



# 2023

## ANNUAL REPORT



## Financial Highlight

# RM1.16 billion

## FY23 Revenue

Group	2022	2023
Revenue (RM'000)	1,321,813	<b>1,162,429</b>
Profit Before Tax (RM'000)	60,976	<b>48,031</b>
Profit After Tax (RM'000)	45,413	<b>35,331</b>
Earnings Per Share (sen)	7.75	<b>5.65</b>
Net Assets Per Share (sen)	53.33	<b>58.45</b>
Dividend Per Share (sen)	3.50	<b>2.20</b>

“

For the financial year 2023, the Group reported a resilient set of figures. Despite these decreases from the previous year, we maintained a strong business and operational focus as well as strategic efficiency.

”

**Samchem has been in operation for more than 30 years and is a leading industrial chemical distributor in Malaysia and South East Asia.**

**Samchem supplies about 500 different petrochemicals and services to more than 7,000 clients from industries such as automotive, paints and inks, oil & gas, and agriculture – across the region.**



# Overview



## Overview

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## Executive Chairman's Statement

### *Year in Review*

FY2023 was a period of complex global dynamics, continuing some of the trends and headwinds from the previous year. A significant factor in play through FY2023 was the lacklustre economic recovery from China. Despite wide expectations for a robust post-lockdown rebound, China's economy grew at a slower pace than anticipated. This underperformance had ripple effects across globally and impacting various sectors, many of which we serve, particularly within manufacturing in the consumer segment.

This was compounded by the slowdown in Europe and exports to the US, as well as the high inflationary environment resulting in decreasing consumer confidence throughout the year.

Despite the challenging economic landscape, the Group demonstrated resilience and agility in our approach and operations in responding to market fluctuations and shifting market trends.

Our proactive measures in stringent inventory and cost control, strong cash balance and close collaborations with our business partners were pivotal in our resilient performance for FY2023.



**Ng Thin Poh**  
Executive Chairman

*“Despite the challenging economic landscape, the Group demonstrated resilience and agility in our approach and operations in responding to market fluctuations and shifting market trends.”*



## Strategic Developments

Amidst a landscape of volatility, heightened costs of doing business and increasingly fierce competition, we have managed to maintain our lead by consistently delivering value. Our strategy focuses on a deep understanding of our customers' needs, allowing us to provide customised and innovative solutions. This approach is underpinned by our wide network and extensive infrastructure, enabling us to meet and exceed both our customers and our suppliers expectations effectively.

**“Dear Valued Shareholders,  
I am pleased to present to you our Annual Report for the financial year ended 31 December 2023 (“FY2023”).”**



*Malaysia's new warehouse opening ceremony in Pulau Indah Industrial Park, Port Klang.*

Even in a volatile business climate, we continue to seek out opportunities and expanded our product portfolio and markets. In FY2023, the completion of our two new warehouses in Malaysia and Vietnam expanded our warehousing capacity in the region, allowing us to have more reach and control over the distribution supply chain and capture new growth opportunities particularly with the relocation of global chemical plants into the region.

This year, we continued to further expand our infrastructure with the acquisition of a bulk logistics company on 1 February 2024. The addition of this company increases our fleet segment to 90 and broaden our market reach to different consumer sectors.

The expansion is part of our strategic initiative to strengthen our infrastructure and aligned with our long-term objectives of value creation and continued growth to our stakeholders in terms of broadened business opportunities and product offerings.

Looking ahead to the short and medium term, we anticipate the market environment to remain unpredictable due to elevated operational costs, geopolitical instability, and concerns about potential recessions. Despite these uncertainties, our in-depth knowledge, experience and robust infrastructure positions us not only to navigate the challenges but also to capture new opportunities in the market. We are confident that we are well poised to capitalise on the resurgence in demand in the eventual recovery of the global economy.



Simultaneously, we remain focused on strengthening our brand identity as a symbol of excellence, quality, and reliability. By doing so, we strive to establish ourselves as a leading industry player and a preferred partner for our customers.

### Financial Performance

For the financial year 2023, the Group reported a resilient set of figures. We recorded a revenue of RM1.16 billion for FY2023, declining from RM1.32 billion in FY2022 despite logging an increase in volume of chemicals sold. This reflects the impact of the global economic conditions on manufacturing activity and chemical prices.

Our profit before tax for FY2023 was RM48.03 million, compared to RM60.98 million in FY2022. The PATAMI for the year stood at RM30.73 million, compared to RM42.16 million in the previous financial year. The lower profits are attributed to a downward trend of chemical prices from the second half of FY2022, which continued throughout FY2023 in part due to the weaker than expected demand from the reopening of China, as well as the slowdown in Europe.

Despite these decreases from the previous financial year, we maintained a strong business and operational focus as well as strategic efficiency. In terms of geographical segment performance, our Malaysian operations was the Group's largest contributor in FY2023 accounting for 48% of total Group revenue. Vietnam was our next largest operations contributing 42% of revenue, followed by Indonesia and Singapore contributing 7% and 3% respectively. Our Malaysian operations contributed to 61% of total profit before tax, whilst Vietnam contributed 34% followed by Indonesia at 1% and Singapore at 5%.

We ended the year under review with a healthy cash balance of RM77 million and a healthy gearing ratio of 0.26.

Reflecting our confidence in the Company's future, we declared a dividend for FY2023 of RM13.06 million, representing a payout ratio of around 42% for FY2023. We remain committed to delivering value to our shareholders and strive to achieve the right balance in returns as well as future value by ensuring sufficient reinvestment for our growth plans.

*“The heart of Samchem's success lies in our people – their talent, passion, and unwavering commitment to our business goals.”*

## Sustainability and Corporate Governance

Good governance is critical in ensuring business stability and sustainability as well as long-term value creation. The Group has established a robust framework under which business risks are monitored and managed, and this risk management exercise is reviewed periodically.

At the Samchem Group, we are committed to conduct business ethically and with integrity in compliance with all applicable laws within the respective jurisdictions. This commitment is supported by our corporate governance policies, which can be accessed on our website.

In ensuring business sustainability, we also recognise that we have a role in conserving the environment that we operate in. To this end, we have set up environment related KPIs as stated more in detail in our Sustainability Report.

The heart of Samchem's success lies in our people — their talent, passion, and unwavering commitment to our business goals. Ensuring a safe and healthy work environment is paramount, and our comprehensive Health,

Safety, and Environmental ("HSE") Framework has been instrumental in maintaining our exemplary record in HSE performance. Further, in FY2023, we have made comprehensive enhancements to our sales staff's compensation structure with an aim to retain our talents and to attract the best human capital to maintain competitive edge as well as achieving long term business goals.



*Solar panels had been installed on the roof of our headquarters in Shah Alam.*







## **30+YEARS CONTINUOUS VALUE BUILDING FOR OUR INVESTORS**

Our investments into a 7-acre warehouse in Long An, Vietnam offers 12,800m<sup>2</sup> of warehouse space complete with storage tanks, bulk-breaking facilities and weighbridge.



## Acknowledgements


I extend my sincere gratitude to the Samchem management team and all our employees for your dedication, the dynamic energy and relentless efforts that have been instrumental in navigating the past year. We have made great strides over the past few years amidst an exceptionally challenging environment.

I would also like to take this opportunity to thank all of our valued Principals, customers and business partners for the continuous support and confidence in us. We are committed to strengthening the business relationships together.

I am also thankful to our Board of Directors for their dedication, wisdom and corporate oversight.

Last but not least, to our shareholders, I express my heartfelt gratitude for your continued trust and support in Samchem. We look forward to sustained growth and success in the coming years.

**Ng Thin Poh**  
Executive Chairman



*The Company has declared dividends totalling RM13.06m for FY2023.*

# Management's Statement

**“ Dear Valued Shareholders,  
It gives me great pleasure to deliver Samchem Group's Management Statement for business performance in FY2023. The Group has performed within expectations and remained resilient to deliver superior value to all stakeholders. ”**



As we look back into the past year, it was a year full of economic turmoil and sluggish demand especially in 1H 2023 with extraordinary events occurring arbitrarily around the globe. The sudden onset of the war in the Middle East with heightened risks of it becoming widespread around the region, weakening of the Malaysian Ringgit (MYR) against United States Dollar (USD) as well as other major currencies in South East Asia, growing geo-political tensions in the South China Sea and the ongoing Russian-Ukraine war does not stimulate global economy in any way.

1H 2023 was particularly challenging as the market remain stifled according to our forecasts and projections. Optimism of China's recovery quickly dwindled following reports of subdued growth and emergence of real estate troubles. Despite the odds, we have nevertheless emerged triumphant fueled by our positive mindset and strong determination to overcome the challenge.

The Group has recorded a respectable net profit before tax of RM48.03 million for FY2023 in spite of the turbulent headwinds we faced throughout the year. The credit and recognition for this accomplishment goes out to every team member in the Group. Great teamwork attributes coupled with proactive action for inter-company and inter-department collaboration is one of the elements of our success.

Guided by our Vision and Mission statements, we are poised to adapt the ever-evolving market landscape for sustainable growth.

## Mission Statement

To expand and enhance our products range and services in the chemical & lubricant supply industry to better serve our customers.

To enhance our Group's value to all our stakeholders in a sustainable manner.

## Vision Statement

To be the preferred distribution and solutions provider in the chemical & lubricant supply industry for South East Asia.

## Business Activities

### Integrated Chemicals Distribution

The core business of the Group is in Distribution of Chemicals that are used in various industries including automotive, manufacturing, paint and coating, foaming, agriculture, household (detergents, stain removers and multi-purpose cleaners), construction, oil & gas and even in personal care & grooming (deodorant, mouthwash, shampoo, hair gel, toothpaste, cosmetics and nail polish). Whilst the pandemic and restrictions impacted certain sectors more severely than others, the Samchem Group managed to deliver solid results because of our diversified business strategy across numerous industries, markets and expansion of product portfolio and agencies.

Samchem represents, amongst others, ExxonMobil Chemical, Shell, Petronas and BASF, the largest global producers of petrochemicals in this region. In the ensuing 30-odd years since its founding, Samchem has expanded out to other ASEAN countries, acquired a wider range of products for distribution, including specialty premium chemicals, and established a vast network of customer base for mutual business growth and benefit with these principals.



Besides distribution of petrochemicals from the major petrochemicals producers, Samchem distributes for a large number of specialty chemical manufacturers (Momentive, Venator, Evonik, Mitsui, Shin-Etsu, Lanxess, Afton, Arkema and etc.). These higher end, high premium products are used in industries such as paints & coatings, polyurethane foam (for mattresses and car seats), automotive, printing ink, construction, agriculture, adhesives, industrial cleaning, household and personal care, electronics, oil & gas and many more.

The addition of inorganic chemicals into our portfolio extends our reach to the wider scope of the market, further cementing our position as the preferred integrated chemicals distributor. Its application in industries such as glove manufacturing, paints & coatings, printing ink, adhesives, plastics, industrial cleaning, tiles & paving, road markings and many more.

In addition to chemical distribution, the Group also offers integrated value-added services in the distribution chain including warehousing, bulkbreaking, blending and logistics. More and more companies are outsourcing their blending processes and Samchem's facilities has the capacity to meet these needs. The establishment of SC Udes Sdn Bhd also enhances our infrastructure network with the penetration into the bulk chemical transportation business.



### *Authorised Distributorship for Shell Lubricants*

In 2016, Samchem Lubricants was appointed an authorised B2B distributor for Shell's range of lubricants in the East Coast states of Pahang, Terengganu and Kelantan. Warehouses were immediately set up in Kuantan and Kota Bharu to be closer to the major industrial clusters in these two states.

In 2017, the distributorship was extended to cover the Northern states of Perlis, Kedah, Penang and Perak. Samchem Lubricants effectively distributes products to the Northern half of Peninsular Malaysia, supported by existing Samchem operations in Ipoh and Penang. With additional manpower, both operations were re-located to bigger premises and warehouses to accommodate sales and sales support personnel and storage requirements.

On 1 July 2020, the distributorship was extended even further to the Central region to cover Selangor, Kuala Lumpur and Putrajaya. These expansion of territories in that timespan are testimony of our commitment to our Principals and in-depth knowledge of the markets that we serve.

### *Technical & Development (T&D) Division for Market Development*

The T&D division supports sales of specialty chemicals, facilitating the introduction of premium grades either as an upgrade or product replacement as well as in market creation (with technical support from principals). The T&D division plays a crucial role in the Group's sustainability in the chemical distribution business, augmenting the Group's earnings in the premium products sector as Samchem intensifies effort to become a major Specialty Chemicals player in the domestic and regional market. Complementing these endeavours are the establishment of one application and two Quality Control laboratories to reinforce market development efforts.

Besides this core activity, the division also oversees regulatory requirements such as Material Safety Data Sheets, compliance to the Globally Harmonised System of Classification and Labelling of Chemicals ("GHS"), as well as ensures the company's chemicals sales activities comply with all of the regulations and laws pertaining to the business.

*Vietnam Meridian warehouse opening ceremony in Long An, Vietnam.*



## Performance Overview


I am pleased to advise that we had a better-than-expected showing in 2023 with Group revenue of RM1.16 billion while net profit before tax is registered at RM48.03 million. Although Group revenue is 12% weaker than FY2022 figures, the extra effort we had invested since the beginning of FY2023 as the market struggled to stand on its feet had borne sweet fruits. Considering we achieved this feat against a backdrop whereby majority of manufacturing plants across the region had remained sluggish due to a systemic lack of consumer demand is a test of our perseverance in the face of adversity.


Average selling prices (“ASP”) were on a downtrend for 4 consecutive quarters but were compensated with higher product volume. Nevertheless, pre-emptive steps taken in the past year to defend our cash flow position has benefited the Group in more ways than one.

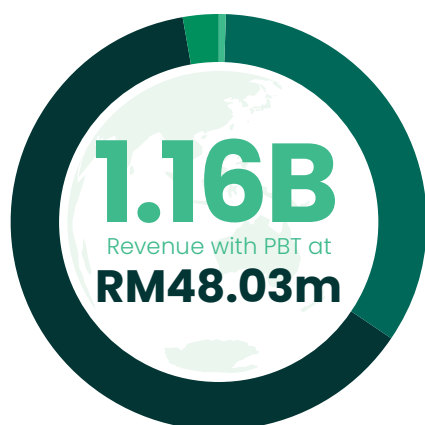
The completion and commissioning of our newest plant in Pulau Indah Industrial Park (PIIP), Port Klang in June 2023 reinforces our pledge to be the preferred distribution and solutions provider in the chemical and lubricant supply industry in Malaysia. Besides storage of drums, this new plant features tanks for storage of bulk chemicals for distribution to the market, with blending facilities of solvents to produce customised products for specific applications in the local industries. This plant will focus on chemical distribution and warehousing in the Central region (for both DG and non-DG cargoes), bulk-breaking (into drums or smaller packaging), with a QC lab to provide value-added service to Customers and Principals.


Besides the new plant, the Samchem Group (via SC Udes Sdn Bhd) had also officially entered into a Sale and Purchase agreement with CKJ Logistics Sdn Bhd for the acquisition of the latter. The whole acquisition process completed by Q1 2024 in which CKJ Logistics will be a wholly owned subsidiary of SC Udes Sdn Bhd. This move to expand and strengthen our logistics infrastructure is yet another testament of our steadfast commitment to the Group’s Vision and Mission as an integrated solution provider to better serve our chemical clients even more efficiently and reliably.


Our investments into our infrastructures are not only limited within Malaysian borders as a 7-acre warehouse in Long An province, Vietnam has recently commenced operations. Meridian Chemicals Co Ltd offers 12,800 square metres of warehouse space complete with storage tanks, bulk-breaking facilities and weighbridge to cater to the increasingly demanding market. It is a strategic move to complement our chemicals business by providing a one-stop solution.

 **Singapore** posted a stronger profit before tax of **RM2.20m**

 **Indonesia** recorded a profit before tax at **RM0.34m**



 **Malaysia** registered a profit before tax of **RM29.38m**

 **Vietnam** posted a 80% increase in profit before tax at **RM16.11m**

The steady expansion we accomplished in the face of adversity is testament of our sound business strategy. However, we will not stop here. Strategic expansion of the business will absolutely continue for us to achieve our greater goal to be the leading chemical distributor in South East Asia.

In the appraised financial year, revenue recorded by our Malaysian business stands at RM561.49 million, down by 13% compared to RM647.70 million in FY2022 with earnings of RM29.38 million, down 41% from FY2022 figures of RM49.49 million.

Meanwhile our Indonesian business posted revenue of RM77.44 million with profit before

tax of RM0.34 million versus RM99.68 million and RM1.23 million respectively in FY2023 and FY2022.

Over in Vietnam, FY2023 performance for Sam Chem Sphere JSC strengthened significantly with revenue recorded at RM493.86 million with profit before tax RM16.11 million. Compared to FY2022, revenue is 9% lower but profit before tax rose 80%.

The Singapore business registered a strong 72% growth in bottom line at RM2.20 million on revenue of RM29.65 million. In FY2022, profit before tax was at RM1.29 million and revenue at RM32.39 million.

“ ***In addition to Asia Automotive's Award, we had also attained the 2023 Growth Aspiration Achievement Award conferred by Shell Malaysia.*** ”



## Future Outlook

Moving into FY2024, most economists report market conditions will continue to remain challenging and volatile especially in 1H 2024. Anticipated major events include general elections in US, Indonesia & India, US Fed's moves on interest rates and uncertainty in China's domestic demand. Nevertheless, we see ample opportunities abound for the Group to solidify its position in the challenging and volatile market.

Domestically, the economic roadmap is well-defined in Budget FY2024. A couple of significant takeaways are the implementation of Sales and Service Tax at 6% in the logistics sector as well as the expected reduction/removal of fuel subsidies. These measures will probably impact the domestic demand.

Among the major programmes lined up for the year, plans are in place to upgrade our Enterprise Resource Planning ("ERP") software for a more advanced system in order to digitalise our data on top of



## Business Sustainability

improving organisational efficiency. A dedicated team assigned to this task had engaged with relevant personnel to determine their future needs; e.g. e-invoicing to be implemented in Malaysia in 2H 2024 & data analysis to improve work processes for higher operational efficiency.

Data collected from the upgraded ERP system will be farmed and analysed in implementing the customer personalisation programme.

Customer personalisation program is another initiative that will be implemented to revolutionise our sales and marketing approach. The trend for highly demanding service from the market has increased especially after the pandemic. Each customer has different procurement needs (e.g. JIT arrangement, bundled order offer, short delivery lead time, technical support) that require us to analyse and fulfil their customised needs individually by capitalising on the Group's established infrastructure network and strong resources.

Operational efficiency will also be enhanced bearing in mind the increase of assets resulting from the expansion of the logistics division (Case in point: New facilities in PIIP plant as well as additional trucks from CKJ Logistics). Better operating efficiency will reduce our reliance on the services of third parties which translates to further cost savings.

Business expansion efforts will be doubled well into the new year. Our quest to expand our product offerings, securing of new distributorship, potential business for M&A exercise and continuous investment to strengthen our infrastructure are the few key areas of focus. These projects will ultimately complement our core business to become the preferred chemical distributor and competent service provider in collaboration with our logistics arm network in South East Asia.

Samchem's business and work ethics adhere to proper business practices and are in compliance with all applicable laws and regulations. Samchem has in place an Anti-Bribery & Corruption Policy which is supplemented by its Whistleblowing Policy to prevent corrupt practices and foster a culture of transparency, integrity and ethical behaviour in our business dealings. Samchem's work locations observe Health, Safety and Environment ("HSE") principles to ensure workers' wellbeing and the environment is taken care of. Samchem is a signatory to Responsible Care® (in Malaysia), a global initiative by the chemical industry's desire to improve health, safety and environmental performance.

HSE management systems is an integral part of our business considerations as demonstrated by several initiatives undertaken in FY2023. More activities and programs will be rolled out to create a safer and cleaner working environment to safeguard our people and environment. Corporate social responsibility endeavours will also continue in order to play our part to give back to the society that we thrive in.

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## 2023 Activities

After much anticipation, our new warehouse in Pulau Indah Industrial Park, Port Klang was officiated on 19 June 2023 by none other than our revered Executive Chairman, Mr. Ng Thin Poh. The auspicious event was also graced by several distinguished members of our Customers and Principals as well as senior team members of the Group.

On 14 September 2023, Samchem Lubricants Sdn Bhd conducted its annual Fleet Talk in collaboration with Puspakom to impart knowledge on road safety and vehicle inspection standards to members of the public. It provides a platform for members of the public to interact directly with Puspakom on matters relating to their commercial vehicles.

On the recognition front, Samchem Lubricants Sdn Bhd was bestowed with not one, but two accolades from the prestigious Asia Automotive Award on 19 November 2023. The two categories are:

- Aftermarket Product Excellence Award
- Operational Excellence Award



This recognition is a positive reinforcement of the Group's vision to be the preferred distribution and solutions provider in the chemical & lubricant supply industry for South East Asia.

In addition to Asia Automotive's Award, we had also attained the 2023 Growth Aspiration Achievement Award conferred by Shell Malaysia. It acknowledges our endeavours as well as overachievement to be the market leader in the East Coast region.

A key component to attain the Group's aspirations is to work and move together as one unit. To achieve this, a team building programme was organised on 9 – 11 December 2023 at Escape Penang. Divided into several groups and tasked with completing different challenges collectively, staff members are made to understand that the challenge could not be completed individually and embrace the concept of team work in order to complete the mission.

### Corporate Social Responsibility

The Group organised its customary communal activity towards conserving nature in the form of Grow Project at Zoo Negara on 22 July 2023. The family-oriented event was also joined by the



children of several staff members at the same time educating them the importance of flora and fauna to all living creatures on the planet.

### Malaysia Nature Society Mangrove Tree Planting Programme

On 14 October 2023, Samchem Group organised its annual Mangrove Planting Programme at Kuala Selangor Nature Park. Mangroves protect shorelines from damaging storm and winds, waves and floods. Mangroves also help prevent erosion by stabilising sediments with their tangled root systems,



filtering pollutants and trapping sediments originating from land. The diminishing mangrove forest across Selangor’s coastal areas is worrying as fishermen have seen drop in income because of lower catch of fish and cockles; the dwindling catch is a result of the polluted waterways of the rivers and coastline.

Recent studies have shown that mangroves can also function as a carbon sink that can stow away four times more carbon than rainforests can. Most of this carbon is stored in the soil beneath mangrove trees.

The objectives of this programme are to develop effective protection and/or rehabilitation of mangrove ecosystems, to respond to climate change and to mitigate its effects through the protection and rehabilitation of mangrove ecosystems. By increasing mangrove cover, it contributes to overall coastal sustainability.

Samchem firmly believes in giving back to the society and the community that we are in as proven in the social activities throughout the years. The most recent being a donation and safety check for the Handicapped & Mentally Retarded Children House Kuantan

on 9 June 2022 organised by Samchem Lubricants Sdn Bhd. The centre was inaugurated in May 1997 with the objective to run the home on long term basis to enable these children to be independent when they grow up into adults in the coming future.

### Appreciation

The steeled resilience of Samchem Group to weather the unpredictable business climate is forged through the years with sheer hard work of all staff members, preemptive foresight of the Management and seamless inter-departmental cooperation. Kudos to the Samchem Team and I am proud to be part of this family.

I would also like to extend my unreserved appreciation to our esteemed Board of Directors, customers and business partners for their unrelenting support and trust in the Samchem brand. We shall continue to improve ourselves and bring superior value to all our businesses. In doing so, superior value is also passed on to both shareholders and stakeholders.



**Eugene Chong**  
Chief Executive Officer



## Corporate Information

### *Board of Directors*

Ng Thin Poh  
**Executive Chairman**

Ng Ai Rene  
**Executive Director**

Cheong Chee Yun  
**Executive Director**

Lok Kai Chun  
**Independent Non-Executive Director**

Dato' Razali Basri  
**Independent Non-Executive Director**

Hor Wai Kong  
**Independent Non-Executive Director**

### *Audit and Risk Management Committee*

Hor Wai Kong  
**Chairman**

Dato' Razali Basri

Lok Kai Chun

### *Remuneration Committee*

Dato' Razali Basri  
**Chairman**

Lok Kai Chun

Hor Wai Kong

### *Nomination Committee*

Lok Kai Chun  
**Chairman**

Hor Wai Kong

Dato' Razali Basri

### *Company Secretary*

Wong Youn Kim (F)  
(MAICSA 7018778)  
SSM PC No.: 201908000410

Lee Chin Wen (F)  
(MAICSA 7061168)  
SSM PC No.: 202008001901

### *Corporate Office*

Lot 6, Jalan Sungai Kayu Ara 32/39  
Seksyen 32, 40460 Shah Alam  
Selangor Darul Ehsan  
Tel: 03-5740 2000  
Fax: 03-5740 2101  
Website: [www.samchem.com.my](http://www.samchem.com.my)  
E-mail: [inquiry@samchem.com.my](mailto:inquiry@samchem.com.my)

### *Auditors*

Baker Tilly Monteiro Heng PLT  
Baker Tilly Tower, Level 10, Tower 1  
Avenue 5, Bangsar South City  
59200 Kuala Lumpur

### *Solicitors*

Justin Faye & Partners

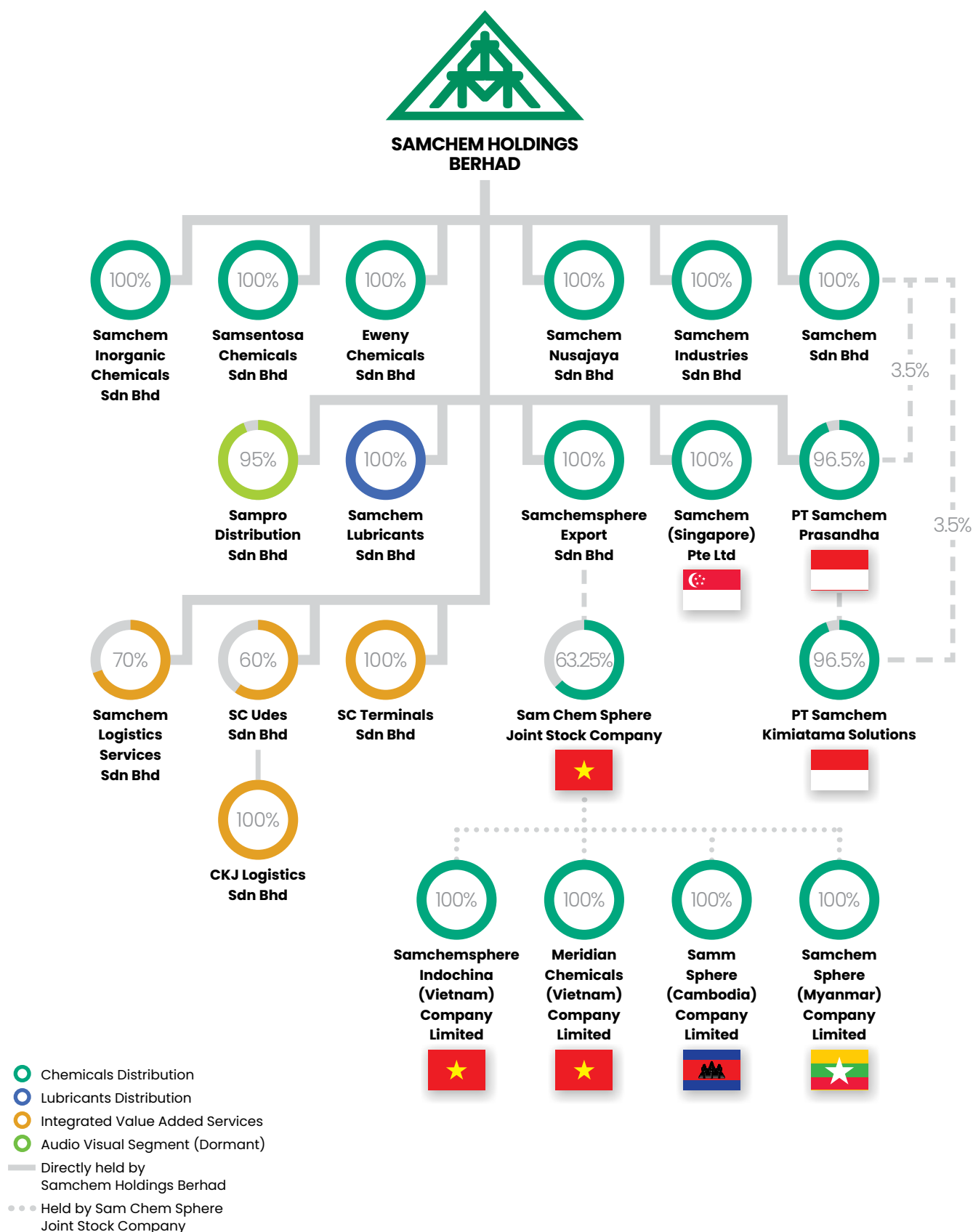
### *Principal Bankers*

Malayan Banking Berhad  
Hong Leong Bank Berhad  
United Overseas Bank Berhad  
Citibank Berhad

### *Stock Exchange Listing*

Main Market  
Bursa Malaysia Securities Berhad

# Corporate Structure



## Directors' Profile



**Ng Thin Poh**  
Executive Chairman

Ng Thin Poh, a Malaysian aged 66, has been re-designated as our Executive Chairman effective 1 March 2014. He graduated with a Bachelor of Science (Honours) degree, majoring in chemistry, from University of Malaya in 1981. Upon graduation, he started his career in chemical distribution as a Sales Executive in Texchem Malaysia Sdn Bhd. In 1982 and 1983, he was a Sales Executive in Jebesen & Jessen (M) Sdn Bhd and Rhone-Poulenc Sdn Bhd respectively, of which both companies are distributors of chemicals. In 1989, he left Rhone-Poulenc Sdn Bhd and founded SCSB.

Ng Ai Rene, a Malaysian aged 39, was appointed to the Board as a Non-Independent Non-Executive Director on 10 November 2017 and was redesignated as an Executive Director on 20 February 2019.

She graduated with a Bachelor of Laws (LLB) from The University of Melbourne, Australia in 2008 and was admitted to the Supreme Court of Victoria, Australia as a solicitor in 2009. Thereafter she obtained the Certificate of Legal Practice in Malaysia in 2010.

She commenced her legal career in Malaysia as a pupil in Skrine in February of 2011 and was admitted as an Advocate and Solicitor of the High Court of Malaysia on 9 March 2012. She left Skrine in 2015 and continued legal practice in Abdullah Chan & Co, Ai Rene & Co, Putri Norlisa Chair and Kesavan, focusing on corporate and commercial law and has advised and acted in various mergers and acquisitions and business restructuring across



**Ng Ai Rene**  
Executive Director

a wide range of industries. She left the legal profession on 19 February 2019 to take up the appointment as an Executive Director of Samchem Holdings Berhad.

Ng Ai Rene is the daughter of Ng Thin Poh, the Executive Chairman of Samchem Holdings Berhad.



Cheong Chee Yun, a Malaysian aged 63, was appointed as Independent Non-Executive Director of Samchem Holdings Berhad on 17 August 2012 but has since been appointed and redesignated as an Executive Director on 1 August 2022. He is a Chartered Accountant member of the Malaysian Institute of Accountants, a member of the Certified Practising Accountant Australia (CPA Australia) and also a member of the Asian Institute of Chartered Bankers.

In the year 1985, he graduated with a Bachelor of Accounting (Hons) from University Malaya. In the same year, he started his career as an executive officer with RHB Bank Berhad (formerly known as D&C Bank). He was involved in all branch operational aspects, corporate banking, trade financing and international banking matters and last held a managerial position. Thereafter, he joined a PC assembly and monitor manufacturer, KT Technology Sdn Bhd as Financial Controller in the year 1998. He then joined a software development and system integration company known as Object Solutions Sdn Bhd as director in the year 1999. In the year 2001, he joined Saferay (M) Sdn Bhd, a manufacturer and exporter of architectural mouldings as an operation director. In the year 2003, he was also appointed as a non-executive director in CS Opto Semiconductors Sdn Bhd but had resigned in the year 2012. In the year 2006,



**Cheong Chee Yun**  
Executive Director

he was appointed as operational director in Eastmont Sdn Bhd, a building construction services company. He has since resigned in November 2018.

In the year 2012, he joined Enco Holdings Sdn Bhd, a biomass thermal energy solutions provider as Head of Finance & Corporate Affairs and is now an Executive Director of the company. He is also a Non-Executive Director of Kencana Bio Energy Pte Ltd, Singapore (now known as Enco Power Pte. Ltd., Singapore) a biomass power generation holding company. Moreover, he currently holds the post of Independent Non-Executive Director for Innity Corporation Berhad.



**Lok Kai Chun**  
Independent  
Non-Executive Director

Mr Lok Kai Chun a Malaysian aged 71, was appointed to the Board as our Independent Non-Executive Director on 29 December 2015. He graduated with a business administration degree in London.

Mr Lok has over 20 years of experience in the banking and finance sector. He has served in various capacities with financial institutions such as Supreme Finance, Maybank finance and MBF finance where he served as a Branch Manager until his resignation in 1994.

Mr Lok join Recos Ind Sdn Bhd soon after, to become its General Manager, in charge of the operations and manufacturing of industrial foam. He stayed with Recos for many years and resigned in 2015, having been its Executive Director for 15 years.

Currently Mr Lok is the Chief Operating Officer of Pharmacy Murni Marketing Sdn Bhd, a pharmaceutical retail outlet in Johore. Mr Lok has acquired his experience in the finance and manufacturing industry, having worked for many years in both.

Dato' Razali Basri, 67, retired with the rank of Deputy Commissioner of Police (DCP) on 12 March 2018 after having served various branches (departments) of the Royal Malaysia Police (RMP) for 36 years and a further 4 years on secondment to the Ministry of Home Affairs at Putrajaya as one of the pioneering members of the Prevention of Crime Board, a statutory body established under the Prevention of Crime Act, 1959 (POCA). Prior to that Dato' Razali is the Head of the IGP's Legal Division at Bukit Aman, a position he held for more than 5 years. He is also concurrently Chairman of Kaisar Maritime (M) Sdn Bhd, a company specialising on maritime security, a Board member of the GAMA Supermarket & Departmental Store, Penang and also Chairman of Residents' Association at Durian Tunggal Melaka where he lives.

Hailed from Taiping, Perak, Dato Razali received his early education at King Edward VII School Taiping. He later obtained a diploma in Strategic Studies at the University

**Dato' Razali Basri**  
Independent  
Non-Executive Director



of Malaya and subsequently read law at the University of Wales, Cardiff, UK.

On his appointment as Independent Non-Executive Director with Samchem Holdings Berhad, he brings along knowledge and experiences from his days with RMP and Home Ministry on crime and legal matters, law enforcement, security issues and governmental functioning at ministry level.

**Hor Wai Kong**  
Independent  
Non-Executive Director



Hor Wai Kong, a Malaysian aged 65, was appointed to our Board as our Independent Non-Executive Director on 1 December 2021.

He is a member of The Malaysian Institute of Certified Public Accountants and also a member of The Malaysian Institute of Accountants.

He was in the public accountants practice for more than 10 years. He was involved in the audits of major trading & manufacturing companies, financial institutions, stockbroking and properties development companies. He has also been involved in tax planning

and receivership assignments whilst with the public accountant's firm.

After his tenure with the public accountant's firm, he was with Petroliaam Nasional Berhad ("Petronas") for about 25 years. Whilst in Petronas, he was involved in corporate finance as well as merger & acquisition projects.

He was seconded by Petronas as the Chief Financial Controller of two joint venture chemical companies (BASF AG from Germany, and The Dow Chemical Company from USA) for about 10 years.

After the secondment, he returned to Petronas as the General Manager, Corporate Finance Downstream Business Division. Apart from being responsible for the downstream business corporate finance projects, he was also responsible for the implementation of GST for the downstream companies.

He retired from Petronas in 2016 and is currently the Group Financial Controller of People N Rich group of companies involving in advertising and promotion business.

#### Notes

- i. Ng Thin Poh and Ng Ai Rene are father and daughter. Other than the above, none of the Directors has any family relationship with each other and with any substantial shareholders of the Company.
- ii. None of the Directors has any conviction for offences, other than traffic offences, within the past 10 years.
- iii. Other than the related party transactions disclosed in Note 27 of the Financial Statements, none of the Directors has conflict of interest with the Company.
- iv. Except as disclosed above, none of the Directors holds any directorship in other public companies.
- v. The Directors' holdings in shares of the Company are disclosed in the Analysis of Shareholdings section of the Annual Report.

This Corporate Governance Overview Statement is presented pursuant to Paragraph 15.25(1) of the Main Market Listing Requirements ("MMLR") of Bursa Malaysia Securities Berhad ("Bursa Securities"). The objective of this statement is to provide an overview of the application of the corporate governance practices of the Group during the financial year ended 31 December 2023 with reference to Board Leadership and Effectiveness, Effective Audit and Risk Management and Integrity in Corporate Reporting and Meaningful Relationship with Stakeholders as set out in the latest Malaysian Code on Corporate Governance ("MCCG").

The Board has also provided specific disclosures on the application of each Practices in its Corporate Governance Report ("CG Report"). This CG Report was announced together with the Annual Report of the Company on 30 April 2024. Shareholders may obtain this CG Report by accessing this link [www.samchem.com.my](http://www.samchem.com.my) for further details and are advised to read this overview statement together with the CG Report.

Except for the practices of gender diversity policy and integrating reporting framework, the Board has in all material aspect complies with the Practices as set out in the MCCG. The explanation for the departed practices are reported in the announced CG Report in Practices 4.4, 5.9, 5.10, 12.2 and 13.3 respectively.

## Principle A: Board Leadership and Effectiveness

### (I) Board Responsibilities

The Board continues to ensure its effectiveness and to provide strong leadership to the Group and Management. In order to ensure that business is being properly managed, the Board is entrusted to overseeing the overall management of the business affairs of the Group, perform periodic review of the financial results and overseeing the conduct of the business.

The Board is mindful of the importance of the establishment of clear roles and responsibilities in discharging its fiduciary and leadership functions including those reserved for the Board's approval. The Board has defined its Board Charter and schedule of matter setting out the roles, duties and responsibilities of the Board, the principles and practices of corporate governance to be followed as well as the key matters reserved for the Board's approval. The Board Charter and Schedule of Matter are published on the Company's website at <http://www.samchem.com.my>.

The Chairman is responsible for instilling good governance practices, leadership and effectiveness of the Board.

The Board has established the following Committees, namely Audit and Risk Management Committee, Nomination Committee and Remuneration Committee to assist it in discharging its duties and responsibilities effectively. The terms of reference of each Board Committee are available on the Company's website at [www.samchem.com.my](http://www.samchem.com.my). These Committees have the authority to examine particular issues and report to the Board with their recommendations. However, the ultimate responsibility for the final decision on all matters lies with the entire Board.

The Board has established the Code of Conducts and Ethics and Whistleblowing policy in the Company's website and has published the same at <http://www.samchem.com.my>. Internally, the Board communicates the Code of Conducts and Ethics and Whistleblowing Policy to staff members through the Human Resource Department so that all staff members are clear on what is considered acceptable behaviour and practice in the Company and the policies and procedures on whistleblowing.

The Board is assisted by two (2) qualified and competent Company Secretaries. Both Company Secretaries are members of Malaysian Institute of Chartered Secretaries and Administrators. The Company Secretaries advise the Board, particularly with regards to compliance with regulatory requirements, guidelines, legislations and the principles of best corporate governance practices. All Directors have unrestricted access to the advice and services of the Company Secretaries. The appointment and removal of Company Secretaries or Secretaries of the Board Committees can only be made by the Board.

Further information of the roles and responsibilities carried out by the Company Secretaries during the financial year ended 31 December 2023 are set out in Practice 1.5 of the Company's CG Report.

Supply, timeliness and quality of the information affect the effectiveness of the Board to oversee the conduct of business and to evaluate the Management's performance of the Group. Board papers are distributed to Directors with sufficient notice prior to Board meetings to enable the Directors to review and consider the agenda items to be discussed and where necessary, to obtain further explanations in order to be fully briefed before the meeting.

All Board members have unrestricted access to timely and accurate information in furtherance their duties and subject to Board's approval may seek independent

professional advice, when necessary, in discharging its various duties, at the Company's expense.

The Company Secretaries ensure that all Board and Board Committees' meetings are properly convened. The Company Secretaries will ensure that accurate and proper records of the proceedings and resolutions passed are recorded and the minutes are circulated to the Board members as soon as possible before the next meetings.

The underlying factors of directors' commitment to the Company are devotion of time and continuous improvement of knowledge and skill sets.

The Board meets at least once every quarter and additional meetings are convened as and when necessary. During the financial year, five (5) Board meetings were held. The record of attendance is as follows:

Directors	Number of Meetings attended by Directors during the tenure in office
Ng Thin Poh	5/5
Ng Ai Rene	5/5
Cheong Chee Yun	5/5
Hor Wai Kong	5/5
Lok Kai Chun	5/5
Dato' Razali Basri	5/5

Save for Mr. Cheong Chee Yun, none of the Directors hold directorship in other listed company.

The Directors are aware of their duty to undergo appropriate training from time to time to ensure that they are equipped to carry out their duties effectively. The Board is mindful therefore of the need to keep abreast of changes in both the regulatory and business environments as well as with new developments within the industry in which the Group operates.

During the financial year ended 31 December 2023, the external training programmes and seminars attended by the Director are as follows:

Directors	Courses / Seminar / Conference
Ng Thin Poh	Webinar: Conducting a Comprehensive Corruption Risk Management
	ESG Talk
	Mandatory Accreditation Programme Part II: Leading for Impact (LIP)

Directors	Courses / Seminar / Conference
Cheong Chee Yun	Webinar: Conducting a Comprehensive Corruption Risk Management
	PKF 2023 tax budget webinar
	A Dialogue with Bursa Malaysia – FTSE4GOOD ESG Rating for All PLCs
	PLC Transformation Programme – Digital4ESG
	Advanced Corporate Tax issues and Strategies (inclusive of latest tax development and updates on Budget 2023)
	ESG Talk
	Safety & Health Committee Empowerment
	ESG materiality assessment – How to carry out effective & meaningful assessments
	Carbon Footprint – How to start and using the data
	Advocacy session for Directors and CEOs of Main Market Listed Issuers – Corporate Disclosures
	Sustaining ESG Momentum – Maintaining & Improving performance for the long term
	Sustainability in the Digital Edge
	Capital Gains Tax and Latest Development on Tax Treatment on Receipt of Foreign Dividends
	Mandatory Accreditation Programme Part II: Leading for Impact (LIP)
Ng Ai Rene	ESG Talk
Dato' Razali Basri	ESG Talk
	Mandatory Accreditation Programme Part II: Leading for Impact (LIP)
Lok Kai Chun	ESG Talk
	Mandatory Accreditation Programme Part II: Leading for Impact (LIP)
	Webinar: Fraud Risk Management – Tools & Techniques
Hor Wai Kong	ESG Talk
	Mandatory Accreditation Programme Part II: Leading for Impact (LIP)



## (II) Board Composition

The Board is satisfied with the current composition of the Board in providing a check and balance in the Board as well as diversity of perspectives and views in Board's decision-making process. Presently, the Board consists of Executive and Non-Executive Directors with a mixture of suitably qualified and experienced professionals. The Board is comprised of six (6) members, where half of the Board are Independent Non-Executive Directors. The Company fulfills Practice 5.2 of the MCCG which it requires non-large company to have at least half of the Board members comprised of Independent Directors.

Annually, the Nominating Committee would review the independence of the Independent Directors. Criteria for assessment of independence are based on the requirements and definition of "independent director" as set out in the MMLR. Each Independent Director is required to confirm their independence by giving the Board a written confirmation of their independence. In addition, consideration would also be given to assess whether the Independent Directors are able to meet the minimum criteria of "fit and proper" test of Independence, which is part of an annual assessment test, as enumerated in the Policy on appointment and continuous assessment of Directors and the suitability and ability of the Independent Non-Executive Director to perform his duties and responsibilities effectively shall be based on his calibre, qualifications, experience, expertise, personal qualities and knowledge of the company and industry.

In accordance with the Board Charter, the maximum tenure of an Independent Non-Executive Director shall not exceed the cumulative term of nine (9) years from the date of first appointment as Director or upon the expiry of the on-going term of appointment as Director whichever is the later. Any extension beyond nine (9) years will require Board justification and shareholder approval unless the said Director wishes to be re-designated as Non-Independent Non-Executive Director which shall be a consideration for the Board to decide.

The Board presently does not have a formal gender diversity policy, and will strive to achieve the right balance of diversity over time, taking into account the size of the Board, the requirements of competencies, skills and experience of candidates. The Board currently has a female Executive Director among the six (6) Directors on the Board.

The appointment of Board and Senior Management are based on objective criteria, merit and with due regard for diversity in skills, experience, age, cultural background and gender. The current diversity in the ethnicity, age distribution and skillsets of the existing Board is as follows:

	Race/Ethnicity				Nationality		Gender	
	Malay	Chinese	Indian	Others	Malaysian	Foreign	Male	Female
Number of Directors	1	5	–	–	6	–	5	1
Top Three Senior Management	–	3	–	–	3	–	2	1
	30-39 years		40-49 years		50-59 years		60-69 years	
Number of Directors	1		–		–		5	
Top Three Senior Management	1		1		–		1	
	Accounting & Finance Management		Chemistry		Legal / Law		Business Management	
Number of Directors	2		1		2		1	
Top Three Senior Management	1		1		1		–	

The Nomination Committee is chaired by an Independent Non-Executive Director. The Nomination Committee considers recommendations from existing board members, management, major shareholders and third-party sources to identify suitably qualified candidates, when necessary, before recommending to the Board for further deliberation.

There is no restriction on the number of Directorships for each Board member save as advised the limit of five (5) listed company Directorships by Bursa Malaysia under its Listing Requirements & Corporate Governance Guidelines. Board members are at liberty to accept other board appointments in other companies so long as the appointment is not in conflict of interest with the Company and does not affect his performance for the Company.

Board members are required to notify the Chairman of the Board and/or Company Secretary before accepting new external Directorships and indicating the time that will be spent on the new Directorship.

The Nomination Committee undertakes annual assessment to evaluate the performance of each individual Directors, the effectiveness of the Board and the Board Committees by way of self-assessment. Directors are required to fill out the self-assessment forms and provide their feedback, views and suggestions for improvement. The results of these self-assessment forms are compiled and tabled to the Nominating Committee for review and deliberation.

## (III) Remuneration

The remuneration of Directors will be formulated to be competitive and realistic with aims to attract, motivate and retain Directors with the relevant experience, expertise and quality needed to assist in managing the Company effectively. For Executive Directors, the remuneration packages link rewards to corporate and individual performance whilst for the Non-Executive Directors, the level of remuneration is linked to their experience and level of responsibilities undertaken. The level of remuneration for the Executive Directors is assessed by the Remuneration Committee after giving due consideration to the compensation levels for comparable positions among other similar Malaysian public listed companies.

The determination of directors' remuneration is subject to Board's approval. The director concerned should abstain from discussing his/her own remuneration.

Pursuant to Section 230(1) of the Companies Act, 2016, the fees of the directors and any benefits payable to the directors of a listed company and its subsidiaries shall be approved at a general meeting.

The amount of Directors' fee and benefits for the new financial year proposed for the shareholders' approval at the forthcoming AGM is RM400,000 and RM50,000 respectively.

The details of remuneration paid or payable to the Directors for the financial year and top three Senior Management are disclosed in Practice 8.1 and 8.2 of Corporate Governance Report.

## *Principle B: Effective Audit and Risk Management*

### (I) Audit and Risk Management Committee

The Board has established an effective and independent Audit and Risk Management

Committee ("ARMC"). The ARMC members are financially literate and are able to understand matters under the purview of the ARMC including the financial reporting process. Presently, the members of the ARMC comprise of fully Independent Non-Executive Directors and the Chairman of the ARMC is not the Chairman of the Board.

When considering the appointment of former key audit partner from its current External Auditor's firm, the ARMC is mindful of the minimum three (3) years cooling off period best practice under the MCCG before appointing this partner as a member of the ARMC. The Board is satisfied that, with the present composition structure and practice, the ARMC is able to objectively review and report its findings and recommendations to the Board.

The present External Auditors of the Company was engaged since the financial year 2013. Annually, the ARMC will review the appointment, performance and remuneration of the External Auditors before recommending them to the Board to approve the recommendation for seeking shareholders' approval at the forthcoming AGM for re-appointment. In assessing the External Auditors, the ARMC will consider the adequacy of resources of the firm, quality of service and competency of the staffs assigned to the audit as well as the auditors' independence and fee.

The ARMC will convene meetings with the External Auditors and Internal Auditors without the presence of the Executive Directors and employees of the Group as and when necessary. As part of the ARMC review processes, the ARMC will also obtain assurance from the External Auditors confirming that they are, and have been, independent throughout the conduct of the audit engagement in accordance with the terms of all relevant professional and regulatory requirements.

### (II) Risk Management and Internal Control

The Board as a whole are responsible for risk management through the oversight of the Audit and Risk Management Committee ("ARMC") while the Executive Directors together with the Senior Management Team are primarily responsible for managing risks and implementing internal controls in the Group.

Information of the Group's internal control and risk management is presented in the Statement on Risk Management and Internal Control set out on pages 58 to 60 of the Annual Report. The Board has also

commented in the said statement that they are satisfied with the effectiveness and adequacy of the existing level of systems of risk management and internal control.

The Internal Audit Function is carried out by Resolve IR Sdn. Bhd. (“Resolve”) an outsourced internal audit consulting firm. The internal audit function is headed by a director who is assisted by a manager and supported by an audit executive. The Director in charge is a qualified accountant and a member of the Institute of Internal Auditors Malaysia while the rest of the team members are accounting graduates. The Internal Auditors have performed its work with reference to the principles of the International Professional Practice Framework of Institute of Internal Auditors covering the conduct of the audit planning, execution, documentations, communication of findings and consultation with key stakeholders. The Audit Committee will review the engagement between the Group and Resolve to ensure that the Internal Auditors’ objectivity and independence are not impaired or affected.

## ***Principle C: Integrity in Corporate Reporting and Meaningful Relationship with Stakeholders***

### **(I) Communication with Stakeholders**

The Board maintains an effective communications policy that enables both the Board and the management to communicate effectively with its shareholders, stakeholders and the public. The policy effectively interprets the operations of the Group to the shareholders and accommodates feedback from shareholders, which are factored into the Group’s business decision.

The Board communicates information on the operations, activities and performance of the Group to the shareholders, stakeholders and the public through the following:

- i. the Annual Report, which contains the financial and operational review of the Group’s business, corporate information, financial statements, and information on the ARMC and Board of Directors;
- ii. various announcements made to the Bursa Securities, which include announcements on quarterly results;
- iii. the Company website at [www.samchem.com.my](http://www.samchem.com.my);

- iv. engages with research analysts, fund managers, shareholders and media to give them a better understanding of the business conducted by the Group in particular, and of the industry in which the Group’s business operates, in general, performance and major developments; and
- v. participation in surveys and research conducted by professional organisations as and when such requests arise.

Shareholders and investors are also encouraged to interact and provide feedback to the Chairman for opinions or concerns. Separately, the Company has also reported its Sustainability Statement on pages 26 to 57 of this Annual Report covering the aspects of governance, environment and social responsibility for stakeholders’ reference.

### **(II) Conduct of General Meetings**

The Annual General Meeting (“AGM”) serves as an important means for shareholders communication. Notice of the Annual General Meeting together with the Annual Reports are sent to shareholders 28 days prior to the meeting in line with the best practices as recommended by the MCCG and in accordance to the Company’s Constitution and the provision in the Companies Act, 2016.

At each AGM, the Board presents the progress and performance of the Group’s business and encourages participation of shareholders during questions and answers sessions. The Chairman and the Board will respond to all questions raised by the shareholders during the AGM.

Shareholders who are unable to attend the AGM are advised that they can appoint proxies to attend and vote on their behalf.

Explanation for each proposed resolution set out in the Notice of AGM will be provided, if needed during AGM to assist shareholders in making their decisions and exercising their voting rights. In line with Paragraph 8.29A(1) of the MMLR, all resolutions set out in the Notice of AGM will be put to vote by poll. The Company will also appoint an independent scrutineer to validate the vote cast in the AGM. The outcome of the AGM will be announced to Bursa Securities on the same meeting day while the summary of key matters discussed during the AGM will be posted on the Company website.

This Statement is made in accordance with the approval and resolution of the Board of Directors.

# 26 Sustainability Statement

## About this Report

Samchem Holdings Berhad, known as “Samchem” or “the Group”, is pleased to present its yearly sustainability update, denoted as “SS2023”. This statement provides a thorough evaluation of Samchem’s environmental, social, and governance (“ESG”) influences throughout the financial year ended on 31 December 2023 (“FY2023”).

Our SS2023 aligns with the Sustainability Reporting Guidelines (3<sup>rd</sup> Edition) set forth by Bursa Malaysia Securities Berhad, in accordance with the Main Market Listing Requirements. Additionally, we integrate other frameworks, whether in full or in part, to ensure a comprehensive and holistic approach to sustainability reporting.

### Guidelines and Frameworks



This Sustainability Statement has been meticulously crafted in adherence to the Sustainability Reporting Guide (3<sup>rd</sup> Edition) provided by Bursa Malaysia Securities Berhad (“Bursa Malaysia”). In addition to this framework, the preparation of this report involved referencing various other esteemed guidelines and frameworks, including:

- Malaysian Code on Corporate Governance (“MCCG”) 2021
- Global Reporting Initiative (“GRI”) Standards 2021 Core Option
- FTSE4Good Sustainability Index
- United Nations Sustainable Development Goals (“UNSDGs”)

In the development of Samchem’s SS2023, we have integrated the principles of GRI, emphasising stakeholder engagement, sustainability context, identification of material topics, and ensuring completeness, accuracy, balance, clarity, comparability, reliability, and timeliness in the selection of subjects and information to be included.

## Reporting Scope and Boundary

Unless specified otherwise, SS2023 covers the period from 1 January 2023 to 31 December 2023, specifically focusing on operations within Malaysia. Wherever possible, historical data has been incorporated to enable a meaningful comparison of the Group’s ESG performance between the reporting year and its evolution over time. The scope of this statement encompasses Samchem’s diverse business divisions, providing a comprehensive overview of the environmental, social, and governance impacts within the specified timeframe.

### Exclusions, Limitations and Disclaimers

Samchem acknowledges the potential impact of ESG factors throughout its value chain, with a commitment to embed sustainability practices across the entire group and extend ESG commitments to partners, suppliers, and contractors. While the report currently excludes outsourced activities, efforts are underway to enhance ESG data collection and address reporting gaps to provide a baseline for future disclosures. It is crucial for readers to note that forward-looking statements in this report, related to future plans, goals, and expectations, are made with reasonable assumptions based on current business trajectories. Actual results may change as Samchem adjusts its strategies and operations in response to emerging risks, opportunities, and changing circumstances.

### Data Quality and Assurance

All data presented in this report is sourced internally and meticulously verified by the relevant data owners. The SS2023 underwent a thorough review process by the Sustainability Working Committee, the Sustainability Steering Committee, and the Board of Directors. All these entities express satisfaction that the information in SS2023 accurately reflects the Group’s sustainability impacts for the reviewed year. The Board officially approved the SS2023 on 15 April 2024. It is important to note that, currently, Samchem has not engaged a third party for assurance on its ESG data. However, the financial data presented here can be cross-referenced with the audited financial statements in Samchem’s Annual Report 2023.

Furthermore, it should be noted that this statement has not undergone internal review by the Company’s Internal Auditor.



## Membership in Associations

Samchem is proud to maintain membership in several esteemed professional bodies and industry associations, underscoring our dedication to staying well-informed and connected within the industry. These affiliations include:

- Chemical Industries Council of Malaysia (“CICM”)
- Malaysian Paint Manufacturers Association

These memberships reflect our commitment to actively engaging with and contributing to the broader professional and industrial communities.

## Report Availability and Feedback

The SS2023 is accessible for download on Samchem’s corporate website at [www.samchem.com.my](http://www.samchem.com.my), as an integral component of the Group’s FY2023 Annual Report. Samchem highly values feedback from stakeholders regarding this report and its contents, aiming to continually enhance our sustainability reporting and ESG practices. Any comments or queries can be directed to [info@samchem.com.my](mailto:info@samchem.com.my).

## Message from The Executive Director

### Dear Valued Stakeholders,

I am honoured to share with you Samchem’s FY2023 sustainability report, highlighting our dedication to transparent corporate governance, sustainability, and the creation of enduring value. Our economic stewardship is exemplified through the total dividend returns of RM11.97 million distributed to our shareholders in FY2023, reflecting our steadfast commitment to fostering shared prosperity ingrained in Samchem’s corporate culture.

Aligned with our strategic objectives, we have established ambitious Key Performance Indicators (“KPIs”) spanning economic, environmental, social, and governance pillars in FY2023. These metrics not only integrate sustainability into our business model but also ensure accountability, transparency, and measurability.

In response to the global imperative of climate change, the Group has proactively integrated greenhouse gas (“GHG”) emissions disclosures into its sustainability framework. This is done by establishing effective monitoring of our electricity consumption and promoting conscientious usage of resources.

Samchem’s workforce dedication drives the Company’s global success. Their firm pledge is evident in an impressive 100% customer satisfaction score, highlighting the Company’s promise to deliver exceptional value. Samchem prioritises investing in its team, allocating substantial resources for talent development – resulting in a total of 378 training hours this year.

Our unwavering commitment to health, safety, and environmental compliance has resulted in a 100% annual compliance rate for HSE inspections and audits in FY2023. The absence of fatalities and HSE non-compliance incidents underscores Samchem’s resolute commitment to fostering and maintaining a secure and sustainable working environment.

In the digital age, Samchem prioritises data security, evident in the complete absence of reported customer data breaches – a testament to its strong cybersecurity measures. The flawless record, with zero instances of known corruption and regulatory compliance issues, underscores Samchem’s unwavering commitment to ethical principles and regulatory diligence.

I extend sincere gratitude to all stakeholders for their steadfast support in Samchem’s sustainability journey. Your commitment and collaboration drive our corporate responsibility efforts, fostering innovation and positive change. Together, we contribute significantly to a more sustainable and inclusive future. Thank you for being integral to our success and shared vision.

Sincerely,

**NG AI RENE**  
Executive Director

## FY2023 ESG Highlights &amp; Achievements



**235** Total Workforce



**100%** Customer Satisfaction Score

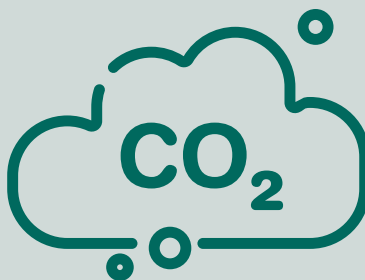


**RM11.97mil**

Total Dividends Paid Out to Shareholders



**Establishment of KPIs & Targets** for Economic, Environmental, Social, and Governance pillars



**Inclusion of GHG Emissions** for Scope 1, Scope 2 and Scope 3 (Business travel)



**52.0%** Procurement Spend on Local Vendors



**Zero** Incidence of Customer Data Breaches



**Zero** Incidence of Corruption



**Zero** Incidence of Regulatory Non-Compliance



**100%** Annual compliance of HSE inspection and audit



**Zero** Incidents of Fatality and HSE Non-Compliance Cases

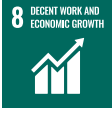








**378** Total Training Hours




## Contribution to Sustainable Development Goals (“SDGs”)

Throughout our sustainability reporting process, we have consistently aligned with the United Nations’ Sustainable Development Agenda 2030.

The following provides an overview of the actions our Group has taken to contribute to the achievement of the SDGs during the year under evaluation:

	UNSDG Description	Sustainability Matters	FY2023 Initiatives
<b>Economic</b>			
 <b>8</b> DECENT WORK AND ECONOMIC GROWTH	<b>Goal 8: Decent Work and Economic Growth</b> Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all.	<ul style="list-style-type: none"> <li>Local Procurement</li> <li>Sustainable Supply Chain</li> </ul>	<ul style="list-style-type: none"> <li>Prioritise sourcing from local suppliers on selected goods (i.e. non-trading goods).</li> </ul>
<b>Environmental</b>			
 <b>6</b> CLEAN WATER AND SANITATION	<b>Goal 6: Clean Water and Sanitation</b> Ensure sustainable use of water and sanitation.	<ul style="list-style-type: none"> <li>Water Management</li> </ul>	<ul style="list-style-type: none"> <li>Practise water conservation throughout the Group’s operations.</li> <li>Ensure water discharge in adherence to water quality standards.</li> </ul>
 <b>7</b> AFFORDABLE AND CLEAN ENERGY	<b>Goal 7: Affordable and Clean Energy</b> Pursue sustainable and clean energy for the environment and community health.	<ul style="list-style-type: none"> <li>Energy Management</li> </ul>	<ul style="list-style-type: none"> <li>Monitor operational data (for fuel and electricity consumption).</li> <li>Incorporation of solar energy as part of the renewable energy strategy and to reduce carbon footprint from business operations.</li> </ul>
 <b>12</b> RESPONSIBLE CONSUMPTION AND PRODUCTION	<b>Goal 12: Responsible Consumption and Production</b> Foster sustainable consumption and production practices in business operations.	<ul style="list-style-type: none"> <li>Resource Management</li> <li>Waste Management</li> </ul>	<ul style="list-style-type: none"> <li>Strive to minimise resource consumption within the Group.</li> <li>Encourage proper waste segregation and promote 3R principles.</li> </ul>
 <b>13</b> CLIMATE ACTION	<b>Goal 13: Climate Action</b> Take urgent action to combat climate change and its impacts.	<ul style="list-style-type: none"> <li>Climate Change and Emissions</li> </ul>	<ul style="list-style-type: none"> <li>Inclusion of Scope 1, Scope 2, and Scope 3 GHG emissions disclosure into the sustainability statement.</li> </ul>
<b>Social</b>			
 <b>3</b> GOOD HEALTH AND WELL-BEING	<b>Goal 3: Good Health and Well-being</b> Ensure healthy lives and promote well-being for all at all ages.	<ul style="list-style-type: none"> <li>Occupational Health and Safety</li> <li>Labour and Human Rights</li> </ul>	<ul style="list-style-type: none"> <li>Organised employee engagement initiatives to encourage a healthy lifestyle.</li> </ul>
 <b>4</b> QUALITY EDUCATION	<b>Goal 4: Quality Education</b> Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all.	<ul style="list-style-type: none"> <li>Talent Management and Development</li> </ul>	<ul style="list-style-type: none"> <li>Invested a total of 378 hours in our training development programs for our employees.</li> </ul>

# 30 Sustainability Statement

	UNSDG Description	Sustainability Matters	FY2023 Initiatives
 <b>5 GENDER EQUALITY</b>	<b>Goal 5: Gender Equality and Women's Empowerment</b> Support gender equality at work for a diverse and inclusive culture, empowering everyone with equal opportunities and respect.	<ul style="list-style-type: none"> <li>Diversity and Equal Opportunity Workplace</li> </ul>	<ul style="list-style-type: none"> <li>Increased balance between male and female headcount across all employee levels and within Board of Directors.</li> </ul>
<b>Governance</b>			
 <b>12 RESPONSIBLE CONSUMPTION AND PRODUCTION</b>	<b>Goal 12: Responsible Consumption and Production</b> Extend the sustainability practices into the Group's business value chain.	<ul style="list-style-type: none"> <li>Sustainable Supply Chain</li> <li>Responsible Product Handling</li> </ul>	<ul style="list-style-type: none"> <li>Ensure compliance with business process and maintaining ISO certification.</li> </ul>
 <b>16 PEACE, JUSTICE AND STRONG INSTITUTIONS</b>	<b>Goal 16: Peace, Justice and Strong Institutions</b> Promote peaceful and inclusive societies for sustainable development, provide access to justice for all and build effective, accountable and inclusive institutions at all levels.	<ul style="list-style-type: none"> <li>Good Governance and Anti-Corruption</li> <li>Sustainable Supply Chain</li> </ul>	<ul style="list-style-type: none"> <li>Conducted a corporate risk assessment to address corruption.</li> <li>Ensure compliance with business process, health, environmental and safety guidelines with audits conducted annually.</li> </ul>

## Sustainability Governance

The Samchem Board of Directors plays a key role in overseeing the Group's sustainability performance and integrating ESG considerations into its strategic direction. The dedicated Management team, led by the Executive Director and overseen by the Board, is responsible for managing, governing, and implementing the sustainability agenda and policies, ensuring effective integration into the Group's daily operations and decision-making processes.



To achieve sustainability goals, Samchem highlights Group-wide participation, promoting collaboration and commitment at all levels. This approach aims to create a corporate culture prioritising sustainable practices for long-term environmental and social well-being.



## Stakeholder Engagement

Stakeholders are vital in shaping Samchem's sustainability initiatives, with a focus on prioritising their requirements to determine our ESG direction. These individuals, groups, or organisations influence or are influenced by the Group's activities. During the materiality analysis phase, their unique needs, perspectives, and expectations guide Samchem's business strategies and operational approaches.

Stakeholder Group	Material Concerns	Our Response	Engagement Outcomes	Engagement Channel	Frequency
Employees					
Employees, including union and contract staff, form the backbone of our company. Aligned with the Group’s vision, their dedicated efforts play a crucial role in executing the Group’s strategies for business sustainability and growth.	<ul style="list-style-type: none"><li>• Safe working environment</li><li>• Ethical business practices</li><li>• Well-being and mental health</li><li>• Work-life balance</li><li>• Human rights</li><li>• Employee welfare</li><li>• Skill development and progression</li></ul>	<ul style="list-style-type: none"><li>• Provide a safe working environment for our employees</li><li>• Annual dinner</li><li>• Adaptable work schedules</li><li>• Promote awareness of health and safety</li></ul>	<ul style="list-style-type: none"><li>• Increase work productivity</li><li>• Employee satisfaction</li></ul>	Day-to-day operations	Daily
				Internal communications	Periodically
				Training and competency development	Periodically
				Company announcement	As required
				Employee performance review	Annually
				Talent Management Programme	Periodically
				Customers	
Customers, as vital external stakeholders, play a crucial role in our long-term success by purchasing our products and services, contributing to our business’s sustainability.	<ul style="list-style-type: none"><li>• Health, safety, and environment</li><li>• Ethical business practices</li><li>• Product quality and delivery</li><li>• Product pricing and credit terms</li><li>• Technical support</li></ul>	<ul style="list-style-type: none"><li>• Initiate conversations with customers to address their concerns</li><li>• Conduct awareness sessions on anti-bribery and corruption</li><li>• Ensure a dependable provision of equipment and labour</li><li>• Develop distinct value propositions tailored to each customer segment</li></ul>	<ul style="list-style-type: none"><li>• Sustain customer loyalty and relationship</li><li>• Quality management &amp; assurance</li><li>• Customer satisfaction</li></ul>	Product launches and customer events	Periodically
				Meetings and business communication	Periodically
				Customer services	Periodically
				Customer satisfactory survey	Periodically
				Communication on Group’s Policy	Periodically
				Company announcements	As required

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Stakeholder Group	Material Concerns	Our Response	Engagement Outcomes	Engagement Channel	Frequency
Vendors and Suppliers					
As one of the important stakeholders, we foster mutually beneficial relationships with vendors and suppliers to ensure long-term sustainable business growth.	<ul style="list-style-type: none"><li>• Annual General Meetings (“AGM”)</li><li>• Annual report</li><li>• Company announcements</li><li>• Corporate website</li><li>• Analyst reports published by research institutes</li><li>• Investor relation sessions</li></ul>	<ul style="list-style-type: none"><li>• Ensure timely disclosure of key topics</li><li>• Intensify communication frequency and transparency</li><li>• Enhance access to Board members and the management team</li></ul>	<ul style="list-style-type: none"><li>• Generate sustainable growth and shareholders returns</li><li>• Enhance our shareholders’ funds and boost financial performance</li><li>• Building shareholder trust through transparent management and effective communication</li><li>• Safeguard shareholders’ interest by enhancing corporate value and shareholders’ return</li></ul>	Company website	As required
				Annual General Meetings	Annually
				Announcements via Bursa Malaysia	As required
				Investors Briefings	Periodically
				Press releases	As required
				Meetings and conferences	As required
				Annual reports	Annually
Financial institutions					
Financial institutions contribute by providing financing products and services to our business, enabling financial support for expansion and growth.	<ul style="list-style-type: none"><li>• Operational, commercial and financial performance</li><li>• Growth project progress and deliverables</li></ul>	<ul style="list-style-type: none"><li>• Collaborate with applicable financial institutions sharing common objectives</li></ul>	<ul style="list-style-type: none"><li>• Ensure credit management are conducted in efficient methods</li><li>• Proactive balance sheet management to support the financial capability</li><li>• Ensure the availability of financial resources for future business growth</li><li>• Flexibility and availability of bank facilities</li></ul>	Contractual arrangements and business transactions	As required
				Corporate website	As required
				Compliance audits	Periodically
				Surveys	As required
				Meetings & business communications	As required
				Annual report	Annually
				Company announcements	As required

Stakeholder Group	Material Concerns	Our Response	Engagement Outcomes	Engagement Channel	Frequency
Local Communities					
Engaging local communities is essential for companies as it builds trust, fosters collaboration, and aligns business practices with community values, ultimately enhancing reputation and fostering sustainable success.	<ul style="list-style-type: none"><li>• Safety of our operations</li><li>• Quality of land, air and water surrounding our base operations</li></ul>	<ul style="list-style-type: none"><li>• Allocate resources to community development initiatives</li><li>• Adopt rigorous best practices in Health, Safety, and Environment ("HSE")</li></ul>	<ul style="list-style-type: none"><li>• Adopt stringent HSE best practices</li><li>• Invest in community development programmes</li></ul>	Education Sponsorship	Periodically
				Financial Contribution	Periodically
				Corporate website	As required
				Food Supply Donations for the Community	Periodically
				Environmental Conservation	Periodically
Government and Regulators					
Authorities and regulatory bodies administer governing legislation and statutory requirements, ensuring lawful business operations. Additionally, they support industry efforts to contribute to the economic growth of the country.	<ul style="list-style-type: none"><li>• Health, safety and environment</li><li>• Anti-bribery and corruption</li><li>• Ethical business practices</li><li>• Compliance and regulations</li></ul>	<ul style="list-style-type: none"><li>• Enhance transparent communication with relevant bodies</li><li>• Stay updated on any changes in laws and regulations</li><li>• Collaborate with pertinent agencies sharing common objectives</li><li>• Awareness and training on preventing bribery and corruption</li></ul>	<ul style="list-style-type: none"><li>• Better understanding on authorities' requirements and work together to ensure the Group complies to the highest standards</li><li>• Better understand the strategic direction of the Government for the steel industry which enables the Group to strategically align its commercial business plans and direction</li><li>• Government/ ministry incentives</li></ul>	Statutory compliance	Periodically
				Industry-related initiatives and events	Periodically
				Keeping abreast with the developments of the relevant changes in the Act, regulations, orders & SOPs for full compliance	Periodically
				Dialogues and meetings	As required
				Leveraging on e-platform for financial & non-financial assistance from authorities	As required
Surveys and feedbacks	As required				

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Stakeholder Group	Material Concerns	Our Response	Engagement Outcomes	Engagement Channel	Frequency
<b>Industry Peers and Industry Associations</b>					
Setting common industry goals and targets is crucial to enhancing mutual interests and positioning the industry at the forefront of Malaysia's industrialisation efforts.	<ul style="list-style-type: none"> <li>Leadership and fair competition</li> <li>Product quality and development</li> <li>Sustainable value chain practices</li> <li>Corporate social responsibility</li> <li>Social economic agenda</li> </ul>	<ul style="list-style-type: none"> <li>Implement leadership development programs</li> <li>Invest in research and development</li> <li>Integrate sustainability into the supply chain by collaborating with eco-friendly suppliers</li> <li>Develop and support community-oriented initiatives</li> <li>Implement policies that promote diversity, inclusion, and equitable opportunities within the company</li> </ul>	<ul style="list-style-type: none"> <li>Industry collaboration and exchange of ideas</li> <li>As a collective industry group, to engage with the authorities and to highlight issues to the Government more effectively for the benefit of the industry</li> </ul>	Industry dialogues and meetings	As required
				Corporate website	As required
				Surveys	As required
				Industry-related initiatives and events	As required
				Industry reports	As required
				Company announcements	As required

## Materiality Assessment

Materiality assessment is integral for identifying core issues that profoundly impact the business, encompassing emerging risk factors and opportunities. Through this assessment, Samchem gains a comprehensive understanding of how these factors shape its sustainability strategy and operational framework, ensuring proactive addressing of crucial long-term success factors and positive societal and environmental impacts.

The findings from materiality assessment play a pivotal role in shaping the content of Samchem's Sustainability Report, reinforcing its commitment to transparency and responsible business practices while aligning with international reporting standards such as GRI and the FTSE4Good index. The list of material topics includes:

### Economic Topics

Digitalisation and Technology

Quality and Customer Satisfaction

Local Procurement

### Governance Topics

Good Governance and Anti-Corruption

Environmental and Social Compliance

Sustainable Supply Chain

Data Privacy and Security

Responsible Product Handling

### Environmental Topics

Climate Change and Emissions

Energy Management

Resource Consumption

Water Consumption

Biodiversity

Waste Management

### Social Topics

Talent Management and Development

Occupational Health and Safety

Labour and Human Rights

Diversity and Equality Opportunity Workplace

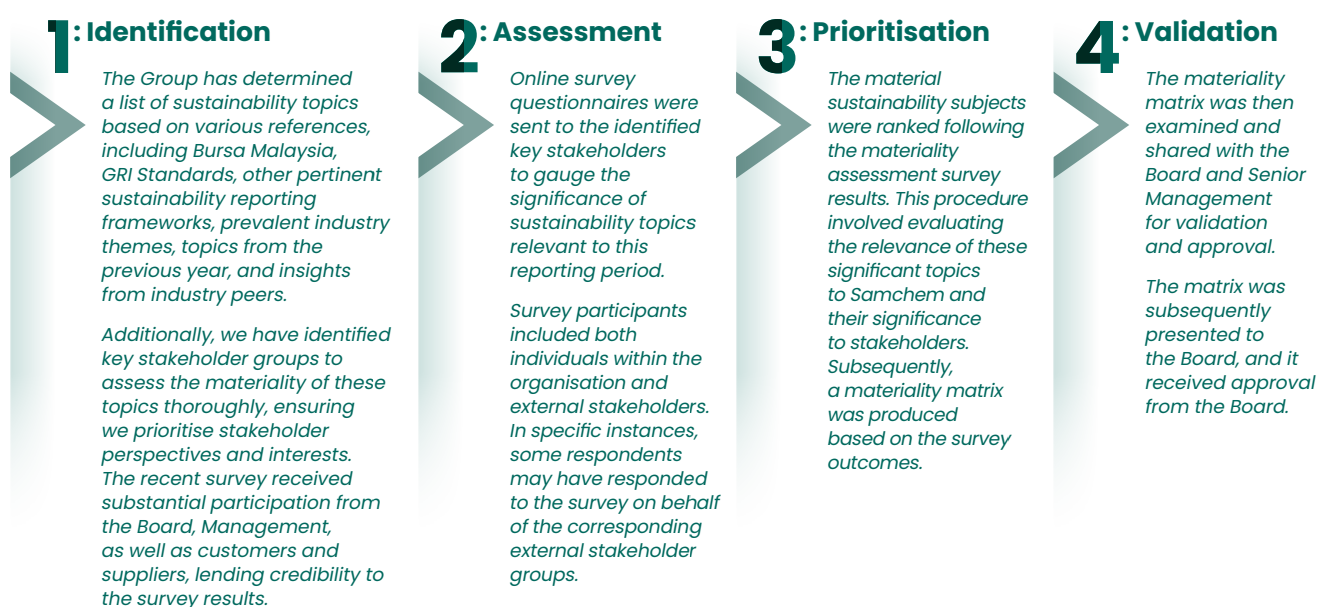
Local Community Development



## Materiality Assessment Process

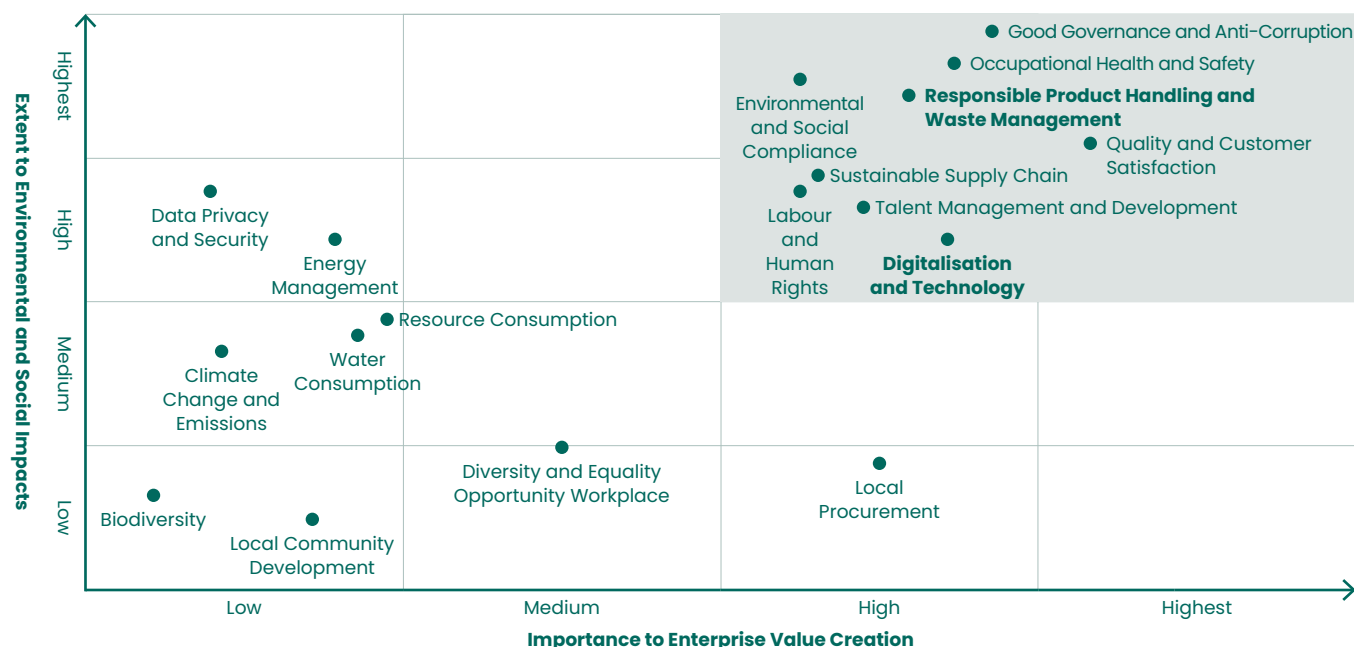
Samchem developed prioritisation and assessment surveys for material topics, covering a diverse range of essential ESG subjects and identified stakeholder categories, in accordance with Bursa Sustainability Reporting Guide Third Edition.

The Group carefully considered the feedback and perspectives from all the various stakeholders engaged in the Group's operations. This comprehensive materiality assessment process is outlined as follows:



## Materiality Matrix

In FY2023, the sustainability materiality matrix outlined 19 key issues, which underwent validation during a verification session with the Board of Directors and Senior Management. The materiality procedure included conforming to GRI standards, comparing against industry counterparts, and considering UNSDGs before aligning with GRI metrics.

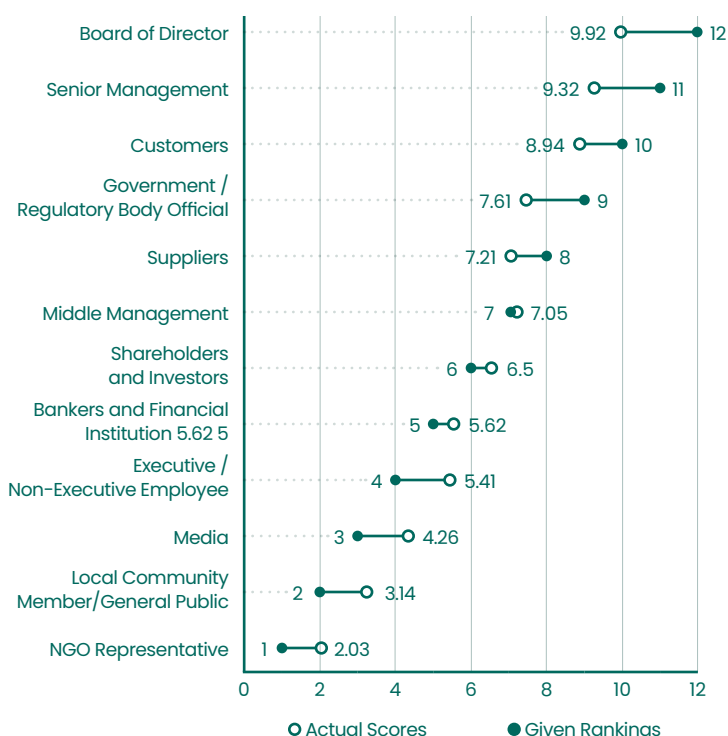


## Stakeholder Prioritisation

Stakeholder prioritisation plays a critical role in the materiality assessment process by ensuring that the most influential stakeholders are given due consideration. Through a systematic arrangement based on their ability to shape a company's strategic decisions, this process enhances the depth and accuracy of the materiality assessment.

By assigning higher weightage to stakeholders with significant impact, such as the Board, the assessment results are aligned more closely with the Company's overarching strategy and direction. This targeted prioritisation directs attention towards stakeholders whose opinions and actions have the greatest influence on shaping the Company's sustainability efforts, ultimately enhancing the effectiveness of the materiality assessment process.


The stakeholder prioritisation ranking, derived from the materiality assessment, is outlined as shown on the right.










## ESG KPIs & Targets









Samchem is committed to integrating sustainable practices into the business operations. Adopting ESG principles and defining meaningful KPIs and targets is not only essential for meeting Bursa compliance requirements but also provides numerous other benefits. By focusing on ESG initiatives and establishing clear objectives, we can enhance financial performance, streamline operations, and foster greater trust with stakeholders. In FY2023, we took purposeful action in this direction by conducting a workshop dedicated to formulating ESG Key Performance Indicators (KPIs) and Targets. In achieving our ESG and climate related KPIs, we have relied upon the steadfast leadership and governance of the Management and Board, evident in their remuneration as stated in our financial records.

The Group has adopted the following targets which pave the way for Samchem to make a concerted effort towards driving effective change:

Material Topic	KPI	Targets
<b>Economic</b>		
 <b>Quality and Customer Satisfaction</b>	Reduction in number of recalls / rejects.	Achieve less than 30 cases a year or 0.2% of total output, whichever is lower.
	Assess customer satisfaction rate through annual surveys.	Maintain 85% satisfaction rate per annum. <i>Note: Composite score based on product quality, sales person commitment, customer's service, delivery schedule, response on requisition and complaint.</i>

Material Topic	KPI	Targets
<b>Economic (cont'd)</b>		
 <b>Local Procurement</b>	Continued preference for local procurement for non-trading goods where commercially and operationally feasible.	<p>To procure at least 80% of non-trading goods locally per annum.</p> <p>For other goods, no target established as Samchem is highly dependent on overseas suppliers and market forces. However, the Group remains committed to procuring locally when possible.</p>
 <b>Digitalisation and Technology</b>	Progress status of ERP migration from present management information system or MIS.	<p>Successful migration by Quarter 1 FY2025 (100% of Group operations to be migrated). <i>Note: Progress level is 10% as at end FY2023.</i></p>
	Completion of Cloud and software upgrades for e-invoicing.	<p>To be completed by June 2024. <i>Note: Progress level for software upgrades is 100% as at end FY2023.</i></p>
		<p>Completion of Cloud migration and software upgrades for e-invoicing by July 2024. <i>Note: Progress level is 5% as at end FY2023.</i></p>
<b>Environmental</b>		
 <b>Climate Change and Emissions</b>	Reduction in Scope 2 Emissions Intensity (Tonnes CO <sub>2</sub> e / Revenue RM'million).	To achieve 3% reduction in Scope 2 emissions intensity by FY2024 based on FY2023 baseline.
	To establish baseline Scope 1 carbon emissions by FY2023.	To measure Scope 1 carbon emissions in FY2023 as baseline.
 <b>Energy Management</b>	Reduction in electricity intensity (total electricity in kWh / Revenue in RM'million).	To achieve 2% reduction year-on-year based on a FY2022 baseline.
	Percentage of operations powered by solar generated electricity.	30% of Malaysian operations' electricity consumption to be derived from solar by FY2025.
	Establish baseline of total fuel used for lorries, forklift and other site equipment.	To establish baseline measurement by FY2024.
	Progress of transition to LED lighting and inverter air-conditioning for Samchem office.	<p>100% completion of LED lighting installation by FY2025. <i>Note: Progress level is 43% as at end FY2023.</i></p> <p>Transition to full inverter air-conditioning at HQ use by FY2033, 8-9 units to be converted per annum. <i>Note: Baseline is at 0% as at end FY2023.</i></p>
 <b>Water Consumption</b>	Establish baseline of total Group water consumption.	To establish baseline measurement by FY2024.
 <b>Resource Consumption</b>	Reduction in paper consumption per annum at Group level.	To lower paper consumption to below 700 rims per annum in FY2024.
	Establish baseline of total plastics consumption.	To establish baseline measurement by FY2024.
 <b>Waste Management</b>	Establish baseline of total recycled waste.	To establish baseline for total 3R recycled waste for all offices by FY2024.

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Material Topic	KPI	Targets
<b>Social</b>		
 <b>Talent Management and Development</b>	Average training hours per employee based on gender and employment category.	To achieve average 8 hours of training per employee per annum.
	Reduction in employee turnover rates.	To reduce employee attrition rates to 12% or below by end FY2024.
 <b>Diversity and Equal Opportunity Workplace</b>	Number of women in management positions Group wide.	To achieve at least 30% women in management composition.
 <b>Labour and Human Rights</b>	Number of substantiated human rights incidences within Group operations.	Zero substantiated incidences of human rights violations per annum.
	Resolution rate of substantiated grievances.	To achieve 100% resolution rate for grievances per annum.
 <b>Occupational Health and Safety ("OHS")</b>	Number of warehouse / drumming accidents per annum.	To maintain zero incidents per annum.
	Number of chemical transport vehicle accidents.	
	Number of fatality cases per annum.	To establish baseline for FY2024 based on FY2023's data.
	Number of LTIs per annum.	
 <b>Local Community Development</b>	Number of CSR events held annually.	To achieve a minimum of two (2) events per year.
	Number of employees volunteering for company CSR events.	To establish baseline based on FY2023 data.
<b>Governance</b>		
 <b>Good Governance and Anti-Corruption</b>	Number of substantiated corruption cases per annum.	To maintain zero number of reported cases per annum.
	Number of staff briefed on anti-corruption policy and procedures.	To achieve 100% of staff per annum.
	Number of Board Directors briefed on MACC Section 17A and the Company's ABC Policy.	To achieve 100% of directors per annum.
	Percentage of suppliers who have complied / provided written commitment with Samchem's ABC Policy.	To have 100% of suppliers by FY2025.
 <b>Environmental and Social Compliance</b>	Number of non-compliance cases per annum.	To maintain zero number of reported cases per annum.
 <b>Data Privacy and Security</b>	Number of substantiated data breach complaints received.	To maintain zero number of incidents per annum.

Material Topic	KPI	Targets
<b>Governance (cont'd)</b>		
 <b>Sustainable Supply Chain</b>	Percentage of suppliers who have provided written commitment to abide by environmental and social regulations including: – Workers' Minimum Standards of Housing and Amenities Act. – Zero child or illegal labour employment.	To have 100% of suppliers by FY2025.
 <b>Responsible Product Handling</b>	Quantity of chemical spillage per annum.	Not exceeding 500kg per annum.

## Economic Topics

### Economic Performance

As a publicly traded entity on Bursa Malaysia's main market, Samchem highlights its commitment to economic value within the sustainability framework. Positioned as a key player in the chemical industry, the Group has demonstrated robust financial performance, ensuring sustainable returns for shareholders.

The Group places a strong emphasis on maintaining financial strength and ensuring a resilient business performance in alignment with the duty to derive profit. This commitment expands beyond traditional economic metrics, involving active engagement in research and development. The Group consistently enhances its product portfolio, aligning it with evolving industry demands and staying at the forefront of technological advancements.

The Group's economic performance is further exemplified in its financial year 2023 achievements, recording a notable revenue of RM1.16 billion and a profit before tax of RM48.03 million.

Beyond financial metrics, the Group integrates sustainability into its core operations. Proactively reducing its environmental footprint through innovative processes and green initiatives, the Group supports local educational programs, promotes environmental conservation, and contributes to community development projects. These actions exemplify a holistic approach to economic efficiency within the sustainability context.

Economic values, as defined by the Global Reporting Initiative ("GRI"), encompass the financial outcomes and impacts of an organisation's business activities, reflecting its economic performance and contributions to society. The table below illustrates the economic value distributed to its various stakeholder groups over the past three years:

Economic Values Created (RM'000)	FY2021	FY2022	FY2023
Economic Value Generated (Revenue)	1,405,604	1,321,813	1,162,429
Economic Value Distributed:			
OPEX	42,638	60,765	52,490
i) Total monetary value / spend on procurement	1,203,605	1,170,753	1,038,508
ii) Total payout to employees in salaries and benefits	31,853	30,764	35,144
iii) Taxes paid to government	24,892	21,330	13,649
iv) Repayments to Financiers	5,159	7,395	7,407
v) Dividend Returns to Shareholders	19,040	19,040	11,968
Economic Value Retained	78,417	11,766	3,263



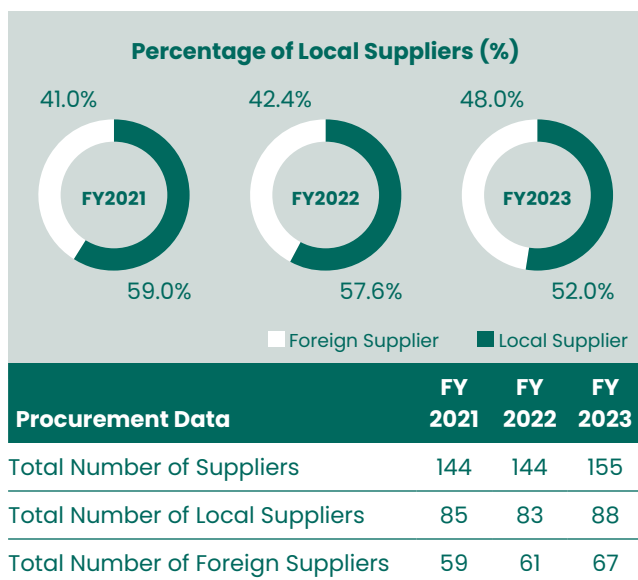
## Digitalisation and Technology

Embracing digitalisation and technological innovation is vital for enhancing the quality of the Group's products and services, as well as streamlining processes to maintain competitiveness in the current business landscape. Beyond quality improvement, the commitment to digitalisation extends to optimising internal operations, ensuring competitiveness in a rapidly evolving business landscape. Through digitalisation, operational efficiency is achieved, curbing resource consumption and reducing greenhouse gas emissions, aligning the practices with a sustainable and responsible future for the chemical industry.

## Supporting Local Procurement

Samchem is committed to supporting local economic development through procurement practices that prioritise fairness, transparency, and project awards to local vendors with a demonstrated track record of ecologically and socially responsible practices.

In FY2023, the Group recorded 52.0% of local procurement spending primarily in trading goods. Looking ahead, the Group pledges to strengthen local partnerships, improve procurement transparency, and promote ESG best practices among external suppliers. This commitment is evident in the Group's aim to locally procure a minimum of 80% of non-trading goods annually.



## Quality and Customer Satisfaction

Samchem places importance on customer satisfaction and brand loyalty through a thorough understanding of customer needs, backed by market research and engagement. We emphasise on delivering high-quality products to improve revenue and customer loyalty. In FY2023, targets include decreasing recalls and rejects to under 30 cases or 0.2% of total output, with a goal of achieving an 85% satisfaction rate in customer surveys. Our subsidiaries, including Samchem Sdn Bhd, maintain ISO 9001:2015 and ISO 14001:2015 certifications, highlighting our commitment to quality, health, environmental, and safety standards. ISO certification remains a key performance measure for Samchem.

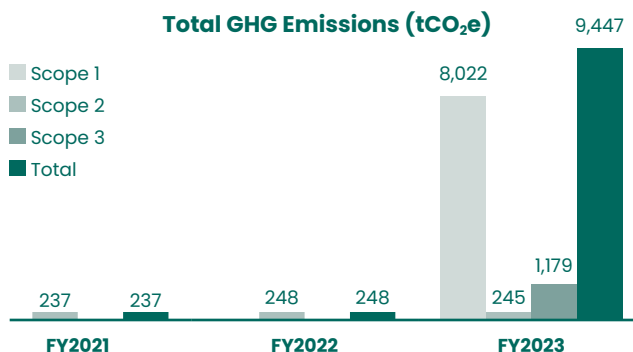
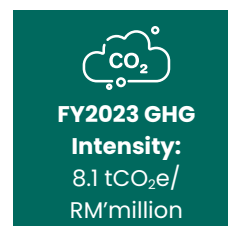
## Environmental Topics

### Climate Change and Emissions

With the increasing effects of climate change being felt worldwide, the need for a robust mitigation strategy has become pressing to address these impacts and secure climate resilience. In line with these concerns, Samchem recognises that climate-related risks may impact its business value chains and has taken proactive steps to include climate change within its significant ESG topics.

### GHG Emissions

In FY2023, Samchem embarked on the process of greenhouse gas ("GHG") accounting for its business operations. Employing




### Note:

- Scope 1 and Scope 3 emissions are tabulated from the fuel data in FY2023 for logistics activities and salesperson business travel fuel usage.
- The emission factor for fuel consumption is derived from the Intergovernmental Panel on Climate Change ("IPCC") Guidelines for National Greenhouse Gas Inventories on Road Transportation.
- The emission factor for grid electricity is based on the United Nations Framework Convention on Climate Change ("UNFCCC") Harmonised Grid Factors 2021.

an operational control, the Group consolidates its GHG inventory, focusing on fuel and electricity consumption, as well as emissions from salesperson travel.

#### Carbon Reduction Initiatives

In line with our strong commitment to sustainability, we are implementing a comprehensive strategy to reduce our carbon footprint. Starting in August 2023, Samchem began installing rooftop solar panels at the Shah Alam headquarters. Our goal is to achieve a 5% reduction in Scope 2 emissions intensity by FY2024, measured in tonnes CO<sub>2</sub>e per revenue in RM'million, compared to the FY2022 baseline.

  
**Annual Carbon Avoidance:**  
141.78 tCO<sub>2</sub>e


#### Energy Management

Samchem Group prioritises energy efficiency as a key element in our emissions reduction strategy, aligning with the UNSDGs for environmental stewardship. We are actively transitioning to full LED lighting in our facilities to boost operational efficiency and showcase our commitment to sustainability. Beyond monitoring electricity usage, we are extending tracking to fuel consumption for various equipment, starting implementation in FY2024.

  
**Capacity:**  
155.52 kYo

#### Fuel Consumption

In FY2023, the Group began reporting on fuel consumption specifically pertaining to its logistics operations involving lorries and vans.

  
**Fuel Consumption:**  
1,030,033 Litres

#### Electricity Consumption

Electricity supply serves as a vital pillar in facilitating the Group's operations, powering both office facilities and warehouses. Samchem acknowledges the significance of effectively managing its procurement of grid electricity, primarily sourced from Tenaga Nasional Berhad ("TNB").

  
**FY2023 Energy Intensity:**  
382.9 kWh/  
RM'million

In FY2023, the Group observed a decrease in total electricity consumption in Malaysia. This reduction can be attributed to the adoption of solar energy, which

has minimised our reliance on purchased grid electricity. This transition underscores Samchem's commitment to sustainability and underscores our proactive approach in reducing our carbon footprint.

#### Total Energy Consumption

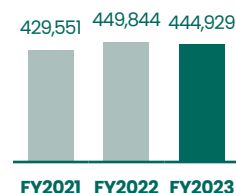
Due to the expanded scope of energy data, particularly fuel data from logistic activities, the Group observed a substantial increase in its energy consumption compared to FY2022.

Samchem is committed to reducing its electricity intensity, gauged by the total electricity consumption in kWh divided by revenue in RM'million, by 2% annually compared to the FY2022 baseline. This strategic initiative involves targeting 40% of the Group's electricity consumption to be sourced from solar power by FY2024, in line with the established KPI. Additionally, to bolster data monitoring, the Group is pursuing the establishment of a baseline measurement for the total fuel usage of lorries, forklifts, and other site equipment by FY2024.

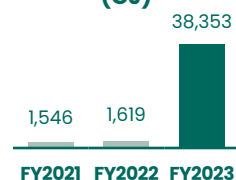
#### Water Consumption

Recognising the importance of the water as a resource, Samchem maintains a vigilant focus on water usage, driven by our commitment to ESG compliance and the preservation of this invaluable resource. Across various aspects of our operations, water is utilised with careful consideration and efficiency. Through proactive monitoring and management practices, we strive to minimise water consumption, optimise usage processes, and mitigate potential environmental impacts.

#### Total Electricity Consumption (kWh)



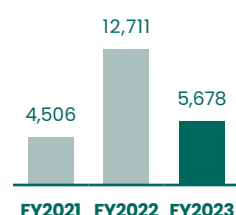
#### Total Energy Consumption (GJ)



**Note:** Total energy consumption is calculated by converting total electricity consumption using the unit conversion factor (1 kWh = 0.0036 GJ). Meanwhile, fuel consumption is converted using the conversion factor from litres consumed to energy value, based on the Malaysia Energy Statistic Handbook 2020.

  
**FY2023 Water Intensity:**  
4.9 Litres/  
RM'million

#### Total Water Consumption (Litres)



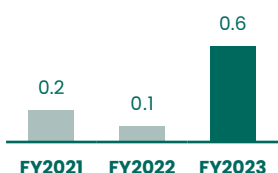
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In FY2022, the Group recorded highest water consumption primarily due to a water leakage incident. In response, the Group has prioritised proactive piping maintenance to prevent future leaks. Additionally, initiatives to install dual flush systems for toilet tanks have been initiated to promote efficient water usage across its facilities.

## Waste Management

Samchem is dedicated to efficient waste management in the chemical supplier industry, emphasising sustainable practices for waste reduction and proper disposal. Through eco-friendly strategies, the goal is to lessen the ecological footprint by enhancing processes, promoting recycling, and instilling a culture of environmental responsibility. The Group proactively discloses waste data, aiming to establish a baseline for total recycled wastes across all offices by FY2024, reflecting its commitment to responsible waste management.

### Total Scheduled Waste Generation (Tonnes)



**Note:** The Group only monitors scheduled waste generation within the business compounds.

## Resource Management

Samchem prioritises careful resource management to reduce environmental impact and ensure long-term sustainability. Our strategy involves using raw materials, energy, and water wisely, incorporating advanced technologies to cut down on consumption and waste.

As part of our commitment to sustainability, we are working towards a significant reduction in annual paper usage, aiming for less than 700 rims per year by FY2024. Simultaneously, we are establishing a baseline for total plastics consumption. These efforts highlight our dedication to sustainable practices and environmental responsibility, aligning with broader goals of reducing waste and minimising our environmental footprint.

## Biodiversity

Biodiversity, the presence of a diverse range of species in an ecosystem, is vital for climate change mitigation and regulating urban temperatures, essential for long-term property development. Samchem ensures sustainable raw material sourcing, supporting biodiversity through responsible extraction and conservation efforts. Adopting a circular approach, the Group repurposes by-

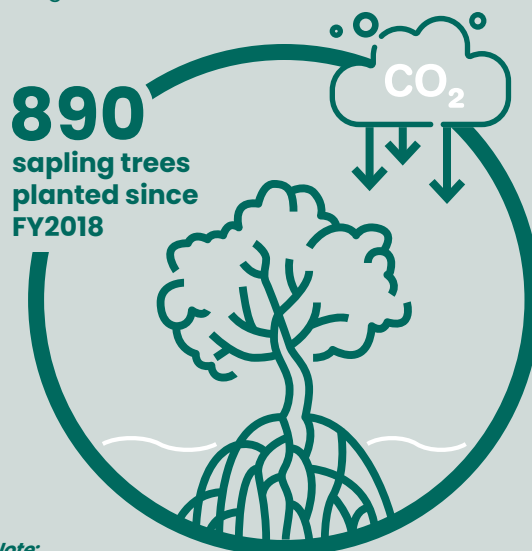
products from chemical manufacturing into valuable secondary goods, diminishing waste and effluent outputs. This strategy reduces the risk of downstream pollution and actively contributes to preserving and enhancing biodiversity in its operational regions.

## Mangrove Tree Planting Program

In FY2023, our commitment to nature conservation continued with the Mangrove Tree Planting Program at Kuala Selangor Nature Park on 14 October 2023. Recent studies highlight mangroves as substantial carbon sinks, storing four times more carbon than rainforests, mainly in the soil beneath the trees. The program strives to respond to climate change and mitigate its effects by protecting and rehabilitating mangrove ecosystems, making a significant contribution to overall coastal sustainability.

### Carbon Capture Potential:

"Samchem's mangrove tree planting program has significantly contributed to carbon storage, estimating a potential of 697 tonnes based on fully matured trees. Since FY2018, the Group has planted 890 sapling trees as part of this initiative, showcasing its dedication to mitigating climate change."



### Note:

1. The basis for assumptions regarding carbon storage potential (612 tonnes CO<sub>2</sub>/hectare) is based on the study by Noweg et al. (2023), titled "High regeneration may not contribute to the forest's carbon storage: a case study in the mangrove forest of Rajang-Belawai-Paloh delta, Sarawak," published in *Environmental Monitoring and Assessment*.
2. The conversion of the number of trees to hectares (782 trees/hectare) is based on the research by Liu et al. (2023), in their work "Mapping the number of mangrove trees in the Guangdong-Hong Kong-Macao Greater Bay Area," published in *Marine Pollution Bulletin*.

## Social Topics

### Labour and Human Rights

Samchem is dedicated to upholding and promoting the fundamental principles of human rights of its employees and stands as a staunch supporter of equality, dignity, and fairness in the workplace without discrimination. Through its policies and endeavours, Samchem is committed to fostering an empowered, inclusive and diverse talent pool, Samchem also strives to create an environment where every individual is valued, respected, and provided with equal opportunities for career.

Our Code of Conduct and Business Ethics unequivocally prohibits the engagement of child labour, forced labour and any form of modern slavery within all operational facets. Other labour practices and commitments adopted by the Group include:



In FY2023, there have been **ZERO** complaints concerning human rights or labour violations within the Group.

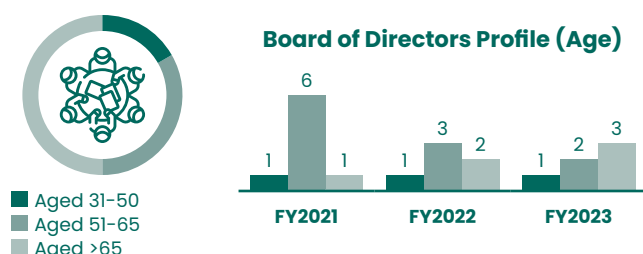
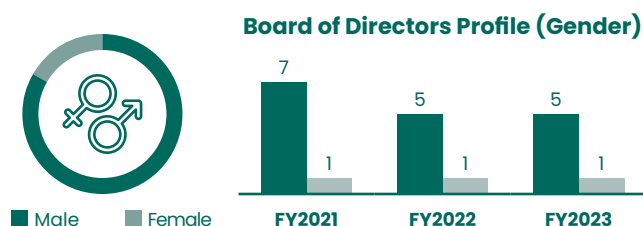
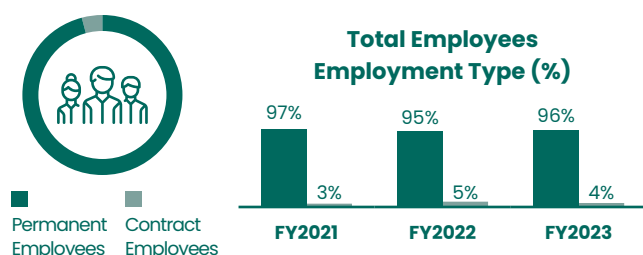
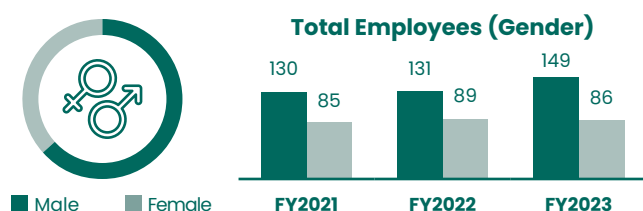
### Diversity and Equal Opportunity

Samchem is committed to providing employment opportunities for Malaysians, particularly in the communities where we operate. Our talent management approach highlights diversity and equality, creating an inclusive environment that reflects Malaysia's multicultural and multi-ethnic fabric.

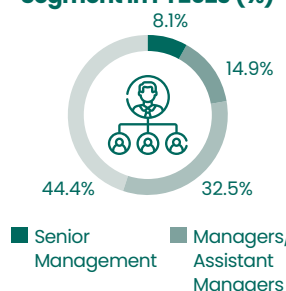
The Group's dedication to diversity and inclusivity is integral to our management approach. Top management actively collaborates with hiring managers to prioritise

equality and diversity, conducting regular reviews of employee composition at departmental levels to assess ethnic and gender diversity. Identified discrepancies prompt recommended measures for enhancement, ensuring equal employment opportunities for everyone within the Group.

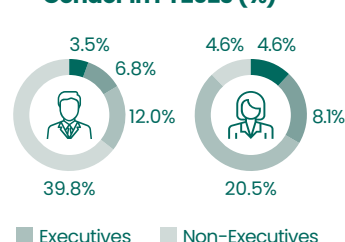
In FY2023, the general presentation of the Group's workforce is illustrated in the following:



### Employee Category by Segment in FY2023 (%)



### Employee Category by Gender in FY2023 (%)



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## Talent Retention and Development

Dedicated to talent development, Samchem implements custom training programs for its employees in the dynamic chemical industry. Ongoing skill enhancement covers advanced technologies, sustainable practices, and regulatory compliance, fostering innovation through collaboration and mentorship. Recognising diverse perspectives, Samchem supports employee participation in industry events, workshops, and research to stay informed. These initiatives aim to retain a skilled workforce and contribute to the growth and sustainability of the chemical sector.

### Hiring And Attrition

For Samchem, recruitment is directed by the Group's needs and decisions. A crucial blend of desirable skills and a positive attitude is the essential factor in ensuring the candidate's capability to contribute towards the growth and culture of the Company. The Group also gives preference to local talents for all levels of Management and Non-Management positions.

Below are the workforce data for total number of employee turnover by employee category:

Turnover by Employee Category	FY 2021	FY 2022	FY 2023
Senior Management	0	1	1
Managers/Assistant Managers	2	8	4
Executives	4	21	9
Non-Executives	14	23	31

Recognising the vital role of employee retention, our target is to reduce turnover rates to 12% or below by FY2024. Our comprehensive retention policy combines monetary rewards, promotion opportunities, relevant training, and continuous engagement tailored to each employee. This approach not only promotes job security and well-being but also contributes to the sustainability of our operations, ensuring stability and continuity in our endeavours.

### Employee Engagement and Satisfaction

Samchem recognises the importance of achieving a balance between the Company's requirements and the contentment of its employees to enhance workplace productivity.

In FY2023, the Group implemented a range of interactive initiatives aimed at fostering employee engagement.

These initiatives included a variety of activities such as festive gatherings, team-building activities, and informative talks covering topics like professional development and dialogues sessions.

### Engagement Activities in FY2023

1. Jog-Wheel A Thon on 11 January 2023
2. Aston Martin Run on 27 February 2023
3. Sales Dialog with Top Management on 2 March 2023
4. Rimbayu Run on 5 March 2023
5. Buka Puasa at Bukit Kemuning Golf & Country on 7 April 2023
6. Hari Raya Potluck on 19 May 2023
7. Garfield Run on 25 June 2023
8. CSR Grow Project Zoo Negara on 22 July 2023
9. BMW iX Run on 23 September 2023
10. Mangrove Planting on 14 October 2023
11. Puma Run on 4 November 2023
12. Team Building, Escape Penang on 9-11 December 2023

By offering this array of activities, Samchem sought to cultivate a vibrant and inclusive work environment where employees feel valued and motivated to actively participate, fostering stronger connections within the team and enhancing overall morale and productivity.

### Employee Benefits and Well-Being

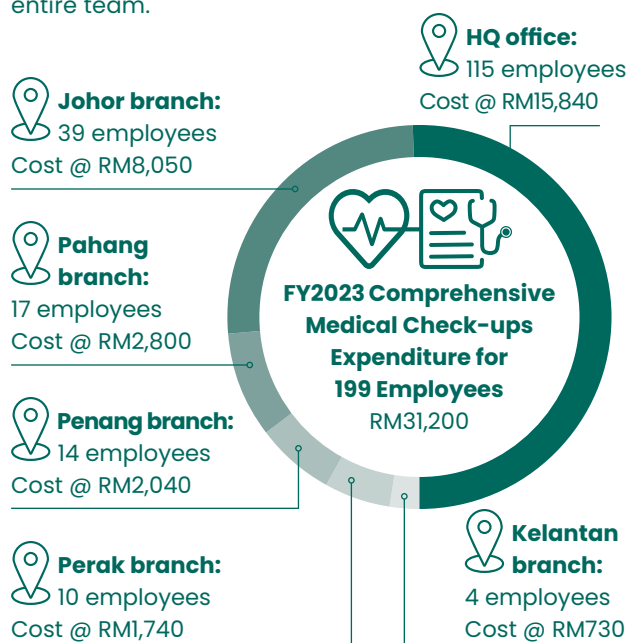
To Samchem, maintaining a vibrant workplace is crucial for nurturing a productive and resilient workforce. Employee productivity plays a significant role in supporting sustainable growth throughout the Group, impacting the community, and facilitating effective talent retention strategies.

In addition to statutory payments and as stipulated by the employment law, the Group also provides competitive compensation packages to its workforce as a component of our approach to rewarding and acknowledging their contributions. More information on the total payments and defined contribution plan for staffs can be referred to in our financial statements within the Annual Report 2023.

At Samchem, the Group prioritises the well-being of its staff as a fundamental aspect of its corporate ethos. As part of its commitment to maintaining the health and vitality of its team members, the Group facilitates



comprehensive medical check-ups for all staff every two (2) years. This proactive approach not only promotes individual health but also cultivates a supportive and caring environment within the organisation. By investing in the health of its employees, the Group is investing in the long-term success and happiness of its entire team.



#### Parental Benefits

Samchem offers parental leave to both male and female employees. Female employees are provided with 98 days of paid leave whilst male employees are granted a 7-day paid leave.

Parental Benefits Data	FY 2021	FY 2022	FY 2023
Employees Entitled for Maternity and Paternity Leave	3	1	5
Employees Who Took Paternity Leave	1	0	2
Employees Who Took Maternity Leave	2	3	3
Return to Work (After parental period)	3	3	5
Male	1	0	2
Female	2	3	3
Retention Rate (Stay with the organisation for 12+ months after parental leave)	3	3	5
Male	1	0	2
Female	2	3	3

## Training and Professional Development

Continuous learning and development are the key essences of Samchem's success. In promoting sustainable growth across the Group, efforts are supported by the Management to provide learning opportunities to its employees for upskilling and equipped with the latest industry knowledge.



**100%**  
of employees  
have had  
appraisals in  
FY2023

### Training Programme

In view of our ever-growing business challenges, Samchem proactively raises talents who are skilled in problem-solving, productive with technical and soft skills are able to sustain transferred knowledge. In support of the UNSDG Goal 8 of the "Decent Work and Economic Growth" pledge, consistent skills training, counselling, guidance, and clearly defined career paths are offered to all employees.

The Group's commitment to training talents in both technical knowledge and soft skills is evident through the 18 hybrid, physical, and online training sessions conducted in FY2023.

### Technical Training

- » Microsoft Excel – Intermediate Level Useful Excel Formulas And Functions Annual Workshop 2023 – flexHR Program Masterteams Team Building
- » HRD Corp Workshop 2023 Emergency Response Team

### Soft Skill Training

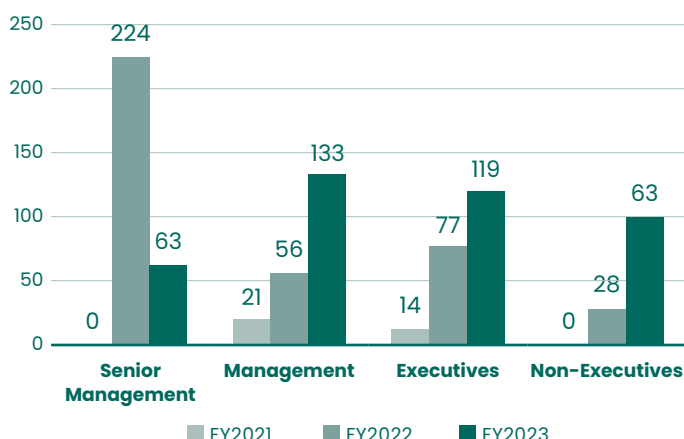
- » MIA Webinar Series – Conducting a Comprehensive Corruption Risk Management MIA Webinar Series – Advance Corporate Tax Issues and Strategies
- » MIA Webinar – ESG Reporting: A Key to Value Creation Today
- » FMM OSH Conference 2023: OSH is Our Business
- » Safety & Health Committee Empowerment
- » Akta Kerja 1955: Pindaan Baharu 2022 & Undang-Undang Buruh Malaysia Terkini
- » Kursus Pembangunan Kemahiran Untuk Kerani & Pembantu Tadbir
- » Whats is Your Leadership Style & DISC
- » Baker Tilly Tax & Budget Webinar

- » MIA Webinar Series: Getting Ready for e-Invoicing in Malaysia
- » Cost Saving on Pallet Packaging & Warehousing
- » Capital Gains Tax and Latest Development on Tax Treatment on Receipt of Foreign Dividends

Demonstrating our commitment to fair training access, we aim for an average of 8 training hours per employee annually, based on FY2023 data. This initiative promotes a culture of continuous learning and enhances diversity and inclusion within our workforce.



**Total Training Hours by Employee Category (hours)**



## Occupational Safety and Health

In line with UNSDG Goal 3 for “Good Health and Well-being”, Samchem prioritises the highest safety and health standards to ensure the well-being of its employees and third-party contractors after every productive shift. The Group emphasises Occupational Safety and Health (“OSH”) within its operational framework, recognising the potential far-reaching consequences of OSH-related events, from operational disruptions and productivity losses to severe outcomes such as loss of life, damage to reputation, and legal liabilities. Continuous monitoring of OSH metrics is a priority, aimed at identifying, quantifying, and mitigating potential risks to both the Group and its workforce, reflecting the Company’s proactive commitment to maintaining a safe and healthy working environment.

## Safety Management and Control Measures

Samchem highlights a safe and healthy workplace by ensuring proper equipment availability across all sites. The Group regularly reviews safety processes through the Health, Safety & Environment (“HSE”) Framework, conducting proactive performance audits for continuous improvement.

## Compliance With Safety and Health Standards

As part of its dedication to ensuring a secure workplace, Samchem has implemented an OSH system that encompasses all employees and contractors. This system is fully compliant with applicable safety regulations, including:

1. Occupational Safety and Health Act 1994
2. Guideline on Occupational Safety and Health Management Systems, 2014
3. Guideline for Hazard Identification, Risk Assessment and Risk Control (HIRARC), 2008
4. Occupational Safety and Health (Notification of Accident, Dangerous Occurrence, Occupational Poisoning and Occupational Disease) Regulations 2004
5. Occupational Safety and Health (Control of Industrial Major Accident Hazards) Regulations, 1996
6. Occupational Safety and Health (Use and Standard of Exposure of Chemical Hazardous to Health) Regulations, 2000
7. Guidelines on Storage of Hazardous Chemicals: A guide for Safe Warehousing of Packaged Hazardous Chemicals
8. Occupational Safety and Health Industry Code of Practice for Road Transport Activities, 2010
9. Road Transport (Construction and Use) (Dangerous Goods Vehicles) Rules 2015
10. Rethreaded Pneumatic Tyres for Motor Vehicles, Commercial Vehicles and their Trailers – Specification, 3<sup>rd</sup> Edition, 2019

## OSH Performance

For FY2023, there have been no reported incidents of safety non-compliance. The detailed breakdown of our worksite OSH data for FY2023 is provided below:

OSH Site Data	FY2022	FY2023
No. of Work-Related Fatalities	0	0
Lost Time Incident Rate (“LTIR”)	0	4.24

### Safety And Health Training and Programmes

In FY2023, various training programs were conducted to establish a safe and healthy workplace for all employees and workers. A total of 25 employees underwent training on safety-related standards and practices. The training includes:

#### List of Safety Training

1. Safety and Health Committee Empowerment Training
2. Emergency Response Team Training
3. Defensive Driving and Behaviour on Road Training
4. Workplace Ergonomic Training

The Emergency Response Teams (“ERT”) receive regular training in crucial OSH competencies such as first aid, evacuation, rescue operations, firefighting, and incident/accident investigation. Samchem also provides employees with free health screenings and health programs to promote a healthier lifestyle.

### Local Community Development

Community engagement is a top priority for Samchem in line with our nation-building goals. The Group actively participates in Corporate Social Responsibility (“CSR”) initiatives, exemplified by various programs and activities during FY2023, showcasing a genuine commitment to community well-being. Notably, the “Grow Project” at Zoo Negara involved tree planting and educational activities on 22 July 2023, promoting environmental stewardship. Another significant initiative on 14 October 2023, involved Samchem employees planting mangrove trees at Kuala Selangor Nature Park, contributing to biodiversity and climate resilience. These CSR efforts underscore Samchem’s commitment to sustainability, positively impacting local ecosystems and community awareness.

#### FY2021

- » Mangrove Tree Planting Kuala Selangor Nature Park (RM12,790)

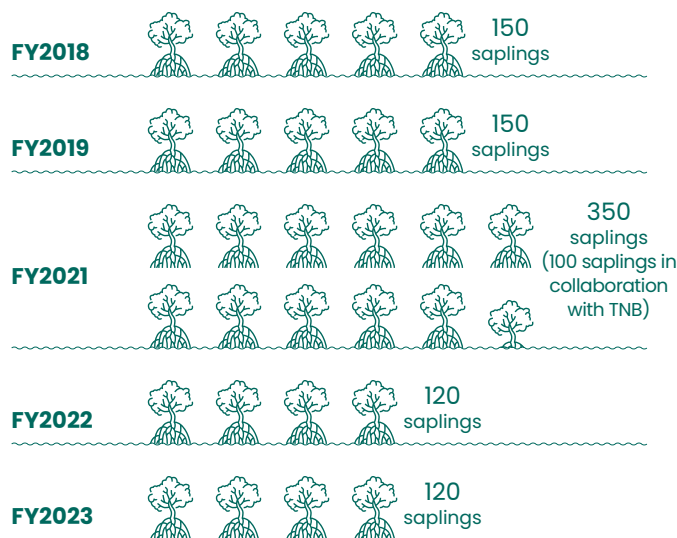
#### FY2022

- » Mangrove Tree Planting at Kuala Selangor Nature Park (RM10,808)

#### FY2023

- » Mangrove Tree Planting at Kuala Selangor Nature Park (RM10,808)
- » Grow Project at Zoo Negara (RM 8,979)

### Number of Saplings Planted



## Governance Topics

### Anti-Corruption and Corporate Governance

Samchem maintains a strict zero-tolerance policy against bribery, corruption, and misconduct in all interactions and transactions involving the Group, subsidiaries, suppliers, and business partners. The Anti-Bribery and Corruption policy explicitly defines prohibited actions at all levels, with compliance expected from Directors, staff, and intermediaries. New hires are familiarised with anti-corruption measures during initiation. The Board, as the highest governing body, oversees anti-bribery and corruption initiatives, with each director undergoing regular training to uphold a high standard throughout the Group.

Anti-Corruption Data	FY 2021	FY 2022	FY 2023
Number of Confirmed Corruption Incidents	0	0	0
Percentage of Operations Assessed for Corruption-Related Risks*	0	0	0

**Note:** Samchem has yet to perform corruption risk assessment.

### Environmental and Social Regulatory Compliance

The Group acknowledges the necessity of aligning its activities with local environmental and social regulations. Adherence is crucial to avoid penalties, sanctions, or the loss of licenses. Non-compliance could harm the Group’s reputation among employees,

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customers, suppliers, and stakeholders. Demonstrating commitment, the Group maintains a flawless track record of zero non-compliance incidents.

	FY 2021	FY 2022	FY 2023
Has the company and / or subsidiaries been fined or censured for any environmental non-compliance?	0	0	0
Has the company and / or subsidiaries been fined or censured for any socioeconomic non-compliance?	0	0	0
Incidents of non-compliance with regulations resulting in a fine or penalty;	0	0	0
Incidents of non-compliance with regulations resulting in a warning;	0	0	0
Total monetary value of significant fines;	0	0	0
Total number of non-monetary sanctions;	0	0	0
Cases brought through dispute resolution mechanisms.	0	0	0

## Responsible Product Handling

As a proud signatory to Responsible Care® in Malaysia, guided by the Chemical Industries Council of Malaysia, Samchem is dedicated to continuous improvement in health, safety, and environmental protection throughout our operations. Regular training equips our employees with the skills to respond responsibly to incidents. Our approach ensures compliance with environmental laws, prioritising the well-being of our people and communities. Adhering to Responsible Care principles, we operate our plants with a focus on environmental protection and collective responsibility. Our commitment includes enhancing the Group's safety culture and taking measures to prevent accidents and incidents.

## Sustainable Supply Chain

Samchem is dedicated to upholding internal environmental and social standards across its business value chain. Engaging with suppliers who prioritise fairness and transparency, our goal is for 100% commitment to environmental and social regulations by FY2025. This includes compliance with standards such as the Workers' Minimum Standards of Housing and Amenities Act, with a firm prohibition on employing child or forced labour.

## Data Privacy and Security

Samchem prioritises compliance with the Personal Data Protection Act 2010 ("PDPA"), safeguarding customers' right to data privacy. We handle significant amounts of customer data, some of which may be sensitive, during our business activities. Employing robust cybersecurity procedures, we ensure the secure handling of personal data. Our Code of Conduct includes a non-disclosure clause, extending this commitment to employees, directors, suppliers, and business partners who may encounter customer information.

As of FY2023, we are pleased to report zero breaches of customer data privacy in the year under review.

## Number of complaints concerning breaches of customer privacy and losses of customer data

Target	FY 2021	FY 2022	FY 2023
Zero Data Breach Incidents Per Annum	0	0	0

## Bursa Sustainability Indicators

Sustainability Matters	Indicators	Page Reference / Explanation
<b>Anti-corruption</b>	Percentage of employees who have received training on anti-corruption by employee category	The anti-corruption policy was briefed to employees for their understanding and adherence.
	Percentage of operations assessed for corruption-related risks	Anti-Corruption and Corporate Governance, Page 47
	Confirmed incidents of corruption and action taken	
<b>Community/Society</b>	Total amount invested in the community where the target beneficiaries are external to the listed issuer	Local Community Development, Page 47
	Total number of beneficiaries of the investment in communities	
<b>Diversity</b>	Percentage of employees by gender and age group, for each employee category	Diversity and Equal Opportunity, Page 43
	Percentage of directors by gender and age group	Board Composition, Page 23
<b>Energy management</b>	Total energy consumption	Energy Management, Electricity Consumption, Page 41
<b>Health and safety</b>	Number of work-related fatalities	Occupational Safety and Health, OSH Performance, Page 46
	Lost time incident rate	
	Number of employees trained on health and safety standards	Training and Professional Development, Total Training Hours by Employee Category (hours)
<b>Labour practices and standards</b>	Total hours of training by employee category	Talent Management, Training and Development, Page 46
	Percentage of employees that are contractors or temporary staff	Labour and Human Rights, Page 43
	Total number of employee turnover by employee category	Talent Management, Hiring and Attrition, Page 44
	Number of substantiated complaints concerning human rights violations	Labour and Human Rights, Page 43
<b>Supply chain management</b>	Proportion of spending on local suppliers	Supporting Local Procurement, Page 40
<b>Data privacy and security</b>	Number of substantiated complaints concerning breaches of customer privacy and losses of customer data	Data Privacy and Security, Page 48
<b>Water</b>	Total volume of water used	Water Consumption, Page 41
<b>Waste management</b>	Total waste generated, and a breakdown of the following: (i) Total waste diverted from disposal (Recycled Waste) (ii) Total waste directed to disposal	Waste Management, Page 42
<b>Emissions management</b>	Scope 1 emissions in tonnes of CO <sub>2</sub> e	Climate Change and Emissions, Page 40
	Scope 2 emissions in tonnes of CO <sub>2</sub> e	
	Scope 3 emissions in tonnes of CO <sub>2</sub> e	



## GRI Content Index

GRI Standard	Disclosure	Page Reference / Reasons for Omission
<b>GRI 2: General Disclosures 2021</b>	2-1 Organisational details	Corporate Information, Page 16
	2-2 Entities included in the organisation's sustainability reporting	Reporting Scope and Boundary, Page 26
	2-3 Reporting period, frequency and contact point	Report Availability and Feedback, Page 27
	2-4 Restatements of information	Water Consumption (FY2021–FY2022), Page 41
	2-5 External assurance	Data Quality and Assurance, Page 26
	2-6 Activities, value chain and other business relationships	Stakeholder Engagement, Page 31
	2-7 Employees	Diversity and Equal Opportunity, Page 43
	2-8 Workers who are not employees	
	2-9 Governance structure and composition	Sustainability Governance, Page 30
	2-10 Nomination and selection of the highest governance body	
	2-11 Chair of the highest governance body	
	2-12 Role of the highest governance body in overseeing the management of impacts	
	2-13 Delegation of responsibility for managing impacts	
	2-14 Role of the highest governance body in sustainability reporting	Director's Profile, Page 20
	2-15 Conflicts of interest	
	2-16 Communication of critical concerns	
	2-17 Collective knowledge of the highest governance body	Corporate Governance Overview Statement, Page 21
	2-18 Evaluation of the performance of the highest governance body	
	2-19 Remuneration policies	
	2-20 Process to determine remuneration	Message from the Executive Director, Page 27
	2-21 Annual total compensation ratio	
	2-22 Statement on sustainable development strategy	
	2-23 Policy commitments	Sustainability Governance, Page 30
	2-24 Embedding policy commitments	
	2-25 Processes to remediate negative impacts	Anti-Corruption and Corporate Governance, Page 47

GRI Standard			Disclosure	Page Reference / Reasons for Omission
GRI 2: General Disclosures 2021	2-26	Mechanisms for seeking advice and raising concerns		Anti-Corruption and Corporate Governance, Page 47
	2-27	Compliance with laws and regulations		Environmental and Social Regulatory Compliance, Page 47
	2-28	Membership associations		Membership In Associations, Page 27
	2-29	Approach to stakeholder engagement		Stakeholder Engagement, Page 31
	2-30	Collective bargaining agreements		Not applicable
GRI 3: Material Topics 2021	3-1	Process to determine material topics		Materiality Assessment, Pages 34–35
	3-2	List of material topics		
	3-3	Management of material topics		
Economic Performance				
GRI 3: Material Topics 2021	3-3	Management of material topics		Economic Topics, Page 39
GRI 201: Economic Performance 2016	201-1	Direct economic value generated and distributed		Economic Performance, Page 39
	201-2	Financial implications and other risks and opportunities due to climate change		Data unavailable
	201-3	Defined benefit plan obligations and other retirement plans		Talent Retention and Development, Page 44
	201-4	Financial assistance received from government		Not applicable
Procurement Practices				
GRI 3: Material Topics 2021	3-3	Management of material topics		Supporting Local Procurement, Page 40
GRI 204: Procurement Practices 2016	204-1	Proportion of spending on local suppliers		Supporting Local Procurement, Page 40
Anti-Corruption				
GRI 3: Material Topics 2021	3-3	Management of material topics		Anti-Corruption and Corporate Governance, Page 47
GRI 205: Anti- corruption 2016	205-1	Operations assessed for risks related to corruption		Anti-Corruption and Corporate Governance, Page 47
	205-2	Communication and training about anti-corruption policies and procedures		
	205-3	Confirmed incidents of corruption and actions taken		

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GRI Standard		Disclosure	Page Reference / Reasons for Omission
<b>Customer Privacy</b>			
<b>GRI 3: Material Topics 2021</b>	3-3	Management of material topics	Data Privacy and Security, Page 48
<b>GRI 418: Customer Privacy 2016</b>	418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	Data Privacy and Security, Page 48
	301-3	Reclaimed products and their packaging materials	
<b>Energy</b>			
<b>GRI 3: Material Topics 2021</b>	3-3	Management of material topics	Energy Management, Page 41
<b>GRI 302: Energy 2016</b>	302-1	Energy consumption within the organisation	Energy Management, Page 41
	302-2	Energy consumption outside of the organisation	
	302-3	Energy intensity	
	302-4	Reduction of energy consumption	
	302-5	Reductions in energy requirements of products and services	
<b>Water and Effluents</b>			
<b>GRI 3: Material Topics 2021</b>	3-3	Management of material topics	Water Consumption, Page 41
<b>GRI 303: Water and Effluents 2018</b>	303-1	Interactions with water as a shared resource	Water Consumption, Page 41
	303-2	Management of water discharge-related impacts	Data unavailable
	303-3	Water withdrawal	
	303-4	Water discharge	
	303-5	Water consumption	Water Consumption, Page 41
<b>Water and Effluents</b>			
<b>GRI 3: Material Topics 2021</b>	3-3	Management of material topics	Biodiversity, Page 42
<b>GRI 304: Biodiversity 2016</b>	304-1	Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	Not applicable. Our operations are not located in or adjacent to areas known for their high biodiversity value
	304-2	Significant impacts of activities, products and services on biodiversity	
	304-3	Habitats protected or restored	
	304-4	IUCN Red List species and national conservation list species with habitats in areas affected by operations	

GRI Standard		Disclosure	Page Reference / Reasons for Omission
<b>Emissions</b>			
<b>GRI 3: Material Topics 2021</b>	3-3	Management of material topics	Waste Management, Page 42
<b>GRI 306: Waste 2020</b>	306-1	Waste generation and significant waste-related impacts	Waste Management, Page 42
	306-2	Management of significant waste-related impacts	
	306-3	Waste generated	
	306-4	Waste diverted from disposal	
	306-5	Waste directed to disposal	
	308-2	Negative environmental impacts in the supply chain and actions taken	Data unavailable. Samchem has yet to introduce formal supplier due diligence
<b>Employment</b>			
<b>GRI 3: Material Topics 2021</b>	3-3	Management of material topics	Social Topics, Page 43
<b>GRI 401: Employment 2016</b>	401-1	New employee hires and employee turnover	Talent Retention and Development, Page 44
	401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	
	401-3	Parental leave	
<b>Labour / Management Relations</b>			
<b>GRI 3: Material Topics 2021</b>	3-3	Management of material topics	Labour and Human Rights, Page 43
<b>GRI 402: Labour/ Management Relations 2016</b>		Minimum notice periods regarding operational changes	Labour and Human Rights, Page 43
<b>Occupational Health and Safety</b>			
<b>GRI 3: Material Topics 2021</b>	3-3	Management of material topics	Occupational Safety and Health, Page 46
<b>GRI 403: Occupational Health and Safety 2018</b>	403-1	Occupational health and safety management system	Occupational Safety and Health, Page 46
	403-2	Hazard identification, risk assessment, and incident investigation	
	403-3	Occupational health services	Data unavailable
	403-4	Worker participation, consultation, and communication on occupational health and safety	Occupational Safety and Health, Page 46
	403-5	Worker training on occupational health and safety	Occupational Safety and Health, Page 47
	403-6	Promotion of worker health	Talent Retention and Development, Page 44

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GRI Standard		Disclosure	Page Reference / Reasons for Omission
Occupational Health and Safety (cont'd)			
GRI 403: Occupational Health and Safety 2018	403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	Occupational Safety and Health, Page 46
	403-8	Workers covered by an occupational health and safety management system	
	403-9	Work-related injuries	
Training and Education			
GRI 3: Material Topics 2021	3-3	Management of material topics	Training And Professional Development, Page 45
GRI 404: Training and Education 2016	404-1	Average hours of training per year per employee	Training And Professional Development, Page 46
	404-2	Programs for upgrading employee skills and transition assistance programs	Training And Professional Development, Page 45
	404-3	Percentage of employees receiving regular performance and career development reviews	
Diversity and Equal Opportunity			
GRI 3: Material Topics 2021	3-3	Management of material topics	Diversity And Equal Opportunity, Page 43
GRI 405: Diversity and Equal Opportunity 2016	405-1	Diversity of governance bodies and employees	Diversity And Equal Opportunity, Page 43
	405-2	Ratio of basic salary and remuneration of women to men	Not applicable
NON-DISCRIMINATION			
GRI 3: Material Topics 2021	3-3	Management of material topics	Labour and Human Rights, Page 43
GRI 406: Non-discrimination 2016	406-1	Incidents of discrimination and corrective actions taken	Labour and Human Rights, Page 43
Child Labour			
GRI 3: Material Topics 2021	3-3	Management of material topics	Labour and Human Rights, Page 43
GRI 408: Child Labour 2016	408-1	Operations and suppliers at significant risk for incidents of child labour	No operations or suppliers were found to have significant risk of child labour



GRI Standard		Disclosure	Page Reference / Reasons for Omission
<b>Forced or Compulsory Labour</b>			
<b>GRI 3: Material Topics 2021</b>	3-3	Management of material topics	Labour and Human Rights, Page 43
<b>GRI 409: Forced or Compulsory Labour 2016</b>	409-1	Operations and suppliers at significant risk for incidents of forced or compulsory labour	No operations or suppliers were found to have significant risk of forced or compulsory labour
<b>Local Communities</b>			
<b>GRI 3: Material Topics 2021</b>	3-3	Management of material topics	Local Community Development, Page 47
<b>GRI 413: Local Communities 2016</b>	413-1	Operations with local community engagement, impact assessments, and development programs	Stakeholder Engagement, Page 31
	413-2	Operations with significant actual and potential negative impacts on local communities	Not applicable
<b>Supplier Social Assessment</b>			
<b>GRI 3: Material Topics 2021</b>	3-3	Management of material topics	Sustainable Supply Chain, Page 48
<b>GRI 414: Supplier Social Assessment 2016</b>	414-1	New suppliers that were screened using social criteria	Sustainable Supply Chain, Page 48
	414-2	Negative social impacts in the supply chain and actions taken	Not applicable

## TCFD Statement

TCFD Disclosures	
<b>Governance</b>	
Describe the Board's oversight of climate-related risks and opportunities.	<p>Samchem's Board and Management team directly oversee all material topics, including those pertaining to climate issues, through the Group's sustainability governance structure.</p> <p>Within this framework, the Samchem Board of Directors is tasked with overseeing the Group's sustainability performance and shaping the sustainability agenda in alignment with the Group's sustainability-related initiatives and strategies. This committee serves as the ultimate decision-making authority concerning the Group's sustainability directions.</p> <p>Further information can be found in the <b>Sustainability Governance</b> section (page 30) and <b>Climate Change and Emissions</b> section (page 40).</p>

# 56 Sustainability Statement

## TCFD Disclosures

### Governance (cont'd)

Describe the management's role in assessing and managing climate-related risks and opportunities.

Led by the Executive Director, the Sustainability Committee plays a pivotal role within the sustainability governance structure by supporting the Board in implementing and overseeing sustainability initiatives at the operational level.

Their responsibilities include developing a sustainability roadmap aligned with business objectives and identifying sustainability risks and opportunities, including those related to climate change. The team is also tasked with ensuring robust mitigation strategies and systems are in place to address both emerging and existing climate-related risks identified by the Risk Management Committee.

Furthermore, the Sustainability Committee is responsible for providing timely updates to the Board on sustainability progress, including energy consumption and other climate intensity measurement-related data. They are also expected to advise the Board and seek endorsement on the sustainability agenda when necessary.

For more information, please refer to the **Sustainability Governance** section on page 30.

### Strategy

Describe the climate-related risks and opportunities the organisation has identified over the short-, medium-, and long-term.

The Board and Management of Samchem acknowledge the significant potential impact of climate-related risks on the Group's cash flows, reputation, and operational licenses. This includes the risk of losing access to financing from investors and lenders, as ESG and climate-risk considerations become increasingly integrated into investment and business decisions.

Describe the impact of climate-related risks and opportunities on the organisation's businesses, strategy, and financial planning.

In response, the Group is committed to systematically and strategically addressing all sustainability-related risks and opportunities to mitigate their potential impact on the Group's financial performance.

Describe the resilience of the organisation's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario.

Furthermore, the Board and Management of Samchem have undertaken substantial efforts to comply with Practices 4.1 to 4.4 of the Malaysian Code on Corporate Governance ("MCCG") 2021. This includes regular participation in ESG briefings and training sessions to stay informed about sustainability developments.

In FY2023, the relevant working groups and Management team participated in a workshop aimed at establishing ESG key performance indicators ("KPIs") and targets. This initiative aims to improve the tracking and management of the Group's sustainability performance and enhance organisational resilience.

For more information, please refer to the **ESG KPIs and Targets** section on pages 36.

## TCFD Disclosures

### Risk Management

Describe the organisation's processes for identifying and assessing climate-related risks.

Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the organisation's overall risk management.

Currently, Samchem does not have a dedicated process for identifying and evaluating climate-related risks and opportunities. With the increasing impact of climate change, we anticipate a rise in natural disasters which may potentially affecting goods availability and the overall supply chain distribution network.

To address the evolving challenges of climate change and market transitions, Samchem has initiated various environmental efforts. Detailed information on how these initiatives support the Group's resilience against climate change can be found in the **Environmental Topics** section, from pages 40 to 42.

As and when climate-related risks emerge, they will be presented to dedicated working groups and committee members for further management and integration into the Group's overall risk management strategy, in accordance with the guidelines outlined in the **Sustainability Governance** structure detailed on page 30.

### Metrics and Targets

Disclose the metrics used by the organisation to assess climate-related risks and opportunities in line with its strategy and risk management process.

Starting from FY2023, Samchem has implemented a system to track climate change and emissions data, quantifying CO<sub>2</sub>e emissions across its operations. Presently, CO<sub>2</sub>e emissions, measured in terms of tonnes of CO<sub>2</sub>e, encompass Scope 1, Scope 2, and Scope 3 emissions. This data is then compared with the Group's revenue in RM Million and operational scope to calculate the carbon intensity.

Please refer to the **Energy Management** (page 41) and **Climate Change and Emissions** (page 40) sections for more information.

Disclose Scope 1, Scope 2, and, if appropriate, Scope 3 greenhouse gas ("GHG") emissions, and the related risks.

In FY2023, Samchem's CO<sub>2</sub>e emissions totaled 9,447 tonnes, comprising 8,022 tonnes from Scope 1, 245 tonnes from Scope 2, and 1,179 tonnes from Scope 3.

More information is provided in the **Climate Change and Emissions** section on page 40.

## Introduction

This Statement on Risk Management and Internal Control is made in accordance with the Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers and paragraph 15.26(b) of the Bursa Malaysia Securities Berhad Main Market Listing Requirements, which requires Malaysian public listed companies to maintain a sound system of risk management and internal control to safeguard the shareholders' investments and the Group's assets.

## Board Responsibilities

The Board acknowledges its responsibilities and reaffirms its commitment to recognise the importance of having an effective and appropriate system of risk management and internal control to enhance good corporate governance. In this respect, the Board is responsible for identifying principal risks, ensuring the implementation of appropriate systems to manage these risks and reviewing the adequacy and integrity of the Group's systems of risk management and internal control.

The systems of risk management and internal control cover inter alia, governance, financial organisation, operational and compliance control. However, the Board recognises that this system is designed to manage and control risk appropriately rather than eliminate the risks of failure to achieve the Group's business objectives. Accordingly, this system can only provide reasonable, but not absolute assurance against material misstatement of management and financial information and records or against financial losses or fraud.

The Board also acknowledges the guidelines on the Statement on Risk Management and Internal Control (Guidelines for Directors of Listed Issuers) which further emphasises the need for maintaining a sound system of risk management and internal control.

The management also assists the Board in the implementation of the Board's policies and procedures on risk and control by identifying and assessing the risks faced by the Group, and in the design, operation and monitoring of suitable internal controls to mitigate and control these risks.

## Risk Management Framework

The Audit and Risk Management Committee ("ARMC") comprises of members who are all Independent Directors of the Group to oversee the Company's risk management framework and policies.

The ARMC is primarily tasked to review the Risk Registers annually and to identify, evaluate and manage the significant risks faced by the core business of the Group. In discharging its duties and responsibilities during the financial year, the ARMC reviewed, deliberated and discussed the key corporate risks at its quarterly Board meetings. During the later part of the 4<sup>th</sup> quarter of 2023, an internal assessment of the Group's risk profiles against the prevailing operating conditions was undertaken by the management team and the internal auditors. The assessment also involved the identification for any new enterprise risks that may be material to the Group. All identified risks were also reviewed for their impacts intensity. All risks were then ranked from low, medium or high based on their likelihood of occurrence and their financial impacts to strategise the risk management priorities and initiatives to be undertaken for FY2024. The findings and the recommendations were then deliberated with the ARMC first before the final proposal was discussed with the Board of Directors. This took place in the early part of the 1<sup>st</sup> quarter of FY2024.

A culture of risk-awareness is created to ensure greater understanding of risk management and that its principles are embedded in the Group's management and control systems. The Board also relies largely on the close involvement of the Executive Directors of the Group and the Senior Management Team in its daily operations. There are reviews of operational and financial performance at Management, ARMC and Board Meetings. Internal audit findings and opinions are also reviewed for the adequacy and effectiveness of the governance and risk control processes as well as the root causes to determine the right cause of corrective actions. The Board and Management ensure that appropriate measures are taken to address any significant risks. Other matters including proper disclosures in the financial reports were also addressed.

The ARMC conducts annual review of the independence of the external auditors as well as internal auditors including their resource adequacies and competencies prior to recommendation for the appointment/re-appointment.

## Internal Audit Function

The Group's Internal Audit function is outsourced to an external professional service provider (Internal Auditor) to assist the Board and ARMC in providing independent assessment on the adequacy, efficiency and effectiveness of the Group's internal control system and the scope of the outsourced internal audit function and internal audit plan is deliberated and determined annually by the ARMC with feedback from Management and the External Auditor prior to the commencement of the internal audit work .

Under the internal audit plan the outsourced Internal Auditor will have to provide the ARMC with the human resources that has been planned to be deployed for the audit implementation. There must be at least one person who is a qualified competent auditor from a recognised and acceptable Institution to supervise the audit plan. The annual audit plan shall be a risk based plan after due assessment of the Company's risks and due evaluation of the Company's risk profile. The internal audit function shall be carried out with reference to the principles of the International Professional Practice Framework of the Institute of Internal Auditors. The Internal Auditor works closely with the Management and the ARMC in evaluating and assessing the risk register.

## Other Key Internal Control Processes

The Board has considered the system of internal controls in operation during the financial year and some of the key elements include the following:

- Annual budget is prepared for the Group;
- The Executive Directors and departmental heads meet quarterly to review the financial performance of the Group to ensure that they are in line with the corporate objectives, strategies and annual budget;
- Board Committees, namely the Audit and Risk Management Committee, Nomination Committee and Remuneration Committee have been established with defined terms of reference. The terms of reference are regularly updated where applicable to be in line with the latest Corporate Governance Guide issued by Bursa Malaysia;
- Management organisation structure with reporting lines of accountability and authority have been defined and documented;
- There are proper procedures in place within the Group for hiring and termination of staff, training of staff, annual performance appraisals and other relevant procedures to ensure that staff are motivated, competent and adequately trained in carrying out their responsibilities;
- Continuous compliance and maintenance of the requirements of the ISO 9001:2015 and ISO 14001:2015 systems in major subsidiaries in Malaysia. This include continuous implementation, improvement and compliance to our business processes, quality control procedures, health, environmental and safety guidelines. Audits on the management systems are carried out by the Management and by a certification body. These audits are conducted periodically to provide assurance of compliance with the ISO 9001:2015 Quality Management System and ISO 14001:2015 Environmental Management System. In addition, the Group also implement Health Safety Environment ("HSE") initiatives in accordance to the Department of Safety and Health ("DOSH") guidelines;
- The ARMC reviews the quarterly financial results, annual report, audited financial statements and internal control issues identified by the External Auditors, Internal Auditors and the management. The ARMC also review the effectiveness of the internal control processes and monitors the implementation of the recommendations proposed by the External Auditors and Internal Auditors;
- The outsourced internal audit function reviews the adequacy and integrity of the system of internal control according to the approved internal audit plan and reports its findings to the ARMC. During the financial year, some areas of improvement to the internal controls were identified and addressed accordingly. Improvements are recommended after identifying and reviewing the root cause. All recommended improvement plans and corrective actions will be followed up by monitoring the progress. Nevertheless, the identified weaknesses in the internal control have not resulted in any material impacts that require further disclosure in this Statement;



- ARMC and the Board also monitored the business continuity plan for the Group on an enterprise level for improvement opportunities which will consider the latest corporate governance, sustainability, environmental and social guidelines as well as the latest regulatory requirements. This is to prepare the Group with a more robust plan to meet future challenges and any eventualities; and

The ARMC will conduct and discuss with the External and Internal Auditors in separate meetings to discuss any concerns and issues that require attention. There were no private meeting during the financial year as no matters required to be brought up to the attention of ARMC.

### ***Assurance Provided by the Chief Executive Officer and Group Financial Controller***

In line with the Guidelines, the Chief Executive Officer and Group Financial Controller have provided verbal assurance to the Board stating that the Group's risk management and internal control systems have been operating adequately and effectively, in all material aspects, to meet the Group's objective during the financial year under review.

The Board is of the view that the risk management and internal control systems are satisfactory and have not resulted in any material losses, contingencies or uncertainties that would require disclosure in the Group's Annual Report.

### ***Conclusion***

The Board is of the view that the systems of internal controls and risk management, are in place for the year under review and up to the date of approval of this statement and is sound and sufficient to safeguard the shareholders' investment, the interests of customers, regulators and employees, and the Group's assets.

The Board also recognises that the systems of internal controls and risk management must continuously improve in line with the growth of the Group and evolving business environment. Therefore, the Board is committed to put in place adequate plans, where necessary, to continuously improve the Group's system of internal control and risk management.

### ***Review of Statement on Internal Control by External Auditors***

Pursuant to Paragraph 15.23 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, the External Auditors have reviewed this Statement on Risk Management and Internal Control under a limited assurance engagement. Their limited assurance engagement was performed in accordance with Audit and Assurance Practice Guide ("AAPG") 3 Guidance for Auditors on Engagement to Report on Statement on Risk Management and Internal Control issued by the Malaysian Institute of Accountants.

Based on their limited assurance engagement, the External Auditors have reported to the Board that nothing has come to their attention that caused them to believe that this statement is not prepared in all material aspects, in accordance with disclosure required by paragraphs 41 and 42 of the Statement of Risk Management and Internal Control: Guidance for Directors of listed issuers, nor is the statement factually inaccurate were also addressed.

This Statement is made in accordance with the approval and resolution of the Board of Directors.

# Audit and Risk Management Committee Report

The Audit and Risk Management Committee ("ARMC") of Samchem Holdings Berhad is pleased to present the ARMC Report for the financial year ended 31 December 2023.

## Composition of the ARMC and Attendance

The ARMC met five (5) times during the financial year ended 31 December 2023. The members of the ARMC, their attendance at the ARMC Meetings held during the financial year ended 31 December 2023 are as follows:

Members of the ARMC	Total Meetings Attended
Hor Wai Kong – Chairman Independent Non-Executive Director	5/5
Lok Kai Chun – Member Independent Non-Executive Director	5/5
Dato' Razali Basri – Member Independent Non-Executive Director	5/5

## Terms of Reference of ARMC

### (A) Terms of Membership

The ARMC shall be appointed by the Board of Directors amongst its members and consist of at least three (3) members, of whom all must be Non-Executive Directors with a majority of them being Independent Directors. The Chairman, who shall be elected by the ARMC, must be an Independent Director. Currently all the members are comprised of Independent Directors.

The Committee shall include one (1) member who is a member of the Malaysian Institute of Accountants ("MIA"); or if he is not a member of the MIA, he must have at least three (3) years' working experience and he must have passed the examinations specified in Part I of the First Schedule of the Accountants Act 1967; or he must be a member of one of the associations of accountants specified in Part II of the First Schedule of the Accountants Act 1967; or he must hold a degree/master/doctorate in accounting or finance and have at least 3 years' post qualification experience in accounting or finance; or he must have at least 7 years' experience being a chief financial officer of a corporation or having the function of being primarily responsible for the management of

the financial affairs of a corporation or fulfils such other requirements as prescribed or approved by Bursa Malaysia Securities Berhad.

In the event of any vacancy in the ARMC resulting in the non-compliance with the Listing Requirements of Bursa Securities, the Board shall appoint a new member within three (3) months.

The Board of Directors shall review the term of office and the performance of an ARMC and each of its members at least once in every three (3) years.

No alternate Director shall be appointed as a member of the ARMC.

### (B) Meetings and Quorum of the ARMC

In order to form a quorum in respect of a meeting of the ARMC, the majority of the members present must be independent directors. The Company Secretary shall act as secretary of the ARMC and shall be responsible, in conjunction with the Chairman, for drawing up the agenda and circulating it prior to each meeting.

The ARMC may require the attendance of any management staff from the Finance/Accounts Department or other departments deemed necessary together with a representative or representatives from the external auditors and/or internal auditors.

In any event, should the external auditors or internal auditors request, the Chairman of the ARMC shall convene a meeting of the committee to consider any matter the external auditors or internal auditors believe should be brought to the attention of the Director or shareholders.

### (C) Functions of the ARMC

The duties and responsibilities of the ARMC include the following:

1. To consider the appointment of the external auditor, the audit fee and any questions of resignation or dismissal;
2. To discuss with the external auditor before the audit commences, the nature and scope of the audit, and ensure co-ordination where more than one audit firm is involved;

# 62 Audit and Risk Management Committee Report

3. To discuss with the external auditor on the evaluation of the system of internal controls and the assistance given by the employees to the external auditors;
4. To review and report to the Board if there is reason (supported by grounds) to believe that the external auditor is not suitable for reappointment;
5. To review the quarterly and year-end financial statements of the Company and Group prior to the approval of the Board, focusing particularly on:
  - a. Changes in or implementation of major accounting policies and practices;
  - b. Significant adjustments arising from the audit;
  - c. The going concern assumption;
  - d. Compliance with accounting standards and other legal requirements; and
  - e. Key audit matters and related party transactions.
6. To discuss problems and reservations arising from the interim and final audit, and any matter the auditors may wish to discuss (in the absence of management where necessary);
7. To review the external auditor's management letter and management's response;
8. To do the following in relation to the internal audit function:
  - a. reviews the adequacy of the scope, functions, competency and resources of the internal audit function, and that it has the necessary authority to carry out its work;
  - b. reviews the internal audit programmes and the results of the internal audit processes or investigation undertaken and where necessary ensure that appropriate action is taken on the recommendations of the internal audit function;
  - c. conducts appraisal or assessment of the performance of the internal auditors;
  - d. approves any appointment or termination of the internal auditors; and
  - e. takes cognisance of resignation of internal auditors and provide the resigning parties an opportunity to submit his reasons for resigning.
9. To review any related party transactions and conflict of interest situation that may arise within the Company or the Group;
10. To review and assess the Group's risk register on a periodic basis;
11. To consider the major findings of internal investigations and the management's response; and
12. To consider any other functions or duties as may be agreed by the Committees and the Board.

## (D) Rights of the ARMC

The ARMC wherever necessary and reasonable for the performance of its duties shall be empowered as follows:

1. have authority to investigate any matter within its terms of reference;
2. have the resources which are required to perform its duties;
3. have full and unrestricted access to any information pertaining to the Company and Group;
4. have direct communication channels with the external auditors and person(s) carrying out the internal audit function or activity;
5. be able to obtain independent professional or other advice when needed;
6. be able to convene meetings with the external auditors, the internal auditors or both, excluding the attendance of other directors and employees of the Group, whenever deemed necessary; and
7. where ARMC is of the view that there is a matter that has not been satisfactorily resolved that will result in a breach of the Main Market Listing Requirements of Bursa Malaysia, the ARMC shall promptly report such matter to the Bursa Securities.

## (E) Procedure of ARMC

The ARMC regulates its own procedures by:

1. the calling of meetings;
2. the notice to be given of such meetings;
3. the voting and proceedings of such meetings;
4. the keeping of minutes; and
5. the custody, protection and inspection of such minutes.

## (F) Summary of Activities of the ARMC

During the financial year up to the date of this Report, the ARMC carried out the following activities in discharging their duties and responsibilities:

### I Financial Results

Review quarterly results and audited annual financial statements of the Group and Company before recommending to the Board for release to Bursa Malaysia Securities Berhad ("Bursa Malaysia"). The review focus primarily on:

- a. major judgmental areas, key audit matters as well as significant and unusual events;
- b. significant adjustments resulting from audit;
- c. the going concern assumptions;
- d. compliance with applicable approved accounting standards in Malaysia;
- e. compliance with Listing Requirements of Bursa Malaysia and other regulatory requirements; and
- f. related party transactions.

### II External Audit

Reviewed with the external auditor, their audit plan for the financial year ended 31 December 2023 to ensure that their scope of work adequately covers the activities of the Group;

Reviewed the results and issues arising from their audit of the annual financial statements and their resolution of such issues as highlighted in their report to the Committee. The external auditors

highlighted some new MFRS developments in particular MFRS 101, 108 and 112. However, these are not expected to pose any material impact on the Group. Key and significant audit matters such as impairments to inventories and trade receivables were also discussed, however, there were no material findings to be disclosed herein.

The external auditors also highlighted that the Sustainability Statements as required under Practice Note 9 of the Main Market Listing Rules will need to include a disclosure as to whether it has been subjected to an internal review by internal auditors or an independent third party assurance assessment. Management is currently working in progress towards this endeavour.

As for recommendations in terms of improvement matters, suggestions had been made for control improvements in terms of documentation for the application of significant accounting estimates where management will be working with the external auditor for this improvement.

Reviewed their performance, competencies and resource adequacies and independence before recommending to the Board for their reappointment and remuneration. Also reviewed the fees to be paid for their scope of work.

### III Internal Audit

Reviewed with the internal auditor, their audit plan for the financial year ended 31 December 2023 ensuring that the principal risk areas prioritise the higher significant risks identified under their risk-based assessment plan;

Reviewed the internal audit reports and the main findings that were discussed are as follows:

- a) Vietnamese operations – Findings were basically in the areas of corporate governance and regulatory compliance matters. Suggestions were given to further improve the discretionary approval limits to instil better internal controls. The business continuity plan was also discussed with some improvement recommendations being provided. It was also recommended that the communication protocols for reporting purposes to meet regulatory

and statutory purposes be reviewed and updated to ensure it meets current requirements. The adequacy procedures for the implementation of the Group's Anti Corruption and Bribery policy were also reviewed where suggestions were also offered to further improve the implementation.

- b) Indonesian Operations – Key audit matters raised were in the Human Resource as well as warehouse and inventory management. There were lapses in monitoring the overtime working hour limits as governed by the current legislations. Errors were also found in computation of the payroll due to lapses in updating of data. These are now being monitored by dedicated personnel to prevent such lapses. Suggestions for improvements were also brought up to improve the verification processes for the recording of the weights for the incoming and outgoing of packed products. Recommendations were also made to strengthen the internal controls for recording and monitoring of the stock inventory movements.
- c) Malaysian Operations – Audit areas were into the Management Information System and the warehouse and inventory management activities. There were gaps found in the data recovery and data restoration activities where improvement suggestions were given to further improve the internal controls and strengthen the audit trail. Improvement suggestions were also made with regards to the process of weighing and recording of the products to further strengthen the internal controls.

All the above were noted by the ARMC and had duly informed the Board of Directors and the management team to take appropriate measures to address the findings. It was noted that there were no material findings from the internal audit which suggest significant risk impacts of concern to be reported herein.

Reviewed the competencies as well as the resources of the internal auditors in conducting and executing their audit plan. Ensure that the engagement director for the audit is a certified Internal Auditor from an accredited institution. The fees for the internal audit scope of work has also been reviewed.

## IV Other Activities

### a) Recurrent Related party transactions

– No matters of material concern were raised and at the point of the date of this report, the transactions were in compliance with the mandate obtained from the shareholders. These transactions are being recorded and documented accordingly for monitoring purposes. Reviewed the related party transactions for the financial year as well as the "Circular to Shareholders" in connection with the recurrent related party transactions of a revenue nature to ensure that such transactions were in the ordinary course of business and on terms not more favourable to the related parties prior to recommending for Board's approval. There were no material findings to be disclosed for the related party transactions review. As a standard practice, all the directors have declared their interests prior to approving the issuance of the shareholders circular for RRPT approval.

### b) Corporate Governance matters – ARMC had undertaken the reviews as stated below.

- The Group's conflict of interest policy has been reviewed and no amendments were recommended.
- The separation of duties of the Group Chairman from board committees and executive functions has been implemented as a new CEO has been appointed in April 2023.
- The gender diversity at the management level has improved. Currently at the Board level, the Group has met the minimum requirements.



Reviewed and updated the Group's risks-based assessment model based on continuous monitoring and follow ups. Also reviewed the progress of the framework in preparation of the Sustainability Statement where progresses are being made to improve the reporting framework to ensure it complies with the regulatory requirements and reporting standards.

Reviewed the corporate liability provisions as required under the MACC Act 2009 and assessed whether the implemented procedures in place are adequate to comply with the provisions accordingly. There were no issues being brought up for the financial year.

There were no private meeting during the financial year as no matters required to be brought up to the attention of ARMC.

Reviewed and recommended to the Board the following for approval and inclusion to the Group's annual report:

- ARMC Report
- Statement of Risk Management and Internal Control
- Corporate Governance Overview Statement: and
- Corporate Governance Report

The ARMC Report was made in accordance with the approval of the Board of Directors on 15 April 2024.

# 66 Additional Compliance Information

## 1. Utilisation of Proceeds

During the financial year, there were no proceeds raised from corporate proposals.

## 2. Share Buy-back

The Company did not carry out any share buy-back for the financial year under review.

## 3. Options, Warrants or Convertible Securities

There were no options, warrants or convertible securities issued during the financial year.

## 4. American Depositary Receipt ("ADR") or Global Depositary Receipt ("GDR")

The Company did not sponsor any ADR or GDR programme during the financial year.

## 5. Imposition of sanctions/penalties

There were no sanctions or penalties imposed by the relevant regulatory bodies on the Company or its subsidiaries, directors or management during the financial year.

## 6. Audit and Non-Audit Fees

The amount of audit fees and non-audit fees paid or payable to the Company's external auditors for the financial year ended 31 December 2023 are as follows:

	Group RM'000	Company RM'000
Audit Fees	334	97
Non-audit Fees	9	9
Total	343	106

## 7. Profit Forecast or Projections

The Company did not announce any profit forecast or projections during the financial year.

## 8. Profit Guarantee

During the financial year, there were no profit guarantees given by the Group.

## 9. Recurrent Related Party Transactions of Revenue or Trading Nature

The recurrent related party transactions for the financial year ended 31 December 2023 was as follows:

Company in the Samchem Group involved	Transacting parties	Nature of transaction	Transaction value (RM)
Sam Chem Sphere Joint Stock Company (JSC)	Vigor Sphere Pte Ltd (VS)	Sales from VS to JSC	1,445,215
Sam Chem Sphere Joint Stock Company (JSC)	Vigor Sphere Pte Ltd (VS)	Sales from JSC to VS	78,076

## 10. Revaluation Policy

The Company does not have a revaluation policy on landed properties.

## 11. Material Contract

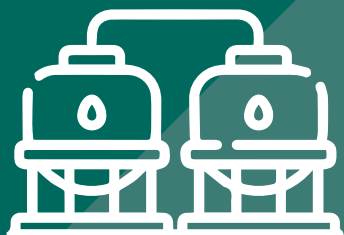
There were no material contracts entered by the Company and its subsidiaries involving Directors' interests during the financial year.

## 12. Corporate Social Responsibility

As the Group expands its business, the Board believes that the responsibility towards the society increases and the operating conditions shall be harmonised to ensure that the people within and outside the Group benefit from the existence of our organisation.

## Safety and Health

The Group is committed to provide a safe and healthy working environment for the employees under the stringent requirements of Health, Safety and Environment ("HSE"). We constantly monitor and keep ourselves updated with the latest HSE requirements and regulations through various training programmes carried out by our suppliers, customers and external organisers. Our Group also undergoes regular audits of its warehousing and logistics functions which are carried out by representatives from our MNC suppliers and has complied with the stringent requirements of all such audits to-date.



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# 68 Directors' Report

The directors hereby submit their report together with the audited financial statements of the Group and of the Company for the financial year ended 31 December 2023.

## Principal Activities

The principal activities of the Company are investment holding and the provision of management services. The principal activities of its subsidiaries are distribution of Polyurethane (PU), intermediate, specialty and other industrial chemicals, blending of customised solvents, provision of logistics services, tank terminal storage and bulk breaking facilities.

There have been no significant changes in the nature of these principal activities during the financial year.

## Results

	Group RM'000	Company RM'000
Profit for the financial year	35,331	8,663
Attributable to:		
Owners of the Company	30,729	8,663
Non-controlling interests	4,602	–
	35,331	8,663

## Dividends

The amount of dividends declared or paid by the Company since the end of the previous financial year were as follows:

- (i) a third interim single-tier exempt dividend of 0.6 sen per ordinary share on 544,000,000 ordinary shares amounting to RM3,264,000 in respect of the financial year ended 31 December 2022, which was paid on 10 January 2023;
- (ii) a fourth interim single-tier exempt dividend of 0.6 sen per ordinary share on 544,000,000 ordinary shares amounting to RM3,264,000 in respect of the financial year ended 31 December 2022, which was paid on 5 May 2023;
- (iii) a first interim single-tier exempt dividend of 0.5 sen per ordinary share on 544,000,000 ordinary shares amounting to RM2,720,000 in respect of the financial year ended 31 December 2023 which was paid on 25 July 2023;

- (iv) a second interim single-tier exempt dividend of 0.5 sen per ordinary share on 544,000,000 ordinary shares amounting to RM2,720,000 in respect of the financial year ended 31 December 2023, which was paid on 16 October 2023; and

- (v) a third interim single-tier exempt dividend of 0.6 sen per ordinary share on 544,000,000 ordinary shares amounting to RM3,264,000 in respect of the financial year ended 31 December 2023, which was paid on 15 January 2024. This third interim dividend will be accounted for in equity as an appropriation of retained earnings in the financial year ending 31 December 2024.

On 13 March 2024, the directors declared a fourth interim single-tier exempt dividend of 0.8 sen per ordinary share on 544,000,000 ordinary shares amounting to RM4,352,000 in respect of the financial year ended 31 December 2023. This fourth interim dividend will be accounted for in equity as an appropriation of retained earnings in the financial year ending 31 December 2024.

The directors do not recommend the payment of any final dividend in respect of the financial year ended 31 December 2023.

## Reserves or Provisions

There were no material transfers to or from reserves or provisions during the financial year other than those disclosed in the financial statements.

## Bad and Doubtful Debts

Before the financial statements of the Group and of the Company were prepared, the directors took reasonable steps to ascertain that 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 there were no known bad debts and that adequate allowance had been made for doubtful debts.

At the date of this report, the directors are not aware of any circumstances which would render it necessary to write off any bad debts or render the amount of allowance for doubtful debts in the financial statements of the Group and of the Company inadequate to any substantial extent.

### Current Assets

Before the financial statements of the Group and of the Company were prepared, the directors took reasonable steps to ensure that any current assets which were unlikely to be realised in the ordinary course of business including their values as shown in the accounting records of the Group and of the Company had been written down to an amount which they might be expected so to realise.

At the date of this report, the directors are not aware of any circumstances which would render the values attributed to the current assets in the financial statements of the Group and of the Company misleading.

### Valuation Methods

At the date of this report, the directors are not aware of any circumstances which have arisen which render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate.

### Contingent and Other Liabilities

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

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

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

### Change of Circumstances

At the date of this report, the directors are not aware of any circumstances not otherwise dealt with in this report or the financial statements of the Group and of the Company which would render any amount stated in the financial statements misleading.

### Items of Material and Unusual Nature

In the opinion of the directors,

- (i) the results of the operations of the Group and of the Company for the financial year were not substantially affected by any item, transaction or event of a material and unusual nature; and
- (ii) no item, transaction or event of a material and unusual nature has arisen in the interval between the end of the financial year and the date of this report which is likely to affect substantially the results of the operations of the Group and of the Company for the financial year in which this report is made.

### Auditors' Remuneration

The remuneration paid or payable to the auditors of the Group and of the Company during the financial year were RM520,564 and RM97,000 respectively.

The Company has agreed to indemnify the auditors of the Company as permitted under Section 289 of the Companies Act 2016 in Malaysia.

### Issue of Shares and Debentures

During the financial year, no new shares or debentures were issued by the Company.



## Directors

The directors in office during the financial year and during the period from the end of the financial year to the date of this report are:

Ng Thin Poh\*  
 Ng Ai Rene\*  
 Cheong Chee Yun  
 Lok Kai Chun  
 Dato' Razali Bin Basri  
 Hor Wai Kong  
 Chooi Chok Khooi\* (Resigned on 3 April 2023)  
 \* Directors of the Company and certain subsidiaries

Other than as stated above, the names of the directors of the subsidiaries of the Company in office during the financial year and during the period from the end of the financial year to the date of this report are:

Dennis Ho Chin Chye  
 Eugene Chong Wee Yip  
 Francis Huang Low Soo Yee  
 Heng Kok Hui  
 Koh Boon Siong  
 Maisarah Tang Binti Abdullah  
 Ng Bing Hong  
 Rindang Ayu  
 Tan Say Leng  
 Wee Chai Peng  
 Chooi Chok Khooi (Resigned on 31 March 2023)

## Directors' Interests

According to the Register of Directors' Shareholdings required to be kept by the Company under Section 59 of the Companies Act 2016 in Malaysia, the interests of directors in office at the end of the financial year in shares in the Company during the financial year were as follows:

### Interest in the Company

	Number of ordinary shares			
	At 1.1.2023 Unit '000	Trans- ferred in/ Bought Unit '000	Trans- ferred out/ Sold Unit '000	At 31.12.2023 Unit '000
<b>Direct Interests</b>				
Lok Kai Chun	30	–	–	30
Ng Ai Rene	2,357	200	–	2,557
<b>Indirect Interests*</b>				
Ng Thin Poh	249,028	–	–	249,028

\* Shares held in Continental Hallmark Sdn. Bhd.

By virtue of his interests in the ordinary shares of the Company and pursuant to Section 8 of the Companies Act 2016 in Malaysia, Ng Thin Poh is deemed to have an interest in the ordinary shares of the subsidiaries to the extent that the Company has an interest.

Other than as stated above, none of the other directors in office at the end of the financial year had any interest in ordinary shares or debentures of the Company and its related corporations during the financial year.

## Directors' Benefits

Since the end of the previous financial year, no director of the Company has received or become entitled to receive any benefit (other than benefits included in the aggregate amount of emoluments received or due and receivable, by the directors as shown below) by reason of a contract made by the Company or a related corporation with the director or with a firm of which the director is a member, or with a company in which the director has a substantial financial interest.

The details of remuneration received by directors of the Group and of the Company during the financial year are as follows:

	Group RM'000	Company RM'000
<b>Directors of the Company</b>		
Director's fees	196	196
Salaries, bonus and other emoluments	2,041	41
	2,237	237

Neither during, nor at the end of the financial year, was the Company a party to any arrangements where the object is to enable the directors to acquire benefits by means of the acquisition of shares in, or debentures of the Company or any other body corporate.

## Indemnity to Directors and Officers

During the financial year, the total amount of indemnity insurance coverage and insurance premium paid for the directors and officers of the Company and its subsidiaries were RM5,000,000 and RM7,960 respectively.

## Subsidiaries

The details of the Company's subsidiaries are disclosed in Note 10 to the financial statements, which also serve for the purpose of this report.

The available auditors' reports on the accounts of the subsidiaries did not contain any qualification.

## Significant event subsequent to the end of the financial year

On 11 December 2023, SC Udes Sdn. Bhd., a subsidiary of the Company, had entered into an agreement to acquire 100% of the issued share capital in CKJ Logistics Sdn. Bhd. ("CKJL"), for a consideration of RM8,530,000. The purchase was completed on 1 February 2024. Consequently, CKJL became an indirect subsidiary of the Company.

On 12 March 2024, the directors of Sampro Distribution Sdn. Bhd., a subsidiary of the Company, approved to request the Companies Commission of Malaysia to exercise its power to strike the Company's name off the Register.

## Auditors

The auditors, Messrs Baker Tilly Monteiro Heng PLT, have expressed their willingness to continue in office.

This report was approved and signed on behalf of the Board of Directors in accordance with a resolution of the directors.

**NG THIN POH**

Director

**NG AI RENE**

Director

Date: 15 April 2024

# Statements of Comprehensive Income

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

	Note	2023 RM'000	Group 2022 RM'000	Company 2023 RM'000	2022 RM'000
Revenue	3	<b>1,162,429</b>	1,321,813	<b>12,915</b>	19,905
Cost of sales		<b>(1,038,508)</b>	(1,170,753)	–	–
<b>Gross profit</b>		<b>123,921</b>	151,060	<b>12,915</b>	19,905
Other income		<b>15,024</b>	7,658	–	3
Selling and distribution expenses		<b>(18,824)</b>	(24,314)	–	–
Administrative expenses		<b>(64,365)</b>	(59,329)	<b>(892)</b>	(861)
Net reversal of impairment/(impairment losses) on receivables		<b>113</b>	(397)	–	–
Other expenses		<b>(1,387)</b>	(7,018)	<b>(3,360)</b>	–
<b>Operating profit</b>		<b>54,482</b>	67,660	<b>8,663</b>	19,047
Finance income		<b>956</b>	711	–	–
Finance costs		<b>(7,407)</b>	(7,395)	–	–
<b>Profit before tax</b>	4	<b>48,031</b>	60,976	<b>8,663</b>	19,047
Income tax expense	6	<b>(12,700)</b>	(15,563)	–	–
<b>Profit for the financial year</b>		<b>35,331</b>	45,413	<b>8,663</b>	19,047
<b>Other comprehensive income/(loss), net of tax</b>					
Items that may be reclassified subsequently to profit or loss					
Foreign currency translation		<b>5,580</b>	(878)	–	–
		<b>5,580</b>	(878)	–	–
<b>Total comprehensive income for the financial year</b>		<b>40,911</b>	44,535	<b>8,663</b>	19,047
<b>Profit attributable to:</b>					
Owners of the Company		<b>30,729</b>	42,162	<b>8,663</b>	19,047
Non-controlling interests		<b>4,602</b>	3,251	–	–
		<b>35,331</b>	45,413	<b>8,663</b>	19,047
<b>Total comprehensive income attributable to:</b>					
Owners of the Company		<b>35,082</b>	41,487	<b>8,663</b>	19,047
Non-controlling interests		<b>5,829</b>	3,048	–	–
		<b>40,911</b>	44,535	<b>8,663</b>	19,047
<b>Earnings per share attributable to ordinary shareholders of the Company (sen):</b>					
Basic	7	<b>5.65</b>	7.75		
Diluted	7	<b>5.65</b>	7.75		

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

# Statements of Financial Position

AS AT 31 DECEMBER 2023

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		Group		Company	
	Note	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
<b>ASSETS</b>					
<b>Non-current assets</b>					
Property, plant and equipment	8	<b>71,873</b>	64,336	–	–
Right-of-use assets	9	<b>32,071</b>	35,537	–	–
Investment in subsidiaries	10	–	–	<b>142,255</b>	142,155
Deferred tax assets	11	<b>577</b>	792	–	–
<b>Total non-current assets</b>		<b>104,521</b>	100,665	<b>142,255</b>	142,155
<b>Current assets</b>					
Inventories	12	<b>115,077</b>	137,409	–	–
Trade receivables	13	<b>207,447</b>	186,905	–	–
Other receivables, deposits and prepayments	14	<b>28,413</b>	17,925	<b>2</b>	2
Current tax assets		<b>8,249</b>	3,925	<b>58</b>	58
Dividend receivable		–	–	–	1,200
Deposits with licensed banks	15	<b>10,841</b>	399	–	–
Cash and bank balances		<b>65,728</b>	78,546	<b>1,464</b>	3,647
		<b>435,755</b>	425,109	<b>1,524</b>	4,907
Non-current asset held for sale	16	<b>1,176</b>	702	–	–
<b>Total current assets</b>		<b>436,931</b>	425,811	<b>1,524</b>	4,907
<b>TOTAL ASSETS</b>		<b>541,452</b>	526,476	<b>143,779</b>	147,062

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

	Note	Group 2023 RM'000	Group 2022 RM'000	Company 2023 RM'000	Company 2022 RM'000
<b>EQUITY AND LIABILITIES</b>					
<b>Equity attributable to owners of the Company</b>					
Share capital	17	<b>136,954</b>	136,954	<b>136,954</b>	136,954
Reserves	18	<b>150,237</b>	128,859	<b>6,730</b>	10,035
		<b>287,191</b>	265,813	<b>143,684</b>	146,989
Non-controlling interests		<b>30,780</b>	24,307	–	–
<b>TOTAL EQUITY</b>		<b>317,971</b>	290,120	<b>143,684</b>	146,989
<b>Non-current liabilities</b>					
Borrowings	19	<b>32,358</b>	17,589	–	–
Lease liabilities	20	<b>1,839</b>	2,720	–	–
Deferred tax liabilities	11	<b>1,543</b>	803	–	–
Retirement benefit obligations	21	<b>1,395</b>	1,028	–	–
<b>Total non-current liabilities</b>		<b>37,135</b>	22,140	–	–
<b>Current liabilities</b>					
Trade payables	22	<b>49,474</b>	70,906	–	–
Other payables, deposits and accruals	23	<b>8,352</b>	9,663	<b>95</b>	73
Borrowings	19	<b>122,508</b>	119,657	–	–
Lease liabilities	20	<b>2,084</b>	2,709	–	–
Current tax liabilities		<b>3,928</b>	2,769	–	–
Dividend payable to non-controlling shareholders		–	8,512	–	–
<b>Total current liabilities</b>		<b>186,346</b>	214,216	<b>95</b>	73
<b>TOTAL LIABILITIES</b>		<b>223,481</b>	236,356	<b>95</b>	73
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>541,452</b>	526,476	<b>143,779</b>	147,062

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



# Statements of Changes in Equity

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

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Attributable to Owners of the Company										
	Note	Share Capital RM'000	Retained Earnings RM'000	Capital Reserve RM'000	Reverse Acquisition Reserve RM'000	Currency Translation Reserve RM'000	Total Other Reserves RM'000	Total Equity Attributable to Owners of the Company RM'000	Non-Controlling Interests RM'000	Total Equity RM'000
Group										
At 1 January 2023		136,954	155,571	13,355	(40,726)	659	(26,712)	265,813	24,307	290,120
Profit for the financial year		-	30,729	-	-	-	-	30,729	4,602	35,331
Foreign currency translation		-	-	-	-	4,353	4,353	4,353	1,227	5,580
Total comprehensive income for the financial year		-	30,729	-	-	4,353	4,353	35,082	5,829	40,911
Transactions with owners										
Changes in ownership interests in subsidiaries		-	(1,736)	-	-	-	-	(1,736)	2,136	400
Dividend paid to non-controlling shareholders of the subsidiaries		-	-	-	-	-	-	-	(1,492)	(1,492)
Dividends	24	-	(11,968)	-	-	-	-	(11,968)	-	(11,968)
		-	(13,704)	-	-	-	-	(13,704)	644	(13,060)
At 31 December 2023		136,954	172,596	13,355	(40,726)	5,012	(22,359)	287,191	30,780	317,971

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

# Statements of Changes in Equity

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

Attributable to Owners of the Company										
	Note	Share Capital RM'000	Retained Earnings RM'000	Capital Reserve RM'000	Reverse Acquisition Reserve RM'000	Currency Translation Reserve RM'000	Total Other Reserves RM'000	Total Equity Attributable to Owners of the Company RM'000	Non-Controlling Interests RM'000	Total Equity RM'000
Group										
At 1 January 2022		136,954	134,100	13,355	(40,726)	1,334	(26,037)	245,017	30,450	275,467
Profit for the financial year		-	42,162	-	-	-	-	42,162	3,251	45,413
Foreign currency translation		-	-	-	-	(675)	(675)	(675)	(203)	(878)
Total comprehensive income/(loss) for the financial year		-	42,162	-	-	(675)	(675)	41,487	3,048	44,535
Transactions with owners										
Acquisition of non-controlling interests	10	-	(1,651)	-	-	-	-	(1,651)	(553)	(2,204)
Dividend paid to non-controlling shareholders of the subsidiaries		-	-	-	-	-	-	-	(8,638)	(8,638)
Dividends	24	-	(19,040)	-	-	-	-	(19,040)	-	(19,040)
		-	(20,691)	-	-	-	-	(20,691)	(9,191)	(29,882)
At 31 December 2022		136,954	155,571	13,355	(40,726)	659	(26,712)	265,813	24,307	290,120

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

	Note	Share Capital RM'000	Retained Earnings RM'000	Total Equity RM'000
<b>Company</b>				
<b>At 1 January 2022</b>		136,954	10,028	146,982
Profit for the financial year, representing total comprehensive income for the financial year		–	19,047	19,047
		136,954	29,075	166,029
<b>Transactions with owners</b>				
Dividends	24	–	(19,040)	(19,040)
<b>At 31 December 2022</b>		136,954	10,035	146,989
Profit for the financial year, representing total comprehensive income for the financial year		–	8,663	8,663
		136,954	18,698	155,652
<b>Transactions with owners</b>				
Dividends	24	–	(11,968)	(11,968)
<b>At 31 December 2023</b>		136,954	6,730	143,684

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

		Group		Company	
	Note	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
<b>Cash flows from operating activities</b>					
Profit before tax		<b>48,031</b>	60,976	<b>8,663</b>	19,047
Adjustments for:					
Depreciation of:					
– property, plant and equipment	8	<b>3,349</b>	2,816	–	–
– right-of-use assets	9	<b>3,380</b>	4,236	–	–
Dividend income		–	–	<b>(12,915)</b>	(19,905)
Gain on termination of lease		<b>(42)</b>	(6)	–	–
Gain on disposal of:					
– property, plant and equipment		<b>(296)</b>	(729)	–	–
– non-current asset held for sale		<b>(2,352)</b>	(2,803)	–	–
Impairment losses on trade receivables	13	<b>637</b>	2,494	–	–
Impairment loss on investment in subsidiaries		–	–	<b>3,360</b>	–
Interest expense		<b>7,407</b>	7,395	–	–
Interest income		<b>(956)</b>	(711)	–	–
Inventories written down	12(d)	<b>144</b>	5,180	–	–
Net unrealised loss on foreign exchange		<b>271</b>	624	–	–
Property, plant and equipment written off		<b>76</b>	3	–	–
Retirement benefit obligations	21	<b>264</b>	(86)	–	–
Reversal of impairment losses on trade receivables	13	<b>(750)</b>	(2,097)	–	–
Reversal of inventories written down	12(e)	<b>(5,458)</b>	(12)	–	–
Operating profit/(loss) before changes in working capital		<b>53,705</b>	77,280	<b>(892)</b>	(858)
<u>Changes in working capital:</u>					
Inventories		<b>27,646</b>	50,835	–	–
Receivables		<b>(31,080)</b>	102,051	–	–
Payables		<b>(31,526)</b>	(55,670)	<b>22</b>	22
Cash generated from/(used in) operations		<b>18,745</b>	174,496	<b>(870)</b>	(836)
Retirement benefit paid		<b>(2)</b>	(7)	–	–
Dividend received		–	–	<b>14,115</b>	27,205
Income tax refunded		<b>2</b>	2	–	1
Income tax paid		<b>(13,651)</b>	(21,332)	–	–
Net cash from operating activities		<b>5,094</b>	153,159	<b>13,245</b>	26,370

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

		Group		Company	
	Note	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
<b>Cash flows from investing activities</b>					
Disposal/(Acquisition) of non-controlling interests in subsidiaries	10	400	(2,204)	400	(2,204)
Interest received		956	711	–	–
Purchase of property, plant and equipment	8(d)	(9,439)	(28,849)	–	–
Net proceeds from disposal of:					
– property, plant and equipment		480	792	–	–
– right-of-use assets		1,180	–	–	–
– non-current asset held for sale		3,054	3,713	–	–
Subscription of shares in subsidiaries		–	–	(3,860)	(1,530)
Net cash used in investing activities		(3,369)	(25,837)	(3,460)	(3,734)
<b>Cash flows from financing activities</b>					
Interest paid		(7,407)	(7,395)	–	–
Repayment to a subsidiary		–	–	–	(2)
Net repayment of bankers acceptances	(a)	(17,926)	(14,055)	–	–
Repayments of hire purchase	(a)	(1,483)	(1,087)	–	–
Payments of lease liabilities	(a)	(3,058)	(4,284)	–	–
Net drawdown/(repayment) of foreign currency trade loan	(a)	7,644	(43,316)	–	–
Net drawdown/(repayment) of onshore foreign currency loans	(a)	4,036	(2,028)	–	–
Drawdown of term loans	(a)	188,124	281,406	–	–
Repayment of term loans	(a)	(165,343)	(314,908)	–	–
Dividend paid		(11,968)	(19,040)	(11,968)	(19,040)
Dividend paid to non-controlling shareholders of the subsidiaries		(1,492)	(8,638)	–	–
Net cash used in financing activities		(8,873)	(133,345)	(11,968)	(19,042)
Net (decrease)/increase in cash and cash equivalents		(7,148)	(6,023)	(2,183)	3,594
Effect of exchange rate changes		4,772	(1,046)	–	–
<b>Cash and cash equivalents at the beginning of the financial year</b>		<b>78,791</b>	<b>85,860</b>	<b>3,647</b>	<b>53</b>
<b>Cash and cash equivalents at the end of the financial year</b>	25	<b>76,415</b>	<b>78,791</b>	<b>1,464</b>	<b>3,647</b>

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



## (a) Reconciliation of liabilities arising from financing activities:

	1 January 2023 RM'000	Cash flows RM'000	Non-cash		Foreign exchange movement RM'000	31 December 2023 RM'000
			Acquisition RM'000	Termination of lease RM'000		
<b>Group</b>						
Banker acceptances	76,180	(17,926)	–	–	–	58,254
Foreign currency trade loan	2,239	7,644	–	–	–	9,883
Hire purchase payables	5,041	(1,483)	922	–	12	4,492
Lease liabilities	5,429	(3,058)	1,900	(564)	216	3,923
Onshore foreign currency loans	–	4,036	–	–	–	4,036
Short term loans	38,596	5,989	–	–	1,634	46,219
Term loans	15,190	16,792	–	–	–	31,982
	142,675	11,994	2,822	(564)	1,862	158,789

	1 January 2022 RM'000	Cash flows RM'000	Non-cash		Foreign exchange movement RM'000	31 December 2022 RM'000
			Acquisition RM'000	Termination of lease RM'000		
<b>Group</b>						
Banker acceptances	90,235	(14,055)	–	–	–	76,180
Foreign currency trade loan	45,555	(43,316)	–	–	–	2,239
Hire purchase payables	1,265	(1,087)	4,872	–	(9)	5,041
Lease liabilities	3,768	(4,284)	6,090	(109)	(36)	5,429
Onshore foreign currency loans	2,028	(2,028)	–	–	–	–
Short term loans	79,691	(41,380)	–	–	285	38,596
Term loans	7,312	7,878	–	–	–	15,190
	229,854	(98,272)	10,962	(109)	240	142,675

**Company**

Changes in liabilities arising from financing activities are changes arising from cash flows.

## (b) Total cash outflows for leases

During the financial year, the Group had total cash outflows for leases of RM12,194,000 (2022: RM12,854,000).

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

## 1. Corporate Information

Samchem Holdings Berhad (“the Company”) is a public limited liability company, incorporated and domiciled in Malaysia and is listed on the Main Market of Bursa Malaysia Securities Berhad. The registered office and principal place of business of the Company are located at Lot 6, Jalan Sungai Kayu Ara 32/39, Seksyen 32, 40460 Shah Alam, Selangor Darul Ehsan.

The principal activities of the Company are investment holding and the provision of management services. The principal activities of the subsidiaries are disclosed in Note 10 to the financial statements.

There have been no significant changes in the nature of these principal activities during the financial year.

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the directors on 15 April 2024.

## 2. Basis of Preparation

### 2.1 Statement of compliance

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

### 2.2 Adoption of new MFRS and amendments to MFRSs

The Group and the Company have adopted the following applicable new MFRS and amendments to MFRSs for the current financial year:

#### New MFRS

MFRS 17	Insurance Contracts
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#### Amendments to MFRSs

MFRS 101	Presentation of Financial Statements
MFRS 108	Accounting Policies, Changes in Accounting Estimates and Errors
MFRS 112	Income Taxes

The adoption of the above new MFRS and amendments to MFRSs did not have any significant effect on the financial statements of the Group and of the Company and did not result in significant changes to the Group’s and the Company’s existing accounting policies except for those as discussed below.

#### Amendments to MFRS 101 Presentation of Financial Statements

The amendments require an entity to disclose its material accounting policy information rather than significant accounting policies. The amendments, amongst others, also include examples of circumstances in which an entity is likely to consider an accounting policy information to be material to its financial statements.

Accordingly, the Group and the Company disclosed their material accounting policy information in these financial statements. However, the amendments did not result in changes to the accounting policies of the Group and of the Company.

## 2. Basis of Preparation (continued)

### 2.3 Amendments to MFRSs that have been issued, but yet to be effective

- (a) The Group and the Company have not adopted the following amendments to MFRSs that have been issued, but yet to be effective:

Amendments to MFRSs		Effective for financial periods beginning on or after
MFRS 7	Financial Instruments: Disclosures	1 January 2024
MFRS 10	Consolidated Financial Statements	Deferred
MFRS 16	Leases	1 January 2024
MFRS 101	Presentation of Financial Statements	1 January 2024
MFRS 107	Statements of Cash Flows	1 January 2024
MFRS 121	The Effects of Changes in Foreign Exchange Rate	1 January 2025
MFRS 128	Investments in Associates and Joint Ventures	Deferred

- (b) The Group and the Company plan to adopt the above applicable amendments to MFRSs when they become effective. A brief discussion on the above significant amendments to MFRSs that may be applicable to the Group and the Company are summarised below.

#### Amendments to MFRS 101 Presentation of Financial Statements

The amendments include specifying that an entity's right to defer settlement of a liability for at least twelve months after the reporting period must have substance and must exist at the end of the reporting period; clarifying that classification of liability is unaffected by the likelihood of the entity to exercise its right to defer settlement of the liability for at least twelve months after the reporting period; clarifying how lending conditions affect classification of a liability; and clarifying requirements for classifying liabilities an entity will or may settle by issuing its own equity instruments.

The latest amendments to MFRS 101 clarify how conditions with which an entity must comply within 12 months after the reporting period affect the classification of a liability. As such, the amendments specify that covenants to be complied with after the reporting date do not affect the classification of debt as current or non-current at the reporting date. Instead, the amendments require an entity to disclose information about these covenants in the notes to the financial statements.

#### Amendments to MFRS 107 Statement of Cash Flows and MFRS 7 Financial Instruments: Disclosures

Amendments to MFRS 107 and MFRS 7 respond to investors' concerns that some supplier finance arrangements – also referred to as supply chain finance, trade payables finance or reverse factoring arrangements – used by entities are not sufficiently visible, hindering investors' analysis.

The disclosure requirements require entities to disclose information that would enable users of financial statements to assess how supplier finance arrangements affect an entity's operations; including the effects supplier finance arrangements have on an entity's liability, cash flows and exposures to liquidity risk. The new disclosure requirements would also inform users of financial statements on how an entity might be affected if the arrangements were no longer available to it.

The initial application of the above applicable amendments to MFRSs is not expected to have material financial impact to the current and prior years financial statements of the Group and of the Company.

### 2.4 Functional and presentation currency

The individual financial statements of each entity in the Group are measured using the currency of the primary economic environment in which they operate ("the functional currency"). The consolidated financial statements are presented in Ringgit Malaysia ("RM"), which is also the Group's functional currency, and has been rounded to the nearest thousand, unless otherwise stated.

## 2. Basis of Preparation (continued)

### 2.5 Basis of measurement

The financial statements of the Group and of the Company have been prepared on the historical cost basis, except as otherwise disclosed.

### 2.6 Basis of consolidation

Subsidiaries are entities over which the Group is exposed, or has rights, to variable returns through its power over the acquirees.

The Group applies the acquisition method to account for business combinations from the acquisition date when the acquired set of activities meets the definition of a business and control is transferred to the Group.

At the date of acquisition, components of non-controlling interests of the Group are measured at the non-controlling interest's proportionate share of the acquiree's identifiable net assets.

## 3. REVENUE

	Group		Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
<b>Revenue from contract customers:</b>				
Sales of goods	1,132,799	1,292,208	–	–
Blending services	21,783	22,576	–	–
Transportation charges	7,847	7,029	–	–
	<b>1,162,429</b>	<b>1,321,813</b>	<b>–</b>	<b>–</b>
<b>Revenue from other sources:</b>				
Dividend income	–	–	12,915	19,905
	<b>1,162,429</b>	<b>1,321,813</b>	<b>12,915</b>	<b>19,905</b>

### (a) Material accounting policy information

The Group and the Company have applied the practical expedient for not to adjust the promised amount of consideration for the effects of a financing component if the Group and the Company expect that the period between the transfer of the promised goods or services to the customer and payment by the customer will be one year or less.

#### (i) Sales of goods

Revenue from the sale of goods is recognised at a point in time when control of the products has been transferred, being when the customer accepts the delivery of the goods.

Sales are made with a credit term ranging from 30 to 90 days, which is consistent with market practice, therefore, no element of financing is deemed present.

#### (ii) Blending services

Revenue from blending services is recognised at a point in time when services are rendered.

Sales are made with a credit term ranging from 30 to 90 days, which is consistent with market practice, therefore, no element of financing is deemed present.

#### (iii) Transportation charges

Transportation charges are recognised over time, based on time elapsed, to measure progress towards complete satisfaction of the service, because the customer simultaneously receives and consumes the benefits provided by the Group.

**(iii) Transportation charges (continued)**

### (b) Disaggregation of revenue

	Malaysia RM'000	Republic of Indonesia RM'000	Socialist Republic of Vietnam RM'000	Republic of Singapore RM'000	Total RM'000
<b>2023</b>					
<b>Major goods or services</b>					
Chemical products	531,858	77,436	493,858	29,647	1,132,799
Blending services	21,783	—	—	—	21,783
Transportation charges	7,847	—	—	—	7,847
	<b>561,488</b>	<b>77,436</b>	<b>493,858</b>	<b>29,647</b>	<b>1,162,429</b>
<b>2022</b>					
<b>Major goods or services</b>					
Chemical products	618,076	99,684	542,045	32,387	1,292,192
Blending services	22,576	—	—	—	22,576
Audio Video and ICT products	16	—	—	—	16
Transportation charges	7,029	—	—	—	7,029
	<b>647,697</b>	<b>99,684</b>	<b>542,045</b>	<b>32,387</b>	<b>1,321,813</b>

**(c) Transaction price allocated to the remaining performance obligation**

The Group applies the practical expedient in paragraph 121(a) of MFRS 15 and accordingly, do not disclose information about remaining performance obligations that have original expected durations of one year or less.

#### 4. Profit Before Tax

Profit before tax has been arrived at after charging/(crediting):

	Group		Company	
	2023	2022	2023	2022
	RM'000	RM'000	RM'000	RM'000
Auditors' remuneration – statutory audit:				
– Baker Tilly Monteiro Heng PLT	334	324	97	92
– Member firms of Baker Tilly International	96	82	–	–
– Other auditors	91	64	–	–
Other services				
– Baker Tilly Monteiro Heng PLT	9	9	9	9
Depreciation of:				
– property, plant and equipment	3,349	2,816	–	–
– right-of-use assets	3,380	4,236	–	–
Employee benefits expense (including key management personnel):				
– contributions to Employees Provident Fund	2,110	1,953	–	–
– retirement benefit obligations	264	(86)	–	–
– wages, salaries and others	32,574	28,581	59	39
– directors' fees	196	316	196	316
Expenses relating to short term leases	8,885	8,252	–	–
Gain on disposal of:				
– property, plant and equipment	(296)	(729)	–	–
– non-current asset held for sale	(2,352)	(2,803)	–	–
Gain on termination of lease	(42)	(6)	–	–
Impairment losses on:				
– investment in subsidiary	–	–	3,360	–
– trade receivables	637	2,494	–	–
Insurance compensation for flood-damaged inventories	–	(1,369)	–	–
Interest expense	7,407	7,395	–	–
Interest income	(956)	(711)	–	–
Inventories written down	144	5,180	–	–
Net (gain)/loss on foreign exchange:				
– realised	(3,642)	(171)	–	–
– unrealised	271	624	–	–
Property, plant and equipment written off	76	3	–	–
Rental income	(16)	(76)	–	–
Reversal of impairment losses on trade receivables	(750)	(2,097)	–	–
Reversal of inventories written down	(5,458)	(12)	–	–



## 5. Directors' Remuneration

	Group		Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
<b>Directors of the Company</b>				
Executive directors				
– fees	16	97	16	97
– other emoluments	2,000	853	–	12
	<b>2,016</b>	950	<b>16</b>	109
Non-executive directors				
– fees	180	219	180	219
– other emoluments	41	24	41	24
	<b>221</b>	243	<b>221</b>	243
	<b>2,237</b>	1,193	<b>237</b>	352
<b>Directors of subsidiaries</b>				
Executive directors				
– other emoluments	3,825	3,058	–	–
	<b>6,062</b>	4,251	<b>237</b>	352

## 6. Income Tax Expense

	Group		Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
<b>Current tax:</b>				
Malaysian income tax				
– current year	7,678	11,740	–	–
– prior year	–	597	–	–
– real property gain tax	230	277	–	–
	<b>7,908</b>	12,614	–	–
Foreign income tax				
– current year	3,801	2,449	–	–
	<b>11,709</b>	15,063	–	–
<b>Deferred tax</b>				
– current year	609	367	–	–
– prior year	382	133	–	–
	<b>991</b>	500	–	–
Income tax expense	<b>12,700</b>	15,563	–	–

Domestic income tax is calculated at the Malaysian statutory income tax rate of 24% (2022: 24%) whilst the foreign entities in Republic of Indonesia, Socialist Republic of Vietnam and Singapore are subject to statutory income tax rate of 22%, 20% and 17% (2022: 22%, 20% and 17%) respectively of the estimated assessable profit for the financial year.

## 6. Income Tax Expense (continued)

The reconciliations of income tax expense applicable to profit before tax at the statutory income tax rate to income tax expense at the effective income tax rate of the Group and of the Company are as follows:

	Group		Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Profit before tax	<b>48,031</b>	60,976	<b>8,663</b>	19,047
Tax at applicable tax rate of 24% (2022: 24%)	<b>11,527</b>	14,634	<b>2,079</b>	4,571
Effect of different tax rates in foreign jurisdiction	<b>(782)</b>	(420)	–	–
Effect of real property gain tax	<b>230</b>	277	–	–
Tax effects arising from:				
– non-deductible expenses	<b>1,993</b>	920	<b>1,021</b>	206
– non-taxable income	<b>(627)</b>	(730)	<b>(3,100)</b>	(4,777)
Deferred tax assets not recognised in the financial statements	<b>35</b>	155	–	–
Utilisation of previously unrecognised deferred tax assets	<b>(58)</b>	(3)	–	–
Under provision of current tax in prior financial year	–	597	–	–
Under provision of deferred tax liabilities in prior financial year	<b>382</b>	133	–	–
Income tax expense	<b>12,700</b>	15,563	–	–

## 7. Earnings Per Share Attributable to Ordinary Shareholders of the Company

### Basic earnings per share

Basic earnings per share are based on the profit for the financial year attributable to ordinary shareholders of the Company and the weighted average number of ordinary shares outstanding during the financial year, calculated as follows:

	2023	2022
Profit attributable to owners/ordinary shareholders of the Company (RM'000)	<b>30,729</b>	42,162
Weighted average number of ordinary shares for basic earnings per share (Unit'000)	<b>544,000</b>	544,000
Basic earnings per ordinary share (sen)	<b>5.65</b>	7.75

### Diluted earnings per share

The diluted earnings per share of the Company for the financial year ended 2023 and 2022 is same as the basic earnings per ordinary share of the Company as there were no potential dilutive ordinary shares.

## 8. Property, Plant and Equipment

Group	Freehold Land RM'000	Buildings RM'000	Buildings Under Construction RM'000	Motor Vehicles RM'000	Plant and Machinery RM'000	Renovation and Office Equipment RM'000	Signboard, Furniture and Fittings RM'000	Total RM'000
<b>Cost</b>								
At 1 January 2023	7,276	17,146	33,005	15,328	9,090	7,919	767	90,531
Additions	-	14	6,405	3,069	219	187	467	10,361
Disposals	-	-	-	(731)	(418)	(11)	-	(1,160)
Written off	-	-	-	-	(4,391)	(1,760)	(291)	(6,442)
Reclassification	-	33,233	(40,329)	116	6,961	-	19	-
Effect of movement in exchange rate	-	(115)	919	178	48	67	-	1,097
At 31 December 2023	7,276	50,278	-	17,960	11,509	6,402	962	94,387
<b>Accumulated Depreciation</b>								
At 1 January 2023	-	5,136	-	7,605	6,647	6,110	697	26,195
Charge for the financial year	-	531	-	1,764	507	528	19	3,349
Disposals	-	-	-	(636)	(332)	(8)	-	(976)
Written off	-	-	-	-	(4,391)	(1,693)	(282)	(6,366)
Effect of movement in exchange rate	-	53	-	115	96	48	-	312
At 31 December 2023	-	5,720	-	8,848	2,527	4,985	434	22,514
<b>Carrying Amount</b>								
At 31 December 2023	7,276	44,558	-	9,112	8,982	1,417	528	71,873

## 8. Property, Plant and Equipment (continued)

Group	Freehold Land RM'000	Buildings RM'000	Buildings Under Construction RM'000	Motor Vehicles RM'000	Plant and Machinery RM'000	Renovation and Office Equipment RM'000	Signboard, Furniture and Fittings RM'000	Total RM'000
<b>Cost</b>								
At 1 January 2022	7,766	17,601	5,728	11,552	7,514	7,872	773	58,806
Additions	-	12	25,780	5,734	1,633	542	20	33,721
Disposals	-	-	-	(1,867)	-	(22)	-	(1,889)
Written off	-	-	-	-	-	(447)	(26)	(473)
Transfer of construction related cost from leasehold land	-	-	1,556	-	-	-	-	1,556
Transfer to non-current asset held for sale	(490)	(379)	-	-	-	-	-	(869)
Effect of movement in exchange rate	-	(88)	(59)	(91)	(57)	(26)	-	(321)
At 31 December 2022	7,276	17,146	33,005	15,328	9,090	7,919	767	90,531
<b>Accumulated Depreciation</b>								
At 1 January 2022	-	4,958	-	7,907	6,410	6,042	702	26,019
Charge for the financial year	-	384	-	1,575	290	546	21	2,816
Disposals	-	-	-	(1,814)	-	(12)	-	(1,826)
Written off	-	-	-	-	-	(444)	(26)	(470)
Transfer to non-current asset held for sale	-	(167)	-	-	-	-	-	(167)
Effect of movement in exchange rate	-	(39)	-	(63)	(53)	(22)	-	(177)
At 31 December 2022	-	5,136	-	7,605	6,647	6,110	697	26,195
<b>Carrying Amount</b>								
At 31 December 2022	7,276	12,010	33,005	7,723	2,443	1,809	70	64,336

## 8. Property, Plant and Equipment (continued)

### (a) Material accounting policy information

Property, plant and equipment are measured at cost less accumulated depreciation and any accumulated impairment losses, if any.

Freehold land has an unlimited useful life and therefore is not depreciated. Long term leasehold land is depreciated over the lease term of 99 years. Building under construction is not depreciated as the asset is not yet available for use.

All other property, plant and equipment are depreciated on straight-line basis by allocating their depreciable amounts over their remaining useful lives.

The principal annual rates used for this purpose are:

Buildings	2% - 5%
Motor vehicles	10% - 25%
Plant and machinery	10% - 25%
Renovation and office equipment	10% - 33.3%
Signboard, furniture and fittings	10% - 15%

(b) Net carrying amounts of property, plant and equipment pledged as security for borrowings are as follows:

	Group 2023 RM'000	2022 RM'000
Freehold land	7,276	7,276
Buildings	26,105	10,861
Building under construction	–	17,365
	<b>33,381</b>	35,502

Net carrying amounts of property, plant and equipment pledged as security for hire purchase arrangement are as follows:

	Group 2023 RM'000	2022 RM'000
Motor vehicles	4,955	5,260

(c) In the previous financial year, interest expense of RM340,465 were capitalised in buildings under construction.

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

	Group 2023 RM'000	2022 RM'000
Additions of property, plant and equipment	10,361	33,721
Less: Financed by hire purchase	(922)	(4,872)
	<b>9,439</b>	28,849

## 9. Right-of-Use Assets

Information about leases for which the Group is lessees is presented below:

Group	Land RM'000	Buildings RM'000	Storage Tank RM'000	Total RM'000
<b>Cost</b>				
At 1 January 2023	31,087	8,419	10,693	50,199
Additions	–	1,633	267	1,900
Disposals	(1,290)	–	–	(1,290)
Transfer to non-current assets held for sale	(1,290)	–	–	(1,290)
Termination of lease	–	(4,115)	(2,424)	(6,539)
Reclassification	–	(292)	–	(292)
Effect of movement in exchange rate	679	201	370	1,250
At 31 December 2023	29,186	5,846	8,906	43,938
<b>Accumulated depreciation</b>				
At 1 January 2023	979	5,262	8,421	14,662
Depreciation charge for the financial year	226	1,488	1,666	3,380
Disposals	(110)	–	–	(110)
Transfer to non-current assets held for sale	(114)	–	–	(114)
Termination of lease	–	(3,593)	(2,424)	(6,017)
Reclassification	–	(292)	–	(292)
Effect of movement in exchange rate	7	95	256	358
At 31 December 2023	988	2,960	7,919	11,867
<b>Carrying amount</b>				
At 31 December 2023	28,198	2,886	987	32,071
Group	Land RM'000	Buildings RM'000	Storage Tank RM'000	Total RM'000
<b>Cost</b>				
At 1 January 2022	32,485	9,468	6,495	48,448
Additions	232	1,979	3,879	6,090
Termination of lease	–	(3,105)	(398)	(3,503)
Transfer of construction related cost to property, plant and equipment	(1,556)	–	–	(1,556)
Effect of movement in exchange rate	(74)	77	717	720
At 31 December 2022	31,087	8,419	10,693	50,199
<b>Accumulated depreciation</b>				
At 1 January 2022	778	6,719	5,675	13,172
Depreciation charge for the financial year	202	1,868	2,166	4,236
Termination of lease	–	(3,002)	(398)	(3,400)
Effect of movement in exchange rate	(1)	(323)	978	654
At 31 December 2022	979	5,262	8,421	14,662
<b>Carrying amount</b>				
At 31 December 2022	30,108	3,157	2,272	35,537



## 9. Right-of-Use Assets (continued)

### (a) Material accounting policy information

The right-of-use assets are measured at cost less accumulated depreciation and any accumulated impairment losses, and adjusted for any remeasurement of the lease liabilities. The right-of-use assets are depreciated using the straight-line method from the commencement date to the end of the lease term.

The Company has elected not to recognise right-of-use assets and lease liabilities for short-term leases and leases of low value assets. The Company recognises the lease payments as an operating expense on a straight-line basis over the term of the lease.

- (b) The Group leases land, buildings and storage tank for its office use and operations. The leases generally have lease term between 1 to 99 years, including the renewed terms.

Land includes land use rights with carrying amount of RM15,999,967 (2022: RM15,400,639) over certain parcels of land located in the Republic of Indonesia and the Socialist Republic of Vietnam with remaining tenure of 17 years to 34 years (2022: 18 years to 35 years) respectively.

Land with carrying amount of RM12,199,185 (2022: RM12,324,472) is pledged as security for borrowings as disclosed in Note 19.

## 10. Investments in Subsidiaries

	2023 RM'000	Company 2022 RM'000
<b>At cost</b>		
Unquoted shares	92,155	88,695
Less: Accumulated impairment losses	(6,507)	(3,147)
	85,648	85,548
Capital contributions to subsidiaries	56,607	56,607
	142,255	142,155

### (a) Material accounting policy information

In the Company's statement of financial position, investments in subsidiaries are measured at cost less any accumulated impairment losses.

Capital contributions represent unsecured, interest free, non-trade balances with subsidiaries. As these balances are, in substance, a part of the Company's net investment in the subsidiaries, they are stated at cost less accumulated impairment loss, if any. The settlement of these balances is neither planned nor likely to occur in the foreseeable future as it is the intention of the Company to treat them as long-term source of capital to the subsidiaries.

The details of subsidiaries are as follows:

Name of Company	Principal Place of Business/ Country of Incorporation	Ownership Interest		Principal Activities
		2023	2022	
Held by the Company				
Samchem Logistics Services Sdn. Bhd.	Malaysia	70%	70%	Provision of logistics services
Samchem Industries Sdn. Bhd.	Malaysia	100%	100%	Distribution of specialty chemicals

## 10. Investments in Subsidiaries (continued)

The details of subsidiaries are as follows (continued):

Name of Company	Principal Place of Business/ Country of Incorporation	Ownership Interest		Principal Activities
		2023	2022	
Held by the Company				
Samchem Lubricants Sdn. Bhd.	Malaysia	100%	100%	Distribution of industrial lubricants
Samchem Nusajaya Sdn. Bhd.	Malaysia	100%	100%	Distribution of intermediate and specialty chemicals and blending of customised solvents
Eweny Chemicals Sdn. Bhd.	Malaysia	100%	100%	Ceased operation
Samchemsphere Export Sdn. Bhd.	Malaysia	100%	100%	Export of intermediate and specialty chemicals
Samchem Sdn. Bhd.	Malaysia	100%	100%	Distribution of Polyurethane (PU), intermediate and specialty chemicals and investment holding
Sampro Distribution Sdn. Bhd.	Malaysia	95%	60%	Ceased operation
Samsentosa Chemicals Sdn. Bhd.	Malaysia	100%	100%	Distribution of industrial chemicals
Samchem Inorganic Chemicals Sdn. Bhd.	Malaysia	100%	100%	Distribution of industrial chemicals
SC Udes Sdn. Bhd.	Malaysia	60%	80%	Provision of logistics services
SC Terminals Sdn. Bhd.	Malaysia	100%	100%	Dormant
^ PT Samchem Prasandha	Republic of Indonesia	96.5%	96.5%	Distribution of industrial chemicals
# Samchem (Singapore) Pte. Ltd.	Republic of Singapore	100%	100%	Distribution of intermediate and specialty chemicals and blending of customised solvents
Held through Samchem Sdn. Bhd.				
^ PT Samchem Prasandha	Republic of Indonesia	3.5%	3.5%	Distribution of industrial chemicals
^ PT Samchem Kimiatama Solution	Republic of Indonesia	3.5%	–	Processing industry and wholesale trade
Held through PT Samchem Prasandha				
^ PT Samchem Kimiatama Solution	Republic of Indonesia	96.5%	–	Processing industry and wholesale trade
Held through Samchemsphere Export Sdn. Bhd.				
# Sam Chem Sphere Joint Stock Company	Socialist Republic of Vietnam	63.25%	63.25%	Distribution of PU, intermediate and specialty chemicals
Held through Sam Chem Sphere Joint Stock Company				
# Samchemsphere Indochina (Vietnam) Company Limited	Socialist Republic of Vietnam	100%	100%	Blending of PU and intermediate chemicals
@Samm Sphere (Cambodia) Company Limited	Cambodia	100%	100%	Distribution of PU, intermediate and specialty chemicals

## 10. Investments in Subsidiaries (continued)

The details of subsidiaries are as follows (continued):

Name of Company	Principal Place of Business/ Country of Incorporation	Ownership Interest		Principal Activities
		2023	2022	
Held through Sam Chem Sphere Joint Stock Company (continued)				
@Samchem Sphere (Myanmar) Company Limited	Myanmar	100%	100%	Dormant
# Meridian Chemicals (Vietnam) Company Limited	Socialist Republic of Vietnam	100%	100%	Blending and distribution of chemicals

# Audited by a firm of auditors other than Baker Tilly Monteiro Heng PLT.

^ Audited by an independent member firm of Baker Tilly International.

@ Consolidated using unaudited management accounts, no statutory requirement for the financial statements to be audited at financial year end.

### Disposal in subsidiaries

On 6 July 2023, the Company disposed of its 20% equity investment in SC Udes Sdn. Bhd. for a consideration of RM400,000. Consequently, the Company's effective ownership in SC Udes Sdn. Bhd. decreased from 80% to 60%.

### Subscription in subsidiaries

On 23 August 2023, the Company subscribed for 500,000 ordinary shares in Samchem Inorganic Chemicals Sdn. Bhd. for a total cash consideration of RM500,000.

On 5 December 2023, the Company subscribed for 3,360,000 ordinary shares in Sampro Distribution Sdn. Bhd. ("Sampro") for a total cash consideration of RM3,360,000. Consequently, the Company's effective ownership in Sampro increased from 60% to 95%.

### Incorporation of subsidiary

On 8 September 2023, PT Samchem Prasandha and Samchem Sdn. Bhd., both wholly owned subsidiaries of the Company, incorporated PT Samchem Kimiatama Solution ("PTSKS") by way of subscription of 9,650,000 and 350,000 ordinary shares respectively for a total cash consideration of RM3,084,620. Consequently, PTSKS became an indirect subsidiary of the Company.

### Non-controlling interests ("NCI") in subsidiaries

(a) The subsidiaries of the Group that have material NCI are as follows:

	Sam Chem Sphere Joint Stock Company RM'000	Other individually immaterial subsidiaries RM'000	Total RM'000
<b>2023</b>			
NCI effective ownership interest and voting interest	36.75%		
Carrying amount of NCI	29,844	936	30,780
Profit/(Loss) allocated to NCI	4,974	(372)	4,602
Total other comprehensive income allocated to NCI	796	431	1,227
Total comprehensive income allocated to NCI	5,770	59	5,829

## 10. Investments in Subsidiaries (continued)

### Non-controlling interests ("NCI") in subsidiaries (continued)

(a) The subsidiaries of the Group that have material NCI are as follows (continued):

	Sam Chem Sphere Joint Stock Company RM'000	Other individually immaterial subsidiaries RM'000	Total RM'000
<b>2022</b>			
NCI effective ownership interest and voting interest	36.75%		
Carrying amount of NCI	25,442	(1,135)	24,307
Profit allocated to NCI	2,564	687	3,251
Total other comprehensive income/(loss) allocated to NCI	298	(501)	(203)
Total comprehensive income allocated to NCI	2,862	186	3,048

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

	Sam Chem Sphere Joint Stock Company	
	2023 RM'000	2022 RM'000
<b>Assets and liabilities</b>		
Non-current assets	30,088	29,281
Current assets	139,138	132,191
Non-current liabilities	(666)	–
Current liabilities	(87,352)	(92,242)
Net assets	81,208	69,230
<b>Results</b>		
Revenue	493,772	542,045
Profit for the financial year	13,535	6,978
Other comprehensive income	2,166	810
Total comprehensive income for the financial year	15,701	7,788
Cash flows generated from/(used in):		
– operating activities	13,542	57,925
– investing activities	32	(9,555)
– financing activities	(21,856)	(40,919)
Net (decrease)/increase in cash and cash equivalents	(8,282)	7,451
Dividends paid to NCI	1,492	8,638

(c) There are no restrictions in the ability of the Group to access or use the assets and settle the liabilities of the subsidiaries.

**11. Deferred Tax Assets/(Liabilities)**

	Group 2023 RM'000	2022 RM'000
At 1 January	(11)	562
Recognised in profit or loss	(991)	(500)
Effect of movements in exchange rate	36	(73)
At 31 December	(966)	(11)

Presented after appropriate offsetting as follows:

	2023 RM'000	2022 RM'000
Deferred tax assets	577	792
Deferred tax liabilities	(1,543)	(803)
	(966)	(11)

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

	At 1 January 2023 RM'000	Recognised in profit or loss (Note 6) RM'000	Exchange differences RM'000	At 31 December 2022 RM'000	Recognised in profit or loss (Note 6) RM'000	Exchange differences RM'000	At 31 December 2023 RM'000
<b>Group</b>							
Deductible temporary differences in respect of expenses	1,158	(48)	(73)	1,037	(317)	36	756
Taxable temporary differences in respect of income	(59)	59	–	–	–	–	–
Difference between the carrying amounts of property, plant and equipment and their tax base	(537)	(511)	–	(1,048)	(636)	–	(1,684)
Unutilised tax losses	–	–	–	–	(38)	–	(38)
	562	(500)	(73)	(11)	(991)	36	(966)

The estimated amount of temporary differences for which no deferred tax assets are recognised in the financial statements are as follows:

	Group 2023 RM'000	2022 RM'000
Deductible temporary differences in respect of expenses	792	1,262
Unutilised tax losses	10,770	10,391
Unabsorbed capital allowances	186	185
	11,748	11,838

**11. Deferred Tax Assets/(Liabilities) (continued)**

The unutilised tax losses are available for offset against future taxable profits of the subsidiaries up to the following financial years:

	2023 RM'000	Group 2022 RM'000
2028	7,994	7,994
2029	926	926
2030	295	295
2031	292	292
2032	884	884
2033	379	–
	<b>10,770</b>	10,391

**12. Inventories**

	2023 RM'000	Group 2022 RM'000
At cost:		
Trading goods	110,105	134,468
Goods-in-transit	4,769	2,738
Packaging materials	203	203
	<b>115,077</b>	137,409

**(a) Material accounting policy information**

Inventories are stated at the lower of cost and net realisable value. Cost is determined on the weighted average basis.

**(b) Significant accounting judgements, estimates and assumptions**

Reviews are made periodically by the Group on damaged and slow-moving inventories. These reviews require judgement and estimates. In determining the net realisable value of the inventories, an estimation of the recoverable amount of inventories on hand is performed by the Group based on the most reliable evidence available at the time the estimates are made. These estimates take into consideration the fluctuations of selling price or any inventories on hand that may not be realised, as a result of events occurring after the end of the reporting period to the extent such events confirm conditions existing at the end of the reporting period. Possible changes in these estimates could result in revisions to the valuation of inventories.

- (c) The cost of inventories of the Group recognised as an expense in cost of sales during the financial year was RM1,038,507,756 (2022: RM1,170,753,096).
- (d) The amount recognised as an expense in other expenses during the financial year in respect of write down of inventories to net realisable value was RM144,377 (2022: RM5,179,787).
- (e) During the financial year, the Group reversed inventories written down previously amounting to RM5,458,472 (2022: RM12,453), as these inventories were sold above their carrying amounts with the improvement in selling prices. The amount is included in other income.



### 13. Trade Receivables

	Group 2023 RM'000	2022 RM'000
Trade receivables	213,894	193,541
Less: Allowance for impairment losses	(6,447)	(6,636)
	<b>207,447</b>	186,905

#### (a) Significant accounting judgements, estimates and assumptions

The provisions of expected credit losses for receivables are based on assumptions about risk of default and expected loss rate. The Group uses judgement in making these assumptions and selecting inputs to the expected credit losses ("ECL") calculation, based on the Group's past history, existing market conditions as well as forward looking estimates at the end of each reporting period.

The assessment of the correlation between historical observed default rates, forward-looking estimates and ECL is a significant estimate. The amount of ECL is sensitive to changes in circumstances and of forecast economic conditions over the expected settlement period of the trade receivables. The Group's assessment of the indicators, historical credit loss experience and forecast of economic conditions may also not be representative of customer's actual default in the future.

Trade receivables are non-interest bearing and normal credit terms offered by the Group and ranging from 30 to 90 days (2022: 30 to 90 days) from the date of invoices. Other credit terms are assessed and approved on a case-by-case basis.

The movement in the allowance for impairment losses of trade receivables is as follows:

	Group 2023 RM'000	2022 RM'000
At 1 January	6,636	6,271
Charge for impairment losses (Note 4)	637	2,494
Written off	(239)	–
Reversal of impairment losses (Note 4)	(750)	(2,097)
Effect of movement in exchange rate	163	(32)
At 31 December	<b>6,447</b>	6,636

The information about the credit exposures is disclosed in Note 29(b)(i).

### 14. Other Receivables, Deposits and Prepayments

	Group 2023 RM'000	2022 RM'000	Company 2023 RM'000	2022 RM'000
Other receivables	523	620	2	2
Advance payments to suppliers	7,280	1,764	–	–
GST/VAT refundable	18,411	12,748	–	–
Deposits	1,060	1,248	–	–
Prepayments	1,139	1,545	–	–
	<b>28,413</b>	17,925	<b>2</b>	2

**14. Other Receivables, Deposits and Prepayments (continued)**

(a) Included in GST/VAT refundable of the Group is an amount of RM18,407,000 (2022: RM12,691,000) being indirect taxes paid in advance to tax authorities by certain foreign subsidiaries.

**15. Deposits With Licensed Banks**

The deposits with licensed banks of the Group bear effective interest rates ranging from 0.80% to 4.50% (2022: 0.80% to 1.60%) per annum and mature between two days to one year.

Deposits amounting to RM154,034 (2022: RM154,034) are pledged for bank borrowings granted to the subsidiaries (Note 19). As such, these deposits are not available for general use.

**16. Non-Current Asset Held For Sale**

	Group 2023 RM'000	2022 RM'000
Freehold land	–	490
Buildings	1,176	212
	1,176	702

**2023**

On 26 December 2023, Samchem Sdn. Bhd., a wholly-owned subsidiary of the Company entered into a sale and purchase agreement with Let Ah Boon and Yeo Hui Lin for the disposal of two storey industrial shophot erected on a leasehold land for a total cash consideration of RM1,250,000 ("Building Disposal"). The Building Disposal is expected to be completed in year 2024. Accordingly, the building has been classified as non-current asset held for sale.

**2022**

On 12 April 2022, Samchem Sdn. Bhd., a wholly owned subsidiary of the Company entered into a sale and purchase agreement with MITS Industries Supplies Sdn. Bhd. for the disposal of factory erected on a freehold land for a total cash consideration of RM3,150,000 ("Building Disposal"). Accordingly, the freehold land and building have been classified as non-current asset held for sale. The sale was completed during the financial year.

**17. Share Capital**

	Group and Company			
	2023		2022	
	Number of shares Unit '000	Amount RM'000	Number of shares Unit '000	Amount RM'000
<b>Issued and fully paid up (no par value):</b>				
At 1 January/31 December	544,000	136,954	544,000	136,954

The holders of ordinary shares are entitled to receive dividends from time to time and are entitled to one vote per share at meetings of the Company. All shares rank equally with regard to the Company's residual assets.

## 18. Reserves

	Group		Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Capital reserve	13,355	13,355	–	–
Reverse acquisition reserve	(40,726)	(40,726)	–	–
Currency translation reserve	5,012	659	–	–
Retained earnings	172,596	155,571	6,730	10,035
	150,237	128,859	6,730	10,035

**(a) Capital reserve**

Capital reserve relates to reserve arising from bonus issue in subsidiary.

**(b) Reverse acquisition reserve**

Reverse acquisition reserve relates to the difference between the issued equity of the Company together with the deemed business combination costs and the issued equity of Samchem Sdn. Bhd.

Pursuant to the share sales agreement signed between Samchem Sdn. Bhd. and Samchem Holdings Berhad on 16 June 2008, the Company had on 20 February 2009 completed the acquisition of a total of 8 companies ("Acquired Group") namely Samchem Sdn. Bhd., Samchem Logistics Services Sdn. Bhd., Samchem Industries Sdn. Bhd., Samchem Nusajaya Sdn. Bhd., Samchem Lubricants Sdn. Bhd., Eweny Chemicals Sdn. Bhd., Samchemsphere Export Sdn. Bhd. and Samchem Enviro Cycle Sdn. Bhd.. The Group's consolidated statement of comprehensive income, statement of financial position, statement of changes in equity and statement of cash flows are prepared and presented as a continuation of the Acquired Group (the acquirer for reverse acquisition accounting purposes).

For the purpose of reverse acquisition accounting, the cost of acquisition by the Acquired Group of the Company (the legal parent) is recorded as equity. The cost of acquisition is determined using the fair value of the issued equity of the Company before acquisition. It is deemed to be incurred by the Acquired Group in the form of equity issued to the owners of the legal parent.

Since such consolidated financial statements represent a continuation of the financial statements of the Acquired Group:

- (i) the assets and liabilities of the Acquired Group are recognised and measured in the consolidated statement of financial position at their pre-combination carrying amount;
- (ii) the retained earnings and the other equity balances recognised in those consolidated financial statements are the retained earnings and other equity balances of the Acquired Group immediately before the business combination; and
- (iii) the amount recognised as issued equity instruments in those consolidated financial statements is determined by adding to the issued equity of the Acquired Group immediately before the business combination the costs of the combination of the acquisition. However, the equity structure appearing in those consolidated financial statements (i.e. the number and type of equity instruments issued) reflect the equity structure of the legal parent (the Company), including the equity instruments issued by the Company to reflect the combination.

**(c) Currency translation reserve**

The currency translation reserve is used to record foreign currency exchange differences arising from the translation of the financial statements of foreign operations whose functional currencies are different from that of the Group's presentation currency.

## 19. Borrowings

	Group	
	2023 RM'000	2022 RM'000
<b>Non-current:</b>		
<b>Secured:</b>		
Hire purchase payables		
– RM	3,123	3,614
– IDR	–	56
Term loans		
– RM	14,891	13,919
– VND	14,344	–
<b>Total non-current borrowings</b>	<b>32,358</b>	<b>17,589</b>
<b>Current:</b>		
<b>Secured:</b>		
Bankers' acceptances		
– RM	58,254	76,180
Hire purchase payables		
– RM	1,310	1,254
– IDR	59	117
Short term loans		
– VND	46,219	38,596
Onshore foreign currency loans – USD		
– USD	4,036	–
Term loans		
– RM	1,552	1,271
– VND	1,195	–
	<b>112,625</b>	<b>117,418</b>
<b>Unsecured:</b>		
Foreign currency trade loans – USD	9,883	2,239
	<b>9,883</b>	<b>2,239</b>
<b>Total current borrowings</b>	<b>122,508</b>	<b>119,657</b>
<b>Total borrowings</b>	<b>154,866</b>	<b>137,246</b>

	Group	
	2023 RM'000	2022 RM'000
<b>Total borrowings</b>		
Bankers' acceptances	58,254	76,180
Hire purchase payables	4,492	5,041
Short term loans	46,219	38,596
Foreign currency trade loan	9,883	2,239
Onshore foreign currency loans	4,036	–
Term loans	31,982	15,190
	<b>154,866</b>	<b>137,246</b>

**19. Borrowings** (continued)

The secured borrowings of the Group are secured by the following:

- (a) letter of set-off over the deposits with licensed banks of subsidiaries (Note 15);
- (b) legal charge over the freehold land, leasehold land and buildings of subsidiaries (Notes 8 and 9); and
- (c) corporate guarantee from the Company and a subsidiary.

The borrowings bear interest at rates as follows:

	2023 % per annum	Group 2022 % per annum
Bankers' acceptances	<b>3.50 to 4.58</b>	3.40 to 4.40
Hire purchase payables	<b>2.03 to 11.75</b>	2.03 to 11.75
Short term loans	<b>3.10 to 4.40</b>	6.62
Foreign currency trade loan	<b>6.21 to 6.49</b>	5.64
Onshore foreign currency loans	<b>6.50 to 6.55</b>	Nil
Term loans	<b>3.12 to 8.49</b>	3.79 to 4.80

The maturity profile of term loans is as follows:

	2023 % per annum	Group 2022 % per annum
Repayable within 1 year	<b>2,747</b>	1,271
Repayable after 1 year but not later than 2 years	<b>5,428</b>	1,316
Repayable after 2 years but not later than 3 years	<b>5,428</b>	1,316
Repayable after 3 years but not later than 4 years	<b>5,428</b>	1,316
Repayable after 4 years but not later than 5 years	<b>4,232</b>	1,316
Repayable after 5 years	<b>8,719</b>	8,655
	<b>31,982</b>	15,190

Certain motor vehicles of the Group as disclosed in Note 8 are pledged for hire purchase.

The maturity profile of hire purchase payables is as follows:

	2023 RM'000	Group 2022 RM'000
Future minimum payments		
– within 1 year	<b>1,580</b>	1,607
– between 2 and 5 years	<b>3,346</b>	3,973
	<b>4,926</b>	5,580
Future finance charges on hire purchase	<b>(434)</b>	(539)
Present value of minimum payments	<b>4,492</b>	5,041
Payable within 1 year (included under current liabilities)	<b>(1,369)</b>	(1,371)
Payable between 2 and 5 years (included under non-current liabilities)	<b>3,123</b>	3,670

**20. Lease Liabilities**

	Group 2023 RM'000	2022 RM'000
<b>Non-current</b>		
Lease liabilities	1,839	2,720
<b>Current</b>		
Lease liabilities	2,084	2,709
	<b>3,923</b>	5,429

The weighted average incremental borrowing rate applied to the lease liabilities was 4.62% (2022: 4.29%) per annum.

	Group 2023 RM'000	2022 RM'000
Future minimum lease payments	4,127	5,733
Less: Future finance charges	(204)	(304)
Total present value of minimum lease payments	3,923	5,429
<b>Current liabilities</b>		
Payable within one year		
Future minimum lease payments	2,226	2,919
Less: Future finance charges	(142)	(210)
Present value of minimum lease payments	2,084	2,709
<b>Non-current liabilities</b>		
Payable more than 1 year but not more than 5 years		
Future minimum lease payments	1,901	2,814
Less: Future finance charges	(62)	(94)
Present value of minimum lease payments	1,839	2,720
Total present value of minimum lease payments	3,923	5,429

**21. Retirement Benefit Obligations**

A subsidiary of the Company in Indonesia operates an unfunded defined benefit scheme, as required under the Labour Law of the Republic of Indonesia.

	Group 2023 RM'000	2022 RM'000
At 1 January	1,028	1,384
Provision/(Reversal) made during the financial year	264	(86)
Utilised during the financial year	(2)	(7)
Effect of exchange rate difference	105	(263)
At 31 December	1,395	1,028



**21. Retirement Benefit Obligations** (continued)

The amounts recognised in the statements of financial position are determined as follows:

	<b>Group</b>
	<b>2023</b>
	<b>RM'000</b>
	<b>2022</b>
	<b>RM'000</b>
Present value obligations	1,395
	1,028

The expenses recognised in profit or loss are as follows:

	<b>Group</b>
	<b>2023</b>
	<b>RM'000</b>
	<b>2022</b>
	<b>RM'000</b>
Current service costs	185
Interest on obligation	79
Actual benefit payment	–
	(343)
Present value obligations	264
	(86)

The defined benefit obligation expense was determined based on actuarial valuations prepared by an independent actuary using the projected unit credit method. Principal assumptions as at the reporting date are as follows:

	<b>Group</b>
	<b>2023</b>
	<b>2022</b>
Normal retirement age	60 years old
Discount rate	6.80%
Future salary increases	9.00%
	2.5% at age 15 and linearly decreasing up to age 59
Withdrawal rate	TMI IV
Mortality rate	TMI IV

**Sensitivity analysis**

The sensitivity of the retirement benefits obligations to the significant actuarial assumptions at the end of the reporting date are shown below:

	<b>Reasonably possible change in assumption</b>	<b>Effect on retirement benefit obligations</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>Group</b>		
<b>2023</b>		
Discount rate	1.0%	(162)
Future salary growth	1.0%	212
		(162)
<b>2022</b>		
Discount rate	1.0%	(134)
Future salary growth	1.0%	184
		(134)

The sensitivity analysis above have been determined based on a method that extrapolates the impact on retirement benefits obligations as a result of reasonable changes in significant actuarial assumptions occurring at the end of the reporting date.

At 31 December 2023, the weighted-average duration of the defined benefit obligation is 17.56 years (2022: 18.90 years).

**22. Trade Payables**

	Group 2023 RM'000	2022 RM'000
External parties	<b>49,474</b>	70,906

The normal trade credit term granted by the suppliers to the Group ranges from 30 to 90 days (2022: 30 to 90 days).

In the previous financial year, included in trade payables is an amount of RM145,199 due to a company in which a director of certain subsidiaries have financial interest.

**23. Other Payables, Deposits and Accruals**

	Group 2023 RM'000	2022 RM'000	Company 2023 RM'000	2022 RM'000
Sundry payables	<b>3,410</b>	6,153	–	4
GST/SST/VAT payable	<b>313</b>	78	–	–
Contract liabilities	<b>249</b>	292	–	–
Accruals	<b>4,380</b>	3,140	<b>95</b>	69
	<b>8,352</b>	9,663	<b>95</b>	73

The contract liabilities relate to the advances received from contract customers for sale of goods. The contract liabilities are expected to be recognised as revenue over a period of 30 to 90 days.

Significant changes to contract liabilities balance during the year are as follows:

	Group 2023 RM'000	2022 RM'000
Revenue recognised that was included in contract liabilities at the beginning of the financial year	<b>(292)</b>	(1,026)
Increase due to cash received, excluding amounts recognised as revenue during the financial year	<b>249</b>	292

**24. Dividends**

	Group 2023 RM'000	2022 RM'000
<b>Recognised during the financial year</b>		
Dividends on ordinary shares:		
– Single-tier third interim dividend for the financial year ended 31 December 2022: 0.6 sen per ordinary share	<b>3,264</b>	–
– Single-tier fourth interim dividend for the financial year ended 31 December 2022: 0.6 sen (2021: 1.5 sen) per ordinary share	<b>3,264</b>	8,160
– Single-tier first interim dividend for the financial year ended 31 December 2023: 0.5 sen (2022: 1.0 sen) per ordinary share	<b>2,720</b>	5,440
– Single-tier second interim dividend for the financial year ended 31 December 2023: 0.5 sen (2022: 1.0 sen) per ordinary share	<b>2,720</b>	5,440
	<b>11,968</b>	19,040

## 24. Dividends (continued)

On 8 December 2023, the directors declared a third interim single-tier exempt dividend of 0.6 sen per ordinary share on 544,000,000 ordinary shares amounting to RM3,264,000 in respect of the financial year ended 31 December 2023. This third interim dividend will be accounted for in equity as an appropriation of retained earnings in the financial year ending 31 December 2024.

On 13 March 2024, the directors declared a fourth interim single-tier exempt dividend of 0.8 sen per ordinary share on 544,000,000 ordinary shares amounting to RM4,352,000 in respect of the financial year ended 31 December 2023. This fourth interim dividend will be accounted for in equity as an appropriation of retained earnings in the financial year ending 31 December 2024.

The directors do not recommend the payment of any final dividend for the financial year ended 31 December 2023.

## 25. Cash and Cash Equivalents

	Group		Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Cash and bank balances	65,728	78,546	1,464	3,647
Deposits with licensed banks	10,841	399	–	–
Less: Fixed deposit pledged (Note 15)	(154)	(154)	–	–
	76,415	78,791	1,464	3,647

## 26. Capital Commitment

The Group has made commitments for the following capital expenditures:

	Group	
	2023 RM'000	2022 RM'000
Building under construction	–	8,962
Plant and machinery	523	228
	523	9,190

## 27. Related Party Disclosures

### (a) Identity of related parties

Parties are considered to be related to the Group if the Group has the ability, directly or indirectly, to control the party or exercise significant influence over the party in making financial and operational decisions, or vice versa, or where the Group and the party are subject to common control. Related parties may be individuals or other entities.

Related parties of the Group include:

- (i) Subsidiaries;
- (ii) Entities in which the directors of the subsidiaries have substantial financial interests; and
- (iii) Key management personnel of the Group and the Company, comprise persons (including directors) having the authority and responsibility for planning, directing and controlling the activities directly or indirectly.

## 27. Related Party Disclosures (continued)

### (b) Significant related party transactions

Significant related party transactions other than disclosed elsewhere in the financial statements are as follows:

	Group	
	2023 RM'000	2022 RM'000
<b>Transactions with companies in which certain directors of subsidiaries have financial interests:</b>		
Purchases of products	1,445	197
Sales of products	(78)	(1,529)
Commission received	(330)	(815)
	Company	
	2023 RM'000	2022 RM'000
<b>Transactions with subsidiaries:</b>		
Dividend income	(12,915)	(19,905)

Significant outstanding balances with related parties at the end of the reporting period are as disclosed in Note 22 to the financial statements.

### (c) Compensation of key management personnel

The remuneration of the key management personnel is as follows:

	Group		Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
<b>Directors of the Company and subsidiaries:</b>				
Non-executive director				
– Fees	180	219	180	219
– Other emoluments	41	24	41	24
	221	243	221	243
Executive directors				
– Short term employee benefits	5,399	3,623	–	–
– Post-employment benefits	426	275	–	–
– Fees	16	97	16	97
– Other emoluments	–	13	–	12
	5,841	4,008	16	109
	6,062	4,251	237	352
<b>Other key management personnel:</b>				
– Short term employee benefits	925	1,184	–	–
– Post-employment benefits	114	142	–	–
	1,039	1,326	–	–
	7,101	5,577	237	352

## 28. Segment Information

The Group prepared the geographical segment information in accordance with MFRS 8 Operating Segments based on the internal reports of the Group's strategic business units which are regularly reviewed by the Group Chief Executive Officer ("CEO") for the purpose of making decisions about resource allocation and performance assessment.

The reportable operating segments are as follows:

- (i) Malaysia
- (ii) Republic of Indonesia
- (iii) Socialist Republic of Vietnam
- (iv) Republic of Singapore

### Segment revenue and results

Segment results represents profit or loss before tax of the respective business segments. Inter-segment transactions are entered in the ordinary course of business based on terms mutually agreed upon by the parties concerned.

### Segment assets and liabilities

Segment assets and liabilities are measured based on all assets and liabilities of segment other than those activities that are not part of any reportable segments.

	Malaysia RM'000	Republic of Indonesia RM'000	Socialist Republic of Vietnam RM'000	Republic of Singapore RM'000	Elimination RM'000	Total RM'000
<b>2023</b>						
<b>Revenue</b>						
External revenue	561,488	77,436	493,858	29,647	–	1,162,429
Inter-segment revenue (Note a)	186,607	725	38	4,230	(191,600)	–
<b>Total segment revenue</b>	<b>748,095</b>	<b>78,161</b>	<b>493,896</b>	<b>33,877</b>	<b>(191,600)</b>	<b>1,162,429</b>
<b>Revenue</b>						
Segment results/Profit before tax	29,375	343	16,106	2,207	–	48,031
Income tax expense						(12,700)
<b>Profit for the financial year</b>						<b>35,331</b>
<b>Assets</b>						
Total assets	301,730	46,879	185,027	7,816	–	541,452
<b>Liabilities</b>						
Total liabilities	111,635	6,806	103,963	1,077	–	223,481
<b>Other segment information</b>						
Depreciation	3,694	1,685	1,250	100	–	6,729
Employee benefits expense	20,612	3,260	9,668	1,604	–	35,144
Expenses relating to short term leases	1,400	40	7,449	(4)	–	8,885
Interest income (Note b)	(904)	(218)	(31)	–	197	(956)
Interest expense (Note b)	4,388	242	2,781	193	(197)	7,407
Impairment loss on trade receivables	236	7	69	325	–	637
Reversal of impairment loss on trade receivables	(750)	–	–	–	–	(750)

## 28. Segment Information (continued)

	Malaysia RM'000	Republic of Indonesia RM'000	Socialist Republic of Vietnam RM'000	Republic of Singapore RM'000	Elimination RM'000	Total RM'000
<b>2023 (continued)</b>						
<b>Other segment information (continued)</b>						
Inventories written down	144	–	–	–	–	144
Reversal of inventories written down	–	(1,364)	(4,094)	–	–	(5,458)
Additions to non-current assets other than financial instruments and deferred tax assets	6,086	287	5,888	–	–	12,261
	Malaysia RM'000	Republic of Indonesia RM'000	Socialist Republic of Vietnam RM'000	Republic of Singapore RM'000	Elimination RM'000	Total RM'000
<b>2022</b>						
<b>Revenue</b>						
External revenue	647,697	99,684	542,045	32,387	–	1,321,813
Inter-segment revenue (Note a)	217,220	–	–	23,509	(240,729)	–
Total segment revenue	864,917	99,684	542,045	55,896	(240,729)	1,321,813
<b>Revenue</b>						
Segment results/Profit before tax	49,493	1,234	8,964	1,285	–	60,976
Income tax expense						(15,563)
Profit for the financial year						45,413
<b>Assets</b>						
Total assets	300,444	51,704	162,725	11,603	–	526,476
<b>Liabilities</b>						
Total liabilities	122,469	6,867	94,050	12,970	–	236,356
<b>Other segment information</b>						
Depreciation	3,921	1,761	1,276	94	–	7,052
Employee benefits expense	19,162	2,766	7,965	871	–	30,764
Expenses relating to short term leases	1,006	41	7,218	(13)	–	8,252
Interest income (Note b)	(818)	(127)	(18)	(5)	257	(711)
Interest expense (Note b)	4,131	245	3,082	194	(257)	7,395
Impairment loss on trade receivables	1,117	–	955	422	–	2,494
Reversal of impairment loss on trade receivables	(478)	(33)	(1,586)	–	–	(2,097)
Inventories written down	74	1,184	3,922	–	–	5,180
Reversal of inventories written down	(12)	–	–	–	–	(12)
Additions to non-current assets other than financial instruments and deferred tax assets	20,621	3,813	15,372	5	–	39,811

Notes:

(a) Inter-segment revenues are eliminated on consolidation.

(b) Inter-segment interests are eliminated on consolidation.

## 28. Segment Information (continued)

### Information about geographical areas

Revenue information based on the geographical location of customers is as follows:

	2023 RM'000	2022 RM'000
Malaysia	561,488	647,697
Republic of Indonesia	77,436	99,684
Socialist Republic of Vietnam	493,858	542,045
Republic of Singapore	29,647	32,387
	<b>1,162,429</b>	<b>1,321,813</b>

Non-current assets which do not include financial instruments and deferred tax assets analysed by geographical location of the assets are as follows:

	2023 RM'000	2022 RM'000
Malaysia	61,139	61,885
Republic of Indonesia	2,904	4,028
Socialist Republic of Vietnam	39,842	33,809
Republic of Singapore	59	151
	<b>103,944</b>	<b>99,873</b>

### Information about major customers

There is no single customer with revenue equal or more than 10% of the Group revenue.

## 29. Financial Instruments

### (a) Categories of financial instruments

The following table analyses the financial instruments in the statements of financial position by the classes of financial instruments to which they are assigned:

#### (i) Amortised cost

Group	Amortised Cost RM'000	Total RM'000
<b>2023</b>		
<b>Financial assets</b>		
Receivables and deposits (exclude advance payment to suppliers, GST/VAT refundable and prepayments)	209,030	209,030
Deposits with licensed banks	10,841	10,841
Cash and bank balances	65,728	65,728
	<b>285,599</b>	<b>285,599</b>



## 29. Financial Instruments (continued)

### (a) Categories of financial instruments (continued)

The following table analyses the financial instruments in the statements of financial position by the classes of financial instruments to which they are assigned (Continued):

#### (i) Amortised cost (continued)

Group	Amortised Cost RM'000	Total RM'000
<b>2023</b>		
<b>Financial liabilities</b>		
Payables and accruals ( <i>exclude GST/SST/VAT payable and contract liabilities</i> )	57,264	57,264
Loans and borrowings	154,866	154,866
	<b>212,130</b>	<b>212,130</b>
<b>2022</b>		
<b>Financial liabilities</b>		
Receivables and deposits ( <i>exclude advance payment to suppliers, GST/VAT refundable and prepayments</i> )	188,773	188,773
Deposits with licensed banks	399	399
Cash and bank balances	78,546	78,546
	<b>267,718</b>	<b>267,718</b>
<b>Financial liabilities</b>		
Payables and accruals ( <i>exclude GST/VAT payable and contract liabilities</i> )	80,199	80,199
Loans and borrowings	137,246	137,246
	<b>217,445</b>	<b>217,445</b>
Company	Amortised cost RM'000	Total RM'000
<b>2023</b>		
<b>Financial assets</b>		
Receivables	2	2
Cash and bank balances	1,464	1,464
	<b>1,466</b>	<b>1,466</b>
<b>Financial liabilities</b>		
Other payable and accruals	95	95
<b>2022</b>		
<b>Financial assets</b>		
Dividend receivable	1,200	1,200
Receivables	2	2
Cash and bank balances	3,647	3,647
	<b>4,849</b>	<b>4,849</b>
<b>Financial liabilities</b>		
Other payable and accruals	73	73

## 29. Financial Instruments (continued)

### (b) Financial risk management

The Group and the Company are exposed to financial risks arising from their operations and the use of financial instruments. The key financial risks include credit risk, liquidity risk, interest rate risk and foreign currency risk. The Group's and the Company's overall financial risk management objective is to optimise value for their shareholders.

The Board of Directors reviews and agrees on policies and procedures for the management of these risks, which are executed by the Executive Directors and senior management. The audit committee provides independent oversight to the effectiveness of the risk management process.

The Group's and the Company's exposure to the financial risks and the objectives, policies and processes put in place to manage these risks are discussed below.

#### (i) Credit risk

Credit risk is the risk of financial loss to the Group and the Company that may arise on outstanding financial instruments should a counterparty default on its obligations. The Group and the Company are exposed to credit risk from their operating activities (primarily trade receivables), including deposits with banks and other financial instruments. The Group has a credit policy in place and the exposure to credit risk is managed through the application of credit approvals, credit limits and monitoring procedures. The Group has in place its debts recovery procedures including initiate legal proceedings to recover long overdue balances.

The Group and the Company consider a financial asset to be in default when:

- the counterparty is unable to pay its credit obligations to the Group and the Company in full, without taking into account any credit enhancements held by the Group and the Company; or
- the contractual payment of the financial asset is more than 90 days past due unless the Group and the Company have reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

At each reporting date, the Group and the Company assess whether financial assets carried at amortised cost are credit-impaired. A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired include observable data about the following events:

- significant financial difficulty of the counterparty;
- a breach of contract, such as a default of past due event;
- the lender(s) of the counterparty, for economic or contractual reasons relating to the counterparty's financial difficulty, having granted to the counterparty a concession(s) that the lender(s) would not otherwise consider; and
- it is becoming probable that the counterparty will enter bankruptcy or other financial reorganisation.

The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Group and the Company determine that the debtor does not have assets or source of income that could generate sufficient cash flows to repay the amounts subject to the write-off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Group's and the Company's procedure for recovery of amounts due.

## 29. Financial Instruments (continued)

### (b) Financial risk management (continued)

#### (i) Credit risk (continued)

##### Trade receivables

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

The carrying amounts of trade receivables are not secured by any collateral or supported by any other credit enhancements. In determining the recoverability of these receivables, the Group considers any change in the credit quality of the receivables from the date the credit was initially granted up to the reporting date. The Group has adopted a policy of dealing with creditworthy counterparties as a means of mitigating the risk of financial loss from defaults.

##### Credit risk concentration profile

The exposure of credit risk for trade receivables before impairment loss as at the end of the financial year by geographic region are as follows:

	Group			
	2023 RM'000	% of total	2022 RM'000	% of total
<b>By country:</b>				
Malaysia	121,684	57%	124,569	64%
Indonesia	16,837	8%	10,371	5%
Vietnam	70,387	33%	53,530	28%
Singapore	4,986	2%	5,071	3%
	213,894	100%	193,541	100%

The Group applies the simplified approach to providing for expected credit losses ("ECL") prescribed by MFRS 9, which permits the use of the lifetime expected credit loss provision for all trade receivables. To measure the expected credit losses, trade receivables have been grouped based on the days past due which were estimated to be immaterial to the Group. The Group also individually assessed ECL of individual customers based on indicators such as changes in financial capability of the receivables, payment trends of the receivable and default or significant delay in payments. The determination of ECL also incorporate economic conditions during the period of historical data, current conditions and forward-looking information on the economic conditions over the expected settlement period of the receivables. The Group believes that changes in economic conditions over these periods would not materially impact the impairment calculation of the receivables.

## 29. Financial Instruments (continued)

### (b) Financial risk management (continued)

#### (i) Credit risk (continued)

##### Trade receivables (continued)

The information about the credit risk exposure on the Group's trade receivables as follows:

Group	Gross carrying amount RM'000	ECL allowance RM'000	Net balance RM'000
<b>2023</b>			
Current (not past due)	150,663	–	150,663
1 – 30 days past due	38,364	–	38,364
31 – 60 days past due	10,312	–	10,312
61 – 90 days past due	4,547	–	4,547
91 – 120 days past due	1,250	–	1,250
more than 120 days past due	2,311	–	2,311
Individually assessed (credit impaired)	6,447	(6,447)	–
	<b>213,894</b>	<b>(6,447)</b>	<b>207,447</b>
<b>2022</b>			
Current (not past due)	132,038	–	132,038
1 – 30 days past due	36,542	–	36,542
31 – 60 days past due	11,317	–	11,317
61 – 90 days past due	2,895	–	2,895
91 – 120 days past due	3,460	–	3,460
more than 120 days past due	653	–	653
Individually assessed (credit impaired)	6,636	(6,636)	–
	<b>193,541</b>	<b>(6,636)</b>	<b>186,905</b>

##### Other receivables and other financial assets

For other receivables and other financial assets (including deposits and cash and bank balances), the Group and the Company minimise credit risk by dealing exclusively with high credit rating counterparties. At the reporting date, the Group's and the Company's maximum exposure to credit risk arising from other receivables and other financial assets is represented by the carrying amount of each class of financial assets recognised in the statements of financial position.

The Group and the Company consider the probability of default upon initial recognition of asset and whether there has been a significant increase in credit risk on an ongoing basis throughout each reporting period. To assess whether there is a significant increase in credit risk the Group and the Company compare the risk of a default occurring on the asset as at the reporting date with the risk of default as at the date of initial recognition. It considers available reasonable and supportive forward-looking information.

The Group and the Company consider these financial assets to have low credit risk and any loss allowance would be negligible. The Group and the Company did not recognise any loss allowance for impairment for other receivables and other financial assets.

## 29. Financial Instruments (continued)

### (b) Financial risk management (continued)

#### (i) Credit risk (continued)

##### Financial guarantee

The Company is exposed to credit risk in relation to financial guarantees given to banks in respect of banking facilities granted to certain subsidiaries and to suppliers for credit term granted to certain subsidiaries. The Company monitors the results of the subsidiaries and their repayment on an on-going basis. The maximum exposure to credit risk amounts to RM137,215,879 (2022: RM168,457,495) representing the outstanding banking facilities and certain trade payables of the subsidiaries at the reporting date. Generally, the Company considers the financial guarantees have low credit risk. As at the reporting date, there was no loss allowance for expected credit losses as determined by the Company for the financial guarantee.

The financial guarantees have not been recognised since the fair value on initial recognition was not material as most guarantees are provided as credit enhancements to the subsidiary companies' secured borrowings.

#### (ii) Liquidity risk

Liquidity risk is the risk that the Group and the Company will encounter difficulty in meeting financial obligations associated with financial liabilities. The Group's and the Company's exposure to liquidity risk arises primarily from mismatches of the maturities of financial assets and liabilities. The Group's and the Company's objective is to maintain a balance between continuity of funding and flexibility through use of stand-by credit facilities.

The Group's and the Company's liquidity risk management policy is to manage its debt maturity profile, operating cash flows and the availability of funding so as to ensure that refinancing, repayment and funding needs are met. In addition, the Group and the Company maintain sufficient levels of cash and available banking facilities at a reasonable level to their overall debt position to meet their working capital requirement.

##### Analysis of financial instruments by remaining contractual maturities

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

Group	Carrying amount RM'000	Contractual cash flows RM'000	On demand or within 1 year RM'000	1 to 2 years RM'000	2 to 5 years RM'000	Over 5 years RM'000
<b>2023</b>						
<b>Financial liabilities</b>						
Trade payables	49,474	49,474	49,474	—	—	—
Other payables, deposits and accruals*	7,790	7,790	7,790	—	—	—
Bankers' acceptances	58,254	58,254	58,254	—	—	—
Hire purchase payables	4,492	4,926	1,580	1,420	1,926	—
Lease liabilities	3,923	4,127	2,226	1,901	—	—
Onshore foreign currency loans	4,036	4,110	4,110	—	—	—
Foreign currency trade loan	9,883	10,091	10,091	—	—	—
Short term loans	46,219	46,808	46,808	—	—	—
Term loans	31,982	38,549	7,173	6,756	14,626	9,994
	<b>216,053</b>	<b>224,129</b>	<b>187,506</b>	<b>10,077</b>	<b>16,552</b>	<b>9,994</b>

## 29. Financial Instruments (continued)

### (b) Financial risk management (continued)

#### (ii) Liquidity risk (continued)

##### Analysis of financial instruments by remaining contractual maturities

The table below summarises the maturity profile of the Group's and the Company's financial liabilities at the reporting date based on contractual undiscounted repayment obligations (continued):

Group	Carrying amount RM'000	Contractual cash flows RM'000	On demand or within 1 year RM'000	1 to 2 years RM'000	2 to 5 years RM'000	Over 5 years RM'000
<b>2022</b>						
<b>Financial liabilities</b>						
Trade payables	70,906	70,906	70,906	–	–	–
Other payables, deposits and accruals*	9,293	9,293	9,293	–	–	–
Bankers' acceptances	76,180	76,180	76,180	–	–	–
Hire purchase payables	5,041	5,580	1,607	1,366	2,607	–
Lease liabilities	5,429	5,733	2,919	2,807	7	–
Foreign currency trade loan	2,239	2,293	2,293	–	–	–
Short term loans	38,596	41,332	41,332	–	–	–
Term loans	15,190	18,845	1,874	1,864	5,266	9,841
	222,874	230,162	206,404	6,037	7,880	9,841

\* Exclude GST/SST/VAT payable and contract liabilities

#### 2023/2022 Company

The Company's financial liabilities and its financial guarantee contracts as disclosed in Note 29(b)(i) at the reporting date either matures within one year or repayable on demand.

#### (iii) Interest rate risk

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

The Group's exposure to interest rate risk arises primarily from deposits placed with licensed banks, amounts due from or to subsidiaries and borrowings. The deposits placed with licensed banks at fixed rate expose the Group to fair value interest rate risk.

Borrowings at floating rate amounting to RM104,154,509 (2022: RM93,609,440) expose the Group to cash flow interest rate risk. The Group manages its interest rate risk exposure by maintaining a mix of fixed and floating rate loans and borrowings.

The Group does not have any fixed rate financial assets and liabilities at fair value through profit or loss. Therefore, a change in interest rates at the reporting date would not affect profit or loss.

##### Sensitivity analysis for interest rate risk

If the interest rate had been 50 basis points higher/lower and all other variables were held constant, the Group's profit for the financial year ended 31 December 2023 would decrease/increase by RM395,787 (2022: RM355,716) as a result of exposure to floating rate borrowings.

## 29. Financial Instruments (continued)

### (b) Financial risk management (continued)

#### (iv) Foreign currency risk

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

The Group has transactional currency exposures arising from sales or purchases that are denominated in currencies other than the functional currencies of the Group entities, primarily United States Dollar ("USD"), Vietnam Dong ("VND") and Indonesian Rupiah ("IDR"). The foreign currencies in which these transactions are mainly denominated are USD, Singapore Dollar ("SGD"), Euro and IDR.

Forward currency contracts may be used by certain subsidiaries to reduce exposure to fluctuations in foreign currency risk. In addition, the Group holds cash and cash equivalents denominated in foreign currencies to pay its foreign purchases as a natural hedge against fluctuations in foreign currency risk.

The Group is also exposed to currency translation risk arising from its net investments in foreign operations, including Republic of Indonesia, Socialist Republic of Vietnam and Republic of Singapore.

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

	Group Functional Currencies					Company - Functional Currency -	
	Ringgit Malaysia RM'000	US Dollar RM'000	Vietnam Dong RM'000	Indonesian Rupiah RM'000	Total RM'000	Ringgit Malaysia RM'000	Total RM'000
<b>At 31 December 2023</b>							
Financial assets and liabilities not held in functional currencies:							
<b>Trade receivables</b>							
US Dollar	8,307	—	4,074	103	12,484	—	—
Singapore Dollar	73	2,823	—	—	2,896	—	—
	<b>8,380</b>	<b>2,823</b>	<b>4,074</b>	<b>103</b>	<b>15,380</b>	<b>—</b>	<b>—</b>
<b>Cash and short term deposits</b>							
US Dollar	6,188	—	4,564	358	11,110	3	3
Indonesian Rupiah	2	—	—	—	2	—	—
Singapore Dollar	164	2,392	—	—	2,556	—	—
	<b>6,354</b>	<b>2,392</b>	<b>4,564</b>	<b>358</b>	<b>13,668</b>	<b>3</b>	<b>3</b>
<b>Trade payables</b>							
US Dollar	(3,858)	—	(16,085)	(3,246)	(23,189)	—	—
Euro	(8)	—	—	—	(8)	—	—
Singapore Dollar	—	(490)	—	—	(490)	—	—
	<b>(3,866)</b>	<b>(490)</b>	<b>(16,085)</b>	<b>(3,246)</b>	<b>(23,687)</b>	<b>—</b>	<b>—</b>
<b>Borrowings</b>							
US Dollar	(13,918)	—	—	—	(13,918)	—	—



## 29. Financial Instruments (continued)

## (b) Financial risk management (continued)

## (iv) Foreign currency risk (continued)

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

	Group				Company		
	Functional Currencies				Functional Currency		
	Ringgit Malaysia RM'000	US Dollar RM'000	Vietnam Dong RM'000	Indonesian Rupiah RM'000	Total RM'000	Ringgit Malaysia RM'000	Total RM'000
<b>At 31 December 2023</b>							
Financial assets and liabilities not held in functional currencies:							
<b>Total</b>							
US Dollar	(3,281)	–	(7,447)	(2,785)	(13,513)	3	3
Euro	(8)	–	–	–	(8)	–	–
Indonesian Rupiah	2	–	–	–	2	–	–
Singapore Dollar	237	4,725	–	–	4,962	–	–
	(3,050)	4,725	(7,447)	(2,785)	(8,557)	3	3
<b>At 31 December 2022</b>							
Financial assets and liabilities not held in functional currencies:							
<b>Trade receivables</b>							
US Dollar	10,360	–	5,504	99	15,963	–	–
Singapore Dollar	13	3,355	–	–	3,368	–	–
	10,373	3,355	5,504	99	19,331	–	–
<b>Cash and short term deposits</b>							
US Dollar	7,319	–	3,436	677	11,432	3	3
Indonesian Rupiah	2	–	–	–	2	–	–
Singapore Dollar	106	1,376	–	–	1,482	–	–
	7,427	1,376	3,436	677	12,916	3	3
<b>Trade payables</b>							
US Dollar	(18,541)	–	(9,926)	(465)	(28,932)	–	–
Singapore Dollar	–	(92)	–	–	(92)	–	–
	(18,541)	(92)	(9,926)	(465)	(29,024)	–	–
<b>Borrowings</b>							
US Dollar	(2,239)	–	(2,742)	–	(4,981)	–	–
<b>Total</b>							
US Dollar	(3,101)	–	(3,728)	311	(6,518)	3	3
Indonesian Rupiah	2	–	–	–	2	–	–
Singapore Dollar	119	4,639	–	–	4,758	–	–
	(2,980)	4,639	(3,728)	311	(1,758)	3	3

**29. Financial Instruments** (continued)**(b) Financial risk management** (continued)**(iv) Foreign currency risk** (continued)Sensitivity analysis for foreign currency risk

The following table demonstrates the sensitivity of the Group's and of the Company's profit for the financial year to a reasonably possible change in the USD and IDR exchange rates against the respective functional currencies of the Group entities, with all other variables held constant.

	Group 2023 RM'000	2022 RM'000
USD/RM		
– strengthened 5%	(120)	(120)
– weakened 5%	120	120
USD/VND		
– strengthened 5%	(300)	(150)
– weakened 5%	300	150
USD/IDR		
– strengthened 5%	(110)	(10)
– weakened 5%	110	10

**30. Fair Value of Financial Instruments**

The methods and assumptions used to determine the fair value of the following classes of financial assets and liabilities are as follows:

**(a) Cash and cash equivalents, trade and other receivables and payables**

The carrying amounts of cash and cash equivalents, trade and other receivables and payables are reasonable approximation of fair values due to short term nature of these financial instruments.

**(b) Borrowings**

The carrying amounts of the current portion of borrowings are reasonable approximation of fair values due to the insignificant impact of discounting.

The carrying amounts of long term floating rate loans approximate their fair values as the loans will be re-priced to market interest rate on or near reporting date.

The fair value of hire purchase payables is estimated using discounted cash flow analysis, based on current lending rate for similar types of borrowing arrangements.

### 31. Fair Value Hierarchy

As at 31 December 2023 and 2022, the Group held the following financial instruments not measured at fair value:

	Carrying amount RM'000	Level 1 RM'000	Fair value Level 2 RM'000	Level 3 RM'000
<b>2023</b>				
<b>Financial liabilities</b>				
Hire purchase payables	4,491	–	4,465	–
<b>2022</b>				
<b>Financial liabilities</b>				
Hire purchase payables	5,041	–	4,937	–

During the financial years ended 31 December 2023 and 2022, there was no transfer between fair value hierarchy.

### 32. Capital Management

The Group manages its capital to ensure that it maintains healthy capital ratios to support its business whilst maximising the return to its shareholders through the optimisation of the debt-to-equity ratio to reduce cost of capital. The Group's strategy in capital management remains unchanged from 2022.

The Group manages its capital structure and makes adjustments to it, in light of changes in business and economic conditions. To maintain or adjust structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders, issue new shares, redeem debts or sell assets to reduce debts, where necessary.

The debt-to-equity ratio is calculated as net debts divided by total capital of the Group. Net debts comprise bank borrowings and lease liabilities less deposits, cash and bank balances whilst total capital is the total equity of the Group. The debt-to-equity ratio as at 31 December 2023 and 2022, which are within the Group's objectives of capital management are as follows:

	Group 2023	2022
Total interest-bearing borrowings and lease liabilities (RM'000)	158,789	142,675
Less: Deposits, cash and bank balances (RM'000)	(76,569)	(78,945)
Total net debts (RM'000)	82,220	63,730
Total equity (RM'000)	317,971	290,120
Debt-to-equity ratio (%)	26	22

Certain subsidiaries of the Group are required to maintain certain level of capital requirements on gearing ratio, leverage ratio and net worth in respect of their bank borrowings requirements.

**33. Significant Event Subsequent to the End of the Financial Year**

On 11 December 2023, SC Udes Sdn. Bhd., a subsidiary of the Company, had entered into an agreement to acquire 100% of the issued share capital in CKJ Logistics Sdn. Bhd. ("CKJL"), for a consideration of RM8,530,000. The purchase was completed on 1 February 2024. Consequently, CKJL became an indirect subsidiary of the Company. The Group is still in the midst of preparing the initial accounting for the acquisition of CKJL in the consolidated financial statements of the Company as the acquisition was only recently completed. As such, the information on the effect arising from the acquisition is not disclosed.

On 12 March 2024, the directors of Sampro Distribution Sdn. Bhd., a subsidiary of the Company, approved to request the Companies Commission of Malaysia to exercise its power to strike the Company's name off the Register.

## **Statement by Directors**

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

We, **NG AI RENE** and **NG THIN POH**, being two of the directors of SAMCHEM HOLDINGS BERHAD, do hereby state that in the opinion of the directors, the accompanying financial statements set out on pages 72 to 121 are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2023 and of their financial performance and cash flows of the Group and of the Company for the financial year then ended.

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

**NG AI RENE**

Director

**NG THIN POH**

Director

Date: 15 April 2024

## **Statutory Declaration**

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

I, **NG BING HONG**, being the officer primarily responsible for the financial management of SAMCHEM HOLDINGS BERHAD, do solemnly and sincerely declare that to the best of my knowledge and belief, the accompanying financial statements set out on pages 72 to 121 are correct and I make this solemn declaration conscientiously believing the same to be true, and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared  
by the abovenamed at  
Petaling Jaya in the State of Selangor Darul Ehsan  
on 15 April 2024.

**NG BING HONG**

MIA Membership No.: 48425

Before me

**LEONG YUE CHOW [B480]**

Commissioner for Oaths

# Independent Auditors' Report

to the Members of Samchem Holdings Berhad

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## Report on the Audit of the Financial Statements

### Opinion

We have audited the financial statements of Samchem Holdings Berhad, which comprise the statements of financial position as at 31 December 2023 of the Group and of the Company, and the statements of comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the financial year then ended, and notes to the financial statements, including material accounting policy information, as set out on pages 72 to 121.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Group and of the Company as at 31 December 2023, and of their financial performance and their cash flows for the financial year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

### Basis for Opinion

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

### Independence and Other Ethical Responsibilities

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

### Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the Group and of the Company of the current financial year. These matters were addressed in the context of our audit of the

financial statements of the Group and of the Company as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

## Group

### Inventory (Note 12 to the financial statements)

The Group's inventories, comprise mainly trading goods, are measured at the lower of cost or net realisable value. Significant judgement is required in estimating their net realisable value and in identifying any allowance required for slow-moving inventories.

#### Our response:

Our audit procedures included, among others:

- understanding the design and implementation of controls associated with monitoring, detection and write down of slow-moving inventories or to net realisable value as at 31 December 2023;
- observing year end physical inventory count to examine physical existence and condition of the trading goods and understanding the design and implementation of controls during the count;
- comparing the estimated net realisable value of selected trading goods against their unit cost; and
- discussing with the Group whether the inventories have been written down to their net realisable value for inventory items with net realisable value lower than their cost, if any.

### Trade receivables (Note 13 to the financial statements)

The Group has significant trade receivables as at 31 December 2023 which include certain amounts which were long outstanding. We focused on this area because the Group made significant judgements over assumptions about risk of default and expected loss rate. In making the assumptions, the Group selected inputs to the impairment calculation, based on the Group's past history, existing market conditions as well as forward looking estimates at the end of the reporting period.

#### Our response:

Our audit procedures included, among others:

- understanding the design and controls associated with monitoring and assessment on recoverability of outstanding receivables;

# 124 Independent Auditors' Report

to the Members of Samchem Holdings Berhad

- understanding the significant credit exposures of receivables that were significantly overdue or deemed to be in default through analysis of ageing reports prepared by the Group;
- obtaining confirmation of balances from selected receivables;
- checking subsequent receipts and the level of activity with the customer and management explanation on recoverability of significantly past due balances; and
- testing the calculation of expected credit losses as at the end of the reporting period.

## Company

We have determined that there are no key audit matters in the audit of the separate financial statements of the Company to be communicated in our auditors' report.

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

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

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

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

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

### Responsibilities of Directors for the Financial Statements

The directors of the Company are responsible for the preparation of financial statements of the Group and of the Company that give a true and fair view

in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia. The directors are also responsible for such internal control as the directors determine is necessary to enable the preparation of financial statements of the Group and of the Company that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements of the Group and of the Company, the directors are responsible for assessing the Group's and 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 Group or the Company or to cease operations, or have no realistic alternative but to do so.

The directors of the Company are responsible for overseeing the Group's financial reporting process.

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

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

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

- identify and assess the risks of material misstatement of the financial statements of the Group and of the Company, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting



from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and 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.
- conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's or the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements of the Group and of the Company or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group or the Company to cease to continue as a going concern.
- evaluate the overall presentation, structure and content of the financial statements of the Group and of the Company, including the disclosures, and whether the financial statements of the Group and of the Company represent the underlying transactions and events in a manner that achieves fair presentation.
- obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial statements of the Group. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

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

## Report on Other Legal and Regulatory Requirements

In accordance with the requirements of the Companies Act 2016 in Malaysia, we report that the subsidiaries of which we have not acted as auditors are disclosed in Note 11 to the financial statements.

## Other Matters

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

**Baker Tilly Monteiro Heng PLT**  
201906000600 (LLP0019411-LCA)  
& AF 0117  
Chartered Accountants

**Lee Kong Weng**  
02967/07/2025 J  
Chartered  
Accountant

Kuala Lumpur  
Date: 15 April 2024

# 126 Particulars of Properties

Postal Address/ Title Details	Description/ Existing Use	Tenure/ Date of Expiry of Lease	Restriction in Interest/ Encumbrances	Date of Issuance of Certificate of Fitness for Occupation	Land Area and/or Built Up Area	Approximate Age of Building	Net Book Value As At 31.12.2023 (RM)	Cost of Investment (RM)
<b>Samchem Sdn Bhd</b>								
Lot 6, Jalan Sungai Kayu Ara 32/39 Seksyen 32, 40460 Shah Alam Selangor Darul Ehsan	Single-storey detached warehouse annexed with a 3-storey office building and a guard house/ Industrial	Freehold	Nil/  Charges in favour of Maybank Berhad ("MBB") vide presentation no. 34391/2004, 34392/2004, 34393/2004 all dated 04.06.2004, 4087/2005 dated 31.01.2005, 9549/2006 and 9550/2006 dated 21.02.2006, 118146/2006 dated 27.12.2006 and 81512/2008 dated 26.08.2008	29.01.2007	103,431 sq.ft/ 78,470 sq.ft	16 years	7,938,316	10,576,993
H.S.(D) 57951 Lot No. 18, PT 57359 Mukim and Daerah Kelang Selangor Darul Ehsan								
16 Jalan Utarid U5/29 Seksyen U5, 40150 Shah Alam Selangor Darul Ehsan	A 1½-storey terraced factory	Leasehold – 99 years expiring on 11.12.2096	Cash		3,000 sq.ft/ 3,120 sq.ft	27 years	1,175,751	1,289,967
Lot No.35 Pulau Indah Industrial Park Phase 3C HSD 164239, No. PT 152661 Mukim Klang, Klang Selangor Darul Ehsan	Single-storey detached warehouse annexed with a single-storey office building and a guard house/ Industrial	Leasehold – 99 years expiring on 30.03.2097	Charges in favour of HLBB vide reference no.002611004704 dated 02.02.2018	31.01.2020	200,376 sq.ft	1 year	27,694,776	28,078,670

Postal Address/ Title Details	Description/ Existing Use	Tenure/ Date of Expiry of Lease	Restriction in Interest/ Encumbrances	Date of Issuance of Certificate of Fitness for Occupation	Land Area and/or Built Up Area	Approximate Age of Building	Net Book Value As At 31.12.2023 (RM)	Cost of Investment (RM)
<b>Samchem Nusajaya Sdn Bhd</b>								
PTD 152691, Jalan SILC 2	4 Block of	Freehold	Charges in favour of	03.03.2009	200,000 sq.ft./	14 years	9,896,644	11,807,824
SILC, 81550 Gelang Patah	single-storey		HLBB vide presentation		81,064 sq.ft			
Johor Darul Takzim	factory and		no. 66343/2008 dated					
H.S. (D) 440468	1 Block of 3-storey		19.08.2008					
Lot No. PTD 152691	office building							
Mukim Pulau, Johor Bahru								
Johor Darul Takzim								
<b>Meridian Chemicals (Vietnam) Company Limited</b>								
Lot A3, Road No.1,	Single-storey	Leasehold	Charges in favour of OCB	—	28,669 m <sup>2</sup> /	1 year	32,828,006	32,941,109
Duc Hoa 3 Industrial Park,	warehouse,	– expiring			13,840 m <sup>2</sup>		[VND	[VND
Tan A Dai Thanh Group,	1 block of office	on					171,889,	172,481,
Duc Hanh 2 Hamlet,	building and	31.12.2057					314,874]	530,476]
Duc Lap Ha Commune,	a staff quarter							
Duc Hoa District,								
Long An Province, Vietnam								

# 128 Analysis of Shareholdings

As At 29 March 2024

Number of Total Issued and Paid Up Share Capital:	544,000,000
Class of Shares:	Ordinary Share
Voting Rights:	One vote per ordinary share
Number of Shareholders:	5,463

## Analysis of Shareholdings

Size of Holdings	No. of Holders		No. of Shares		% of Shares	
	Malaysian	Foreign	Malaysian	Foreign	Malaysian	Foreign
Less than 100	9	0	116	0	0.00	0.00
100 – 1,000	443	2	273,204	900	0.05	0.00
1,001 – 10,000	2,470	15	13,953,040	90,300	2.56	0.02
10,001 – 100,000	1,920	20	66,947,560	797,200	12.31	0.15
100,001 and below 5%	319	13	177,513,828	8,049,600	32.63	1.48
5% and above	2	0	276,374,252	0	50.80	0.00
Total	5,163	50	535,062,000	8,938,000	98.36	1.64

## Substantial Shareholders

	Direct Interest		Indirect Interest	
	No. of Shares	%	No. of Shares	%
Ng Thin Poh	–	–	249,027,608	45.78
Tan Teck Beng	27,346,644	5.03	120,000*	0.02

\* Indirect interest held by spouse and children

## Directors' Shareholding

	Direct Interest		Indirect Interest	
	No. of Shares	%	No. of Shares	%
Ng Thin Poh	–	–	249,027,608	45.78
Ng Ai Rene	2,556,800	0.47	–	–
Cheong Chee Yun	–	–	–	–
Lok Kai Chun	29,200	0.01	–	–
Dato' Razali Basri	–	–	–	–
Hor Wai Kong	–	–	–	–

\* Indirect interest held by spouse and children

## List of Top 30 Shareholders

No.	Name	Shareholdings	%
1	Continental Hallmark Sdn. Bhd	249,027,608	45.78
2	Tan Teck Beng	27,346,644	5.03
3	Chooi Chok Khooi	20,016,184	3.68
4	HLB Nominees (Tempatan) Sdn Bhd <i>Beneficiary: Pledged Securities Account for Wong Yee Hui</i>	7,500,000	1.38
5	Maybank Nominees (Tempatan) Sdn Bhd <i>Beneficiary: Pledged Securities Account for Chen Tam Chai</i>	7,228,000	1.33
6	Maybank Nominees (Tempatan) Sdn Bhd <i>Beneficiary: Pledged Securities Account for See Kok Wah</i>	7,051,200	1.30
7	Cartaban Nominees (Tempatan) Sdn Bhd <i>Beneficiary: Exempt AN for Standard Chartered Bank Malaysia Berhad (Wealth Management) (Tempatan)</i>	6,620,000	1.22
8	Louis Lee Pershung	6,000,000	1.10
9	Maybank Nominees (Tempatan) Sdn Bhd <i>Beneficiary: Pledged Securities Account for Erwin Selvarajah A/L Peter Selvarajah</i>	5,310,000	0.98
10	DB (Malaysia) Nominee (Tempatan) Sendirian Berhad <i>Beneficiary: Deutsche Trustees Malaysia Berhad for Hong Leong Dividend Fund</i>	5,200,000	0.96
11	Ng Hoi Peng	5,063,600	0.93
12	UOB Kay Hian Nominees (Asing) Sdn Bhd <i>Beneficiary: Exempt AN for UOB Kay Hian Pte Ltd (A/C Clients)</i>	3,016,500	0.55
13	Public Nominees (Tempatan) Sdn Bhd <i>Beneficiary: Pledged Securities Account for Ng Hoi Peng (E-SJA)</i>	3,000,000	0.55
14	Michael Lee Fook Soon	2,900,000	0.53
15	Ong Eng Mun	2,800,000	0.51
16	CIMSEC Nominees (Tempatan) Sdn Bhd <i>Beneficiary: CIMB for Ng Ai Rene (PB)</i>	2,556,800	0.47
17	CGS International Nominees (Tempatan) Sdn Bhd <i>Beneficiary: Pledged Securities Account for Yoong Kah Yin</i>	2,430,000	0.45
18	Cheong Yuen Lai	2,227,000	0.41
19	Susy Ding	2,200,000	0.40
20	Ng Gan Hooi	1,867,800	0.34
21	Louisa Lee Pernee	1,800,000	0.33
22	Phillip Nominees (Tempatan) Sdn Bhd <i>Beneficiary: Exempt AN for Phillip Capital Management Sdn Bhd</i>	1,719,400	0.32
23	Wendy Ng Ai Hoon	1,582,800	0.29
24	Nahoorammah A/P Sithamparam Pillay	1,500,000	0.28
25	Ch'ng Yew Kiat	1,457,400	0.27
26	HSBC Nominees (Tempatan) Sdn Bhd <i>Beneficiary: Exempt AN for Bank Julius Baer &amp; Co. Ltd. (Singapore Bch)</i>	1,434,300	0.26
27	Maybank Securities Nominees (Tempatan) Sdn Bhd <i>Beneficiary: Pledged Securities Account for Eng Tek Kai @ Heng Tek Chat (REM 166)</i>	1,380,000	0.25
28	T.O. Lim Holdings Sdn Bhd	1,240,000	0.23
29	Ng Lee Peng	1,222,600	0.22
30	Chong Kon Chong	1,203,900	0.22
<b>Total</b>		<b>383,901,736</b>	<b>70.57</b>

# 130 Notice of Annual General Meeting

**NOTICE IS HEREBY GIVEN** that the Seventeenth Annual General Meeting of Samchem Holdings Berhad at Level 3, Lot 6, Jalan Sungai Kayu Ara 32/39, Seksyen 32, 40460 Shah Alam, Selangor Darul Ehsan, Thursday, 30 May 2024 at 10.30 a.m. for the following purposes:

## *Agenda*

### **As Ordinary Business**

1. To receive the Audited Financial Statements of the Group and of the Company for the financial year ended 31 December 2023 and the Report of the Directors and Auditors thereon. **(Note A)**
2. To approve the payment of Directors' Fees amounting to RM195,577/- and benefits of RM10,500/- in respect of the year ended 31 December 2023. **(Resolution 1)**
3. To approve the payment of Directors' Fees amounting to RM400,000/- and benefits of up to RM50,000/- from 1 January 2024 until the next Annual General Meeting. **(Resolution 2)**
4. To re-elect the following Directors who retire pursuant to Clause 97(b) of the Company's Constitution:
  - (i) NG AI RENE (F) **(Resolution 3)**
  - (ii) LOK KAI CHUN **(Resolution 4)**
5. To re-appoint Messrs. Baker Tilly Monteiro Heng PLT as the Auditors of the Company for the ensuing year and to authorise the Directors to fix their remuneration. **(Resolution 5)**

### **As Special Business**

To consider and, if thought fit, to pass with or without modifications, the following resolutions:

6. **Ordinary Resolution**  
**Authority to Issue Shares Pursuant to Section 75 and 76 of the Companies Act, 2016** **(Resolution 6)**

"THAT subject to the Companies Act, 2016, the Constitution of the Company and the approvals of the Securities Commission, Bursa Malaysia Securities Berhad and other relevant governmental and/or regulatory authorities, if applicable, the Directors of the Company be and are hereby empowered pursuant to Section 75 and 76 of the Companies Act, 2016 to issue shares in the Company at any time at such price, upon such terms and conditions, for such purposes and to such person or persons whomsoever as the Directors may in their absolute discretion deem fit, provided that the aggregate number of shares issued pursuant to this resolution does not exceed ten per centum (10%) of the total issued share capital of the Company for the time being; AND THAT such authority shall continue to be in force until the conclusion of the next Annual General Meeting ("AGM") of the Company.

THAT pursuant to Section 85 of the Companies Act, 2016, read together with Clause 13(d) of the Constitution of the Company, approval be and is hereby given to waive the statutory pre-emptive rights of the shareholders of the Company to be offered new shares ranking equally to the existing issued shares of the Company arising from any issuance of new shares pursuant to Sections 75 & 76 of the Companies Act, 2016."

## 7. Ordinary Resolution

### Proposed Renewal of Authority for Purchase of Own Shares by the Company

(Resolution 7)

“THAT subject always to the provisions of the Companies Act, 2016 (“Act”), the Constitution of the Company, the Main Market Listing Requirements of Bursa Malaysia Securities Berhad (“Bursa Securities”) and other relevant statutory and/or regulatory requirements, the Company be authorised, to the fullest extent permitted by law, to buy-back such amount of Shares in the Company as may be determined by the Directors of the Company from time to time, through Bursa Securities, upon such terms and conditions as the Directors may deem fit and expedient in the interests of the Company, provided that:

- (i) the aggregate number of Shares bought-back does not exceed 10% of the total issued and paid-up ordinary share capital of the Company at any time;
- (ii) the maximum amount of funds to be allocated for the shares buy-back shall not exceed the Company’s audited retained earnings and/or share premium account at any point in time;
- (iii) the Shares purchased shall be treated in the following manner:
  - (a) the purchased Shares shall be cancelled; or
  - (b) the purchased Shares shall be retained as treasury shares for distribution as dividend to the shareholders and/or resale on Bursa Securities in accordance with the relevant rules of Bursa Securities and/or cancellation subsequently; or
  - (c) part of the purchased Shares shall be retained as treasury shares and the remainder shall be cancelled; or
  - (d) in such other manner as Bursa Securities and other relevant authorities may allow from time to time; or
  - (e) any combination of (a), (b), (c) and (d) above.

AND THAT the authority conferred by this resolution shall commence upon the passing of this resolution until:

- (i) the conclusion of the next Annual General Meeting (“AGM”) of the Company following the general meeting at which such resolution was passed, at which time the authority will lapse unless renewed by ordinary resolution, either unconditionally or subject to conditions; or
- (ii) the expiration of the period within which the next AGM after that date is required by law to be held; or
- (iii) revoked or varied by resolution passed by the Company in general meeting;

whichever occurs first.

AND FURTHER THAT authority be and is hereby given to the Directors of the Company to take all such steps as may be necessary or expedient (including without limitation, the opening and maintaining of central depository account(s) under the Securities (Central Depository) Industry Act, 1991, and the entering into and execution of all agreements, arrangements and guarantees with any party or parties) to implement, finalise and give full effect to the Proposed Share Buy-Back with full powers to assent to any conditions, modifications, revaluations, variations and/or amendments (if any) as may be imposed by the relevant authorities and with full power to do all such acts and things thereafter (including without limitation, the cancellation or retention as treasury shares of all or any part of the Shares bought-back) in accordance with the provisions of the Act, the Constitution of the Company, the Main Market Listing Requirements of Bursa Securities and all other relevant statutory and/or regulatory requirements.”



# 132 Notice of Annual General Meeting

## 8. Ordinary Resolution

### **Proposed Renewal of Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature**

**(Resolution 8)**

"THAT subject always to the provisions of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities") and other relevant statutory and/or regulatory requirements, the Company be authorised, to the fullest extent permitted by law, to enter into and to give effect to the specified Recurrent Related Party Transactions of a revenue or trading nature with the Related Parties as set in Part A of the Circular to Shareholders dated 30 April 2024 which are necessary for its day-to-day operations, to be entered into by the Company on the basis that these transactions are entered into on transaction prices and terms which are not more favourable to the Related Parties than generally available to the public and are not detrimental to the minority shareholders of the Company;

THAT the Proposed Renewal of Shareholders' Mandate is subject to annual renewal. AND THAT any authority conferred by the Proposed Renewal of Shareholders' Mandate, shall only continue to be in force until:

- (i) the conclusion of the next Annual General Meeting ("AGM") of the Company following the general meeting at which such resolution was passed, at which time the authority will lapse unless renewed by ordinary resolution, either unconditionally or subject to conditions; or
- (ii) the expiration of the period within which the next AGM after that date is required to be held pursuant to Section 340(2) of the Companies Act, 2016 ("Act") (but shall not extend to such extension as may be allowed pursuant to Section 340(4) of the Act; or
- (iii) revoked or varied by resolution passed by the Company in general meeting;

whichever occurs first.

AND FURTHER THAT authority be and is hereby given to the Directors of the Company to complete and do all such acts and things (including executing such documents as may be required) to give effect to the Proposed Renewal of Shareholders' Mandate."

### **Any Other Business**

- 9. To transact any other business for which due notice shall have been given in accordance with the Company's Constitution and the Companies Act, 2016.

By Order of the Board

**WONG YOUN KIM** (F) (MAICSA 7018778) (SSM PC No.: 201908000410)

**LEE CHIN WEN** (F) (MAICSA 7061168) (SSM PC No.: 202008001901)

Company Secretaries

30 April 2024

**NOTES :**

**(A) THE AGENDA ITEM IS MEANT FOR DISCUSSION ONLY AS THE PROVISION OF SECTION 340(1)(A) OF THE COMPANIES ACT, 2016 DOES NOT REQUIRE A FORMAL APPROVAL OF THE SHAREHOLDERS FOR THE AUDITED FINANCIAL STATEMENTS. HENCE, THIS AGENDA ITEM IS NOT PUT FORWARD FOR VOTING.**

**(B) PROXY**

- (i) A member of the Company entitled to attend and vote at this Meeting is entitled to appoint a proxy or proxies (or being a corporate member, a corporate representative) to attend and vote in his stead. A proxy may but need not be a member of the Company. There shall be no restriction as to the qualification of the proxy.
- (ii) Subject to Note B (v) below, where a member appoint two (2) or more proxies, the appointments shall be invalid unless he specifies the proportion of his shareholding to be represented by each proxy.
- (iii) The instrument appointing a proxy in the case of an individual shall be signed by the appointer or his attorney or in the case of a corporation executed under its common seal or signed on behalf of the corporation by its attorney duly authorised.
- (iv) To be valid, the instrument appointing a proxy or by an officer and the power of attorney or other authority (if any) must be completed and deposited at the Registered Office of the Company at Lot 6, Jalan Sungai Kayu Ara 32/39, Seksyen 32, 40460 Shah Alam, Selangor Darul Ehsan not less than forty-eight (48) hours before the time appointed for the holding of the Meeting or adjourned Meeting (or in the case of a poll before the time appointed for the taking of the poll).
- (v) 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") as defined under the Securities Industry (Central Depositories) Act 1991, there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds.
- (vi) Only a depositor whose name appears on the Record of Depositors as at 23 May 2024 shall be entitled to attend the said meeting and to appoint a proxy or proxies to attend, speak and/or vote on his/her behalf.
- (vii) Pursuant to Clause 62 of the Constitution of the Company, all resolutions set out in this Notice will be put to vote by way of poll.

**(C) EXPLANATORY NOTES ON SPECIAL BUSINESS**

**Resolution 6 – Renewal of Authority to issue shares pursuant to Section 75 and 76 of the Companies Act, 2016.**

The proposed Resolution 6, if passed, will give the Directors of the Company, from the date of the above Annual General Meeting authority

to issue and allot shares from the unissued capital of the Company for such purposes as the Directors may deem fit and in the interest of the Company. The authority, unless revoked or varied by the Company in general meeting, will expire at the conclusion of the next Annual General Meeting of the Company.

THAT pursuant to Section 85 of the Companies Act, 2016, read together with Clause 13(d) of the Constitution of the Company, approval be and is hereby given to waive the statutory pre-emptive rights of the shareholders of the Company to be offered new shares ranking equally to the existing issued shares of the Company arising from any issuance of new shares pursuant to Sections 75 & 76 of the Companies Act, 2016.

As at the date of this notice, no new shares in the Company were issued pursuant to the authority granted to the Directors at the Sixteenth Annual General Meeting held on 31 May 2023 and which will lapse at the conclusion of the Seventeenth Annual General Meeting.

The authority will provide flexibility to the Company for any possible fund-raising activities, including but not limited to further placing of shares, for purpose of funding future investment project(s), working capital and/or acquisitions.

**Resolution 7 – Proposed Renewal of Authority for Purchase of Own Shares by the Company**

The proposed Ordinary Resolution 7 if passed, will empower the Company to purchase and/or hold up to ten per centum (10%) of the issued and paid-up share of the Company. This authority unless revoked or varied by the Company at a General Meeting will expire at the next Annual General Meeting.

Further information on the Proposed Renewal of Authority for Purchase of Own Shares by the Company is set out in Part B of the Circular to Shareholders of the Company which can be downloaded from our Corporate Website at [www.samchem.com.my](http://www.samchem.com.my).

**Resolution 8 – Proposed Renewal of Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature**

The proposed Ordinary Resolution 8 if passed, will empower the Company and its subsidiaries ("the Group") to enter into Recurrent Related Party Transactions of a revenue or trading nature which are necessary for the Group's day-to-day operations, subject to the transactions being in the ordinary course of business and on terms which are not more favourable to the Related Parties than generally available to the public and are not detrimental to the minority shareholders of the Company.

Further information on the Proposed Renewal of Shareholders' Mandate for Recurrent Related Party Transactions is set out in Part A of the Circular to Shareholders of the Company which can be downloaded from our Corporate Website at [www.samchem.com.my](http://www.samchem.com.my).

# 134 Statement Accompanying Notice of the 17<sup>th</sup> Annual General Meeting

Pursuant to paragraph 8.28(2) of the Main Market Listing Requirement of Bursa Malaysia Securities Berhad

1. Directors who are standing for re-election at the 17<sup>th</sup> Annual General Meeting of the Company:
  - a) NG AI RENE (F) (Resolution 3)
  - b) LOK KAI CHUN (Resolution 4)
2. The details profile of the above Directors who are standing for re-election are set out in the Directors' Profile set out on pages 18 to 19 of the Annual Report 2023.
3. The details of the Directors' attendance for Board Meetings are disclosed in the Corporate Governance Statement on page 22 of the Annual Report 2023.
4. The 17<sup>th</sup> Annual General Meeting of the Company will be held at Level 3, Lot 6, Jalan Sungai Kayu Ara 32/39, Seksyen 32, 40460 Shah Alam, Selangor Darul Ehsan on Thursday, 30 May 2024 at 10.30 a.m.



SAMCHEM HOLDINGS BERHAD

Registration No. 200701039535 (797567-U)  
(Incorporated in Malaysia)

# Proxy Form

\*I/\*We ..... NRIC No: .....  
(Full Name in Block Capitals)

of .....  
(Address)

being a member/members of Samchem Holdings Berhad, hereby appoint:

1) Name of proxy: ..... NRIC No: .....  
(Full Name in Block Capitals)

Address: ..... No. of shares  
Represented: .....

2) Name of proxy: ..... NRIC No: .....  
(Full Name in Block Capitals)

Address: ..... No. of shares  
Represented: .....

or, \*the Chairman of the Meeting as \*my/\*our proxy to vote for \*me/\*us on \*my/\*our behalf at the Seventeenth Annual General Meeting of the Company at Level 3, Lot 6, Jalan Sungai Kayu Ara 32/39, Seksyen 32, 40460 Shah Alam, Selangor Darul Ehsan on Thursday, 30 May 2024 at 10.30 a.m. and at any adjournment thereof.

\*My/\*Our Proxy(ies) is/are to vote as indicated below:

No.	Resolutions	For*	Against*
1.	To approve the payment of Directors fees amounting to RM195,577/- and benefits of RM10,500/- for the financial year ended 31 December 2023.		
2.	To approve the payment of Directors' fees amounting to RM400,000/- and benefits of up to RM50,000/- from 1 January 2024 until the next Annual General Meeting.		
3.	To re-elect Ng Ai Rene as Director.		
4.	To re-elect Lok Kai Chun as Director.		
5.	To re-appoint Messrs. Baker Tilly Monteiro Heng PLT as Auditors of the Company and to authorise the Directors to determine their remuneration.		
6.	<b>Special Business</b> – Authority to Issue Shares Pursuant to Section 75 and 76 of the Companies Act, 2016.		
7.	<b>Special Business</b> – Proposed renewal of authority for purchase of own shares by the Company		
8.	<b>Special Business</b> – Proposed renewal of Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature		

(Please indicate with an "X" in the appropriate space above how you wish your votes to be cast. If you do not do so, the Proxy will vote or abstain from voting at his discretion.)

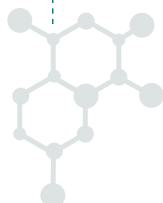
Dated this ..... day of ..... 2024

Number of shares held .....

Signature / Seal of Shareholders:

[\* Delete if not applicable]

CDS Account No. ....



STAMP

To:

**Samchem Holdings Berhad**

Registration No. 200701039535 (797567-U)

Lot 6, Jalan Sungai Kayu Ara 32/39  
Seksyen 32, 40460 Shah Alam  
Selangor Darul Ehsan, Malaysia

**NOTES:**

- (a) A member entitled to attend and vote at the annual general meeting is entitled to appoint a proxy or proxies (or being a corporate member, a corporate representative) to attend and vote in his stead. A proxy may but need not be a member of the Company. There shall be no restriction as to the qualification of the proxy.
- (b) Subject to (e) below, where a member appoint two (2) or more proxies, the appointments shall be invalid unless he specifies the proportion of his shareholding to be represented by each proxy.
- (c) The instrument appointing a proxy in the case of an individual shall be signed by the appointer or his attorney or in the case of a corporation executed under its common seal signed on behalf of the corporation by its attorney or by an officer duly authorised.
- (d) Duly completed form of proxy should be deposited with the Company's Registered Office at Lot 6, Jalan Sungai Kayu Ara 32/39, Seksyen 32, 40460 Shah Alam, Selangor Darul Ehsan not less than forty-eight (48) hours before the time appointed for the holding of the Meeting or adjourned Meeting (or in the case of a poll before the time appointed for the taking of the poll).
- (e) 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") as defined under the Securities Industry (Central Depositories) Act, 1991, there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds.
- (f) Only a depositor whose name appears on the Record of Depositors as at 23 May 2024 shall be entitled to attend the said meeting and to appoint a proxy or proxies to attend, speak and/or vote on his/her behalf.
- (g) Pursuant to Clause 62 of the Constitution of the Company, all resolutions set out in this Notice will be put to vote by way of poll.





[samchem.com.my](http://samchem.com.my)