

**THIS CIRCULAR TO SHAREHOLDERS OF LUXCHEM CORPORATION BERHAD IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION.**

If you are in any doubt as to the course of action to be taken, you should consult your stockbroker, bank manager, solicitor, accountant or other professional advisers immediately.

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# LUXCHEM

## LUXCHEM CORPORATION BERHAD

Registration No. 199101014102 (224414-D)  
(Incorporated in Malaysia)

### CIRCULAR TO SHAREHOLDERS IN RELATION TO:-

**PROPOSED ACQUISITION BY LUXCHEM CORPORATION BERHAD (“LUXCHEM” OR THE “COMPANY”) OF 55% EQUITY INTEREST EACH IN LEXIS CHEMICAL SDN BHD, LEXIS SPECIALTIES SDN BHD AND LEXIS CORPORATION SDN BHD FOR A TOTAL PURCHASE CONSIDERATION OF RM121,000,000 TO BE SATISFIED VIA RM60,500,000 IN CASH AND VIA THE ISSUANCE OF 72,891,566 NEW ORDINARY SHARES IN LUXCHEM AT AN ISSUE PRICE OF RM0.83 EACH (“PROPOSED ACQUISITION”)**

**AND**

### NOTICE OF EXTRAORDINARY GENERAL MEETING

*Principal Adviser*



### **MERCURY SECURITIES SDN BHD**

Registration No. 198401000672 (113193-W)  
(A Participating Organisation of Bursa Malaysia Securities Berhad)

The Extraordinary General Meeting of the Company (“EGM”) will be held on a fully virtual basis and entirely via remote participation and electronic voting via online meeting platform. The Notice of EGM together with the Form of Proxy are enclosed with this Circular.

If you decide to appoint a proxy or proxies for the EGM, you must complete, sign and return the Form of Proxy and lodge the Form of Proxy at Tricor Investor and Issuing House Services Sdn Bhd (“Tricor”)’s office at Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No.8, Jalan Kerinchi, 59200 Kuala Lumpur, or drop the Form of Proxy at Tricor’s Customer Service Centre at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, or alternatively, to submit your electronic Form of Proxy via TIIH Online at <https://tiih.online> not later than 48 hours before the time set for holding the meeting. Please refer to the Annexure of the Form of Proxy in the Administrative Details for submission of the electronic Proxy Form.

Last day, date and time for lodging the Proxy Form	:	Monday, 9 August 2021 at 9.00 a.m.
Day, date and time of the EGM	:	Wednesday, 11 August 2021 at 9.00 a.m.
Online meeting platform of the EGM	:	TIIH Online website at <a href="https://tiih.online">https://tiih.online</a> provided by Tricor Investor & Issuing House Services Sdn Bhd in Malaysia

This Circular is dated 26 July 2021

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## DEFINITIONS

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Except where the context otherwise requires, the following definitions shall apply throughout this Circular:-

<b>Act</b>	- Companies Act, 2016 of Malaysia, as amended from time to time and any re-enactment thereof (including the corresponding previous written law)
<b>Additional Securities</b>	- Any new securities of any type (whether convertible or otherwise) and rights over new securities of any type (whether convertible or otherwise) issued or to be issued to the Trustee and/or accruing to the Vendors from time to time by way of rights, bonus and/or entitlement in, deriving from or attributable to the Pledged Shares
<b>Aggregate Guaranteed Profit</b>	- RM60.0 million, being the amount guaranteed by the Vendors under the Profit Guarantee as being the audited cumulative actual PAT of the Target Companies for the Guaranteed Financial Years
<b>Annual Guaranteed Profit</b>	- The annual guaranteed profit in accordance with the terms of the SSA as follows:-  (i) the audited PAT of the Target Companies for the FY 2021 (as at the end of FY 2021) shall collectively be not less than RM20.0 million;  (ii) the aggregate audited PAT of the Target Companies for the FY 2021 and FY 2022 (as at the end of FY 2022) shall collectively be not less than RM40.0 million; and  (iii) the aggregate audited PAT of the Target Companies for the FY 2021, FY 2022 and FY 2023 (as at the end of FY 2023) shall collectively be not less than RM60.0 million
<b>Ascribed Value</b>	- The value of the Pledged Shares to be calculated based on the:-  (i) 5-day VWAP of the Shares calculated up to the business day immediately preceding the Calculation Date; or  (ii) issue price of the Consideration Shares of RM0.83 each,  whichever is lower
<b>Audited Accounts Approval Date</b>	- The date that the audited PAT for a Guaranteed Financial Year reported by the auditors of Luxchem is approved by the Board
<b>Board</b>	- Board of Directors of the Company
<b>Bursa Securities</b>	- Bursa Malaysia Securities Berhad
<b>Calculation Date</b>	- A date upon which Luxchem shall notify the Trustee of the amount of audited PAT recorded by the Target Companies for the FY 2021, FY 2022 or FY 2023 (as the case may be) following the relevant Audited Accounts Approval Date, which in any event shall be no later than the last day of a period of 5 business days after the relevant Audited Accounts Approval Date for FY 2021, FY 2022 or FY 2023 (as the case may be)
<b>Cash Consideration</b>	- The sum of RM60,500,000 in cash to be paid to the Vendors as part satisfaction of the Purchase Consideration
<b>Circular</b>	- This circular to Shareholders in relation to the Proposed Acquisition

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**DEFINITIONS (CONT'D)**

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<b>Code</b>	- Malaysian Code on Take-Overs and Mergers 2016 as amended from time to time
<b>Consideration Shares</b>	- 72,891,566 new Shares (having a value of RM60,500,000 based on the issue price of RM0.83 each) to be issued by Luxchem to the Vendors as part satisfaction of the Purchase Consideration
<b>COVID-19</b>	- Coronavirus disease 2019
<b>Deposited Cash</b>	- The sum of RM10,000,000 in cash, being part of the Cash Consideration, to be paid by Luxchem upon the completion of the SSA to the Trustee as stakeholder to hold and deal with as security for the Profit Guarantee, the particulars of which are set out in Section 2.3 of this Circular, together with and including any and all interest accrued thereon
<b>Directors</b>	- Directors of the Company
<b>Dividends &amp; Distributions</b>	- All dividends, distributions, interests, bonuses (whether in the form of moneys or shares or otherwise) or other benefits and any other sum, right, interest or entitlement declared by Luxchem or subscribed for by the Trustee on behalf of the Vendors pursuant to any rights or entitlement in respect of the Pledged Shares or any of them (if any) and includes all stocks, shares (and the dividends or interest thereon), rights, money accruing or offered at any time by way of redemption, bonus, rights, preference, option or otherwise (if any)
<b>EGM</b>	- Extraordinary general meeting of the Company to be convened for the Proposed Acquisition
<b>EPS</b>	- Earnings per Share
<b>FPE</b>	- Financial period ended
<b>FY</b>	- Target Companies' financial year ending 28 February
<b>FYE</b>	- Financial year ended / ending, as the case may be
<b>Guaranteed Financial Years</b>	- Collectively, FY 2021, FY 2022 and FY 2023 of the Target Companies, as may be extended for a period of 1 year in accordance with the terms of the SSA, further details of which are set out under Section 2.3 of this Circular
<b>HOA</b>	- Heads of agreement dated 14 December 2020 entered into between Luxchem and the Vendors in relation to the Proposed Acquisition
<b>LAT</b>	- Loss after taxation
<b>Lexis Chemical</b>	- Lexis Chemical Sdn Bhd
<b>Lexis Corporation</b>	- Lexis Corporation Sdn Bhd
<b>Lexis Specialties</b>	- Lexis Specialties Sdn Bhd
<b>Listing Requirements</b>	- Main Market Listing Requirements of Bursa Securities including any amendments made thereto from time to time

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**DEFINITIONS (CONT'D)**

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<b>LPD</b>	- 9 July 2021, being the latest practicable date prior to the printing of this Circular
<b>LTD</b>	- 11 December 2020, being the last trading date prior to the execution of the HOA
<b>Luxchem or the Company</b>	- Luxchem Corporation Berhad
<b>Luxchem Group or the Group</b>	- Collectively, the Company and its subsidiaries
<b>Luxchem Shares or Shares</b>	- Ordinary shares in the Company
<b>Market Days</b>	- Any day on which Bursa Securities is open for trading in securities
<b>MCO</b>	- Movement Control Order issued under the Prevention and Control of Infectious Diseases Act 1988 and the Police Act 1967 arising from the COVID-19 outbreak
<b>Mercury Securities or the Principal Adviser</b>	- Mercury Securities Sdn Bhd
<b>NA</b>	- Net assets
<b>Official List</b>	- Official list of the Main Market of Bursa Securities
<b>PAT</b>	- Profit after taxation
<b>PBT</b>	- Profit before taxation
<b>Pledged Shares</b>	- 48,192,771 Consideration Shares to be pledged by the Vendors and deposited with the Trustee as security for the Profit Guarantee, the particulars of which are set out in Section 2.3 of this Circular
<b>Private Placement</b>	- Private placement exercise announced by the Company on 14 December 2020 which involves the issuance of up to 134,371,000 new Shares (representing approximately 15% of the then existing total number of issued Shares) and is pending completion as at the LPD
<b>Profit Guarantee</b>	- The profit guarantee obligations of the Vendors whereby the Vendors irrevocably and unconditionally guarantee, jointly and severally, to Luxchem that:-  (i) the audited PAT of the Target Companies for the FY 2021 shall be not less than RM20.0 million; and  (ii) the audited PAT of the Target Companies for the FY 2021 and FY 2022 shall collectively be not less than RM40.0 million; and  (iii) the aggregate audited PAT of the Target Companies for the FY 2021, FY 2022 and FY 2023 shall collectively be not less than RM60.0 million.
<b>Proposed Acquisition</b>	- Proposed acquisition by Luxchem of the Sale Shares for the Purchase Consideration in accordance with the terms of the SSA

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**DEFINITIONS (CONT'D)**

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<b>Purchase Consideration</b>	- The total sale and purchase consideration in respect of the Sale Shares of RM121,000,000 to be satisfied in cash and via the issuance of the Consideration Shares
<b>RM</b>	- Ringgit Malaysia
<b>Sale Shares</b>	- 1,100,000 ordinary shares in Lexis Chemical, 55 ordinary shares in Lexis Corporation and 55 ordinary shares in Lexis Specialties, each representing 55% of the total number of issued shares in the respective Target Companies
<b>Shareholders</b>	- Registered holders of the Shares
<b>Shortfall Claim Notice</b>	- Notice in writing issued to the Vendors by Luxchem or the solicitors of Luxchem on behalf of Luxchem notifying the Vendors of a shortfall amount payable by the Vendors in respect of the Profit Guarantee, with a carbon copy to the Trustee
<b>sqm</b>	- Square metres
<b>SSA or the Agreement</b>	- Share sale agreement dated 19 May 2021 entered into between the Company and the Vendors in relation to the Proposed Acquisition
<b>Target Companies</b>	- Collectively, Lexis Chemical, Lexis Specialties and Lexis Corporation
<b>Trustee</b>	- A trust company in Malaysia to be appointed by Luxchem and the Vendors for the purpose of holding the Deposited Cash and the Pledged Shares as security for the Profit Guarantee
<b>Vendors</b>	- Collectively, Chuah Kim Piew and Lee Juinn Yong, being the vendors under the Proposed Acquisition
<b>VWAP</b>	- Volume-weighted average market price

All references to “you” in this Circular are referred to the shareholders of the Company.

Words importing the singular shall, where applicable, include the plural and vice versa and words importing the masculine gender shall, where applicable, include the feminine and neuter genders and vice versa. Reference to persons shall include corporations, unless otherwise specified.

Any reference in this Circular to any enactment is a reference to that enactment as for the time being amended or re-enacted. Any reference to a time of day in this Circular shall be a reference to Malaysian time, unless otherwise stated. Any discrepancies in the tables between amounts stated and the totals in this Circular are due to rounding. “RM” and “sen” refer to Ringgit Malaysia and sen respectively.

Any discrepancy in the figures included in this Circular between the amount stated, actual figures and the totals are due to rounding.

Certain statements in this Circular may be forward-looking in nature, which are subject to uncertainties and contingencies. Forward-looking statements may contain estimates and assumptions made by the Board after due enquiry, which are nevertheless subject to known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements to differ materially from the anticipated results, performance or achievements expressed or implied in such forward-looking statements. In light of these and other uncertainties, the inclusion of a forward-looking statement in this Circular should not be regarded as a representation or warranty that the Company’s plans and objectives will be achieved.

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## EXECUTIVE SUMMARY

*This Executive Summary highlights only the salient information of the Proposed Acquisition. Shareholders are advised to read the Circular in its entirety for further details and not to rely solely on this Executive Summary in forming a decision on the Proposed Acquisition before voting at the EGM.*

Key information	Description	Reference to Circular
<b>Summary of the Proposed Acquisition</b>	<p>Proposed acquisition by Luxchem of 55% equity interest each in the Lexis Chemical, Lexis Specialties and Lexis Corporation for a total purchase consideration of RM121,000,000 to be satisfied via RM60,500,000 in cash and via the issuance of 72,891,566 new ordinary shares in Luxchem at an issue price of RM0.83 each.</p> <p>Lexis Chemical is principally involved in the manufacturing of industrial chemical products such as former cleaning agents, powder free coagulants and polymer coatings.</p> <p>Lexis Specialties is principally involved in the wholesale of industrial chemicals such as defoamers, dewebbers, metallic and organic pigments, paraffin and crystalline waxes, anionic nitrile latex stabiliser and functional fillers.</p> <p>Lexis Corporation is currently a dormant company.</p>	Section 2
<b>Rationale for the Proposed Acquisition</b>	<p>The Proposed Acquisition would enable Luxchem Group to extend its existing product range which in turn would allow it to tap into a potentially growing market in view of the current high demand for rubber gloves arising from the COVID-19 pandemic.</p> <p>The Proposed Acquisition would also allow the Luxchem Group to access the existing customer base and distribution channels of Lexis Chemical and Lexis Specialties and vice versa, thus resulting in cross-selling opportunities for both the Luxchem Group and the Target Companies.</p> <p>Further, both Luxchem Group and the Target Companies are expected to derive synergies in sales and marketing activities especially in markets which both the Luxchem Group and the Target Companies have existing footprints in.</p>	Section 3
<b>Approvals required</b>	<p>The Proposed Acquisition is subject to the following approvals being obtained:-</p> <ul style="list-style-type: none"> <li>(i) Bursa Securities for the listing and quotation of the Consideration Shares on the Main Market of Bursa Securities, which was obtained on 9 July 2021;</li> <li>(ii) Shareholders at the forthcoming EGM; and</li> <li>(iii) any other relevant authorities / parties, if required.</li> </ul>	Section 8
<b>Interests of Directors, major Shareholders, chief executive of the Company and/or persons connected to them</b>	<p>None of the Directors, major Shareholders, chief executive of the Company and/or persons connected to them have any interest, direct or indirect, in the Proposed Acquisition.</p>	Section 11
<b>Board's recommendation</b>	<p>The Board recommends that you vote in favour of the ordinary resolution pertaining to the Proposed Acquisition to be tabled at the forthcoming EGM.</p>	Section 12

# LUXCHEM

LUXCHEM CORPORATION BERHAD

Registration No. 199101014102 (224414-D)  
(Incorporated in Malaysia)

## Registered office

Unit 30-01, Level 30  
Tower A, Vertical Business Suite  
Avenue 3, Bangsar South  
No. 8, Jalan Kerinchi  
59200 Kuala Lumpur

26 July 2021

## Board of Directors

Datuk Kwan Foh Kwai (Independent Non-Executive Chairman)  
Tang Ying See (Managing Director / Chief Executive Officer)  
Chin Song Mooi (Executive Director)  
Chen Moi Kew (Executive Director / Chief Financial Officer)  
Taufiq Ahmad @ Ahmad Mustapha Bin Ghazali (Independent Non-Executive Director)  
Tan Teck Kiong (Independent Non-Executive Director)

## To: The Shareholders

Dear Sir / Madam,

## PROPOSED ACQUISITION

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### 1. INTRODUCTION

On 14 December 2020, Mercury Securities had, on behalf of the Board, announced that the Company had on even date entered into the HOA in relation to the Proposed Acquisition.

Subsequently on 19 May 2021, Mercury Securities had, on behalf of the Board, announced that the Company had on even date entered into the SSA with the Vendors and that the Company proposes to undertake the Proposed Acquisition.

On 9 July 2021, Mercury Securities had, on behalf of the Board, announced that Bursa Securities had, vide its letter dated 9 July 2021, granted its approval for the listing and quotation of the Consideration Shares on the Main Market of Bursa Securities, subject to the conditions as set out in Section 8.1 of this Circular.

**THE PURPOSE OF THIS CIRCULAR IS TO PROVIDE YOU WITH RELEVANT INFORMATION ON THE PROPOSED ACQUISITION AND TO SET OUT THE VIEWS AND RECOMMENDATION OF THE BOARD AS WELL AS TO SEEK YOUR APPROVAL FOR THE RESOLUTION PERTAINING TO THE PROPOSED ACQUISITION WHICH WILL BE TABLED AT THE FORTHCOMING EGM OF THE COMPANY. THE NOTICE OF THE EGM AND THE PROXY FORM ARE ENCLOSED IN THIS CIRCULAR.**

**YOU ARE ADVISED TO READ AND CAREFULLY CONSIDER THE CONTENTS OF THIS CIRCULAR TOGETHER WITH APPENDICES BEFORE VOTING ON THE RESOLUTION TO GIVE EFFECT TO THE PROPOSED ACQUISITION AT THE FORTHCOMING EGM.**



## 2. DETAILS OF THE PROPOSED ACQUISITION

### 2.1 Information on the Proposed Acquisition

The Proposed Acquisition entails the acquisition by Luxchem from the Vendors of the following Sale Shares:-

- (i) 1,100,000 ordinary shares in Lexis Chemical, representing 55% equity interest in Lexis Chemical;
- (ii) 55 ordinary shares in Lexis Specialties, representing 55% equity interest in Lexis Specialties; and
- (iii) 55 ordinary shares in Lexis Corporation, representing 55% equity interest in Lexis Corporation.

Lexis Chemical is principally involved in the manufacturing of industrial chemical products such as former cleaning agents, powder free coagulants and polymer coatings. These chemicals are mostly used in the rubber glove industries as process chemicals such as former cleaning as well as to treat the surface of the rubber products as part of the finishing process in the manufacturing of the rubber gloves.

Lexis Specialties is principally involved in the wholesale of industrial chemicals such as defoamers, dewebbers, metallic and organic pigments, paraffin and crystalline waxes, anionic nitrile latex stabiliser and functional fillers. These chemicals are mostly used in the rubber glove and other latex dipped industries as part of the compounding / dipping process in the manufacturing of rubber products. Most of these chemicals are imported from China while some are manufactured locally (including by Lexis Chemical).

Lexis Corporation was incorporated on 2 September 2020 and is currently a dormant company. The intended principal activity of Lexis Corporation is investment holding.

As at the LPD, the Target Companies (save for Lexis Corporation) operate from a rented 2-storey semi-detached factory and a rented 2 ½-storey semi-detached factory located in Kawasan Perindustrian Sungai Puloh, Klang, Selangor.

Further details of Lexis Chemical, Lexis Specialties and Lexis Corporation are set out in Appendix II, Appendix III and Appendix IV of this Circular respectively.

Luxchem and its subsidiaries are principally involved in the following:-

- (i) manufacturing and trading of unsaturated polyester resin and related products;
- (ii) manufacturing rubber latex chemical dispersions, latex processing chemicals and specialty chemicals for latex industry;
- (iii) import, export and distribution of chemicals, petrochemical, industrial chemical products as well as other related products; and
- (iv) investment holding.

The chemical products offered by Lexis Chemical and Lexis Specialities are complementary to the existing chemical products offered by the Luxchem Group, especially those that are used in the latex dipped industries. Thus, the Proposed Acquisition is expected to create synergistic benefits, leading to a wider product range and a wider customer base as well as to provide an additional source of income to the Group.

As part of the Proposed Acquisition, the Vendors will also provide Luxchem with the Profit Guarantee, whereby the Vendors guarantee to Luxchem both the Aggregate Guaranteed Profit and the Annual Guaranteed Profit.

Further details on the Profit Guarantee are set out in Section 2.3 of this Circular while other salient terms of the SSA are set out in Appendix V of this Circular.

Currently, the management of the Target Companies are spearheaded by the Vendors (namely Mr. Chuah Kim Piew and Mr. Lee Juinn Yong), both of whom are the founding shareholders and directors of the Target Companies since their respective inception. For information, Lexis Chemical and Lexis Specialties commenced operations in 2016 and 2018 respectively whereas Lexis Corporation was incorporated in 2020 and is currently dormant.

As part of the Proposed Acquisition, the Vendors will also enter into service contracts with Lexis Chemical for a period of 5 years commencing on the completion date of the SSA. The salient terms of the service contracts to be entered into between the respective Vendors and Lexis Chemical are as follows:-

- (i) Lexis Chemical agrees to employ and appoint Chuah Kim Piew as the Managing Director and Lee Juinn Yong as the Executive Director of the Target Companies respectively;
- (ii) the employment of the Vendors shall commence on the completion date of the SSA and shall continue for a period of 5 years, subject to earlier termination as provided in the service contracts, which may be renewed thereafter upon mutual agreement between Lexis Chemical and the Vendors;
- (iii) the Vendors shall use all proper means in their power to oversee, manage, improve, develop, extend, maintain, advise and promote the business and to protect and further the reputation, interests and success of the business and the respective Target Companies;
- (iv) the Vendors agree that during the employment period and for a period of 5 years from the date they cease to be the shareholders of the respective Target Companies, the respective Vendors shall not (and shall cause and procure that each of his persons connected shall not):-
  - (a) be engaged or interested, either directly or indirectly, in any capacity in any trade, business or occupation, or in any manner take part in or lend their name, counsel or assistance to any person in any capacity whatsoever, for any purpose which would or could reasonably be expected to be in competition with the business or such other business carried on by the respective Target Companies as a going concern on the date he ceases to be employed by Lexis Chemical;
  - (b) solicit, induce or encourage any employee or consultant of any of the Target Companies and/or their affiliates to curtail, terminate or cease their employment or affiliation with the Target Companies;
  - (c) criticise, denigrate or disparage the Target Companies and/or the business of the respective Target Companies; and
  - (d) be engaged in any act which is premeditated or in preparation or in readiness to effect or put in place any of the matters set out in paragraphs (a), (b) or (c) above.

In addition, as part of the Purchase Consideration is to be satisfied via the issuance of the Consideration Shares to the Vendors, both of the Vendors will become shareholders of the enlarged Luxchem Group upon the completion of the Proposed Acquisition. This allows them to participate in the future growth of the enlarged Luxchem Group and streamlines their interests with the existing Shareholders so that they share the common objective of growing the business of the enlarged Luxchem Group.

## 2.2 Mode of satisfaction

The Purchase Consideration shall be satisfied partly via payment of Cash Consideration and partly via the issuance of Consideration Shares with an aggregate value of RM60.5 million (based on the issue price of RM0.83 per Consideration Share) to the Vendors in the following proportion:-

Vendors	Shareholding in the Target Companies as at the LPD		Sale Shares		Purchase Consideration	Cash Consideration	Number of Consideration Shares to be issued
	No. of shares	%	No. of shares	%	RM	RM	
<b><u>Lexis Chemical</u></b>							
Chuah Kim Piew	1,160,000	58.0	640,000	32.0	66,990,000	33,600,000	40,481,928
Lee Juinn Yong	840,000	42.0	460,000	23.0	48,510,000	24,150,000	29,096,385
	<b>2,000,000</b>	<b>100.0</b>	<b>1,100,000</b>	<b>55.0</b>	<b>115,500,000</b>	<b>57,750,000</b>	<b>69,578,313</b>
<b><u>Lexis Specialties</u></b>							
Chuah Kim Piew	50	50.0	24	24.0	2,750,000	1,200,000	1,445,783
Lee Juinn Yong	50	50.0	31	31.0	2,749,999	1,549,999	1,867,470
	<b>100</b>	<b>100.0</b>	<b>55</b>	<b>55.0</b>	<b>5,499,999</b>	<b>2,749,999</b>	<b>3,313,253</b>
<b><u>Lexis Corporation</u></b>							
Chuah Kim Piew	58	58.0	32	32.0	0.5	0.5	-
Lee Juinn Yong	42	42.0	23	23.0	0.5	0.5	-
	<b>100</b>	<b>100.0</b>	<b>55</b>	<b>55.0</b>	<b>1</b>	<b>1</b>	<b>-</b>
<b>Total</b>					<b>121,000,000</b>	<b>60,500,000</b>	<b>(1)72,891,566</b>

*Note:-*

(1) Based on the issue price of RM0.83 per Consideration Share, this translates into a value of RM60.5 million.

The Cash Consideration shall be funded via proceeds raised from the Private Placement.

The change in the shareholding structure of the Target Companies upon the completion of the Proposed Acquisition is illustrated below:-

Shareholders	% equity interest held in Target Companies	
	Before the Proposed Acquisition	After the Proposed Acquisition
<b><u>Lexis Chemical</u></b>		
Chuah Kim Piew	58.0	26.0
Lee Juinn Yong	42.0	19.0
Luxchem	-	55.0
	<b>100.0</b>	<b>100.0</b>
<b><u>Lexis Specialties</u></b>		
Chuah Kim Piew	50.0	26.0
Lee Juinn Yong	50.0	19.0
Luxchem	-	55.0
	<b>100.0</b>	<b>100.0</b>

The change in the shareholding structure of the Target Companies upon the completion of the Proposed Acquisition is illustrated below:-

Shareholders	% equity interest held in Target Companies	
	Before the Proposed Acquisition	After the Proposed Acquisition
<b><u>Lexis Chemical</u></b>		
Chuah Kim Piew	58.0	26.0
Lee Juinn Yong	42.0	19.0
Luxchem	-	55.0
	<b>100.0</b>	<b>100.0</b>
<b><u>Lexis Specialties</u></b>		
Chuah Kim Piew	50.0	26.0
Lee Juinn Yong	50.0	19.0
Luxchem	-	55.0
	<b>100.0</b>	<b>100.0</b>
<b><u>Lexis Corporation</u></b>		
Chuah Kim Piew	58.0	26.0
Lee Juinn Yong	42.0	19.0
Luxchem	-	55.0
	<b>100.0</b>	<b>100.0</b>

The change in the shareholding structure of Luxchem upon the completion of the Proposed Acquisition is illustrated below:-

Shareholders	% equity interest held in Luxchem	
	As at the LPD	After the Proposed Acquisition <sup>(1)</sup>
<b><u>Vendors</u></b>		
Chuah Kim Piew	-	3.9
Lee Juinn Yong	-	2.9
	-	6.8
Existing Shareholders	100.0	93.2
	<b>100.0</b>	<b>100.0</b>

*Note:-*

(1) Based on the enlarged issued share capital of 1,069,866,119 Shares after the Proposed Acquisition.

The timeline for the satisfaction of the Purchase Consideration is illustrated below:-

Purchase Consideration		Timeline and mode of satisfaction
RM	%	
60,500,000 (Cash Consideration)	50.0	<p>The Cash Consideration is payable by Luxchem on the completion date of the SSA in the following manner:-</p> <p>(a) RM10.0 million, being the Deposited Cash, to the Trustee as stakeholder to hold and deal with as security for the Profit Guarantee, further details of which are set out in Section 2.3 of this Circular; and</p> <p>(b) RM50.5 million, being the balance Cash Consideration, to the Vendors.</p>

Purchase Consideration		Timeline and mode of satisfaction
RM	%	
60,500,000 (72,891,566 Consideration Shares based on the issue price of RM0.83 each)	50.0	The Consideration Shares shall be issued by Luxchem to the Vendors on the completion date of the SSA.  For the avoidance of doubt, a total of 48,192,771 Consideration Shares (having a value of approximately RM40.0 million based on the issue price of RM0.83 each) shall be treated as the Pledged Shares, further details of which are set out in Section 2.3 of this Circular. The Pledged Shares shall be deposited with the Trustee within 1 business day after the issuance of the Pledged Shares, to be held and dealt with by the Trustee in accordance with the terms of the SSA.
<b>121,000,000</b>	<b>100.0</b>	

### 2.3 Profit Guarantee

As part of the Proposed Acquisition, Luxchem will also be provided with the Profit Guarantee (comprising the Aggregate Guaranteed Profit and the Annual Guaranteed Profit).

The Profit Guarantee shall be secured by way of the following:-

- (i) Deposited Cash (i.e. RM10.0 million) to be deposited by the Vendors with the Trustee upon payment of the same by Luxchem as part of the Cash Consideration upon the completion of the SSA; and
- (ii) Pledged Shares (i.e. 48,192,771 Consideration Shares having a value of RM40.0 million based on the issue price of RM0.83 each) to be deposited by the Vendors with the Trustee within 1 business day after the issuance of the Pledged Shares to the Vendors upon completion of the SSA.

The Profit Guarantee shall be secured by the Vendors via the Deposited Cash and the Pledged Shares in the following proportion:-

Vendors	Purchase Consideration	Cash Consideration	Consideration Shares to be issued		Deposited Cash	Pledged Shares to be deposited	
	RM	RM	No. of Shares	%	RM	No. of Shares	%
<b><u>Lexis Chemical</u></b>							
Chuah Kim Piew	66,990,000	33,600,000	40,481,928	55.5	5,553,719	26,764,898	55.5
Lee Juinn Yong	48,510,000	24,150,000	29,096,385	39.9	3,991,736	19,237,271	39.9
<b><u>Lexis Specialties</u></b>							
Chuah Kim Piew	2,750,000	1,200,000	1,445,783	2.0	198,347	955,899	2.0
Lee Juinn Yong	2,749,999	1,549,999	1,867,470	2.6	256,198	1,234,703	2.6
<b><u>Lexis Corporation</u></b>							
Chuah Kim Piew	1	1	-	-	-	-	-
Lee Juinn Yong	-	-	-	-	-	-	-
<b>Total</b>	<b>121,000,000</b>	<b>60,500,000</b>	<b>72,891,566</b>	<b>100.0</b>	<b>10,000,000</b>	<b>48,192,771</b>	<b>100.0</b>

The Profit Guarantee mechanism is illustrated in the ensuing pages based on several possible scenarios.

**FY 2021**

**Scenario**

Target Companies' audited PAT for FY 2021

Scenario 1 RM'000	Scenario 2 RM'000	Scenario 3 RM'000
10,000	25,000	70,000

	No	Yes	Yes
<b>Annual Guaranteed Profit for FY 2021 has been met</b> (Target Companies' audited PAT for FY 2021 is RM20.0 million or more)	No	Yes	Yes
<b>Aggregate Guaranteed Profit has been met</b> (Target Companies' aggregate audited PAT for FY 2021, FY 2022 and FY 2023 is RM60.0 million or more)	No	No	Yes
Shortfall amount to be paid by the Vendors to the Target Companies	10,000 <sup>(1)</sup>	-	-
Amount of Deposited Cash to be released to the Vendors	-	Up to 10,000 <sup>(2)</sup>	Full release
Ascribed Value of Pledged Shares to be released to the Vendors	-	-	Full release

Notes:-

(1) Such shortfall amount ("**Shortfall FY 2021**") shall be satisfied in the following manner:-

<b>Trustee's action</b>	
<p>Shortfall FY 2021 is paid in cash by the Vendors to the Target Companies within 14 days from the date of a Shortfall Claim Notice</p>	<p>The Trustee shall release to the Vendors all the Deposited Cash less any shortfall between the Ascribed Value of the Pledged Shares and the minimum value of Pledged Shares of RM40.0 million to be held as security for the Profit Guarantee for the subsequent FY 2022 and FY 2023. An example is illustrated in Note (2) below.</p> <p>The Trustee shall not release to the Vendors any Pledged Shares.</p> <p>Any balance Deposited Cash not released by the Trustee and/or Pledged Shares remaining after the above shall continue to be held by the Trustee as security for the subsequent FY 2022 and FY 2023.</p>
<p>Shortfall FY 2021 is not paid by the Vendors to the Target Companies within 14 days from the date of a Shortfall Claim Notice</p>	<p>The Trustee shall not release to the Vendors any Deposited Cash and Pledged Shares. All the Deposited Cash and Pledged Shares shall continue to be held by the Trustee as security for the subsequent FY 2022 and FY 2023.</p>

(2) The Trustee shall release to the Vendors all the Deposited Cash less any shortfall between the Ascribed Value of Pledged Shares and the minimum value of Pledged Shares of RM40.0 million to be held as security for the Profit Guarantee for the subsequent FY 2022 and FY 2023.

For illustration, assuming the following scenarios:-

	<b>Scenario A</b>	<b>Scenario B</b>
<b>As at the end of FY 2021</b>	<b>RM'000</b>	<b>RM'000</b>
Ascribed Value of Pledged Shares held as security for the Profit Guarantee	45,000	35,000
Deposited Cash held as security for the Profit Guarantee	10,000	10,000

The actual amount of Deposited Cash to be released to the Vendors is as follows:-

	<b>Scenario A</b>	<b>Scenario B</b>
<b>As at the end of FY 2021</b>	<b>RM'000</b>	<b>RM'000</b>
Ascribed Value of Pledged Shares held as security for the Profit Guarantee	45,000	35,000
Less: Minimum value of Pledged Shares to be retained as security for the Profit Guarantee for the subsequent FY 2022 and FY 2023	(40,000)	(40,000)
Excess / (shortfall) in relation to the value of Pledged Shares	<u>5,000</u>	<u>(5,000)</u>
Deposited Cash held as security for the Profit Guarantee	10,000	10,000
Less: Balance Deposited Cash to be retained to cover the shortfall in relation to the Ascribed Value of Pledged Shares	-	(5,000)
<b>Actual amount of Deposited Cash to be released to the Vendors</b>	<u>10,000</u>	<u>5,000</u>

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**FY 2022**

<b>Scenario</b>	<b>Scenario 1 RM'000</b>	<b>Scenario 2 RM'000</b>	<b>Scenario 3 RM'000</b>	<b>Scenario 4 RM'000</b>
Target Companies' aggregate audited PAT for FY 2021 and FY 2022	15,000	30,000	45,000	70,000

**Scenario**

Target Companies' aggregate audited PAT for FY 2021 and FY 2022

**Annual Guaranteed Profit for FY 2021 has been met**

(Target Companies' aggregate audited PAT for FY 2021 is RM20.0 million or more)

**Annual Guaranteed Profit for FY 2021 and FY 2022 has been met**

(Target Companies' aggregate audited PAT for FY 2021 and FY 2022 is RM40.0 million or more)

**Aggregate Guaranteed Profit has been met**

(Target Companies' aggregate audited PAT for FY 2021, FY 2022 and FY 2023 is RM60.0 million or more)

	<b>No</b>	<b>Yes</b>	<b>Yes</b>	<b>Yes</b>
Annual Guaranteed Profit for FY 2021 has been met (Target Companies' aggregate audited PAT for FY 2021 is RM20.0 million or more)	No	Yes	Yes	Yes
Annual Guaranteed Profit for FY 2021 and FY 2022 has been met (Target Companies' aggregate audited PAT for FY 2021 and FY 2022 is RM40.0 million or more)	No	No	Yes	Yes
Aggregate Guaranteed Profit has been met (Target Companies' aggregate audited PAT for FY 2021, FY 2022 and FY 2023 is RM60.0 million or more)	No	No	No	Yes

Shortfall amount to be paid by the Vendors to the Target Companies

Amount of Deposited Cash to be released to the Vendors

Ascribed Value of Pledged Shares to be released to the Vendors

Shortfall amount to be paid by the Vendors to the Target Companies	25,000 <sup>(1)</sup>	10,000 <sup>(1)</sup>	-	-
Amount of Deposited Cash to be released to the Vendors	-	Up to 10,000 <sup>(2)</sup>	Up to 10,000 <sup>(2)</sup>	Full release <sup>(3)</sup>
Ascribed Value of Pledged Shares to be released to the Vendors	-	-	Up to 20,000 <sup>(2)</sup>	Full release

**Notes:-**

(1) Inclusive of any shortfall amount paid by the Vendors to the Target Companies for FY 2021, if any.

For illustration, assuming the Target Companies record the following audited PATs:-

	<b>RM'000</b>
Target Companies audited PAT for FY 2021	10,000
Target Companies audited PAT for FY 2022	5,000

the shortfall amount to be paid by the Vendors to the Target Companies in each of the FY 2021 and FY 2022 are as follows:-

<b>For FY 2021</b>	<b>RM'000</b>
Profit Guarantee for FY 2021	20,000
Less: Target Companies audited PAT for FY 2021	(10,000)
<b>Shortfall amount to be paid by the Vendors to the Target Companies for FY 2021</b>	<b>10,000</b>



<b>For FY 2022</b>	<b>RM'000</b>
Profit Guarantee for FY 2021 and FY 2022	40,000
Less: Target Companies aggregate audited PAT for FY 2021 and FY 2022	(15,000)
Shortfall amount to be paid by the Vendors to the Target Companies for FY 2022	25,000
Less: Shortfall amount already paid by the Vendors to the Target Companies for FY 2021, if any	(10,000)
<b>Actual shortfall amount to be paid by the Vendors to the Target Companies for FY 2022 ("Shortfall FY 2022")</b>	<b>15,000</b>

The Shortfall FY 2022 shall be satisfied in the following manner:-

<b>Trustee's action</b>	
<p>Shortfall FY 2022 is paid in cash by the Vendors to the Target Companies within 14 days from the date of a Shortfall Claim Notice</p>	<p>The Trustee shall release to the Vendors all the remaining Deposited Cash (if any) less any shortfall between the Ascribed Value of Pledged Shares and the minimum value of Pledged Shares of RM20.0 million to be held as security for the Profit Guarantee for the subsequent FY 2023. The Trustee shall not release to the Vendors any Pledged Shares if the Ascribed Value of Pledged Shares is less than RM20.0 million.</p> <p>If there is no shortfall, the Trustee shall release to the Vendors all the remaining Deposited Cash (if any) and such number of Pledged Shares equivalent to RM20.0 million in value of Pledged Shares (calculated at the issue price of RM0.83 per Consideration Share).</p> <p>An example of the above is illustrated in Note (2) below.</p> <p>Any balance Deposited Cash and/or Pledged Shares remaining after the above shall continue to be held by the Trustee as security for the subsequent FY 2023.</p>
<p>Shortfall FY 2022 is not paid by the Vendors to the Target Companies within 14 days from the date of a Shortfall Claim Notice</p>	<p>The Trustee shall not release to the Vendors any Deposited Cash and Pledged Shares. All the Deposited Cash and Pledged Shares shall continue to be held by the Trustee as security for the subsequent FY 2023.</p>

(2) The Trustee shall release to the Vendors all the remaining Deposited Cash (if any) less any shortfall between the Ascribed Value of Pledged Shares and the minimum value of Pledged Shares of RM20.0 million to be held as security for the Profit Guarantee for the subsequent FY 2023.

If there is a surplus instead of a shortfall, the Trustee shall release to the Vendors all the Deposited Cash and such number of Pledged Shares equivalent to such surplus.

For illustration, assuming the following scenarios:-

<b>As at the end of FY 2022</b>	<b>Scenario A RM'000</b>	<b>Scenario B RM'000</b>
Ascribed Value of Pledged Shares held as security for the Profit Guarantee	25,000	15,000
Balance Deposited Cash retained as security for the Profit Guarantee for the subsequent FY 2023	8,000	8,000

The actual amount of Deposited Cash and Ascribed Value of Pledged Shares to be released to the Vendors are as follows:-

	Scenario A RM'000	Scenario B RM'000
<b>As at the end of FY 2022</b>		
Ascribed Value of Pledged Shares held as security for the Profit Guarantee	25,000	15,000
Less: Minimum value of Pledged Shares to be retained as security for the Profit Guarantee for the subsequent FY 2023	(20,000)	(20,000)
Excess / (shortfall) amount in relation to the value of Pledged Shares	5,000	(5,000)
<b>If the Target Companies' aggregate audited PAT for FY 2021 and FY 2022 is less than RM40.0 million</b>		
Balance Deposited Cash retained as security for the Profit Guarantee	8,000	8,000
Less: Balance Deposited Cash to be retained to cover the shortfall in relation to the value of Pledged Shares	-	(5,000)
<b>Actual amount of Deposited Cash to be released to the Vendors</b>	<b>8,000</b>	<b>3,000</b>
<b>If the Target Companies' aggregate audited PAT for FY 2021 and FY 2022 is RM40.0 million or more but less than RM60.0 million</b>		
Ascribed Value of Pledged Shares held as security for the Profit Guarantee	25,000	15,000
Balance Deposited Cash to be retained to cover the shortfall in relation to the value of Pledged Shares	-	5,000
Less: Minimum value of Pledged Shares to be retained as security for the Profit Guarantee for the subsequent FY 2023	(20,000)	(20,000)
<b>Actual Ascribed Value of Pledged Shares to be released to the Vendors</b>	<b>5,000</b>	<b>-</b>

(3)

Inclusive of any amount of Deposited Cash released to the Vendors for FY 2021, if any.

For illustration, assuming a total of RM5.0 million of Deposited Cash has been released to the Vendors for FY 2021, the balance amount of Deposited Cash to be released to the Vendors for FY 2022 is as follows:-

Amount of Deposited Cash to be released to the Vendors for FY 2022	RM'000 10,000
Less: Amount of Deposited Cash already released to the Vendors for FY 2021	(5,000)
<b>Balance amount of Deposited Cash to be released to the Vendors for FY 2022</b>	<b>5,000</b>

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## FY 2023

<u>Scenario</u>	<u>Scenario 1</u> RM'000	<u>Scenario 2</u> RM'000
Target Companies' aggregate audited PAT for FY 2021, FY 2022 and FY 2023	35,000	70,000

<b>Aggregate Guaranteed Profit has been met</b> (Target Companies' aggregate audited PAT for FY 2021, FY 2022 and FY 2023 is RM60.0 million or more)	<b>No</b>	<b>Yes</b>

Shortfall amount to be paid by the Vendors to the Target Companies	25,000 <sup>(1)</sup>	-
Amount of Deposited Cash to be released to the Vendors	-	<sup>(2)</sup> Full release
Ascribed Value of Pledged Shares to be released to the Vendors	-	<sup>(3)</sup> Full release
Amount to be refunded by Luxchem to the Vendors	-	<sup>*(4)</sup>

### Notes:-

(1) Inclusive of any shortfall amount paid by the Vendors to the Target Companies for FY 2021 and FY 2022, if any.

For illustration, assuming the Target Companies record the following audited PATs:-

	<b>RM'000</b>
Target Companies audited PAT for FY 2021	10,000
Target Companies audited PAT for FY 2022	5,000
Target Companies audited PAT for FY 2023	20,000

The shortfall amount to be paid by the Vendors to the Target Companies for each of the FY 2021, FY 2022 and FY 2023 are as follows:-

<b>For FY 2021</b>	<b>RM'000</b>
Profit Guarantee for FY 2021	20,000
Less: Target Companies audited PAT for FY 2021	(10,000)
<b>Shortfall amount to be paid by the Vendors to the Target Companies for FY 2021</b>	<b>10,000</b>

<b>For FY 2022</b>	<b>RM'000</b>
Profit Guarantee for FY 2021 and FY 2022	40,000
Less: Target Companies aggregate audited PAT for FY 2021 and FY 2022	(15,000)
Shortfall amount to be paid by the Vendors to the Target Companies for FY 2022	25,000
Less: Shortfall amount already paid by the Vendors to the Target Companies for FY 2021, if any	(10,000)
<b>Actual shortfall amount to be paid by the Vendors to the Target Companies for FY 2022</b>	<b>15,000</b>
<b>For FY 2023</b>	
Profit Guarantee for FY 2021, FY 2022 and FY 2023	60,000
Less: Target Companies aggregate audited PAT for FY 2021, FY 2022 and FY 2023	(35,000)
Shortfall amount to be paid by the Vendors to the Target Companies for FY 2023	25,000
Less: Shortfall amount already paid by the Vendors to the Target Companies for FY 2021, if any	(10,000)
Less: Shortfall amount already paid by the Vendors to the Target Companies for FY 2022, if any	(5,000)
<b>Actual shortfall amount to be paid by the Vendors to the Target Companies for FY 2023 ("Shortfall FY 2023")</b>	<b>10,000</b>

The Shortfall FY 2023 shall be satisfied in the following manner:-

<b>Trustee's action</b>	
<p>Shortfall FY 2023 is paid in cash by the Vendors to the Target Companies within 14 days from the date of a Shortfall Claim Notice</p>	<p>The Trustee shall release to the Vendors all the remaining Deposited Cash (if any) and Pledged Shares.</p>
<p>Shortfall FY 2023 is not paid by the Vendors to the Target Companies within 14 days from the date of a Shortfall Claim Notice</p>	<p>If the remaining Deposited Cash is enough to cover the Shortfall FY 2023, the Trustee shall release to the Target Companies such amount of Deposited Cash equivalent to the Shortfall FY 2023.</p> <p>If the remaining Deposited Cash is not enough to cover the Shortfall FY 2023, the Trustee shall:-</p> <ul style="list-style-type: none"> <li>(i) release all the remaining Deposited Cash (if any) to the Target Companies; and</li> <li>(ii) dispose such number of Pledged Shares such that the net proceeds to be derived from such disposal (after deducting costs and expenses to be incurred by the Trustee in relation to such disposal and including all Dividends &amp; Distributions and Additional Securities) ("<b>Net Proceeds</b>") is equivalent to the shortfall between the remaining Deposited Cash (if any) and the Shortfall FY 2023.</li> </ul> <p>Any balance Deposited Cash and/or Pledged Shares remaining after the above shall thereafter be released by the Trustee to the Vendors.</p> <p>If the aggregate of the remaining Deposited Cash (if any) and Net Proceeds (collectively, the "<b>Available Sum</b>") is not enough to cover the Shortfall FY 2023, the difference between the Available Sum and the Shortfall FY 2023 shall be paid in cash by the Vendors within 14 days from the date of a Shortfall Claim Notice, subject to interest at the rate of 8% per annum calculated on a daily basis until full payment.</p>

(2) Inclusive of any amount of Deposited Cash released to the Vendors for FY 2021 and FY 2022, if any.

For illustration, assuming a total of RM5.0 million and RM3.0 million of Deposited Cash has been released to the Vendors for FY 2021 and FY 2022 respectively (for meeting the respective Profit Guarantee for FY 2021 and FY 2022 and after deducting any shortfall in relation to the value of Pledged Shares held as security for the Profit Guarantee), the balance amount of Deposited Cash to be released to the Vendors for FY 2023 is as follows:-

	RM'000
Amount of Deposited Cash to be released to the Vendors for FY 2022	10,000
Less: Amount of Deposited Cash already released to the Vendors for FY 2021	(5,000)
Less: Amount of Deposited Cash already released to the Vendors for FY 2022	(3,000)
<b>Balance amount of Deposited Cash to be released to the Vendors for FY 2023</b>	<b>2,000</b>

(3) Inclusive of any Pledged Shares released to the Vendors for FY 2022, if any.

For illustration, assuming a total of 20,000,000 Pledged Shares has been released to the Vendors for FY 2022 (for meeting the Profit Guarantee for FY 2021 and FY 2022 in aggregate and after deducting any shortfall in relation to the value of Pledged Shares held as security for the Profit Guarantee), the balance Pledged Shares to be released to the Vendors for FY 2023 is as follows:-

Number of Pledged Shares to be released to the Vendors for FY 2023	48,192,771
Less: Number of Pledged Shares already released to the Vendors for FY 2022	(20,000,000)
<b>Balance number of Pledged Shares to be released to the Vendors for FY 2023</b>	<b>28,192,771</b>

For avoidance of doubt, any Dividends & Distributions and Additional Securities retained by the Trustee in respect of the Pledged Shares shall also be released to the Vendors.

(4) If there is any shortfall amount paid by the Vendors to the Target Companies for FY 2021 and FY 2022 (for not meeting the respective Annual Guaranteed Profit for FY 2021 and FY 2022), such amount shall be refunded by Luxchem to the Vendors free of interest.

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Notwithstanding the aggregate value of the Deposited Cash and the Pledged Shares (i.e. RM50.0 million) is less than the Aggregate Guaranteed Profit of RM60.0 million, the following terms contained in the SSA are the available rights and recourse of Luxchem:

- (i) In the event that the Annual Guaranteed Profit for the FY 2021 has been met (i.e. when the Target Companies' audited PAT for the FY 2021 is RM20.0 million or more), the Trustee will only release to the Vendors the Deposited Cash after deducting the Shortfall FY 2021. This arrangement ensures that the minimum value of the Pledged Shares to be continue held by the Trustee as security for the Profit Guarantee for the subsequent FY 2022 and FY 2023 is not less than RM40.0 million, which meets the remaining profit guarantee amount of RM40.0 million as guaranteed by the Vendors under the SSA.
- (ii) In the event that the Aggregate Guaranteed Profit has not been met (i.e. when the Target Companies' audited PAT for the FY 2021, FY 2022 and FY 2023 is less than RM60.0 million), the Trustee is entitled to dispose the Pledged Shares and in the event the net proceeds to be derived from such disposal of the Pledged Shares, after deducting costs and expenses to be incurred by the Trustee in relation to such disposal and including all Dividends & Distributions and Additional Securities, is not enough to cover the Shortfall FY 2023, the Vendors shall pay such difference in cash within 14 days from the date of a Shortfall Claim Notice, subject to interest at the rate of 8% per annum calculated on a daily basis until full payment received by the Target Companies.

For the avoidance of doubt, in the event of any LAT incurred by the Target Companies for any of the Guaranteed Financial Years, the amount of LAT will accordingly be added to the shortfall amount payable by the Vendors to the Target Companies and which is to be satisfied by the Vendors.

If any of the following event ("**Extension Event**") occurs during any of the Guaranteed Financial Years, the Profit Guarantee obligations of the Vendors in fulfilling the respective Annual Guaranteed Profit shall be extended for a period of 1 year ("**Extension Right**"):-

- (i) outbreak of pandemic or epidemic resulting in the imposition of a movement control order by the government of Malaysia for more than a 3 months consecutive period or a cumulative period of 3 months within any 6 months period; and
- (ii) shortage of supply and/or raw materials required by Lexis Chemical to manufacture the industrial chemical products it produces for a 3 months consecutive period or a cumulative period of 3 months within any 6 months period, due to imposition of movement control order by the government of Malaysia and/or such other countries where the raw materials are sourced from, on condition that the Vendors have exhausted all available means to procure such raw materials from other suppliers of other countries which have not been imposed with movement control order.

For the avoidance of doubt, the Vendors are only entitled to exercise the Extension Right 1 time during the entire period of the Guaranteed Financial Years.

For illustration purposes, if an Extension Event occurs in FY 2022 and the Vendors collectively opt to exercise the Extension Right, the Profit Guarantee obligations of the Vendors for FY 2022 and FY 2023 shall both be extended for a period of 1 year, whereupon:-

- (i) the Vendors have up to 28 February 2024 to meet the aggregate guaranteed profit of RM60.0 million; and

- (ii) the due date for meeting the Annual Guaranteed Profit shall be deferred for 1 year since FY 2022 and accordingly the Vendors have up to FY 2023 and FY 2024 respectively to meet the Annual Guaranteed Profit for FY 2022 and FY 2023 respectively.

## 2.4 Reasonableness of the Profit Guarantee

The Board is of the opinion that the Profit Guarantee is reasonable after taking into consideration, amongst others, the historical financial growth of Lexis Chemical and Lexis Specialties for the past 2 years, the industry overview and prospects of the industrial chemical segment (which has benefited from the surge in global demand for gloves), as well as the potential benefits to be derived from the Proposed Acquisition as set out in Section 3 of this Circular.

## 2.5 Basis of determining and justification for the Purchase Consideration

The Purchase Consideration of RM121.0 million was arrived at on a willing-buyer willing-seller basis after taking into consideration, inter alia, the following:-

- (i) the Profit Guarantee, which yields a price-to-earnings multiple of 11.0 times<sup>(1)</sup>.

Note:-

- (1) Computed by dividing the Purchase Consideration of RM121.0 million with the Profit Guarantee for an individual Guaranteed Financial Year of RM20.0 million and multiplying the same by 55%, being the percentage equity interests in the Target Companies being acquired under the Proposed Acquisition.

Based on the historical VWAP of Luxchem Shares up to the LTD and the EPS of RM0.0534 for the FYE 31 December 2020, the historical price-to-earnings multiple of Luxchem Shares is as follows:-

	VWAP	Price-to-earnings multiple
	RM	times
5-day VWAP	0.8161	15.28
1-month VWAP	0.8126	15.22
3-month VWAP	0.8879	16.63

From the table above, the Proposed Acquisition is value accretive vis-à-vis the price of Luxchem Shares at the relevant point in time.

For illustration, we set out the price-to-earnings multiples of other comparable companies:-

	Price-to-earnings multiple <sup>(1)</sup>
	times
Petronas Chemicals Group Berhad	40.7
Lotte Chemical Titan Holding Berhad	39.7
Hextar Global Berhad	18.3

Note:-

- (1) Based on the closing market price and number of issued ordinary shares (excluding treasury shares) as at the LPD as well as earnings as at the latest audited financial year end of the respective companies.

Nevertheless, we wish to highlight that there is no company listed on Bursa Securities which is identical to the businesses of Luxchem or the Target Companies. Whilst we noted that the companies may have different business models and offer different products and/or services, we view that the identified companies are adequately comparable to the businesses of Luxchem and the Target Companies.

- (ii) the historical financial performance of Lexis Chemical and Lexis Specialties (based on their latest available audited financial statements as at the LPD) as set out below:-

Lexis Chemical	Audited FYE 28/29 February		
	2018	2019	2020
	RM'000	RM'000	RM'000
Revenue	20,510	38,584	51,232
PBT	4,790	9,932	13,481
PAT	4,089	8,087	10,229

Lexis Specialties	Audited	
	Financial period from 3 June 2018 to 28 February 2019 <sup>(1)</sup>	FYE 29 February 2020
	RM'000	RM'000
Revenue	491	847
PBT	309	332
PAT	252	275

Note:-

- (1) The financial statements of Lexis Specialties for the financial period from 3 June 2018 to 28 February 2019 represent the first audited financial statements of Lexis Specialties since incorporation on 3 June 2018.

Further details on the historical financial performance of the Target Companies are set out in Section 9 of Appendix II, Appendix III and Appendix IV of this Circular.

- (iii) the benefits of the Proposed Acquisition as set out in Section 3 of this Circular.

The Board is of the view that the Purchase Consideration is reasonable after taking into consideration, amongst others, the following:-

- (i) the Profit Guarantee will mitigate the uncertainty over the future profitability of the Target Companies; and
- (ii) the Purchase Consideration will be satisfied partly via the issuance of Consideration Shares and this allows Luxchem to partially preserve its existing cash reserves for day-to-day working capital as well as capital expenditure to support the continued growth of its existing business or for other acquisition and/or joint venture opportunities in the future.

## 2.6 Basis of determining and justification for the issue price of the Consideration Shares

The issue price of RM0.83 per Consideration Share was derived at on a negotiated basis between Luxchem and the Vendors after taking into consideration, amongst others, the following premiums / discount to the historical VWAP of Luxchem Shares up to and including the LTD:-

	VWAP	Premium / (discount) of issue price of Consideration Shares to VWAP	
	RM	RM	%
5-day VWAP	0.8161	0.0139	1.70
1-month VWAP	0.8126	0.0174	2.14



	VWAP	Premium / (discount) of issue price of Consideration Shares to VWAP	
	RM	RM	%
3-month VWAP	0.8879	(0.0579)	(6.52)

For information, the issue price of RM0.83 per Consideration Share also represents a discount of 9.86%, 2.65% and 1.89% to the historical 6-month, 9-month and 12-month VWAP of Luxchem Shares up to and including the LTD respectively.

The issuance of Consideration Shares at a premium to the share price of Luxchem reduces the dilutive impact to existing Shareholders. At the issue price of RM0.83, Luxchem will be issuing 72,891,566 new Shares, representing a 7.31% increase in the existing share capital of Luxchem comprising 996,974,553 Shares.

Further, the settlement of part of the Purchase Consideration via the issuance of Consideration Shares allows the Group to conserve its cash as well as put the Group on a stronger financial footing to facilitate its existing day-to-day operations.

## 2.7 Ranking of the Consideration Shares

The Consideration Shares shall, upon allotment and issuance, rank *pari passu* in all respects with the then existing issued Shares, save and except that the holders of the Consideration Shares shall not be entitled to any dividends, rights, allotments and/or any other distributions which may be declared, made or paid to the Shareholders, the entitlement date of which is prior to the date of allotment of the Consideration Shares.

## 2.8 Liabilities to be assumed

Save for the liabilities stated in Target Companies' statements of financial position, which will be consolidated into the financial statements of Luxchem following the completion of the Proposed Acquisition, the Company will not assume any other liabilities, including contingent liabilities and guarantees, pursuant to the Proposed Acquisition.

## 2.9 Additional financial commitment

No additional financial commitment is required to put the assets of the Target Companies on-stream immediately after the completion of the Proposed Acquisition.

## 2.10 Background information of the Vendors

The Vendors are the existing shareholders of the Target Companies.

Details of the Vendors as at the LPD are as follows:-

Lexis Chemical	Designation	Age	Nationality	Shareholding	
				No. of shares	%
Chuah Kim Piew	Director	48	Malaysian	1,160,000	58.00
Lee Juinn Yong	Director	42	Malaysian	840,000	42.00
				<b>100,000</b>	<b>100.00</b>

Lexis Specialties	Designation	Age	Nationality	Shareholding	
				No. of shares	%
Chuah Kim Piew	Director	48	Malaysian	50	50.00
Lee Juinn Yong	Director	42	Malaysian	50	50.00
				<b>100,000</b>	<b>100.00</b>

Lexis Corporation	Designation	Age	Nationality	Shareholding	
				No. of shares	%
Chuah Kim Piew	Director	48	Malaysian	58	58.00
Lee Juinn Yong	Director	42	Malaysian	42	42.00
				<b>100,000</b>	<b>100.00</b>

The Vendors have no family relationship with each other.

### 3. RATIONALE AND BENEFITS OF THE PROPOSED ACQUISITION

The specialty chemicals offered by the Target Companies are complementary to the existing specialty chemicals offered by the Luxchem Group, especially those that are used in the latex dipped industries. As part of the Proposed Acquisition, Luxchem intends to acquire Lexis Corporation in order to consolidate the ownership of the "Lexis" brand name.

In view of the above, the Proposed Acquisition allows the Luxchem Group to achieve the following benefits:-

#### (i) Extending product range

The Target Companies are principally involved in the manufacturing and trading of industrial chemicals that are mostly used in the rubber glove and other latex dipped industries. Thus, the Proposed Acquisition would extend the existing product range of the Luxchem Group to include such industrial chemicals. In turn, this would allow the Luxchem Group to tap into a potentially growing market in view of the current high demand for rubber gloves arising from the COVID-19 pandemic.

#### (ii) Expanding customer base and distribution channels

The Proposed Acquisition would allow the Luxchem Group to access the existing customer base and distribution channels of Lexis Chemical and Lexis Specialties and *vice versa*, thus resulting in cross-selling opportunities for both the Luxchem Group and the Target Companies.

Currently, the Target Companies have export customers mainly in Thailand, China, Indonesia, Vietnam and Sri Lanka while the Luxchem Group have export customers mainly in Vietnam, Thailand, Indonesia, Australia, Bangladesh and Philippines. As such, the Proposed Acquisition would allow both the Luxchem Group and the Target Companies to have access to previously untapped export markets.

#### (iii) Deriving synergies in sales and marketing activities

The Proposed Acquisition would allow the Luxchem Group and the Target Companies to derive synergies in sales and marketing activities especially in markets which both the Luxchem Group and the Target Companies have existing footprints in. Apart from Malaysia, the Luxchem Group and the Target Companies have export markets in Vietnam, Thailand and Indonesia. In these markets, the Luxchem Group and the Target Companies may collaborate or streamline their sales and marketing activities to achieve better coverage and/or save costs.

For information, although Lexis Corporation is currently a dormant company, Luxchem has decided to include the acquisition of Lexis Corporation under the Proposed Acquisition in order to consolidate the “Lexis” brand name under its ownership.

In summary, the Proposed Acquisition is expected to provide synergistic benefits as Luxchem is poised to gain from a more extensive product range and a wider customer base while being able to streamline their sales and marketing activities. In turn, the Proposed Acquisition is expected to provide an additional source of income to Luxchem.

## 4. INDUSTRY OVERVIEW AND PROSPECTS

### 4.1 Overview and outlook of the Malaysian economy

The Malaysian economy recorded a negative growth of 3.4% in the fourth quarter (3Q 2020: -2.6%), largely attributable to the imposition of the Conditional Movement Control Order (CMCO) on a number of states since mid-October. The restrictions on mobility, especially on inter-district and inter-state travel, weighed on economic activity. Nevertheless, the continued improvement in external demand provided support to growth. Consequently, except for manufacturing, all economic sectors continued to record negative growth. On the expenditure side, moderating private consumption and public investment activities weighed on domestic demand. On a quarter-on-quarter seasonally-adjusted basis, the economy registered a decline of 0.3% (3Q 2020: +18.2%).

For 2021, while near-term growth will be affected by the re-introduction of stricter containment measures, the impact, however, will be less severe than that experienced in 2020. The growth trajectory is projected to improve from the second quarter onwards. The improvement will be driven by the recovery in global demand, turnaround in public and private sector expenditure amid continued support from policy measures including PENJANA, KITA PRIHATIN, 2021 Budget and PERMAI, and higher production from existing and new facilities in the manufacturing and mining sectors. The vaccine rollout from February onwards is also expected to lift sentiments.

*(Source: Economic and Financial Developments in the Malaysian Economy in the Fourth Quarter of 2020, Bank Negara Malaysia, published on 11 February 2021)*

Reinforced by the reopening of the economy in phases, growth is expected to improve gradually during the second half of the year, cushioning the significant contraction in the first half. Thus, Malaysia’s gross domestic product (“**GDP**”) is expected to contract by 4.5% in 2020, before rebounding between 6.5% and 7.5% in 2021.

*(Source: Economic Outlook 2021, Ministry of Finance Malaysia)*

The Malaysian economy registered a smaller decline of 0.5% in the first quarter (4Q 2020: -3.4%). The growth performance was supported mainly by the improvement in domestic demand and robust exports performance, particularly for E&E products. Growth was also supported by the continued policy measures. The imposition of the second movement control order (“**MCO 2.0**”) and the continued closure of international borders and restrictions on inter-state travel, however, weighed on economic activity. Nevertheless, as restrictions were eased in February and March, economic activity gradually picked up. All economic sectors registered an improvement, particularly in the manufacturing sector. On the expenditure side, growth was driven by better private sector spending and strong growth in trade activity. On a quarter-on-quarter seasonally-adjusted basis, the economy registered a growth of 2.7% (4Q 2020: -1.5%).

*(Source: Economic and Financial Developments in the Malaysian Economy in the First Quarter of 2021, Bank Negara Malaysia)*

## 4.2 Manufacturing industry in Malaysia

The manufacturing sector contracted by 8.7% during the first half of 2020, as almost all industry operations were temporarily halted, following supply chain disruptions amid the MCO. Within the export-oriented industries, the electric and electronics (“E&E”) cluster was severely affected as global demand decelerated sharply. Domestic-oriented industries also recorded sluggish growth, with transport equipment; and non-metallic mineral products, basic metal and fabricated metal products segments registering a double-digit contraction.

Nonetheless, the manufacturing sector is expected to improve by 2.4% in the second half of 2020, as industrial activities resume operations in line with the gradual lifting of the MCO. Within the export-oriented industries, the E&E segment is projected to improve following rising demand for computer and electronic products. Chemical and rubber products are anticipated to continue to record high growth, benefitting from higher demand for rubber gloves and pharmaceutical products. Within the domestic-oriented industries, the food products and transport equipment segments are expected to rebound, supported by higher demand. Overall, for the year, the manufacturing sector is expected to decline by 3%.

The manufacturing sector is forecast to rebound by 7% in 2021, driven by steady improvement in both the export- and domestic-oriented industries. The E&E segment is projected to accelerate in line with the digital transformation as work-from-home (WFH) and virtual communication become part of new business practices. Higher demand for integrated circuits, memory and microchips within the global semiconductor market will further support the segment. The production of chemical and rubber products is expected to expand rapidly in tandem with the increase in demand for disinfectants, sanitisers and rubber gloves. With the economic recovery, consumer-related products will benefit from higher household disposable income, while construction-related products will be supported by major infrastructure and affordable housing projects.

*(Source: Economic Outlook 2021, Ministry of Finance Malaysia)*

The manufacturing sector expanded at a higher pace of 6.6% (4Q 2020: 3.0%), driven by the robust E&E production and continued recovery in the consumer-, primary- and construction related clusters. The strong performance of the E&E subsectors reflected the higher global demand for semiconductors components, as reflected by the improvement in the World Semiconductor Trade Statistics. Despite the imposition of MCO 2.0, the consumer- and primary-related manufacturing also recorded higher growth, as most manufacturing sectors were allowed to operate while adhering to stringent standard operating procedures (SOPs). Global concerns surrounding electronic-chip shortages on the automotive sector had only a limited impact on the strong domestic passenger car production due to the lower chip intensity of most mass market vehicles. In addition, the extension of Sales and Services Tax (SST) exemption for the purchase of motor vehicles until June 2021 also helped Malaysia’s motor vehicle production.

*(Source: Economic and Financial Developments in the Malaysian Economy in the First Quarter of 2021, Bank Negara Malaysia)*

## 4.3 Rubber industry in Malaysia

Production year-on-year declined 33.5 per cent in April 2021 to 23,013 tonnes as compared to 34,616 tonnes in April 2020. This was due to the seasonal factor (wintering period) which causes the tree to be less productive. Month-on-month comparison also showed a decrease by 36.2 per cent.

Exports of Malaysia's natural rubber amounted 55,696 tonnes in April 2021, a decrease of 5.4 per cent as against 58,852 tonnes in March 2021. P.R. China remains as the main destination for natural rubber exports with a share of 57.4 per cent from total exports in April 2021 followed by Germany (8.1%), U.S.A (3.9%), Turkey (2.6%) and Finland (2.4%).

Rubber gloves was the main export item with an export value of RM6.7 billion in April 2021, an increase of 4.7 per cent as compared to March 2021 (RM6.4 billion). U.S.A was the highest importer of rubber gloves followed by Germany and United Kingdom.

The stocks of natural rubber decreased 7.9 per cent in April 2021 to 259,355 tonnes as compared to 281,729 tonnes in March 2021. Rubber processors accounted for 90.3 per cent followed by rubber consumer (9.6%) and rubber estates (0.1%). The decline in stocks was also influenced by factors at the supply level. Thus, the existing stocks was used to accommodate the reduction in production.

Average price of Latex Concentrate recorded a decrease of 623.40 sen per kilogramme as compared to March 2021 (680.20 sen per kilogramme). Standard Malaysian Rubber 20 (S.M.R. 20) also decreased from 707.89 sen per kilogramme to 667.85 sen per kilogramme for the same period. The decline was due to concerns over the global futures rubber market (Malaysian Rubber Board Digest, April 2021).

Total domestic consumption for natural rubber increased 31.1 per cent to 47,096 tonnes as compared to the same month last year. The year-on-year change was the highest recorded as compared to the change in the first quarter of this year. Meanwhile, comparison with March 2021 showed a decrease of 5.3 per cent.

*(Source: Monthly Rubber Statistics Malaysia, April 2021, Department of Statistics Malaysia)*

#### **4.4 Prospects and future plans of the enlarged Luxchem Group**

The Group is principally involved in the following business segments:-

- (i) manufacturing and trading of unsaturated polyester resin and related products;
- (ii) manufacturing rubber latex chemical dispersions, latex processing chemicals and specialty chemicals for latex industry;
- (iii) import, export and distributors of chemical, petrochemical, industrial chemical products as well as other related products; and
- (iv) investment holding.

The Group foresees a challenging business environment with the fluctuations in USD exchange rates, fluctuations in raw material prices and keen competition leading to downward pricing pressure.

Despite the outbreak of COVID-19 and imposition of MCO, Luxchem achieved a higher PAT of RM46.9 million in FYE 31 December 2020 as compared to a PAT of RM36.96 million in the previous financial year. While certain sectors were forced to closed temporarily during the relevant stages of the MCO, the impact of the MCO to Luxchem's operations remained minimal as it was allowed to operate subject to the relevant standard operating procedures imposed by the authorities. Further to that, Luxchem recorded higher sales mainly as a result of higher contribution from customers in the glove segment which benefited from the surge in demand for medical gloves during the pandemic. For the same reason, the Target Companies are also expected to record higher revenue and profit for its latest FYE 28 February 2021.

However, with the imposition of enhanced MCO (“**EMCO**”) in parts of Selangor and Kuala Lumpur effective from 3 July 2021, the businesses of Luxchem and the Target Companies have been categorised under non-essential sectors and are prohibited from operating. As such, both Luxchem and the Target Companies are unable to fulfill their outstanding customers’ orders during this period. Given the fluid nature of the COVID-19 pandemic and hence the potential extension of the EMCO, the potential impact of the same on the business and financial performance of Luxchem and the Target Companies cannot be determined nor quantified at this juncture.

Notwithstanding the above, Luxchem will continue to explore opportunities to expand and grow its business. With the Proposed Acquisition, Luxchem will be able to expand its business horizontally while maintaining its existing business model and branding. The chemical products offered by the Target Companies are complementary to the existing chemical products offered by the Luxchem Group, especially those that are used in the latex dipped industries. Thus, the Proposed Acquisition is expected to create synergistic benefits, lead to a wider product range and a wider customer base as well as provide an additional source of income. Post-acquisition, the Group intends to focus on operational management to ensure seamless transition.

Moving forward, the Group will strive to improve its productivity and efficiency to achieve better results. For the trading segment, the Group will strive to improve its quality of service to customers by providing technical advice to customers, sourcing higher quality raw materials and keeping up-to-date on raw material prices as well as supply and demand trends. For the manufacturing segment, the Group will emphasise on product development to increase its product range to existing customers as well as to increase its customer base.

## **5. RISK FACTORS IN RELATION TO THE PROPOSED ACQUISITION**

The Group and the Target Companies are principally involved in the manufacturing and trading of industrial chemicals including those that are used in the latex dipped industries. As such, the Group is already exposed to similar risks as those faced by the Target Companies.

The potential risk factors relating to the Proposed Acquisition are as follows:-

### **5.1 Acquisition risk**

The Proposed Acquisition is expected to contribute positively to the earnings of the Group moving forward due to the additional earnings contribution from the Target Companies as well as the potential synergistic benefits to be derived as set out in Section 3 of this Circular.

However, there is no assurance that these expected benefits can be realised in the future. There is no assurance that the Target Companies will be able to continue recording profits in the future or that the anticipated synergistic benefits will be realised.

Nevertheless, such risk has been partly mitigated via the Profit Guarantee. In addition, the issuance of Consideration Shares to partly satisfy the Purchase Consideration minimises the cash outflow of the Group in undertaking the Proposed Acquisition. Moreover, as part of the Proposed Acquisition, the Vendors will also enter into service contracts with the Target Companies for a period of 5 years from the completion date of the SSA, thus ensuring management continuity and minimising any disruption to the day-to-day business of the Target Companies.

## **5.2 Non-completion risk**

The Proposed Acquisition is subject to the risk of non-completion of the SSA for whatsoever reason (other than due to any act or default of Luxchem or the Vendors). The completion of the Proposed Acquisition is conditional upon the conditions precedent as set out in Section 2 of Appendix V of this Circular being obtained / fulfilled or waived, as the case may be.

There is a possibility that the Proposed Acquisition may not be completed due to failure in fulfilling the conditions precedent within the timeframe prescribed in the SSA. In addition, the Proposed Acquisition is conditional upon the approvals from the Shareholders as well as other relevant authorities or parties as set out in Section 2 of Appendix V of this Circular.

In the event the conditions precedent are not obtained / fulfilled or waived, the Proposed Acquisition may not be completed, which may result in the failure of Luxchem to achieve the intended objectives and benefits of the Proposed Acquisition.

Notwithstanding the above, Luxchem will take reasonable steps to procure that the conditions precedent can be met within the stipulated timeframe for the Proposed Acquisition to be completed in a timely manner.

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## 6. EFFECTS OF THE PROPOSED ACQUISITION

### 6.1 Share capital

The pro forma effects of the Proposed Acquisition on the issued share capital of the Company are as follows:-

	No. of Shares	Share capital RM
Issued share capital as at the LPD	996,974,553	246,946,609
No. of Consideration Shares to be issued	72,891,566	<sup>(1)</sup> 60,500,000
<b>Enlarged share capital after the Proposed Acquisition</b>	<b>1,069,866,119</b>	<b>307,446,609</b>

Note:-

(1) Based on the issue price of RM0.83 per Consideration Share.

### 6.2 NA and gearing

For illustration, based on the latest audited consolidated statements of financial position of the Target Companies (save for Lexis Corporation) as at 29 February 2020 and the assumption that the Proposed Acquisition had been completed on 31 December 2020, being the latest financial year end date of Luxchem, the pro forma effects of the Proposed Acquisition on the NA and gearing of Luxchem are as follows:-

	Audited as at 31 December 2020	(I) After subsequent event <sup>(1)</sup>	(II) After the Proposed Acquisition <sup>(2)</sup>
	RM'000	RM'000	RM'000
Share capital	174,372	246,947	307,447
Exchange translation reserve	8	8	8
Fair value reserve	3,372	3,372	3,372
Retained earnings	159,101	159,101	158,541
<b>Shareholders' equity / NA</b>	<b>336,853</b>	<b>409,428</b>	<b>469,368</b>
Non-controlling interest	413	413	12,588
<b>Total equity</b>	<b>337,266</b>	<b>409,841</b>	<b>481,956</b>
No. of Shares in issue ('000)	895,809	996,975	1,069,866
NA per Share (RM)	0.38	0.41	0.45
Total borrowings (RM'000)	63,793	63,793	74,673
Gearing (times)	0.19	0.15	0.15

Notes:-

(1) After accounting for the issuance of 101,166,000 new Shares pursuant to the Private Placement which was announced on 14 December 2020 and is pending completion as at the LPD.

(2) After accounting for the following:-

- (i) consolidation of the Target Companies' balance sheets;
- (ii) issuance of Consideration Shares at the issue price of RM0.83 per Consideration Share; and
- (iii) estimated expenses in relation to the Proposed Acquisition of RM560,000.



### 6.3 Earnings and EPS

For illustration, based on the aggregate audited PAT of the Target Companies for the FYE 29 February 2020 and assuming the Proposed Acquisition had been completed on 1 January 2020 (being the beginning of Luxchem's FYE 31 December 2020), the pro forma effects of the Proposed Acquisition on the EPS of the Group are as follows:-

	Audited FYE 31 December 2020	(I) After subsequent event <sup>(1)</sup>	(II) After the Proposed Acquisition <sup>(2)</sup>
PAT attributable to owners of the Company (RM'000)	47,854	47,854	53,071
Weighted average no. of Shares ('000)	895,809	996,975	<sup>(3)</sup> 1,069,866
EPS (sen)	5.34	4.80	4.96

Notes:-

- (1) After accounting for the issuance of 101,166,000 new Shares pursuant to the Private Placement which was announced on 14 December 2020 and is pending completion as at the LPD.
- (2) After accounting for the following:-
- (i) Luxchem's assumed 55% entitlement on the latest audited PAT of Lexis Chemical and Lexis Specialties for the FYE 29 February 2020 of RM10.2 million and RM0.3 million respectively (Lexis Corporation does not currently have any audited financial statements as it was only incorporated on 2 September 2020); and
- (ii) estimated expenses in relation to the Proposed Acquisition of RM560,000.
- (3) After accounting for the issuance of 72,891,566 Consideration Shares.

Notwithstanding the above, we wish to highlight that the pro forma effects above do not include the beneficial impact of any potential synergies to be derived from the integration of the Target Companies with the Luxchem Group.

Further, it should be noted that the historical earnings of the Target Companies may not be reflective of their future earnings. Shareholders should also consider that the Vendors have given the Profit Guarantee in conjunction with the Proposed Acquisition.

Moving forward, the Proposed Acquisition is expected to contribute positively to the future earnings and EPS of the Group, as and when the expected benefits of the Proposed Acquisition as set out in Sections 3 and 4.4 of this Circular materialise.

The extent of the impact of the Proposed Acquisition on the earnings and EPS of the Group moving forward will depend on, amongst others, the future earnings performance of the Target Companies as well as the benefits and synergies that may be derived from the successful integration of the Target Companies with the Luxchem Group.

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#### 6.4 Substantial Shareholders' shareholdings

Individually, the Vendors will not emerge as substantial Shareholders of the Company upon the completion of the Proposed Acquisition.

The pro forma effects of the Proposed Acquisition on the shareholdings of the existing substantial Shareholders based on the Register of Substantial Shareholders of the Company as at the LPD are as follows:-

Substantial shareholders	As at the LPD		After the Proposed Acquisition	
	Direct		Indirect	
	No. of Shares	% <sup>(1)</sup>	No. of Shares	% <sup>(2)</sup>
Chemplex Resources Sdn Bhd	416,320,000	41.76	-	-
Tang Ying See	8,904,600	0.89	<sup>(3)</sup> 423,111,700	39.55
Chin Song Mooi	6,791,700	0.68	<sup>(4)</sup> 425,224,600	39.75
Chow Cheng Moey	68,932,200	6.91	<sup>(5)</sup> 10,600,000	0.99

Notes:-

- (1) Based on the issued share capital of 996,974,553 Shares as at the LPD.
- (2) Based on the enlarged issued share capital of 1,069,866,119 Shares after the Proposed Acquisition.
- (3) Deemed interested by virtue of the shareholdings held by his spouse, Chin Song Mooi and substantial shareholding in Chemplex Resources Sdn Bhd pursuant to Section 8 of the Act.
- (4) Deemed interested by virtue of the shareholdings held by her spouse, Tang Ying See and substantial shareholding in Chemplex Resources Sdn Bhd pursuant to Section 8 of the Act.
- (5) Deemed interested by virtue of the shareholdings held by her spouse, Tan Sri Dato' Lim Kuang Sia, pursuant to Section 8 of the Act.

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## 6.5 Convertible securities

As at the LPD, the Company does not have any outstanding convertible securities.

## 7. TENTATIVE TIMELINE

Subject to all relevant approvals being obtained, the Proposed Acquisition is expected to be completed by the third quarter of 2021. The tentative timeline of events leading to the completion of the Proposed Acquisition is as follows:-

Date	Events
11 August 2021	<ul style="list-style-type: none"><li>• EGM for the Proposed Acquisition</li><li>• Fulfilment of the conditions precedent of the SSA</li></ul>
By August 2021	<ul style="list-style-type: none"><li>• Payment of the Cash Consideration</li><li>• Listing of the Consideration Shares</li><li>• Completion of the Proposed Acquisition</li></ul>

## 8. APPROVALS REQUIRED AND CONDITIONALITY

### 8.1 Approvals required

The Proposed Acquisition is subject to approvals being obtained from the following:-

- (i) Bursa Securities for the listing and quotation of the Consideration Shares on the Main Market of Bursa Securities.

The approval by Bursa Securities for the above was obtained via its letter dated 9 July 2021, subject to the following conditions:-

Conditions imposed	Status of compliance
(a) Luxchem and Mercury Securities must fully comply with the relevant provisions under the Listing Requirements pertaining to the implementation of the Proposed Acquisition;	To be complied
(b) Luxchem and Mercury Securities to inform Bursa Securities upon the completion of the Proposed Acquisition;	To be complied
(c) Luxchem and Mercury Securities to furnish Bursa Securities with a written confirmation of its compliance with the terms and conditions of Bursa Securities' approval once the Proposed Acquisition is completed;	To be complied
(d) Luxchem to furnish Bursa Securities with a certified true copy of the resolution passed by the Shareholders in general meeting approving the Proposed Acquisition prior to the listing and quotation of the new Shares; and	To be complied
(e) To incorporate Bursa Securities' comments in respect of the draft circular to Shareholders.	Complied

- (ii) Shareholders at the forthcoming EGM; and
- (iii) any other relevant authorities / parties, if required.

## **8.2 Conditionality**

The Proposed Acquisition is not conditional upon any other corporate exercise / scheme being or proposed to be undertaken by the Company.

## **9. PERCENTAGE RATIO**

The highest percentage ratio applicable to the Proposed Acquisition pursuant to paragraph 10.02(g) of the Main Market Listing Requirements is 35.92%.

## **10. CORPORATE EXERCISES ANNOUNCED BUT PENDING COMPLETION**

Save as disclosed below, there are no other corporate exercises which have been announced by the Company but are pending completion as at the date of this Circular:-

### **Private Placement**

On 14 December 2020, the Company announced a private placement exercise which involves the issuance of up to 134,371,000 new Shares, representing 15% of the then existing total number of issued Shares.

As at the LPD, the Company has placed out a total of 101,166,000 new Shares pursuant to the Private Placement, raising a total of RM72.57 million, via the following tranches:-

- (i) 70,750,000 new Shares at an issue price of RM0.71 each, which were listed on the Main Market of Bursa Securities on 22 February 2021;
- (ii) 4,250,000 new Shares at an issue price of RM0.71 each, which were listed on the Main Market of Bursa Securities on 23 February 2021;
- (iii) 15,000,000 new Shares at an issue price of RM0.73 each, which were listed on the Main Market of Bursa Securities on 25 February 2021; and
- (iv) 11,166,000 new Shares at an issue price of RM0.75 each, which were listed on the Main Market of Bursa Securities on 2 March 2021.

On 25 May 2021, Mercury Securities had, on behalf of the Board, submitted an application to seek Bursa Securities' approval for an extension of time of 6 months from 16 June 2021 up to 16 December 2021 for the Company to complete the implementation of the Private Placement. On 3 June 2021, Bursa Securities has granted its approval for the said extension of time.

As at the LPD, there are 33,205,000 Placement Shares available for further placements.

## **11. INTERESTS OF DIRECTORS, MAJOR SHAREHOLDERS, CHIEF EXECUTIVE OF THE COMPANY AND/OR PERSONS CONNECTED TO THEM**

None of the Directors, major Shareholders, chief executive of the Company and/or persons connected to them have any interest, direct or indirect, in the Proposed Acquisition.

## 12. BOARD'S RECOMMENDATION

The Board, having considered all aspects of the Proposed Acquisition, including but not limited to the rationale and benefits of the Proposed Acquisition, basis and justification for the Purchase Consideration and issue price of the Consideration Shares, salient terms of the SSA (including the Profit Guarantee) as well as the effects of the Proposed Acquisition, and after careful deliberation, is of the opinion that the Proposed Acquisition is in the best interest of the Company.

Accordingly, the Board recommends that you vote in favour of the ordinary resolution pertaining to the Proposed Acquisition to be tabled at the forthcoming EGM.

## 13. EGM

The EGM, the Notice of which is enclosed in this Circular, will be held on a fully virtual basis via remote participation and electronic voting via online meeting platform at TIIH Online website at <https://tiih.online> provided by Tricor Investor & Issuing House Services Sdn Bhd in Malaysia on the date and time indicated below or at any adjournment thereof for the purpose of considering and, if thought fit, passing the resolution to give effect to the Proposed Acquisition.

Day, date and time of the EGM : Wednesday, 11 August 2021, 9.00 a.m.
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The Proxy Form must be lodged at Tricor Investor and Issuing House Services Sdn Bhd's office at Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, or drop the Proxy Form at Tricor's Customer Service Centre at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, or alternatively, to submit your electronic Proxy Form via TIIH Online at <https://tiih.online> not later than 48 hours before the time set for holding the meeting. Please refer to the Annexure of the Proxy Form in the Administrative Details for submission of the electronic Proxy Form.

## 14. FURTHER INFORMATION

You are requested to refer to the enclosed appendices for further information.

Yours faithfully  
For and on behalf of the Board of  
**LUXCHEM CORPORATION BERHAD**

**TANG YING SEE**  
Managing Director / Chief Executive Officer

## APPENDIX I - FURTHER INFORMATION

### 1. RESPONSIBILITY STATEMENT

This Circular has been seen and approved by the Board and the Directors collectively and individually accept full responsibility for the completeness and accuracy of the information contained in this Circular and confirm that, after making all reasonable enquiries and to the best of their knowledge and belief, there are no false or misleading statements contained in this Circular or other facts, the omission of which would make any statement in this Circular false or misleading.

Information on and relating to the Target Companies and the Vendors has been extracted from information provided and confirmed by the Vendors, the directors and/or management of the Target Companies or extracted from publicly available sources and records. Therefore, the responsibility of the Board is limited to ensuring that such information is accurately reproduced in this Circular and the Board accepts no further or other responsibility in respect of such information.

### 2. CONSENTS AND CONFLICT OF INTEREST

The written consent of Mercury Securities, being the Principal Adviser for the Proposed Acquisition, for the inclusion of its name and all references thereto in the form and context in which they appear in this Circular has been given and has not been subsequently withdrawn before the issuance of this Circular.

Mercury Securities is not aware of any conflict of interest which exists or is likely to exist in relation to its role as the Principal Adviser for the Proposed Acquisition.

### 3. HISTORICAL SHARE PRICES

The monthly highest and lowest market prices of the Shares as transacted on Bursa Securities for the past 12 months preceding the date of this Circular are as follows:-

	High	Low
	RM	RM
<b>2020</b>		
July	0.930	0.650
August	1.470	0.785
September	0.920	0.685
October	1.010	0.725
November	0.910	0.785
December	0.840	0.745
<b>2021</b>		
January	0.825	0.725
February	0.845	0.750
March	0.815	0.750
April	0.965	0.770
May	0.995	0.770
June	0.825	0.740
Last transacted market price on 18 May 2021, being the last Market Day immediately prior to the first announcement of the Proposed Acquisition	0.835	
Last transacted market price on the LPD	0.725	

(Source: Bloomberg)

**4. MATERIAL COMMITMENTS AND CONTINGENT LIABILITIES**

**Material commitments**

As at the LPD, the Board confirmed that, save as disclosed below, there are no other material commitments incurred or known to be incurred by the Group:-

<b>Capital commitments</b>	<b>Amount RM'000</b>
Approved and contracted for:-	
- property, plant and equipment	1,384
- intangible assets	15
Approved but not contracted for	1,514
<b>Total</b>	<b>2,913</b>

**Contingent liabilities**

As at the LPD, the Board confirmed that there are no contingent liabilities incurred or known to be incurred by the Group which, upon becoming due or enforceable, may have a material impact on the financial results or position of the Group.

**5. MATERIAL CONTRACTS**

Save for the SSA, the Board confirmed that there are no other material contracts (not being contracts entered into in the ordinary course of business) which have been entered into by the Luxchem Group during the 2 years preceding the date of this Circular.

**6. MATERIAL LITIGATION**

Save as disclosed below, as at the LPD, the Board confirmed that neither Luxchem nor its subsidiaries are engaged in any material litigation, claims or arbitration, either as plaintiff or defendant, which has or would have a material and adverse effect on the financial position or business of the Group and the Board confirmed that there are no proceedings pending or threatened against the Group or of any facts likely to give rise to any proceedings which might materially and adversely affect the financial position or business of the Group:-

**Shah Alam High Court Suit No.: BA-22NCVC-92-03/2021**

**Plaintiff: Luxchem Trading Sdn Bhd ("Plaintiff")**

**Defendant: Central Spectrum (M) Sdn Bhd ("Defendant")**

On 3 March 2021, the Plaintiff filed a writ of summons and a statement of claim on the Defendant for breach of a sale and purchase agreement dated 29 January 2014 ("**SPA**") entered into between the Plaintiff (as purchaser) and the Defendant (as vendor) for the purchase by the Plaintiff from the Defendant, of a plot of industrial land in Pulau Indah Industrial Park, measuring approximately 8.42 acres ("**Lot**") at a purchase price of RM14,671,008.00 ("**Purchase Price**"). The Plaintiff alleged that the Defendant has failed to, amongst others, complete the basic infrastructure (in particular the water reticulation system) and the sewerage system, including to effect the handover of the water reticulation system to Air Selangor and the sewerage system to Indah Water Konsortium, in accordance with the terms of the SPA.

The Plaintiff is claiming against the Defendant for, amongst others:-

- (i) declaration that the Defendant has breached the SPA;
- (ii) declaration that the purported delivery of vacant possession by the Defendant on 19 September 2017 is null, void and of no effect;

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**APPENDIX I - FURTHER INFORMATION (CONT'D)**

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- (iii) declaration that the Defendant has not delivered vacant possession of the land to the Plaintiff in full compliance with the SPA and the Plaintiff is entitled to claim for liquidated ascertained damages (“**LAD**”) pursuant to the terms of the SPA;
- (iv) LAD from the official date for the purported delivery of vacant possession by the Defendant amounting to RM4,980,104.00 (calculated as at 31 January 2021) and such further LAD at the rate of 10% per annum of the Purchase Price until the date of delivery of actual vacant possession;
- (v) in the alternative to paragraph (iv) above, special damages of RM1,077,958.06 (calculated up to 31 July 2021 based on the Defendant's representation that the basic infrastructure in particular the water reticulation system will be completed and handed over to Air Selangor by June 2021);
- (vi) further losses and damages for breach of the SPA to be assessed and determined by the court;
- (vii) 5% interest on the sum of award ordered by the court from the date of judgement to the date of full and final settlement;
- (viii) costs; and
- (ix) such other reliefs as the court deems fit and just.

The Defendant filed its statement of defence on 2 April 2021 and the Plaintiff has filed its reply to defence on 15 April 2021. The court has directed the parties to comply with pre-trial directions by 13 October 2021 and fixed a case management on 13 October 2021.

Based on the documents and evidence received as at the LPD, the Plaintiff's solicitor is of the view that Luxchem Trading Sdn Bhd has a good chance of succeeding in its claim for the declarations sought and is likely to be awarded either the LAD claimed or alternatively, the special and general damages claimed depending on the court's decision in respect of the Plaintiff's claim for declarations.

## **7. DOCUMENTS AVAILABLE FOR INSPECTION**

Copies of the following documents are available for inspection at the registered office of Luxchem at Unit 30-01, Level 30, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur during normal business hours from Monday to Friday (except public holidays) following the date of this Circular up to the date of the EGM:-

- (i) Constitution of Luxchem;
- (ii) Constitution of Lexis Chemical (Lexis Specialties and Lexis Corporation do not have a Constitution);
- (iii) audited consolidated financial statements of Luxchem for the FYE 31 December 2019 and FYE 31 December 2020 as well as the latest unaudited consolidated financial statements of Luxchem for the 3-month FPE 31 March 2021;
- (iv) audited financial statements of Lexis Chemical and Lexis Specialties for the FYE 29 February 2020;
- (v) SSA;
- (vi) the relevant cause papers for the material litigation referred to in Section 6 of this Appendix I; and
- (vii) consent letter referred to in Section 2 of this Appendix I.



**1. HISTORY AND BUSINESS**

Lexis Chemical is a private limited company incorporated in Malaysia under the Companies Act, 1965 on 4 February 2016 and is deemed registered under the Act.

Lexis Chemical is principally involved in the manufacturing of industrial chemical products.

**2. SHARE CAPITAL**

As at the LPD, the issued share capital of Lexis Chemical is RM2,000,000 comprising 2,000,000 ordinary shares.

**3. DIRECTORS**

As at the LPD, the directors of Lexis Chemical are Chuah Kim Piew and Lee Juinn Yong. Their respective shareholdings in Lexis Chemical are disclosed in Section 2.10 of this Circular.

**4. SHAREHOLDERS**

As at the LPD, the shareholders of Lexis Chemical are Chuah Kim Piew and Lee Juinn Yong. Their respective shareholdings in Lexis Chemical are disclosed in Section 2.10 of this Circular.

**5. SUBSIDIARIES AND ASSOCIATED COMPANIES**

As at the LPD, Lexis Chemical does not have any subsidiary and associated company.

**6. MATERIAL COMMITMENTS**

As at the LPD, the directors of Lexis Chemical confirmed that there are no material commitments incurred or known to be incurred by Lexis Chemical.

**7. CONTINGENT LIABILITIES**

As at the LPD, the directors of Lexis Chemical confirmed that there are no contingent liabilities incurred or known to be incurred by Lexis Chemical which, upon becoming due or enforceable, may have a material impact on the financial results or position of Lexis Chemical.

**8. MATERIAL CONTRACTS**

The directors of Lexis Chemical confirmed that there are no material contracts (not being contracts entered into in the ordinary course of business) which have been entered into by Lexis Chemical during the past 2 years immediately preceding the date of this Circular.

**9. MATERIAL LITIGATION**

As at the LPD, the directors of Lexis Chemical confirmed that Lexis Chemical is not engaged in any material litigation, claims or arbitration, either as plaintiff or defendant, which has or would have a material and adverse effect on the financial position or business of Lexis Chemical and the directors of Lexis Chemical confirmed that there are no proceedings pending or threatened against Lexis Chemical or of any facts likely to give rise to any proceedings which might materially and adversely affect the financial position or business of Lexis Chemical.

**10. FINANCIAL INFORMATION**

A summary of the historical financial information of Lexis Chemical is set out below:-

	Audited FYE 28/29 February		
	2018	2019	2020
	RM'000	RM'000	RM'000
Revenue	20,510	38,584	51,232
PBT	4,790	9,932	13,481
PAT	4,089	8,087	10,229
No. of shares in issue ('000)	2,000	2,000	2,000
Net earnings per share (RM)	2.04	4.04	5.11
Issued share capital	2,000	2,000	2,000
Shareholders' funds / NA	6,311	14,397	21,626
NA per share (RM)	3.16	7.20	10.81
Current ratio (times)	2.05	1.67	2.87
Borrowings	-	3,990	10,880
Gearing (times)	-	0.28	0.50

The audited financial statements of Lexis Chemical for the FYE 28 February 2018, FYE 28 February 2019 and FYE 29 February 2020 have been prepared in accordance with applicable approved Malaysian accounting standards and there was no audit qualification for the respective years under review. Lexis Chemical has not adopted any accounting policies which are peculiar to its operations for the respective years under review.

**Commentaries**

**(i) FYE 29 February 2020 vs. FYE 28 February 2019**

Lexis Chemical's revenue for the FYE 29 February 2020 increased by RM12.65 million or 32.78% as compared to the previous financial year. The higher revenue was mainly due to higher sales of chemical products in both the local and foreign markets such as Indonesia, China, Thailand and Vietnam as Lexis Chemical's reputation continued to grow.

In line with the higher revenue, Lexis Chemical's PAT increased by RM2.14 million or 26.49% as compared to the previous financial year.

**(ii) FYE 28 February 2019 vs. FYE 28 February 2018**

Lexis Chemical's revenue for the FYE 28 February 2019 increased by RM18.07 million or 88.12% as compared to the previous financial year. The higher revenue was mainly due to higher sales of chemical products as a result of aggressive expansion into foreign markets supported by recruitment of talent in the sales as well as research and development (R&D) departments.

In line with the higher revenue, Lexis Chemical's PAT increased by RM4.00 million or 97.77% as compared to the previous financial year.

**(iii) FYE 28 February 2018 vs. FYE 28 February 2017**

Lexis Chemical's revenue for the FYE 28 February 2018 increased by RM16.81 million or 453.58% as compared to the previous financial year. The higher revenue was mainly due to higher sales of chemical products as a result of better marketing.

In line with the higher revenue, Lexis Chemical's PAT increased by RM3.87 million or 1750.23% as compared to the previous financial year.

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**APPENDIX III - INFORMATION ON LEXIS SPECIALTIES**

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**1. HISTORY AND BUSINESS**

Lexis Specialties is a private limited company incorporated in Malaysia under the Companies Act, 2016 on 3 June 2018.

Lexis Specialties is principally involved in the wholesale of industrial chemicals.

**2. SHARE CAPITAL**

As at the LPD, the issued share capital of Lexis Specialties is RM100 comprising 100 ordinary shares.

**3. DIRECTORS**

As at the LPD, the directors of Lexis Specialties are Chuah Kim Piew and Lee Juinn Yong. Their respective shareholdings in Lexis Specialties are disclosed in Section 2.10 of this Circular.

**4. SHAREHOLDERS**

As at the LPD, the shareholders of Lexis Specialties are Chuah Kim Piew and Lee Juinn Yong. Their respective shareholdings in Lexis Specialties are disclosed in Section 2.10 of this Circular.

**5. SUBSIDIARIES AND ASSOCIATED COMPANIES**

As at the LPD, Lexis Specialties does not have any subsidiary and associated company.

**6. MATERIAL COMMITMENTS**

As at the LPD, the directors of Lexis Specialties confirmed that there are no material commitments incurred or known to be incurred by Lexis Specialties.

**7. CONTINGENT LIABILITIES**

As at the LPD, the directors of Lexis Specialties confirmed that there are no contingent liabilities incurred or known to be incurred by Lexis Specialties which, upon becoming due or enforceable, may have a material impact on the financial results or position of Lexis Specialties.

**8. MATERIAL CONTRACTS**

The directors of Lexis Specialties confirmed that there are no material contracts (not being contracts entered into in the ordinary course of business) which have been entered into by Lexis Specialties during the past 2 years immediately preceding the date of this Circular.

**9. MATERIAL LITIGATION**

As at the LPD, the directors of Lexis Specialties confirmed that Lexis Specialties is not engaged in any material litigation, claims or arbitration, either as plaintiff or defendant, which has or would have a material and adverse effect on the financial position or business of Lexis Specialties and the directors of Lexis Specialties confirmed that there are no proceedings pending or threatened against Lexis Specialties or of any facts likely to give rise to any proceedings which might materially and adversely affect the financial position or business of Lexis Specialties.

**10. FINANCIAL INFORMATION**

A summary of the historical financial information of Lexis Specialties is set out below:-

	Audited	
	Financial period from 3 June 2018 to 28 February 2019 <sup>(1)</sup>	FYE 29 February 2020
	RM	RM
Revenue	491,375	847,001
PBT	308,544	331,920
PAT	252,477	275,108
No. of shares in issue	100	100
Net earnings per share (RM)	2,525	2,751
Issued share capital	100	100
Shareholders' funds / NA	252,577	514,085
NA per share (RM)	2,526	5,141
Current ratio (times)	2.18	3.38
Borrowings	-	-
Gearing (times)	-	-

Note:-

(1) *The financial statements of Lexis Specialties for the financial period from 3 June 2018 to 28 February 2019 represent the first audited financial statements of Lexis Specialties since incorporation on 3 June 2018.*

The audited financial statements of Lexis Specialties for the financial period from 3 June 2018 to 28 February 2019 and FYE 29 February 2020 have been prepared in accordance with applicable approved Malaysian accounting standards and there was no audit qualification for the respective years under review. Lexis Specialties has not adopted any accounting policies which are peculiar to its operations for the respective years under review.

**Commentaries**

**(i) FYE 29 February 2020 vs financial period from 3 June 2018 to 28 February 2019**

Lexis Specialties' revenue for the FYE 29 February 2020 increased by RM0.36 million or 72.37% as compared to the previous financial year. The higher revenue was mainly due to higher sales of chemical products which was supported by the recruitment of talent who have strong knowledge in the rubber glove industry.

In line with the higher revenue, Lexis Specialties' PAT increased by RM0.02 million or 8.96% as compared to the previous financial year.

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**APPENDIX IV - INFORMATION ON LEXIS CORPORATION**

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**1. HISTORY AND BUSINESS**

Lexis Corporation is a private limited company incorporated in Malaysia under the Companies Act, 2016 on 2 September 2020.

Lexis Corporation is currently a dormant company.

**2. SHARE CAPITAL**

As at the LPD, the issued share capital of Lexis Corporation is RM100 comprising 100 ordinary shares.

**3. DIRECTORS**

As at the LPD, the directors of Lexis Corporation are Chuah Kim Piew and Lee Juinn Yong. Their respective shareholdings in Lexis Corporation are disclosed in Section 2.10 of this Circular.

**4. SHAREHOLDERS**

As at the LPD, the shareholders of Lexis Corporation are Chuah Kim Piew and Lee Juinn Yong. Their respective shareholdings in Lexis Corporation are disclosed in Section 2.10 of this Circular.

**5. SUBSIDIARIES AND ASSOCIATED COMPANIES**

As at the LPD, Lexis Corporation does not have any subsidiary and associated company.

**6. MATERIAL COMMITMENTS**

As at the LPD, the directors of Lexis Corporation confirmed that there are no material commitments incurred or known to be incurred by Lexis Corporation.

**7. CONTINGENT LIABILITIES**

As at the LPD, the directors of Lexis Corporation confirmed that there are no contingent liabilities incurred or known to be incurred by Lexis Corporation which, upon becoming due or enforceable, may have a material impact on the financial results or position of Lexis Corporation.

**8. MATERIAL CONTRACTS**

The directors of Lexis Corporation confirmed that there are no material contracts (not being contracts entered into in the ordinary course of business) which have been entered into by Lexis Corporation during the past 2 years immediately preceding the date of this Circular.

**9. MATERIAL LITIGATION**

As at the LPD, the directors of Lexis Corporation confirmed that Lexis Corporation is not engaged in any material litigation, claims or arbitration, either as plaintiff or defendant, which has or would have a material and adverse effect on the financial position or business of Lexis Corporation and the directors of Lexis Corporation confirmed that there are no proceedings pending or threatened against Lexis Corporation or of any facts likely to give rise to any proceedings which might materially and adversely affect the financial position or business of Lexis Corporation.

**10. FINANCIAL INFORMATION**

Lexis Corporation does not currently have any audited financial statements as it was only incorporated in 2 September 2020.

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The salient terms of the SSA are as follows:-

**1. Basis of the entire issued and paid-up share capital of the Target Companies**

The Sale Shares are sold (i) free from all claims, liens, charges and encumbrances and with full legal and beneficial title; and (ii) with all rights attaching thereto (including all dividends and distributions, whether declared or undeclared, in respect thereof), with effect from the completion of the SSA.

**2. Conditions precedent**

The Proposed Acquisition is conditional upon the following conditions precedent ("**Conditions Precedent**") being obtained / fulfilled or waived (as the case may be) by the day falling 3 months from 19 May 2021 or such later date as the Vendors and Luxchem may mutually agree upon ("**Cut-Off Date**"):-

- (i) Luxchem having obtained the approval of the Shareholders at a general meeting to be convened for the acquisition of the Sale Shares and the issuance of the Consideration Shares in accordance with the terms and conditions of the SSA;
- (ii) the Vendors having delivered to Luxchem, the Target Companies' financial statements (comprising of the audited balance sheets and profit and loss accounts) as at, and for the financial year ended on 28 February 2021, including all documents required by law to be annexed to them;
- (iii) the Vendors having delivered the disclosure letter dated 19 May 2021 or earlier ("**Disclosure Letter**") to Luxchem disclosing the documents made available by the Vendors in a virtual data room (containing documents and information relating to the Target Companies made available by the Vendors to the accountants, tax advisers and solicitors appointed by the Purchaser for the purpose of the SSA) as listed in such letter and any exclusions or exceptions to and any inconsistencies with the warranties, representations and undertakings of the Vendors stipulated in the SSA ("**Vendors' Warranties**") to Luxchem within 14 days after 19 May 2021 and Luxchem being satisfied with the content of such Disclosure Letter;
- (iv) Luxchem being satisfied with the rectification made by the Vendors or the Target Companies on the rectification matters as set out in the SSA;
- (v) the Vendors having obtained at their own cost and expense the approval or consent of the financiers/creditors of the Target Companies for, inter alia, the sale and transfer of the Sale Shares in favour of Luxchem, upon the terms and subject to the conditions of this agreement, where required;
- (vi) Luxchem having obtained the approval of Bursa Securities for the listing of and quotation for the Consideration Shares on the Main Market of Bursa Securities;
- (vii) the execution of a stakeholder agreement by the Trustee, Luxchem and the Vendors and the deposit of the same with the solicitor of Luxchem as stakeholders who shall and are thereby authorised to date the stakeholder agreement on and with effect from the date of completion of the SSA; and
- (viii) Luxchem being satisfied that no force majeure event as specified under the SSA has occurred.

**3. Right to terminate if the conditions precedent of the SSA cannot be obtained / fulfilled**

If –

- (i) on or at any time prior to the expiry of the Cut-Off Date, any of the Conditions Precedent shall have been refused and appeal or appeals to the persons against such refusal have not been successful;
- (ii) on or at any time prior to the expiry of the Cut-Off Date, any of the Conditions Precedent shall have been granted subject to terms and conditions which are not acceptable to Luxchem or the Vendors (as the case may be) being terms and conditions which affect Luxchem or the Vendors (as the case may be), and further representations to the relevant authorities or persons to vary such terms and conditions have not been successful, and Luxchem or the Vendors (as the case may be) is not willing to accept such terms and conditions then imposed by the relevant authorities or persons; or
- (iii) on the expiry of the Cut-Off Date, any of the Conditions Precedent have not been obtained or fulfilled or waived,

then either party will be entitled to terminate the SSA by giving a notice of termination to that effect to the other parties and thereafter, the parties shall not have any further rights under the SSA except in respect of –

- (a) any obligation under the SSA which is expressed to apply after the termination of the SSA; and
- (b) any rights or obligations which have accrued in respect of any breach of any of the provisions of the SSA to either party prior to such termination.

**4. Manner of payment of the purchase consideration**

- 4.1 The Purchase Consideration shall be satisfied by Luxchem on the date of completion of the SSA in the following manner:
  - (i) in respect of the Cash Consideration:-
    - (a) paying the Deposited Cash to the Trustee on the completion of the SSA; and
    - (b) paying the balance Cash Consideration to the Vendors in the respective proportions and amounts set out in the SSA; and
  - (ii) allotting and issuing the Consideration Shares to the Vendors at the issue price of RM0.83 on the completion of the SSA in the respective proportions and amounts set out in the SSA (details of which is set out under Section 2.3 of this Circular.
- 4.2 The issue price of RM0.83 for each Consideration Share has been arrived at and fixed based on the historical market prices of Luxchem Shares up to 9 December 2020. Such issue price shall not be revised unless mutually agreed upon in writing by the parties.
- 4.3 The Consideration Shares shall, upon allotment and issue, rank equally in all respects with each other and with the then existing Luxchem Shares, save and except that the holders of the Consideration Shares shall not be entitled to any dividends, rights, allotments and/or any other distributions which may be declared, made or paid to the Shareholders, the entitlement date of which is prior to the date of allotment of the Consideration Shares.



**5. Listing and quotation for the Consideration Shares**

Following the allotment and issuance of the Consideration Shares upon Completion, Luxchem shall take all steps as may be necessary to procure that the Consideration Shares are listed and quoted on the Main Market of Bursa Securities within 7 business days after the date of the allotment and issuance of the Consideration Shares, and credited into (i) the Bursa Securities Central Depository System accounts of the respective Vendors (in respect of the Consideration Shares less the Pledged Shares) and (ii) the Bursa Securities Central Depository System accounts designated in writing by the Trustee for account of the Vendors (in respect of the Pledged Shares).

**6. Completion**

Completion of the sale and purchase of the Sale Shares shall take place on the day falling 14 days after the Conditions Precedent have been obtained / fulfilled, or such other date as may be agreed upon between the parties to the SSA.

**7. Release of guarantees**

7.1 Following the completion of the SSA, Luxchem and the Vendors shall each respectively grant the proportionate guarantee of 55% (in respect of Luxchem) and 45% (in respect of the Vendors) ("**Proportionate Guarantee**") or as the parties may mutually agree upon, a corporate guarantee ("**Corporate Guarantee**") (as the case may be) for the purpose of substituting the existing guarantee given by the Vendors for the benefit of the banking facilities obtained by the Target Companies (collectively, the "**Existing Guarantee**") within 3 months from completion of the SSA, pending which Luxchem shall at all times indemnify the Vendors against any actions, proceedings and claims against the Vendors arising from the Existing Guarantee (to the extent of Luxchem's shareholdings) until it is successfully substituted by the Proportionate Guarantee or the Corporate Guarantee (as the case may be).

7.2 All the Existing Guarantee shall continue to remain in full force and effect until it is successfully substituted by the Proportionate Guarantee or the Corporate Guarantee (as the case may be).

**8. Profit Guarantee**

8.1 The Vendors irrevocably and unconditionally guarantee, jointly and severally, to Luxchem that:-

- (i) the audited aggregate PAT for the Guaranteed Financial Years of the Target Companies commencing on 1 March 2020 and ending on 28 February 2023 (both dates inclusive) shall collectively be not less than RM60.0 million; and
- (ii) the audited PAT for the FYE 2021 (as at the end of FYE 2021) of the Target Companies shall be not less than RM20.0 million; and the audited PAT for FYE 2021 and FYE 2022 (as at the end of FYE 2022) of the Target Companies shall collectively be not less than RM40.0 million; and the audited PAT for FYE 2021, FYE 2022 and FYE 2023 (as at the end of FYE 2023) of the Target Companies shall collectively be not less than RM60.0 million,

subject always that if any of the Extension Event occurs during any of the Guaranteed Financial Years, the profit guarantee obligations of the Vendors in fulfilling the Annual Guaranteed Profit shall be extended for a period of one year. Further details of the Profit Guarantee (including the Extension Right) are set out under Section 2.3 of this Circular.

**9. Termination of the SSA**

- 9.1 Luxchem shall be entitled to issue a Notice of Termination to the Vendors if, at any time prior to the completion of the SSA:-
- (i) the Vendors commit any material breach of any of their obligations under the SSA which:-
    - (a) is incapable of remedy; or
    - (b) if capable of remedy, is not remedied within 30 days of them being given notice to do so;
  - (ii) a petition is presented (and such petition is not stayed or struck-out within 30 business days of the petition being served) or an order is made or a resolution is passed for the winding up of any of the Target Companies and/or bankruptcy of any of the Vendors;
  - (iii) an administrator or receiver or receiver and manager is appointed over, or distress, attachment or execution is levied or enforced upon, any part of the assets or undertaking of any of the Target Companies;
  - (iv) any of the Target Companies becomes insolvent or is unable to pay its debts or admits in writing its inability to pay its debts as and when they fall due or enters into any composition or arrangement with its creditors or makes a general assignment for the benefit of its creditors;
  - (v) any of the Target Companies ceases or threatens to cease or carry on the whole or any substantial part of its business (except for the purposes of a bona fide reconstruction or amalgamation which would not result or cause any failure or inability to duly perform or fulfil any obligation under the SSA); or
  - (vi) any of the Vendors' Warranties given by the Vendors is found at any time to be untrue or incorrect which will result in a negative impact in excess of RM1,000,000.
- 9.2 The Vendors shall collectively be entitled to issue a Notice of Termination to Luxchem if, at any time prior to the completion of the SSA:-
- (i) Luxchem commits any material breach of any of its obligations under this agreement which:-
    - (a) is incapable of remedy; or
    - (b) if capable of remedy, is not remedied within 14 days of it being given notice to do so;
  - (ii) a petition is presented (and such petition is not stayed or struck-out within 30 business days of the petition being served) or an order is made or a resolution is passed for the winding up of Luxchem;
  - (iii) an administrator or receiver or receiver and manager is appointed over, or distress, attachment or execution is levied or enforced upon, any part of the assets or undertaking of Luxchem;
  - (iv) Luxchem becomes insolvent or is unable to pay its debts or admits in writing its inability to pay its debts as and when they fall due or enters into any composition or arrangement with its creditors or makes a general assignment for the benefit of its creditors;

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**APPENDIX V - SALIENT TERMS OF THE SSA (CONT'D)**

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- (v) Luxchem ceases or threatens to cease or carry on the whole or any substantial part of its business (except for the purposes of a bona fide reconstruction or amalgamation which would not result or cause any failure or inability to duly perform or fulfil any obligation under this agreement); or
- (vi) any of the representations or warranties given by Luxchem is found at any time to be untrue or incorrect which will result in a negative impact in excess of RM1,000,000.

Company No.: 1174937-H

**LEXIS CHEMICAL SDN. BHD.**

**(Company No. 1174937 -H)**

(Incorporated in Malaysia)

ANNUAL REPORT AND FINANCIAL STATEMENTS  
29 FEBRUARY 2020

**YC Lee & Co PLT**  
(LLP0018751-LCA & AF 1511)  
Chartered Accountants

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**APPENDIX VI - AUDITED FINANCIAL STATEMENTS OF LEXIS CHEMICAL FOR THE FYE 29 FEBRUARY 2020 (CONT'D)**

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Company No.: 1174937-H

**LEXIS CHEMICAL SDN. BHD.**  
*(Incorporated in Malaysia)*

**FINANCIAL STATEMENTS**  
**FOR THE FINANCIAL YEAR ENDED 29 FEBRUARY 2020**

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**APPENDIX VI - AUDITED FINANCIAL STATEMENTS OF LEXIS CHEMICAL FOR THE FYE 29  
FEBRUARY 2020 (CONT'D)**

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Company No.: 1174937-H

**LEXIS CHEMICAL SDN. BHD.**  
*(Incorporated in Malaysia)*

**CORPORATE INFORMATION**

BOARD OF DIRECTOR : CHUAH KIM PIEW  
LEE JUINN YONG

COMPANY SECRETARY : TAN THIAN SOON (LS NO.: 08154)

AUDITORS : YC LEE & CO PLT  
(LLP0018751-LCA & AF 1511)  
CHARTERED ACCOUNTANTS

PRINCIPAL PLACE OF BUSINESS : NO. 8, LORONG SG PULOH 7/KU6,  
KAWASAN PERINDUSTRIAN SG PULOH,  
42100 KLANG,  
SELANGOR DARUL EHSAN.

REGISTERED OFFICE ADDRESS : 09-01, MENARA K1,  
NO.1, LORONG 3/137C,  
OFF JALAN KELANG LAMA,  
58000 KUALA LUMPUR.

Company No.: 1174937-H

**LEXIS CHEMICAL SDN. BHD.**  
*(Incorporated in Malaysia)*

**DIRECTORS' REPORT  
FOR THE FINANCIAL YEAR ENDED 29 FEBRUARY 2020**

The directors hereby submit their report together with the audited financial statements of the Company for the financial year ended 29 February 2020.

**PRINCIPAL ACTIVITIES**

The principal activities of the Company are there of manufacturing of industrial chemical products. There have been no significant changes in the nature of the activities during the financial year.

**RESULTS**

	RM
Profit for the year after tax	<u>10,228,591.42</u>

In the opinion of the directors, the results of the operations of the Company during the financial year have not been substantially affected by any item, transaction or event of a material and unusual nature.

**DIVIDENDS**

The Company paid the following dividends during the financial year:-

	RM
1 <sup>st</sup> single tier interim dividends of RM 1.50 per share on 2,000,000 ordinary shares	<u>3,000,000.00</u>

**RESERVES AND PROVISIONS**

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

**SHARES AND DEBENTURES**

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

**SHARE OPTIONS**

No options have been granted by the Company to any parties during the financial year to take up unissued shares of the Company.

No shares have been issued during the financial year by virtue of the exercise of any option to take up unissued shares of the Company. As of the end of the financial year, there were no unissued shares of the Company under options.

**APPENDIX VI - AUDITED FINANCIAL STATEMENTS OF LEXIS CHEMICAL FOR THE FYE 29 FEBRUARY 2020 (CONT'D)**

Company No.: 1174937-H

**DIRECTORS**

The directors who held office since the date of last report are:

Lee Juinn Yong  
Chuah Kim Piew

**DIRECTORS' BENEFITS**

During and at the end of the financial year, no arrangements subsisted to which the Company is a party, with the object or objects of enabling directors of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

Since the date of last report, no director has received or become entitled to receive a benefit (other than a benefit included in the aggregate amount of emoluments received or due and receivable by the directors shown in the financial statements or the fixed salary of a full-time employee of the Company) 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.

**DIRECTORS' INTERESTS**

According to the register of directors' shareholding under Section 59 of the Companies Act 2016, the interests of directors in office at the end of the financial year in the ordinary shares of the Company during the financial year are as follows:

	Number of Ordinary Shares of RM1 Each			
	As At 01.03.2019	Bought	Sold	As At 29.02.2020
<b><u>Direct Interest</u></b>				
Chuah Kim Piew	1,160,000	-	-	1,160,000
Lee Juinn Yong	840,000	-	-	840,000

**DIRECTORS' REMUNERATIONS**

The amounts of the remunerations of the Directors or past Directors of the Company comprising remunerations received/receivable from the Company during the financial year are as follows:

	2020 RM
Directors' salaries, allowance and bonus	1,901,250.00
Contribution to defined contribution plan	206,112.00
Other – SOCSO contribution	<u>1,846.80</u>
	<u>2,109,208.80</u>

The estimated money value of other benefits received or receivable by the directors otherwise in cash from the Company during the financial year is RM 345.80.

No payment has been paid to or payable to any third party in respect of the services provided to the Company by the directors or past directors of the Company during the financial year.



Company No.: 1174937-H

#### **INDEMNIFYING DIRECTORS, OFFICERS OR AUDITORS**

No indemnities have been given or insurance premiums paid, during the end of the financial year, for any person who is or has been the director, officer or auditor of the Company.

#### **OTHER STATUTORY INFORMATION**

Before the financial statement of the Company were prepared, the directors took reasonable steps:

- (a) to ascertain that proper action had been taken in relation to the writing-off of bad debts and the making of allowance for doubtful debts, and have satisfied themselves that all known bad debts had been written-off and that adequate allowance had been made for doubtful debts; and
- (b) to ensure that any current assets which were unlikely to be realised at their book values in the ordinary course of business have been written down to their estimated realisable values.

As of the date of this report, the directors are not aware of any circumstances:

- (a) which would render the amount written off for bad debts or the amount of the allowance for doubtful debts inadequate to any substantial extent in the financial statements of the Company; or
- (b) which would render the values attributed to current assets in the financial statements of the Company misleading; or
- (c) which have arisen which render adherence to the existing method of valuation of assets or liabilities of the Company misleading or inappropriate; or
- (d) not otherwise dealt with in this report or financial statements which would render any amount stated in the financial statements of the Company misleading.

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

- (a) any charge on the assets of the Company which has arisen since the end of the financial year and secures the liability of any other person; or
- (b) any contingent liability of the Company which has arisen since the end of the financial year.

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

In the opinion of the Directors:

- (a) the results of the operations of the Company during the financial year were not substantially affected by any item, transaction or event of a material and unusual nature.
- (b) no item, transaction or event of a material and unusual nature has arisen in the interval between the end of the financial year and the date of this report which is likely to affect substantially the results of operations of the Company for the financial year in which this report is made except as disclosed in Note 25 to the financial statement.

Company No.: 1174937-H

**AUDITORS' REMUNERATIONS**

Total amounts paid to or receivable by the auditors as remunerations for their services as auditors are as follows:

	<b>2020 RM</b>
Statutory audit	<u>28,000.00</u>

**AUDITORS**

The retiring auditors, Messrs. YC Lee & Co PLT (LLP0018751-LCA & AF 1511), have indicated their willingness to be re-appointed.

Signed by the Board of Directors in accordance with a resolution of the Directors,



Chuah Kim Piew  
**Director**



Lee Juinn Yong  
**Director**

Kuala Lumpur

Date: 10 JUL 2020

Company No.: 1174937-H

**LEXIS CHEMICAL SDN. BHD.**  
*(Incorporated in Malaysia)*

**STATEMENT BY DIRECTORS**  
**Pursuant to Section 251 (2) of the Companies Act, 2016**

The directors of Lexis Chemical Sdn. Bhd. state that, in their opinion, the financial statements of the Company set out on pages 10 to 34 are drawn up in accordance with Malaysian Private Entities Reporting Standard and the requirements of the Companies Act, 2016 in Malaysia so as to give a true and fair view of the financial position of the Company as at 29 February 2020 and financial performance of the Company for the financial year ended 29 February 2020.

Signed by the Board of Directors in accordance with a resolution of the Directors,



Chuah Kim Piew  
Director



Lee Juhn Yong  
Director

Kuala Lumpur

Date: 10 JUL 2020

**STATUTORY DECLARATION**  
**Pursuant to Section 251(1)(b) of the Companies Act, 2016**

I, Chuah Kim Piew (NRIC.: 721102-08-5675) , the director primarily responsible for the financial management of Lexis Chemical Sdn. Bhd., do solemnly and sincerely declare that the financial statements set out on pages 10 to 34 are, in my opinion, correct and I make this solemn declaration conscientiously believing to be true, and by virtue of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared by  
the above-named Chuah Kim Piew  
at Kuala Lumpur this 10 JUL 2020

  
CHUAH KIM PIEW

Before me,

COMMISSIONER FOR OATHS



LEVEL 25, MENARA HONG LEONG,  
10 6, JALAN DAMANLELA, BUKIT DAMANSARA,  
50490 KUALA LUMPUR.

**YC Lee & Co PLT** (AF 1511)

(LLP No. LLP0018751-LCA)

Chartered Accountants

No.5A, Jalan 16/155C, Bandar Bukit Jalil, 57000 Kuala Lumpur.

Tel: 03- 8994 0733

Fax: 03 – 8994 0732

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**REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF  
LEXIS CHEMICAL SDN. BHD. (Company No.: 1174937-H)  
(Incorporated in Malaysia)**

**Report on the Audit of the Financial Statements**

**Opinion**

We have audited the financial statements of Lexis Chemical Sdn. Bhd., which comprise the statement of financial position as at 29 February 2020, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the financial year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 10 to 34.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Company as at 29 February 2020, and of its financial performance and its cash flows for the financial year then ended in accordance with Malaysian Private Entities Reporting Standard and the requirements of the Companies Act, 2016 in Malaysia.

**Basis for Opinion**

We conducted our audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our 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 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' Code of Ethics for Professional Accountants ("IESBA Code"), and we have fulfilled our other ethical responsibilities in accordance with the By-Laws and the IESBA Code.

**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 Directors' Report but does not include the financial statements of the Company and our auditors' report thereon.

Our opinion on the financial statements of the Company does not cover the Directors' Report and we do not express any form of assurance conclusion thereon.

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

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

**YC Lee & Co PLT** (AF 1511)

(LLP No. LLP0018751-LCA)

Chartered Accountants

No.5A, Jalan 16/155C, Bandar Bukit Jalil, 57000 Kuala Lumpur.

Tel: 03- 8994 0733

Fax: 03 – 8994 0732

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**REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF  
LEXIS CHEMICAL SDN. BHD. (Company No.: 1174937-H)  
(Incorporated in Malaysia)**

**Responsibilities of the Directors for the Financial Statements**

The directors of the Company are responsible for the preparation of financial statements of the Company that give a true and fair view in accordance with Malaysian Private Entities Reporting Standard 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 Company that are free from material misstatement, whether due to fraud or error.

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

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

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

**YC Lee & Co PLT** (AF 1511)

(LLP No. LLP0018751-LCA)

Chartered Accountants

No.5A, Jalan 16/155C, Bandar Bukit Jalil, 57000 Kuala Lumpur.

Tel: 03- 8994 0733

Fax: 03 – 8994 0732

**REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF  
LEXIS CHEMICAL SDN. BHD. (Company No.: 1174937-H)  
(Incorporated in Malaysia)**

**Auditors' Responsibilities for the Audit of the Financial Statements (Cont'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 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 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 Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements of the Company, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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.

**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.



YC LEE & CO PLT  
LLP0018751-LCA & AF 1511  
Chartered Accountants



LEE YUN CHOONG  
[02266/10/2021(J)]  
Chartered Accountant

Kuala Lumpur

Date: 10 JUL 2020

**APPENDIX VI - AUDITED FINANCIAL STATEMENTS OF LEXIS CHEMICAL FOR THE FYE 29 FEBRUARY 2020 (CONT'D)**

Company No.: 1174937-H

**LEXIS CHEMICAL SDN. BHD.**  
*(Incorporated in Malaysia)*

**STATEMENT OF FINANCIAL POSITION  
AS AT 29 FEBRUARY 2020**

	Note	2020 RM	2019 RM
<b>ASSETS</b>			
<b>NON-CURRENT ASSET</b>			
Property, plant and equipment	4	<u>14,858,899.75</u>	<u>10,944,231.48</u>
<b>CURRENT ASSETS</b>			
Inventories	5	4,575,701.34	2,675,111.21
Trade receivables	6	10,594,310.67	7,275,960.03
Other receivables, deposits and prepayments	7	1,568,095.56	1,407,713.76
Fixed deposits with licensed bank	8	4,096,393.59	3,002,701.37
Cash and bank balances		<u>5,768,999.06</u>	<u>3,283,822.41</u>
		<u>26,603,500.22</u>	<u>17,645,308.78</u>
<b>TOTAL ASSETS</b>		<u><u>41,462,399.97</u></u>	<u><u>28,589,540.26</u></u>
<b>EQUITY AND LIABILITIES</b>			
<b>CAPITAL AND RESERVES</b>			
Share capital	9	2,000,000.00	2,000,000.00
Retained earnings	10	<u>19,625,727.06</u>	<u>12,397,135.64</u>
<b>SHAREHOLDERS' EQUITY</b>		<u>21,625,727.06</u>	<u>14,397,135.64</u>
<b>NON-CURRENT LIABILITIES</b>			
Deferred tax liabilities	11	232,115.00	156,605.00
Finance lease payables	12	229,695.73	-
Term loans	13	<u>10,089,323.29</u>	<u>3,494,625.76</u>
		<u>10,551,134.02</u>	<u>3,651,230.76</u>
<b>CURRENT LIABILITIES</b>			
Trade payables	14	6,659,195.62	5,093,400.65
Other payables and accruals	15	1,144,511.79	4,594,973.45
Finance lease payables	12	43,564.80	-
Bill payables	16	266,117.65	-
Term loans	13	790,531.03	495,374.24
Current tax liabilities		<u>381,618.00</u>	<u>357,425.52</u>
		<u>9,285,538.89</u>	<u>10,541,173.86</u>
<b>TOTAL LIABILITIES</b>		<u>19,836,672.91</u>	<u>14,192,404.62</u>
<b>TOTAL EQUITY AND LIABILITIES</b>		<u><u>41,462,399.97</u></u>	<u><u>28,589,540.26</u></u>

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

**APPENDIX VI - AUDITED FINANCIAL STATEMENTS OF LEXIS CHEMICAL FOR THE FYE 29 FEBRUARY 2020 (CONT'D)**

Company No.: 1174937-H

**LEXIS CHEMICAL SDN. BHD.**  
*(Incorporated in Malaysia)*

**STATEMENT OF COMPREHENSIVE INCOME  
FOR THE YEAR ENDED 29 FEBRUARY 2020**

	Note	2020 RM	2019 RM
Revenue	17	51,231,946.62	38,584,011.66
Cost of sales		<u>(30,255,197.52)</u>	<u>(22,949,818.75)</u>
Gross profit		20,976,749.10	15,634,192.91
Other operating income		285,426.07	131,330.20
Selling and distribution expenses		(2,004,208.41)	(1,660,033.77)
Administration expenses		(2,238,492.26)	(1,703,586.25)
Other operating expenses		<u>(3,177,149.93)</u>	<u>(2,469,494.68)</u>
Profit from operations		13,842,324.57	9,932,408.41
Finance costs	18	<u>(361,485.15)</u>	<u>-</u>
Profit before tax	19	13,480,839.42	9,932,408.41
Income tax expense after tax	20	<u>(3,252,248.00)</u>	<u>(1,845,849.52)</u>
Profit for the year		<u>10,228,591.42</u>	<u>8,086,558.89</u>

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



**APPENDIX VI - AUDITED FINANCIAL STATEMENTS OF LEXIS CHEMICAL FOR THE FYE 29 FEBRUARY 2020 (CONT'D)**

Company No.: 1174937-H

**LEXIS CHEMICAL SDN. BHD.**  
*(Incorporated in Malaysia)*

**STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 29 FEBRUARY 2020**

	Note	Share capital RM	Retained earnings RM	Total RM
As at 1 March 2018		2,000,000.00	4,310,576.75	6,310,576.75
Profit for the year after tax		-	8,086,558.89	8,086,558.89
As at 28 February 2019		2,000,000.00	12,397,135.64	14,397,135.64
Profit for the year after tax		-	10,228,591.42	10,228,591.42
Dividends		-	(3,000,000.00)	(3,000,000.00)
As at 29 February 2020		<u>2,000,000.00</u>	<u>19,625,727.06</u>	<u>21,625,727.06</u>

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

**APPENDIX VI - AUDITED FINANCIAL STATEMENTS OF LEXIS CHEMICAL FOR THE FYE 29 FEBRUARY 2020 (CONT'D)**

Company No.: 1174937-H

**LEXIS CHEMICAL SDN. BHD.**  
*(Incorporated in Malaysia)*

**STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED 29 FEBRUARY 2020**

	Note	2020 RM	2019 RM
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Profit before tax		13,480,839.42	9,932,408.41
Adjustments for:			
Depreciation of property, plant and equipment		393,752.05	266,068.62
Finance costs		361,485.15	
Operating profit before working capital changes		14,236,076.62	10,198,477.03
Increase in inventories		(1,900,590.13)	(399,668.63)
Increase in trade receivables		(3,318,350.64)	(2,368,176.75)
Increase in other receivables, deposits and prepayments		(160,381.80)	(426,760.14)
Increase in fixed deposits with licensed bank		(1,093,692.22)	(3,002,701.37)
Increase in trade payables		1,565,794.97	2,225,463.29
(Decrease)/increase in other payables and accruals		(3,450,461.66)	4,576,473.45
Cash from operations		5,878,395.14	10,803,106.88
Finance costs		(360,367.50)	-
Tax paid		(3,152,545.52)	(2,041,686.24)
Net cash from operating activities		2,365,482.12	8,761,420.64
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Purchase of property, plant and equipment	21	(4,000,420.32)	(6,925,866.39)
Net cash from/(used in) investing activities		(4,000,420.32)	(6,925,866.39)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Dividend paid	22	(3,000,000.00)	-
Release of term loan		7,360,000.00	950,000.00
Release of bill payables		265,000.00	-
Repayment to director		-	(1,999,826.67)
Repayment of finance lease		(34,739.47)	-
Repayment of term loans		(470,145.68)	-
Net cash used in financing activities		4,120,114.85	(1,049,826.67)
Net increase in cash and cash equivalents		2,485,176.65	785,727.58
Cash and cash equivalents at beginning of the year		3,283,822.41	2,498,094.83
Cash and cash equivalents at end of the year	23	5,768,999.06	3,283,822.41
<b>Cash and cash equivalents comprise:</b>			
Cash and bank balances		5,768,999.06	3,283,822.41

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

Company No.: 1174937-H

**LEXIS CHEMICAL SDN. BHD.**  
*(Incorporated in Malaysia)*

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 28 FEBRUARY 2019**

**1 GENERAL INFORMATION**

The Company is a private limited company incorporated and domiciled in Malaysia.

The registered office is located at 09-01, Menara K1, No.1, Lorong 3/137C, Off Jalan Kelang Lama, 58000 Kuala Lumpur.

The principal place of business is located at No. 8, Lorong Sg Puloh 7/KU6, Kawasan Perindustrian Sg Puloh, 42100 Klang, Selangor Darul Ehsan.

The principal activities of the Company are there of manufacturing of industrial chemical products. There have been no significant changes in the nature of the activities during the financial year.

The financial statements of the Company are presented in the functional currency, which is the currency of the primary economic environment in which the entity operates. The functional currency of the Company is Ringgit Malaysia as the sales and purchases are mainly denominated in Ringgit Malaysia and receipts from operations are usually retained in Ringgit Malaysia and funds from financing activities are generated in Ringgit Malaysia.

**2 SIGNIFICANT ACCOUNTING POLICIES**

**2.1 BASIS OF ACCOUNTING**

The financial statements have been prepared in accordance with the Malaysian Private Entities Reporting Standard ("MPERS") and the requirements of the Companies Act, 2016.

The financial statements have been prepared on the historical cost basis, except for the revaluation of certain assets and liabilities.

**2.2 PROPERTY, PLANT AND EQUIPMENT**

The cost of an item of property, plant and equipment is recognised as an asset when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. After recognition as an asset, an item of property, plant and equipment are measured at cost less any accumulated depreciation and any accumulated impairment losses, except for freehold land.

All the costs of the day-to-day servicing of property, plant and equipment are recognized in profit or loss as incurred.

Company No.: 1174937-H

**2.2 PROPERTY, PLANT AND EQUIPMENT (CONT'D)**

Except for freehold land and properties under construction which are not depreciated, depreciation is provided on a straight-line method so as to write off the depreciable amount of the following assets over their estimated useful lives, as follows:

	<u>Rate</u>
CCTV system	20%
Computer and software	20%
Factory equipment	20%
Factory vehicle	20%
Furniture and fittings	20%
Lab equipment	20%
Motor vehicles	20%
Office equipment	20%
Plant and machinery	10%
Renovation	20%
Signboard	20%

Depreciation of an asset begins when it is ready for its intended use.

If there is an indication of a significant change in factors affecting the residual value, useful life or asset consumption pattern since the last annual reporting date, the residual values, depreciation method and useful lives of depreciable assets are reviewed, and adjusted prospectively.

The carrying amounts of items of property, plant and equipment are derecognised on disposal or when no future economic benefits are expected from their use or disposal. Any gain or loss arising from the derecognition of items of property, plant and equipment, determined as the difference between the net disposal proceeds, if any, and the carrying amounts of the item, is recognised in profit or loss. Neither the sale proceeds nor any gain on disposal is classified as revenue.

**2.3 IMPAIRMENT OF ASSETS, OTHER THAN INVENTORIES AND FINANCIAL ASSETS**

At each reporting date, the Company assesses whether there is any indication that an asset may be impaired. If any such indication exists, the recoverable amount of the asset is estimated.

When there is an indication that an asset may be impaired but it is not possible to estimate the recoverable amount of the individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

The recoverable amount of an asset and a cash-generating unit is the higher of the fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

If the recoverable amount of an asset or a cash-generating unit is less than the carrying amount, an impairment loss is recognised to reduce the carrying amount to its recoverable amount. An impairment loss for a cash-generating unit is firstly allocated to reduce the carrying amount of any goodwill allocated to the cash-generating unit, and then, to the other non-current assets of the unit pro rata on the basis of the carrying amount of each appropriate asset in the cash-generating unit. Impairment loss is recognised immediately in profit or loss, unless the asset is carried at a revalued amount, in which case it is treated as a revaluation decrease.

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**2.3 IMPAIRMENT OF ASSETS, OTHER THAN INVENTORIES AND FINANCIAL ASSETS (CONT'D)**

The recoverable amount is the higher of an asset's or cash-generating unit's fair value less to sell, value in use and zero.

An impairment loss recognised in prior periods for an asset or the appropriate assets of a cash-generating unit is reversed when there has been a change in the estimates used to determine the asset's recoverable amount. An impairment loss is reversed to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation, if no impairment loss had been recognised in prior periods. A reversal of an impairment loss is recognised immediately in profit or loss, unless the asset is carried at revalued amount, in which case it is treated as a revaluation increase.

**2.4 FOREIGN CURRENCY**

*i) Foreign Currency ~ Foreign Currency Transactions*

Transactions in foreign currencies are initially recognised in the functional currency by applying to the foreign currency amount the spot exchange rates between the functional currency and the foreign currency at the date of the transactions.

At the end of each reporting period, foreign currency monetary items are translated using the closing rate. Non-monetary items that are measured at historical cost in a foreign currency are translated using the exchange rates at the date of the transactions. Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

Exchange differences are recognised in profit or loss in the period in which they arise except when a gain or loss on a non-monetary item is recognised in other comprehensive income. If so, any exchange differences relating to that gain or loss is recognised in other comprehensive income.

**2.5 INVENTORIES**

Inventories are measured at the lower of cost and estimated selling price less costs to complete and sell. Cost of inventories comprises all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition. Cost of inventories is measured by using the First-in First-out method.

At each reporting date, inventories are assessed for impairment. If an item of inventory is impaired, the carrying amount is reduced to its selling price less costs to complete and sell; the impairment loss is recognised immediately in profit or loss. At each subsequent reporting date, the Company makes a new assessment of selling price less costs to complete and sell. If there is any indication that an impairment loss recognised in prior periods may no longer exist or when there is clear evidence of an increase in selling price less costs to complete and sell due to changed economic circumstances, an impairment loss is reversed to the extent that the new carrying amount is the lower of the cost and the revised selling price less costs to complete and sell.

**2.6 FINANCIAL ASSETS**

Financial assets are recognised in the statement of financial position when the Company becomes a party to the contractual provisions of the instrument.

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## 2.6 FINANCIAL ASSETS (CONT'D)

On initial recognition, financial assets are measured at transaction price, include transaction costs for financial assets not measured at fair value through profit or loss, unless the arrangement constitutes, in effect, a financing transaction for the counterparty to the arrangement.

After initial recognition, financial assets are classified into one of three categories: financial assets measured at fair value through profit or loss, financial assets that are debt instruments measured at amortised cost, and financial assets that are equity instruments measured at cost less impairment.

### *i) Financial Assets At Fair Value Through Profit Or Loss*

Financial assets are classified as at fair value through profit or loss when the financial assets are within the scope of Section 12 of the MPERS or if the financial assets are publicly traded or their fair value can otherwise be measured reliably without undue cost or effort.

Changes in fair value are recognised in profit or loss.

If a reliable measure of fair value is no longer available for an equity instrument that is not publicly traded but is measured at fair value through profit or loss, its fair value at the last date that instrument was reliably measurable is treated as the cost of the instrument, and it is measured at this cost amount less impairment until a reliable measure of fair value becomes available.

### *ii) Financial Assets That Are Debt Instruments Measured At Amortised Cost*

After initial recognition, debt instruments are measured at amortised cost using the effective interest method. Debt instruments that are classified as current assets are measured at the undiscounted amount of the cash or other consideration expected to be received.

Effective interest method is a method of calculating the amortised cost of financial assets and of allocating the interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimate future cash receipts through the expected life of the financial assets or, when appropriate, a shorter period, to the carrying amount of the financial assets.

### *iii) Financial Assets That Are Equity Instruments Measured At Cost Less Impairment*

Equity instruments that are not publicly traded and whose fair value cannot otherwise be measured reliably without undue cost or effort, and contracts linked to such instruments that, if exercised, will result in delivery of such instruments, are measured at cost less impairment.

### *iv) Impairment Of Financial Assets*

At the end of each reporting period, the Company assesses whether there is any objective evidence that financial assets that are measured at cost or amortised cost, are impaired.

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## 2.6 FINANCIAL ASSETS (CONT'D)

### iv) *Impairment Of Financial Assets (Cont'd)*

Objective evidence could include:

- significant financial difficulty of the issuer; or
- a breach of contract; or
- the lender granting to the borrower a concession that the lender would not otherwise consider; or
- it becoming probable that the borrower will enter bankruptcy or other financial reorganisation; or
- observable data indicating that there is a measurable decrease in the estimated future cash flows from the financial assets since the initial recognition of those assets.

For certain category of financial assets, such as trade receivables, if it is determined that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, the assets are included in a group with similar credit risk characteristics and collectively assessed for impairment.

Impairment losses, in respect of financial assets measured at amortised cost, are measured as the differences between the assets' carrying amounts and the present values of their estimated cash flows discounted at the assets' original effective interest rate.

If there is objective evidence that impairment losses have been incurred on financial assets measured at cost less impairment, the amount of impairment losses are measured as the difference between the asset's carrying amount and the best estimate of the amount that the Company would receive for the asset if it were to be sold at the reporting date.

The carrying amounts of the financial assets are reduced directly, except for the carrying amounts of trade receivables which are reduced through the use of an allowance account. Any impairment loss is recognised in profit or loss immediately. If, in subsequent period, the amount of an impairment loss decreases, the previously recognised impairment losses are reversed directly, except for the amounts related to trade receivables which are reversed to write back the amount previously provided in the allowance account. The reversal is recognised in profit or loss immediately.

### v) *Derecognition Of Financial Assets*

Financial assets are derecognised when the contractual rights to the cash flows from the financial assets expire, or are settled, or the Company transfers to another party substantially all of the risks and rewards of ownership of the financial assets.

On derecognition of financial assets in their entirety, the differences between the carrying amounts and the sum of the consideration received and any cumulative gains or losses are recognised in profit or loss in the period of the transfer.

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## 2.7 CASH AND CASH EQUIVALENTS

Cash and cash equivalents in the statement of cash flows comprise cash and bank balances, short-term bank deposits and other short-term, highly liquid investments that have a short maturity of three months or less from the date of acquisition, net of bank overdrafts.

## 2.8 LIABILITIES AND EQUITY

### *i) Classification Of Liabilities And Equity*

Financial liabilities and equity instruments are classified in accordance with the substance of the contractual arrangement, not merely its legal form, and in accordance with the definitions of a financial liability and an equity instrument.

### *ii) Equity Instruments*

Ordinary shares are classified as equity.

Equity instruments are any contracts that evidence a residual interest in the assets of the Company after deducting all of its liabilities. Equity instruments issued by the Company, other than those issued as part of a business combination or those accounted for in paragraph 22.15A to 22.15B, are measured at the fair value of the cash or other resources received or receivable, net of transaction costs. If payment is deferred and the time value of money is material, the initial measurement shall be on a present value basis.

The Company accounts for the transaction costs of an equity as a deduction from equity. Income tax relating to the transaction costs is accounted for in accordance with Section 29 of the MPERS.

Distributions to owners are deducted from the equity. Related income tax is accounted for in accordance with Section 29 of the MPERS.

## 2.9 FINANCIAL LIABILITIES

Financial liabilities are recognised in the statement of financial position when the Company becomes a party to the contractual provisions of the instrument.

On initial recognition, financial liabilities are measured at transaction price, include transaction costs for financial liabilities not measured at fair value through profit or loss, unless the arrangement constitutes, in effect, a financing transaction for the Company to the arrangement.

After initial recognition, financial liabilities are classified into one of three categories: financial liabilities measured at fair value through profit or loss, financial liabilities measured at amortised cost, or loan commitments measured at cost less impairment.

### *i) Financial Liabilities Measured At Fair Value Through Profit Or Loss*

Financial liabilities are classified as at fair value through profit or loss when the financial liabilities are within the scope of Section 12 of the MPERS or if the financial liabilities are publicly traded or their fair value can otherwise be measured reliably without undue cost or effort.



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## 2.9 FINANCIAL LIABILITIES (CONT'D)

### *i) Financial Liabilities Measured At Fair Value Through Profit Or Loss (Cont'd)*

If a reliable measure of fair value is no longer available for an equity instrument that is not publicly traded but is measured at fair value through profit or loss, its fair value at the last date that instrument was reliably measurable is treated as the cost of the instrument, and it is measured at this cost amount less impairment until a reliable measure of fair value becomes available.

### *ii) Financial Liabilities Measured At Amortised Cost*

After initial recognition, financial liabilities other than financial liabilities at fair value through profit or loss are measured at amortised cost using the effective interest method. Gains or losses are recognised in profit or loss when the financial liabilities are derecognised or impaired.

Effective interest method is a method of calculating the amortised cost of financial liabilities and of allocating the interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimate future cash payments through the expected life of the financial liabilities or, when appropriate, a shorter period, to the carrying amount of the financial liabilities.

### *iii) Loan Commitments Measured At Cost Less Impairment*

Commitments to receive loan that meet the conditions of Section 11 of the MPERS are measured at cost less impairment.

### *iv) Derecognition Of Financial Liabilities*

Financial liabilities are derecognised when the obligation specified in the contract is discharged, cancelled or expires.

Any difference between the carrying amounts of the financial liabilities derecognised and the consideration paid is recognised in profit or loss.

## 2.10 REVENUE

### *i) Sales Of Goods*

Revenue from sales of goods is recognised when the significant risks and rewards of ownership have been transferred to the buyer. Revenue is measured at the fair value of the consideration received or receivable, net of discounts and taxes applicable to the revenue.

### Other income

#### *i) Interest Income*

Interest income is recognised using the effective interest method, and accrued on a time basis.

#### *ii) Rental Income*

Rental income are recognised on an accrual basis in accordance with the substance of the relevant agreement.

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## 2.11 EMPLOYMENT BENEFITS

### *i) Short-Term Employment Benefits*

Short-term employment benefits, such as wages, salaries and other benefits, are recognised at the undiscounted amount as a liability and an expense when the employees have rendered services to the Company.

The expected cost of accumulating compensated absences are recognised when the employees render services that increase their entitlement to future compensated absences. The expected cost of non-accumulating compensated absences, such as sick and medical leaves, are recognised when the absences occur.

The expected cost of accumulating compensated absences are measured at the undiscounted additional amount expected to be paid as a result of the unused entitlement that has accumulated at the end of the reporting period.

The expected cost of profit-sharing and bonus payments are recognised when the Company has a present legal or constructive obligation to make such payments as a result of past events and a reliable estimate of the obligation can be made. A present obligation exists when the Company has no realistic alternative but to make the payments.

### *ii) Defined Contribution Plan*

The Company's contributions to the defined contribution plan ("Employees Provident Fund") are charged to the statement of comprehensive income in the financial period in which they relate. Once the contributions have been paid, the Company has no further payment obligations.

## 2.12 BORROWING COSTS

Borrowing costs are recognized as expenses in profit or loss in the period in which they are incurred by using the effective interest method.

## 2.13 RELATED PARTIES

A party is related to an entity (referred to as the "reporting entity") if: -

### *a) A person or a close member of that person's family is related to a reporting entity if that person:-*

- i) has control or joint control over the reporting entity;*
- ii) has significant influence over the reporting entity; or*
- iii) is a member of the key management personnel of the reporting entity or of a parent of the reporting entity.*

Close members of the family of a person are those family members who may be expected to influence, or be influenced by, that individual in their dealings with the entity.

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### 2.13 RELATED PARTIES (CONT'D)

- b) An entity is related to a reporting entity if any of the following conditions applies:-*
- i) The entity and the reporting entity are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).
  - ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).
  - iii) Both entities are joint ventures of the same third party.
  - iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.
  - v) The entity is a post-employment benefit plan for the benefit of employees of either the reporting entity or an entity related to the reporting entity. If the reporting entity is itself such a plan, the sponsoring employers are also related to the reporting entity.
  - vi) The entity is controlled or jointly controlled by a person identified in (a) above.
  - vii) A person identified in (a)(i) above has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).
  - viii) The entity, or any member of a group of which is a part, provides key management personnel services to the reporting entity or to the parent of the reporting entity.

Related parties also include key management personnel defined as those persons having authority and responsibility for planning, directing and controlling the activities of the reporting entity either directly or indirectly, including any director (whether executive or otherwise) of that entity.

### 2.14 INCOME TAX

Tax expense is recognised in profit or loss, except that a change attributable to an item of income or expense recognised as other comprehensive income is also recognised in other comprehensive income.

Tax payable on taxable profit for current and past periods is recognised as a current tax liability to the extent unpaid. If the amount paid in respect of the current and past periods exceeds the amount payable for those periods, the excess is recognised as a current tax asset.

Current tax assets and liabilities are measured at the amounts expected to be paid or recovered, using the tax rates and laws that have been enacted or substantially enacted by the reporting date.

Current tax liabilities and assets are offset if, and only if the Company has a legally enforceable right to set off the amounts and plan either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

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#### **2.14 INCOME TAX (CONT'D)**

Deferred tax is provided in full on temporary differences which are the differences between the carrying amounts in the financial statements and the corresponding tax base of an asset or liability at the end of the reporting period.

Deferred tax liabilities are recognised for all taxable temporary differences that are expected to increase taxable profit in the future. Deferred tax assets are recognised for all deductible temporary differences that are expected to reduce taxable profit in the future and the carryforward of unused tax losses and unused tax credits.

Deferred tax liabilities and assets are not recognised in respect of the temporary differences associated with the initial recognition of an asset or a liability in a transaction that is not a business combination and at the time of the transactions, affects neither accounting profit nor taxable profit. Deferred tax liabilities are also not recognised for temporary difference associated with the initial recognition of goodwill.

Deferred tax liabilities and assets reflect the tax consequences that would follow from the manner in which the Company expects to recover or settle the carrying amounts of their assets and liabilities and are measured at the tax rates and laws that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates that have been enacted or substantially enacted by the reporting date.

### **3 CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY**

#### **3.1 CRITICAL JUDGEMENTS IN APPLYING THE ACCOUNTING POLICIES**

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

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

There are no significant areas of estimation uncertainty and critical judgements in applying accounting policies that have significant effect on the amounts recognised in the financial statements.

**APPENDIX VI - AUDITED FINANCIAL STATEMENTS OF LEXIS CHEMICAL FOR THE FYE 29 FEBRUARY 2020 (CONT'D)**

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**4 PROPERTY, PLANT AND EQUIPMENT**

	As at 1 March 2019 RM	Additions RM	Disposals RM	As at 29 February 2020 RM
<b><u>Cost</u></b>				
Factory under construction	3,329,095.45	3,740,861.55	-	7,069,957.00
CCTV System	15,520.00	-	-	15,520.00
Computer and software	94,780.15	35,752.00	-	130,532.15
Factory equipment	274,901.00	49,228.40	-	324,129.40
Factory vehicle	146,950.00	-	-	146,950.00
Freehold land	6,328,759.60	-	-	6,328,759.60
Furniture and fittings	50,762.93	-	-	50,762.93
Lab equipment	135,428.14	86,572.88	-	222,001.02
Motor vehicles	-	372,071.00	-	372,071.00
Office equipment	71,401.72	2,784.49	-	74,186.21
Plant and machinery	856,363.80	21,150.00	-	877,513.80
Renovation	261,717.60	-	-	261,717.60
Signboard	2,520.00	-	-	2,520.00
	11,568,200.39	4,308,420.32	-	15,876,620.71

	As at 1 March 2019 RM	Charges for the year RM	Disposals RM	As at 29 February 2020 RM
<b><u>Accumulated Depreciation</u></b>				
CCTV System	7,963.56	3,103.44	-	11,067.00
Computer and software	40,530.50	20,872.10	-	61,402.60
Factory equipment	71,756.94	59,076.03	-	130,832.97
Factory vehicle	50,511.44	29,389.08	-	79,900.52
Furniture and fittings	28,486.29	10,151.64	-	38,637.93
Lab equipment	43,452.41	40,524.02	-	83,976.43
Motor vehicles	-	74,281.68	-	74,281.68
Office equipment	28,372.18	14,459.28	-	42,831.46
Plant and machinery	213,923.83	88,287.30	-	302,211.13
Renovation	138,090.18	53,103.72	-	191,193.90
Signboard	881.58	503.76	-	1,385.34
	623,968.91	393,752.05	-	1,017,720.96

**APPENDIX VI - AUDITED FINANCIAL STATEMENTS OF LEXIS CHEMICAL FOR THE FYE 29 FEBRUARY 2020 (CONT'D)**

Company No.: 1174937-H

**4 PROPERTY, PLANT AND EQUIPMENT (CONT'D)**

	<b>2020</b>	<b>2019</b>
	<b>RM</b>	<b>RM</b>
<b><u>Carrying Amounts</u></b>		
Factory under construction	7,069,957.00	3,329,095.45
CCTV System	4,453.00	7,556.44
Computer and software	69,129.55	54,249.65
Factory equipment	193,296.43	203,144.06
Factory vehicle	67,049.48	96,438.56
Freehold land	6,328,759.60	6,328,759.60
Furniture and fittings	12,125.00	22,276.64
Lab equipment	138,024.59	91,975.73
Motor vehicles	297,789.32	-
Office equipment	31,354.75	43,029.54
Plant and machinery	575,302.67	642,439.97
Renovation	70,523.70	123,627.42
Signboard	1,134.66	1,638.42
	<u>14,858,899.75</u>	<u>10,944,231.48</u>

The carrying amounts of the property, plant and equipment under finance lease of the Company are as follows:

	<b>2020</b>	<b>2019</b>
	<b>RM</b>	<b>RM</b>
Motor vehicle	<u>273,260.53</u>	<u>-</u>

The Company has pledged the following property, plant and equipment to licensed banks to secure banking facilities granted to the Company:

	<b>2020</b>	<b>2019</b>
	<b>RM</b>	<b>RM</b>
Freehold land	6,328,759.60	6,328,759.60
Factory under construction – at cost	<u>7,069,957.00</u>	<u>3,329,095.45</u>
	<u>13,398,716.60</u>	<u>9,657,855.05</u>

**5 INVENTORIES**

	<b>2020</b>	<b>2019</b>
	<b>RM</b>	<b>RM</b>
At cost:		
Raw materials	3,220,309.84	1,863,303.27
Work-in-progress	58,901.97	43,610.43
Finished goods	<u>1,296,489.53</u>	<u>768,197.51</u>
	<u>4,575,701.34</u>	<u>2,675,111.21</u>

**APPENDIX VI - AUDITED FINANCIAL STATEMENTS OF LEXIS CHEMICAL FOR THE FYE 29 FEBRUARY 2020 (CONT'D)**

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**6 TRADE RECEIVABLES**

	2020 RM	2019 RM
Trade receivables	10,594,310.67	7,275,960.03
Less: Allowance for doubtful debts	-	-
	<u>10,594,310.67</u>	<u>7,275,960.03</u>

The normal trade creditor terms granted to the customers ranges is 30 days.

**7 OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS**

	2020 RM	2019 RM
Other receivables	343,902.36	338,983.76
Deposits	1,164,180.00	1,049,980.00
Prepayment	60,013.20	18,750.00
	<u>1,568,095.56</u>	<u>1,407,713.76</u>

**8 FIXED DEPOSITS WITH LICENSED BANK**

	2020 RM	2019 RM
Fixed deposits with licensed bank	<u>4,096,393.59</u>	<u>3,002,701.37</u>

The weighted average effective interest rates of the fixed deposits with licensed banks at the reporting date is 3.40 – 3.65 % per annum

The fixed deposits have a maturity period of 1-3 month.

All fixed deposits are denominated in Ringgit Malaysia.

**9 SHARE CAPITAL**

	Number of shares		2020 RM	2019 RM
	2020 Units	2019 Units		
<b>Issued and fully paid ordinary shares</b>				
At beginning of the year	2,000,000	2,000,000	2,000,000.00	2,000,000.00
Issued during the year/ period	-	-	-	-
At end of the year/period	<u>2,000,000</u>	<u>2,000,000</u>	<u>2,000,000.00</u>	<u>2,000,000.00</u>

Pursuant to the Companies Act 2016, effective from 31 January 2017, the concept of authorised share capital and par value has been abolished. Amount standing to the credit of share premium account/capital redemption reserve are transferred to share capital as at that date.

Ordinary shares of the Company have no par value. The holder of ordinary shares is entitled to receive dividends as and when declared by the Company. All ordinary shares carry one vote per share without restrictions.

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**10 RETAINED EARNINGS**

During the financial year, the Company is under single-tier tax system, tax on the Company's chargeable income is a final tax and any dividend distributed will be exempted from tax in the hands of shareholders.

**11 DEFERRED TAX LIABILITIES**

The following are the movements of deferred tax assets and liabilities (before offsetting):

	2020 RM	2019 RM
Deferred tax liability brought forward	156,605.00	87,823.00
Movement during the year		
- Current year's liability	75,510.00	68,782.00
Deferred tax liability carried forward	<u>232,115.00</u>	<u>156,605.00</u>
Deferred tax benefit not in the reflected in the Financial statements	-	-
Deferred tax liability as per balance sheet	<u>232,115.00</u>	<u>156,605.00</u>

\*Deferred tax liability represents the following timing difference calculated at statutory rate of 18%

	RM	RM
Difference between net book value and the corresponding tax written down value of plant and equipment	232,115.00	156,605.00
Unabsorbed capital allowance & tax loss	-	-
	<u>232,115.00</u>	<u>156,605.00</u>

**12 FINANCE LEASE PAYABLES**

	2020 RM	2019 RM
<b>Minimum lease payments</b>		
Not later than 1 year	59,088.00	-
Later than 1 year and not later than 2 years	59,088.00	-
Later than 2 years and not later than 5 years	177,264.00	-
Later than 5 years	6,690.40	-
	<u>302,130.40</u>	-
Future finance charges	(28,869.87)	-
Present value of finance lease	<u>273,260.53</u>	-

**Present value of finance lease is analysed as follows:**

Not later than 1 year	43,564.80	-
Later than 1 year and not later than 2 years	49,478.40	-
Later than 2 years and not later than 5 years	180,217.33	-
Later than 5 years	-	-
	<u>229,695.73</u>	-
	<u>273,260.53</u>	-



**APPENDIX VI - AUDITED FINANCIAL STATEMENTS OF LEXIS CHEMICAL FOR THE FYE 29 FEBRUARY 2020 (CONT'D)**

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**13 TERM LOANS**

	2020 RM	2019 RM
Not later than 1 year		
-Term loan I	187,333.72	174,386.10
-Term loan II	278,471.85	320,988.14
-Term loan III	324,725.46	-
	<u>790,531.03</u>	<u>495,374.24</u>
Later than 1 years and not later than 2 years		
-Term loan I	196,076.47	183,508.92
-Term loan II	289,586.20	335,600.48
-Term loan III	337,685.89	-
	<u>823,348.56</u>	<u>519,109.40</u>
Later than 1 years and not later than 5 years		
-Term loan-I	392,203.70	592,104.99
-Term loan-II	939,969.96	1,101,280.33
-Term loan III	1,096,097.06	-
	<u>2,428,270.72</u>	<u>1,693,385.32</u>
Later than 5 year		
-Term loan-I	-	-
-Term loan-II	2,996,212.42	1,282,131.05
-Term loan III	3,841,491.59	-
	<u>6,837,704.01</u>	<u>1,282,131.04</u>
	<u>10,089,323.29</u>	<u>3,494,625.76</u>
	<u>10,879,854.32</u>	<u>3,990,000.00</u>

**13.1 TERM LOAN-I**

- i)* Facility Agreement;
- ii)* First party first legal charge over single storey factory cum 3 storey office under title H.S (D) 153790 PT No. 73984 Mukim Kapar, Daerah Klang, Negeri Selangor, and
- iii)* Guarantee by the Company Directors' Takaful Insurance of RM 5,000,000.00.
- iv)* Jointly and severally guarantee by the directors of the Company.

The term loan I is repayable by 60 equal monthly installment of RM 18,243.00 and bears interest at 1.50% per annum above the Bank's prevailing Cost Funding Rate ("CFR") and commence from 31 January 2019. (current CFR: 3.07%)

Company No.: 1174937-H

**13 TERM LOANS (CONT'D)**

**13.2 TERM LOAN-II**

- i)* Facility Agreement;
- ii)* First party first legal charge over single storey factory cum 3 storey office under title H.S (D) 153790 PT No. 73984 Mukim Kapar, Daerah Klang, Negeri Selangor, and
- iii)* Guarantee by the Company Directors' Takaful Insurance of RM 5,000,000.00.
- iv)* Jointly and severally guarantee by the directors of the Company.

The term loan II is repayable by 180 equal monthly installment of RM 37,510.00 and bears interest at 0.85% per annum above the Bank's prevailing Cost Funding Rate ("CFR") and commence from 31 January 2019. (current CFR: 3.07%)

**13.3 TERM LOAN-III**

- v)* Facility Agreement;
- vi)* First party first legal charge over single storey factory cum 3 storey office under title H.S (D) 153790 PT No. 73984 Mukim Kapar, Daerah Klang, Negeri Selangor, and
- vii)* Guarantee by the Company Directors' Takaful Insurance of RM 5,000,000.00.
- viii)* Jointly and severally guarantee by the directors of the Company.

The term loan III is repayable by 180 equal monthly installment of RM 44,876.00 and bears interest at 0.85% per annum above the Bank's prevailing Cost Funding Rate ("CFR") and commence from 19 March 2019. (current CFR: 3.07%)

**14 TRADE PAYABLES**

	<b>2020</b>	<b>2019</b>
	<b>RM</b>	<b>RM</b>
Trade payables	<u>6,659,195.62</u>	<u>5,093,400.65</u>

The normal trade credit term granted to the Company ranges from 30 days to 90 days

**15 OTHER PAYABLES AND ACCRUALS**

	<b>2020</b>	<b>2019</b>
	<b>RM</b>	<b>RM</b>
Other payables	930,261.79	4,567,973.45
Accruals	<u>214,250.00</u>	<u>27,000.00</u>
	<u>1,144,511.79</u>	<u>4,594,973.45</u>

**APPENDIX VI - AUDITED FINANCIAL STATEMENTS OF LEXIS CHEMICAL FOR THE FYE 29 FEBRUARY 2020 (CONT'D)**

Company No.: 1174937-H

**16 BILLS PAYABLES**

	2020 RM	2019 RM
Bankers acceptance	<u>266,117.65</u>	<u>-</u>

The above bills payable are secured by:-

- i)* Facility Agreement;
- ii)* First party first legal charge over single storey factory cum 3 storey office under title H.S (D) 153790 PT No. 73984 Mukim Kapar, Daerah Klang, Negeri Selangor, and
- iii)* Guarantee by the Company Directors' Takaful Insurance of RM 5,000,000.00.
- iv)* Jointly and severally guarantee by the directors of the Company.

The banker acceptance bear an interest rate of 0.85% per annum above banker's acceptance cost.

**17 REVENUE**

	2020 RM	2019 RM
Sales of goods	<u>51,231,946.62</u>	<u>38,584,011.66</u>

**18 FINANCE COSTS**

	2020 RM	2019 RM
BA interest	1,117.65	
Finance lease interest	19,424.53	-
Term loan interest	340,942.97	-
	<u>361,485.15</u>	<u>-</u>

**19 PROFIT BEFORE TAX**

**19.1 DISCLOSURE ITEMS**

	2020 RM	2019 RM
This is stated after charging:		
Audit fee	28,000.00	24,500.00
Depreciation of property, plant and equipment	393,752.05	266,068.62
Loss on foreign exchange (realised)	37,820.65	18,773.08
Rental of apartment	17,561.60	18,170.00
Rental of factory	230,400.00	188,640.00
Rental of machinery	11,940.00	43,680.00
Rental of office	43,200.00	42,360.00
Rental of vehicles	61,367.84	-
Rental of forklift	<u>3,200.00</u>	<u>-</u>

**APPENDIX VI - AUDITED FINANCIAL STATEMENTS OF LEXIS CHEMICAL FOR THE FYE 29 FEBRUARY 2020 (CONT'D)**

Company No.: 1174937-H

**19 PROFIT BEFORE TAX (CONT'D)**

	<b>2020</b>	<b>2019</b>
	<b>RM</b>	<b>RM</b>
And crediting:		
Gain on foreign exchange (realised)	(173,527.31)	(105,079.50)
Bank interest income	(5,607.55)	(596.78)
Other income	(598.99)	-
Fixed deposit income	(93,692.22)	(25,653.92)
Rental income	(12,000.00)	-
	<u>(12,000.00)</u>	<u>-</u>

**19.2 EMPLOYEES BENEFITS EXPENSES**

	<b>2020</b>	<b>2019</b>
	<b>RM</b>	<b>RM</b>
Directors' salary	1,901,250.00	1,410,000.00
Director's E.P.F.	206,112.00	169,202.00
Directors' SOCSO	1,846.80	1,846.80
Directors' allowance	345.80	-
E.P.F. contributions	122,187.70	79,933.00
Salaries, allowances and bonus	970,806.23	649,766.42
SOCSO contributions	9,656.40	6,873.90
Wages, incentive and bonus	116,003.15	114,758.29
	<u>3,328,208.08</u>	<u>2,432,380.41</u>

The number of employees include directors of the Company at 29 February 2020 is 21 (2019:15).

**20 INCOME TAX EXPENSES**

	<b>2020</b>	<b>2019</b>
	<b>RM</b>	<b>RM</b>
<b>Current tax expense</b>		
Current year	3,361,976.00	1,777,067.52
Transfer from deferred taxation	75,510.00	68,782.00
Overprovision in prior year	(185,238.00)	-
	<u>3,252,248.00</u>	<u>1,845,849.52</u>

A reconciliation of income tax expenses applicable to profit before taxation at the statutory income tax rate to income tax expenses at the effective income tax rate of the Company is as follows:

**APPENDIX VI - AUDITED FINANCIAL STATEMENTS OF LEXIS CHEMICAL FOR THE FYE 29 FEBRUARY 2020 (CONT'D)**

Company No.: 1174937-H

**20 INCOME TAX EXPENSES (CONT'D)**

	<b>2020</b>	<b>2019</b>
	<b>RM</b>	<b>RM</b>
Profit before tax	<u>13,480,839.42</u>	<u>9,932,408.41</u>
Tax at Malaysian statutory tax rate of 24%	3,235,401.00	2,383,691.61
Tax effects of:		
Non-deductible expenses	214,536.20	112,246.32
Utilisation of capital allowance	(87,961.20)	(92,465.37)
Utilisation of tax incentives	-	(596,405.04)
Differential tax rate for:		
- small & medium companies in Malaysia of 18%		
Changes in tax rate	-	(30,000.00)
Transfer from deferred taxation	75,510.00	68,782.00
(Overprovision) in prior year	<u>(185,238.00)</u>	<u>-</u>
Total income tax expense	<u>3,252,248.00</u>	<u>1,845,849.52</u>

**21 PURCHASES OF PROPERTY, PLANT AND EQUIPMENT**

	<b>2020</b>	<b>2019</b>
	<b>RM</b>	<b>RM</b>
Purchases of property, plant and equipment	4,308,420.32	9,965,866.39
Less: Purchases made directly by finance lease	<u>(308,000.00)</u>	<u>(3,040,000.00)</u>
Purchases of property, plant and equipment by cash	<u>4,000,420.32</u>	<u>6,925,866.39</u>

**22 DIVIDENDS**

On 31 March 2019, the directors declared 150% single tier interim dividend (total dividend of RM 3,000,000.00) in respect of the current financial year. The dividend was paid to the shareholders on 18 April 2019. The net dividend per share was RM 1.50.

**23 CASH AND BANK BALANCES**

	<b>2020</b>	<b>2019</b>
	<b>RM</b>	<b>RM</b>
Cash at bank	5,763,332.85	3,275,180.23
Cash at hand	<u>5,666.21</u>	<u>8,642.18</u>
	<u>5,768,999.06</u>	<u>3,283,822.41</u>

Company No.: 1174937-H

**24 RELATED PARTIES TRANSACTIONS**

	2020	2019
	RM	RM
<b>Paid and payables:-</b>		
Commission	66,223.73	-
Marketing and customer service fee	<u>561,567.68</u>	<u>499,375.37</u>
	RM	RM
<b>Received and receivable:-</b>		
Rental income	<u>(12,000.00)</u>	<u>-</u>

The directors are of the opinion that all the transactions above have been entered into in the normal course of business and have established on terms and conditions that are not materially difference from that obtainable in transaction with unrelated parties.

**25 EVENT SUBSEQUENT TO THE REPORTING PERIOD**

On 11th March 2020, the World Health Organization declared the Coronavirus ("Covid-19") outbreak as a pandemic in recognition of its rapid spread across the globe. On 16th March 2020, the Malaysian Government has imposed the Movement Control Order ("MCO") starting from 18th March 2020 to curb the spread of the Covid-19 outbreak in Malaysia. The Covid-19 outbreak also resulted in travel restrictions, Lockdown and other precautionary measures imposed in various countries. The emergence of the Covid-19 outbreak since early 2020 has brought significant economic uncertainties in Malaysia and markets in which the Company operated.

For the Company's financial statements for the financial year ended 29<sup>th</sup> February 2020, the Covid-19 outbreak and the related impacts are considered non-adjusting events in accordance with MPERS of section 32 Events after the Reporting period, Consequently, there is no impact on the recognition and measurement of assets and liabilities as at 29<sup>th</sup> February 2020.

Company No.: 1174937-H

**26 AUTHORISATION FOR ISSUE OF THE FINANCIAL STATEMENTS**

The financial statements of the Company were authorised for issue by the Board of Directors on

**10 JUL 2020**

LODGED BY:  
GDC CORPORATE SERVICES  
SDN. BHD.  
(665910-W)  
09-01, MENARA K1,  
NO.1, LORONG 3/137C,  
OFF JALAN KELANG LAMA,  
58000 KUALA LUMPUR.  
TEL: 03-7772 2131  
FAX: 03-7772 2131

**APPENDIX VI - AUDITED FINANCIAL STATEMENTS OF LEXIS CHEMICAL FOR THE FYE 29 FEBRUARY 2020 (CONT'D)**

Company No.: 1174937-H

**LEXIS CHEMICAL SDN. BHD.**  
*(Incorporated in Malaysia)*

**DETAILED INCOME STATEMENT  
FOR THE YEAR ENDED 29 FEBRUARY 2020**

	<b>2020</b>	<b>2019</b>
	<b>RM</b>	<b>RM</b>
<b>REVENUE</b>	<u>51,231,946.62</u>	<u>38,584,011.66</u>
<b>LESS: COST OF SALES</b>		
Opening inventories of finished goods	768,197.51	534,986.78
Packaging Material	1,555,336.60	1,345,500.81
Cost of manufacturing	<u>29,228,152.94</u>	<u>21,837,528.67</u>
	31,551,687.05	23,718,016.26
Less: Closing inventories	<u>(1,296,489.53)</u>	<u>(768,197.51)</u>
	<u>30,255,197.52</u>	<u>22,949,818.75</u>
<b>GROSS PROFIT</b>	20,976,749.10	15,634,192.91
<b>ADD: OTHER OPERATING INCOME</b>		
Bank interest income	5,607.55	596.78
Fixed deposits income	93,692.22	25,653.92
Gain on foreign exchange (realised)	173,527.31	105,079.50
Other income	598.99	-
Rental income	<u>12,000.00</u>	<u>-</u>
	<u>285,426.07</u>	<u>131,330.20</u>
	21,262,175.17	15,765,523.11
<b>LESS: OPERATING EXPENSES</b>	<u>(7,781,335.75)</u>	<u>(5,833,114.70)</u>
<b>PROFIT BEFORE TAX</b>	<u>13,480,839.42</u>	<u>9,932,408.41</u>

*This Statement is prepared for the purpose of the Management's use only and does not form part of the statutory audited financial statements.*



**APPENDIX VI - AUDITED FINANCIAL STATEMENTS OF LEXIS CHEMICAL FOR THE FYE 29 FEBRUARY 2020 (CONT'D)**

Company No.: 1174937-H

**LEXIS CHEMICAL SDN. BHD.**  
*(Incorporated in Malaysia)*

**MANUFACTURING ACCOUNT  
FOR THE YEAR ENDED 29 FEBRUARY 2020**

	2020 RM	2019 RM
<b>RAW MATERIALS</b>		
Opening inventories of raw materials	1,863,303.27	1,653,186.39
Purchase returned	(108,433.40)	-
Purchases	<u>28,918,356.69</u>	<u>20,523,051.29</u>
	30,673,226.56	22,176,237.68
Less: Closing inventories of raw materials	<u>(3,220,309.84)</u>	<u>(1,863,303.27)</u>
	<u>27,452,916.72</u>	<u>20,312,934.41</u>
<b>DIRECT LABOUR</b>		
E.P.F. contributions	79,073.00	58,659.00
Salaries, allowances and bonus	652,361.97	480,439.00
SOCSO contributions	6,365.55	5,182.95
Wages, incentive and bonus	<u>116,003.15</u>	<u>114,758.29</u>
	<u>853,803.67</u>	<u>659,039.24</u>
<b>DIRECT EXPENSES</b>		
Car insurance and road tax	11,441.37	2,387.80
Depreciation of property, plant and equipment	217,276.43	168,015.03
Electricity and water	100,988.15	84,476.37
Factory expenses	163,492.99	125,447.99
Lab expenses	29,825.79	19,481.33
Medical fees	4,062.15	2,241.65
Petrol and toll	73,534.61	38,114.78
Rental of factory	230,400.00	188,640.00
Rental of forklift	3,200.00	-
Rental of machinery	11,940.00	43,680.00
Technical support fee	-	60,000.00
Telephone charges	3,946.72	1,988.25
Travelling expenses	7,375.55	22,383.10
Upkeep of factory	1,400.00	7,933.00
Upkeep of factory equipment	12,002.40	24,670.00
Upkeep of factory vehicle	33,012.24	9,843.00
Upkeep of Lab Equipment	85.00	-
Upkeep of machinery	27,199.25	20,004.10
Upkeep of motor vehicles - Manufacturing	1,898.49	-
Waste disposal	<u>3,642.95</u>	<u>2,589.64</u>
	<u>936,724.09</u>	<u>821,896.04</u>
<b>PRIME COST</b>	<u>29,243,444.48</u>	<u>21,793,869.69</u>

*This Statement is prepared for the purpose of the Management's use only and does not form part of the statutory audited financial statements.*

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**APPENDIX VI - AUDITED FINANCIAL STATEMENTS OF LEXIS CHEMICAL FOR THE FYE 29 FEBRUARY 2020 (CONT'D)**

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Company No.: 1174937-H

**LEXIS CHEMICAL SDN. BHD.**  
*(Incorporated in Malaysia)*

**MANUFACTURING ACCOUNT  
FOR THE YEAR ENDED 29 FEBRUARY 2020**

	2020 RM	2019 RM
<b>WORK-IN-PROGRESS</b>		
Opening inventories of work-in-progress	43,610.43	87,269.41
Less: Closing work-in-progress	<u>(58,901.97)</u>	<u>(43,610.43)</u>
	<u>(15,291.54)</u>	<u>43,658.98</u>
<b>COST OF MANUFACTURING</b>	<u>29,228,152.94</u>	<u>21,837,528.67</u>

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**APPENDIX VI - AUDITED FINANCIAL STATEMENTS OF LEXIS CHEMICAL FOR THE FYE 29 FEBRUARY 2020 (CONT'D)**

Company No.: 1174937-H

**LEXIS CHEMICAL SDN. BHD.**  
*(Incorporated in Malaysia)*

**OPERATING EXPENSES**  
**FOR THE YEAR ENDED 29 FEBRUARY 2020**

	<b>2020</b>	<b>2019</b>
	<b>RM</b>	<b>RM</b>
<b>SELLING AND DISTRIBUTION EXPENSES</b>		
Commission	1,394,350.73	1,120,098.40
Exhibition expenses	-	40,560.00
Marketing and customer service fee	609,857.68	499,375.37
	<u>2,004,208.41</u>	<u>1,660,033.77</u>
<b>ADMINISTRATION EXPENSES</b>		
Audit fee	28,000.00	24,500.00
Directors' EPF	206,112.00	169,202.00
Directors' salaries, allowances and bonus	1,901,250.00	1,410,000.00
Directors' SOCSO	1,846.80	1,846.80
Directors' Benefits	345.80	-
License fee	2,909.00	2,175.00
Postage and courier	28,322.85	19,849.73
Printing and stationery	42,399.41	49,065.33
Secretarial and filing fees	1,110.00	980.00
Tax agent fee	2,500.00	2,500.00
Telephone charges	23,696.40	23,467.39
	<u>2,238,492.26</u>	<u>1,703,586.25</u>
<b>OTHER OPERATING EXPENSES</b>		
Advertising expenses	31,994.14	2,306.09
Agency fees	-	2,400.00
Application fee	70.00	35.00
Bank charges	15,641.43	8,574.76
Cleaning expenses	5,340.00	4,560.00
Computer and software supplies	3,746.00	-
Credit insurance	6,390.00	1,178.10
Depreciation of property, plant and equipment	176,475.62	98,053.59
E.P.F. contributions	43,114.70	21,274.00
Electricity and water	11,364.73	10,227.61
Entertainment	210,983.05	202,324.49
Fine and penalty	-	1,061.60
Gift and donation	53,952.43	53,941.90
GST expenses	2,113.50	-
Import Duty	315.05	-
Insurance	169,160.03	94,833.68
Levy payment	-	5,550.00
Loss on foreign exchange (realised)	37,820.65	18,773.08
Magazines and books	-	692.00
Medical fees	5,803.10	6,896.70
Other services fee	920.00	680.00

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**APPENDIX VI - AUDITED FINANCIAL STATEMENTS OF LEXIS CHEMICAL FOR THE FYE 29 FEBRUARY 2020 (CONT'D)**

Company No.: 1174937-H

**LEXIS CHEMICAL SDN. BHD.**  
*(Incorporated in Malaysia)*

**OPERATING EXPENSES  
FOR THE YEAR ENDED 29 FEBRUARY 2020**

	<b>2020</b>	<b>2019</b>
	<b>RM</b>	<b>RM</b>
Petrol, toll and parking	50,390.65	43,802.74
Praying material	1,206.50	1,436.30
Processing fees	71,103.00	-
Professional fees	71,344.62	128,757.90
Quit rent and assessment	18,908.14	-
Referral fees	25,000.00	-
Refreshment	29,063.68	33,584.65
Rental for office	43,200.00	42,360.00
Rental of apartment	17,561.60	18,170.00
Rental of vehicles	61,367.84	-
Roadtax and insurance	14,429.51	11,017.12
Salaries, allowances and bonus	318,444.26	169,327.42
Security charges	5,500.00	4,800.00
SOCSO contributions	3,290.85	1,690.95
SST expenses	29,165.04	-
Staff benefit	12,235.35	120.00
Staff recruitment	1,825.00	-
Staff training	5,254.80	28,235.97
Stamping fee	-	3,003.00
Subscription and membership fee	9,444.42	10,097.04
Sundry expenses	33,044.85	34,654.58
Training expenses	19,843.08	18,690.07
Transport charges	1,387,828.60	1,130,015.08
Travelling expenses	148,321.12	224,521.47
Uniform	1,920.00	-
Upkeep of computer	-	1,540.00
Upkeep of hostel	4,130.20	-
Upkeep of motor vehicles	11,417.04	21,484.84
Upkeep of office	2,520.00	795.00
Upkeep of office equipment	4,185.35	5,987.95
Working permit	-	2,040.00
	<u>3,177,149.93</u>	<u>2,469,494.68</u>
<b>FINANCE COSTS</b>		
BA interest	1,117.65	-
Finance lease interest	19,424.53	-
Term loan interest	340,942.97	-
	<u>361,485.15</u>	<u>-</u>
	<u><u>7,781,335.75</u></u>	<u><u>5,833,114.70</u></u>

*This Statement is prepared for the purpose of the Management's use only and does not form part of the statutory audited financial statements.*

Company No.: 1282200-P

**LEXIS SPECIALTIES SDN. BHD.**

(Company No. 1282200 -P)

(Incorporated in Malaysia)

ANNUAL REPORT AND FINANCIAL STATEMENTS

29 FEBRUARY 2020

**YC Lee & Co PLT**  
(LLP0018751-LCA & AF 1511)  
Chartered Accountants

Company No.: 1282200-P

**LEXIS SPECIALTIES SDN. BHD.**  
*(Incorporated in Malaysia)*

**FINANCIAL STATEMENTS**  
**FOR THE FINANCIAL YEAR ENDED 29 FEBRUARY 2020**

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Company No.: 1282200-P

**LEXIS SPECIALTIES SDN. BHD.**  
*(Incorporated in Malaysia)*

**CORPORATE INFORMATION**

BOARD OF DIRECTORS	: CHUAH KIM PIEW LEE JUINN YONG
COMPANY SECRETARY	: TAN THIAN SOON (LS 0008154)
AUDITORS	: YC LEE & CO PLT LLP0018751-LCA & AF 1511 CHARTERED ACCOUNTANTS
PRINCIPAL PLACE OF BUSINESS	: NO. 8, LORONG SG PULOH 7/KU6, KAWASAN PERINDUSTRIAN SG PULOH, 42100 KLANG, SELANGOR DARUL EHSAN.
REGISTERED OFFICE ADDRESS	: 09-01, MENARA K1, NO.1, LORONG 3/137C, OFF JALAN KELANG LAMA, 58000 KUALA LUMPUR, WILAYAH PERSEKUTUAN.

Company No.: 1282200-P

**LEXIS SPECIALTIES SDN. BHD.**  
*(Incorporated in Malaysia)*

**DIRECTORS' REPORT  
FOR THE FINANCIAL YEAR ENDED 29 FEBRUARY 2020**

The directors hereby submit their report together with the audited financial statements of the Company for the financial year ended 29 February 2020.

**PRINCIPAL ACTIVITIES**

The principal activities of the Company are that of supply of industrial chemical products and related services. There have been no significant changes in the nature of the activities during the financial year.

**RESULTS**

	<b>RM</b>
Profit for the period after tax	<u>275,108.14</u>

**DIVIDENDS**

The Company paid the following dividends during the financial year:-

	<b>RM</b>
1 <sup>st</sup> single tier interim dividends of RM 136.00 per share on 100 ordinary shares	<u>13,600.00</u>

**RESERVES AND PROVISIONS**

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

**SHARES AND DEBENTURES**

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

**SHARE OPTIONS**

No options have been granted by the Company to any parties during the financial year to take up unissued shares of the Company.

No shares have been issued during the financial year by virtue of the exercise of any option to take up unissued shares of the Company. As of the end of the financial year, there were no unissued shares of the Company under options.



Company No.: 1282200-P

#### **DIRECTORS**

The directors who held office since the date of last report are:

Chuah Kim Piew  
Lee Juinn Yong

#### **DIRECTORS' BENEFITS**

During and at the end of the financial year, no arrangements subsisted to which the Company is a party, with the object or objects of enabling directors of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

Since the date of last report, no director has received or become entitled to receive a benefit (other than a benefit included in the aggregate amount of emoluments received or due and receivable by the directors shown in the financial statements or the fixed salary of a full-time employee of the Company) 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.

#### **DIRECTORS' INTERESTS**

According to the register of directors' shareholding under section 59 of the Companies Act, 2016, the interests of directors in office at the end of the financial year in the ordinary shares of the Company during the financial year are as follows:

	<b>Number of Ordinary Shares of RM1 Each</b>			
	<b>As at 01.03.2019</b>	<b>Bought</b>	<b>Sold</b>	<b>As at 29.02.2020</b>
<b><u>Direct Interest</u></b>				
Chuah Kim Piew	50	-	-	50
Lee Juinn Yong	50	-	-	50

#### **DIRECTORS' REMUNERATIONS**

None of the directors or past directors of the Company have received any remunerations from the Company during the financial year.

None of the directors or past directors of the Company have received any other benefits otherwise than in cash from the Company during the financial year.

No payment has been paid to or payable to any third party in respect of the services provided to the Company by the directors or past directors of the Company during the financial year.

#### **INDEMNIFYING DIRECTORS, OFFICERS OR AUDITORS**

No indemnities have been given or insurance premiums paid, during the financial year, for any person who is or has been the director, officer or auditor of the Company.

#### **OTHER STATUTORY INFORMATION**

Before the financial statements of the Company were prepared, the directors took reasonable steps:

Company No.: 1282200-P

**OTHER STATUTORY INFORMATION (CONT'D)**

- (a) to ascertain that proper action had been taken in relation to the writing-off of bad debts and the making of allowance for doubtful debts, and have satisfied themselves that all known bad debts had been written-off and that adequate allowance had been made for doubtful debts; and
- (b) to ensure that any current assets which were unlikely to be realised at their book values in the ordinary course of business have been written down to their estimated realisable values.

As of the date of this report, the directors are not aware of any circumstances:

- (a) which would render the amount written off for bad debts or the amount of the allowance for doubtful debts inadequate to any substantial extent in the financial statements of the Company; or
- (b) which would render the values attributed to current assets in the financial statements of the Company misleading; or
- (c) which have arisen which render adherence to the existing method of valuation of assets or liabilities of the Company misleading or inappropriate; or
- (d) not otherwise dealt with in this report or financial statements which would render any amount stated in the financial statements of the Company misleading.

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

- (a) any charge on the assets of the Company which has arisen since the end of the financial year and secures the liability of any other person; or
- (b) any contingent liability of the Company which has arisen since the end of the financial year.

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

In the opinion of the directors:

- (a) the results of the operations of the Company during the financial year were not substantially affected by any item, transaction or event of a material and unusual nature.
- (b) no item, transaction or event of a material and unusual nature has arisen in the interval between the end of the financial year and the date of this report which is likely to affect substantially the results of operations of the Company for the financial year in which this report is made except as disclosed in Note 19 to the financial statement.

**AUDITORS' REMUNERATIONS**

Total amounts paid to or receivable by the auditors as remunerations for their services as auditors are as follows:

	<b>2020</b>
	<b>RM</b>
Statutory audit	<u>2,000.00</u>

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**APPENDIX VII - AUDITED FINANCIAL STATEMENTS OF LEXIS SPECIALTIES FOR THE FYE 29  
FEBRUARY 2020 (CONT'D)**

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Company No.: 1282200-P

**AUDITORS**

The retiring auditors, Messrs. YC Lee & Co PLT (LLP0018751-LCA & AF 1511), have indicated their willingness to be re-appointed.

Signed by the Board of Directors in accordance with a resolution of the Directors,



Chuah Kim Piew  
**Director**



Lee Juinn Yong  
**Director**

Kuala Lumpur

Date: 10 JUL 2020

Company No.: 1282200-P

**LEXIS SPECIALTIES SDN. BHD.**  
*(Incorporated in Malaysia)*

**STATEMENT BY DIRECTORS**  
**Pursuant to Section 251 (2) of the Companies Act, 2016**

The directors of Lexis Specialties Sdn. Bhd. state that, in their opinion, the financial statements of the Company set out on pages 10 to 27 are drawn up in accordance with Malaysian Private Entities Reporting Standard and the requirements of the Companies Act, 2016 in Malaysia so as to give a true and fair view of the financial position of the Company as at 29 February 2020 and financial performance of the Company for the financial year ended 29 February 2020.

Signed by the Board of Directors in accordance with a resolution of the Directors,



Chuah Kim Piew  
Director



Lee Juinn Yong  
Director

Kuala Lumpur  
Date: 10 JUL 2020

**STATUTORY DECLARATION**  
**Pursuant to Section 251 (1) (b) of the Companies Act, 2016**

I, Chuah Kim Piew (NRIC:721102-08-5675), the director primarily responsible for the financial management of Lexis Specialties Sdn. Bhd., do solemnly and sincerely declare that the financial statements set out on pages 10 to 27 are, in my opinion, 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 above named Chuah Kim Piew  
at Kuala Lumpur this 10 JUL 2020



)  
)  
)  
CHUAH KIM PIEW

Before me,



COMMISSIONER FOR OATHS



LEVEL 25, MENARA HONG LEONG,  
NO 6, JALAN DAMANLELA, BUKIT DAMANSARA,  
50480 KUALA LUMPUR

**YC Lee & Co PLT** (AF 1511)

(LLP No. LLP0018751-LCA)

Chartered Accountants

No.5A, Jalan 16/155C, Bandar Bukit Jalil, 57000 Kuala Lumpur.

Tel: 03- 8994 0733

Fax: 03 – 8994 0732

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**REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF  
LEXIS SPECIALTIES SDN. BHD. (Company No.: 1282200-P)  
(Incorporated in Malaysia)**

**Report on the Audit of the Financial Statements**

**Opinion**

We have audited the financial statements of Lexis Specialties Sdn. Bhd., which comprise the statement of financial position as at 29 February 2020, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the financial year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 10 to 27.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Company as at 29 February 2020, and of its financial performance and its cash flows for the financial year then ended in accordance with Malaysian Private Entities Reporting Standard and the requirements of the Companies Act, 2016 in Malaysia.

**Basis for Opinion**

We conducted our audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our 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 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' Code of Ethics for Professional Accountants ("IESBA Code"), and we have fulfilled our other ethical responsibilities in accordance with the By-Laws and the IESBA Code.

**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 Directors' Report but does not include the financial statements of the Company and our auditors' report thereon.

Our opinion on the financial statements of the Company does not cover the Directors' Report and we do not express any form of assurance conclusion thereon.

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

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

**YC Lee & Co PLT** (AF 1511)

(LLP No. LLP0018751-LCA)

Chartered Accountants

No.5A, Jalan 16/155C, Bandar Bukit Jalil, 57000 Kuala Lumpur.

Tel: 03- 8994 0733

Fax: 03 – 8994 0732

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**REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF  
LEXIS SPECIALTIES SDN. BHD. (Company No.: 1282200-P)  
(Incorporated in Malaysia)**

**Responsibilities of the Directors for the Financial Statements**

The directors of the Company are responsible for the preparation of financial statements of the Company that give a true and fair view in accordance with Malaysian Private Entities Reporting Standard 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 Company that are free from material misstatement, whether due to fraud or error.

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

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

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

**YC Lee & Co PLT** (AF 1511)

(LLP No. LLP0018751-LCA)

Chartered Accountants

No.5A, Jalan 16/155C, Bandar Bukit Jalil, 57000 Kuala Lumpur.

Tel: 03- 8994 0733

Fax: 03 – 8994 0732

**REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF  
LEXIS SPECIALTIES SDN. BHD. (Company No.: 1282200-P)  
(Incorporated in Malaysia)**

**Auditors' Responsibilities for the Audit of the Financial Statements (Cont'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 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 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 Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements of the Company, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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.

**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.



YC LEE & CO PLT  
LLP0018751-LCA & AF 1511  
Chartered Accountants



LEE YUN CHOONG  
[02266/10/2021 (J)]  
Chartered Accountant

Kuala Lumpur  
Date: 10 JUL 2020

**APPENDIX VII - AUDITED FINANCIAL STATEMENTS OF LEXIS SPECIALTIES FOR THE FYE 29 FEBRUARY 2020 (CONT'D)**

Company No.: 1282200-P

**LEXIS SPECIALTIES SDN. BHD.**  
*(Incorporated in Malaysia)*

**STATEMENT OF FINANCIAL POSITION  
AS AT 29 FEBRUARY 2020**

	Note	2020 RM	2019 RM
<b>ASSETS</b>			
<b>NON-CURRENT ASSET</b>			
Property, plant and equipment	4	<u>3,604.20</u>	<u>4,805.60</u>
<b>CURRENT ASSETS</b>			
Trade receivables	5	136,624.77	28,580.47
Other receivables, deposits and prepayments	6	575.00	1,500.00
Cash and bank balances		<u>587,795.78</u>	<u>427,869.32</u>
		<u>724,995.55</u>	<u>457,949.79</u>
<b>TOTAL ASSETS</b>		<u><u>728,599.75</u></u>	<u><u>462,755.39</u></u>
<b>EQUITY AND LIABILITIES</b>			
<b>CAPITAL AND RESERVES</b>			
Share capital	7	100.00	100.00
Retained earnings	8	<u>513,984.96</u>	<u>252,476.82</u>
<b>SHAREHOLDERS' EQUITY</b>		<u>514,084.96</u>	<u>252,576.82</u>
<b>CURRENT LIABILITIES</b>			
Trade payables	9	616.00	-
Other payables and accruals	10	3,737.10	5,740.00
Amount due to directors	11	209,197.83	148,371.16
Current tax liabilities		<u>963.86</u>	<u>56,067.41</u>
		<u>214,514.79</u>	<u>210,178.57</u>
<b>TOTAL LIABILITIES</b>		<u>214,514.79</u>	<u>210,178.57</u>
<b>TOTAL EQUITY AND LIABILITIES</b>		<u><u>728,599.75</u></u>	<u><u>462,755.39</u></u>

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



**APPENDIX VII - AUDITED FINANCIAL STATEMENTS OF LEXIS SPECIALTIES FOR THE FYE 29 FEBRUARY 2020 (CONT'D)**

Company No.: 1282200-P

**LEXIS SPECIALTIES SDN. BHD.**  
*(Incorporated in Malaysia)*

**STATEMENT OF COMPREHENSIVE INCOME  
FOR THE YEAR ENDED 29 FEBRUARY 2020**

	Note	2020 RM	2019 RM
REVENUE	12	847,001.41	491,375.37
Cost of sales		<u>(186,006.00)</u>	<u>-</u>
Gross profit		660,995.41	491,375.37
Other operating income		-	512.50
Distribution costs		(48,404.74)	(18,045.86)
Administration expenses		(6,258.00)	(6,680.00)
Other operating expenses		<u>(274,412.52)</u>	<u>(158,617.78)</u>
Profit before tax	13	331,920.15	308,544.23
Income tax expense	14	<u>(56,812.01)</u>	<u>(56,067.41)</u>
Profit for the year after tax		<u>275,108.14</u>	<u>252,476.82</u>

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

**APPENDIX VII - AUDITED FINANCIAL STATEMENTS OF LEXIS SPECIALTIES FOR THE FYE 29 FEBRUARY 2020 (CONT'D)**

Company No.: 1282200-P

**LEXIS SPECIALTIES SDN. BHD.**  
*(Incorporated in Malaysia)*

**STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 29 FEBRUARY 2020**

	Note	Share capital RM	Retained earnings RM	Total RM
As at 03 June 2018 (Date of incorporation) Subscriber's share		100.00	-	100.00
Profit for the year after tax		<u>-</u>	<u>252,476.82</u>	<u>252,476.82</u>
As at 28 February 2019		100.00	252,476.82	252,576.82
Profit for the year after tax		-	275,108.14	275,108.14
Dividends		<u>-</u>	<u>(13,600.00)</u>	<u>(13,600.00)</u>
As at 29 February 2020		<u>100.00</u>	<u>513,984.96</u>	<u>514,084.96</u>

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

**APPENDIX VII - AUDITED FINANCIAL STATEMENTS OF LEXIS SPECIALTIES FOR THE FYE 29 FEBRUARY 2020 (CONT'D)**

Company No.: 1282200-P

**LEXIS SPECIALTIES SDN. BHD.**  
*(Incorporated in Malaysia)*

**STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED 29 FEBRUARY 2020**

	Note	2020 RM	2019 RM
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Profit before tax		331,920.15	308,544.23
Adjustments for:			
Depreciation of property, plant and equipment		<u>1,201.40</u>	<u>1,201.40</u>
Operating profit before working capital changes		333,121.55	309,745.63
Increase in trade receivables		(108,044.30)	(28,580.47)
Decrease/(increase) in other receivables, deposits and prepayments		925.00	(1,500.00)
Increase in trade payables		616.00	-
(Decrease)/increase in other payables and accruals		<u>(2,002.90)</u>	<u>5,740.00</u>
Cash from operations		224,615.35	285,405.16
Tax paid		<u>(111,915.56)</u>	<u>-</u>
Net cash from operating activities		<u>112,699.79</u>	<u>285,405.16</u>
<b>CASH FLOWS FROM INVESTING ACTIVITY</b>			
Purchase of property, plant and equipment	15	<u>-</u>	<u>(6,007.00)</u>
Net cash used in investing activity		<u>-</u>	<u>(6,007.00)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Advanced from directors		60,826.67	148,371.16
Dividend paid	16	(13,600.00)	-
Proceed from issuance of shares		<u>-</u>	<u>100.00</u>
Net cash from financing activities		<u>47,226.67</u>	<u>148,471.16</u>
Net increase in cash and cash equivalents		159,926.46	427,869.32
Cash and cash equivalents at beginning of the year		<u>427,869.32</u>	<u>-</u>
Cash and cash equivalents at end of the year	17	<u>587,795.78</u>	<u>427,869.32</u>
<b>Cash and cash equivalents comprise:</b>			
Cash and bank balances		<u>587,795.78</u>	<u>427,869.32</u>

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

Company No.: 1282200-P

**LEXIS SPECIALTIES SDN. BHD.**  
*(Incorporated in Malaysia)*

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 29 FEBRUARY 2020**

**1 GENERAL INFORMATION**

The Company is a private limited company incorporated and domiciled in Malaysia.

The registered office is located at 09-01 Menara K1, No.1 Lorong 3/137C, Off Jalan Kelang Lama, 58000 Kuala Lumpur, Wilayah Persekutuan.

The principal place of business is located at No. 8, Lorong Sg Puloh 7/KU6, Kawasan Perindustrian Sg Puloh, 42100 Klang, Selangor Darul Ehsan.

The principal activities of the Company are that of supply of industrial chemical products and related services. There have been no significant changes in the nature of the activities during the financial period.

The financial statements of the Company are presented in the functional currency, which is the currency of the primary economic environment in which the entity operates. The functional currency of the Company is Ringgit Malaysia as the sales and purchases are mainly denominated in Ringgit Malaysia and receipts from operations are usually retained in Ringgit Malaysia and funds from financing activities are generated in Ringgit Malaysia.

**2 SIGNIFICANT ACCOUNTING POLICIES**

**2.1 BASIS OF PREPARATION**

The financial statements have been prepared in accordance with the Malaysian Private Entities Reporting Standard ("MPERS") and the requirements of the Companies Act, 2016.

The financial statements have been prepared on the historical cost basis, except for the revaluation of certain assets and liabilities.

**2.2 PROPERTY, PLANT AND EQUIPMENT**

The cost of an item of property, plant and equipment is recognised as an asset when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. After recognition as an asset, an item of property, plant and equipment are measured at cost less any accumulated depreciation and any accumulated impairment losses, except for freehold land and buildings.

All the costs of the day-to-day servicing of property, plant and equipment are recognized in profit or loss as incurred.

Except for freehold land and properties under construction which are not depreciated, depreciation is provided on a straight-line method so as to write off the depreciable amount of the following assets over their estimated useful lives, as follows:

Computer and software	<u>Rate</u> 20%
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Company No.: 1282200-P

## **2.2 PROPERTY, PLANT AND EQUIPMENT (CONT'D)**

Depreciation of an asset begins when it is ready for its intended use.

If there is an indication of a significant change in factors affecting the residual value, useful life or asset consumption pattern since the last annual reporting date, the residual values, depreciation method and useful lives of depreciable assets are reviewed, and adjusted prospectively.

The carrying amounts of items of property, plant and equipment are derecognised on disposal or when no future economic benefits are expected from their use or disposal. Any gain or loss arising from the derecognition of items of property, plant and equipment, determined as the difference between the net disposal proceeds, if any, and the carrying amounts of the item, is recognised in profit or loss. Neither the sale proceeds nor any gain on disposal is classified as revenue.

## **2.3 IMPAIRMENT OF ASSETS, OTHER THAN INVENTORIES AND FINANCIAL ASSETS**

At each reporting date, the Company assesses whether there is any indication that an asset may be impaired. If any such indication exists, the recoverable amount of the asset is estimated.

When there is an indication that an asset may be impaired but it is not possible to estimate the recoverable amount of the individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

The recoverable amount of an asset and a cash-generating unit is the higher of the fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

If the recoverable amount of an asset or a cash-generating unit is less than the carrying amount, an impairment loss is recognised to reduce the carrying amount to its recoverable amount. An impairment loss for a cash-generating unit is firstly allocated to reduce the carrying amount of any goodwill allocated to the cash-generating unit, and then, to the other non-current assets of the unit pro rata on the basis of the carrying amount of each appropriate asset in the cash-generating unit. Impairment loss is recognised immediately in profit or loss, unless the asset is carried at a revalued amount, in which case it is treated as a revaluation decrease.

The recoverable amount is the higher of an asset's or cash-generating unit's fair value less to sell, value in use and zero.

An impairment loss recognised in prior periods for an asset or the appropriate assets of a cash-generating unit is reversed when there has been a change in the estimates used to determine the asset's recoverable amount. An impairment loss is reversed to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation, if no impairment loss had been recognised in prior periods. A reversal of an impairment loss is recognised immediately in profit or loss, unless the asset is carried at revalued amount, in which case it is treated as a revaluation increase.

Company No.: 1282200-P

## 2.4 FINANCIAL ASSETS

Financial assets are recognised in the statement of financial position when the Company becomes a party to the contractual provisions of the instrument.

On initial recognition, financial assets are measured at transaction price, include transaction costs for financial assets not measured at fair value through profit or loss, unless the arrangement constitutes, in effect, a financing transaction for the counterparty to the arrangement.

After initial recognition, financial assets are classified into one of three categories: financial assets measured at fair value through profit or loss, financial assets that are debt instruments measured at amortised cost, and financial assets that are equity instruments measured at cost less impairment.

### *i) Financial Assets At Fair Value Through Profit Or Loss*

Financial assets are classified as at fair value through profit or loss when the financial assets are within the scope of Section 12 of the MPERS or if the financial assets are publicly traded or their fair value can otherwise be measured reliably without undue cost or effort.

Changes in fair value are recognised in profit or loss.

If a reliable measure of fair value is no longer available for an equity instrument that is not publicly traded but is measured at fair value through profit or loss, its fair value at the last date that instrument was reliably measurable is treated as the cost of the instrument, and it is measured at this cost amount less impairment until a reliable measure of fair value becomes available.

### *ii) Financial Assets That Are Debt Instruments Measured At Amortised Cost*

After initial recognition, debt instruments are measured at amortised cost using the effective interest method. Debt instruments that are classified as current assets are measured at the undiscounted amount of the cash or other consideration expected to be received.

Effective interest method is a method of calculating the amortised cost of financial assets and of allocating the interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimate future cash receipts through the expected life of the financial assets or, when appropriate, a shorter period, to the carrying amount of the financial assets.

### *iii) Financial Assets That Are Equity Instruments Measured At Cost Less Impairment*

Equity instruments that are not publicly traded and whose fair value cannot otherwise be measured reliably without undue cost or effort, and contracts linked to such instruments that, if exercised, will result in delivery of such instruments, are measured at cost less impairment.

Company No.: 1282200-P

## 2.4 FINANCIAL ASSETS (CONT'D)

### iv) *Impairment Of Financial Assets*

At the end of each reporting period, the Company assesses whether there is any objective evidence that financial assets that are measured at cost or amortised cost, are impaired.

Objective evidence could include:

- significant financial difficulty of the issuer; or
- a breach of contract; or
- the lender granting to the borrower a concession that the lender would not otherwise consider; or
- it becoming probable that the borrower will enter bankruptcy or other financial reorganisation; or
- observable data indicating that there is a measurable decrease in the estimated future cash flows from the financial assets since the initial recognition of those assets.

For certain category of financial assets, such as trade receivables, if it is determined that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, the assets are included in a group with similar credit risk characteristics and collectively assessed for impairment.

Impairment losses, in respect of financial assets measured at amortised cost, are measured as the differences between the assets' carrying amounts and the present values of their estimated cash flows discounted at the assets' original effective interest rate.

If there is objective evidence that impairment losses have been incurred on financial assets measured at cost less impairment, the amount of impairment losses are measured as the difference between the asset's carrying amount and the best estimate of the amount that the Company would receive for the asset if it were to be sold at the reporting date.

The carrying amounts of the financial assets are reduced directly, except for the carrying amounts of trade receivables which are reduced through the use of an allowance account. Any impairment loss is recognised in profit or loss immediately. If, in subsequent period, the amount of an impairment loss decreases, the previously recognised impairment losses are reversed directly, except for the amounts related to trade receivables which are reversed to write back the amount previously provided in the allowance account. The reversal is recognised in profit or loss immediately.

### v) *Derecognition Of Financial Assets*

Financial assets are derecognised when the contractual rights to the cash flows from the financial assets expire, or are settled, or the Company transfers to another party substantially all of the risks and rewards of ownership of the financial assets.

Company No.: 1282200-P

## 2.4 FINANCIAL ASSETS (CONT'D)

### v) *Derecognition Of Financial Assets (Cont'd)*

On derecognition of financial assets in their entirety, the differences between the carrying amounts and the sum of the consideration received and any cumulative gains or losses are recognised in profit or loss in the period of the transfer.

## 2.5 CASH AND CASH EQUIVALENTS

Cash and cash equivalents in the statement of cash flows comprise cash and bank balances, short-term bank deposits and other short-term, highly liquid investments that have a short maturity of three months or less from the date of acquisition, net of bank overdrafts.

## 2.6 LIABILITIES AND EQUITY

### i) *Classification Of Liabilities And Equity*

Financial liabilities and equity instruments are classified in accordance with the substance of the contractual arrangement, not merely its legal form, and in accordance with the definitions of a financial liability and an equity instrument.

### ii) *Equity Instruments*

Ordinary shares are classified as equity.

Equity instruments are any contracts that evidence a residual interest in the assets of the Company after deducting all of its liabilities. Equity instruments issued by the Company, other than those issued as part of a business combination or those accounted for in paragraph 22.15A to 22.15B, are measured at the fair value of the cash or other resources received or receivable, net of transaction costs. If payment is deferred and the time value of money is material, the initial measurement shall be on a present value basis.

The Company accounts for the transaction costs of an equity as a deduction from equity. Income tax relating to the transaction costs is accounted for in accordance with Section 29 of the MPERS.

Distributions to owners are deducted from the equity. Related income tax is accounted for in accordance with Section 29 of the MPERS.

## 2.7 FINANCIAL LIABILITIES

Financial liabilities are recognised in the statement of financial position when the Company becomes a party to the contractual provisions of the instrument.

On initial recognition, financial liabilities are measured at transaction price, include transaction costs for financial liabilities not measured at fair value through profit or loss, unless the arrangement constitutes, in effect, a financing transaction for the Company to the arrangement.



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## 2.7 FINANCIAL LIABILITIES (CONT'D)

After initial recognition, financial liabilities are classified into one of three categories: financial liabilities measured at fair value through profit or loss, financial liabilities measured at amortised cost, or loan commitments measured at cost less impairment.

### *i) Financial Liabilities Measured At Fair Value Through Profit Or Loss*

Financial liabilities are classified as at fair value through profit or loss when the financial liabilities are within the scope of Section 12 of the MPERS or if the financial liabilities are publicly traded or their fair value can otherwise be measured reliably without undue cost or effort.

If a reliable measure of fair value is no longer available for an equity instrument that is not publicly traded but is measured at fair value through profit or loss, its fair value at the last date that instrument was reliably measurable is treated as the cost of the instrument, and it is measured at this cost amount less impairment until a reliable measure of fair value becomes available.

### *ii) Financial Liabilities Measured At Amortised Cost*

After initial recognition, financial liabilities other than financial liabilities at fair value through profit or loss are measured at amortised cost using the effective interest method. Gains or losses are recognised in profit or loss when the financial liabilities are derecognised or impaired.

Effective interest method is a method of calculating the amortised cost of financial liabilities and of allocating the interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimate future cash payments through the expected life of the financial liabilities or, when appropriate, a shorter period, to the carrying amount of the financial liabilities.

### *iii) Loan Commitments Measured At Cost Less Impairment*

Commitments to receive loan that meet the conditions of Section 11 of the MPERS are measured at cost less impairment.

### *iv) Derecognition Of Financial Liabilities*

Financial liabilities are derecognised when the obligation specified in the contract is discharged, cancelled or expires.

Any difference between the carrying amounts of the financial liabilities derecognised and the consideration paid is recognised in profit or loss.

## 2.8 REVENUE

### *i) Sales Of Goods*

Revenue from sales of goods is recognised when the significant risks and rewards of ownership have been transferred to the buyer. Revenue is measured at the fair value of the consideration received or receivable, net of discounts and taxes applicable to the revenue.

Company No.: 1282200-P

**2.8 REVENUE (CONT'D)**

*ii) Commission Income*

Commission income are recognised on an accrual basis in accordance with the substance of the relevant agreement.

**2.9 EMPLOYMENT BENEFITS**

*i) Short-Term Employment Benefits*

Short-term employment benefits, such as wages, salaries and other benefits, are recognised at the undiscounted amount as a liability and an expense when the employees have rendered services to the Company.

The expected cost of accumulating compensated absences are recognised when the employees render services that increase their entitlement to future compensated absences. The expected cost of non-accumulating compensated absences, such as sick and medical leaves, are recognised when the absences occur.

The expected cost of accumulating compensated absences are measured at the undiscounted additional amount expected to be paid as a result of the unused entitlement that has accumulated at the end of the reporting period.

The expected cost of profit-sharing and bonus payments are recognised when the Company has a present legal or constructive obligation to make such payments as a result of past events and a reliable estimate of the obligation can be made. A present obligation exists when the Company has no realistic alternative but to make the payments.

*ii) Defined Contribution Plan*

The Company's contributions to the defined contribution plan ("Employees Provident Fund") are charged to the statement of comprehensive income in the financial period in which they relate. Once the contributions have been paid, the Company has no further payment obligations.

**2.10 RELATED PARTIES**

A party is related to an entity (referred to as the "reporting entity") if: -

- a) A person or a close member of that person's family is related to a reporting entity if that person:-*
- i) has control or joint control over the reporting entity;*
  - ii) has significant influence over the reporting entity; or*
  - iii) is a member of the key management personnel of the reporting entity or of a parent of the reporting entity.*

Company No.: 1282200-P

## 2.10 RELATED PARTIES (CONT'D)

a) *A person or a close member of that person's family is related to a reporting entity if that person:- (Cont'd)*

Close members of the family of a person are those family members who may be expected to influence, or be influenced by, that individual in their dealings with the entity.

b) *An entity is related to a reporting entity if any of the following conditions applies:-*

- i) The entity and the reporting entity are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).
- ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).
- iii) Both entities are joint ventures of the same third party.
- iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.
- v) The entity is a post-employment benefit plan for the benefit of employees of either the reporting entity or an entity related to the reporting entity. If the reporting entity is itself such a plan, the sponsoring employers are also related to the reporting entity.
- vi) The entity is controlled or jointly controlled by a person identified in (a) above.
- vii) A person identified in (a)(i) above has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).
- viii) The entity, or any member of a group of which is a part, provides key management personnel services to the reporting entity or to the parent of the reporting entity.

Related parties also include key management personnel defined as those persons having authority and responsibility for planning, directing and controlling the activities of the reporting entity either directly or indirectly, including any director (whether executive or otherwise) of that entity.

## 2.11 INCOME TAX

Tax expense is recognised in profit or loss, except that a change attributable to an item of income or expense recognised as other comprehensive income is also recognised in other comprehensive income.

Tax payable on taxable profit for current and past periods is recognised as a current tax liability to the extent unpaid. If the amount paid in respect of the current and past periods exceeds the amount payable for those periods, the excess is recognised as a current tax asset.

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## **2.11 INCOME TAX (CONT'D)**

Current tax assets and liabilities are measured at the amounts expected to be paid or recovered, using the tax rates and laws that have been enacted or substantially enacted by the reporting date.

Current tax liabilities and assets are offset if, and only if the Company has a legally enforceable right to set off the amounts and plan either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Deferred tax is provided in full on temporary differences which are the differences between the carrying amounts in the financial statements and the corresponding tax base of an asset or liability at the end of the reporting period.

Deferred tax liabilities are recognised for all taxable temporary differences that are expected to increase taxable profit in the future. Deferred tax assets are recognised for all deductible temporary differences that are expected to reduce taxable profit in the future and the carry forward of unused tax losses and unused tax credits.

Deferred tax liabilities and assets are not recognised in respect of the temporary differences associated with the initial recognition of an asset or a liability in a transaction that is not a business combination and at the time of the transactions, affects neither accounting profit nor taxable profit. Deferred tax liabilities are also not recognised for temporary difference associated with the initial recognition of goodwill.

Deferred tax liabilities and assets reflect the tax consequences that would follow from the manner in which the Company expects to recover or settle the carrying amounts of their assets and liabilities and are measured at the tax rates and laws that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates that have been enacted or substantially enacted by the reporting date.

## **3 CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY**

### **3.1 CRITICAL JUDGEMENTS IN APPLYING THE ACCOUNTING POLICIES**

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

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

There are no significant areas of estimation uncertainty and critical judgements in applying accounting policies that have significant effect on the amounts recognised in the financial statements.

**APPENDIX VII - AUDITED FINANCIAL STATEMENTS OF LEXIS SPECIALTIES FOR THE FYE 29 FEBRUARY 2020 (CONT'D)**

Company No.: 1282200-P

**4 PROPERTY, PLANT AND EQUIPMENT**

	As at 1 March 2019 RM	Additions RM	Disposals RM	As at 29 February 2020 RM
<b><u>Cost</u></b>				
Computer and software	6,007.00	-	-	6,007.00

	As at 1 March 2019 RM	Charges for the year RM	Disposals RM	As at 29 February 2020 RM
<b><u>Accumulated Depreciation</u></b>				
Computer and software	1,201.40	1,201.40	-	2,402.80

	2020 RM	2019 RM
<b><u>Carrying Amounts</u></b>		
Computer and software	3,604.20	4,805.60

**5 TRADE RECEIVABLES**

	2020 RM	2019 RM
Trade receivables	136,624.77	28,580.47
Less: Allowance for doubtful debts	-	-
	<u>136,624.77</u>	<u>28,580.47</u>

Included in trade receivables RM 132,214.77 owing to a company in which certain directors of the Company have interests.

The normal trade credit terms granted to the customers ranges from 30 to 60 days.

All trade receivables are denominated in Ringgit Malaysia.

**6 OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS**

	2020 RM	2019 RM
Deposits	<u>575.00</u>	<u>1,500.00</u>

**APPENDIX VII - AUDITED FINANCIAL STATEMENTS OF LEXIS SPECIALTIES FOR THE FYE 29 FEBRUARY 2020 (CONT'D)**

Company No.: 1282200-P

**7 SHARE CAPITAL**

	Number of shares		2020 RM	2019 RM
	2020 Units	2019 Units		
<b>Issued and fully paid ordinary shares</b>				
At beginning / end of the year	100	100	100.00	100.00

Pursuant to the Companies Act 2016 effective from 31 January 2017, the concept of authorised share capital and par value has been abolished. Amount standing to the credit of share premium account/capital redemption reserve are transferred to share capital as at that date.

Ordinary shares of the Company have no par value. The holder of ordinary shares is entitled to receive dividends as and when declared by the Company. All ordinary shares carry one vote per share without restrictions.

**8 RETAINED EARNINGS**

During the financial year, the Company is under single-tier tax system, tax on the Company's chargeable income is a final tax and any dividend distributed will be exempted from tax in the hands of shareholders.

**9 TRADE PAYABLES**

	2020 RM	2019 RM
Trade payables	616.00	-

The normal trade credit term granted to the Company ranges from 30 days to 90 days.

**10 OTHER PAYABLES AND ACCRUALS**

	2020 RM	2019 RM
Other payables	327.10	-
Accruals	3,410.00	5,740.00
	<u>3,737.10</u>	<u>5,740.00</u>

**11 AMOUNT DUE TO DIRECTOR**

These amount are unsecured, interest-free and repayable on demand.

**APPENDIX VII - AUDITED FINANCIAL STATEMENTS OF LEXIS SPECIALTIES FOR THE FYE 29 FEBRUARY 2020 (CONT'D)**

Company No.: 1282200-P

**12 REVENUE**

	<b>2020</b>	<b>2019</b>
	<b>RM</b>	<b>RM</b>
Sales of goods	219,210.00	-
Commission income	627,791.41	491,375.37
	<u>847,001.41</u>	<u>491,375.37</u>

**13 PROFIT BEFORE TAX**

**13.1 DISCLOSURE ITEMS**

	<b>2020</b>	<b>2019</b>
	<b>RM</b>	<b>RM</b>
This is stated after charging:		
Audit fee	2,000.00	2,000.00
Depreciation of property, plant and equipment	1,201.40	1,201.40
Preliminary expenses	-	2,491.00
Rental of office	10,000.00	2,000.00
	<u>10,000.00</u>	<u>2,000.00</u>

**13.2 EMPLOYEES BENEFITS EXPENSES**

	<b>2020</b>	<b>2019</b>
	<b>RM</b>	<b>RM</b>
Salaries, allowances and bonus	209,511.48	123,847.27
EPF Contributions	24,930.00	14,184.00
EIS contributions	94.80	55.30
SOCSO contributions	828.60	552.40
	<u>235,364.88</u>	<u>138,638.97</u>

The number of employees of the Company at 29 February 2020 is 1 (2019: 1).

**14 INCOME TAX EXPENSE**

	<b>2020</b>	<b>2019</b>
	<b>RM</b>	<b>RM</b>
<b>Current tax expense</b>		
Current year	56,963.86	56,067.41
Overprovision from prior year	(151.85)	-
	<u>56,812.01</u>	<u>56,067.41</u>

**APPENDIX VII - AUDITED FINANCIAL STATEMENTS OF LEXIS SPECIALTIES FOR THE FYE 29 FEBRUARY 2020 (CONT'D)**

Company No.: 1282200-P

**14 INCOME TAX EXPENSE (CONT'D)**

The income tax expense is reconciled to the accounting profit at the applicable tax rate as follows:

	<b>2020</b>	<b>2019</b>
	<b>RM</b>	<b>RM</b>
Profit before tax	<u>331,920.15</u>	<u>308,544.23</u>
Tax at Malaysian statutory tax rate of 24%	79,660.84	74,050.62
Tax effects of:		
Non-deductible expenses	758.74	705.94
Differential tax rate for:		
- small & medium companies in Malaysia of 17%/18%		
Changes in tax rate	(23,455.68)	(18,689.15)
Overprovision from prior year	<u>(151.85)</u>	<u>-</u>
Total income tax expense	<u>56,812.01</u>	<u>56,067.41</u>

**15 PURCHASES OF PROPERTY, PLANT AND EQUIPMENT**

	<b>2020</b>	<b>2019</b>
	<b>RM</b>	<b>RM</b>
Purchases of property, plant and equipment	-	6,007.00
Less: Purchases made directly by finance lease	<u>-</u>	<u>-</u>
	<u>-</u>	<u>6,007.00</u>

**16 DIVIDENDS**

On 30 August 2019, the directors declared 13,600% single tier interim dividend (total dividend of RM 13,600.00) in respect of the current financial year. The dividend was paid to the shareholders on 09 October 2019. The net dividend per share was RM 136.00.

**17 CASH AND CASH EQUIVALENTS**

	<b>2020</b>	<b>2019</b>
	<b>RM</b>	<b>RM</b>
Cash at bank	<u>587,795.78</u>	<u>427,869.32</u>

**18 RELATED PARTY TRANSACTION**

	<b>2020</b>	<b>2019</b>
	<b>RM</b>	<b>RM</b>
<b>Received and receivable:-</b>		
Commission income	<u>(627,791.41)</u>	<u>(491,375.37)</u>
<b>Paid and payable:-</b>		
Rental of office	<u>(10,000.00)</u>	<u>(2,000.00)</u>



Company No.: 1282200-P

**18 RELATED PARTY TRANSACTION (CONT'D)**

The directors are of the opinion that all the transactions above have been entered into in the normal course of business and have established on terms and conditions that are not materially different from that obtainable in transaction with unrelated parties.

**19 EVENTS SUBSEQUENT TO THE REPORTING PERIOD**

On 11th March 2020, the World Health Organization declared the Coronavirus ("Covid-19") outbreak as a pandemic in recognition of its rapid spread across the globe. On 16th March 2020, the Malaysian Government has imposed the Movement Control Order ("MCO") starting from 18th March 2020 to curb the spread of the Covid-19 outbreak in Malaysia. The Covid-19 outbreak also resulted in travel restrictions, lockdown and other precautionary measures imposed in various countries. The emergence of the Covid-19 outbreak since early 2020 has brought significant economic uncertainties in Malaysia and markets in which the Company operated.

For the Company's financial statements for the financial year ended 29th February 2020, the Covid-19 outbreak and the related impacts are considered non-adjusting events in accordance with MPERS of section 32 Events after the Reporting period. Consequently, there is no impact on the recognition and measurement of assets and liabilities as at 29th February 2020.

**20 AUTHORISATION FOR ISSUE OF THE FINANCIAL STATEMENTS**

The financial statements of the Company were authorised for issue by the Board of Directors on

10 JUL 2020

LODGED BY:  
GDC CORPORATE SERVICES SDN. BHD.  
(665910-W)  
09-01, MENARA K1,  
NO.1 LORONG 3/137C,  
OFF JALAN KELANG LAMA,  
58000 KUALA LUMPUR,  
WILAYAH PERSEKUTUAN.  
TEL: 03-7772 2131  
FAX: 03-7772 2131

**APPENDIX VII - AUDITED FINANCIAL STATEMENTS OF LEXIS SPECIALTIES FOR THE FYE 29 FEBRUARY 2020 (CONT'D)**

Company No.: 1282200-P

**LEXIS SPECIALTIES SDN. BHD.**  
*(Incorporated in Malaysia)*

**DETAILED INCOME STATEMENT  
FOR THE YEAR ENDED 29 FEBRUARY 2020**

	2020 RM	2019 RM
<b>REVENUE</b>	<u>847,001.41</u>	<u>491,375.37</u>
<b>LESS: COST OF SALES</b>		
Purchases	<u>186,006.00</u>	<u>-</u>
<b>GROSS PROFIT</b>	660,995.41	491,375.37
<b>ADD: OTHER OPERATING INCOME</b>		
Other income	<u>-</u>	<u>512.50</u>
	660,995.41	491,887.87
<b>LESS: OPERATING EXPENSES</b>	<u>(329,075.26)</u>	<u>(183,343.64)</u>
<b>PROFIT BEFORE TAX</b>	<u>331,920.15</u>	<u>308,544.23</u>

*This Statement is prepared for the purpose of the Management's use only and does not form part of the statutory audited financial statements.*

**APPENDIX VII - AUDITED FINANCIAL STATEMENTS OF LEXIS SPECIALTIES FOR THE FYE 29 FEBRUARY 2020 (CONT'D)**

Company No.: 1282200-P

**LEXIS SPECIALTIES SDN. BHD.**  
*(Incorporated in Malaysia)*

**OPERATING EXPENSES  
FOR THE YEAR ENDED 29 FEBRUARY 2020**

	<b>2020</b>	<b>2019</b>
	<b>RM</b>	<b>RM</b>
<b>DISTRIBUTION COSTS</b>		
Transport charges	3,259.02	-
Travelling expenses	45,145.72	18,045.86
	<u>48,404.74</u>	<u>18,045.86</u>
<b>ADMINISTRATION EXPENSES</b>		
Audit fee	2,000.00	2,000.00
Licence fee	393.00	449.00
Preliminary expenses	-	2,491.00
Printing and stationery	435.00	-
Professional fees	940.00	-
Secretarial and filing fees	1,110.00	440.00
Tax agent fee	1,300.00	1,300.00
Telephone charges	80.00	-
	<u>6,258.00</u>	<u>6,680.00</u>
<b>OTHER OPERATING EXPENSES</b>		
Bank charges	91.00	17.70
Depreciation of property, plant and equipment	1,201.40	1,201.40
E.P.F. contributions	24,930.00	14,184.00
EIS contributions	94.80	55.30
Entertainment	3,588.96	1,981.38
Gift and donation	4,505.35	1,522.15
Handling and stamping fees	-	689.00
Insurance	317.40	317.40
Office expenses	4,298.86	3,313.52
Refreshment	850.15	64.60
Rental of office	10,000.00	2,000.00
Road tax and insurance	2,135.81	2,077.63
Salaries, allowances and bonus	209,511.48	123,847.27
SOCSO contributions	828.60	552.40
SST expenses	356.70	-
Toll, parking and fined	7,392.96	4,555.03
Upkeep of computer and software	500.00	334.00
Upkeep of motor vehicles	3,597.05	1,905.00
Upkeep of office equipment	212.00	-
	<u>274,412.52</u>	<u>158,617.78</u>
	<u>329,075.26</u>	<u>183,343.64</u>

*This Statement is prepared for the purpose of the Management's use only and does not form part of the statutory audited financial statements.*

# LUXCHEM

## LUXCHEM CORPORATION BERHAD

Registration No. 199101014102 (224414-D)  
(Incorporated in Malaysia)

### NOTICE OF EXTRAORDINARY GENERAL MEETING

**NOTICE IS HEREBY GIVEN THAT** an Extraordinary General Meeting of Luxchem Corporation Berhad (“**Luxchem**” or the “**Company**”) (“**EGM**”) will be held on a fully virtual basis via remote participation and electronic voting via online meeting platform at TIIH Online website at <https://tiih.online> provided by Tricor Investor & Issuing House Services Sdn Bhd in Malaysia on Wednesday, 11 August 2021 at 9.00 a.m. for the purpose of considering and, if thought fit, passing the following resolution with or without any modifications:-

#### ORDINARY RESOLUTION

**PROPOSED ACQUISITION BY LUXCHEM CORPORATION BERHAD (“LUXCHEM”) OF 55% EQUITY INTEREST EACH IN LEXIS CHEMICAL SDN BHD, LEXIS SPECIALTIES SDN BHD AND LEXIS CORPORATION SDN BHD FOR A TOTAL PURCHASE CONSIDERATION OF RM121,000,000 TO BE SATISFIED IN CASH AND ISSUANCE OF NEW ORDINARY SHARES IN LUXCHEM (“PROPOSED ACQUISITION”)**

“**THAT** subject to the approvals of all relevant parties and/or authorities being obtained (where required) for the Proposed Acquisition and the conditions precedent in the share sale agreement dated 19 May 2021 entered into between Chuah Kim Piew and Lee Juinn Yong (collectively, the “**Vendors**”) and Luxchem (“**SSA**”) being fulfilled and waived (as the case may be), approval be and is hereby given to the Company to acquire:-

- (i) 55% equity interest in Lexis Chemical Sdn Bhd;
- (ii) 55% equity interest in Lexis Specialties Sdn Bhd; and
- (iii) 55% equity interest in Lexis Corporation Sdn Bhd,

from the Vendors for a total purchase consideration of RM121.00 million (“**Purchase Consideration**”) to be satisfied partly via cash consideration of RM60.50 million and partly via the issuance of 72,891,566 new ordinary shares in the Company (“**Luxchem Shares**”) at an issue price of RM0.83 per Luxchem Share, upon such terms and conditions set out in the SSA;

**THAT** the Board of Directors of the Company (“**Board**”) be and is hereby authorised to issue an aggregate of 72,891,566 Luxchem Shares (“**Consideration Shares**”) to the Vendors for the satisfaction of part of the Purchase Consideration in relation to the Proposed Acquisition, in accordance with the terms and conditions of the SSA;

**THAT** the Consideration Shares shall, upon allotment and issuance, rank equally in all respects with each other and with the existing Luxchem Shares, save and except that the holders of such Consideration Shares shall not be entitled to any dividends, rights, allotments and/or any other distributions which may be declared, made or paid to the shareholders of Luxchem, the entitlement date of which is prior to the date of allotment and issuance of the Consideration Shares;

**THAT** authority be and is hereby given to the Board to assent to any modifications to the SSA and to sign and execute any other ancillary agreements and documents in relation thereto, for and on behalf of the Company;

**AND THAT** in order to implement, complete and give full effect to the Proposed Acquisition, authority be and is hereby given to the Board to give full effect to the Proposed Acquisition, the SSA and all other agreements arising therefrom with full powers to do or procure to be done all acts, deeds and things (including all applications and submissions to the relevant regulatory authorities and bodies) and take all such decisions as they may in their absolute discretion deem fit, necessary, expedient and/or appropriate in the best interest of the Company and to take all such steps and to execute or enter into the SSA and all such agreements, arrangements, undertakings, indemnities, transfers, extensions, assignments, deeds, confirmations, declarations and/or guarantees, with any party or parties, to deliver or cause to be delivered all such documents and to do all such acts and matters as they may consider necessary to implement, finalise and give full effect to and complete the Proposed Acquisition under the terms and conditions of the SSA with full powers to negotiate, approve, agree and/or assent to any conditions, modifications, variations and/or amendments thereto as the Board may deem fit and/or as may be imposed by any relevant authorities, including to enter into any supplemental agreement(s) in connection with the Proposed Acquisition, and to deal with all matters relating thereto and to take all such steps and do all acts and things in any manner as they may deem necessary or expedient or in the best interest of the Company.”

## **BY ORDER OF THE BOARD**

**WONG WAI FOONG (SSM PC NO. 202008001472)(MAICSA 7001358)**  
**CHEN MOI KEW (SSM PC NO. 202008001043)(MIA 6359)**  
**NG HARN SHIN (SSM PC NO. 202008001759)(MIA 22427)**  
Company Secretaries

Petaling Jaya  
26 July 2021

### **Notes on the Appointment of Proxy:**

- (1) *As part of the initiatives to curb the spread of Covid-19, the EGM of the Company will be conducted on a fully virtual basis by way of live streaming and online remote voting via Remote Participation and Voting (“RPV”) facilities available on Tricor Investor & Issuing House Services Sdn Bhd’s TIIH Online website at <https://tiih.online>. Please follow the procedures provided in the ‘Administrative Details’ section of the EGM in order to register, participate and vote remotely via the RPV facilities.*
- (2) *Member(s)/proxy(ies)/corporate representative(s) **WILL NOT BE ALLOWED** to attend the EGM in person on the day of the meeting.*
- (3) *Members are to attend, speak (including posing questions to the Board via real time submission of typed texts) and vote (collectively, “participate”) remotely at the EGM via the RPV provided by Tricor Investor & Issuing House Services Sdn Bhd (“Tricor”) via its TIIH Online website at <https://tiih.online>. Please follow the Procedures for RPV provided in the Administrative Details of the EGM and read the notes below in order to participate remotely via RPV.*
- (4) *Members may submit questions to the Board of Directors prior to the EGM via Tricor’s TIIH Online website at <https://tiih.online> by selecting “e-Services” to login, pose questions and submit electronically no later than Monday, 9 August 2021 at 9.00 a.m. or to use the query box to transmit questions to the Chairman/Board via RPV during live streaming.*
- (5) *For the purpose of determining who shall be entitled to attend this General Meeting via RPV, the Company shall be requesting Bursa Malaysia Depository Sdn Bhd to make available to the Company, a Record of Depositors as at 2 August 2021. Only a member whose name appears on this Record of Depositors shall be entitled to attend in this EGM via RPV.*
- (6) *A member entitled to attend and vote at this General Meeting is entitled to appoint a proxy or attorney or in the case of a corporation, to appoint a duly authorised representative to attend, participate, speak and vote in his place. A proxy may but need not be a member of the Company.*
- (7) *A member of the Company who is entitled to attend and vote at a General Meeting of the Company may appoint not more than two (2) proxies to attend, participate, speak and vote instead of the member at the General Meeting.*
- (8) *If two (2) proxies are appointed, the entitlement of those proxies to vote on a show of hands shall be in accordance with the listing requirements of the stock exchange.*

- (9) Where a member of the Company is an authorised nominee as defined in the Securities Industry (Central Depositories) Act 1991 (“**Central Depositories Act**”), it may appoint not more than two (2) proxies in respect of each securities account it holds in ordinary shares of the Company standing to the credit of the said securities account.
- (10) Where a member of the Company is an exempt authorised nominee 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. An exempt authorised nominee refers to an authorised nominee defined under the Central Depositories Act which is exempted from compliance with the provisions of Section 25A(1) of the Central Depositories Act.
- (11) Where a member appoints more than one (1) proxy, the proportion of shareholdings to be represented by each proxy must be specified in the instrument appointing the proxies.
- (12) A member who has appointed a proxy or attorney or authorised representative to attend, participate, speak and vote at this EGM via RPV must request his/her proxy to register himself/herself for RPV at TIIH Online website at <https://tjih.online>. Please follow the Procedures for RPV in the Administrative Details of the EGM.
- (13) The appointment of a proxy may be made in a hard copy form or by electronic means in the following manner and must be received by the Company not less than forty-eight (48) hours before the time appointed for holding the General Meeting or adjourned General Meeting at which the person named in the appointment proposes to vote:
- (i) In hard copy form
- In the case of an appointment made in hard copy form, this proxy form must be deposited at the Share Registrar’s Office, 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 or alternatively, the Customer Services Centre at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur.
- (ii) Online
- In the case of an appointment made via online lodgement facility, please login to the link website at <https://tjih.online> and select “e-Services” to login. Please refer to the Administrative Guide on how to register to TIIH Online and submit your Form of Proxy electronically.
- (14) Any authority pursuant to which such an appointment is made by a power of attorney must be deposited at the Share Registrar’s Office, 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 or alternatively, the Customer Services Centre at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur not less than forty-eight (48) hours before the time appointed for holding the General Meeting or adjourned General Meeting at which the person named in the appointment proposes to vote. A copy of the power of attorney may be accepted provided that it is certified notarially and/or in accordance with the applicable legal requirements in the relevant jurisdiction in which it is executed.
- (15) Please ensure ALL the particulars as required in this proxy form are completed, signed and dated accordingly.
- (16) Last date and time for lodging this proxy form is 9.00 a.m. on Monday, 9 August 2021.
- (17) A corporate member who has appointed a representative, please deposit the **ORIGINAL** or **DULY CERTIFIED** certificate of appointment with the Share Registrar of the Company, 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 or alternatively, the Customer Services Centre at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur. The certificate of appointment should be executed in the following manner:
- (i) If the corporate member has a common seal, the certificate of appointment 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 of appointment should be affixed with the rubber stamp of the corporate member (if any) and executed by:
- (a) at least two (2) authorised officers, of whom one shall be a director; or
- (b) any director and/or authorised officers in accordance with the laws of the country under which the corporate member is incorporated.
- (18) Members are advised to check the Company’s website at <http://www.luxchem.com.my> and announcements from time to time for any changes to the administration of this EGM that may be necessitated by changes to the directives, safety and precautionary requirements and guidelines prescribed by the Government of Malaysia, the Ministry of Health, the Malaysian National Security Council, Securities Commission Malaysia and/or other relevant authorities.

# LUXCHEM

## LUXCHEM CORPORATION BERHAD

Registration No. 199101014102 (224414-D)  
(Incorporated in Malaysia)

### PROXY FORM

No. of ordinary shares held	CDS account no.

I/We, \_\_\_\_\_, NRIC No. \_\_\_\_\_  
(full name in block letters)

of \_\_\_\_\_ being a \*member/members  
(full address)

of Luxchem Corporation Berhad hereby appoint \_\_\_\_\_,  
(full name in block letters)

NRIC No. \_\_\_\_\_ of \_\_\_\_\_

\_\_\_\_\_  
(full address)

and, \_\_\_\_\_, NRIC No. \_\_\_\_\_  
(full name in block letters)

of \_\_\_\_\_  
(full address)

or failing whom, the Chairman of the Meeting as \*my/our proxy to attend and vote for \*me/us on \*my/our behalf at the Extraordinary General Meeting of the Company to be held on a fully virtual basis via remote participation and electronic voting via online meeting platform at TIH Online website at <https://tiah.online> provided by Tricor Investor & Issuing House Services Sdn Bhd in Malaysia on Wednesday, 11 August 2021 at 9.00 a.m. or at any adjournment thereof and to vote as indicated below:

RESOLUTION	FOR	AGAINST
Ordinary Resolution - Proposed Acquisition		

[Please indicate with an "X" in the spaces provided whether you wish your votes to be cast for or against the resolutions. In the absence of specific direction, your proxy will vote or abstain as he thinks fit.]

Signed on this .....day of ..... 2021.

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

\* Delete if not applicable

#### Notes on the Appointment of Proxy:

- (1) As part of the initiatives to curb the spread of Covid-19, the Extraordinary General Meeting ("EGM") of the Company will be conducted on a fully virtual basis by way of live streaming and online remote voting via Remote Participation and Voting ("RPV") facilities available on Tricor Investor & Issuing House Services Sdn Bhd's TIH Online website at <https://tiah.online>. Please follow the procedures provided in the 'Administrative Details' section of the EGM in order to register, participate and vote remotely via the RPV facilities.
- (2) Member(s)/proxy(ies)/corporate representative(s) **WILL NOT BE ALLOWED** to attend the EGM in person on the day of the meeting.



- (3) Members are to attend, speak (including posing questions to the Board via real time submission of typed texts) and vote (collectively, “participate”) remotely at the EGM via the RPV provided by Tricor Investor & Issuing House Services Sdn Bhd (“Tricor”) via its TIH Online website at <https://tiah.online>. Please follow the Procedures for RPV provided in the Administrative Details of the EGM and read the notes below in order to participate remotely via RPV.
- (4) Members may submit questions to the Board of Directors prior to the EGM via Tricor’s TIH Online website at <https://tiah.online> by selecting “e-Services” to login, pose questions and submit electronically no later than Monday, 9 August 2021 at 9.00 a.m. or to use the query box to transmit questions to the Chairman/Board via RPV during live streaming.
- (5) For the purpose of determining who shall be entitled to attend this General Meeting via RPV, the Company shall be requesting Bursa Malaysia Depository Sdn Bhd to make available to the Company, a Record of Depositors as at 2 August 2021. Only a member whose name appears on this Record of Depositors shall be entitled to attend in this EGM via RPV.
- (6) A member entitled to attend and vote at this General Meeting is entitled to appoint a proxy or attorney or in the case of a corporation, to appoint a duly authorised representative to attend, participate, speak and vote in his place. A proxy may but need not be a member of the Company.
- (7) A member of the Company who is entitled to attend and vote at a General Meeting of the Company may appoint not more than two (2) proxies to attend, participate, speak and vote instead of the member at the General Meeting.
- (8) If two (2) proxies are appointed, the entitlement of those proxies to vote on a show of hands shall be in accordance with the listing requirements of the stock exchange.
- (9) Where a member of the Company is an authorised nominee as defined in the Securities Industry (Central Depositories) Act 1991 (“Central Depositories Act”), it may appoint not more than two (2) proxies in respect of each securities account it holds in ordinary shares of the Company standing to the credit of the said securities account.
- (10) Where a member of the Company is an exempt authorised nominee 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. An exempt authorised nominee refers to an authorised nominee defined under the Central Depositories Act which is exempted from compliance with the provisions of Section 25A(1) of the Central Depositories Act.
- (11) Where a member appoints more than one (1) proxy, the proportion of shareholdings to be represented by each proxy must be specified in the instrument appointing the proxies.
- (12) A member who has appointed a proxy or attorney or authorised representative to attend, participate, speak and vote at this EGM via RPV must request his/her proxy to register himself/herself for RPV at TIH Online website at <https://tiah.online>. Please follow the Procedures for RPV in the Administrative Details of the EGM.
- (13) The appointment of a proxy may be made in a hard copy form or by electronic means in the following manner and must be received by the Company not less than forty-eight (48) hours before the time appointed for holding the General Meeting or adjourned General Meeting at which the person named in the appointment proposes to vote:
- (i) In hard copy form
- In the case of an appointment made in hard copy form, this proxy form must be deposited at the Share Registrar’s Office, 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 or alternatively, the Customer Services Centre at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur.
- (ii) Online
- In the case of an appointment made via online lodgement facility, please login to the link website at <https://tiah.online> and select “e-Services” to login. Please refer to the Administrative Guide on how to register to TIH Online and submit your Form of Proxy electronically.
- (14) Any authority pursuant to which such an appointment is made by a power of attorney must be deposited at the Share Registrar’s Office, 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 or alternatively, the Customer Services Centre at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur not less than forty-eight (48) hours before the time appointed for holding the General Meeting or adjourned General Meeting at which the person named in the appointment proposes to vote. A copy of the power of attorney may be accepted provided that it is certified notially and/or in accordance with the applicable legal requirements in the relevant jurisdiction in which it is executed.
- (15) Please ensure ALL the particulars as required in this proxy form are completed, signed and dated accordingly.
- (16) Last date and time for lodging this proxy form is 9.00 a.m. on Monday, 9 August 2021.



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- (17) A corporate member who has appointed a representative, please deposit the **ORIGINAL** or **DULY CERTIFIED** certificate of appointment with the Share Registrar of the Company, 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 or alternatively, the Customer Services Centre at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur. The certificate of appointment should be executed in the following manner:
- (i) If the corporate member has a common seal, the certificate of appointment 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 of appointment should be affixed with the rubber stamp of the corporate member (if any) and executed by:
    - (a) at least two (2) authorised officers, of whom one shall be a director; or
    - (b) any director and/or authorised officers in accordance with the laws of the country under which the corporate member is incorporated.
- (18) Members are advised to check the Company's website at <http://www.luxchem.com.my> and announcements from time to time for any changes to the administration of this EGM that may be necessitated by changes to the directives, safety and precautionary requirements and guidelines prescribed by the Government of Malaysia, the Ministry of Health, the Malaysian National Security Council, Securities Commission Malaysia and/or other relevant authorities.

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AFFIX  
STAMP

**The Share Registrar  
LUXCHEM CORPORATION BERHAD  
Registration No. 199101014102 (224414-D)**

c/o Tricor Investor & Issuing House Services Sdn Bhd  
Unit 32-01, Level 32  
Tower A, Vertical Business Suites  
Avenue 3, Bangsar South  
No. 8, Jalan Kerinchi  
59200 Kuala Lumpur

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# LUXCHEM

## LUXCHEM CORPORATION BERHAD

Registration No. 199101014102 (224414-D)  
(Incorporated in Malaysia)

### ADMINISTRATIVE GUIDE FOR THE EXTRAORDINARY GENERAL MEETING (EGM<sup>TM</sup>)

Day and Date : Wednesday, 11 August 2021

Time : 9.00 a.m.

Online Meeting Platform : TIIH Online website at <https://tiih.online> provided by Tricor Investor & Issuing House Services Sdn Bhd in Malaysia

#### 1. SAFEGUARD MEASURES DUE TO COVID-19 PANDEMIC

- The Securities Commission Malaysia (“SC”) had, on 13 January 2021, announced that capital market entities supervised, licensed or registered by the SC shall operate in accordance with the applicable Standard Operating Procedures (“SOPs”) issued by the authorities during the Emergency Ordinance and various forms of Movement Control Order (“MCO”). The SC had, on 16 July 2021, issued a revised Guidance and FAQs on the Conduct of General Meetings for Listed Issuers which states that only fully virtual meetings will be allowed during MCO, subject to the requirements under the prevailing and applicable SOPs.
- In view of the constant evolving COVID-19 situation and as part of the safety measures for the well-being of the shareholders of the Company, the Company will conduct its EGM on a fully virtual basis through live streaming and online remote voting via Remote Participation and Voting (“RPV”) facilities which are available on Tricor Investor & Issuing House Services Sdn Bhd (“Tricor”) TIIH Online website at <https://tiih.online>.
- No member(s) or proxy(ies)/corporate representative(s)/attorney(s) shall be physically present on the day of the meeting.
- We strongly encourage you to attend the EGM via the RPV facilities. You may also consider appointing the Chairman of the meeting as your proxy to participate and vote on your behalf at the EGM.
- The Company may be required to change the arrangements of our EGM at short notice. Kindly visit Bursa Malaysia Securities Berhad’s website or Company’s corporate website at <http://www.luxchem.com.my> for the latest updates on the status of the EGM.
- The Company will continue to observe the guidelines issued by all relevant authorities and will take the necessary precautionary measures as advised.

#### 2. REMOTE PARTICIPATION AND VOTING FACILITIES (“RPV”)

- The RPV facilities are available on Tricor’s TIIH Online website at <https://tiih.online>
- A member or his/her/its proxy(ies)/corporate representative(s)/attorney(s) is to attend, participate (including to pose questions in the form of real time submission of typed texts) and vote remotely at the EGM using RPV facilities.
- Kindly refer to procedures and requirements for RPV facilities as set out in this Administrative Guide.

#### 3. PROCEDURE FOR RPV FACILITIES

Please read and follow the procedures below to engage in remote participation through live streaming and online remote voting at the EGM using the RPV facilities.

### Before the EGM

PROCEDURE	ACTION
Register as a user with TIIH Online	<ul style="list-style-type: none"><li>Using your computer, access the website at <a href="https://tiih.online">https://tiih.online</a>. Register as a user under the “e-Services” select “<b>Create Account by Individual Holder</b>”. Please refer to the tutorial guide posted on the homepage for assistance.</li><li>Registration as a user will be approved within one (1) working day and you will be notified via e-mail.</li><li>If you are already a user with TIIH Online, you are not required to register again. You will receive an <b>e-mail to notify</b> you that the remote participation is available for registration at TIIH Online.</li></ul>
Submit your request to attend EGM remotely	<ul style="list-style-type: none"><li>Registration is open from <b>Monday, 26 July 2021</b> until the day of the EGM, <b>Wednesday, 11 August 2021</b>. Shareholder(s) or proxy(ies) or corporate representative(s) or attorney(s) are required to pre-register their attendance for the EGM to ascertain their eligibility to participate in the EGM using the RPV facilities.</li><li>To register for the RPV, visit the TIIH Online website and login with your user ID (i.e. e-mail address) and password and select the corporate event: “<b>(REGISTRATION) LUXCHEM EGM</b>”</li><li>Read and agree to the Terms &amp; Conditions and confirm the Declaration.</li><li>Select “Register for Remote Participation and Voting”.</li><li>Review your registration and proceed to register.</li><li>The system will send an <b>e-mail to notify</b> that your registration for remote participation is received and will be verified.</li><li>After verification of your registration against the Record of Depositors as at <b>2 August 2021</b>, the system will send you an e-mail after <b>9 August 2021</b> to approve your registration for remote participation and the procedures to use the RPV will be detailed therein. In the event your registration is not approved, you will also be notified via email. <i>(Note: Please allow the sufficient time for the approval of new user of TIIH Online as well as the registration for RPV facilities in order that you can login to TIIH Online and participate in the EGM remotely).</i></li></ul>

### On the day of the EGM

PROCEDURE	ACTION
Login to TIIH Online	<ul style="list-style-type: none"><li>Login with your user ID and password for remote participation at the EGM at any time from <b>8.00 a.m. i.e. one hour</b> before the commencement of the EGM at <b>9.00 a.m. on Wednesday, 11 August 2021</b>.</li></ul>
Participate through Live Streaming	<ul style="list-style-type: none"><li>Select the corporate event: “<b>(LIVE STREAM MEETING) LUXCHEM EGM</b>” to engage in the proceedings of the EGM remotely.</li><li>If you have any question for the Chairman/Board, you may use the query box to transmit your question. The Chairman/Board will endeavor to respond to the questions submitted by remote participants during the EGM. If there is time constraint, the responses will be e-mailed to you at the earliest possible, after the meeting.</li></ul>
Online Remote Voting	<ul style="list-style-type: none"><li>The voting session commences from <b>9.00 a.m. on Wednesday, 11 August 2021</b> until a time when the Chairman announces the end of the voting session.</li><li>Select the corporate event: “<b>(REMOTE VOTING) LUXCHEM EGM</b>” or if you are on the live stream meeting page, you can select “<b>GO TO REMOTE VOTING PAGE</b>” button below the Query Box.</li><li>Read and agree to the Terms &amp; Conditions and confirm the Declaration.</li><li>Select the CDS account that represents your shareholdings.</li><li>Indicate your votes for the resolutions that are tabled for voting.</li><li>Confirm and submit your votes.</li></ul>
End of remote participation	<ul style="list-style-type: none"><li>Upon the announcement by the Chairman on the conclusion of the EGM, the Live Streaming will end.</li></ul>

**Note to users of the RPV facilities:**

1. Should your registration for RPV be approved, we will make available to you the rights to join the live stream meeting and to vote remotely. Your login to TIIH Online on the day of meeting will indicate your presence at the virtual meeting.
2. The quality of your connection to the live broadcast is dependent on the bandwidth and stability of the internet at your location and the device you use
3. In the event you encounter any issues with logging-in, connection to the live stream meeting or online voting on the meeting day, kindly call Tricor Help Line at 011-4080 5616/ 011-4080 3168/ 011-4080 3169/ 011-4080 3170 or email to [tiih.online@my.tricorglobal.com](mailto:tiih.online@my.tricorglobal.com) for assistance.

**4. ENTITLEMENT TO PARTICIPATE AND APPOINTMENT OF PROXY**

- Only members whose name appear of the **General Meeting Record of Depositors as at 2 August 2021** shall be eligible to attend, participate and vote at the EGM or appoint a proxy(ies)/corporate representatives(s)/attorney(s) to attend, participate and vote on his/her behalf.
- If you as a member wish to attend, participate and vote at the EGM yourself, please do not submit any Proxy Form. You will not be allowed to participate in the EGM together with a proxy appointed by you.
- The appointment of a proxy may be made in hard copy form or by electronic form in the following manner not later than **Monday, 9 August 2021 at 9.00 a.m.** Please do read and follow the procedures to submit Proxy Form as below:

(i) In hard copy form

- (a) By hand or post to the office of the Company's Share Registrar, Tricor Investor & Issuing House Services Sdn. Bhd. at Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur 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; or
- (b) By fax at 03-2783 9222 or e-mail to [js.enquiry@my.tricorglobal.com](mailto:js.enquiry@my.tricorglobal.com).

(ii) By electronic form

The form of proxy can be electronically submitted via Tricor's TIIH Online website at <https://tiih.online>. Kindly refer to the Procedure for Electronic Submission of Form of Proxy.

Please ensure ALL the particulars as required in the Form of Proxy are completed, signed and dated accordingly.

Any authority pursuant to which such an appointment is made by a power of attorney must be deposited at the Tricor's office 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, at Tricor's Customer Service Centre at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia not later than **Monday, 9 August 2021 at 9.00 a.m.** to participate via the RPV in the EGM. 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.

For a corporate member who has appointed a representative, please deposit the **ORIGINAL** certificate of appointment at the Tricor's office, or alternatively, at its Customer Service Centre at the above addresses not later than **Monday, 9 August 2021 at 9.00 a.m.** to participate via the RPV in the EGM.

Shareholders who have appointed proxy(ies) or corporate representative(s) or attorney(s) to participate in the EGM must request his / her proxy(ies) or corporate representative(s) or attorney(s) to register himself / herself / themselves for the RPV at TIIH Online website at <https://tiih.online>.

**PROCEDURES FOR ELECTRONIC SUBMISSION OF FORM OF PROXY**

The procedures to submit your Form of Proxy electronically via TIIH Online website are summarized below:

PROCEDURE	ACTION
<b>Steps for Individual Shareholders</b>	
Register as a user with TIIH Online	<ul style="list-style-type: none"> <li>▪ Using your computer, please access the website at <a href="https://tiih.online">https://tiih.online</a>. Register as a user under the “e-Services”. Please refer to the tutorial guide posted on the homepage for assistance.</li> <li>▪ If you are already a user with TIIH Online, you are not required to register again.</li> </ul>
Proceed with submission of Proxy Form	<ul style="list-style-type: none"> <li>▪ After release of the Notice of the Meeting by the Company, login with your user name (i.e. email address) and password.</li> <li>▪ Select the corporate event: “<b>LUXCHEM EGM – Submission of Proxy Form</b>”.</li> <li>▪ Read and agree to the Terms &amp; Conditions and confirm the Declaration.</li> <li>▪ Insert your CDS account number and indicate the number of shares for your proxy(ies) to vote on your behalf.</li> <li>▪ Appoint your proxy(ies) and insert the required details of your proxy(ies) or appoint Chairman as your proxy.</li> <li>▪ Indicate your voting instructions – FOR or AGAINST, otherwise your proxy will decide your votes.</li> <li>▪ Review and confirm your proxy(ies) appointment.</li> <li>▪ Print the Proxy Form for your record.</li> </ul>
<b>Steps for Corporation or Institutional Shareholders</b>	
Register as a User with TIIH Online	<ul style="list-style-type: none"> <li>▪ Access TIIH Online website at <a href="https://tiih.online">https://tiih.online</a>.</li> <li>▪ Under “e-Services”, the authorised or nominated representative of the corporation or institutional shareholder selects “<b>Create Account by Representative of Corporate Holder</b>”.</li> <li>▪ Complete the registration form and upload the required documents.</li> <li>▪ Registration will be verified and you will be notified by email within one (1) to two (2) working days.</li> <li>▪ Proceed to active your account with the temporary password given in the email and re-set your own password.</li> </ul> <p><i>(Note: The representative of a corporation or institutional shareholder must register as a user in accordance with the above steps before he/she can subscribe to this corporate holder electronic proxy submission. Please contact our Share Registrar, Tricor, if you need clarifications on the user registration.)</i></p>
Proceed with submission of Proxy Form	<ul style="list-style-type: none"> <li>▪ Login to TIIH Online website at <a href="https://tiih.online">https://tiih.online</a>.</li> <li>▪ Select the corporate exercise name: “<b>LUXCHEM EGM – Submission of Proxy Form</b>”.</li> <li>▪ Read and agree to the Terms &amp; Conditions and confirm the Declaration.</li> <li>▪ Proceed to download the file format for “<b>Submission of Proxy Form</b>” in accordance with the Guidance Note set therein.</li> <li>▪ Prepare the file for the appointment of proxy(ies) by inserting the required data.</li> <li>▪ <b>Submit the proxy appointment file.</b></li> <li>▪ <b>Login to TIIH Online, select corporate exercise name: “LUXCHEM EGM – SUBMISSION OF PROXY FORM”.</b></li> <li>▪ Proceed to upload the duly completed proxy appointment file.</li> <li>▪ Select “Submit” to complete your submission.</li> <li>▪ Print the confirmation report of your submission for your record.</li> </ul>

## 5. VOTING AT THE MEETING

- The voting at the Postponement of EGM will be conducted by poll in accordance with Paragraph 8.29A of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad. The Company has appointed Tricor as the Poll Administrator to conduct the poll by way of electronic voting (e-voting)
- Member(s)/ proxy(ies)/ corporate representative(s)/ attorney(s) can proceed to vote on the resolutions at any time from **9.00 a.m.** on **Wednesday, 11 August 2021** until a time before the end of voting session which will be announced by the Chairman of the meeting. Kindly refer to “Procedure for RPV Facilities” for guidance on how to vote remotely from TIIH Online.
- Upon completion of the voting session for the EGM, the Independent Scrutineers will verify the poll results followed by the Chairman’s declaration whether the resolutions are duly passed.

## 6. RESULTS OF THE VOTING

The resolutions proposed and the results of the voting would be announced at the EGM and subsequently via an announcement made by the Company through Bursa Malaysia Securities Berhad's website at [www.bursamalaysia.com](http://www.bursamalaysia.com).

## 7. PRE-MEETING SUBMISSION OF QUESTION TO THE BORAD OF DIRECTORS

The Board of Directors of the Company recognises that the EGM is a valuable opportunity to engage with the members. In order to enhance the efficiency of the proceedings of the meeting, members may submit questions in advance before the EGM via Tricor's TIH Online website at <https://tiah.online> by selecting "e-Services" to login, pose questions and submit electronically no later than **Monday, 9 August 2021 at 9.00 a.m.** The Board of Directors will endeavor to address the questions received at the EGM.

## 8. ENQUIRY

If you have any enquiry prior to the EGM, please contact the Share Registrar during office hours on Mondays to Fridays from 9.00 a.m. to 5.30 p.m. (except on public holidays):

### Tricor Investor & Issuing House Services Sdn Bhd

General / Fax No.	: +603 - 2783 9299 / +603 - 2783 9222
Email	: <a href="mailto:is.enquiry@my.tricorglobal.com">is.enquiry@my.tricorglobal.com</a>
Ms. Lim Lay Kiow	: +603 - 2783 9232 / <a href="mailto:Lay.Kiow.Lim@my.tricorglobal.com">Lay.Kiow.Lim@my.tricorglobal.com</a>
Pn. Zakiah Wardi	: +603 - 2783 9287 / <a href="mailto:Zakiah@my.tricorglobal.com">Zakiah@my.tricorglobal.com</a>
Mr. Keith Lim	: +603 - 2783 9240 / <a href="mailto:Keith.Lim@my.tricorglobal.com">Keith.Lim@my.tricorglobal.com</a>