has appointed Maliki Kamal bin Mohd Yasin, who has vast experience in the chemical industry, as an Independent Non-Executive Director during the financial year. The appointment of En. Maliki, who together with Tan Sri Dato' Seri Abdull Hamid Bin Embong and Datuk Dr. Abd Hapiz Bin Abdullah during the financial year, and Tan Sri Dato' Sri Mohamad Fuzi Bin Harun and Christina Foo subsequent to the financial year, will fill the gap left vacant by the resignations of Tan Sri Dato' Dr. Lin See Yan and Edmond Cheah Swee Leng, the long serving Independent Directors.

The appointment of a woman Director on the Board has always been on the R&N Committee's agenda. In this respect, the Board has appointed Christina Foo, who is a Chartered Accountant, as an Independent Non-Executive Director of the Company, subsequent to the financial year.

The Board has also appointed Lee Cheun Wei, the Group Chief Executive Officer ("GCEO"), as the MD during the financial year in recognition of his performances in steering the Group in achieving improved financial results.

RE-ELECTION OF DIRECTORS

The performance of those Directors who are subject to re-election at the annual general meeting are assessed by the R&N Committee, whereupon the R&N Committee has recommended to the Board the re-election of the following Directors who are retiring pursuant to Clause 125 and Clause 130 respectively of the Company's Constitution at the Company's forthcoming 53rd Annual General Meeting ("AGM"):

Pursuant to Clause 125 of the Company's Constitution:

Directors	Designation
Dato' Siew Ka Wei	Executive Chairman
Datuk Dr. Abd Hapiz Bin Abdullah	Independent Non-Executive Director

Pursuant to Clause 130 of the Company's Constitution:

Directors	Designation
Maliki Kamal Bin Mohd Yasin	Independent Non-Executive Director
Lee Cheun Wei	Managing Director
Tan Sri Dato' Sri Mohamad Fuzi Bin Harun	Independent Non-Executive Director
Christina Foo	Independent Non-Executive Director

INDEPENDENCE ASSESSMENT OF THE INDEPENDENT DIRECTORS

The R&N Committee assessed the independence of the Independent Directors using the following criteria:

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

The R&N Committee was satisfied with the level of independence demonstrated by the Independent Directors and has recommended that they be retained as Independent Directors of the Company.

REMUNERATION & NOMINATION COMMITTEE REPORT

REVIEW OF THE AUDIT COMMITTEE

Pursuant to Paragraph 15.20 of Chapter 15 of the Listing Requirements, the R&N Committee conducted an assessment of the terms of office and performance of the Audit Committee and was of the opinion that the Audit Committee and its members have carried out their duties in accordance with its Terms of Reference.

REMUNERATION OF DIRECTORS

The R&N Committee is responsible for recommending the remuneration of the Non-Executive Directors, including the Directors' fees and benefits as per the Board Remuneration Policy which links the Directors' remuneration with their performance as well as the skills and experience required of them. The Board Remuneration Policy is available on the Company's website at www.ancomnylex.com.

For the current financial year, due to increased responsibilities as a result of numerous amendments to the legislation as well as rules and regulations governing public listed companies, the R&N Committee was of the opinion that the fees for the Non-Executive Directors, as indicated below, are reflective of current market rates:

Director	Annual Fee per Director (RM)
Non-Executive Director on the Board	70,000*
Member of Audit Committee	30,000*
Member of R&N Committee	20,000*

* same as in Financial Year 2021

The Non-Executive Directors also received attendance allowance of RM416.67 for each Board and Committees meeting attended during the financial year. The Executive Chairman ("EC") and the Managing Director ("MD") did not receive any meeting allowance for the Board and Committee meetings they attended as in the previous years.

The Board has endorsed the R&N Committee's recommendation and will propose that the Directors' fees of the Company and of the Group for the current financial year, amounting to RM611,425 and RM901,425 respectively, be paid to the Non-Executive Directors, subject to shareholders' approval at the Company's forthcoming 53rd AGM.

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

In the last two (2) financial years, due the COVID-19 pandemic, the Directors of the Group have taken a 30% reduction in their respective remunerations. As the country has now recovered from the pandemic and the economic activities resumed to almost the normal pace, the Board decided that the Directors shall receive their full remuneration in the current financial year.

Subject to shareholders' approval at the 53rd AGM of the Company on the payment of Directors' fees, details of remuneration received and receivable by the Directors of the Company for the financial year ended 31 May 2022, including remuneration for services rendered to the Company and to the subsidiaries, are as follows:

REMUNERATION & NOMINATION COMMITTEE REPORT

Company	Directors' fee (RM'000)	Salaries (RM'000)	Bonus (RM'000)	Other emoluments (RM'000)	Meeting allowances (RM'000)	BIK (RM'000)	Total (RM'000)
Executive Directors							
Dato' Siew Ka Wei	-	264.6	-	11.3	-	38.7	314.6
Lee Cheun Wei	-	-	-	-	-	-	-
Non-Executive Directors							
Tan Sri Dato' Dr. Lin See Yan	90.0	-	-	-	3.3	-	93.3
Tan Sri Dato' Seri Abdull Hamid Bin Embong	100.0	-	-	-	5.4	18.3	123.7
Chan Thye Seng	70.0	-	-	-	3.3	-	73.3
Edmond Cheah Swee Leng	120.0	-	-	-	5.8	-	125.8
Lim Hock Chye	120.0	-	-	-	5.8	-	125.8
Datuk Dr. Abdul Hapiz Bin Abdullah	70.0	-	-	-	3.3	-	73.3
Maliki Kamal Bin Mohd Yasin	41.4	-	-	-	2.1	-	43.5
Total	611.4	264.6	-	11.3	29.0	57.0	973.3

Group	Directors' fee (RM'000)	Salaries (RM'000)	Bonus (RM'000)	Other emoluments (RM'000)	Meeting allowances (RM'000)	BIK (RM'000)	Total (RM'000)
Executive Directors							
Dato' Siew Ka Wei	-	752.6	3,862.0	75.5	-	57.4	4,747.5
Lee Cheun Wei*	-	408.0	2,495.2	72.5	-	13.3	2,989.0
Non-Executive Directors							
Tan Sri Dato' Dr. Lin See Yan	190.0	-	-	-	6.2	-	196.2
Tan Sri Dato' Seri Abdull Hamid Bin Embong	100.0	-	-	-	5.5	18.3	123.8
Chan Thye Seng	70.0	-	-	-	3.3	-	73.3
Edmond Cheah Swee Leng	240.0	-	-	-	10.8	-	250.8
Lim Hock Chye	190.0	-	-	-	10.4	-	200.4
Datuk Dr. Abdul Hapiz Bin Abdullah	70.0	-	-	394.0	3.3	-	467.3
Maliki Kamal Bin Mohd Yasin	41.4	-	-	-	2.1	-	43.5
Total	901.4	1,160.6	6,357.2	542.0	41.6	89.0	9,091.8

* Lee Cheun Wei, the GCEO, was appointed as MD of the Company on 29 March 2022. The amount is inclusive of his total remuneration as GCEO and MD during the financial year.

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

CONCLUSION

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

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

THE BOARD OF DIRECTORS (“BOARD”) IS PLEASED TO PRESENT THE GROUP’S STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL FOR THE FINANCIAL YEAR ENDED 31 MAY 2022 MADE PURSUANT TO PARAGRAPH 15.26(B) OF THE MAIN MARKET LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD (“BURSA SECURITIES”). THIS STATEMENT HAS BEEN PREPARED IN ACCORDANCE WITH THE “STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL – GUIDELINES FOR DIRECTORS OF LISTED ISSUERS” ENDORSED BY BURSA SECURITIES.

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

BOARD’S RESPONSIBILITY

The Board is responsible for the establishment and maintenance of a sound risk management and internal control system in the Group. The Board is also responsible for reviewing the adequacy, effectiveness and integrity of the Group’s risk management and internal control system through ongoing and independent reviews carried out by the Internal Audit function of the Group.

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

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

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

KEY INTERNAL CONTROL PROCESSES

1. AUTHORITY AND RESPONSIBILITY

The Group’s organisational structure has clearly defined levels of authority and lines of responsibility from operating units up to the Board, to ensure accountability for risk management and internal control activities. There is proper segregation of duties and responsibilities to eliminate the possibility of an employee having total control of a business process.

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

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

2. REPORTING AND REVIEW

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

The Group's Quarterly Interim Financial Reports and Annual Audited Financial Statements are released to Bursa Securities only after being reviewed by the Audit Committee and approved by the Board.

3. POLICIES AND PROCEDURES

The Group's Policies and Procedures are a formal guide for the Management and employees to carry out their day-to-day duties. The Group's Policies and Procedures cover the following core areas: authority limits and authorisation mandates, protection and maintenance of assets, human resources management, sales, finance, procurement and operations. The Limits of Authority in the Group's Policies and Procedures delineate authority limits to the appropriate persons to ensure accountability and segregation of duties.

Relevant policies and procedures have been approved by the Board and relevant authorities to ensure that the Group's values and adequate control mechanisms are embedded in business operations. Periodic review is done to ensure their relevance and effectiveness.

4. INTERNAL AUDIT FUNCTION

In efforts to provide an adequate and effective internal control system, the Group appoints Sterling Business Alignment Consulting Sdn. Bhd., an independent consulting firm, to review the adequacy and integrity of its system of internal control and perform the role of Internal Auditors of the Group. The Internal Auditors report directly to the Audit Committee.

The Internal Audit addresses critical business processes, identifies risks and internal control gaps, assesses the effectiveness and adequacy of the existing state of internal control of the Group and recommends possible improvements to the internal control process. This is to provide reasonable assurance that such systems continue to operate satisfactorily and effectively within the Group. Quarterly Internal Audit Reports and Status Reports on follow-up actions are tabled to the Audit Committee during its quarterly meetings.

The Internal Audit function conducts independent reviews of the key activities within the Group's operating units based on a detailed Internal Audit Plan approved by the Audit Committee.

5. RISK MANAGEMENT

The Board confirms that there is an ongoing process of identifying, assessing and responding to risks that could hinder the Group from achieving its objectives. The process was in place for the financial year under review and up to the date of issuance of this Annual Report.

The Audit Committee has been entrusted by the Board to ensure that an effective and adequate risk management and internal control system is in place at all times. A Risk Management Working Group ("RMWG") comprising the MD/GCEO, Chief Financial Officer and Risk Manager, which is assumed by the Internal Auditors, has been set up to report on matters relating to risk management to the Audit Committee.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

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

- Assessment and monitoring of risks associated with the Group's operations;
- Development and implementation of internal compliance and control systems and procedures to manage risks;
- Assessment and monitoring of the effectiveness of controls instituted;
- Reviews and recommendations to the Audit Committee in relation to risk management;
- Making recommendations to the Audit Committee on compliance by the Group with its risk management strategy;
- Reporting any material changes to the risk profile of the Group to the Audit Committee;
- Monitoring and referring to the Audit Committee any instances involving material breaches or potential breaches of the Group's risk management strategy;
- Reporting to the Audit Committee on the Group's annual reporting responsibilities in relation to matters pertaining to the Group's risk management strategy; and
- Undertaking annual review in accordance with the Group's risk management framework, and making recommendations to the Audit Committee in connection with changes required to be made to the Group's risk management strategy.

Risk Management Process

The risk management and internal control systems are designed to manage, rather than eliminate risks that hinder the Group from achieving its goals and objectives. The process of risk identification involves identifying possible risk exposures arising from changes in the internal and external environment as well as operational conditions. The risk measurement guidelines consist of qualitative measures to determine the financial and non-financial consequences of the different risks based on their likelihood and impact.

The management and reporting of risks in the Group have been aligned with seven risk categories as outlined below:

i. COVID-19 Pandemic

The ongoing COVID-19 pandemic has significantly disrupted global norms, impacting business operations and resulted in new ways of working. Within the Group, stringent measures of controls and policies have been instituted, including implementing Split-Team concept and Work-From-Home, designed to prevent employees from contracting COVID-19 or at the very least, minimise its spread amongst employees. This was in keeping the safety and health of employees foremost in mind and ensuring continuity of critical business operations.

ii. External/Market Risks

The term economic environment refers to factors that influence buying habits of consumers and businesses and can affect the performance of a company. Such factors are generally beyond a company's control, identified as unemployment, income, inflation, interest rates, tax rates, currency exchange rate, saving rates and even consumer confidence levels. The Group's approach to managing this risk is to stay well-informed on trends and policy changes, with appropriate training to enable early recognition of its impact as a challenge or opportunity. The Group has strengthened its stakeholder engagement, developing healthy customer relationships to better meet their needs and drive sustained market growth.

iii. Operational Risks

Operational risks is identified as the risk of changes in the internal environment arising from daily tactical business activities that will result in the reduction, deterioration or breakdown of services provided by the Group. Such risks relate to business interruption, employee error or omission, failure of IT systems, litigation or even loss of suppliers. Appropriate systems with adequate capacity, security arrangements, facilities and resources are in place to mitigate risks that could cause interruptions to the Group's critical business functions.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

iv. Strategic Risks

Strategic risks refers to the Group's exposure to long-term policies or strategic objectives that can either support or prevent it from achieving its objectives. Key areas monitored under strategic risk are competition, high impact projects and innovative use of new technologies in business operations.

The key competition risks monitored from market developments are assessed for their impact on the Group's current business plan such as economic trends and potential entry of market disrupters which can challenge the Group's market growth. High impact projects are monitored to assess the risk implications to the Group based on the project life cycles, their progress status against the objectives outlined in the current business plan. Failure to embrace innovative technologies can potentially result in the Group losing its competitive edge in the industry.

v. Financial Risks

Financial risks are associated with external factors such as availability of credit, foreign exchange rate fluctuations, interest rate movements and other market exposures. Such factors necessitate strong and effective management and control of the Group's finances to mitigate and manage its impact to the business.

vi. Compliance Risks

Compliance risks is the threat posed to a company's financial, organisational or reputational standing resulting from violations of laws, regulations, codes of conduct, or organisational standards of practice. Such risks are identified as occupational, health and safety, environment, trade regulations, consumer protection, data and intellectual property protection, employment practices and regulatory requirements. The Group has taken steps to develop a risk framework, conducting risk assessments and incorporated policies and procedures to mitigate such risks.

vii. Hazard Risks

Hazards may take the form of fire and other sources of property damage such as windstorms, theft and other crimes, personal injury, business interruption, disease and disability, and liability claims. The ideal, simplistic method of controlling such risk is to eliminate the hazard altogether. However, in most cases, elimination is not feasible and where possible, substitution is the best approach to hazard mitigation. At the very least, awareness programmes may serve to isolate and prevent such risks.

Risk Management Tools

As part of the risk management process, a Registry of Risks and a Risk Management Handbook have been adopted. The Registry of Risks identifies principal business risks and is updated according to changes in the risk profile as well as the identities of the risk owners. The Risk Management Handbook summarises the risk management methodology, approach and processes, the roles and responsibilities of the risk owners, and various risk management concepts. It is the responsibility of risk owners to ensure that adequate control systems are implemented to minimise and control risks faced by the Group.

A Risk Manager is appointed to review, update and report on key risk factors of the main operating subsidiaries at the Audit Committee's quarterly meetings. In addition, significant issues and controls implemented are discussed at Management meetings and the quarterly Audit Committee meetings.

6. COMPLIANCE MANAGEMENT

The Group's compliance management covers compliance to relevant legal obligations imposed, in particular laws, regulations, rules and major identified guidelines or legal requirements. It also covers risk-based compliance to internal policies and procedures, code of ethics and business conduct.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

7. CONDUCT OF EMPLOYEES

A Code of Ethics sets out the policy stand on the conduct of business and the standards of behaviour/ethical conduct expected of the Group's employees.

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

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

8. INSURANCE

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

REVIEW OF THIS STATEMENT

Pursuant to Paragraph 15.23 of the Listing Requirements, the External Auditors have reviewed this Statement in accordance with the Audit and Assurance Practice Guide 3 ("AAPG 3") issued by the Malaysian Institute of Accountants for inclusion in the Annual Report for the financial year ended 31 May 2022. 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 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, nor are the matters set out in this statement is factually incorrect.

CONCLUSION

The Board has received assurance from the EC, MD/GCEO and Chief Financial Officer that the Group's risk management and internal control system operated adequately and effectively during the financial year under review and up to the date of issuance of this Annual Report.

The Board is of the view that the Group's risk management and internal control system during the financial year under review and up to the date of issuance of this Annual Report has been satisfactory and has not resulted in any material loss, contingencies or uncertainties that would jeopardise the value of the Group's assets and shareholders' investment.

The Board will continue to take measures and maintain an ongoing commitment to strengthen the Group's Risk Management and Internal Control system.

SUSTAINABILITY STATEMENT

ABOUT THIS STATEMENT

Sustainability is a crucial strategy for Ancom Nylex Berhad ("ANB"). Our continuous improvement initiatives focus on a safe work environment, environmental stewardship, efficiency in resources management and good corporate citizenship.

Over the past years, we have been operationalising our sustainability approach and embedding it in every aspect of operations, from product design and innovation to manufacturing and the supply chain. This Sustainability Statement ("Statement") shares the progress we have made on our sustainability journey.

Reporting period	This Sustainability Statement covers activities in the 2022 financial year (1 June 2021 to 31 May 2022) ("FY2022").
Reporting content	The Statement presents in-depth and transparent balanced disclosures of ANB's material economic, environmental, social and governance issues for the reporting period.
Reporting principles	We defined the statement content using the reporting principles prescribed in the Global Reporting Initiative (GRI) Standards and Bursa Malaysia Securities Berhad's ("Bursa Securities") Sustainability Reporting Guide. The statement also highlights our contributions to the United Nations Sustainable Development Goals (UNSDGs).
Reporting scope and boundary	<p>This Sustainability Statement covers operations in Malaysia and Indonesia. Unless otherwise stated, our social initiatives and governance cover ANB and its subsidiaries. Our environmental initiatives and data cover material issues arising from the principal business activities of the following entities:</p> <ul style="list-style-type: none"> • Ancom Crop Care Sdn. Bhd. ("ACC") • Nylex Specialty Chemicals Sdn. Bhd. ("NSC") • Kumpulan Kesuma Sdn. Bhd. ("Kesuma") • Pengangkutan Cogent Sdn. Bhd. ("PCSB") • PT Nylex Indonesia ("PTNI") • ALB Marine Sdn. Bhd. ("ALB Marine") <p>We focus on these companies as these are the operations that have started monitoring and collating significant environmental and greenhouse gas data.</p>
References, data and restatement	<p>All references to "ANB", "Group", or "Company" refer to Ancom Nylex Berhad and its subsidiary companies collectively.</p> <p>Where available, data is collected and reported with the aid of existing management control and information systems to ensure the reliability of information flows and the accurate monitoring of sustainability performance. All calculation methodologies and assumptions while reporting indicators are included in the report wherever applicable.</p>
Feedback	<p>This Statement is available to read or download on the Company's website at www.ancomnylex.com. Please contact us at the following address if you have additional inquiries or information concerning the Statement or our sustainability progress. We always appreciate hearing from our stakeholders.</p> <p>No 2A, Jalan 13/2, Seksyen 13 46200 Petaling Jaya Selangor Darul Ehsan Malaysia Office : 603 - 7495 5000 Fax : 603 - 7495 5088 Email: edlyncheah@ancomnylex.com Contact person: Edlyn Cheah Designation: Group Corporate Affairs</p>

SUSTAINABILITY STATEMENT

OUR SUSTAINABILITY

The future challenges are considerable - climate change, environmental degradation, extreme weather events and water scarcity pose an existential threat to humanity. The COVID-19 pandemic raged through the world throughout 2020 and 2021 with broad disruption of economic activities. Such risks, encompassing climate change to workforce health and safety, have profound implications on businesses. They affect all sectors and challenges, even the most progressive companies.

Sustainability risks are receiving increasing attention from stakeholders such as investors, shareholders, employees, customers and supply chain partners. Monitoring and tackling these risks is topical as they are intrinsically linked to financial performance, organisational resilience and stakeholder trust.

Sustainability means more than just countering risks; we view sustainability as a source of competitive advantage and key to business continuity and success. Closely monitoring global trends and aligning our strategic approach with evolving best practices create shared value for all. Our commitments also position us to better anticipate and react to economic, social, environmental and regulatory changes while helping our customers do the same.

ANB SUSTAINABILITY PILLARS



The Group also responded to global challenges by contributing to sustainable development through its sustainability practices. A prioritisation exercise identified seven out of the 17 sustainable development goals issued by the United Nations. These goals are areas where we can create the most significant impact as they are relevant to our businesses and the stakeholder universe. This sustainability statement introduces the Group's efforts on each goal.



SUSTAINABILITY STATEMENT

SUSTAINABILITY GOVERNANCE

We integrated our sustainability and corporate responsibility commitments into our business through our purpose, governance structures, business model and sustainability goals. A streamlined sustainability management process design informs the Group about significant economic, environmental and social sustainability issues affecting operations.

Our Board of Directors ("Board") oversees all sustainability initiatives.

BOARD OF DIRECTORS

Delegates authority for Management of the Group, including economic, environmental and social sustainability issues

SUSTAINABILITY COMMITTEE

Driving progress on sustainability-related matters including advancing strategic decision making

SUSTAINABILITY WORKING GROUP

Coordinating and implementing sustainability action plans

ALL BUSINESS FUNCTIONS AND EMPLOYEES

Accountability for business and sustainability results are company-wide

SUSTAINABILITY PRIORITIES AND MATERIALITY

In FY2021, we conducted a materiality assessment to identify and prioritise the economic, environmental, social and governance areas relevant to ANB and its stakeholders. The review utilised media research, company benchmarking, surveys and expert evaluation in selecting core issues to actively reflect the opinions of internal and external stakeholders on ANB's sustainability management. The result was a compilation of several major issues related to sustainable management activities.

For the 13 significant issues identified, priorities were derived through the quantification of 'stakeholder interest' and 'business impact'. We reviewed stakeholder interest by examining the effectiveness of the impact of business costs, profits, and risks on stakeholders. We considered the relationship between the financial and non-financial impacts of business activities and management policies in terms of business impact.

OUR MATERIALITY ASSESSMENT PROCESS



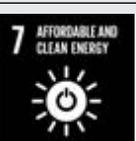
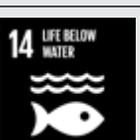
SUSTAINABILITY STATEMENT

The results inform our sustainability strategy, governance and reporting. This year, we reviewed these materiality results and found that they are still relevant given the similar focus areas. We are committed to assessing the materiality matrix annually to ensure it remains relevant to the Group.



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

SUSTAINABILITY STATEMENT

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

SUSTAINABILITY STATEMENT

ENGAGING WITH STAKEHOLDERS

We are committed to working closely with all stakeholders on our journey towards sustainable growth. Stakeholders are entities or individuals significantly affected by the Group's activities, products and services; and whose actions affect the ability of the Group to successfully implement its strategies and achieve its objectives. Engaging with stakeholders broadens our awareness, obtains technical input and collaborates on building a sustainable business.

As part of our business, we engaged with a wide range of stakeholders throughout the year using formal and informal engagement methods. During the reporting period, we gathered diverse opinions through various communication channels across our stakeholder spectrum. Some collaboration will be necessary to reach the ambitious targets we have set.

The table below summarises the methods of engagement used with each type of stakeholder group.

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

SUSTAINABILITY STATEMENT



ECONOMIC

ANB continued to expand its profitable agrichemical and industrial chemical businesses following the post-pandemic recovery period. ANB is one of the region's most integrated agrichemical players with interests spanning agrichemical and industrial chemicals in Malaysia and the world market.

MEMBERSHIPS AND ASSOCIATIONS

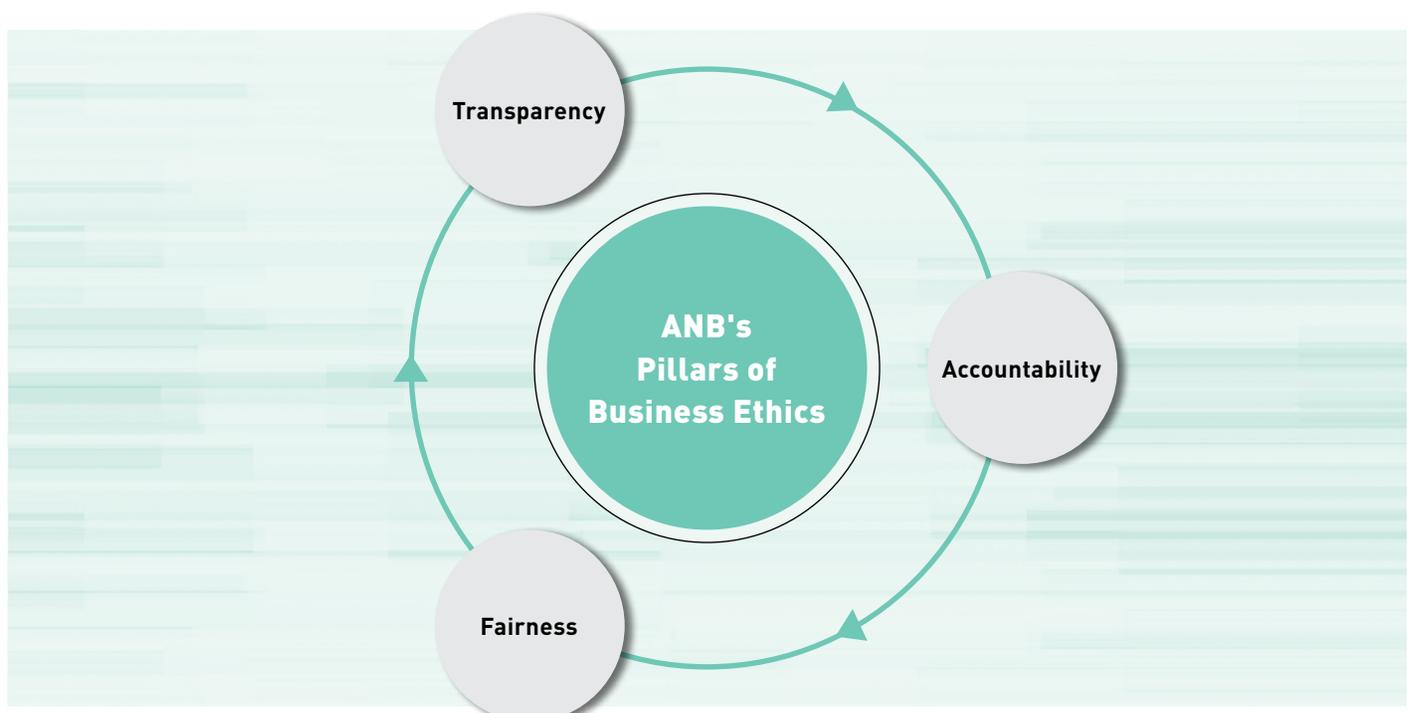
Our role as a responsible organisation goes beyond our boundaries as we advocate sustainability through various channels and associations. Different stakeholder groups, such as business, government, academia and civil society, bring a unique outlook and expertise. When assimilated, they can lead to a much broader development impact.

ANB is a member of the following industry associations:

- Chemical Industries Council of Malaysia (CICM)
- Institut Kimia Malaysia
- Federation of Malaysian Manufacturers (FMM) Selangor:
 - Sub Committee Customs & Logistics
 - Shah Alam Regional Committee
- Malaysia Pest Management Association
- Outdoor Advertising Association Malaysia

ETHICS AND COMPLIANCE

Compliance management is one of the drivers of enhancing performance and strategies. We have established an internal audit mechanism to ensure there are no gaps or breaches. Promoting transparency is an effective way of monitoring the good practices followed in critical areas such as the environment, health and safety, compliance, human resource, product responsibility and social responsibility. Being ethical involves more than merely complying with laws and regulations.



SUSTAINABILITY STATEMENT

CORRUPTION AND BRIBERY

We introduced our Anti-Bribery & Anti-Corruption Policy on 1 June 2020. It applies to all our operating locations and subsidiaries and extends to all our employees, suppliers and business partners. Training, communication and internal audits support the policy implementation. The management continuously reminds employees that it does not condone acts of bribery or corruption in our business dealings.

WHISTLEBLOWING

Our robust grievance framework provides all stakeholders access to the grievance redressal mechanism. This framework addresses every concern and brings them to the attention of ANB's management if necessary. We treat all reports with the strictest confidence and investigate each promptly.

Reports may be made to the Head of the Integrity Unit and copied to the Company Secretary and Chairman of the Audit Committee through the whistleblower channel on the company's website. The reporter's identity is confidential, and the Company does not allow retaliation against such an employee. Reports must be made in good faith based on legitimate and reasonable grounds at the time without necessitating hard evidence.

SUSTAINABLE PROCUREMENT

At ANB, we highly emphasise serving our customers sustainably and responsibly. The partnerships built with our supply chain partners, sub-contractors and vendors are integral to our success in this area.

We have integrated environmental, social and financial business practices into our supply chain life cycle. We consider suppliers' materials selection, quality, treatment of workers and general sustainable practices along with more formal certification, such as:

- ✓ ISO 9001:2015 Quality Management Systems, including safety requirements
- ✓ Safety Management Standards
- ✓ ISO 14001:2015 Environmental Management System

The Group's Supplier Code of Conduct reinforces how we work together on business ethics, health and safety and the environment. At a minimum, business partners must adhere to all applicable laws, regulations, codes and statutory requirements and respect our values. All supply chain and business partners must also cooperate with the Group in all ESG matters and strive to advance good practices in this area.

At ANB, we have common practice to source locally-based suppliers, as local procurement creates value for local communities. Across all our subsidiary companies, the majority of suppliers are locally based. However, some operations require niche raw materials. We seek foreign suppliers when these materials are unavailable locally.

SUSTAINABILITY STATEMENT



ENVIRONMENT

The planet faces significant challenges, from climate change, water quality and availability, to accumulating wastes in our environment. We recognise these challenges and confront them. We have set goals to reduce resource use, minimise carbon emissions and improve our operations' environmental profile. While we have a long way to go, committing to the desired result is the beginning of the journey, and we are excited to achieve our goals. Our ambition is to be among the benchmarks in operational eco-efficiency in the industry.

ANB'S ENVIRONMENTAL ASPIRATIONS

- 1 Comply with the environmental legislation, regulations and requirements set by local authorities based on the Environmental Quality Act 1974.
- 2 Continually reduce the contribution of environmental pollution during the manufacturing process, product storage and product transportation in aspects of air pollution emissions, scheduled waste management and industrial effluent treatment systems.
- 3 Provide employees with training, information and instructions to raise environmental awareness and encourage a self-regulation culture among employees.

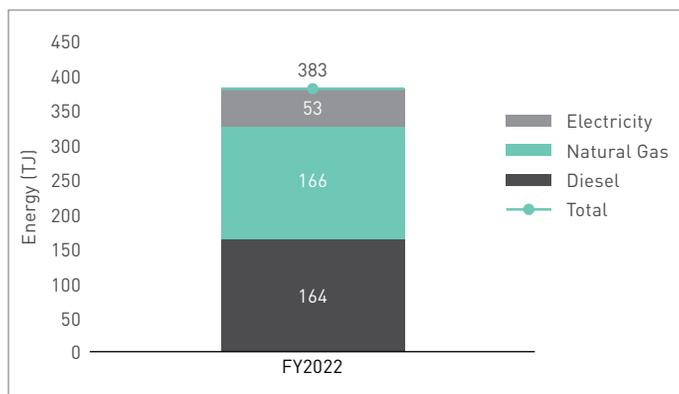
GREEN MATERIALS

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

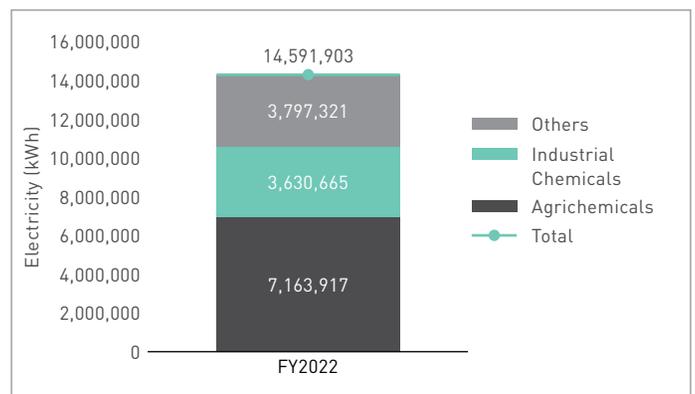
ENERGY AND CLIMATE

Primarily, ANB consumes energy for its manufacturing processes and research and development activities. We use direct and indirect energy sources in our operations. The graph below provides a snapshot of our direct and indirect energy consumption in FY2022.

GROUP ENERGY CONSUMPTION BY TYPE



ELECTRICITY CONSUMPTION BY DIVISION



Our approach to energy-saving primarily focuses on reducing our direct and indirect energy consumption. Several initiatives over the past few years have helped reduce our energy consumption, such as replacing existing equipment with new, energy-efficient models and installing energy-saving devices in existing equipment. We have also significantly strengthened our energy efficiency monitoring efforts in the past two years. As we progress, we hope to integrate more renewable energy sources into our operations, specifically solar and other hybrid sources.

SUSTAINABILITY STATEMENT

ANB is considering investing in a Biogas Power Plant. Biogas is a renewable source of energy. When displacing fossil fuels, biogas creates further emission reductions. Biogas systems use anaerobic digestion to recycle these organic materials, turning them into biogas, which contains both energy (gas), and valuable soil products (liquids and solids). After biogas is captured, it can produce heat and electricity for use in engines, microturbines, and fuel cells. Biogas can also be upgraded into biomethane, also called renewable natural gas or RNG, and injected into natural gas pipelines or used as a vehicle fuel. Using stored biogas limits the amount of methane released into the atmosphere and reduces dependence on fossil fuels.

OUR SALIENT ENERGY-SAVING INITIATIVES

- Educating and instilling good habits for conscious usage among all employees
- Replacing incandescent light bulbs with energy-saving compact fluorescent or LED alternatives
- Installing inverters and modulators for machinery motors
- Employing timers and sensors lighting at some regions of our plants
- Exploring solar energy options
- Tracking energy consumption (electricity and natural gas)
- Checking the boiler's efficiency regularly

ANB supports and aligns its commitment with Malaysia's intention to unconditionally reduce economy-wide carbon intensity as per the Nationally Determined Contribution (NDC). This commitment aims to achieve a 45% carbon intensity reduction against the country's Gross Domestic Product (GDP) by 2030 compared to 2005. We remain focused on addressing opportunities in climate adaptation, resilience and mitigation. All companies within the Group work closely toward achieving this goal. We also work closely across our industries and beyond. ANB continues to collaborate and engage with consumers, non-profit organisations, regulatory bodies and industry peers to advance progress globally.

WHAT ARE WE DOING TO REDUCE OUR CARBON FOOTPRINT?

- Alam Sekitar Malaysia Sdn. Bhd. performs quarterly stack gas emission tests according to the Environmental Quality Act, 1974 ("EQA"). ACC sets a target to achieve 0% black smoke from its boiler stack and has detected no stack emission to date
- Installing gas detectors for monitoring and data analysis
- Improving boiler efficiency through temperature control and chemicals used
- ACC uses natural gas as fuel for its boiler system. Most boilers release greenhouse gases such as carbon dioxide or nitrogen oxide; however, natural gas is considered the most environmentally-friendly fossil fuel
- Working closely with machinery suppliers on improvement and innovation
- Timely maintenance and servicing of machinery and vehicles
- Recycling NO_x gas for Nitric Acid recovery
- Improving fuel combustion
- Investment in Biogas Projects

ENERGY INTENSITY

Total operational energy is a poor energy efficiency indicator as product volume fluctuates yearly. One would expect the energy to rise as the output increases.

Energy intensity is a better measure of the energy efficiency of our manufacturing plants. As ANB operations are varied, different units are used for each process, as presented.

Company	Unit	FY2022
ACC	GJ per tonne of product	3.21
PCSB	Litres of diesel per km travelled	0.54
Kesuma	MJ per unit of sales (RM,000)	27.68
NSC	kWh per kg of product	0.16
PTNI	MJ per metre of product	5.68
ALB Marine	Litres of diesel per nautical mile travelled	38.00

SUSTAINABILITY STATEMENT

EMISSIONS INTENSITY

Similarly, total operational emissions are a poor indicator of emissions efficiency as product volume fluctuates yearly. As the output increases, one would expect the carbon emissions to increase accordingly.

Emissions intensity, or carbon intensity, is a better measure of the emissions efficiency of our manufacturing plants. As ANB operations are varied, different units are used for each process, as presented below.

Company	Unit	FY2022
ACC	CO ₂ ekg per tonne of product	249.52
PCSB	CO ₂ ekg per km travelled	1.43
Kesuma	CO ₂ ekg per unit of sales (RM,000)	3.99
NSC	CO ₂ ekg per kg of product	0.10
PTNI	CO ₂ ekg per metre of product	0.59
ALB Marine	CO ₂ etonnnes per nautical mile travelled	0.12

CLIMATE CHANGE MANAGEMENT

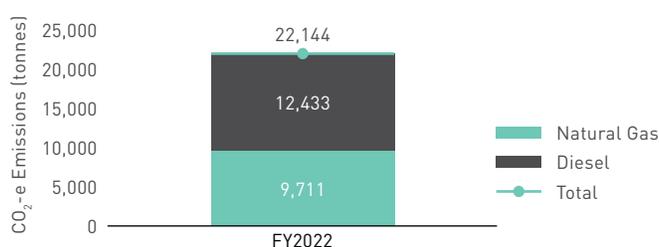
ANB is committed to mitigating its climate change risks. Climate change presents devastating effects and associated short and long-term business risks. Our group commitment to addressing this issue includes avoiding the impact of climate change by improving operational efficiency. Our climate change strategy includes working with employees and supply chain partners on energy-saving processes and a complete climate change risk assessment.

We have integrated climate-related risk management into the company-wide risk scorecard. It is part of the foundation in formulating our business strategy and deciding on future R&D and investments in technology.

Consolidation method in calculating the carbon footprint	Operational
The organisational boundary in calculating the carbon footprint	Accounts for 100% of GHG emissions where ANB has the authority to implement operational policies

GROUP SCOPE 1 EMISSIONS

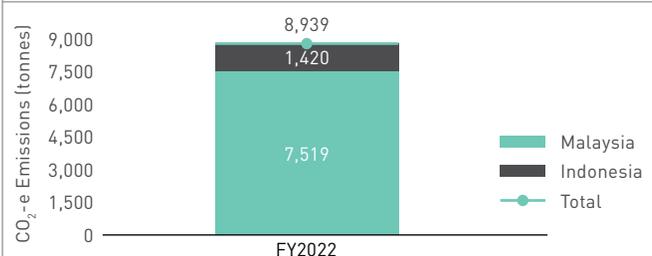
Our factories, vessel and fleet of vehicles use diesel. PTNI and ACC also consume significant amounts of natural gas. CO₂ emissions from the consumption of fuel were derived from the emission factor published by the IPCC Guidelines for National Greenhouse Gas Inventories.



GROUP SCOPE 2 EMISSIONS

All operations consume electricity. CO₂ emissions from electricity use:

- In Malaysia, were derived using the emission factor published by the Malaysian Green Technology Corporation for the Peninsular Grid.
- In Indonesia, were derived using the Java-Bali Emission Factor in the Government Electricity Supply Business Plan (RUPTL) 2019.



SUSTAINABILITY STATEMENT

POLLUTION PREVENTION AND CONTROL

Increasingly, pollution is responsible for harming all life.

ANB is committed to addressing pollution by:

- Identifying resources and the generation of all types of waste
- Avoiding their impact and improving efficiency
- Examining our water and energy performance
- Reducing or eliminating pollution at its source
- Modifying production, maintenance and facility processes, materials substitution, conservation, recycling and reusing materials where applicable

WATER MANAGEMENT

Sustainable water use and consumption are at the core of sustainable development and critical for our processes and the ecosystem in which we thrive. Water is also at the heart of adaptation to climate change, serving as a crucial link between the climate system, human society and the environment. Reducing water consumption during manufacturing and the entire value chain is our duty.

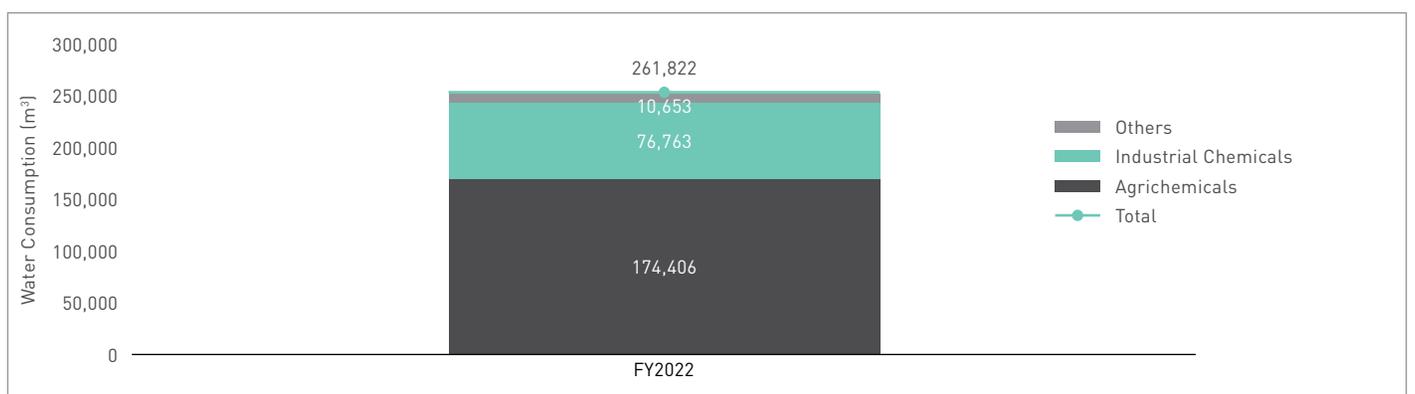
Across the Group, we regularly monitor our water consumption and integrate steps to reduce water usage in our action plans to improve productivity across each plant. As presented below, we have undertaken various other initiatives across our manufacturing plants to decrease water demand.

WATER CONSERVATION MEASURES

OUR GOAL: At ANB, our principle for water consumption is REDUCE and REUSE



WATER CONSUMPTION BY DIVISION



SUSTAINABILITY STATEMENT

WASTE AND EFFLUENTS MANAGEMENT

The industrial chemical industry is inherently prone to generating high volumes of hazardous waste during manufacturing and use. We strictly adhere to all laws and regulations in disposing and handling our waste. We also seek to reduce waste generation at our companies by making our processes more efficient.

Hazardous wastes are packed, labelled and stored in designated areas. The Group has appointed a licensed contractor to handle and dispose of this type of waste in accordance with Department of Environment (DOE) regulations.

We send all non-hazardous waste to authorised recyclers for disposal. We work closely with Alam Flora Environmental Solution to understand the proper collection, recovery and treatment of recyclables such as cardboard, paper, plastic and glass. Kesuma donated all its recyclable wastes to recyclable waste collectors as part of its corporate social responsibility initiatives.

We reuse as much as possible. Our sophisticated environmental reporting system - the Online Environmental Reporting (OER) module - systematically records and reports waste generation and disposal.

CHEMICAL OXYGEN DEMAND ("COD") TREATMENT WITH OZONE

COD measures the capacity of water to consume oxygen during the decomposition of organic matter. It is the amount of oxygen required to oxidise the organic matter present in a quantity of water.

COD analysis indirectly measures water pollutants and is an essential parameter in water quality analysis, helping reduce risk to humans and the environment.

Generally, COD concentrations are high in wastewater since not all organic materials are biodegradable. The typical COD range for chemical process wastewaters is 200 – 40 000 mg/L, whereas domestic wastewaters range from 100 to 450 mg/L.

Ozonation is an efficient treatment to reduce the amounts of micropollutants released. ACC's ozonation system consists of an ozone generator and reactor. Bubbling ozone into the treated water reduces the COD discharged into the water. The generator uses oxygen to generate ozone and supply it into wastewater using a nano bubbling pump.

ELECTRODIALYSIS

Electrodialysis is a process controlled by an electric field gradient that allows the separation of minerals from feed water solutions. It is a suitable technology for treating water with a higher tendency for fouling or variable feed quality. The waste produced is dumped into a wastewater pond.

BIPOLAR MEMBRANE

We utilise bipolar membrane electrodialysis that simultaneously removes and recovers boron from wastewater. A two-cell electrodialysis unit, utilising two electrodes, establishes an electrical potential between the membrane stack-ends. This potential provokes the ions to move through the membranes.

RECOVERING CHEMICALS

ACC refurbished its old reactor and reused NOx holding tank to minimise pressure released due to failure of the reactor's safety valve or high concentrations of Nitric Acid in the system. This refurbishment reduces pressure and the gas NOx scrubbing process later in the towers.

ACC's Dimethylamine (DMA) Recovery System recovers DMA from the waste. This recovery system prevents anyone from coming into contact with it as it can be harmful.

ACC also installed a Methyl Chloride Blow Down Tank to minimise methyl chloride released into the air.

SUSTAINABILITY STATEMENT

PREVENTING NOISE POLLUTION

We regulate occupational noise in the workplace and take proactive measures to protect employees from excessive exposure by providing earplugs and soundproofing the affected areas. We also conduct annual employee audiometric hearing tests.

Noise from plant machinery could also affect the surrounding environment. We implement monitoring activities at our sites, and the results show that all noise levels are within the Department of Occupational Safety and Health limits.

BIODIVERSITY, CONSERVATION AND CIRCULAR ECONOMY

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



CARING FOR FAMILIES AND COMMUNITIES

Our people-centric approach starts with employees' understanding of community concerns. We strive for meaningful action to make a positive difference in people's lives through volunteering or donations.

ANB, via Majlis Sukan Negara, encourages the development of Malaysian sporting talents by providing funding and sponsorships to the Serdang Badminton Club and the New Vision Badminton Academy totalling RM290,000 during the financial year. The Group's individual sponsorships also helped five (5) independent badminton players, Soong Joo Ven, Wong Tien Ci, Boon Xin Yuan, Lim Khim Wah and Soniia Cheah as they continued to develop their sporting career.

Our commitments extend to local communities; we strive to be a good neighbour through active engagement and responsible business practices. We seek input and feedback from our communities and seek opportunities to offer our time and resources. This approach ensures we support the growth and success of areas while positively affecting the lives of the people and communities where we operate.

For example, in December 2021 when most states in Malaysia were hit by one of the country's worst floods, ANB volunteers came forward to deliver necessities to flood victims using the Group's four-wheel drive (4WD) vehicles.

PTNI has extended various contributions and philanthropy to its local community throughout the years. In FY2022, PTNI donated IDR3,600,000 to Sumengko Village residents each month and IDR11,500,000 worth of social hampers to these villagers. PTNI also gave IDR20,000,000 to residents whose livelihoods had been affected by the Merapi volcano eruption.



CARING FOR OUR PEOPLE

We recognise that our people affect our ability to execute our sustainability agenda. Creating attractive, inclusive and sustainable workplaces is our ultimate goal where employees are motivated, engaged and deliver results.

A CULTURE THAT MAKES A DIFFERENCE AND MOTIVATES

ANB's culture is based on the Company's purpose to break barriers to well-being. Characterised by an inclusive working environment, employees can develop and feel challenged in their daily work. Courage, a will to change and engagement distinguish leadership. The Management practices an open-door policy which is even more critical since the pandemic with people scattered and working remotely.

SUSTAINABILITY STATEMENT

AN INCLUSIVE WORKFORCE

All employees are treated with dignity and respect and have equal opportunities to develop. We work systematically to prevent discrimination concerning gender, ethnicity, religion, disability, age or other grounds for discrimination protected by law. The Code of Conduct and Ethics stipulate these terms.

OUR DIVERSITY AND INCLUSION ASPIRATION

"To build a workplace culture which provides an equal playing ground for all, prioritising individual merit regardless of social constructs such as age, ethnicity, gender, marital status or other considerations unrelated to work performance."

Targets	Progress
To have 50/50 gender equality	Not achieved (28%)
To have 30% female Board of Directors in the next 10 years (2032)	0%
30% female key senior management by 2027	21%
To receive zero discrimination reports	Achieved

The Group's formal Diversity Policy encourages an inclusive culture by reminding employees of their rights and responsibilities concerning fairness, equity and respect.

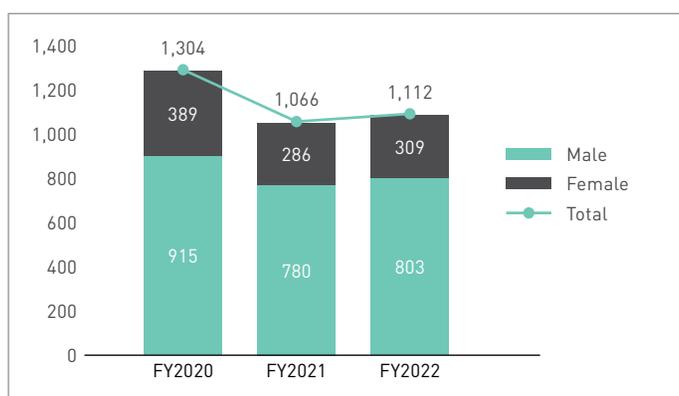
We advocate diversity, inclusion and non-discrimination in everything that we do. ANB is male-dominated as it operates in the production, transportation and logistics industries. However, we are transparent in our hiring process and do not discriminate against candidates during recruitment and subsequent employment.

EQUALITY IN RECRUITMENT

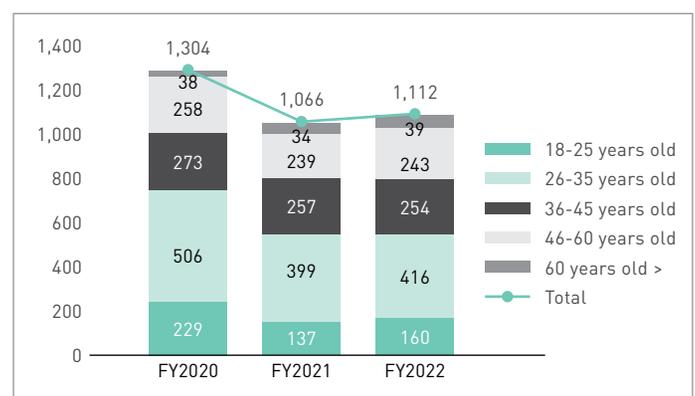
We adhere to local labour laws during recruitment and prefer hiring locally. However, diverse talent and expertise are essential for a Group with an ever-expanding international customer base. When these talents and expertise are unavailable locally, we look internationally. ANB does not discriminate in its hiring process.

OUR WORKFORCE AT A GLANCE

WORKFORCE BREAKDOWN BY GENDER

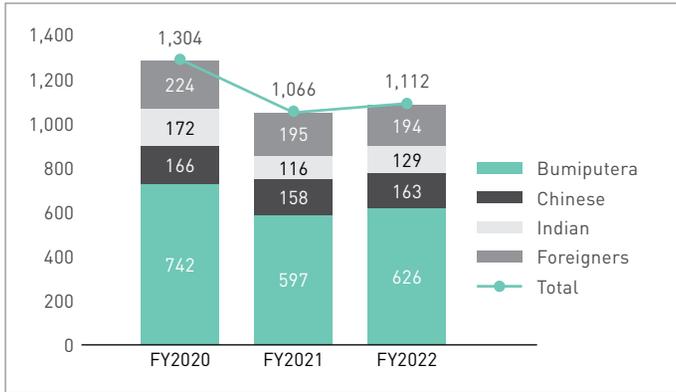


WORKFORCE BREAKDOWN BY AGE

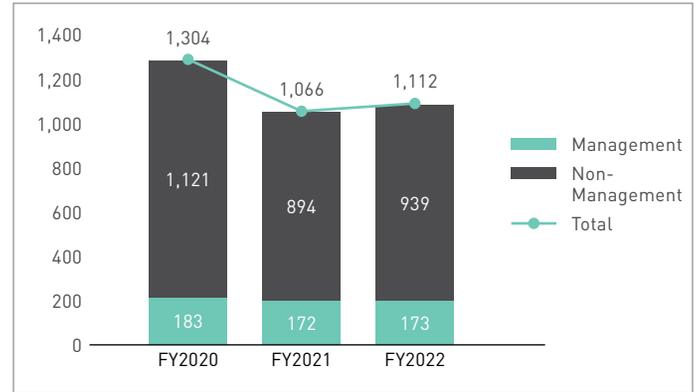


SUSTAINABILITY STATEMENT

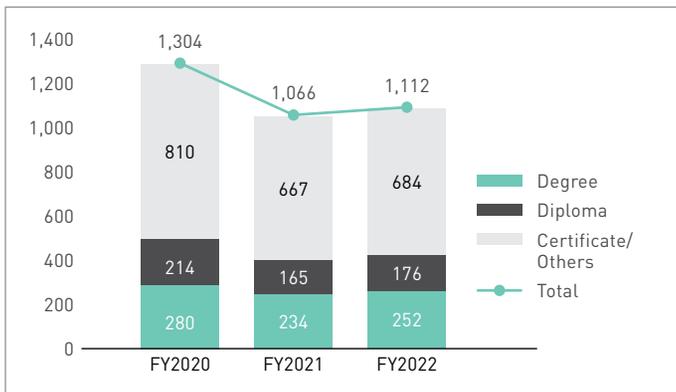
WORKFORCE BREAKDOWN BY ETHNICITY



WORKFORCE BREAKDOWN BY EMPLOYMENT TYPE



WORKFORCE BREAKDOWN BY EDUCATION



We offer attractive benefits and remuneration packages to attract and retain our talents, including medical coverage, insurance benefits, hospitalisation, surgery and various allowances.

TRAINING AND DEVELOPMENT

Due to the dynamic nature of our business, innovation in all we do is crucial to our operations. The Group offers multiple learning and development opportunities to our employees. The process starts by identifying learning needs at:

- A personal level by employees themselves; and
- The human resource department and functional heads at an organisational level.

Based on the specific requirements, an annual training calendar is finalised and delivered through internal and external experts. Our training programmes comprise several technical, soft skills and leadership aspects.

OUR TRAINING AT A GLANCE

Indicator	FY2022	FY2021	FY2020
Investment in training (RM)	273,294	233,973	265,862
Training Hours (hours)	2,022	1,011	2,380
No. of Training Programmes	71	73	72

RESPECTING HUMAN RIGHTS IN THE WORKPLACE

ANB'S CORE HUMAN RIGHTS PRINCIPLES

- Conducts ethical and sustainable business
- Respects human rights throughout operations and extended value chain
- Follows international human rights instruments, including the Universal Declaration of Human Rights
- Adheres to all applicable employment and human rights laws where operations are based

We summarise our human rights policy in the Code of Conduct and Ethics. All associates review and receive annual awareness briefings on this code during their induction.

SUSTAINABILITY STATEMENT

Committed to aligning our conduct with the United Nations Guiding Principles on Business and Human Rights, we have implemented human rights screening, training and monitoring of internal operations.

We adhere to all applicable employment and human rights regulations where operations are based. Suppliers and contractors are required to do the same and must at least follow our Principles on Labour Practices and Human Rights.

Child Labour	We abide by the Malaysian Employment Act 1955 and the Children and Young Persons (Employment) Act 1966, prohibiting individuals below 15 years old from being employed.
Right to be Treated Fairly	We treat everyone fairly with regards to working hours, fair wages, overtime pay and access to grievance mechanisms.
Freedom of Association and Right to Collective Bargaining	Every employee is free to join a union of their choice. The Group is committed to supporting and working closely with workforce representation to improve employees' welfare.
Equal Employment Opportunity	As an equal opportunity employer, we ensure that no employees receive less favourable treatment and are committed to providing an inclusive work environment.

ANB'S HUMAN RIGHTS RECORD

NO

- instances of non-compliance or violations of the Group's labour standards during this financial year

NO

- incidents or risks of child, forced or compulsory labour reported

NO

- violations of human rights involving the rights of indigenous people at any time in ANB's history

PROMOTING WORKPLACE SAFETY

The safety of our employees, facilities and the communities where we operate is a priority rooted in our values. It is a core part of how our regional teams live and work daily. ANB's robust management system, reflected in its safety policies, risk assessment framework, incident review and audit systems, ensures the safety of all personnel and processes. We closely monitor safety performance parameters and set improvement goals for incident rates.

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

The Board and Management devise and oversee the implementation of environmental, health and safety programmes and oversight of Environmental, Health and Safety (EHS) risks. We present each company's Safety and Health Committee composition in the table below.

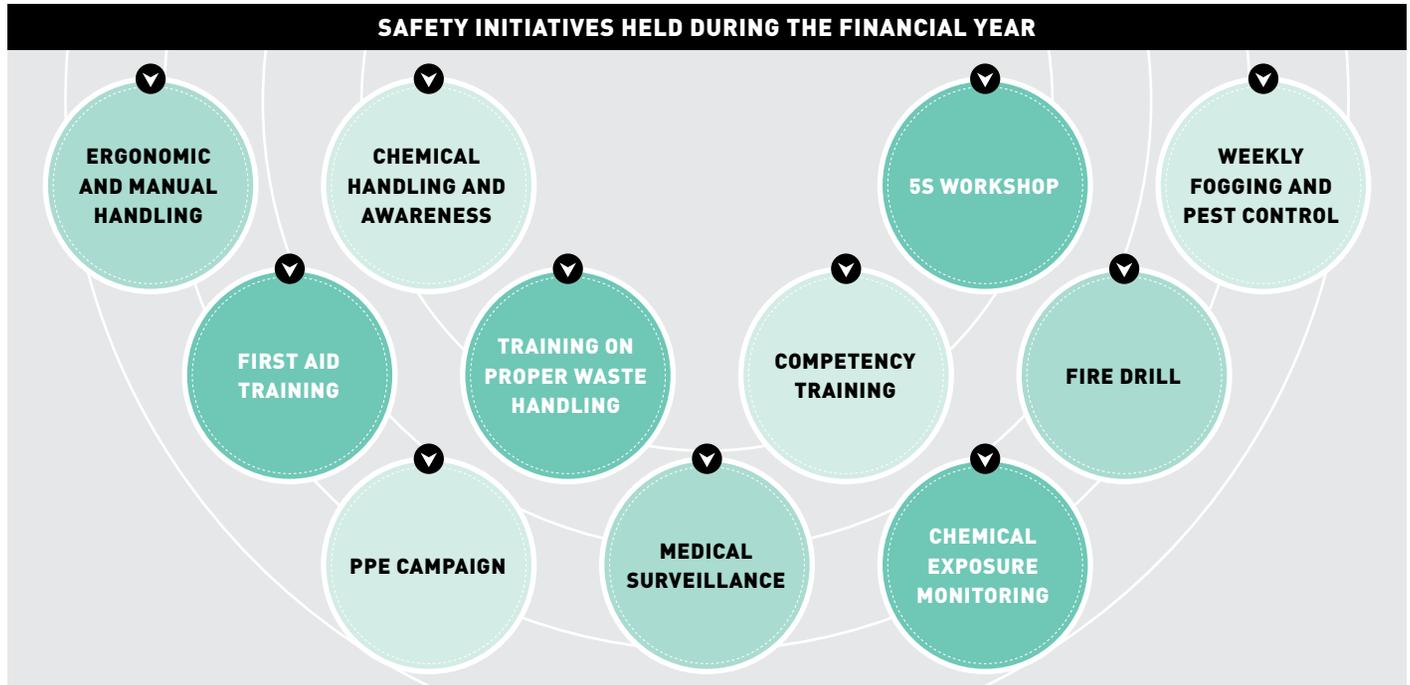
SAFETY AND HEALTH COMMITTEE COMPOSITION

Company	Chairman	Secretary	Employer Representatives	Employee Representatives
ACC	1	1	6	6
NSC	1	1	6	6
Kesuma	1	1	2	2
PCSB	1	2	0	8
PTNI	1	1	N/A	6

SUSTAINABILITY STATEMENT

OUR SAFETY GOALS AND PROGRESS

We continue to educate and encourage every workforce member to embrace safety as a value. Safety and occupational health is a mandatory induction module. Periodic workshops also enhance safety awareness and knowledge among employees and contractors. ANB also delivered various safety training, including chemical safety and conducted safety shower and eyewash drills.



The Safety, Health and Environment Committees of each company meet at least quarterly to discuss matters raised by the Management and unions regarding improving the safety, health and environmental situation of the Group. Relevant subsidiaries, such as ACC, are subject to safety and environment audits every six months.



PRODUCT AND SERVICE RESPONSIBILITY

ANB achieves growth by focusing on efficiency and quality, yielding higher customer satisfaction levels, improved profitability and minimal waste. We also make rapid adjustments for innovations and product adaptations to provide the best service to customers and consumers. Digitalisation, innovation, global economies of scale and knowledge sharing increase production, supply chain, logistics and distribution efficiency.

STRENGTHENING OUR QUALITY MANAGEMENT SYSTEM

ANB aims to become an industry leader that leads in customer satisfaction by providing the best products and services through superb quality management. ANB has established a competitive quality management system based on ISO 9001:2005. For example, at PTNI, this management system sets the quality improvement for each department in the company.

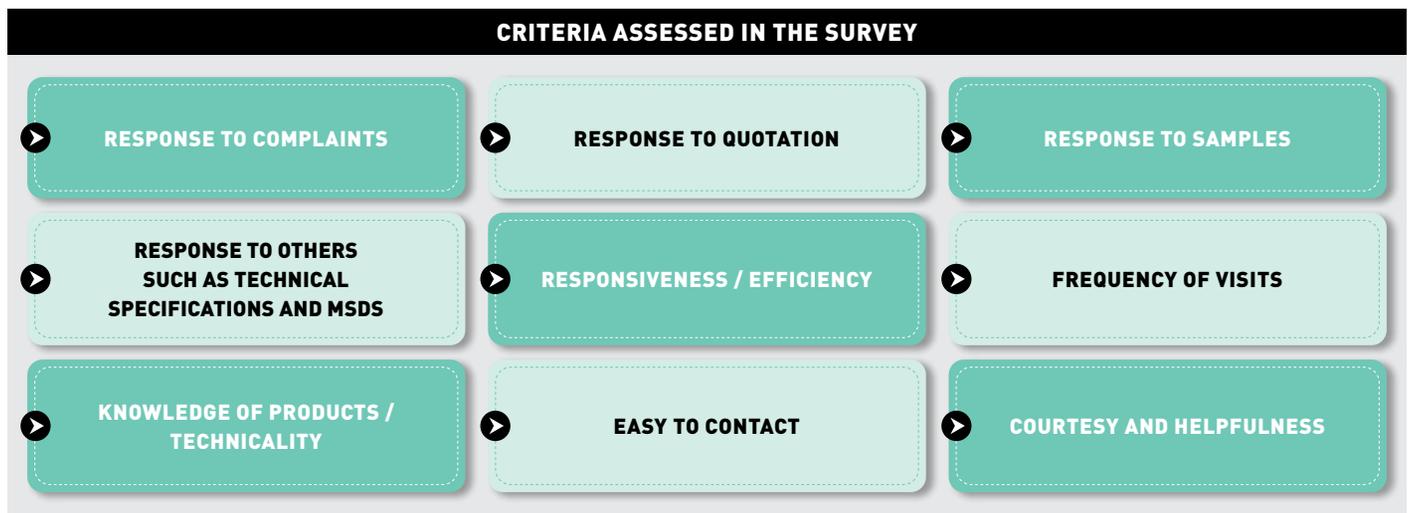
SUSTAINABILITY STATEMENT

CUSTOMER EXPERIENCE

A customer-centred approach is central to our customer experience and underpins our growth plans. Delivering excellent customer experiences and creating value-adding relationships build competitive advantage and increase customer lifecycle value.

Throughout FY2022, we have focused on initiatives that will support our customer-centric focus and launched projects to contribute to our goal of building strong customer relationships.

We measure customer satisfaction at the division level by gathering feedback from all business areas. For example, some companies conduct an annual survey to gauge satisfaction levels over a wide range of criteria.



SUSTAINABLE OPERATIONS

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

PRIVACY AND SECURITY

New technology brings new challenges; the threat of cybercrime has become more acute. Exponential growth in digital data characterises the internet age. Our data-protection efforts include 24/7 monitoring, a vulnerability assessment, employee education, regular drills and phishing tests and close cooperation with the government and industry partners.

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

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

DIRECTORS' RESPONSIBILITY STATEMENT

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

The Directors hereby state that they are responsible for ensuring that the Company and the Group keep proper accounting records to enable the Company to disclose, with reasonable accuracy and without any material misstatement, the financial positions of the Company and of the Group as at 31 May 2022 and of the financial performances and cash flows of the Company and of the Group for the financial year ended 31 May 2022.

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

In preparing the Audited Financial Statements, the Directors have:

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

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

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DIRECTORS' REPORT

The Directors have pleasure in submitting their report and the audited financial statements of the Group and of the Company for the financial year ended 31 May 2022.

PRINCIPAL ACTIVITIES

The principal activities of the Company are investment holding and provision of management services to its subsidiaries. The principal activities and the details of the subsidiaries are disclosed in Note 42 to the financial statements. There have been no significant changes in the nature of the activities of the Company and its subsidiaries during the financial year.

CHANGE OF NAME

On 5 April 2022, the Company changed its name from Ancom Berhad to Ancom Nylex Berhad.

RESULTS

	Group RM'000	Company RM'000
Profit for the financial year	29,085	5,569
Attributable to:		
Owners of the parent	68,178	5,569
Non-controlling interests	(39,093)	-
	29,085	5,569

DIVIDEND

No dividend has been paid, declared or proposed since the end of the previous financial year other than the following:

On 7 March 2022, the Company proposed an interim dividend for the financial year ended 31 May 2022 by way of dividend-in-specie via a share dividend distribution of up to 18,356,515 ordinary shares in Nylex Malaysia Berhad ("Nylex") on the basis of one (1) Nylex share for every twenty (20) existing ordinary shares held in the Company ("Dividend-in-Specie").

The Dividend-in-Specie was completed on 6 May 2022 by crediting Nylex shares to the Central Depository System accounts of the Company's shareholders.

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

RESERVES AND PROVISIONS

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

DIRECTORS' REPORT

ISSUE OF SHARES AND DEBENTURES

During the financial year, the issued and fully paid-up ordinary shares of the Company was increased from 254,491,472 to 302,487,849 by way of issuance of 47,996,377 new ordinary shares pursuant to the following:

- i. 31,129,508 new ordinary shares issued at fair value of RM3.38 each pursuant to the acquisition of all the assets and liabilities of Nylex;
- ii. 9,942,520 options exercised under the Employees' Share Option Scheme ("ESOS") at exercise price of RM0.765 each for cash totalling of RM7,606,028; and
- iii. 6,924,349 new ordinary shares arising from the exercise of Warrants B at RM0.84 each for cash totalling of RM5,816,453.

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

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

OPTIONS GRANTED OVER UNISSUED SHARES

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

At the Extraordinary General Meeting of the Company held on 18 October 2018, the Company's shareholders approved the establishment of an ESOS of up to ten percent (10%) of the issued and paid-up share capital (excluding treasury shares) of the Company for the eligible Executive Directors and employees of the Group.

The salient features and other terms of the ESOS are disclosed in Note 41 to the financial statements.

WARRANTS B (2020/2025)

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

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

The salient terms of the Warrants B are as follows:

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

During the financial year, 6,924,349 (2021: Nil) Warrants B were exercised. As at 31 May 2022, 52,954,441 Warrants B remained unexercised.

DIRECTORS' REPORT

REPURCHASE OF SHARES

At the 52nd Annual General Meeting held on 26 October 2021, the Company's shareholders approved the proposed renewal of shareholders' mandate for the Company to repurchase up to ten percent (10%) of its own ordinary shares.

During the financial year, the Company:

- i. repurchased 7,744,700 of its issued ordinary shares from the open market of Bursa Securities at an average price of RM3.42 per share; and
- ii. resold 3,520,000 of its treasury shares with price ranging from RM1.80 to RM3.85.

As at 31 May 2022, a total of 16,099,759 (2021: 11,875,059) treasury shares at a total cost of RM30,710,799 (2021: RM6,247,893) are held by the Company. The shares repurchased are being held as treasury shares in accordance with Section 127(4)(b) of the Companies Act 2016 and the Main Market Listing Requirements and applicable guideline of Bursa Securities.

The number of ordinary shares as at 31 May 2022 net of treasury shares is 286,388,090 (2021: 242,616,413). Further details are disclosed in Note 22(c) to the financial statements.

DIRECTORS

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

Dato' Siew Ka Wei	(Executive Chairman)
Siew Ka Kheong	(Alternate to Dato' Siew Ka Wei)
Lee Cheun Wei	(Managing Director) (Appointed on 29 March 2022)
Tan Sri Dato' Dr. Lin See Yan	
Tan Sri Dato' Seri Abdull Hamid Bin Embong	
Datuk Dr. Abd Hapiz Bin Abdullah	
Chan Thye Seng	
Edmond Cheah Swee Leng	
Lim Hock Chye	
Maliki Kamal Bin Mohd Yasin	(Appointed on 28 October 2021)

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

Abdul Latif Bin Mahamud
 Akio Hatakeyama
 Anthony Tan Swee Hock
 Aznur Bin Azizuddin
 Asmariah Binti Ismail
 Carina Lee Ling Tze
 Chai Hann Lin
 Chen Tai Ngoh
 Chin Kok Wooi
 Chua Choo Oon
 Dato' Abdul Latif Bin Abdullah
 Dato' Ng How Hon
 Dato' Sri Tong Seech Wi
 Datuk Abdul Rashid Bin Hashim
 Datuk Anuar Bin Ahmad

DIRECTORS' REPORT

DIRECTORS (CONTINUED)

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

Datuk Hasnul Bin Hassan	
Datuk Mohd Farid Bin Mohd Adnan	
Francis Quah Chuan Hoe @ Quah Chuan Hoe	(Alternate to Chin Kok Wooi)
Hasdi Bin Husain	
Idris Bin Pilus	
Indrawan Masrin	
Jimmy Masrin	
Joe Pramesh Ganesaguru	(Appointed on 14 April 2022)
Khamis Bin Awal	
Kong Hwai Ming	
Lee Nan Phin	
Liew Tet Seng	
Lim Chang Meng	
Lim Lay Chin	
Lim Liang Tan	
Lim Wee Beng	
Looi Seng Chong	
Low Huoi Seong	
Masahiko Otomo	
Mohamad Ruslan Bin Ali	
Mohd Azlan Bin Mohammed	
Norzain Bin Abdul Wahab	
Raja Mazhar Mohar Bin Raja Mohar	(Appointed on 18 November 2021)
Robin Ling Seng Chiong	
Sabli Bin Sibil	
S.Mareshvaran A/L S.Starling	(Appointed on 8 October 2021)
Safrizal Bin Mohd Said	
Shamsudin Bin Basri	
Shigeo Fuji	
Somsak Chatteerapat	(Alternate to Surasak Suwannapasri)
Surasak Suwannapasri	
Suzuki Masayuki	
Tan Sri Datuk Dr Ampikaipakan A/L S.Kandiah	
Tan Wee Lian	
Toh Puan Norella Binti Talib	(Deceased on 15 October 2021)
Winraswathy Riny Surakhmad	
Wong Jun-Pin	
Wong Kah Pun	
Wong Siut Yin	
Wong Yew Mun	
Yim Suet Lai	
YM Datin Paduka Raja Nor Mazli Binti Raja Mohar	
YM Dato' Paduka Tengku Shaharin Abu Bakar Tengku Suleiman	

DIRECTORS' REPORT

DIRECTORS' INTERESTS

The Directors holding office at the end of the financial year and their beneficial interests in the ordinary shares, options over ordinary shares and warrants of the Company and of its related corporations during the financial year ended 31 May 2022 as recorded in the Register of Directors' Shareholdings kept by the Company under Section 59 of the Companies Act 2016 in Malaysia were as follows:

	← Number of ordinary shares →				As at 31.5.2022
	As at 1.6.2021/ appointment date	Share dividend distribution	Bought/ Warrants conversion/ ESOS exercised	Sold	
The Company					
<u>Direct interests:</u>					
Dato' Siew Ka Wei	29,968,920	1,612,901	9,995,051	(3,040,000)	38,536,872
Siew Ka Kheong	660,000	22,513	300,000	(500,000)	482,513
Lee Cheun Wei	16,566,280	-	333,000	-	16,899,280
<u>Indirect interests:</u>					
Dato' Siew Ka Wei	22,556,221	2,151,647	1,500,000	(3,900,451)	22,307,417
Chan Thye Seng	47,077,140	972,574	-	(32,139,570)	15,910,144
Siew Ka Kheong	16,217,185	1,969,651	200,000	(1,500,000)	16,886,836

	← Number of options over ordinary shares →			As at 31.5.2022	
	As at 1.6.2021/ appointment date	Granted	Exercised		
The Company					
<u>Direct interests:</u>					
Dato' Siew Ka Wei		1,200,000	-	(720,000)	480,000
Siew Ka Kheong		500,000	-	(300,000)	200,000
Lee Cheun Wei		540,000	-	-	540,000
<u>Indirect interest:</u>					
Dato' Siew Ka Wei		500,000	-	(300,000)	200,000

DIRECTORS' REPORT

DIRECTORS' INTERESTS (CONTINUED)

The Directors holding office at the end of the financial year and their beneficial interests in the ordinary shares, options over ordinary shares and warrants of the Company and of its related corporations during the financial year ended 31 May 2022 as recorded in the Register of Directors' Shareholdings kept by the Company under Section 59 of the Companies Act 2016 in Malaysia were as follows: (continued)

	← Number of Warrants B (2020/2025) →			As at 31.5.2022
	As at 1.6.2021/ appointment date	Bought	Conversion/ Sold	
The Company				
<u>Direct interests:</u>				
Dato' Siew Ka Wei	7,718,154	4,387,923	(1,900,000)	10,206,077
Siew Ka Kheong	100,000	-	-	100,000
Lee Cheun Wei	6,006,370	90,000	-	6,096,370
<u>Indirect interests:</u>				
Dato' Siew Ka Wei	4,397,157	-	(500,112)	3,897,045
Chan Thye Seng	11,638,733	-	(9,042,242)	2,596,491
Siew Ka Kheong	2,997,045	-	-	2,997,045

	← Number of ordinary shares →				As at 31.5.2022
	As at 1.6.2021/ appointment date	Share dividend distribution	Bought	Sold	
Subsidiary, Nylex					
<u>Direct interests:</u>					
Dato' Siew Ka Wei	3,857,706	1,883,098	761,558	(5,102,716)	1,399,646
Siew Ka Kheong	64,478	24,125	-	(64,478)	24,125
Lee Cheun Wei	-	833,558	-	(371,844)	461,714
<u>Indirect interests:</u>					
Dato' Siew Ka Wei	96,394,241	(13,103,154)	-	(5,407,536)	77,883,551
Chan Thye Seng	90,166,216	-	-	(90,166,216)	-
Siew Ka Kheong	5,640,976	844,340	-	(4,835,000)	1,650,316
Subsidiary, Ancom Logistics Berhad					
<u>Direct interest:</u>					
Dato' Siew Ka Wei	56,206	-	-	(56,200)	6
<u>Indirect interests:</u>					
Dato' Siew Ka Wei	161,616,500	-	-	(836,600)	160,779,900
Chan Thye Seng	160,794,262	-	-	(160,794,262)	-
Siew Ka Kheong	713,809	-	-	(680,200)	33,609

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

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

DIRECTORS' REPORT

DIRECTORS' BENEFITS

Since the end of the previous financial year, none of the Directors have received or become entitled to receive any benefit (other than those benefits included in the aggregate amount of remuneration received and receivable by the Directors) by reason of a contract made by the Company or a related corporation with the Director or with a firm of which the Director is a member, or with a company in which the Director has a substantial financial interest other than the following:

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

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

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

DIRECTORS' REMUNERATION

Fees and other benefits of the Directors of the Company who held office during the financial year ended 31 May 2022 were as follows:

	Group		Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Executive Directors				
- salaries, bonus and allowances	7,594	3,122	265	265
- defined contribution plan	72	84	11	11
- share options granted under ESOS	238	224	112	224
	7,904	3,430	388	500
Non-Executive Directors				
- fees	901	779	611	428
- other emoluments	436	214	29	20
	1,337	993	640	448
Total remuneration of Directors	9,241	4,423	1,028	948

The estimated monetary value of benefits-in-kind received by the Directors otherwise than in cash from the Group and the Company amounted to RM89,000 (2021: RM98,000) and RM39,000 (2021: RM70,000) respectively.

DIRECTORS' REPORT

INDEMNITY AND INSURANCE FOR OFFICERS, DIRECTORS AND AUDITORS

The Group and the Company effected Directors' and officers' liability insurance during the financial year to protect the Directors and officers of the Group and of the Company against potential costs and liabilities arising from claims brought against the Directors and officers. The total amount of insurance premium effected for any Director and officer of the Group and of the Company was RM15,000.

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

OTHER STATUTORY INFORMATION REGARDING THE GROUP AND THE COMPANY

(I) AS AT THE END OF THE FINANCIAL YEAR

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

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

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

DIRECTORS' REPORT

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

(III) AS AT THE DATE OF THIS REPORT

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

SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR

Significant events during the financial year are disclosed in Note 44 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 were as follows:

	Group RM'000	Company RM'000
Statutory audit	744	125
Other services	181	35
	925	160

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

Dato' Siew Ka Wei
Director

Kuala Lumpur
30 August 2022

Edmond Cheah Swee Leng
Director

STATEMENT BY DIRECTORS

In the opinion of the Directors, the financial statements set out on pages 93 to 175 have been drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the provisions of the Companies Act 2016 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at 31 May 2022 and of the financial performance and cash flows of the Group and of the Company for the financial year then ended.

On behalf of the Board,

Dato' Siew Ka Wei

Director

Kuala Lumpur
30 August 2022

Edmond Cheah Swee Leng

Director

STATEMENT BY DIRECTORS

I, Lim Chang Meng (CA 15594), being the officer primarily responsible for the financial management of Ancom Nylex Berhad (formerly known as Ancom Berhad), do solemnly and sincerely declare that the financial statements set out on pages 93 to 175 are, to the best of my knowledge and belief, correct and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly
declared by the abovenamed
at Kuala Lumpur this
30 August 2022

Lim Chang Meng

Before me:

Mardhiyyah Abdul Wahab

Commissioner for Oaths (No. W729)

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF ANCOM NYLEX BERHAD
(FORMERLY KNOWN AS ANCOM BERHAD) (INCORPORATED IN MALAYSIA)

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the financial statements of Ancom Nylex Berhad (formerly known as Ancom 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 93 to 175.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Group and of the Company as at 31 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 Group and of the Company for the current year. These matters were addressed in the context of our audit of the financial statements of the Group and of the Company as a whole, in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key Audit Matters of the Group

1. Impairment assessment of the carrying amount of goodwill

The carrying amount of goodwill arising on consolidation as at 31 May 2022 amounted to RM72,158,000, as disclosed in Note 13 to the financial statements.

We determined this to be a key audit matter because it requires significant judgements and estimates about the future results and key assumptions applied to cash flow projections of the cash generating units ("CGU") in determining the recoverable amount. These key assumptions include projected growth in future revenues and profit margins, as well as determining an appropriate pre-tax discount rate and growth rates.

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF ANCOM NYLEX BERHAD
(FORMERLY KNOWN AS ANCOM BERHAD) (INCORPORATED IN MALAYSIA)

Key Audit Matters (continued)

Key Audit Matters of the Group (continued)

1. Impairment assessment of the carrying amount of goodwill (continued)

Audit response

Our audit procedures included the following:

- a. Compared cash flow projections against recent performance and historical accuracy of budget/forecasts and assessed assumptions used in projections to available sources of data, where applicable;
- b. Evaluated the reasonableness of projected profit margins and growth rates by assessing evidence available to support these assumptions;
- c. Evaluated the reasonableness of pre-tax discount rate used by management by comparing to market data as well as weighted average cost of capital of the Group and relevant risk factors; and
- d. Assessed and evaluated sensitivity analysis performed by management on the cash flow projections to evaluate the impact on the impairment assessment.

2. Recoverability of trade receivables

The carrying amount of trade receivables of RM311,692,000 has been disclosed in Note 16 to the financial statements.

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

Audit response

Our audit procedures included the following:

- a. Recomputed the probability of default using historical data and forward-looking information adjustment applied by the Group;
- b. Recomputed the correlation coefficient between the macroeconomic indicators used by the Group and historical losses to determine the appropriateness of the forward-looking information used by the Group; and
- c. Inquiries of management to assess the rationale underlying the relationship between the forward-looking information and expected credit losses.

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF ANCOM NYLEX BERHAD
(FORMERLY KNOWN AS ANCOM BERHAD) (INCORPORATED IN MALAYSIA)

Key Audit Matters (continued)

Key Audit Matters of the Company

1. Impairment assessment of carrying amounts of investments in subsidiaries

The carrying amount of investments in subsidiaries of RM513,402,000 has been disclosed in Note 8 to the financial statements.

Management performed impairment assessments of certain investments in subsidiaries which had impairment indicators. The recoverable amount of the investments in subsidiaries are determined based on discounted future cash flows projections, which require judgement on the part of management estimation of the future financial performance and key assumptions used, in particular profit margins, growth rates and pre-discount rate.

Audit response

Our audit procedures included the following:

- a. Compared cash flow projections against recent performance and historical accuracy of budgets/forecasts and assessed the key assumptions used in projections;
- b. Evaluated the reasonableness of projected profit margins and growth rates by assessing evidence available to support these assumptions;
- c. Evaluated the reasonableness of pre-tax discount rate used by management by comparing the market data, weighted average cost of capital of the Company and relevant risk factors; and
- d. Assessed and evaluated sensitivity analysis performed by management on the cash flow projections to evaluate the impact on the impairment assessment.

2. Recoverability of amounts owing by subsidiaries

The carrying amount of amounts owing by subsidiaries of RM42,114,000 has been disclosed in Note 17 to the financial statements.

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

Audit response

Our audit procedures included the following:

- a. Assessed the probability of default using historical data and forward looking adjustments applied by the Company;
- b. Assessed the appropriateness of the indicators of significant increase in credit risk applied by the management and the resultant basis for classification of exposure into respective stages;
- c. Evaluated management's basis in determining cash flows recoverable, where applicable; and
- d. Assessed actual lost event subsequent to the end of reporting period for its relationship with the indicators of significant increase in credit risk applied by management.

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF ANCOM NYLEX BERHAD
(FORMERLY KNOWN AS ANCOM BERHAD) (INCORPORATED IN MALAYSIA)

Information Other than the Financial Statements and Auditors' Report Thereon

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

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

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

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

Responsibilities of the Directors for the Financial Statements

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

- (a) Identify and assess the risks of material misstatement of the financial statements of the Group and of the Company, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- (b) Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and the Company's internal control.
- (c) Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF ANCOM NYLEX BERHAD
(FORMERLY KNOWN AS ANCOM BERHAD) (INCORPORATED IN MALAYSIA)

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

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

- (d) Conclude on the appropriateness of the Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's or the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements of the Group and of the Company or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group or the Company to cease to continue as a going concern.
- (e) Evaluate the overall presentation, structure and content of the financial statements of the Group and of the Company, including the disclosures, and whether the financial statements of the Group and of the Company represent the underlying transactions and events in a manner that achieves fair presentation.
- (f) Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial statements of the Group. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

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

Report on Other Legal and Regulatory Requirements

In accordance with the requirements of the Companies Act 2016 in Malaysia, we report that the subsidiaries of which we have not acted as auditors are disclosed in Note 42(a) to the financial statements.

Other Matters

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

BDO PLT

201906000013(LLP0018825-LCA & AF 0206)
Chartered Accountants

Kuala Lumpur
30 August 2022

Lum Chiew Mun

03039/04/2023 J
Chartered Accountant

STATEMENTS OF FINANCIAL POSITION

AS AT 31 MAY 2022

	Note	Group		Company	
		2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
ASSETS					
Non-current assets					
Property, plant and equipment	5	216,656	189,690	6,441	6,888
Right-of-use assets	6	103,864	110,150	20,929	21,170
Investment properties	7	303	314	-	-
Investments in subsidiaries	8	-	-	513,402	300,237
Investments in associates	9	3,929	5,718	-	-
Investments in joint ventures	10	-	-	-	-
Other investments	11	415	415	243	243
Intangible assets	12	4,931	5,778	-	-
Goodwill on consolidation	13	72,158	70,112	-	-
Deferred tax assets	14	11,247	25,341	-	-
		413,503	407,518	541,015	328,538
Current assets					
Inventories	15	179,134	175,024	-	-
Trade and other receivables	16	393,288	355,233	6,318	6,047
Amounts owing by subsidiaries	17	-	-	42,114	41,327
Amounts owing by associates	18	4,984	9,108	4,024	4,187
Amounts owing by joint ventures	19	-	-	-	-
Current tax assets		6,787	5,912	409	355
Other investments	11	2,905	3,031	-	-
Cash and bank balances	20	123,176	105,803	213	391
		710,274	654,111	53,078	52,307
Assets held for sale	21	-	6,680	-	-
TOTAL ASSETS		1,123,777	1,068,309	594,093	380,845

STATEMENTS OF FINANCIAL POSITION

AS AT 31 MAY 2022

	Note	Group		Company	
		2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
EQUITY AND LIABILITIES					
Equity attributable to the owners of the parent					
Share capital	22	377,892	256,043	377,892	256,043
Treasury shares	22(c)	(30,711)	(6,248)	(30,711)	(6,248)
Reserves	23	40,406	112,404	28,218	15,635
		387,587	362,199	375,399	265,430
Non-controlling interests	8(e)	40,674	120,197	-	-
TOTAL EQUITY		428,261	482,396	375,399	265,430
LIABILITIES					
Non-current liabilities					
Borrowings	24	78,904	50,704	24,750	19,500
Lease liabilities	6	17,348	25,340	-	-
Deferred tax liabilities	14	12,471	10,374	267	249
Provision for retirement benefits	26	5,131	4,679	-	-
		113,854	91,097	25,017	19,749
Current liabilities					
Borrowings	24	332,510	250,092	73,070	34,154
Lease liabilities	6	14,844	15,561	-	-
Trade and other payables	27	225,559	217,987	5,267	2,625
Amounts owing to subsidiaries	28	-	-	115,340	58,887
Amounts owing to associates	18	12	2,089	-	-
Contract liabilities	29	3,869	5,280	-	-
Current tax liabilities		4,868	3,807	-	-
		581,662	494,816	193,677	95,666
TOTAL LIABILITIES		695,516	585,913	218,694	115,415
TOTAL EQUITY AND LIABILITIES		1,123,777	1,068,309	594,093	380,845

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

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
Revenue	30	2,013,103	1,538,476	22,652	26,946
Cost of sales		(1,722,590)	(1,290,266)	-	-
Gross profit		290,513	248,210	22,652	26,946
Other operating income		38,213	9,067	2,533	314
Distribution costs		(116,802)	(96,020)	-	-
Administrative expenses		(98,797)	(83,323)	(7,070)	(6,614)
Other operating expenses		(12,298)	(12,428)	(935)	(7,403)
Finance costs	31	(13,664)	(12,734)	(5,587)	(5,672)
Net (losses)/gain on impairment of financial assets		(9,647)	594	(5,753)	1,109
Share of results of associates, net of tax	9(g)	675	(2,389)	-	-
Profit before taxation		78,193	50,977	5,840	8,680
Taxation	32	(49,108)	(18,418)	(271)	(243)
Profit for the financial year		29,085	32,559	5,569	8,437
Profit/(Loss) attributable to:					
Owners of the parent		68,178	23,753	5,569	8,437
Non-controlling interests	8(e)	(39,093)	8,806	-	-
		29,085	32,559	5,569	8,437
				Group	
				2022	2021
				Sen	Sen
			Note		
Earnings per ordinary share					
- Basic			33(a)	26.93	9.97
- Diluted			33(b)	22.69	8.60

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
Profit for the financial year		29,085	32,559	5,569	8,437
Other comprehensive income/(loss), net of tax					
Item that may be reclassified subsequently to profit or loss					
Foreign currency translations		5,969	(4,919)	-	-
Item not to be reclassified subsequently to profit or loss					
Re-measurement of defined benefit liability	26	8	(22)	-	-
Other comprehensive income/(loss), net of tax		5,977	(4,941)	-	-
Total comprehensive income		35,062	27,618	5,569	8,437
Total comprehensive income/(loss) attributable to:					
Owners of the parent		70,954	20,909	5,569	8,437
Non-controlling interests	8(e)	(35,892)	6,709	-	-
		35,062	27,618	5,569	8,437

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

Group	Share capital	Capital reserve	Exchange translation reserve	Share options reserve	Treasury shares	Retained earnings	Total attributable to owners of the parent	Non-controlling interests	Total equity
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Balance as at 1 June 2021	256,043	273	7,930	3,117	(6,248)	101,084	362,199	120,197	482,396
Profit/(Loss) for the financial year	-	-	-	-	-	68,178	68,178	(39,093)	29,085
Other comprehensive income, net of tax	-	-	2,768	-	-	8	2,776	3,201	5,977
Total comprehensive income/(loss)	-	-	2,768	-	-	68,186	70,954	(35,892)	35,062
Transactions with owners									
Ordinary shares issued pursuant to:									
- Employees' Share Option Scheme ("ESOS")	10,815	-	-	(3,209)	-	-	7,606	-	7,606
- Warrants B	5,816	-	-	-	-	-	5,816	-	5,816
Share options granted under ESOS	-	-	-	2,601	-	-	2,601	(148)	2,453
Net repurchase of treasury shares of the Company	-	-	-	-	(24,463)	8,565	(15,898)	-	(15,898)
Resold of treasury shares of a subsidiary	-	-	-	-	-	-	-	333	333
Accretion of equity interest of a subsidiary	-	-	-	-	-	240	240	(240)	-
Acquisition of subsidiaries	-	-	-	-	-	(24,481)	(24,481)	27,495	3,014
Acquisition of additional interests in subsidiaries	105,218	-	2,534	-	-	(127,251)	(19,499)	(71,768)	(91,267)
Dividend-in-specie	-	-	-	-	-	(1,951)	(1,951)	1,863	(88)
Dividends paid to non-controlling interests of subsidiaries	-	-	-	-	-	-	-	(980)	(980)
Derecognition of a subsidiary	-	-	-	-	-	-	-	(186)	(186)
Total transactions with owners	121,849	-	2,534	(608)	(24,463)	(144,878)	(45,566)	(43,631)	(89,197)
Balance as at 31 May 2022	377,892	273	13,232	2,509	(30,711)	24,392	387,587	40,674	428,261

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 MAY 2022

Group	Share capital	Capital reserve	Exchange translation reserve	Share options reserve	Treasury shares	Retained earnings	Total attributable to owners of the parent	Non-controlling interests	Total equity
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Balance as at 1 June 2020	245,766	273	10,752	-	(9,688)	64,604	311,707	111,854	423,561
Profit for the financial year	-	-	-	-	-	23,753	23,753	8,806	32,559
Other comprehensive loss, net of tax	-	-	(2,822)	-	-	(22)	(2,844)	(2,097)	(4,941)
Total comprehensive (loss)/income	-	-	(2,822)	-	-	23,731	20,909	6,709	27,618
Transactions with owners									
Ordinary shares issued pursuant to:									
- private placement	8,591	-	-	-	-	-	8,591	-	8,591
- ESOS	1,704	-	-	(524)	-	-	1,180	-	1,180
Share issued expenses	(18)	-	-	-	-	-	(18)	-	(18)
Share options granted under ESOS	-	-	-	3,641	-	-	3,641	149	3,790
Net resold of treasury shares of the Company	-	-	-	-	3,440	2,427	5,867	-	5,867
Accretion of equity interest of a subsidiary	-	-	-	-	-	(152)	(152)	152	-
Acquisition of subsidiaries	-	-	-	-	-	-	-	379	379
Disposal of equity interests in subsidiaries	-	-	-	-	-	11,659	11,659	1,934	13,593
Dividend-in-specie	-	-	-	-	-	(1,185)	(1,185)	1,176	(9)
Dividends paid to non-controlling interests of subsidiaries	-	-	-	-	-	-	-	(2,156)	(2,156)
Total transactions with owners	10,277	-	-	3,117	3,440	12,749	29,583	1,634	31,217
Balance as at 31 May 2021	256,043	273	7,930	3,117	(6,248)	101,084	362,199	120,197	482,396

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

STATEMENT OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 MAY 2022

Company	Share capital RM'000	Treasury shares RM'000	Share options reserve RM'000	Retained earnings RM'000	Total equity RM'000
Balance as at 1 June 2021	256,043	(6,248)	3,266	12,369	265,430
Profit for the financial year	-	-	-	5,569	5,569
Other comprehensive income, net of tax	-	-	-	-	-
Total comprehensive income	-	-	-	5,569	5,569
Transactions with owners					
Ordinary shares issued pursuant to:					
- ESOS	10,815	-	(3,209)	-	7,606
- Warrants B	5,816	-	-	-	5,816
- Acquisition of additional interest in subsidiaries	105,218	-	-	-	105,218
Share options granted under ESOS	-	-	2,601	-	2,601
Net repurchased of treasury shares of the Company	-	(24,463)	-	8,565	(15,898)
Dividend-in-specie	-	-	-	(943)	(943)
Total transactions with owners	121,849	(24,463)	(608)	7,622	104,400
Balance as at 31 May 2022	377,892	(30,711)	2,658	25,560	375,399
Balance as at 1 June 2020	245,766	(9,688)	-	3,668	239,746
Profit for the financial year	-	-	-	8,437	8,437
Other comprehensive income, net of tax	-	-	-	-	-
Total comprehensive income	-	-	-	8,437	8,437
Transactions with owners					
Ordinary shares issued pursuant to:					
- private placement	8,591	-	-	-	8,591
- ESOS	1,704	-	(524)	-	1,180
Share issued expenses	(18)	-	-	-	(18)
Share options granted under ESOS	-	-	3,790	-	3,790
Net resold of treasury shares of the Company	-	3,440	-	2,427	5,867
Dividend-in-specie	-	-	-	(2,163)	(2,163)
Total transactions with owners	10,277	3,440	3,266	264	17,247
Balance as at 31 May 2021	256,043	(6,248)	3,266	12,369	265,430

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
CASH FLOWS FROM OPERATING ACTIVITIES					
Profit before taxation		78,193	50,977	5,840	8,680
Adjustments for:					
Amortisation of intangible assets	12	1,490	2,074	-	-
Bad debts written off - third parties		134	22	-	-
Deposits written off		-	1	-	-
Depreciation of investment properties	7	11	12	-	-
Depreciation of property, plant and equipment	5	22,822	22,427	467	589
Depreciation of right-of-use assets	6	16,488	17,144	241	368
Dividend income		-	(22)	(20,622)	(25,038)
Fair value gain on other investments		(53)	(243)	-	-
Gain on disposal of assets held for sale		(24,831)	-	-	(308)
Gain on derecognition of subsidiaries		(4,092)	(2)	-	-
(Gain)/Loss on disposal of property, plant and equipment		(386)	300	-	(5)
Gain on disposal of right-of-use assets		(47)	(13)	-	-
Gain on lease termination		(127)	(2)	-	-
Gain on reassessments and modifications of leases		-	(63)	-	-
Gain on remeasurement of previously retained interest		(681)	-	-	-
Impairment loss on amounts owing by associates	18(e)	5	1,663	-	-
Impairment loss on amounts owing by subsidiaries	17(d)	-	-	2,955	-
Impairment loss on goodwill on consolidation	13	2,080	745	-	-
Impairment loss on investments in subsidiaries	8(b)	-	-	-	6,446
Impairment loss on trade and other receivables		13,293	871	2,900	-
Impairment loss on property, plant and equipment	5	2,669	-	-	-
Intangible assets written off	12	-	516	-	-
Interest expense	31	13,664	12,734	5,587	5,672
Interest income		(975)	(685)	(277)	(156)
Inventories written down	15	2,348	728	-	-
Investment in an associate written off		5	-	-	-
Net unrealised (gain)/loss on foreign exchange		(1,056)	3,056	-	-
Other investments written off		-	33	-	-
Property, plant and equipment written off	5	3,682	262	-	-
Provision for retirement benefits	26	576	180	-	-
Reversal of impairment loss on trade and other receivables		(3,651)	(3,128)	(69)	-
Reversal of impairment loss on amounts owing by subsidiaries	17(d)	-	-	(33)	(1,109)
Reversal of impairment loss on investment in subsidiaries		-	-	(2,306)	-
Share of results of associates	9(g)	(675)	2,389	-	-
Share options granted under ESOS		2,453	3,790	160	287
Termination of a marketing right		-	(4,000)	-	-
Operating profit/(loss) before working capital changes		123,339	111,766	(5,157)	(4,574)

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
CASH FLOWS FROM OPERATING ACTIVITIES (CONTINUED)					
Operating profit/(loss) before working capital changes (continued)		123,339	111,766	(5,157)	(4,574)
Working capital changes:					
Inventories		(6,458)	(42,763)	-	-
Trade and other receivables		(64,925)	(69,867)	(1,639)	(767)
Trade and other payables		5,804	52,713	2,642	1,151
Contract liabilities		(1,411)	1,310	-	-
Amounts owing by associates		4,119	(2,206)	163	67
Amounts owing to associates		(2,077)	2,027	-	-
Cash generated from/(used in) operations		58,391	52,980	(3,991)	(4,123)
Dividend received		-	-	20,622	24,506
Retirement benefits paid	26	(160)	(224)	-	-
Tax paid		(34,518)	(21,305)	(307)	(502)
Net cash from operating activities		23,713	31,451	16,324	19,881
CASH FLOWS FROM INVESTING ACTIVITIES					
Acquisition of additional interests in subsidiaries		(7,538)	-	(1,470)	-
Acquisition of associates		-	(240)	-	-
Advance payment for acquisition of subsidiaries		(23,920)	-	-	-
Dividend received		-	22	-	-
Capital reduction of a subsidiary		(35,000)	-	-	-
Interest received		975	685	277	156
Net cash inflow on acquisition of subsidiaries		651	244	-	-
Net cash outflow on derecognition of a subsidiary		(13)	(2)	-	-
Net advances to subsidiaries		-	-	(1,304)	(16,471)
Proceeds from disposal of assets held for sale		31,086	-	-	-
Proceeds from disposal of equity interests in subsidiaries		-	13,593	-	403
Proceeds from disposal of property, plant and equipment		724	1,901	-	5
Proceeds from disposal of right-of-use assets		160	200	-	-
Proceeds from termination of a marketing right		-	10,000	-	-
Proceed from sale of other investments		179	500	-	-
Purchase of intangible assets	12	(643)	(1,355)	-	-
Purchase of property, plant and equipment	5	(30,998)	(11,915)	(20)	(283)
Purchase of right-of-use assets		(4,202)	(765)	-	-
Resold of treasury shares of a subsidiary		333	-	-	-
(Placement)/Withdrawal of short term deposits:					
- pledged with licensed banks		(469)	(4)	-	-
- with maturity period more than three (3) months		274	421	-	-
Net cash (used in)/from investing activities		(68,401)	13,285	(2,517)	(16,190)

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
CASH FLOWS FROM FINANCING ACTIVITIES					
Dividend paid		(88)	(9)	(88)	(9)
Dividends paid to non-controlling interests of subsidiaries		(980)	(2,156)	-	-
Interest paid		(12,325)	(11,753)	(5,587)	(5,669)
Net drawdown/(repayments) of borrowings		92,531	(5,892)	(11,125)	(4,930)
Net (repurchase)/resold of treasury shares of the Company		(15,898)	5,867	(15,898)	5,867
Payment of lease liabilities	6	(18,091)	(19,861)	-	(119)
Proceeds from issuance of shares pursuant to:					
- private placement		-	8,591	-	8,591
- ESOS		7,606	1,180	7,606	1,180
- Warrants B	22	5,816	-	5,816	-
Share issued expenses		-	(18)	-	(18)
Net cash from/(used in) financing activities		58,571	(24,051)	(19,276)	4,893
Net increase/(decreased) in cash and cash equivalents		13,883	20,685	(5,469)	8,584
Cash and cash equivalents at beginning of financial year		92,908	73,049	(1,263)	(9,847)
Effects of exchange rate changes on cash and cash equivalents		29	(826)	-	-
		92,937	72,223	(1,263)	(9,847)
Cash and cash equivalents at end of financial year	20(c)	106,820	92,908	(6,732)	(1,263)

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
Borrowings					
Balance as at 1 June 2021/2020		300,796	322,068	53,654	66,813
Cash flows:					
- bank overdrafts		3,266	(10,754)	5,291	(8,229)
- other borrowings		92,531	(5,892)	(11,125)	(4,930)
Non-cash flows:					
- Acquisition of additional interest in subsidiaries		-	-	50,000	-
- Acquisition of a subsidiary		8,300	-	-	-
- Unrealised loss/(gain) on foreign exchange		1,692	(736)	-	-
- Effect of foreign exchange		4,829	(3,890)	-	-
Balance as at 31 May 2022/2021	24	411,414	300,796	97,820	53,654
Lease liabilities					
Balance as at 1 June 2021/2020		40,901	35,114	-	116
Cash flows		(18,091)	(19,861)	-	(119)
Non-cash flows:					
- Additions		9,064	30,855	-	-
- Effect of foreign exchange		614	(194)	-	-
- Reassessments/Modifications		95	(5,800)	-	-
- Termination		(1,730)	(239)	-	-
- Unwinding of interest		1,339	981	-	3
- Acquisition of subsidiaries		-	45	-	-
Balance as at 31 May 2022/2021	6	32,192	40,901	-	-

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

NOTES TO THE FINANCIAL STATEMENTS

31 MAY 2022

1. CORPORATE INFORMATION

Ancom Nylex Berhad (formerly known as Ancom Berhad) (“ANB” or “the Company”) is a public limited liability company, incorporated and domiciled in Malaysia, and is listed on the Main Market of Bursa Malaysia Securities Berhad (“Bursa Securities”).

The Company changed its name from Ancom Berhad to Ancom Nylex Berhad on 5 April 2022.

The registered office of the Company is located at Unit 30-01, Level 30, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No.8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia.

The principal place of business of the Company is located at No. 2A, Jalan 13/2, Seksyen 13, 46200 Petaling Jaya, Selangor Darul Ehsan, Malaysia.

The consolidated financial statements for the financial year ended 31 May 2022 comprise the Company and its subsidiaries and the interests of the Group in associates and joint ventures. These financial statements are presented in Ringgit Malaysia (“RM”), which is also the functional currency of the Company. All financial information presented in RM has been rounded to the nearest thousand, unless otherwise stated.

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

2. PRINCIPAL ACTIVITIES

The principal activities of the Company are investment holding and provision of management services to its subsidiaries. The principal activities and the details of the subsidiaries are disclosed in Note 42 to the financial statements. There have been no significant changes in the nature of the activities of the Company and its subsidiaries during the financial year.

3. BASIS OF PREPARATION

The financial statements of the Group and of the Company have been prepared in accordance with Malaysian Financial Reporting Standards (“MFRSs”), International Financial Reporting Standards (“IFRSs”) and the provisions of the Companies Act 2016 in Malaysia.

The accounting policies adopted are consistent with those of the previous financial year except for the effects of adoption of new MFRSs during the financial year. The new MFRSs and Amendments to MFRSs adopted during the financial year are disclosed in Note 43.1 to the financial statements.

The financial statements of the Group and of the Company have been prepared under the historical cost convention except as otherwise stated in the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

31 MAY 2022

4. OPERATING SEGMENTS

The Group's operations comprise the following main operating segments:

Investment holding : Investment holding

Agricultural chemicals : Manufacture, trading and sale of agricultural chemical products

Industrial chemicals : Manufacture, trading and sale of industrial chemical products

Logistics : Ship-owning, ship-operating, land transportation, container haulage, bulk cargo handling, chemicals warehousing and related services

Polymer : Manufacturing and marketing of polymer products

Others mainly comprise media, education, information technology, manufacturing, sales of electrical component products and property development.

The accounting policies of operating segments are the same as those described in the respective notes to the financial statements. The Group evaluates performance on the basis of profit or loss from operations before taxation. These policies have been applied consistently throughout the current and previous financial years.

The Group's chief operating decision maker monitors the operating results of its business units separately for the purpose of making decisions on resource allocation and performance assessment.

The inter-segment assets are adjusted against the segment assets to arrive at total assets reported in the consolidated statement of financial position.

The inter-segment liabilities are adjusted against the segment liabilities to arrive at total liabilities reported in the consolidated statement of financial position.

NOTES TO THE FINANCIAL STATEMENTS

31 MAY 2022

4. OPERATING SEGMENTS (CONTINUED)

(a) Operating segment

2022	Investment holding					Agricultural chemicals			Industrial chemicals		Logistics			Polymer		Others		Elimination and adjustments		Total	
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	
Revenue																					
External sales	280	462,763	1,390,986	41,420	84,661	32,993														2,013,103	
Inter-segment sales	27,013	139,655	273	7,315	36	4,770														(179,062)	-
Total revenue	27,293	602,418	1,391,259	48,735	84,697	37,763														(179,062)	2,013,103
Segment (loss)/profit before taxation	(26,260)	69,536	57,640	(1,024)	2,741	(15,722)														(8,718)	78,193
Interest income	2,057	891	538	3	148	349														(3,011)	975
Depreciation and amortisation	(1,637)	(9,399)	(19,190)	(9,062)	(4,099)	(3,291)														5,867	(40,811)
Share of results of associates	675	-	-	-	-	-														-	675
Interest expense	(7,844)	(1,197)	(4,907)	(2,875)	(49)	(106)														3,314	(13,664)
Other material non-cash items:																					
Gain on derecognition of subsidiaries	-	-	-	-	-	4,092														-	4,092
Gain on disposal of assets held for sale	-	-	24,176	-	-	655														-	24,831
Impairment loss on:																					
- goodwill on consolidation	-	-	-	-	-	(2,080)															(2,080)
- property, plant and equipment	-	-	-	-	-	(2,669)															(2,669)
- trade and other receivables	(2,900)	(206)	(841)	(6)	(215)	(9,125)															(13,293)
Inventories written down	-	-	(348)	-	(2,000)	-															(2,348)
Net unrealised gain/(loss) on foreign exchange	77	(307)	2,190	(1,456)	552	-															1,056
Property, plant and equipment written off	(236)	(48)	-	-	-	-														(3,398)	(3,682)
Reversal of impairment loss on trade and other receivables	238	2,160	373	-	765	115														-	3,651
Segment assets	119,052	291,535	475,031	107,568	90,051	26,697														13,843	1,123,777
Investments in associates	1,619	507	-	1,802	-	17														(16)	3,929
Goodwill on consolidation	-	7,228	62,916	-	98	1,916														-	72,158
Additions to property, plant and equipment and intangible assets	148	26,034	2,138	2,157	754	410														-	31,641
Segment liabilities	165,869	131,046	307,822	55,659	20,548	18,880														(4,308)	695,516

NOTES TO THE FINANCIAL STATEMENTS

31 MAY 2022

4. OPERATING SEGMENTS (CONTINUED)

(a) Operating segment (continued)

2021	Investment holding RM'000	Agricultural chemicals RM'000	Industrial chemicals RM'000	Logistics RM'000	Polymer RM'000	Others RM'000	Elimination and adjustments RM'000	Total RM'000
Revenue								
External sales	1,213	332,028	1,042,128	39,928	91,738	31,441	-	1,538,476
Inter-segment sales	21,424	81,746	226	8,103	30	3,035	(114,564)	-
Total revenue	22,637	413,774	1,042,354	48,031	91,768	34,476	(114,564)	1,538,476
Segment (loss)/profit before taxation								
Interest income	2,098	571	344	3	181	303	(2,815)	685
Depreciation and amortisation	(1,855)	(8,667)	(18,224)	(9,144)	(4,840)	(4,672)	5,745	(41,657)
Share of results of associates	390	-	-	417	-	(3,196)	-	(2,389)
Interest expense	(6,906)	(1,158)	(3,765)	(4,002)	(7)	(171)	3,275	(12,734)
Other material non-cash items:								
Gain on derecognition of subsidiaries	-	-	-	-	-	2	-	2
Impairment loss on:								
- goodwill on consolidation	-	(244)	-	-	-	(501)	-	(745)
- trade and other receivables	-	(140)	-	-	-	(731)	-	(871)
Inventories written down	-	(50)	-	-	(678)	-	-	(728)
Net unrealised (loss)/gain on foreign exchange	(441)	(1,186)	(3,160)	1,655	76	-	-	(3,056)
Property, plant and equipment written off	(2)	(77)	-	(36)	-	(147)	-	(262)
Reversal of impairment loss on trade and other receivables	28	1,330	91	-	146	1,533	-	3,128
Segment assets	124,777	198,562	505,030	105,097	91,167	84,378	(40,702)	1,068,309
Investments in associates	3,408	507	-	2,219	-	-	(416)	5,718
Goodwill on consolidation	-	7,228	58,790	-	95	3,999	-	70,112
Additions to property, plant and equipment and intangible assets	618	8,494	1,863	356	2,832	307	(1,200)	13,270
Segment liabilities	63,457	77,355	308,895	97,744	17,609	27,168	(6,315)	585,913

NOTES TO THE FINANCIAL STATEMENTS

31 MAY 2022

4. OPERATING SEGMENTS (CONTINUED)

(b) Geographical segment

In determining the geographical segment of the Group, revenue is based on the geographical location of customers. Segment assets are based on the geographical location of the assets.

	Revenue		Segment assets	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Malaysia	1,213,098	929,485	905,812	840,259
Singapore	165,019	111,374	121,877	130,277
Indonesia	201,168	132,073	68,098	76,794
Other Southeast Asian countries	121,130	75,741	18,184	19,274
Other Asian countries	122,943	114,642	9,806	1,705
Australia and New Zealand	49,557	39,147	-	-
North and South America	97,124	85,899	-	-
Africa	42,979	35,275	-	-
Europe	85	14,840	-	-
	2,013,103	1,538,476	1,123,777	1,068,309

(c) Major customers

There are no major customers with revenue equal or more than ten percent (10%) of the Group's revenue.

NOTES TO THE FINANCIAL STATEMENTS

31 MAY 2022

5. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Company	Balance as at 1.6.2021 RM'000	Additions RM'000	Depreciation charge for the financial year RM'000	Balance as at 31.5.2022 RM'000
2022				
Carrying amount				
Building	5,098	-	(126)	4,972
Motor vehicles	70	-	(56)	14
Furniture, fittings and office equipment	161	2	(28)	135
Renovation	1,559	18	(257)	1,320
	6,888	20	(467)	6,441

← At 31.5.2022 →

	Cost RM'000	Accumulated depreciation and impairment RM'000	Carrying amount RM'000
Building	6,327	(1,355)	4,972
Plant and machinery	2,403	(2,403)	-
Motor vehicles	1,772	(1,758)	14
Furniture, fittings and office equipment	1,346	(1,211)	135
Renovation	5,408	(4,088)	1,320
	17,256	(10,815)	6,441

NOTES TO THE FINANCIAL STATEMENTS

31 MAY 2022

5. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Company	Balance as at 1.6.2020 RM'000	Additions RM'000	Depreciation charge for the financial year RM'000	Balance as at 31.5.2021 RM'000
2021				
Carrying amount				
Building	5,225	-	(127)	5,098
Motor vehicles	130	-	(60)	70
Furniture, fittings and office equipment	151	60	(50)	161
Renovation	1,688	223	(352)	1,559
	7,194	283	(589)	6,888

← At 31.5.2021 →

	Cost RM'000	Accumulated depreciation and impairment RM'000	Carrying amount RM'000
Building	6,327	(1,229)	5,098
Plant and machinery	2,403	(2,403)	-
Motor vehicles	1,772	(1,702)	70
Furniture, fittings and office equipment	1,344	(1,183)	161
Renovation	5,390	(3,831)	1,559
	17,236	(10,348)	6,888

(a) All items of property, plant and equipment are initially measured at cost. After initial recognition, property, plant and equipment are stated at cost less any accumulated depreciation and any accumulated impairment losses.

(b) Freehold land has unlimited useful life and is not depreciated. Bearer plant and assets under construction are not depreciated until such time when the asset is available for use.

Depreciation on other property, plant and equipment is calculated to write off the cost of the assets to their residual values on a straight line basis over their estimated useful lives. The principal annual depreciation rates are as follows:

Buildings	2% - 12.5%
Plant and machinery	5% - 33.3%
Vessel and equipment	5% - 20%
Motor vehicles	5% - 25%
Furniture, fittings and office equipment	5% - 33.3%
Renovation	2% - 10%

(c) As at 31 May 2022, certain buildings of the Group and of the Company with a total carrying amount of RM7,646,000 (2021: RM7,879,000) and RM4,972,000 (2021: RM5,098,000) respectively have been charged to licensed banks for banking facilities granted to the Company as disclosed in Note 24 to the financial statements.

(d) As at 31 May 2022, vessel and equipment of the Group with carrying amount of RM58,896,000 (2021: RM61,809,000) have been charged to a licensed bank for banking facilities granted to a subsidiary as disclosed in Note 24 to the financial statements.

(e) Impairment losses on property, plant and equipment of the Group amounting to RM2,669,000 (2021: Nil) has been recognised during the financial year due to continuous loss making of a subsidiary with no reasonable prospect of generating sufficient future profit to substantiate the recoverable amount.

NOTES TO THE FINANCIAL STATEMENTS

31 MAY 2022

6. RIGHT-OF-USE ASSETS AND LEASE LIABILITIES

The Group as lessee

Right-of-use assets

2022	Balance as at 1.6.2021	Additions	Disposal	Reassessments/ Modifications	Depreciation charge for the financial year	Exchange differences	Reclassification*	Termination	Reclassification from assets held for sale	Balance as at 31.5.2022
Group	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Carrying amount										
Leasehold land	68,267	4,381	-	-	(1,886)	66	-	-	425	71,253
Buildings	2,027	1,852	-	95	(1,364)	37	-	(173)	-	2,474
Storage tanks	30,070	6,532	-	-	(11,237)	1,586	-	(1,066)	-	25,885
Motor vehicles	8,450	501	(113)	-	(1,322)	3	(3,560)	(55)	-	3,904
Plant and machinery	614	-	-	-	(369)	-	-	(90)	-	155
Office equipment	722	-	-	-	(310)	-	-	(219)	-	193
	110,150	13,266	(113)	95	(16,488)	1,692	(3,560)	(1,603)	425	103,864

Company	Balance as at 1.6.2021	Depreciation charge for the financial year	Balance as at 31.5.2022
	RM'000	RM'000	RM'000
Carrying amount			
Leasehold land	21,170	(241)	20,929

* The assets previously acquired under hire purchase arrangements were reclassified to property, plant and equipment as the lease liabilities for those assets have been fully settled during the financial year.

NOTES TO THE FINANCIAL STATEMENTS

31 MAY 2022

6. RIGHT-OF-USE ASSETS AND LEASE LIABILITIES (CONTINUED)

The Group as lessee (continued)

Right-of-use assets (continued)

2021 Group	Balance as at 1.6.2020		Disposal RM'000	Reassessments/ Modifications RM'000	Depreciation charge for the financial year RM'000	Exchange differences RM'000	Reclassi- fication* RM'000	Termination RM'000	Reclassi- fication to assets held for sale RM'000	Acquisition of subsidiaries RM'000	Balance as at 31.5.2021 RM'000
	RM'000	RM'000									
Carrying amount											
Leasehold land	70,725	623	-	-	(1,802)	(108)	(746)	-	(425)	-	68,267
Buildings	9,925	356	-	(5,709)	(2,292)	(47)	-	(206)	-	-	2,027
Storage tanks	14,329	27,083	-	-	(10,680)	(662)	-	-	-	-	30,070
Motor vehicles	8,681	2,214	(187)	(9)	(1,704)	(6)	(530)	(31)	-	22	8,450
Plant and machinery	397	555	-	-	(351)	-	13	-	-	-	614
Office equipment	267	789	-	(19)	(315)	-	-	-	-	-	722
	104,324	31,620	(187)	(5,737)	(17,144)	(823)	(1,263)	(237)	(425)	22	110,150

Company	Balance as at 1.6.2020		Depreciation charge for the financial year RM'000	Balance as at 31.5.2021 RM'000
	RM'000	RM'000		
Carrying amount				
Leasehold land	21,411	(241)		21,170
Motor vehicles	127	(127)		-
	21,538	(368)		21,170

* The assets previously acquired under hire purchase arrangements were reclassified to property, plant and equipment as the lease liabilities for those assets have been fully settled during the financial year.

NOTES TO THE FINANCIAL STATEMENTS

31 MAY 2022

6. RIGHT-OF-USE ASSETS AND LEASE LIABILITIES (CONTINUED)

The Group as lessee (continued)

Lease liabilities

	Group		Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Balance as at 1 June 2021/2020	40,901	35,114	-	116
Additions	9,064	30,855	-	-
Exchange differences	614	(194)	-	-
Reassessments/Modifications	95	(5,800)	-	-
Termination	(1,730)	(239)	-	-
Lease payments	(18,091)	(19,861)	-	(119)
Acquisition of subsidiaries	-	45	-	-
Interest expense	1,339	981	-	3
Balance as at 31 May 2022/2021	32,192	40,901	-	-
Represented by:				
Current liabilities	14,844	15,561	-	-
Non-current liabilities	17,348	25,340	-	-
	32,192	40,901	-	-
Lease liabilities owing to financial institutions	1,862	4,439	-	-
Lease liabilities owing to non-financial institutions	30,330	36,462	-	-
	32,192	40,901	-	-

- (a) The right-of-use assets are initially measured at cost, which comprise the initial amount of the lease liabilities adjusted for any lease payments made at or before the commencement date of the leases.

After initial recognition, right-of-use assets are stated at cost less accumulated depreciation and any accumulated impairment losses, and adjusted for any remeasurement of the lease liabilities.

- (b) The right-of-use assets are depreciated on the straight-line basis over the earlier of the estimated useful lives of the right-of-use assets or the end of the lease term. The lease terms of right-of-use assets are as follows:

Leasehold land	5 to 99 years
Buildings	2 to 5 years
Storage tanks	2 to 8 years
Motor vehicles	2 to 5 years
Plant and machinery	2 to 5 years
Office equipment	2 to 5 years

NOTES TO THE FINANCIAL STATEMENTS

31 MAY 2022

6. RIGHT-OF-USE ASSETS AND LEASE LIABILITIES (CONTINUED)

- (c) As at 31 May 2022, certain land of the Group and of the Company with a total carrying amount of RM30,615,000 (2021: RM27,075,000) and RM20,929,000 (2021: RM21,170,000) respectively have been charged to licensed banks for banking facilities granted to the Company and a subsidiary as disclosed in Note 24 to the financial statements.
- (d) The Group has certain leases of assets with lease term of twelve (12) months or less and low value leases of RM20,000 and below. The Group applies the “short-term lease” and “lease of low-value assets” exemptions for these leases.
- (e) The following are the amounts recognised in profit or loss:

	Group		Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Represented by:				
Depreciation charge of right-of-use assets (included in cost of sales, distribution costs and administrative expenses)	16,488	17,144	241	368
Interest expense on lease liabilities (included in finance costs)	1,339	981	-	3
Gain on reassessments and modifications of leases (included in other operating income)	-	(63)	-	-
Expense relating to short-term leases and leases of low-value assets (included in administrative expenses)	647	678	-	-
	18,474	18,740	241	371

- (f) At the end of the financial year, the Group had total cash outflow for leases of RM22,940,000 (2021: RM21,304,000).

7. INVESTMENT PROPERTIES

Group

2022	Balance as at 1.6.2021 RM'000	Depreciation charge for the financial year RM'000	Balance as at 31.5.2022 RM'000
Carrying amount			
Freehold land at cost	20	-	20
Buildings at cost	294	(11)	283
	314	(11)	303

NOTES TO THE FINANCIAL STATEMENTS

31 MAY 2022

7. INVESTMENT PROPERTIES (CONTINUED)

Group

	Balance as at 1.6.2020 RM'000	Depreciation charge for the financial year RM'000	Balance as at 31.5.2021 RM'000
2021			
Carrying amount			
Freehold land at cost	20	-	20
Buildings at cost	306	(12)	294
	326	(12)	314

	Group	
	2022 RM'000	2021 RM'000
Fair value	940	940

- (a) Investment properties are properties which are held to earn rental yields or for capital appreciation or for both and are not occupied by the Group. Investment properties are initially measured at cost, including transaction costs. After initial recognition, investment properties are stated at cost less any accumulated depreciation and any accumulated impairment losses.
- (b) Depreciation is calculated to write off the cost or valuation of the investment properties to their residual values on a straight line basis over their estimated useful lives. The principal depreciation periods for the investments properties are fifty (50) years.
- (c) Rental income generated from rental of investment properties of the Group during the financial year amounted to RM14,000 (2021: RM17,000).
- (d) Direct operating expenses from investment properties which generated rental income to the Group during the financial year amounted to RM9,000 (2021: RM10,000).
- (e) The fair value of investment properties for disclosure purposes, which are at Level 3 fair value, was recommended by the Directors as at the end of reporting period based on indicative market value of similar properties in the vicinity on a price per square foot basis.
- (f) The investment properties of the Group are mainly used to generate rental income. However, the fair value of the investment properties reflects the highest and best use of the said properties should the investment properties be disposed. Currently, management does not intend to dispose off the investment properties and the existing use of the investment properties remains for rental purposes.

NOTES TO THE FINANCIAL STATEMENTS

31 MAY 2022

8. INVESTMENTS IN SUBSIDIARIES

	Company	
	2022 RM'000	2021 RM'000
Quoted shares in Malaysia, at cost	4,106	33,500
Unquoted shares, at cost	502,068	264,256
Equity loans	120,000	120,000
Equity contributions in subsidiaries in respect of ESOS	5,944	3,503
	632,118	421,259
Less: Impairment losses of investments in unquoted shares	(118,716)	(121,022)
	513,402	300,237

- (a) Investments in subsidiaries, which are eliminated on consolidation, are stated in the separate financial statements of the Company at cost less impairment losses, if any. On disposal of such investments, the difference between net disposal proceeds and their carrying amounts is included in profit or loss.

All components of non-controlling interests shall be initially measured at fair value on the acquisition date, unless another measurement basis is required by MFRS. The choice of the measurement basis is made on a combination-by-combination basis. Subsequent to initial recognition, the carrying amount of the non-controlling interests is the amount of those interests at initial recognition plus the non-controlling interests' share of subsequent changes in equity.

- (b) Management reviews the investments in subsidiaries for impairment when there is an indication of impairment. The recoverable amounts of the investments in subsidiaries are assessed by reference to the fair value less cost to sell of the underlying assets or the value-in-use of the respective subsidiaries. The value-in-use is the net present value of the projected future cash flows derived from the business operations of the respective subsidiaries discounted at an appropriate pre-tax discount rate. For such discounted cash flow method, it involves the use of estimated future results and a set of assumptions to support their income and cash flows. Significant judgements and estimates had also been used to determine the key assumptions applied to the cash flow projections, which includes the profit margins, growth rates, and the appropriate pre-tax discount rates used for each of the subsidiary. Impairment losses are made when the carrying amount of the investments in subsidiaries exceed its recoverable amount.

In the previous financial year, impairment loss of RM6,446,000 was recognised to bring the carrying amount to their recoverable amount due to decline in operations of certain subsidiaries of the Company.

- (c) The details of the subsidiaries are disclosed in Note 42(a) to the financial statements.
- (d) Quoted investments in subsidiaries with a carrying amount of RM1,840,000 (2021: RM30,296,000) and quoted investments held by a subsidiary with a carrying amount of RM16,953,000 (2021: RM70,663,000) have been charged to licensed banks for credit facilities granted to the Company and a subsidiary as disclosed in Note 24 to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

31 MAY 2022

8. INVESTMENTS IN SUBSIDIARIES (CONTINUED)

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

	Nylex (Malaysia) Berhad RM'000	Ancom Logistics Berhad RM'000	Others* RM'000	Total RM'000
2022				
NCI percentage of ownership interest and voting interest (%)	57.8%	66.0%		
Carrying amount of NCI	13,201	21,032	6,441	40,674
Loss allocated to NCI	(34,515)	(35)	(4,543)	(39,093)
Other comprehensive income allocated to NCI	699	-	2,502	3,201
Total comprehensive loss allocated to NCI	(33,816)	(35)	(2,041)	(35,892)
2021				
NCI percentage of ownership interest and voting interest (%)	49.7%	66.0%		
Carrying amount of NCI	103,012	12,184	5,001	120,197
Profit/(Loss) allocated to NCI	9,239	1,251	(1,684)	8,806
Other comprehensive loss allocated to NCI	(2,097)	-	-	(2,097)
Total comprehensive income/(loss) allocated to NCI	7,142	1,251	(1,684)	6,709

* The NCI of all other subsidiaries that are not wholly-owned by the Group are deemed to be immaterial.

NOTES TO THE FINANCIAL STATEMENTS

31 MAY 2022

8. INVESTMENTS IN SUBSIDIARIES (CONTINUED)

- (f) The summarised financial information before intra-group elimination of the subsidiaries that have material NCI as at the end of each reporting period are as follows:

	Nylex (Malaysia) Berhad RM'000	Ancom Logistics Berhad RM'000
2022		
Assets and liabilities		
Non-current assets	7,785	25,174
Current assets	15,741	23,025
Non-current liabilities	-	(4,702)
Current liabilities	(680)	(15,213)
Net assets	22,846	28,284
Results		
Revenue	934,143	29,949
Loss for the financial year	(33,049)	(618)
Total comprehensive loss	(49,947)	(618)
Cash flows (used in)/from operating activities	(19,489)	8,700
Cash flows used in investing activities	(28,069)	(729)
Cash flows used in financing activities	(29,893)	(5,247)
Net (decrease)/increase in cash and cash equivalents	(77,451)	2,724
Dividend paid to NCI	-	980
2021		
Assets and liabilities		
Non-current assets	284,476	29,598
Current assets	445,628	23,817
Non-current liabilities	(55,263)	(6,714)
Current liabilities	(352,055)	(16,819)
Net assets	322,786	29,882
Results		
Revenue	1,151,677	30,477
Profit for the financial year	18,753	1,390
Total comprehensive income	14,881	1,390
Cash flows from/(used in) operating activities	31,069	(4,244)
Cash flows (used in)/from investing activities	(704)	10,730
Cash flows used in financing activities	(17,352)	(7,262)
Net increase/(decrease) in cash and cash equivalents	13,013	(776)
Dividend paid to NCI	-	2,156

NOTES TO THE FINANCIAL STATEMENTS

31 MAY 2022

8. INVESTMENTS IN SUBSIDIARIES (CONTINUED)

8.1 Acquisition of subsidiaries

(a) During the financial year:

- (i) The Company acquired 1 ordinary share, representing 100% equity interest in Nylex Holdings Sdn. Bhd. ("Nylex Holdings") for a cash consideration of RM1. The acquisition did not have any material impact to the Group.
- (ii) The Group via its wholly-owned subsidiary, Ancom Crop Care Sdn. Bhd. ("ACC") acquired 26,686,004 ordinary shares, representing 100% equity interest in Timber Preservatives Industries Sdn. Bhd. (formerly known as Malay Mail Sdn. Bhd.) for a cash consideration of RM2. The acquisition did not have any material impact to the Group.
- (iii) The Group via its wholly-owned subsidiary, Ancom Management Sdn. Bhd. acquired 1 ordinary share, representing 100% equity interest in Ancom Academy Sdn. Bhd. for a cash consideration of RM1. The acquisition did not have any material impact to the Group.
- (iv) The Group via its subsidiary, Digital Showcase Sdn. Bhd. ("DSSB") acquired 1 ordinary share, representing 100% equity interest in Redberry Cinema and Digital Sdn. Bhd. for a cash consideration of RM1. The acquisition did not have any material impact to the Group.
- (v) The Group via its wholly-owned subsidiary, Nylex Holdings, acquired additional 110,000 ordinary shares, representing 11% equity interest in One Chem Terminal Sdn. Bhd. ("OCT") for a total consideration of RM863,000. Upon completion of the acquisition on 31 May 2022, OCT became a 51% owned subsidiary of Nylex Holdings on the same date.

The fair values of the identifiable assets and liabilities acquired and the effects on cash flows arising from the acquisition were as follows:

	RM'000
Property, plant and equipment	22,260
Trade and other receivables	322
Current tax assets	176
Cash and bank balances	1,514
Borrowings	(8,300)
Deferred tax liabilities	(2,040)
Trade and other payables	(7,783)
Net assets	6,149
NCl at the date of acquisition	(3,013)
Goodwill	867
Total deemed purchase consideration	4,003
Less: Fair value of interests retained	(3,140)
Cost of acquisition	863
Cash inflow on acquisition:	
Cash and bank balances of a subsidiary acquired	1,514
Net cash inflow on acquisition	651

NOTES TO THE FINANCIAL STATEMENTS

31 MAY 2022

8. INVESTMENTS IN SUBSIDIARIES (CONTINUED)

8.1 Acquisition of subsidiaries (continued)

(b) In the previous financial year:

- (i) The Group via its wholly-owned subsidiary, Polytensides Sdn. Bhd. acquired 1,000,000 ordinary shares, representing 100% equity interest in Kemcom Sdn. Bhd. for a total consideration of RM4,584,000.

The fair values of the identifiable assets and liabilities acquired and the effects on cash flows arising from the acquisition were as follows:

	RM'000
Property, plant and equipment	1,290
Right-of-use assets	460
Deferred tax assets	78
Intangible assets	1,045
Inventories	3,907
Trade and other receivables	1,672
Current tax assets	56
Cash and bank balances	796
Lease liabilities	(471)
Trade and other payables	(8,803)
Net assets	30
Goodwill	4,554
Cost of acquisition	4,584
Cash inflow on acquisition:	
Cash and bank balances of a subsidiary acquired	796
Net cash inflow on acquisition	796

- (ii) On 27 January 2021, the Group via its subsidiary, Entopest Environmental Services Sdn. Bhd. ("EESB") acquired the following:

- 10,500 ordinary shares, representing 21% of the issued and paid-up share capital in Airefresh Industries (M) Sdn. Bhd. for a cash consideration of RM1,072,000; and
- 8 ordinary shares, representing 80% of equity interest in Airefresh Marketing Sdn. Bhd. for a cash consideration of RM8.

The acquisition did not have any material impact to the Group.

- (iii) The Company acquired 1 ordinary share, representing 100% equity interest in Ancom Power Solutions Sdn. Bhd. ("APS") for a cash consideration of RM1. The acquisition did not have any material impact to the Group.

NOTES TO THE FINANCIAL STATEMENTS

31 MAY 2022

8. INVESTMENTS IN SUBSIDIARIES (CONTINUED)

8.2 Acquisition of additional interest in subsidiaries

- (i) The Company had on 28 April 2021 submitted a formal proposal to the Board of Directors of Nylex (Malaysia) Berhad ("Nylex") ("Nylex Board") to acquire all the assets and liabilities of Nylex ("the Offer"), The Offer entails the acquisition by the Company for all the business of Nylex for a total consideration of RM179,287,000 ("Proposed Acquisitions of Nylex Business").

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

The Company and Nylex Holdings had on 29 July 2021, entered into the Sale of Business Agreement with Nylex in respect of the Proposed Acquisition of Nylex Business.

On 26 October 2021, the shareholders of the Company have approved the Proposed Acquisition of Nylex Business subject to the fulfillment of all conditions precedent as announced on 29 July 2021.

The Proposed Acquisition of Nylex Business was completed on 26 January 2022.

- (ii) On 31 May 2022, the Group via its wholly-owned subsidiary, Perusahaan Kimia Gemilang Sdn. Bhd. ("PKG") acquired additional 5,390,000 ordinary shares, representing 49% equity interest in PT PKG Lautan Indonesia ("PT Lautan") for a cash consideration of RM7,538,000. Upon completion of the acquisition, PT Lautan became a wholly-owned subsidiary of the Group.

8.3 Dilution of equity interests in subsidiaries

- (a) During the financial year, the equity interest in Nylex reduced from 50.3% to 42.2% resulted from the following transactions:

- (i) resold of 500,000 treasury shares of Nylex to NCI; and
- (ii) dividend-in-specie via a share dividend distribution of 14,240,521 Nylex shares to the Company's shareholders.

- (b) In the previous financial year:

- (i) RBSB disposed of ordinary shares, representing 5% equity interest in DSSB to OMG Live Limited ("OMG") for a cash consideration of RM1. Upon completion of the disposal, DSSB became a 95% owned subsidiary of the Group on the same date.
- (ii) EESB disposed of ordinary shares, representing 10% equity interest in Entopest Environmental Services (PG) Sdn. Bhd. ("Entopest PG") for a cash consideration of RM1. Upon completion of the disposal, Entopest PG became a 81% owned subsidiary of the Group on the same date.

- (iii) The equity interest in Ancom Logistics Berhad ("ALB") reduced from 45.1% to 34.0% resulted from the following transactions:

- the Company and its wholly-owned subsidiary, Rhodemark Development Sdn. Bhd., disposed of a total of 28,600,500 ordinary shares in ALB for a total cash consideration of RM13,593,000.
- dividend-in-specie via a share dividend distribution of 23,922,795 ALB shares to the Company's shareholders.

NOTES TO THE FINANCIAL STATEMENTS

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8. INVESTMENTS IN SUBSIDIARIES (CONTINUED)

8.4 Disposal of subsidiaries

- (a) In the previous financial year, the Company disposed its entire equity interest in Jirnexu Advisory Sdn. Bhd. for a cash consideration of RM1. The disposal did not have material impact to the Group.
- (b) In the previous financial year, Redberry Holdings Sdn. Bhd. ("RHSB"), a wholly-owned subsidiary of the Group, disposed of 900 ordinary shares representing 90% equity interest in GOP Sdn. Bhd. ("GOP") for a cash consideration of RM900. GOP ceased to be a subsidiary of the Group upon completion of the disposal.

8.5 Common control transactions

- (a) During the financial year, Ancom Truelife Sdn. Bhd. (formerly known as Enthohealth Services Sdn. Bhd.) disposed of its entire equity interest in Pureplay Interactive Sdn. Bhd. ("Pureplay") to iEnterprise Online Sdn. Bhd. for a cash consideration of RM1.

Upon completion of the transaction, Pureplay became a 97.3% subsidiary of the Group.

- (b) During the financial year, Ancom Components Sdn. Bhd. disposed of its entire equity interest in Ancom Energy & Services Sdn. Bhd. ("AES") to APS for a cash consideration of RM1.

Upon completion of the transaction, AES became a wholly-owned subsidiary of the Group.

- (c) In the previous financial year, ALB disposed of its entire equity interest in Hikmat Ikhlas Sdn. Bhd. to RBSB for a cash consideration of RM1.

8.6 Equity loan

Equity loans to subsidiaries, which are unsecured, interest-free and settlement is neither planned nor likely to occur in the foreseeable future, and are considered to be part of the investments of the Company in providing the subsidiaries with a long term source of additional capital.

Impairment for equity loans to subsidiaries are recognised based on the general approach within MFRS 9 using the forward looking expected credit loss model as disclosed in Note 16(e) to the financial statements.

No expected credit loss is recognised arising from equity loans to subsidiaries of the Company as it is negligible.

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9. INVESTMENTS IN ASSOCIATES

	Group		Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Unquoted shares, at cost	23,712	24,117	9,149	9,149
Share of post-acquisition reserves	(10,934)	(9,550)	-	-
	12,778	14,567	9,149	9,149
Less: Impairment losses	(8,849)	(8,849)	(9,149)	(9,149)
	3,929	5,718	-	-

- (a) Investments in associates are measured at cost less impairment losses in the separate financial statements of the Company and accounted for using the equity method in the consolidated financial statements.
- (b) During the financial year:
- the Group via its subsidiary, Nylex Holdings acquired additional 110,000 ordinary shares, representing 11% equity interest in OCT for a total consideration of RM863,000. Upon completion of the acquisition on 31 May 2022, OCT ceased to be the associate of Nylex Holdings and became a 51% subsidiary of Nylex Holdings.
 - Jasa Rimbun Sdn. Bhd. have commenced the striking off process under Section 550 of the Companies Act 2016. The strike off of this associate did not have any material impact to the Group.
- (c) In the previous financial year:
- the Group via its subsidiary, Nylex Polymer Marketing Sdn. Bhd. acquired 30% of the equity interest in PT Myindo Acqua Pura, a company incorporated in the Republic of Indonesia, for a cash consideration of IDR740,000,000 (equivalent to RM235,000).
 - the Group via its subsidiary, Fempro Sdn. Bhd. acquired 50% of the equity interest in Jasa Rimbun Sdn. Bhd. for a cash consideration of RM5,000.
 - the Group disposed its entire equity interest in Retromark Solutions Sdn. Bhd.. The disposal did not have any material impact to the Group.
- (d) DJ Money Matters Sdn. Bhd. ("DJ Money") have a financial year end of 30 April. Therefore, the financial statements of DJ Money are not coterminous with the Group. In applying the equity method of accounting, the unaudited financial statements of DJ Money for financial period ended 31 May 2021 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.
- (e) The details of the associates are disclosed in Note 42(b) to the financial statements.
- (f) Summarised financial information of the associates are not disclosed as it is immaterial to the Group.

NOTES TO THE FINANCIAL STATEMENTS

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9. INVESTMENTS IN ASSOCIATES (CONTINUED)

(g) The aggregate amount of the associates results shared by the Group during the financial year are as follows:

	Group	
	2022 RM'000	2021 RM'000
Share of profit/(loss)	675	(2,389)
Share of other comprehensive income	-	-
Share of total comprehensive income/(loss)	675	(2,389)

(h) Tamco Chongqing Switchgear Company Limited has been placed under liquidation in previous financial years. The completion of the liquidation is pending local regulatory requirements in China.

10. INVESTMENTS IN JOINT VENTURES

	Group	
	2022 RM'000	2021 RM'000
Unquoted shares, at cost	540	540
Share of post-acquisition reserves	(540)	(540)
	-	-

(a) Investments in joint ventures are stated at cost in the separate financial statements. The Group recognises its interest in a joint venture as an investment and accounts for that investment using the equity method.

(b) The details of the joint ventures are disclosed in Note 42(c) to the financial statements.

(c) Senandung Sonik Sdn. Bhd. ("SSSB") and TeaFM Radio Sdn. Bhd. ("TeaFM") are unlisted separate entities whose quoted market prices are not available. The contractual arrangement provides the Group with only the rights to the net assets of the joint arrangement, with the rights to assets and obligation for liabilities of the joint arrangement resting primarily with SSSB and TeaFM.

(d) The joint ventures are not allowed to distribute their profits prior to the consent of the venture partners.

(e) Summarised financial information of joint ventures are not disclosed as it is immaterial to the Group.

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11. OTHER INVESTMENTS

	Group		Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Non-current				
<i>Fair value through profit or loss</i>				
Quoted shares in Malaysia	147	147	-	-
Club memberships	268	268	243	243
	415	415	243	243
Current				
<i>Fair value through profit or loss</i>				
Quoted shares in Malaysia	673	840	-	-
Unit trusts	2,232	2,191	-	-
	2,905	3,031	-	-

- (a) Quoted shares in Malaysia of the Group are categorised as Level 1 in fair value hierarchy. Fair values of quoted shares in Malaysia is determined by reference to exchange quoted market prices at the end of the reporting period.
- (b) Unit trusts of the Group are categorised as Level 2 in the fair value hierarchy. Fair values of unit trusts is determined by reference to closing price at the end of the reporting period.
- (c) Club memberships are categorised as Level 3 in the fair value hierarchy. Fair values of club memberships is determined by reference to club memberships price.
- (d) Sensitivity analysis for other investments is not disclosed as it is immaterial to the Group.
- (e) There is no transfer between levels in the fair value hierarchy during the financial year.

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12. INTANGIBLE ASSETS

Group

2022	Balance as at 1.6.2021 RM'000	Additions RM'000	Amortisation during the financial year RM'000	Balance as at 31.5.2022 RM'000
Carrying amount				
Separate acquired chemical formula	1,045	88	-	1,133
Rights	1,354	-	(298)	1,056
Computer software	3,379	555	(1,192)	2,742
	5,778	643	(1,490)	4,931

2021	Balance as at 1.6.2020 RM'000	Acquisition of a subsidiary RM'000	Additions RM'000	Written-off RM'000	Termination RM'000	Amortisation during the financial year RM'000	Balance as at 31.5.2021 RM'000
Carrying amount							
Separate acquired chemical formula	-	1,045	-	-	-	-	1,045
Rights	17,652	-	-	-	(16,000)	(298)	1,354
Computer software	3,803	-	1,355	(12)	-	(1,767)	3,379
Development expenditure	513	-	-	(504)	-	(9)	-
	21,968	1,045	1,355	(516)	(16,000)	(2,074)	5,778

(a) Rights represent audio and visual advertising network distributions secured by the Group for media sales. These are recognised as assets at the acquisition date and initially measured at cost. After initial recognition, the rights are carried at cost less accumulated amortisation and accumulated impairment losses, if any.

(b) Computer software is capitalised on the basis of the costs incurred to acquire and bring to use the specific software.

(c) Amortisation is calculated to write off the cost of the assets to their residual values on a straight line basis over their estimated useful lives. The principal amortisation periods are as follows:

Rights	5 to 10 years
Computer software	3 to 5 years
Development expenditure	5 years

Separate acquired chemical formula is not amortised until such time when the asset is available for use.

NOTES TO THE FINANCIAL STATEMENTS

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12. INTANGIBLE ASSETS (CONTINUED)

- (d) The following describes the key assumptions used on which the Group has based its cash flow projections for the purposes of the impairment test on individual cash generating units ("CGU") held as Rights:
- i. Cash flows were projected based on financial budgets approved by the CGU. The budgets covered a period of two (2) years, in accordance with the remaining years of utilisation of the Rights.
 - ii. The revenue to be derived from the Rights is anticipated to be at least RM400,000 per year from financial year 2023 to financial year 2024.
 - iii. Discount rates used for cash flows discounting purpose is the pre-tax discount rate of the Group plus a reasonable risk premium at the date of assessment of the CGU. The average discount rate applied on the cash flow projections is 5.34% (2021: 6.5%).

Management believes that no reasonably possible change in any of the above key assumptions would cause the carrying amount of the CGU to materially exceed its recoverable amount.

13. GOODWILL ON CONSOLIDATION

	Group	
	2022 RM'000	2021 RM'000
Balance as at 1 June 2021/2020	70,112	68,330
Acquisition of a subsidiary	867	5,332
Impairment loss on goodwill on consolidation	(2,080)	(745)
Foreign exchange differences	3,259	(2,805)
Balance as at 31 May 2022/2021	72,158	70,112

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

Goodwill and fair value adjustments arising on the acquisition of foreign operation on or after 1 January 2006 are treated as assets and liabilities of the foreign operations and are recorded in the functional currency of the foreign operations and translated in accordance with the accounting policy for foreign currencies.

Impairment loss on goodwill on consolidation amounting to RM2,080,000 (2021: RM745,000) is recognised during the financial year due to adverse adjustments made to the forecasted operating cash flows included in the value in use.

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13. GOODWILL ON CONSOLIDATION (CONTINUED)

(a) Allocation of goodwill

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

	Group	
	2022 RM'000	2021 RM'000
Industrial chemicals	62,916	58,790
Agricultural chemicals	7,228	7,228
Others	2,014	4,094
	72,158	70,112

(b) Recognition and measurement of impairment loss

For the purpose of impairment testing, goodwill is allocated from the acquisition date, to each of the Group's CGU that are expected to benefit from the synergies of the combination.

Goodwill is tested for impairment on an annual basis by comparing the carrying amount with the recoverable amount. As the Directors are of the opinion that all the CGUs are held on a long-term basis, the value-in-use would best reflect their recoverable amount. The value-in-use is determined by discounting future cash flows over a relevant period. The future cash flows are based on management's business plans, which is the best estimate of future performance. The ability to achieve the business plan targets is a key assumption in determining the recoverable amount for each CGU.

There remains a risk that the ability to achieve management's business plans may be adversely affected due to unforeseen changes in the respective economies in which the CGUs operate and/or global economic conditions.

Industrial chemicals CGU

The key assumptions on which management has based its cash flow projections for the purposes of the impairment test for goodwill are as follows:

- (i) Discount rates used for cash flows discounting purpose is the pre-tax discount rate of the Group plus a reasonable risk premium at the date of assessment of the CGU. The average discount rate applied on the cash flow projections is 5.34% (2021: 6.2%).
- (ii) Growth rate used is based on historical trends of each CGU taking into account the industry outlook. The average growth rate is 2.53% (2021: 1.5%) per annum.
- (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

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13. GOODWILL ON CONSOLIDATION (CONTINUED)

- (b) Recognition and measurement of impairment loss (continued)

Industrial chemicals CGU (continued)

Sensitivity to changes in assumptions

For the industrial chemicals CGU, the estimated recoverable amount is higher than its carrying amount. The implication of the key assumptions 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 Company. 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 not result in any additional impairment loss (2021: RM7,983,000).

II. Growth rate assumptions

Management has considered that a possibility of a weaker than the anticipated growth rate which may occur if the industrial chemicals CGU does 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 not result in any additional impairment loss (2021: RM5,465,000).

Agricultural chemicals CGU

The key assumptions on which management has based its cash flow projections for the purposes of the impairment test for goodwill are as follows:

- (i) Growth rate used is based on the historical trends of the CGU. The average growth rate is 1.0% (2021: 1.0%) per annum.
- (ii) Discount rates used for cash flows discounting purpose is the pre-tax discount rate of the Group plus a reasonable risk premium at the date of assessment of the CGU. The average discount rate applied on the cash flow projections is 5.34% (2021: 6.5%).

Management is not aware of any reasonable possible changes in the key assumptions, which would cause the carrying amount of the media CGU to materially exceed its recoverable amount.

Other CGUs

The management is not aware of any reasonable possible changes which would cause the carrying amount of the CGUs to materially exceed its recoverable amount.

NOTES TO THE FINANCIAL STATEMENTS

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14. DEFERRED TAX (ASSETS)/LIABILITIES

(a) The deferred tax (assets)/liabilities are made up of the following:

	Group		Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Balance as at 1 June 2021/2020	(14,967)	(15,111)	249	268
Recognised in profit or loss (Note 32)	14,228	(126)	18	(19)
Acquisition of subsidiaries	2,040	(75)	-	-
Foreign exchange differences	(77)	345	-	-
	16,191	144	18	(19)
Balance as at 31 May 2022/2021	1,224	(14,967)	267	249
Presented after appropriate offsetting as follows:				
Deferred tax assets, net*	(11,247)	(25,341)	-	-
Deferred tax liabilities, net*	12,471	10,374	267	249
	1,224	(14,967)	267	249

* The amount of set-off between deferred tax assets and deferred tax liabilities was RM1,684,000 (2021: RM513,000) for the Group.

(b) The components and movements of deferred tax liabilities and assets of the Group and of the Company during the financial year prior to offsetting are as follows:

Deferred tax liabilities

Property, plant and equipment	Group		Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Balance as at 1 June 2021/2020	10,887	12,973	249	268
Recognised in profit or loss	(306)	(2,292)	18	(19)
Acquisition of subsidiaries	3,538	130	-	-
Foreign exchange differences	36	76	-	-
Balance as at 31 May 2022/2021	14,155	10,887	267	249

NOTES TO THE FINANCIAL STATEMENTS

31 MAY 2022

14. DEFERRED TAX (ASSETS)/LIABILITIES (CONTINUED)

- (b) The components and movements of deferred tax liabilities and assets of the Group and of the Company during the financial year prior to offsetting are as follows: (continued)

Deferred tax assets of the Group

	Provision for liabilities RM'000	Unutilised tax losses and unabsorbed capital allowances RM'000	Others RM'000	Total RM'000
2022				
Balance as at 1 June 2021	(4,539)	(20,153)	(1,162)	(25,854)
Recognised in profit or loss	1,758	12,866	(90)	14,534
Acquisition of subsidiaries	-	(1,498)	-	(1,498)
Foreign exchange differences	(39)	(90)	16	(113)
Balance as at 31 May 2022	(2,820)	(8,875)	(1,236)	(12,931)
2021				
Balance as at 1 June 2020	(5,246)	(21,762)	(1,076)	(28,084)
Recognised in profit or loss	706	1,467	(7)	2,166
Acquisition of subsidiaries	(35)	(56)	(114)	(205)
Foreign exchange differences	36	198	35	269
Balance as at 31 May 2021	(4,539)	(20,153)	(1,162)	(25,854)

- (c) The amounts of temporary differences for which no deferred tax assets have been recognised in the consolidated statement of financial position are as follows:

	Group	
	2022 RM'000	2021 RM'000
Unutilised tax losses	236,093	203,569
Unabsorbed capital allowances	17,682	17,108
Others	(3,041)	(5,301)
	250,734	215,376

Deferred tax assets of certain subsidiaries have not been recognised in respect of these items as it is not certain that these subsidiaries will have future taxable profits to offset the unutilised tax losses and unabsorbed capital allowances.

NOTES TO THE FINANCIAL STATEMENTS

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14. DEFERRED TAX (ASSETS)/LIABILITIES (CONTINUED)

(c) (continued)

The availability of unutilised tax losses for offsetting against future taxable profits of the respective subsidiaries in Malaysia are subject to guidelines issued by tax authority. The use of tax losses of subsidiaries in other countries is subject to the agreement of the tax authorities and compliance with certain provisions of the tax legislation of the respective countries in which the subsidiaries operate.

	Group	
	2022 RM'000	2021 RM'000
Unutilised tax losses		
No expiry date	32,636	37,204
Expires by year of assessment 2024	-	424
Expires by year of assessment 2025	237	947
Expires by year of assessment 2026	-	1,000
Expires by year of assessment 2028	148,570	121,537
Expires by year of assessment 2029	19,832	19,832
Expires by year of assessment 2030	13,745	13,745
Expires by year of assessment 2031	11,307	8,880
Expires by year of assessment 2032	9,766	-
	236,093	203,569

15. INVENTORIES

	Group	
	2022 RM'000	2021 RM'000
At cost		
Raw materials and consumables	38,642	38,075
Packing materials	1,523	760
Work-in-progress	3,709	2,667
Finished goods	72,547	58,416
Inventory-in-transit	3,669	3,502
	120,090	103,420
At net realisable value		
Raw materials and consumables	7,428	6,749
Finished goods	51,616	64,855
	59,044	71,604
	179,134	175,024

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15. INVENTORIES (CONTINUED)

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

Cost is determined using the first-in, first-out formula and weighted average method. Cost comprises all costs of purchase, cost of conversion plus other costs incurred in bringing the inventories to their present condition and location. Cost of finished goods and work-in-progress include the cost of raw materials, direct labour, other direct cost and an appropriate portion of production overheads based on normal operating capacity of the production facilities.

During the financial year, the amount of inventories recognised as an expense in cost of sales of the Group was RM1,727,745,000 (2021: RM1,272,609,000). The Group has also written down inventories by RM2,348,000 (2021: RM728,000) to their net realisable value.

16. TRADE AND OTHER RECEIVABLES

	Group		Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Trade receivables				
Third parties	328,302	276,499	-	-
Related parties	-	1,191	-	-
	328,302	277,690	-	-
Less: Impairment losses	(16,610)	(20,037)	-	-
	311,692	257,653	-	-
Other receivables				
Third parties	27,896	44,507	5,523	6,335
Related parties	-	20,388	-	-
Deposits	31,174	30,785	15	15
	59,070	95,680	5,538	6,350
Less: Impairment losses	(23,806)	(14,019)	(3,001)	(303)
	35,264	81,661	2,537	6,047
Total receivables	346,956	339,314	2,537	6,047
Deferred expenditures	1,910	7,771	-	-
Prepayments	44,422	8,148	3,781	-
	46,332	15,919	3,781	-
	393,288	355,233	6,318	6,047

- (a) Total receivables are classified as financial assets measured at amortised cost.
- (b) Trade receivables are non-interest bearing and the normal trade credit terms granted by the Group ranged from one (1) month to four (4) months (2021: one (1) month to four (4) months). They are recognised at their original invoiced amounts, which represent their fair values on initial recognition.
- (c) In the previous financial year, amounts owing from related parties in other receivables were unsecured, interest-free and payable within next twelve (12) months or upon demand in cash and cash equivalents.

NOTES TO THE FINANCIAL STATEMENTS

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16. TRADE AND OTHER RECEIVABLES (CONTINUED)

(d) The currency exposure profile of trade and other receivables are disclosed in Note 36(i) to the financial statements.

(e) Recognition and measurement of impairment loss

Impairment for trade receivables that do not contain a significant financing component are recognised based on the simplified approach using the lifetime expected credit losses.

Lifetime expected credit losses are the expected credit losses that result from all possible default events over the expected life of the asset, while 12-month expected credit losses are the portion of expected credit losses that result from default events that are possible within the twelve (12) months after the reporting date. The maximum period considered when estimating expected credit losses is the maximum contractual period over which the Group and the Company are exposed to credit risk.

The Group uses an allowance matrix to measure the expected credit loss of trade receivables based on grouping of customer sharing the same credit risk characteristics and past due days. Expected loss rates are calculated using the roll rate method separately for exposures in different segments based on geographic region.

During this process, the probability of non-payment by the trade receivables is adjusted by forward looking information (i.e. unemployment 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 in the statements of profit or loss. On confirmation that the trade receivable would not be collectable, the gross carrying amount of the asset would be written off against the associated impairment.

The individual assessment of impairment of trade receivables are separately assessed when it is probable that cash due will not be received in full.

It requires management to exercise significant judgement in determining the probability of default by trade receivables, and the appropriate forward looking information.

Lifetime expected loss provision for trade receivables of the Group are as follows:

	Gross carrying amount RM'000	Lifetime expected loss RM'000	Net carrying amount RM'000
2022			
Collective assessment			
Not past due	234,758	(855)	233,903
Past due			
1 to 30 days	57,391	(877)	56,514
31 to 60 days	16,268	(805)	15,463
Over 60 days	9,438	(5,503)	3,935
	83,097	(7,185)	75,912
Individual assessment	10,447	(8,570)	1,877
	328,302	(16,610)	311,692

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31 MAY 2022

16. TRADE AND OTHER RECEIVABLES (CONTINUED)

(e) Recognition and measurement of impairment loss (continued)

Lifetime expected loss provision for trade receivables of the Group are as follows: (continued)

	Gross carrying amount RM'000	Lifetime expected loss RM'000	Net carrying amount RM'000
2021			
Collective assessment			
Not past due	189,898	(1,178)	188,720
Past due			
1 to 30 days	48,816	(1,019)	47,797
31 to 60 days	11,686	(828)	10,858
Over 60 days	12,834	(7,485)	5,349
	73,336	(9,332)	64,004
Individual assessment	14,456	(9,527)	4,929
	277,690	(20,037)	257,653

Trade receivables are not secured by any collateral or credit enhancement.

During the financial year, the Group did not renegotiate the terms of any trade receivables.

Impairment for other receivables, amounts owing by subsidiaries, amounts owing by associates and amounts owing by joint ventures are recognised based on the 3 stages general approach within MFRS 9 using the forward looking expected credit loss model. The methodology used to determine the amount of the impairment is based on whether there has been a significant increase in credit risk since initial recognition of the financial asset by comparing the risk of default occurring over the expected life with the risk of default since initial recognition. For those in which the credit risk has not increased significantly since initial recognition of the financial asset, twelve month expected credit losses along with gross interest income are recognised. For those in which credit risk has increased significantly, lifetime expected credit losses along with the gross interest income are recognised. For those that are determined to be credit impaired, lifetime expected credit losses along with interest income on a net basis are recognised.

The Group defined significant increase in credit risk as twenty percent (20%) on relative basis and including operating performance of the receivables, payment trends and past due information.

The probability of non-payment by other receivables and inter-company balances are adjusted by forward-looking information (i.e. unemployment rate, gross domestic product growth rate and inflation rate) and multiplied by the amount of the expected loss arising from default to determine the 12-month or lifetime expected credit loss for other receivables and inter-company balances.

The carrying amount of the financial asset is reduced through the use of an allowance for impairment loss account and the amount of the impairment loss is recognised in profit or loss. When a financial asset becomes uncollectible, it is written off against the allowance for impairment loss account.

NOTES TO THE FINANCIAL STATEMENTS

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16. TRADE AND OTHER RECEIVABLES (CONTINUED)

(f) Movement in impairment loss are as follows:

	Group		
	2022 RM'000	2021 RM'000	
Trade receivables			
Balance as at 1 June 2021/2020	20,037	21,856	
Charge for the financial year	2,664	793	
Reversal of impairment loss	(3,390)	(2,927)	
Written off	(2,790)	(41)	
Exchange differences	89	88	
Acquisition of subsidiaries	-	268	
Balance as at 31 May 2022/2021	16,610	20,037	
	12-month ECL RM'000	Credit impaired RM'000	Total RM'000
Other receivables			
Group			
Balance as at 1 June 2021	279	13,740	14,019
Charge for the financial year	33	10,596	10,629
Reversal of impairment loss	(85)	(176)	(261)
Written off	-	(448)	(448)
Acquisition of a subsidiary	(133)	-	(133)
Balance as at 31 May 2022	94	23,712	23,806
Balance as at 1 June 2020	380	13,352	13,732
Charge for the financial year	41	37	78
Reversal of impairment loss	(142)	(59)	(201)
Written off	-	(401)	(401)
Transfer from amounts owing by associates	-	801	801
Disposal of a subsidiary	-	10	10
Balance as at 31 May 2021	279	13,740	14,019
Company			
Balance as at 1 June 2021	195	108	303
Charge for the financial year	-	2,900	2,900
Reversal of impairment loss	(62)	(7)	(69)
Acquisition of a subsidiary	(133)	-	(133)
Balance as at 31 May 2022	-	3,001	3,001
Balance as at 1 June 2020	195	98	293
Disposal of a subsidiary	-	10	10
Balance as at 31 May 2021	195	108	303

(g) Information on financial risks of trade and other receivables are disclosed in Note 36 to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

31 MAY 2022

17. AMOUNTS OWING BY SUBSIDIARIES

	Company	
	2022 RM'000	2021 RM'000
Amounts owing by subsidiaries	47,652	43,810
Less: Impairment losses	(5,538)	(2,483)
	42,114	41,327

- (a) Amounts owing by subsidiaries are classified as financial assets measured at amortised cost.
- (b) The amounts owing by subsidiaries represent advances and payments made on behalf, which are interest-free, unsecured and payable within next twelve (12) months or upon demand in cash and cash equivalents except for an amount of RM7,397,000 (2021: RM8,156,000), which bears interest at 3.5% (2021: 3.5%) per annum.
- (c) Amounts owing by subsidiaries are denominated in RM.
- (d) Recognition and measurement of impairment loss

Impairment for amounts owing by subsidiaries are recognised based on the general approach within MFRS 9 using the forward looking expected credit loss model as disclosed in Note 16(e) to the financial statements.

Movements in the impairment allowance for amounts owing by subsidiaries are as follows:

Company	12-month ECL RM'000	Credit impaired RM'000	Total RM'000
Balance as at 1 June 2021	132	2,351	2,483
Acquisition of a subsidiary	133	-	133
Charge for the financial year	2,714	241	2,955
Reversal of impairment loss	-	(33)	(33)
Balance as at 31 May 2022	2,979	2,559	5,538
Balance as at 1 June 2020	339	3,263	3,602
Disposal of a subsidiary	-	(10)	(10)
Reversal of impairment loss	(207)	(902)	(1,109)
Balance as at 31 May 2021	132	2,351	2,483

- (e) Information on financial risks of amounts owing by subsidiaries are disclosed in Note 36 to the financial statements.

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18. AMOUNTS OWING BY/(TO) ASSOCIATES

	Group		Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Amounts owing by associates	17,115	23,192	4,162	4,325
Less: Impairment losses	(12,131)	(14,084)	(138)	(138)
	4,984	9,108	4,024	4,187
Amounts owing to associates	(12)	(2,089)	-	-

- (a) Amounts owing by associates are classified as financial assets measured at amortised cost.
- (b) Amounts owing to associates are classified as financial liabilities measured at amortised cost.
- (c) The amounts owing by/(to) associates represent balances arising from trade transactions, advances and payments made on behalf, which are unsecured, interest-free and payable within next twelve (12) months or upon demand in cash and cash equivalents. The trade transactions are carried out based on normal trade terms as disclosed in Notes 16(b) and 27(b) to the financial statements.
- (d) Amounts owing by/(to) associates are denominated in RM.
- (e) Recognition and measurement of impairment loss

Impairment for amounts owing by associates are recognised based on the general approach within MFRS 9 using the forward looking expected credit loss model as disclosed in Note 16(e) to the financial statements.

Movements in the impairment allowance for amounts owing by associates are as follows:

Group	12-month ECL RM'000	Credit impaired RM'000	Total RM'000
Balance as at 1 June 2021	105	13,979	14,084
Acquisition of a subsidiary	(35)	-	(35)
Written off	-	(1,923)	(1,923)
Charge for the financial year	5	-	5
Balance as at 31 May 2022	75	12,056	12,131
Balance as at 1 June 2020	105	13,117	13,222
Transfer to other receivables	-	(801)	(801)
Charge for the financial year	-	1,663	1,663
Balance as at 31 May 2021	105	13,979	14,084

- (f) Information on financial risks of amounts owing by/(to) associates are disclosed in Note 36 to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

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19. AMOUNTS OWING BY JOINT VENTURES

	Group	
	2022 RM'000	2021 RM'000
Amounts owing by joint ventures	93	93
Less: Impairment losses	(93)	(93)
	-	-

- (a) Amounts owing by joint ventures are classified as financial assets measured at amortised cost.
- (b) The amounts owing by joint ventures represent advances and payments made on behalf, which are unsecured, interest free and payable within next twelve (12) months or upon demand in cash and cash equivalents.
- (c) Amounts owing by joint ventures are denominated in RM.
- (d) Recognition and measurement of impairment loss

Impairment for amounts owing by joint ventures are recognised based on the general approach within MFRS 9 using the forward looking expected credit loss model as disclosed in Note 16(e) to the financial statements.

20. CASH AND BANK BALANCES

	Group		Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Short term deposits with licensed banks	37,585	14,970	-	-
Cash and bank balances	85,591	90,833	213	391
	123,176	105,803	213	391

- (a) Short term deposits of the Group amounting to RM621,000 (2021: RM152,000) have been pledged to licensed banks for banking facilities granted to certain subsidiaries of the Group as disclosed in Note 24 to the financial statements.
- (b) The currency exposure profiles of cash and bank balances are disclosed in Note 36(i) to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

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20. CASH AND BANK BALANCES (CONTINUED)

- (c) For the purpose of the statements of cash flows, cash and cash equivalents comprise the following as at the end of each reporting period:

	Group		Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Cash and bank balances	123,176	105,803	213	391
Less:				
Short term deposits with maturity period more than three (3) months	(2,964)	(3,238)	-	-
Short term deposits pledged with licensed banks	(621)	(152)	-	-
Bank overdrafts (Note 24)	(12,771)	(9,505)	(6,945)	(1,654)
As reported in statements of cash flows	106,820	92,908	(6,732)	(1,263)

- (d) Cash at banks earns interest at floating rates based on daily bank deposit rates. Short term deposits are made for varying periods of between one (1) day and twelve (12) months, depending on the immediate cash requirements of the Group, and earn interest at respective short term deposits rates.
- (e) No expected credit losses were recognised arising from the short term deposits with licensed banks because the probability of default by these license banks were negligible.
- (f) Information on financial risks of cash and bank balances are disclosed in Note 36 to the financial statements.

21. ASSETS HELD FOR SALE

	Group	
	2022 RM'000	2021 RM'000
Leasehold land	-	425
Land and building	-	6,255
	-	6,680

- (a) In the previous financial year, the Group via its subsidiary, AES entered into a sale and purchase agreement with T & A Holdings Sdn. Bhd. on 9 March 2021 to dispose a piece of leasehold land located at Port Klang, Selangor for a cash consideration of RM1,419,000. Accordingly, the leasehold land under the right-of-use assets was classified as assets held for sale.

The sale and purchase agreement has been cancelled during the financial year. The leasehold land is reclassified to right-of-use assets upon the cancellation of the sale and purchase agreement.

NOTES TO THE FINANCIAL STATEMENTS

31 MAY 2022

21. ASSETS HELD FOR SALE (CONTINUED)

- (b) In the previous financial year, the Group via its subsidiary, Syarikat Wandeerfull (Kg Attap) Sdn. Bhd. ("SWKA") acquired a land and building located at Jalan Chan Sow Lin, Kuala Lumpur for consideration of RM6,255,000. Subsequent to the completion of the above acquisition, SWKA entered into a sale and purchase agreement with Pudu Ria Flourish Trading Sdn. Bhd. on 19 January 2021 to dispose the land and building for a consideration of RM8,000,000.

The disposal has been completed on 8 March 2022 and a gain on disposal of assets held for sale of RM655,000 was recognised in statements of profit or loss.

- (c) On 24 May 2021, sale and purchase agreement entered into between Perusahaan Kimia Gemilang (Vietnam) Company Ltd. and TOP Solvent (Vietnam) Limited Liability Company in respect of the proposed disposal of terminal assets for a cash consideration of USD6,250,000. The terminal assets have been fully depreciated in the previous financial years.

The sale and purchase transaction has been completed on 25 March 2022 and the gain on disposal of assets held for sale of RM24,176,000 was recognised in statements of profit or loss.

22. SHARE CAPITAL

	Group and Company			
	2022		2021	
	Number of shares	RM'000	Number of shares	RM'000
Issued and fully paid with no par value:				
Balance as at 1 June 2021/2020	254,491,472	256,043	240,849,284	245,766
Ordinary share issued pursuant to:				
- private placement	-	-	12,100,000	8,591
- ESOS	9,942,520	10,815	1,542,188	1,704
- Warrants B	6,924,349	5,816	-	-
- acquisition of additional interest in subsidiaries	31,129,508	105,218	-	-
Share issued expenses	-	-	-	(18)
Balance as at 31 May 2022/2021	302,487,849	377,892	254,491,472	256,043

- (a) During the financial year, the issued and fully paid-up ordinary shares of the Company was increased from 254,491,472 to 302,487,849 by way of issuance of 47,996,377 new ordinary shares pursuant to the following:
- 31,129,508 new ordinary shares issued at fair value of RM3.38 each pursuant to the acquisition of all the assets and liabilities of Nylex;
 - 9,942,520 options exercised under the ESOS at exercise price of RM0.765 each for cash totalling of RM7,606,000; and
 - 6,924,349 new ordinary shares arising from the exercise of Warrants B at RM0.84 each for cash totalling of RM5,816,000.

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

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

NOTES TO THE FINANCIAL STATEMENTS

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22. SHARE CAPITAL (CONTINUED)

(c) Treasury shares

During the financial year, the Company:

- i. repurchased 7,744,700 of its issued ordinary shares from the open market of Bursa Securities at an average price of RM3.42 per share; and
- ii. resold 3,520,000 of its treasury shares with price ranging from RM1.80 to RM3.85.

As at 31 May 2022, a total of 16,099,759 (2021: 11,875,059) treasury shares at a total cost of RM30,711,000 (2021: RM6,248,000) are held by the Company. The shares repurchased are being held as treasury shares in accordance with Section 127(4)(b) of the Companies Act 2016 and the Main Market Listing Requirements and applicable guideline of Bursa Securities.

The number of ordinary shares as at 31 May 2022 net of treasury shares is 286,388,090 (2021: 242,616,413).

23. RESERVES

	Group		Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Non-distributable				
Capital reserve	273	273	-	-
Exchange translation reserve	13,232	7,930	-	-
Share options reserve	2,509	3,117	2,658	3,266
Distributable				
Retained earnings	24,392	101,084	25,560	12,369
	40,406	112,404	28,218	15,635

Exchange translation reserve

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

Share options reserve

The share options reserve represents the effect of equity-settled share options granted to employees. This reserve is made up of the cumulative value of services received from employees for the issue of share options. When options are exercised, the amount from the share options reserve is transferred to share capital. When the share options expire, the amount from the share options reserve is transferred to retained earnings.

NOTES TO THE FINANCIAL STATEMENTS

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24. BORROWINGS

	Note	Group		Company	
		2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Non-current liabilities					
Unsecured					
Revolving credits		-	2,250	-	2,250
Others		-	16	-	-
		-	2,266	-	2,250
Secured					
Revolving credits		3,750	17,250	3,750	17,250
Term loans		75,154	31,188	21,000	-
		78,904	48,438	24,750	17,250
		78,904	50,704	24,750	19,500
Current liabilities					
Unsecured					
Bankers' acceptances		97,042	86,650	-	-
Bank overdrafts		3,738	999	992	999
Revolving credits		57,825	52,400	625	7,000
Trust receipts		53,730	30,405	-	-
Others		8,622	3,995	-	-
		220,957	174,449	1,617	7,999
Secured					
Bank overdrafts		9,033	8,506	5,953	655
Revolving credits		36,500	25,500	36,500	25,500
Trust receipts		11,557	19,308	-	-
Term loans		45,413	7,875	29,000	-
Others		9,050	14,454	-	-
		111,553	75,643	71,453	26,155
		332,510	250,092	73,070	34,154
Total borrowings					
Bankers' acceptances		97,042	86,650	-	-
Bank overdrafts	20	12,771	9,505	6,945	1,654
Revolving credits		98,075	97,400	40,875	52,000
Trust receipts		65,287	49,713	-	-
Term loans	25	120,567	39,063	50,000	-
Others		17,672	18,465	-	-
		411,414	300,796	97,820	53,654

NOTES TO THE FINANCIAL STATEMENTS

31 MAY 2022

24. BORROWINGS (CONTINUED)

- (a) Borrowings are classified as financial liabilities measured at amortised cost.
- (b) The secured borrowings of the Group are secured by the following:
- (i) a fixed charge over certain land and buildings of the Group and of the Company as disclosed in Notes 5 and 6 to the financial statements;
 - (ii) a fixed charge over the vessel and equipment of the Group as disclosed in Note 5 to the financial statements;
 - (iii) a charge over certain quoted shares of quoted subsidiaries of the Company and a charge over certain quoted investments held by a subsidiary as disclosed in Note 8 to the financial statements;
 - (iv) pledge of short term deposits of the Group with licensed banks as disclosed in Note 20 to the financial statements; and
 - (v) assignment of insurance policies covering stock in trade in favour of the bank of certain subsidiaries.
- (c) The secured borrowings of the Company are secured by the following:
- (i) a fixed charge over the land and buildings of the Company and a subsidiary; and
 - (ii) certain quoted shares of a quoted subsidiary and shares of unquoted subsidiaries.
- (d) The currency exposure profiles of borrowings are disclosed in Note 36(i) to the financial statements.
- (e) Information on financial risks of borrowings are disclosed in Note 36 to the financial statements.

25. TERM LOANS

	Group		Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Current liabilities				
- not later than one year	45,413	7,875	29,000	-
Non-current liabilities				
- later than one year and not later than five years	75,154	31,188	21,000	-
	75,154	31,188	21,000	-
	120,567	39,063	50,000	-

NOTES TO THE FINANCIAL STATEMENTS

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26. PROVISION FOR RETIREMENT BENEFITS

	Group	
	2022 RM'000	2021 RM'000
Balance as at 1 June 2021/2020	4,679	4,561
Actuarial (gain)/loss from re-measurement	(8)	22
Expense recognised in profit or loss	576	180
Benefits paid	(160)	(224)
Foreign exchange differences	44	140
Balance as at 31 May 2022/2021	5,131	4,679

The retirement benefit obligation is a post-employment benefit plan under which the Group is obligated to pay eligible employees a fixed percentage on the average annual salary for each completed year of service.

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

The principal actuarial assumptions used are as follows:

Indonesia	2022 %	2021 %
Discount rate	7.8 - 8.0	7.8 - 8.0
Annual salary increment	8.0 - 10.0	8.0 - 10.0

The management believes that no reasonably possible changes in any of the above key assumptions would lead to significant changes to the present value of the retirement obligations.

- (b) Sensitivity analysis

Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant, would have affected the retirement benefit obligation by the amounts shown below:

	2022 RM'000	2021 RM'000
Discount rate		
- if increase 1%	(574)	(268)
- if decrease 1%	712	319
Annual salary increment		
- if increase 1%	704	312
- if decrease 1%	(573)	(268)

NOTES TO THE FINANCIAL STATEMENTS

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27. TRADE AND OTHER PAYABLES

	Group		Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Trade payables	134,459	157,860	-	-
Other payables	36,816	31,415	3,080	686
Deposits	899	520	720	121
Accruals	53,385	28,192	1,467	1,818
	225,559	217,987	5,267	2,625

- (a) Trade and other payables are classified as financial liabilities measured at amortised cost.
- (b) The normal credit terms available to the Group in respect of trade payables ranged from 30 to 90 days (2021: 30 to 90 days) from date of invoice.
- (c) The currency exposure profiles of trade and other payables are disclosed in Note 36(i) to the financial statements.
- (d) Information on financial risks of trade and other payables are disclosed in Note 36 to the financial statements.

28. AMOUNTS OWING TO SUBSIDIARIES

- (a) Amounts owing to subsidiaries are classified as financial liabilities measured at amortised cost.
- (b) The amounts owing to subsidiaries represent advances and payments made on the Company's behalf by the subsidiaries, which are unsecured, interest-free and payable within next twelve (12) months or upon demand in cash and cash equivalents, except for an amount of RM66,777,000 (2021: RM58,864,000), which is subject to interest ranging from 3.5% - 7.25% (2021: 3.5% - 6.25%) per annum.
- (c) Amounts owing to subsidiaries are denominated in RM.
- (d) Information on financial risks of amounts owing to subsidiaries are disclosed in Note 36 to the financial statements.

29. CONTRACT LIABILITIES

	Group	
	2022 RM'000	2021 RM'000
Deferred revenue	3,869	5,280

Deferred revenue is recognised as revenue when performance obligations are satisfied.

NOTES TO THE FINANCIAL STATEMENTS

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30. REVENUE

	Group		Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
<i>Revenue from contracts with customers</i>				
Recognised at point in time:				
Sale of goods	1,946,007	1,491,412	-	-
Services rendered	37,072	30,739	-	-
Recognised over time:				
Services rendered	24,713	11,212	-	-
	2,007,792	1,533,363	-	-
<i>Other revenue</i>				
Rental income	5,311	5,113	1,753	1,752
Interest income	-	-	277	156
Dividend income:				
- Unquoted investments in Malaysia	-	-	7	6
- Quoted subsidiaries	-	-	-	532
- Unquoted subsidiaries	-	-	20,615	24,500
	-	-	20,622	25,038
	2,013,103	1,538,476	22,652	26,946

(a) Revenue from contracts with customers is disaggregated in Note 4 to the financial statements by geographical area.

(b) Sale of goods

Revenue from the sale of goods is recognised when the goods has been transferred, being when the goods have been shipped to the customer's specific location (delivery). Following delivery, the customer has full discretion over the manner of distribution and price to sell the goods, has the primary responsibility when selling the goods and bears the risks of obsolescence and loss in relation to the goods.

(c) Services rendered

Revenue in respect of the rendering of services is recognised when performance obligation is satisfied at point in time or over time.

(d) Rental income

Rental income is accounted for on a straight line basis over the lease term of an ongoing lease.

(e) Interest income

Interest income is recognised as on a time proportion basis that reflects the effective yield on assets.

(f) Dividend income

Dividend income is recognised when the right to receive payment is established.

NOTES TO THE FINANCIAL STATEMENTS

31 MAY 2022

31. FINANCE COSTS

	Group		Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Interest expense on:				
- amounts owing to subsidiaries	-	-	2,482	2,695
- bank overdrafts	761	1,050	526	766
- term loans, revolving credits and bankers' acceptances	10,568	8,465	2,563	2,198
- lease liabilities	1,339	981	-	3
- others	996	2,238	16	10
	13,664	12,734	5,587	5,672

32. TAXATION

	Group		Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Current taxation				
- Malaysian income tax	25,942	17,793	297	256
- Foreign income tax	9,645	1,953	-	-
	35,587	19,746	297	256
Under/(Over) provision in prior years:				
- Malaysian income tax	119	(1,203)	(44)	6
- Foreign income tax	(826)	1	-	-
	(707)	(1,202)	(44)	6
	34,880	18,544	253	262
Deferred tax (Note 14)				
Relating to origination and reversal of temporary differences	15,074	270	(14)	(21)
(Over)/Under provision in prior years	(846)	(396)	32	2
	14,228	(126)	18	(19)
	49,108	18,418	271	243

(a) The Malaysian income tax is calculated at the statutory tax rate of 24% (2021: 24%) of the estimated taxable profit for the fiscal year.

(b) Tax expense for other taxation authorities are calculated at the rates prevailing in the respective jurisdictions.

NOTES TO THE FINANCIAL STATEMENTS

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32. TAXATION (CONTINUED)

- (c) The numerical reconciliations between the tax expense and the product of accounting profit multiplied by the applicable tax rate of the Group and of the Company are as follows:

	Group		Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Profit before taxation	78,193	50,977	5,840	8,680
Tax at Malaysian statutory tax rate of 24% (2021: 24%)	18,766	12,234	1,402	2,083
Tax effects in respect of:				
Non-allowable expenses	27,442	10,177	4,465	4,504
Non-taxable income	(1,923)	(3,696)	(5,584)	(6,352)
Tax incentives and allowances	(55)	(794)	-	-
Deferred tax assets not recognised	10,677	4,808	-	-
Effect of changes in tax rate	-	7	-	-
Share of results of associates	142	761	-	-
Utilisation of unrecognised tax losses and capital allowances	(2,192)	(2,453)	-	-
Different tax rates in foreign jurisdictions	(2,196)	(1,028)	-	-
	50,661	20,016	283	235
(Over)/Under provision in prior years:				
- income tax	(707)	(1,202)	(44)	6
- deferred tax	(846)	(396)	32	2
	(1,553)	(1,598)	(12)	8
	49,108	18,418	271	243

- (d) Tax savings of the Group are as follows:

	Group	
	2022 RM'000	2021 RM'000
Utilisation of unrecognised tax losses and capital allowances	2,192	2,453
Utilisation of tax incentives and allowances	55	794

NOTES TO THE FINANCIAL STATEMENTS

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33. EARNINGS PER ORDINARY SHARE

(a) Basic

The basic earnings per ordinary share for the financial year has been calculated based on the consolidated profit for the financial year attributable to owners of the parent and the weighted average number of ordinary shares in issue (excluding treasury shares) during the financial year.

	Group	
	2022	2021
Profit attributable to owners of the parent (RM'000)	68,178	23,753
Weighted average number of ordinary shares in issue ('000)	253,197	238,352
Basic earnings per ordinary share for the financial year (sen)	26.93	9.97

(b) Diluted

The diluted earnings per ordinary share for the financial year has been calculated based on the consolidated profit for the financial year attributable to owners of the parent and the weighted average number of ordinary shares in issue (excluding treasury shares) during the financial year adjusted for the effects of dilutive potential ordinary shares.

	Group	
	2022	2021
Profit attributable to owners of the parent (RM'000)	68,178	23,753
Weighted average number of ordinary shares in issue ('000)	253,197	238,352
Effects of dilution:		
- ESOS	8,636	9,716
- Warrants B	38,656	28,245
Adjusted weighted average number of ordinary shares in issue ('000)	300,489	276,313
Diluted earnings per ordinary share for the financial year (sen)	22.69	8.60

34. DIVIDEND

On 7 March 2022, the Company proposed an interim dividend for the financial year ended 31 May 2022 by way of dividend-in-specie via a share dividend distribution of up to 18,356,515 ordinary shares in Nylex on the basis of one (1) Nylex share for every twenty (20) existing ordinary shares held in the Company ("Dividend-in-Specie").

The Dividend-in-Specie was completed on 6 May 2022 by crediting Nylex shares to the Central Depository System accounts of the Company's shareholders.

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

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35. CAPITAL MANAGEMENT

The primary objective of the Group's capital management is to ensure that entities of the Group would be able to continue as going concerns while it maintains acceptable capital ratios in order to support its business and maximise shareholder value. The overall strategy of the Group remains unchanged from that in financial year ended 31 May 2021.

The Group manages its capital structure and makes adjustments to it in response to changes in economic conditions. In order to maintain or adjust the capital structure, the Group may adjust dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies or processes during the financial years ended 31 May 2022 and 31 May 2021.

The Group monitors capital using a gearing ratio. This ratio is calculated as net debt divided by total equity attributable to owners of the parent. Net debt are calculated as total borrowings and lease liabilities owing to financial institutions net of cash and bank balances.

	Note	Group	
		2022 RM'000	2021 RM'000
Borrowings	24	411,414	300,796
Lease liabilities owing to financial institutions	6	1,862	4,439
Short term deposits with licensed banks	20	(37,585)	(14,970)
Cash and bank balances	20	(85,591)	(90,833)
Net debt		290,100	199,432
Total equity attributable to owners of the parent		387,587	362,199
Gearing ratio		0.75	0.55

Pursuant to the requirements of Practice Note No. 17/2005, of the Bursa Securities, the Group is required to maintain a consolidated shareholders' equity of more than twenty-five percent (25%) of the issued and paid-up capital (excluding treasury shares) and such shareholders' equity is not less than RM40 million. The Company has complied with this requirement during the financial year ended 31 May 2022.

36. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's overall financial risk management objective is to ensure that the Group creates value for its shareholders. The Group focuses on unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the Group.

Financial risk management is carried out through risk reviews, internal control systems and adherence to the Group's financial risk management policies.

The main risk arising from the Group's financial instruments are foreign currency risk, interest rate risk, liquidity risk and credit risk. Management reviews and agrees policies for managing each of these risks and these are summarised below:

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36. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(i) Foreign currency risk

The Group is exposed to foreign currency risk as a result of its net investments in overseas subsidiaries and normal trading activities, both external and intra-group, where the currency denomination differs from the functional currency, Ringgit Malaysia. The Group's policy is to minimise the exposure of overseas operating subsidiaries to transaction risk by matching local currency income against local currency costs.

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

31 May 2022	Ringgit Malaysia ("RM") RM'000	Indonesian Rupiah ("IDR") RM'000	United States Dollar ("USD") RM'000	Vietnamese Dong ("VND") RM'000	Total RM'000
Functional currency					
Trade and other receivables					
United States Dollar	75,463	-	-	-	75,463
Singapore Dollar	1,463	-	3,858	-	5,321
Chinese Renminbi	746	-	-	-	746
Japanese Yen	342	-	-	-	342
Indonesian Rupiah	-	-	3,967	-	3,967
Euro	18	-	-	-	18
	78,032	-	7,825	-	85,857
Cash and bank balances					
Ringgit Malaysia	-	-	18	-	18
United States Dollar	22,745	3,071	-	14	25,830
Indonesian Rupiah	-	-	4,164	-	4,164
Japanese Yen	291	-	1	-	292
Singapore Dollar	856	-	866	-	1,722
	23,892	3,071	5,049	14	32,026
Borrowings					
United States Dollar	45,807	-	-	-	45,807
Trade and other payables					
United States Dollar	11,405	21	-	-	11,426
Singapore Dollar	116	-	4,210	-	4,326
Euro	9	-	-	-	9
New Zealand Dollar	43	-	-	-	43
Indonesian Rupiah	-	-	1,536	-	1,536
Ringgit Malaysia	-	-	436	-	436
	11,573	21	6,182	-	17,776
Lease liabilities					
Singapore Dollar	-	-	20,377	-	20,377
Ringgit Malaysia	-	-	5,295	-	5,295
	-	-	25,672	-	25,672

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36. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(i) Foreign currency risk (continued)

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

31 May 2021	Ringgit Malaysia ("RM") RM'000	Indonesian Rupiah ("IDR") RM'000	United States Dollar ("USD") RM'000	Vietnamese Dong ("VND") RM'000	Total RM'000
Trade and other receivables					
United States Dollar	53,671	-	-	-	53,671
Singapore Dollar	1,230	-	2,312	-	3,542
Indonesian Rupiah	-	-	5,920	-	5,920
Japanese Yen	223	-	-	-	223
	55,124	-	8,232	-	63,356
Cash and bank balances					
United States Dollar	14,164	2,467	-	13	16,644
Indonesian Rupiah	-	-	6,607	-	6,607
Ringgit Malaysia	-	-	15	-	15
Singapore Dollar	2,229	-	210	-	2,439
Japanese Yen	491	-	2	-	493
	16,884	2,467	6,834	13	26,198
Borrowings					
United States Dollar	36,657	-	-	-	36,657
Trade and other payables					
United States Dollar	12,603	46	-	22	12,671
Singapore Dollar	52	-	3,656	-	3,708
New Zealand Dollar	20	-	-	-	20
Indonesian Rupiah	-	-	1,905	-	1,905
Ringgit Malaysia	-	-	353	-	353
	12,675	46	5,914	22	18,657
Lease liabilities					
United States Dollar	-	-	-	1,362	1,362
Singapore Dollar	-	-	28,168	-	28,168
Ringgit Malaysia	-	-	1,109	-	1,109
	-	-	29,277	1,362	30,639

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36. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(i) Foreign currency risk (continued)

Sensitivity analysis for foreign currency risk

The following table demonstrates the sensitivity of the Group's profit after taxation to a reasonably possible change in the foreign currencies strengthened or weakened by 3% and exchange rates against the respective functional currencies of the Group entities, with all other variables held constant.

	Group	
	2022 RM'000 Increase/ (Decrease)	2021 RM'000 Increase/ (Decrease)
Profit after taxation		
RM/USD - strengthen by 3%	935	424
- weaken by 3%	(935)	(424)
VND/USD - strengthen by 3%	-	(62)
- weaken by 3%	-	62
USD/SGD - strengthen by 3%	(453)	(668)
- weaken by 3%	453	668
USD/IDR - strengthen by 3%	150	242
- weaken by 3%	(150)	(242)

The Group's profit after taxation is not sensitive to other foreign currencies.

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36. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(ii) Interest rate risk

The Group's exposure to interest rate risk arises mainly from the Group's borrowings and is managed through the use of fixed and floating rate borrowings and deposits.

The following tables set out the carrying amounts, the effective annual interest rates as at the end of reporting date and the remaining maturities of the Group's and of the Company's financial instruments that are exposed to interest rate risk:

Group	Effective annual interest rate %	Within one year RM'000	One to five years RM'000	Over five years RM'000	Total RM'000
As at 31 May 2022					
Fixed rates					
Short term deposits with licensed banks	1.75 - 2.11	37,585	-	-	37,585
Lease liabilities	4.25 - 6.15	14,844	17,332	16	32,192
Floating rates					
Bankers' acceptances	2.30 - 3.15	97,042	-	-	97,042
Bank overdrafts	6.73 - 7.57	12,771	-	-	12,771
Revolving credits	3.47 - 4.48	94,325	3,750	-	98,075
Trust receipts	2.29 - 3.51	65,287	-	-	65,287
Other borrowings	1.42 - 7.00	17,672	-	-	17,672
Term loans	3.83 - 5.52	45,413	75,154	-	120,567
As at 31 May 2021					
Fixed rates					
Short term deposits with licensed banks	1.50 - 2.10	14,970	-	-	14,970
Lease liabilities	3.50 - 6.20	15,561	25,070	270	40,901
Floating rates					
Bankers' acceptances	2.44 - 2.50	86,650	-	-	86,650
Bank overdrafts	6.20 - 7.15	9,505	-	-	9,505
Revolving credits	3.00 - 5.18	77,900	19,500	-	97,400
Trust receipts	1.85 - 5.50	49,713	-	-	49,713
Other borrowings	1.14 - 8.25	18,449	16	-	18,465
Term loans	4.50 - 5.20	7,875	31,188	-	39,063

NOTES TO THE FINANCIAL STATEMENTS

31 MAY 2022

36. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(ii) Interest rate risk (continued)

The following tables set out the carrying amounts, the effective annual interest rates as at the end of reporting date and the remaining maturities of the Group's and of the Company's financial instruments that are exposed to interest rate risk: (continued)

Company	Effective annual interest rate %	Within one year RM'000	One to five years RM'000	Total RM'000
As at 31 May 2022				
Fixed rates				
Amounts owing by subsidiaries	3.50	7,397	-	7,397
Amounts owing to subsidiaries	3.50 - 7.25	66,777	-	66,777
Floating rates				
Bank overdrafts	7.57%	6,945	-	6,945
Revolving credits	4.48%	37,125	3,750	40,875
Term loan	4.44%	29,000	21,000	50,000
As at 31 May 2021				
Fixed rates				
Amounts owing by subsidiaries	3.50	8,156	-	8,156
Amounts owing to subsidiaries	3.50 - 6.25	58,864	-	58,864
Floating rates				
Bank overdrafts	6.20 - 7.15	1,654	-	1,654
Revolving credits	3.05 - 5.18	32,500	19,500	52,000

Sensitivity analysis for fixed rate instruments

The Group and the Company do not account for any fixed rate financial instruments at fair value through profit or loss, and the carrying amount of fixed rate financial instruments of the Group and of the Company are measured at amortised cost. Therefore, no sensitivity analysis for fixed rate instruments was prepared as the change in market interest rate at the end of the reporting period would not affect profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

31 MAY 2022

36. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(ii) Interest rate risk (continued)

Sensitivity analysis for floating rate instruments

As at 31 May 2022, if there was a variation in interest rates by 10 basis points with all other variables held constant, the Group's and the Company's profit after taxation for the financial year, arising mainly as a result of higher or lower interest expense on variable borrowings, would have been:

Effects on profit after taxation	Group		Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
10 basis point higher	(313)	(229)	(36)	(41)
10 basis point lower	313	229	36	41

The assumed movement in basis points for interest rate sensitivity analysis is based on the currently observable market environment.

(iii) Liquidity risk

It is the Group's policy to ensure continuity in servicing its cash obligations in the future by way of measuring and forecasting its cash commitments, monitoring and maintaining a level of cash and cash equivalents deemed adequate for the Group's operations.

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

2022	On demand or within one year RM'000	One to five years RM'000	Over five years RM'000	Total RM'000
Group				
Financial liabilities				
Trade and other payables	225,559	-	-	225,559
Amounts owing to associates	12	-	-	12
Lease liabilities	15,620	17,955	17	33,592
Borrowings	484,962	115,746	-	600,708
Total undiscounted financial liabilities	726,153	133,701	17	859,871
Company				
Financial liabilities				
Trade and other payables	5,267	-	-	5,267
Amounts owing to subsidiaries	115,340	-	-	115,340
Borrowings	75,851	25,931	-	101,782
Total undiscounted financial liabilities	196,458	25,931	-	222,389

NOTES TO THE FINANCIAL STATEMENTS

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36. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(iii) Liquidity risk (continued)

The table below summarises the maturity profile of the Group's and of the Company's liabilities at the end of the reporting period based on contractual undiscounted repayment obligations. (continued)

2021	On demand or within one year RM'000	One to five years RM'000	Over five years RM'000	Total RM'000
Group				
Financial liabilities				
Trade and other payables	217,987	-	-	217,987
Amounts owing to associates	2,089	-	-	2,089
Lease liabilities	16,795	25,933	277	43,005
Borrowings	252,667	55,769	-	308,436
Total undiscounted financial liabilities	489,538	81,702	277	571,517
Company				
Financial liabilities				
Trade and other payables	2,625	-	-	2,625
Amounts owing to subsidiaries	58,887	-	-	58,887
Borrowings	35,324	20,202	-	55,526
Total undiscounted financial liabilities	96,836	20,202	-	117,038

(iv) Credit risk

Cash deposits and receivables may give rise to credit risk, which requires the loss to be recognised if a counter party failed to perform as contracted. It is the Group's policy to monitor the financial standing of these counter parties on an ongoing basis to ensure that the Group is exposed to minimal credit risk.

The Group's primary exposure to credit risk arises through its trade receivables. The Group's trading terms with its customers are mainly on credit. The credit period granted by the Group ranged from one (1) month to four (4) months (2021: one (1) month to four (4) months). Each customer has a maximum credit limit and the Group seeks to maintain strict control over its outstanding receivables to minimise credit risk. Overdue balances are reviewed regularly by senior management.

In respect of the cash and bank balances placed with major financial institutions in Malaysia, the Directors believe that the possibility of non-performance by these financial institutions is remote on the basis of their financial strength.

NOTES TO THE FINANCIAL STATEMENTS

31 MAY 2022

36. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(iv) Credit risk (continued)

Exposure to credit risk

At the end of the reporting period, the maximum exposures to credit risk of the Group and of the Company are represented by the carrying amounts of each class of financial assets recognised in the statements of financial position.

Credit risk concentration profile

At the end of the reporting period, the Group did not have any significant exposure to any individual customer or counter party nor did it have any major concentration of credit risk related to any financial instruments.

At the end of the reporting period, the Company did not have any significant exposure to any individual customer or counter party nor did it have any major concentration of credit risk related to any financial instruments other than the amounts owing by subsidiaries of RM42,114,000 (2021: RM41,327,000).

37. RELATED PARTY DISCLOSURES

(a) Identities of related parties

Parties are considered to be related to the Group if the Group has the ability, directly or indirectly, to control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Group and the party are subject to common control or common significant influence. Related parties could be individuals or other entities.

The Group has related party relationship with its subsidiaries, associates and joint ventures as disclosed in Note 42 to the financial statements, and which Directors have substantial direct/indirect shareholding.

(b) Significant related parties transactions

In addition to the related parties information detailed elsewhere in the financial statements, the Group and the Company had the following significant transactions with related parties during the financial year:

	Group	
	2022	2021
	RM'000	RM'000
Sales to a company in which a Director of the Company have substantial indirect shareholding	-	8
Interest income from associates	175	158
Purchases from companies in which certain Directors of the Company have substantial indirect shareholding	1,418	1,580
Purchases from associates	133	1,934
Professional fees paid to firms in which a Director of the Company are Partners	50	50
Rental income from a company in which a Director of the Company have substantial indirect shareholding	168	257

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37. RELATED PARTY DISCLOSURES (CONTINUED)

(b) Significant related parties transactions (continued)

In addition to the related parties information detailed elsewhere in the financial statements, the Group and the Company had the following significant transactions with related parties during the financial year: (continued)

	Group	
	2022 RM'000	2021 RM'000
Sales to associates	-	347
Rental income from associates	652	901

	Company	
	2022 RM'000	2021 RM'000
Professional fees paid to firms in which a Director of the Company are Partners	50	50
Purchases from companies in which certain Directors of the Company have substantial indirect shareholding	20	24
Rental income from an associate	14	42
Rental income from a company in which certain Directors of the Company have substantial indirect shareholding	168	257

The Directors of the Group and of the Company are of the opinion that the above transactions were carried out based on negotiated terms and conditions and mutually agreed with the related parties.

(c) Compensation of key management personnel

Key management personnel are those persons having the authority and responsibility for planning, directing and controlling the activities of the entity, directly and indirectly, including any Director (whether executive or otherwise) of the Group.

The remuneration of Directors and other key management personnel of the Group and of the Company during the financial year was as follows:

	Group		Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Fees	1,549	1,127	611	428
Short term employee benefits	23,229	15,652	265	265
Defined contribution plan	1,176	1,225	11	11
Share options granted under ESOS	560	1,058	112	224
Other emoluments	738	1,287	29	20
	27,252	20,349	1,028	948

NOTES TO THE FINANCIAL STATEMENTS

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38. CAPITAL COMMITMENTS

Capital commitments not provided for in the financial statements are as follows:

	Group	
	2022 RM'000	2021 RM'000
In respect of purchase of property, plant and equipment:		
Contracted but not provided for	18,068	22,741
Approved but not contracted for	43,641	24,835
	61,709	47,576

39. CONTINGENT LIABILITIES

	Company	
	2022 RM'000	2021 RM'000
Secured		
Bank guarantees given by financial institutions for trade performance of certain subsidiaries and working capital purpose	4,649	3,160
Unsecured		
Guarantees given to financial institutions in respect of credit facilities granted to certain subsidiaries	60,016	35,794
	64,665	38,954

The Group designates guarantees as insurance contracts as defined in MFRS 4 *Insurance Contracts*.

All the above unexpired guarantees were not recognised as the Directors are of the view that the fair value of such guarantees given by the Company is negligible.

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40. EMPLOYEE BENEFITS

	Group		Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Salaries and wages	100,130	87,661	265	265
Defined contribution plan	8,378	8,334	11	11
Provision for retirement benefits	576	250	-	-
Other benefits	3,417	2,886	-	-
Share options granted under ESOS	2,453	3,790	112	224
	114,954	102,921	388	500

Included in the employee benefits of the Group and of the Company are Executive Directors remuneration and other emoluments amounting to RM10,022,000 (2021: RM8,004,000) and RM388,000 (2021: RM500,000) respectively.

41. EMPLOYEES' SHARE OPTION SCHEME

At an extraordinary general meeting of the Company held on 18 October 2018, the Company's shareholders approved the establishment of an ESOS of up to ten per centum (10%) of the issued and paid-up share capital (excluding treasury shares) of the Company for the eligible Executive Directors and employees of the Group. The ESOS shall be in force for a period of five (5) years commencing from 6 March 2019 ("Duration of the Scheme"). During the financial year, the Company has granted an option under the Scheme and the option is exercisable within a period of five (5) years from the date commencing from 18 December 2020.

The salient features of the Scheme are as follows:

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

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41. EMPLOYEES' SHARE OPTION SCHEME (CONTINUED)

Details of the ESOS options granted are as follows:

	Exercise price RM	Number of options over ordinary shares ('000)					Balance as at 31.5.2022 [^]	Exercisable as at 31.5.2022
		Balance as at 1.6.2021	← Movement for the financial year →					
			Granted	Exercised	Forfeited*			
18 December 2020	0.765	18,567	-	(8,339)	(656)	9,572	1,886	
14 September 2021	0.765	-	2,904	(1,362)	(16)	1,526	380	
25 January 2022	0.765	-	596	(242)	-	354	116	
		18,567	3,500	(9,943)	(672)	11,452	2,382	

* Due to resignation.

[^] Exercisable by the grantee upon achieving the vesting conditions set by the ESOS Committee and are subject to the allotment of shares between 30% to 40% per year over vesting period of 2 years.

Fair value of share options was estimated by the Group using the Black-Scholes-Merton option pricing model, taking into account the terms and conditions upon which the options were granted. The fair value of share options measured at grant date and assumptions used are as follows:

Fair value of share options granted on 18 December 2020 based on vesting date (RM)

- 18 December 2020	0.34
- 14 September 2021	0.32
- 18 December 2021	0.31
- 25 January 2022	0.31
- 18 December 2022	0.28
Expected volatility of Company's share price (%)	38.39
Option term (years)	5
Risk free rate of interest per annum (%)	2.11
Expected dividend yield per annum (%)	-

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42. SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES

(a) Details of subsidiaries are as follows:

Company	Principal place of business/ Country of incorporation	Group's effective equity interest		Principal activities
		2022 %	2021 %	
<i>Direct:</i>				
Ancom Properties Sdn. Bhd.	Malaysia	100.0	100.0	Investment holding
Rhodemark Development Sdn. Bhd.	Malaysia	100.0	100.0	Investment holding
Ancom Agrichemical Sdn. Bhd.	Malaysia	100.0	100.0	Investment holding
@ HSO Business Systems Sdn. Bhd.	Malaysia	48.0	48.0	Dormant
Nylex Holdings Sdn. Bhd.	Malaysia	100.0	-	Investment holding and manufacture and marketing of vinyl-coated fabrics, calendered film and sheeting and other polymer products, including geotextiles and prefabricated sub-soil drainage system and property development
iEnterprise Online Sdn. Bhd.	Malaysia	97.3	97.3	Development of IT systems and providing IT related consultancy services
Ancom Truelife Sdn. Bhd. (formerly known as Enthohealth Services Sdn. Bhd.)	Malaysia	100.0	100.0	Sale and trading of healthcare products
* Ancom Components Sdn. Bhd.	Malaysia	66.7	66.7	Manufacturing and marketing of low voltage switchgear
Redberry Sdn. Bhd.	Malaysia	100.0	100.0	Investment holding and provision of media advertising
Redberry Holdings Sdn. Bhd.	Malaysia	100.0	100.0	Investment holding
Ancom Management Services Sdn. Bhd.	Malaysia	100.0	100.0	Provision of management services
Genovasi Malaysia Sdn. Bhd.	Malaysia	60.0	60.0	Provide education, training, advisory and consulting services
Synergy Tanker Sdn. Bhd.	Malaysia	100.0	100.0	Investment holding
Ancom Power Solutions Sdn. Bhd.	Malaysia	100.0	100.0	Dormant

NOTES TO THE FINANCIAL STATEMENTS

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42. SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES (CONTINUED)

(a) Details of subsidiaries are as follows: (continued)

Company	Principal place of business/ Country of incorporation	Group's effective equity interest		Principal activities
		2022 %	2021 %	
<i>Indirect:</i>				
Ancom Crop Care Sdn. Bhd.	Malaysia	100.0	100.0	Manufacture and marketing of agricultural chemical products
Ancom Bioscience Sdn. Bhd.	Malaysia	100.0	100.0	Trading of agricultural chemical products
Polytensides Sdn. Bhd.	Malaysia	100.0	100.0	Manufacture and sale of agricultural chemical products
Ancom Energy & Services Sdn. Bhd.	Malaysia	100.0	66.7	Marketing of low voltage switchgear
Timber Preservatives Sdn. Bhd.	Malaysia	100.0	100.0	Manufacture and distribution of timber and preservatives related chemical products
Timber Preservatives Industries Sdn. Bhd. (formerly known as Malay Mail Sdn. Bhd.)	Malaysia	100.0	-	Manufacture and distribution of timber and preservatives related chemical products
Kemcom Sdn. Bhd.	Malaysia	100.0	100.0	Manufacture and sale of wood preservatives
Ancom Nutrifoods Sdn. Bhd.	Malaysia	100.0	100.0	General trading and investment holding
* Ancom do Brasil Ltda	Brazil	99.9	99.9	Dormant. Holder of licenses for certain agricultural chemical products
* Ancom Australia Pty. Ltd.	Australia	100.0	100.0	Dormant. Holder of licenses for certain agricultural chemical products
* Malancom Agrochemicals (Pte) Limited	South Africa	100.0	100.0	Dormant. Holder of licenses for certain agricultural chemical products
* ChemResources China (Agencies) Limited	Hong Kong	100.0	100.0	Trading of chemical products
Entopest Environmental Services Sdn. Bhd.	Malaysia	90.0	90.0	Provision of pest control, hygiene and sanitation services
Entopest Environmental Services (PG) Sdn. Bhd.	Malaysia	81.0	81.0	Provision of pest control, hygiene and sanitation services

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42. SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES (CONTINUED)

(a) Details of subsidiaries are as follows: (continued)

Company	Principal place of business/ Country of incorporation	Group's effective equity interest		Principal activities	
		2022 %	2021 %		
<i>Indirect: (continued)</i>					
	PT Entopest Environmental Services	Indonesia	60.3	60.3	Dormant
Ⓐ	Airefresh Industries (M) Sdn. Bhd.	Malaysia	18.0	18.0	Manufacture, distribution, merchandise and sale of air fresh products
	Airefresh Marketing Sdn. Bhd.	Malaysia	72.0	72.0	General trading.
	Common Feed Sdn. Bhd.	Malaysia	100.0	100.0	Trading of animal feed products
	Vanguard Express Sdn. Bhd.	Malaysia	100.0	100.0	Freight and logistics services
Ⓐ	Redberry Media Sdn. Bhd.	Malaysia	46.6	46.6	Provision of media related services
	Redberry Outdoors Sdn. Bhd.	Malaysia	-	85.5	Winding up by the Court
	Redberry Solutions Sdn. Bhd.	Malaysia	51.0	51.0	Dormant
	Wheel Sport Management Sdn. Bhd.	Malaysia	77.0	77.0	Promoters and organiser of motor sports and to buy, sell and deal in all kinds of motors
	Redberry Contact Center Sdn. Bhd.	Malaysia	100.0	100.0	Providing call centre services
	Redberry Events Sdn. Bhd.	Malaysia	90.0	90.0	Dormant
	Redberry Screens Sdn. Bhd.	Malaysia	100.0	100.0	Provision of digital advertising
	Digital Showcase Sdn. Bhd.	Malaysia	95.0	95.0	Investment holding
	Redberry Ambient Sdn. Bhd.	Malaysia	70.2	70.2	Provision of digital and cinema advertising
*	Redberry Animation Sdn. Bhd.	Malaysia	51.0	51.0	Dormant
	Redberry Advertising Sdn. Bhd.	Malaysia	95.0	95.0	Provision of digital advertising
	Twinstar Synergy Sdn. Bhd.	Malaysia	100.0	100.0	Printing of newspapers, journals, magazines, books and other literary works
	Redberry Retail Sdn. Bhd.	Malaysia	70.0	70.0	Provision of digital advertising
	Ten Plus Resources Sdn. Bhd.	Malaysia	85.5	85.5	Dormant
	Redberry Cinema and Digital Sdn. Bhd.	Malaysia	95.0	-	Dormant
	Ancom Academy Sdn. Bhd.	Malaysia	100.0	-	Provide training, advisory and consulting services

NOTES TO THE FINANCIAL STATEMENTS

31 MAY 2022

42. SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES (CONTINUED)

(a) Details of subsidiaries are as follows: (continued)

Company	Principal place of business/ Country of incorporation	Group's effective equity interest		Principal activities
		2022 %	2021 %	
<i>Indirect: (continued)</i>				
[^] # Nylex (Malaysia) Berhad	Malaysia	42.2	50.3	Investment holding and manufacture and marketing of vinyl-coated fabrics, calendered film and sheeting and other polymer products, including geotextiles and prefabricated sub-soil drainage system and property development
Nylex Polymer Marketing Sdn. Bhd.	Malaysia	100.0	50.3	Marketing of polyurethane ("PU") and polyvinyl chloride ("PVC") synthetic leather, films and sheets, geosynthetic and general trading
PT Nylex Indonesia	Indonesia	100.0	50.3	Manufacture, marketing and distribution of PVC and PU leathercloth
Perusahaan Kimia Gemilang Sdn. Bhd.	Malaysia	100.0	50.3	Trading in petrochemicals and industrial chemicals
Fermpro Sdn. Bhd.	Malaysia	100.0	50.3	Manufacture and marketing of ethanol, carbon dioxide and other related chemical products
Kumpulan Kesuma Sdn. Bhd.	Malaysia	100.0	50.3	Manufacture and marketing of sealants and adhesive products
Wedon Sdn. Bhd.	Malaysia	100.0	50.3	Marketing of sealants and adhesive products
Speciality Phosphates (Malaysia) Sdn. Bhd.	Malaysia	51.0	25.7	Manufacture and sale of chemicals
Nycon Manufacturing Sdn. Bhd.	Malaysia	100.0	50.3	Dormant
* Dynamic Chemical Pte. Ltd.	Singapore	100.0	50.3	Blending, trading and distribution of industrial chemicals
ALB Marine Sdn. Bhd.	Malaysia	100.0	50.3	Carrying out business of ship owning, ship management and charter hire of tanker

NOTES TO THE FINANCIAL STATEMENTS

31 MAY 2022

42. SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES (CONTINUED)

(a) Details of subsidiaries are as follows: (continued)

Company	Principal place of business/ Country of incorporation	Group's effective equity interest		Principal activities
		2022 %	2021 %	
<i>Indirect: (continued)</i>				
Ancom Kimia Sdn. Bhd.	Malaysia	60.0	30.0	Distribution of petrochemicals and industrial chemicals
* CKG Chemicals Pte. Ltd.	Singapore	100.0	50.3	Trading and distribution of industrial chemicals and gasoline blending components
Nylex Specialty Chemicals Sdn. Bhd.	Malaysia	100.0	50.3	Manufacture and sale of phosphoric acid
Perusahaan Kimia Gemilang (Vietnam) Company Ltd.	Vietnam	100.0	50.3	Building tank farms and other facilities for the storage of industrial chemicals, importation and distribution of industrial chemicals
PT PKG Lautan Indonesia	Indonesia	100.0	25.7	Importation and distribution of industrial chemicals
* One Chem Terminal Sdn. Bhd.	Malaysia	51.0	-	To operate, lease and manage chemical tank farm and warehouse
##@ Ancom Logistics Berhad	Malaysia	34.0	34.0	Investment holding
@ Synergy Trans-Link Sdn. Bhd.	Malaysia	34.0	34.0	Investment holding
@ Ancom-Chemquest Terminals Sdn. Bhd.	Malaysia	17.3	17.3	Build, own, operate, lease and manage chemical tank farm and warehouse
@ Pengangkutan Cogent Sdn. Bhd.	Malaysia	34.0	34.0	Providing transportation and related services
@ Hikmat Ikhlas Sdn. Bhd.	Malaysia	35.0	35.0	Dormant
* Syarikat Wandeerfull Sdn. Bhd.	Malaysia	100.0	100.0	Investment holding, dealing in and subletting of properties
* Wandeerfull Industries Sdn. Bhd.	Malaysia	100.0	100.0	Property investment
* Syarikat Wandeerfull (Kg Attap) Sdn. Bhd.	Malaysia	100.0	100.0	Property investment
Genovasi Malaysia DT Sdn. Bhd.	Malaysia	60.0	60.0	Dormant
Genovasi University College Sdn. Bhd.	Malaysia	60.0	60.0	Dormant
* Pureplay Interactive Sdn. Bhd.	Malaysia	97.3	100.0	Dormant

NOTES TO THE FINANCIAL STATEMENTS

31 MAY 2022

42. SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES (CONTINUED)

(b) Details of associates are as follows:

Company	Principal place of business/ Country of incorporation	Group's effective equity interest		Principal activities
		2022 %	2021 %	
<i>Direct:</i>				
* iSpring Capital Sdn. Bhd.	Malaysia	42.0	42.0	Dormant
* Jirnexu Pte. Ltd.	Singapore	22.4	22.4	Investment holding
MSTi Corporation Sdn. Bhd.	Malaysia	20.0	20.0	Trading of computer hardware and software and rendering of IT related consultancy services
<i>Indirect:</i>				
* Ancom Philippines Inc.	Philippines	39.6	39.6	Dormant. Holder of licenses for certain agricultural chemical products
* Tamco Chongqing Switchgear Company Limited	China	16.6	16.6	Under voluntary liquidation
* ActMedia (M) Sdn. Bhd.	Malaysia	30.0	30.0	Advertising media design and production
Puncak Berlian Sdn. Bhd.	Malaysia	30.0	30.0	Investment holding
* One Chem Terminal Sdn. Bhd.	Malaysia	-	20.1	To operate, lease and manage chemical tank farm and warehouse
* Advanced Technology Studies Centre Sdn. Bhd.	Malaysia	32.4	32.4	Promoting knowledge and skills development in IT
* DJ Money Matters Sdn. Bhd.	Malaysia	37.6	37.6	Money lending business
<>* Jasa Rimbun Sdn. Bhd.	Malaysia	-	25.1	Dormant
* PT Mynindo Acqua Pura	Indonesia	30.0	15.1	Developing high technology products, in particular micro water treatment and waste treatment

NOTES TO THE FINANCIAL STATEMENTS

31 MAY 2022

42. SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES (CONTINUED)

(c) Details of the joint ventures are as follows:

Company	Principal place of business/ Country of incorporation	Group's effective equity interest		Principal activities
		2022 %	2021 %	
<i>Indirect:</i>				
* Senandung Sonik Sdn. Bhd.	Malaysia	24.5	24.5	Holder of radio license
* TeaFM Radio Sdn. Bhd.	Malaysia	14.7	14.7	Internet radio broadcasting
* <i>Not audited by BDO PLT or BDO Member Firms.</i>				
^ <i>Percentage shareholding computed based on the number of ordinary shares in issue after deduction of the treasury shares of Nylex.</i>				
@ <i>The Group considers that it controls these subsidiaries even though it owns less than 50% of voting rights. This is because the Group is the single largest shareholder of these companies. Since the date of acquisition of these subsidiaries, there is no history of the other shareholders collaborating to exercise their votes collectively or to outvote the Group.</i>				
# <i>The financial statements of Nylex were consolidated as a subsidiary as the Group has control over the Board of Nylex.</i>				
## <i>The financial statements of ALB were consolidated as a subsidiary as the Group has power to govern the financial and operating policies of ALB under a statute or an agreement.</i>				
<> <i>As at the date of this report, the associate has been struck off the register pursuant to Section 550 of the Companies Act 2016.</i>				

43. ADOPTION OF NEW MFRSs AND AMENDMENTS TO MFRSs

43.1 New MFRSs and Amendments to MFRSs adopted during the financial year

The Group and the Company adopted the following Standards of the MFRS Framework that were issued by the Malaysian Accounting Standards Board ("MASB") during the financial year:

Title	Effective Date
<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.

NOTES TO THE FINANCIAL STATEMENTS

31 MAY 2022

43. ADOPTION OF NEW MFRSs AND AMENDMENTS TO MFRSs (CONTINUED)

43.2 New MFRSs and Amendments to MFRSs that have been issued, but only effective for annual periods beginning on or after 1 January 2022

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

Title	Effective Date
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
Amendments to MFRS 101 <i>Classification of Liabilities as Current or Non-current</i>	1 January 2023
MFRS 17 <i>Insurance Contracts</i>	1 January 2023
Initial application of MFRS 17 and MFRS 9 - <i>Comparative Information</i> (Amendment to MFRS 17 <i>Insurance Contract</i>)	1 January 2023
<i>Disclosure of Accounting Policies</i> (Amendments to MFRS 101 <i>Presentation of Financial Statements</i>)	1 January 2023
<i>Definition of Accounting Estimates</i> (Amendments to MFRS 108 <i>Accounting Policies, Changes in Accounting Estimates and Errors</i>)	1 January 2023
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 are in the process of assessing the impact of implementing these Standards and Amendments, since the effects would only be observable for the future financial years.

44. SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR

- (a) The Company had on 16 July 2020 announced that the Company and its subsidiary, ALB, had entered into a Heads of Agreement ("HOA") with S7 Holdings Sdn. Bhd. ("S7"), Merrington Assets Limited ("MAL"), MY E.G. Capital Sdn. Bhd. ("MYEG Capital") and Avocat Sdn. Bhd. ("Avocat") for the following:

(S7, MAL, MYEG Capital and Avocat shall be collectively referred to as "Vendors" and ALB, ANB and Vendors shall be collectively referred to as "Parties")

- (i) Proposed acquisition by ALB of the entire share capital of S5 Holdings Inc. (Company No.: LL14071) ("S5") from the Vendors at a price to be agreed by the Parties, subject to a valuation report to be issued by an independent valuer to be agreed by the Parties, and in return ALB shall issue new ordinary shares in ALB ("ALB Shares") based on RM0.10 per share ("Consideration Shares") to the Vendors ("Proposed Acquisition");
- (ii) Proposed Mandatory General Offer by the Vendors for the shares of ALB which are not owned by the Vendors upon completion of the Proposed Acquisition ("Proposed Mandatory General Offer");

NOTES TO THE FINANCIAL STATEMENTS

31 MAY 2022

44. SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR (CONTINUED)

- (a) The Company had on 16 July 2020 announced that the Company and its subsidiary, ALB, had entered into a Heads of Agreement (“HOA”) with S7 Holdings Sdn. Bhd. (“S7”), Merrington Assets Limited (“MAL”), MY E.G. Capital Sdn. Bhd. (“MYEG Capital”) and Avocat Sdn. Bhd. (“Avocat”) for the following: (continued)
- (iii) Proposed private placement of new ordinary shares to be issued by ALB after the Proposed Acquisition (“Proposed Private Placement of ALB”);
 - (iv) Proposed offer for sale of part of the Consideration Shares in ALB to be held by the Vendors upon completion of the Proposed Acquisition to independent third party investors (“Proposed Offer for Sale”); and
 - (v) Proposed disposal by ALB of its subsidiary, Synergy Trans-Link Sdn. Bhd. (“STL”) to Nylex, at a valuation to be agreed by ALB and Nylex and upon such terms and conditions to be determined later (“Proposed Disposal”). For avoidance of doubt, the Proposed Acquisition, the Proposed Mandatory General Offer, Proposed Private Placement and Proposed Offer for Sale are not conditional upon the Proposed Disposal.

(Proposed Acquisition, Proposed Mandatory General Offer, Proposed Private Placement, Proposed Offer for Sale and Proposed Disposal shall be collectively be referred to as “Proposals”)

Further to the announcement dated 16 July 2020, ALB entered into an Offer to Purchase Agreement (“OTP”) with S7 whereby S7 agreed to deal exclusively with ALB for sale its 901,321,377 ordinary shares representing 76.38% of the entire issued and paid-up share capital of S5 and to permit ALB, its advisers, solicitors, and accountants to conduct due diligence on S5 and its subsidiaries. ALB placed a refundable deposits of RM10,000,000 with S7 on execution of the OTP. ALB and S7 entered into the OTP pending the Parties entering into Share Sale Agreements for the sale of all the shares of S5 to ALB.

On 19 January 2022, ALB and the Company have entered into a supplemental agreement to the HOA (“Supplemental HOA”) with S7, MAL, MYEG Capital and Avocat to vary the terms and conditions of the HOA as follows:

- (i) Extended the expiry date of the HOA for a further period of 3 months to 15 April 2022 with an extension of another three months (“Extended Negotiation Period”) if the following condition is fulfilled:

Any of S5 and/or any of its subsidiaries (“S5 Group”) enter into binding contracts which are within the core businesses of any of the corporations within S5 Group whereby the revenue to S5 Group arising from such binding contracts is worth at least RM300,000,000. The vendors shall procure ALB to furnish proof of such binding contracts to the satisfaction of ALB.

For the avoidance of doubt, if the condition above is not fulfilled to the satisfaction of ALB within the Negotiation Period, the HOA shall terminate.

- (ii) Varied the purchaser of STL from Nylex to the Company or its subsidiary.

For the avoidance of doubt, the Proposed Disposal has been varied and is to be read as “The proposed disposal by ALB of the subsidiaries of ALB to the Company or its subsidiary at a valuation to be agreed by ALB and the Company or its subsidiary and upon such terms and conditions to be determined later”.

On 15 April 2022, the Company announced that the HOA (as supplemented by the Supplemental HOA) has expired and lapsed as the conditions in the Supplementary HOA has not been met, and no further extension of time of the Negotiation Period has been requested by the Vendors.

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, unless due to antecedent breaches.

NOTES TO THE FINANCIAL STATEMENTS

31 MAY 2022

44. SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR (CONTINUED)

- (b) The Company had on 28 April 2021 submitted a formal proposal to Nylex Board to acquire all the assets and liabilities of Nylex ("the Offer"), the Offer entails the acquisition by the Company for all the business of Nylex for a total consideration of RM179,287,000 ("Proposed Acquisitions of Nylex Business").

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

The Company and Nylex Holdings had on 29 July 2021, entered into the Sale of Business Agreement with Nylex in respect of the Proposed Acquisition of Nylex Business.

On 26 October 2021, the shareholders of the Company have approved the Proposed Acquisition of Nylex Business subject to the fulfillment of all conditions precedent as announced on 29 July 2021.

The Proposed Acquisition of Nylex Business was completed on 26 January 2022.

- (c) The Company had on 28 December 2021 announced that the wholly-owned subsidiary of the Company, ACC had entered several Share Sale Agreements to acquire 80% equity interest each in Shennong Animal Health (Malaysia) Sdn. Bhd. ("Shennong") and Vemedim Sdn. Bhd. ("Vemedim") for total purchase consideration of RM23,919,999.

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

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

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

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

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

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

- (e) The Company and Nylex, had on 21 March 2022 entered into a Heads of Agreement ("HOA 2") with Sinar Bina Infra Sdn. Bhd., LBS Bina Group Berhad and BTS Group Holdings Public Company Limited 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 2) 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 2.

The transactions have not been completed as at the date of this report.

ADDITIONAL COMPLIANCE INFORMATION

Audit and Non-audit Fee

The disclosure on audit fee and non-audit fee paid or payable to the External Auditors of the Company in the financial year is in page 86 to the financial statements.

Utilisation of Proceeds

Warrants B (2020/2025)

The Company has completed bonus issue of 59,878,790 free warrants ("Warrants B (2020/2025)") on the basis of one (1) Warrant for every four (4) existing ordinary shares held, which were listed and quoted on the Main Market of Bursa Malaysia Securities Berhad ("Bursa Securities") on 18 September 2020.

During the financial year, a total of 6,924,349 Warrants B have been exercised, raising a total of RM5,816,000 in proceeds which were used as working capital of the Group. A total of 52,954,441 Warrants B remained unexercised as at 31 May 2022.

Employees' Share Option Scheme ("ESOS")

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

Details of the ESOS options granted, exercised and forfeited during the financial year are as follows:

	For the financial year ended 31 May 2022				Outstanding options as at 31.5.2022 ('000)
	Outstanding options as at 1.6.2021 ('000)	Options granted ('000)	Options exercised ('000)	Options forfeited* ('000)	
All eligible Executive Directors and employees	18,567	3,500	(9,943)	(672)	11,452
Executive Directors	2,040	150	(1,170)	-	1,020

* Due to resignation.

In accordance with the Company's ESOS By-Laws, not more than sixty percent (60%) of the Company's ordinary shares available under the ESOS shall be allocated, in aggregate, to Directors and senior management of the Group. During the financial year ended 31 May 2022, the Company has granted twenty seven percent (27%) of ESOS options to the Directors and senior management of the Group.

During the financial year, there was no option offered or granted to Non-Executive Directors.

ADDITIONAL COMPLIANCE INFORMATION

Recurrent Related Party Transactions (“RRPTs”)

The aggregate value of RRPTs made during the financial year, pursuant to the shareholders’ mandate obtained at 52nd Annual General Meeting of the Company, is as follows:

Related Party	Transacting Parties for RRPTs	Nature of RRPTs	Value of RRPTs (RM’000)	Interested directors, major shareholders and connected persons
Malay Mail Online Sdn. Bhd. (“MMOSB”)	The Company and its subsidiaries (“ANB Group”)	Provision of advertising space in the media channels by MMOSB to ANB Group	1,418	<ul style="list-style-type: none"> • Dato’ Siew Ka Wei • Datin Young Ka Mun • Siew Ka Kheong • Quek Lay Kheng • Siew Nim Chee & Sons Sdn. Bhd. • Silver Dollars Sdn. Bhd.

Material Contracts Involving Directors’/Major Shareholders’ Interests

There was no material contract (other than the RRPTs contracts which were entered into in the ordinary course of business) entered into by the Company and/or its subsidiaries which involves the interest of Directors and major shareholders, either still subsisting at the end of the financial year ended 31 May 2022 or entered into since the end of the previous financial year.

LIST OF TOP TEN PROPERTIES

	Owner	Location	Tenure	Land Area	Descriptions	Net Book Value As At 31 May 2022 (RM'000)	Date of Acquisition / Revaluation
1.	Nylex (Malaysia) Berhad	H.S.(D) 256546, Lot 16, Seksyen 15, Bandar Shah Alam, Selangor	Unexpired leasehold interest of 86 years <i>(Expiring on 29 June 2108)</i>	3.02 hectares	Office building and factory Age of buildings: approximately 51 years	27,799	5 May 2011
		H.S.(D) 256546, Lot 16, Seksyen 15, Bandar Shah Alam, Selangor	Unexpired leasehold interest of 86 years <i>(Expiring on 29 June 2108)</i>	1.21 hectares	Warehouse, factory and vacant land Age of buildings: approximately 42 years		
2.	Ancom Nylex Berhad (formerly known as Ancom Berhad)	H.S.(D) 259800, No. 2A, Jalan 13/2, Petaling Jaya, Selangor	Unexpired leasehold interest of 86 years <i>(Expiring on 21 October 2108)</i>	1.31 hectares	Office and factory buildings Age of buildings: approximately 36 to 47 years	25,901	7 April 2011
3.	Ancom Crop Care Sdn. Bhd.	PN 77684, Lot 5, Seksyen 15, Bandar Shah Alam, Selangor	Unexpired leasehold interest of 86 years <i>(Expiring on 15 July 2108)</i>	2.22 hectares	Office and factory buildings Age of buildings: approximately 52 years	13,688	11 May 2011
4.	PT Nylex Indonesia	HGB No. 82, Desa Sumengko Km31, Wringinanom, Gresik 61176 Indonesia	Unexpired leasehold interest of 7 years <i>(Expiring on 12 January 2029)</i>	0.64 hectares	Casting line factory and office Age of buildings: approximately 18 years	11,642	12 May 2011
		HGB No. 82, Desa Sumengko Km31, Wringinanom, Gresik 61176 Indonesia	Unexpired leasehold interest of 7 years <i>(Expiring on 12 January 2029)</i>	5.36 hectares	Calendar line factory and vacant land Age of buildings: approximately 8 years		
5.	Ancom-Chemquest Terminals Sdn. Bhd.	Jeti Petrokimia, Pelabuhan Barat Pelabuhan Klang, Selangor	Unexpired lease period of 2 years <i>(Expiring on 31 August 2024)</i>	9.8 acres	Tank farm, office and warehouse Age of buildings: approximately 25 years	8,976	N/A

LIST OF TOP TEN PROPERTIES

	Owner	Location	Tenure	Land Area	Descriptions	Net Book Value As At 31 May 2022 (RM'000)	Date of Acquisition / Revaluation
6.	Perusahaan Kimia Gemilang Sdn. Bhd.	H.S.(M) 6259, PT 4228, Mukim of Kapar, Daerah Klang, Selangor	Unexpired leasehold interest of 64 years <i>(Expiring on 9 June 2086)</i>	2.85 hectares	Office building and factory Age of building: approximately 31 years	8,095	7 April 2011
7.	Ancom Crop Care Sdn. Bhd.	P.T. 4227, Mukim of Kapar, Daerah Klang, Selangor	Unexpired leasehold interest of 64 years <i>(Expiring on 9 June 2086)</i>	2.52 hectares	Office and factory buildings Age of buildings: approximately 31 years	6,651	30 March 2011
8.	Nylex (Malaysia) Berhad	Unit No: 7-10, Wisma 730 (The Trax) No: 1, Jalan Lima, Off Jalan Chan Sow Lin, 54200 Kuala Lumpur	Unexpired leasehold interest of 93 years <i>(Expiring on 1 March 2115)</i>	0.10 hectares	Vacant	6,512	12 September 2019
9.	Nylex Specialty Chemicals Sdn. Bhd.	H.S.(M) 5507, Lot 593, Persiaran Raja Lumu, Kawasan Perusahaan Pandamaran, 42000 Port Klang, Selangor Darul Ehsan	Unexpired leasehold interest of 52 years <i>(Expiring on 1 September 2074)</i>	0.81 hectares	Office building and factory Age of buildings: approximately 47 years	2,961	25 April 2011
10.	Pengangkutan Cogent Sdn. Bhd.	PTD 149227, Jalan Berjaya 7, Taman Perindustrian Berjaya, Daerah Johor Bahru, Johor	Freehold	0.61 hectares	Office building Age of building: approximately 13 years	2,812	2010

ANALYSIS OF SHAREHOLDINGS

AS AT 30 AUGUST 2022

NO. OF HOLDERS OF EACH CLASS OF EQUITY SECURITIES

Class of securities : Ordinary shares ("Shares")
 Total no. issued : 917,655,378
 No. of holders : 13,092
 Voting rights : One vote per Share on a poll

DISTRIBUTION SCHEDULE

Holdings	No. of Holders	Total Holdings	%
Less than 100	2,632	88,079	0.010
100 to 1,000	2,957	1,196,722	0.138
1,001 to 10,000	4,251	18,433,743	2.124
10,001 to 100,000	2,744	75,792,167	8.733
100,001 to less than 5% of issued Shares	507	676,194,935	77.913
5% and above of issued Shares	1	96,183,555	11.082
	13,092	867,889,201	100.000
Treasury shares	-	49,766,177	-
	13,092	917,655,378	100.000

SHAREHOLDINGS

	Direct		Indirect	
	No. of Shares	%	No. of Shares	%
<u>Substantial Holders</u>				
Dato' Siew Ka Wei	120,188,116	13.848	65,722,251 ^(a)	7.573
Lee Cheun Wei	59,905,440	6.902	-	-
Chan Thye Seng	-	-	47,730,432 ^(b)	5.500
Pacific & Orient Berhad	38,577,615	4.445	9,152,817 ^(c)	1.055
Siew Ka Kheong	1,447,539	0.167	48,140,508 ^(d)	5.547
Siew Nim Chee & Sons Sdn. Bhd.	47,765,508	5.504	-	-
<u>Directors</u>				
Dato' Siew Ka Wei	120,188,116	13.848	65,722,251 ^(a)	7.573
Lee Cheun Wei	59,905,440	6.902	-	-
Chan Thye Seng	-	-	47,730,432 ^(b)	5.500
Siew Ka Kheong (alternate to Dato' Siew Ka Wei)	1,447,539	0.167	48,140,508 ^(d)	5.547

Notes:

- (a) Deemed interested by virtue of his direct and indirect interests held through Silver Dollars Sdn. Bhd., Siew Nim Chee & Sons Sdn. Bhd., Datin Young Ka Mun, Siew Ka Kheong and Quek Lay Kheng.
- (b) Deemed interested by virtue of his direct and indirect interests held through Pacific & Orient Berhad and Pacific & Orient Insurance Co. Berhad.
- (c) Deemed interested by virtue of its direct interests in Pacific & Orient Insurance Co. Berhad, a wholly-owned subsidiary.
- (d) Deemed interested by virtue of his direct and indirect interests held through Siew Nim Chee & Sons Sdn. Bhd. and Quek Lay Kheng.

ANALYSIS OF SHAREHOLDINGS

AS AT 30 AUGUST 2022

THIRTY LARGEST HOLDERS AS PER RECORD OF DEPOSITORS

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

Name	No. of Shares	%
1. Kenanga Nominees (Tempatan) Sdn. Bhd. - Siew Ka Wei	96,183,555	11.082
2. CIMB Group Nominees (Tempatan) Sdn. Bhd. - CIMB Commerce Trustee Berhad – Kenanga Growth Fund	34,740,438	4.003
3. Kenanga Nominees (Tempatan) Sdn. Bhd. - Siew Nim Chee & Sons Sdn. Bhd.	34,637,094	3.991
4. Maybank Nominees (Tempatan) Sdn. Bhd. - Lee Cheun Wei	26,672,048	3.073
5. Lim Chin Tong	23,932,029	2.757
6. Affin Hwang Nominees (Tempatan) Sdn. Bhd. - Siew Ka Wei	23,004,561	2.650
7. Citigroup Nominees (Tempatan) Sdn. Bhd. - Kumpulan Wang Persaraan (Diperbadankan) (Kenanga)	21,996,900	2.535
8. Lee Cheun Wei	16,530,640	1.905
9. Maybank Nominees (Tempatan) Sdn. Bhd. - Silver Dollars Sdn. Bhd.	14,649,477	1.688
10. Affin Hwang Nominees (Tempatan) Sdn. Bhd. - Lee Cheun Wei	13,677,300	1.576
11. Yap Ai Toi	13,520,000	1.558
12. TA Nominees (Tempatan) Sdn. Bhd. - Siew Nim Chee & Sons Sendirian Berhad	13,128,414	1.513
13. Pacific & Orient Berhad	13,044,000	1.503
14. Maybank Securities Nominees (Tempatan) Sdn. Bhd. - One IFC Residence Sdn. Bhd.	11,799,500	1.360
15. Lau Sam Siong	10,370,000	1.195
16. RHB Nominees (Tempatan) Sdn. Bhd. - Tai Mee Yin	9,394,025	1.082
17. Pacific & Orient Berhad	9,342,811	1.076
18. RHB Nominees (Tempatan) Sdn. Bhd. - Nicholas Tan Jo-Han	8,683,657	1.001
19. Cartaban Nominees (Tempatan) Sdn. Bhd. - CN CIMB Commerce Trustee Berhad for Kenanga Growth Fund Series 2	8,121,600	0.936
20. Citigroup Nominees (Tempatan) Sdn. Bhd. - Universal Trustee (Malaysia) Berhad for Principal Dali Equity Fund	7,501,200	0.864
21. Lim Chiat Juin	7,500,000	0.864
22. AllianceGroup Nominees (Tempatan) Sdn. Bhd. - Ta Kin Yan (7000778)	7,200,000	0.830
23. CimSec Nominees (Tempatan) Sdn. Bhd. - CIMB for Ahmad Johari Bin Abdul Razak (PB)	7,186,500	0.828
24. Hasnul Bin Hassan	7,085,000	0.816
25. Amanahraya Trustees Berhad - AC Principal Dali Asia Pacific Equity Growth Fund	6,300,700	0.726
26. HSBC Nominees (Tempatan) Sdn. Bhd. - HSBC (M) Trustee Bhd for Pertubuhan Keselamatan Sosial (UOB AMM6939-406)	6,260,000	0.721
27. Amanahraya Trustees Berhad - PMB Shariah Aggressive Fund	6,219,000	0.717
28. Pacific & Orient Berhad	6,218,370	0.717
29. CIMB Group Nominees (Tempatan) Sdn. Bhd. - CIMB Commerce Trustee Berhad – Kenanga Malaysian Inc Fund	5,773,500	0.665
30. RHB Nominees (Tempatan) Sdn. Bhd. - Gan Sook Peng	5,610,600	0.646
Total	476,282,919	54.878

ANALYSIS OF WARRANT HOLDINGS

AS AT 30 AUGUST 2022

NO. OF HOLDERS OF EACH CLASS OF EQUITY SECURITIES

Class of securities : Warrants B ("WB")

Total no. outstanding : 149,640,892

Exercise price per WB : RM0.280

DISTRIBUTION SCHEDULE

Holdings	No. of Holders	Total Holdings	%
Less than 100	1,912	58,581	0.039
100 to 1,000	840	347,681	0.232
1,001 to 10,000	2,436	7,683,301	5.134
10,001 to 100,000	410	11,552,997	7.720
100,001 to less than 5% of issued WB	109	86,410,556	57.745
5% and above of issued WB	3	43,587,776	29.128
	5,710	149,640,892	100.000

WB HOLDINGS

	Direct		Indirect	
	No. of Warrants	%	No. of Warrants	%
<u>Directors</u>				
Dato' Siew Ka Wei	31,417,231	20.995	10,981,135 ^(a)	7.338
Lee Cheun Wei	10,780,010	7.204	-	-
Chan Thye Seng	-	-	7,789,473 ^(b)	5.205
Siew Ka Kheong (alternate to Dato' Siew Ka Wei)	300,000	0.200	8,281,135 ^(c)	5.534

Notes:

- (a) Deemed interested by virtue of his direct and indirect interests held through Silver Dollars Sdn. Bhd., Siew Nim Chee & Sons Sdn. Bhd., Siew Ka Kheong and Quek Lay Kheng.
- (b) Deemed interested by virtue of his direct and indirect interests held through Pacific & Orient Berhad and Pacific & Orient Insurance Co. Berhad.
- (c) Deemed interested by virtue of his direct and indirect interests held through Siew Nim Chee & Sons Sdn. Bhd. and Quek Lay Kheng.

ANALYSIS OF WARRANT HOLDINGS

AS AT 30 AUGUST 2022

THIRTY LARGEST WB HOLDERS AS PER RECORD OF DEPOSITORS

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

Name	No. of Warrants	%
1. Kenanga Nominees (Tempatan) Sdn. Bhd. - Siew Ka Wei	27,380,231	18.297
2. Lee Cheun Wei	8,223,410	5.495
3. TA Nominees (Tempatan) Sdn. Bhd. - Siew Nim Chee & Sons Sendirian Berhad	7,984,135	5.336
4. Lim Chin Tong	5,775,000	3.859
5. Maybank Nominees (Tempatan) Sdn. Bhd. - Lee Wah Yow	4,727,900	3.159
6. RHB Nominees (Tempatan) Sdn. Bhd. - Gan Sook Peng	4,516,950	3.019
7. Affin Hwang Nominees (Tempatan) Sdn. Bhd. - Siew Ka Wei	4,037,000	2.698
8. Pacific & Orient Insurance Co. Berhad	3,957,150	2.644
9. RHB Nominees (Tempatan) Sdn. Bhd. - Tai Mee Yin	3,900,000	2.606
10. Cimsec Nominees (Tempatan) Sdn. Bhd. - CIMB for Pacific & Orient Insurance Co. Berhad (PB)	3,832,323	2.561
11. Yap Ai Toi	3,636,000	2.430
12. Lee Kok Meng	3,455,975	2.310
13. Maybank Nominees (Tempatan) Sdn. Bhd. - Chew Kuan Fah	2,882,100	1.926
14. Silver Dollars Sdn. Bhd.	2,400,000	1.604
15. Maybank Nominees (Tempatan) Sdn. Bhd. - Lee Cheun Wei	2,186,700	1.461
16. RHB Nominees (Tempatan) Sdn. Bhd. - Nicholas Tan Jo-Han	1,912,425	1.278
17. Malaysia Securities Nominees (Tempatan) Sdn. Bhd. - Chew Wan Kay (Rem 857-STF)	1,680,900	1.123
18. Maybank Nominees (Tempatan) Sdn. Bhd. - Sailendra A/L V.Kanagasundram	1,590,000	1.063
19. Ngan Tin Yee	1,545,000	1.032
20. Yap Chee Hong	1,510,451	1.009
21. Kenanga Nominees (Tempatan) Sdn. Bhd. - Rakuten Trade Sdn. Bhd. for Lee Soo Hong	1,207,500	0.807
22. Maybank Nominees (Tempatan) Sdn. Bhd. - Ong Thai Guan	1,170,000	0.782
23. Lau Sam Siong	1,140,000	0.762
24. Kenanga Nominees (Tempatan) Sdn. Bhd. - Rakuten Trade Sdn. Bhd. for Wong Yew Mun	1,008,900	0.674
25. Kanaheswari A/P P Yoganathan	934,200	0.624
26. Ngan Seok Ping	930,000	0.622
27. Goh Siok Ling	855,000	0.572
28. Lee Akin	819,000	0.547
29. Collin Chin Kok Meng	813,600	0.544
30. Astro (M) Sdn. Bhd.	785,382	0.525
Total	106,797,232	71.369

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the 53rd 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 2.30 p.m. using remote participation and voting facilities provided by the Company’s Share Registrar, Tricor Investor & Issuing House Service Sdn. Bhd., via TIIH Online website at <https://tiih.online>, to transact the following businesses:

AGENDA

AS ORDINARY BUSINESS

- | | |
|---|---|
| 1. To receive the Audited Financial Statements for the financial year ended 31 May 2022 together with the Reports of the Directors and Auditors thereon. | (Please refer to Explanatory Note 1) |
| 2. To re-elect the following Directors who are retiring by rotation pursuant to Clause 125 of the Company’s Constitution: | |
| (i) Dato’ Siew Ka Wei | [Ordinary Resolution 1] |
| (ii) Datuk Dr. Abd Hapiz Bin Abdullah | [Ordinary Resolution 2] |
| 3. To re-elect the following Directors who are retiring pursuant to Clause 130 of the Company’s Constitution: | |
| (i) Maliki Kamal Bin Mohd Yasin | [Ordinary Resolution 3] |
| (ii) Lee Cheun Wei | [Ordinary Resolution 4] |
| (iii) Tan Sri Dato’ Sri Mohamad Fuzi Bin Harun | [Ordinary Resolution 5] |
| (iv) Christina Foo | [Ordinary Resolution 6] |
| 4. To approve the payment of Non-Executive Directors’ fees for the financial year ended 31 May 2022. | [Ordinary Resolution 7] |
| 5. 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 8] |
| 6. To re-appoint Messrs BDO PLT as Auditors of the Company and to authorise the Directors to fix their remuneration. | [Ordinary Resolution 9] |

AS SPECIAL BUSINESS

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

- | | |
|---|---------------------------------|
| 7. PROPOSED RENEWAL OF SHAREHOLDERS’ MANDATE FOR RECURRENT RELATED PARTY TRANSACTIONS (“RRPTs”) OF A REVENUE OR TRADING NATURE | [Ordinary Resolution 10] |
|---|---------------------------------|

“THAT subject always to the Main Market Listing Requirements of Bursa Malaysia Securities Berhad (“Listing Requirements”), approval be and is hereby given to the Company and/or its subsidiaries to enter into the RRPTs of a revenue or trading nature with the related parties as specified in Section 2.2 of the Circular to Shareholders dated 28 September 2022, provided that such transactions are necessary for the Group’s day-to-day operations and carried out in the ordinary course of business at arm’s length basis and on normal commercial terms which are not more favourable to the related parties than those generally available to the public and are not detrimental to the interest of the minority shareholders of the Company.

NOTICE OF ANNUAL GENERAL MEETING

THAT the authority conferred by this mandate shall continue to be in force until:

- (i) the conclusion of the next annual general meeting of the Company, at which time it will lapse, unless by a resolution passed at that meeting, the authority is renewed;
- (ii) the expiration of the period within which the next annual general meeting is required to be held pursuant to Section 340(2) of the Companies Act 2016 (but must not extend to such extension as may be allowed pursuant to Section 340(4) of the Companies Act 2016); or
- (iii) revoked or varied by a resolution passed by the Company's shareholders in a general meeting,

whichever is the earlier.

AND THAT the Directors of the Company be and are hereby authorised to complete and do all such acts and things (including executing all such documents as may be required) as the Directors may consider expedient or necessary or in the best interest of the Company to give effect to this resolution."

8. PROPOSED RENEWAL OF AUTHORITY FOR SHARE BUY-BACK MANDATE

[Ordinary Resolution 11]

"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 best interest of the Company ("Share Buy-Back Mandate") provided that:

- (i) the aggregate number of ordinary shares in the Company purchased and/or held as treasury shares pursuant to this ordinary resolution does not exceed ten percent (10%) of the total number of issued shares of the Company at any point in time;
- (ii) the maximum funds to be allocated by the Company for the purpose of purchasing its ordinary shares shall not exceed the total retained profits of the Company based on the latest audited financial statements and/or the latest management accounts (where applicable) available at the time of the purchase; and
- (iii) the Directors of the Company may decide either to retain the ordinary shares so purchased as treasury shares or cancel the ordinary shares so purchased or retain part of the ordinary shares so purchased and cancel the remainder or resell the treasury shares on Bursa Securities or distribute the treasury shares as dividends or transfer the treasury shares under an employees' share scheme or as purchase consideration or otherwise use the treasury shares for such other purpose in the manner as prescribed by the applicable laws, guidelines, rules and regulations.

NOTICE OF ANNUAL GENERAL MEETING

THAT the authority conferred by this resolution will be effective upon the passing of this resolution and will continue to be in force until:

- (i) 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;
- (ii) 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
- (iii) revoked or varied by an ordinary resolution passed by the Company's shareholders in a general meeting;

whichever occurs first, but shall not prejudice the completion of purchase(s) by the Company of its own shares before the aforesaid expiry date and, in any event, in accordance with the Listing Requirements and all other applicable laws, guidelines, rules and regulations issued by any relevant authorities.

AND THAT authority be and is hereby given to the Directors of the Company to take all such steps to implement, finalise and give full effect to the Share Buy-Back Mandate with full power to assent to any conditions, modifications, variations and/or amendments as may be required by the relevant authorities or as the Directors deem fit and expedient at their discretion in the best interest of the Company."

9. PROPOSED AUTHORITY TO ISSUE AND ALLOT SHARES

[Ordinary Resolution 12]

"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 shares in the Company from time to time, at such price, upon such terms and conditions, to such persons and for such purposes as the Directors may in their absolute discretion deem fit PROVIDED THAT the aggregate number of shares to be issued does not exceed ten percent (10%) of the total number of issued shares (excluding treasury shares) of the Company for the time being and that such authority shall continue to be in force until the conclusion of the next annual general meeting of the Company, AND THAT the Directors be authorised to do all such things as they deem fit and expedient in the best interest of the Company to give effect to the issuance of new shares under this resolution including making such applications to Bursa Securities for the listing of and quotation for the additional shares so issued on Bursa Securities pursuant to this resolution."

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

By Order of the Board,

CHOO SE ENG (MIA 5876) (SSM PC No. 202208000036)

WONG WAI FOONG (MAICSA 7001358) (SSM PC No. 202008001472)

Company Secretaries

Petaling Jaya

28 September 2022

NOTICE OF ANNUAL GENERAL MEETING

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 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 for Shareholders available on the Company's website at <http://www.ancomnylex.com/aggm.php> on registration, participation and voting at the AGM.
- [2] 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.
- [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, speak 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. 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.
- [4] 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 their behalf at the AGM.
- [5] 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 adjournment thereof:
 - (i) In hardcopy form
The Proxy Form may be deposited at the office of 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, its Customer Service Centre at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia.
 - (ii) By electronic means
The Proxy Form can be electronically lodged with the Share Registrar of the Company via TIIH Online website at <https://tiih.online>. Please refer to the Administrative Guide for Shareholders on the appointment and registration of proxy for the AGM by electronic means.
- [6] Any authority pursuant to which such an appointment is made by a Power of Attorney must be deposited at the office of the Share Registrar of the Company at 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 or alternatively, at its Customer Service Centre at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia at least forty-eight (48) hours before the time appointed for holding the AGM or any adjournment thereof 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.
- [7] For a corporate member who has appointed an authorised representative, please deposit the ORIGINAL Certificate of Appointment of Authorised Representative ("Certificate") with the office of the Company's Share Registrar at its address indicated in (6) above before the time appointed for holding the AGM or any adjournment thereof at which the person named in the appointment proposes to vote. The Certificate should be executed in the following manner:
 - (i) If the corporate member has a Common Seal, the Certificate should be executed under seal in accordance with the constitution of the corporate member.
 - (ii) If the corporate member does not have a Common Seal, the Certificate should be affixed with the rubber stamp of the corporate member (if any) and executed by: (a) at least two (2) authorised officers, one of whom shall be a director; or, (b) any director and/or authorised officers in accordance with the laws of the country under which the corporate member is incorporated.

NOTICE OF ANNUAL GENERAL MEETING

- (8) 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 TIIH Online website at <https://tiih.online>. Please read and follow the procedures provided in the Administrative Guide for Shareholders.
- (9) 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 provisions of Sections 248(2) and 340(1)(a) of the Companies Act 2016 do not require a formal approval of the shareholders for the Audited Financial Statements. As such, this Agenda item is not put forward for voting.

2. Ordinary Resolutions 1, 2, 3, 4, 5, and 6 – Re-election of Retiring Directors

The profiles of the retiring Directors are disclosed in the Annual Report 2022.

Save as disclosed in the Annual Report 2022, 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.

Dato' Siew Ka Wei, the Executive Chairman, has over 30 years of experience in the of chemical industry while Lee Cheun Wei has been instrumental in steering the Group business expansion in the last 3 years. The two (2) Independent Directors, Datuk Dr. Abd Hapiz Bin Abdullah and Maliki Kamal Bin Mohd Yasin, both of whom were involved in the chemical industry prior to their appointment to the Board, have the relevant knowledge on the chemical industry. They have exercised due care and carried out their professional duties proficiently during their tenure as Independent Non-Executive Directors of the Company. They remain objective and independent in expressing their view and participating in Board's deliberation and decision-making process.

The two (2) newly appointed Independent Directors, Tan Sri Dato' Sri Mohamad Fuzi Bin Harun and Christina Foo, have both fulfilled the criteria as enumerated in the Company's Fit and Proper Policy adopted by the Board on 29 June 2022 and are therefore fit to be considered for re-election as Directors of the Company.

The profiles of Tan Sri Dato' Sri Mohamad Fuzi Bin Harun and Christina Foo are in the Annual Report 2022.

Based on the above, the Board recommends that the above retiring Directors be re-elected to continue to serve on the Board of the Company.

3. Ordinary Resolution 7 – 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 to approve the fees payable to the Non-Executive Directors by the Company of RM611,425 and by the Group amounting to RM901,425 for the financial year ended 31 May 2022.

NOTICE OF ANNUAL GENERAL MEETING

4. Ordinary Resolution 8 – 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 to approve the Directors' benefits payable to the NEDs of up to RM120,000 from the date of the forthcoming AGM until the next annual general meeting of the Company. In the event the proposed amount is insufficient (due to more meetings/enlarged board size), approval will be sought at the next annual general meeting for the shortfall.

5. Ordinary Resolution 9 – 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 10 – Proposed Renewal of Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature

This proposed resolution, if passed, will allow the Group to enter into recurrent related party transactions of a revenue or trading nature with the existing related party(ies) in accordance with the Main Market Listing Requirements of Bursa Malaysia Securities Berhad without the necessity to convene separate general meetings to seek shareholders' approval as and when such recurrent related party transactions occur. This would reduce substantial administrative time and expenses associated with the convening of such meetings without compromising the corporate objectives of the Group or affecting the business opportunities available to the Group. This authority, unless revoked or varied at a general meeting, will expire at the next annual general meeting of the Company and is subject to renewal on an annual basis.

Further details relating to this proposed resolution are set out in the Company's Circular to Shareholders dated 28 September 2022.

7. Ordinary Resolution 11 – Proposed Renewal of Authority for Share Buy-Back Mandate

The proposed resolution, if passed, will empower the Company to purchase its own shares up to ten percent (10%) of the total number of issued 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 Statement to Shareholders dated 28 September 2022.

8. Ordinary Resolution 12 – Proposed Authority to Issue and Allot Shares

The Company had, during its 52nd 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 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.

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**ANCOM NYLEX BERHAD**

(Formerly known as Ancom Berhad)
[Registration No. 196901000122 (8440-M)]
Incorporated in Malaysia

PROXY FORM

CDS A/C. No.	No. of shares held

I/We _____ NRIC No. _____
(Full Name in Block Letters)

of _____
(Full Address)

being (a) member(s) of ANCOM NYLEX BERHAD (Formerly known as ANCOM 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 53rd Annual General Meeting of the Company which 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 2.30 p.m. and to vote as indicated below:-

ORDINARY RESOLUTIONS		FOR	AGAINST
1	To re-elect Dato' Siew Ka Wei as a Director of the Company		
2	To re-elect Datuk Dr. Abd Hapiz Bin Abdullah as a Director of the Company		
3	To re-elect Maliki Kamal Bin Mohd Yasin as a Director of the Company		
4	To re-elect Lee Cheun Wei as a Director of the Company		
5	To re-elect Tan Sri Dato' Sri Mohamad Fuzi Bin Harun as a Director of the Company		
6	To re-elect Christina Foo as a Director of the Company		
7	To approve the payment of Non-Executive Directors' fee		
8	To approve the payment of Directors' benefits		
9	To re-appoint Messrs BDO PLT as Auditors of the Company		
10	To approve the proposed renewal of shareholders' mandate for recurrent related party transactions of a revenue or trading nature		
11	To approve the proposed renewal of authority for share buy-back mandate		
12	To approve the proposed authority to issue and allot shares		

(Please indicate with an "X" on how you wish your vote to be cast. If no specific direction as to voting is given, the proxy will vote or abstain from voting at his/her discretion.)

[*Delete if not applicable]

Telephone no. during office hours:

Dated this _____ day of _____ 2022

[Signature / Common Seal of shareholder(s)]

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 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 for Shareholders available on the Company's website at <http://www.ancomnylex.com/agm.php> on registration, participation and voting at the AGM.
- (2) 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.
- (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, speak 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. 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.
- (4) 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 their behalf at the AGM.
- (5) 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 adjournment thereof:
 - (i) In hardcopy form
The Proxy Form may be deposited at the office of 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, its Customer Service Centre at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia.
 - (ii) By electronic means
The Proxy Form can be electronically lodged with the Share Registrar of the Company via TIIH Online website at <https://tiih.online>. Please refer to the Administrative Guide for Shareholders on the appointment and registration of proxy for the AGM by electronic means.
- (6) Any authority pursuant to which such an appointment is made by a Power of Attorney must be deposited at the office of the Share Registrar of the Company at 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 or alternatively, at its Customer Service Centre at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia at least forty-eight (48) hours before the time appointed for holding the AGM or any adjournment thereof at which the person named in the appointment proposes to vote. A copy of the Power of Attorney may be accepted provided that it is certified notarially and/or in accordance with the applicable legal requirements in the relevant jurisdiction in which it is executed.

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Stamp

ANCOM NYLEX BERHAD

(Formerly known as Ancom Berhad)

[Registration No. 196901000122 (8440-M)]

The Share Registrar:

Tricor Investor & Issuing House Services Sdn. Bhd.

Unit 32-01, Level 32, Tower A

Vertical Business Suite

Avenue 3, Bangsar South

No. 8, Jalan Kerinchi

59200 Kuala Lumpur

Malaysia

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- (7) For a corporate member who has appointed an authorised representative, please deposit the ORIGINAL Certificate of Appointment of Authorised Representative ("Certificate") with the office of the Company's Share Registrar at its address indicated in (6) above before the time appointed for holding the AGM or any adjournment thereof at which the person named in the appointment proposes to vote. The Certificate should be executed in the following manner:
 - (i) If the corporate member has a Common Seal, the Certificate should be executed under seal in accordance with the constitution of the corporate member.
 - (ii) If the corporate member does not have a Common Seal, the Certificate should be affixed with the rubber stamp of the corporate member (if any) and executed by:
 - (a) at least two (2) authorised officers, one of whom shall be a director; or,
 - (b) any director and/or authorised officers in accordance with the laws of the country under which the corporate member is incorporated.
- (8) 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 TIIH Online website at <https://tiih.online>. Please read and follow the procedures provided in the Administrative Guide for Shareholders.
- (9) 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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