



TEXCHEM

TEXCHEM RESOURCES BHD

Registration No. 197301002868 (16318-K)

THROUGH **PASSION**
AND **PERSEVERANCE**
WE MADE IT **WORK**

Annual Report
2021



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Proxy Form Enclosed

CORPORATE STRUCTURE



INDUSTRIAL DIVISION



Texchem Materials Sdn. Bhd.

- ❖ Texchem Malaysia Sdn. Berhad
- ❖ New Material (Malaysia) Sdn. Bhd.
- ❖ PT. Texchem Indonesia
- ❖ Texchem Materials (Thailand) Ltd.
- ❖ Texchem Materials (Vietnam) Co., Ltd.
- ❖ Texchem Singapore Private Limited
- ❖ Lifeon Asia Sdn. Bhd.

POLYMER ENGINEERING DIVISION



Texchem Polymer Engineering Sdn. Bhd.

- ❖ Texchem-Pack (M) Sdn. Bhd.
- ❖ Texchem-Pack (Johor) Sdn. Bhd.
- ❖ Texchem-Pack (PP) Sdn. Bhd.
 - Texchem Advanced Products Incorporated Sdn. Bhd.
- ❖ Texchem-Pack (Thailand) Co., Ltd.
- ❖ Texchem-Pack (Vietnam) Co., Ltd.
- ❖ Texchem Life Sciences Sdn. Bhd.
- ❖ Eye Graphic Sdn. Bhd.

FOOD DIVISION



Texchem Food Sdn. Bhd.

- ❖ A.S.K Andaman Limited
- ❖ Texchem Food (Myanmar) Limited
- ❖ Texchem Marine Labutta Limited
- ❖ Texchem Aquaculture (Myanmar) Limited
- ❖ Sea Master Products Sdn. Bhd.

RESTAURANT DIVISION



Sushi King Holdings Sdn. Bhd.

- ❖ Sushi King Sdn. Bhd.
 - Sushi King (East Malaysia) Sdn. Bhd.
- ❖ Miraku Sdn. Bhd.
- ❖ Kokubu Food Logistics Malaysia Sdn. Bhd.

D&N Coffee and Restaurant Malaysia Sdn. Bhd.

Wilpack Food Services Sdn. Bhd.

- ❖ Sea Master Food Sdn. Bhd.

CORPORATE SERVICES DIVISION



Texchem Corporation Sdn. Bhd.

- ❖ Texchem Risk Management Sdn. Bhd.

VENTURE BUSINESS DIVISION



Texchem Polymers Sdn. Bhd.

ASSOCIATES



Merieux Nutrisciences Malaysia Sdn. Bhd.

Otafuku Sauce Malaysia Sdn. Bhd.

Notes:

1. The above companies are operating subsidiaries and associates of Texchem Resources Bhd. Group.
2. The complete list of Texchem Resources Bhd. Group as at 31 December 2021 is disclosed in Note 5 to the Financial Statements of this Annual Report.

PRESIDENT'S MANAGEMENT DISCUSSION AND ANALYSIS



Dear Valued Shareholders,

...

I am pleased to present to you our Annual Report for the financial year ended 31 December 2021 ("FY 2021") and the President's Management Discussion and Analysis for Texchem Resources Bhd ("TRB") Group ("the Group").

Overall, the Group's performance has improved despite the challenges brought about by the Covid-19 pandemic.

From humble beginnings as a textile chemical trader in 1973, Texchem has since undergone tremendous growth and diversification. Today, Texchem is a Malaysia-based multinational, listed on the main board of Bursa Malaysia with five core business divisions – Industrial Division, Polymer Engineering Division, Restaurant Division, Food Division and Venture Business Division.

The Industrial Division provides integrated sourcing and distribution solutions for polymer, plastic resins, industrial chemicals, food additives, dyestuff and textile chemicals. Headquartered in Kuala Lumpur, the Division has sales offices strategically located in major cities in ASEAN region such as Penang and Johor in Malaysia, Bangkok in Thailand, Ho Chi Minh and Hanoi in Vietnam, Jakarta in Indonesia, Yangon in Myanmar and Singapore.

The Polymer Engineering Division is a leading polymer engineering solutions provider with business segments in the data storage & memory (hard disk drives and semiconductor), consumer electronics, medical/life sciences, automotive, consumer electronics and fast moving consumer goods domains. We have seven factories strategically located in Malaysia, Thailand and Vietnam.

The Restaurant Division operates a range of restaurant brands catering for diverse market segments including Sushi King, Miraku, and Hoshino Coffee. The Division pioneered and operates Malaysia's largest Japanese restaurant brand - Sushi King - which first introduced "Kaiten Belt Sushi" to Malaysia. Other companies under the Division such as Kokubu Food Logistics Sdn Bhd, Sea Master Food Sdn Bhd and Wilpack Food Services Sdn Bhd offer products and services that are synergistic to our restaurant brands as well as to external customers in the food industry.

The Food Division is engaged in the processing and marketing of marine products as well as aquaculture activities in Myanmar and Malaysia. Our products, such as soft shell crabs, spanner crab, prawns, squid, Barramundi fish, surimi, sashimi grade seafood and fishmeal are for export as well as the domestic market. The Division's management of food safety and hygiene is in line with stringent international regulations and our processing facilities are HACCP certified.

President's Management Discussion and Analysis (cont'd)

The Venture Business Division initiates and nurtures new businesses which are synergistic to our existing core businesses. The company under this Division is involved primarily in the research and development of TEXa, a patented and USDA certified durable bio-based polymer that promotes a circular economy, thus reducing the demand for new products or virgin resources. TEXa have successfully been tested for use in consumer goods such as toothbrush, children's toy blocks, cutlery, stationery and furniture.

Financial Review

The Covid-19 pandemic continued to dominate the global landscape in 2021 which triggered wider challenges in the form of supply chain disruption, increased business costs due to hikes in freight and raw materials as well as labor shortages.

Despite the major upheavals globally brought about by the Covid-19 pandemic, we had learnt to navigate and adapt to the increase in volatility, uncertainty, complexity and ambiguity and have remained resilient in our recovery momentum charted since Q3 2020.

Notwithstanding the unique challenges brought about by the pandemic, the Group delivered its best performing year to date, with revenue of RM1.1 billion (FY 2020: RM1.0 billion) and record pre-tax profit of RM30.7 million (FY 2020: RM1.4 million).

a) Revenue and Pre-Tax Profits

In FY 2021, the recovery of the food and beverage sector in Malaysia was impeded through government-imposed Covid-19 safe management measures, which included no-dine in periods and mandatory vaccination for service staff. Despite recording 141 no dine-in days (FY 2020: 48 no dine-in days), our Restaurant Division recorded a revenue of RM211.9 million (FY 2020: RM224.2 million) and a lower pre-tax loss of RM1.3 million (FY 2020: RM15.0 million pre-tax loss) in FY 2021. Our restaurant operations were able to bounce back strongly when Malaysia allowed dine-ins for fully vaccinated customers especially in Q4 2021.

We continued to tightly manage our restaurant portfolio, which remains at 122 restaurants in Malaysia as at 31 December 2021, under the Sushi King (117), Hoshino (4) and Miraku (1) brands, to ensure optimal allocation of resources and focus on profitability. Our marketing and promotion efforts were intensified, particularly in reaching out to our Sushi King loyalty programme members. As at 31 December 2021, we had 813,211 members, up from 706,377 as at 31 December 2020.

Equipped with strong relationships with our Principal suppliers, diversity in product mix and preparedness in navigating adversities like supply chain disruptions and curtailed business and operational activities, our Industrial Division's performance in FY 2021 surpassed FY 2020 achieving a revenue of RM559.1 million (FY 2020: RM446.5 million) and a pre-tax profit of RM13.9 million (FY 2020: RM9.2 million).

Polymer Engineering Division saw double digit revenue growth in the Data Storage & Memory segment while the Medical/Life Sciences segment saw a single digit dip with elective medical procedures suspended. The Division recorded a revenue of RM232.0 million (FY 2020: RM214.9 million) and a pre-tax profit of RM18.1 million (FY 2020: RM12.3 million) in FY 2021 through improvement on its processes and optimizing its operations in response to fluctuation in raw material prices and supply chain disruption.

Strong demand for fishmeal, surimi and soft-shell crabs drove the performance of Food Division which recorded revenue of RM90.0 million (FY 2020: RM142.9 million) and higher pre-tax profit of RM5.4 million (FY 2020: RM2.3 million) in FY 2021. As part of its transformation roadmap, the Division discontinued low margin business resulting in lower revenue. Nonetheless effective supply chain and cost management in addition to favorable currency exchange rates and higher selling prices resulted in higher pre-tax profit.

Venture Division recorded revenue of RM7.6 million (FY 2020: RM6.7 million) and a lower pre-tax loss of RM2.0 million (FY 2020: RM2.8 million pre-tax loss) mainly due to cost management measures. Although the industrial trials with customers were hindered by restrictive movement controls, our biopolymer has generated more interest as the Environment, Social & Governance ("ESG") compliance becomes essential to businesses.

b) Gross Profit Margin

The Group's gross profit decreased from 22.9% in FY 2020 to 20.9% in FY 2021, adversely impacted by lower dine-in revenues from our Restaurant Division due to the various movement control measures to curb the spread of Covid-19.

President's Management Discussion and Analysis (cont'd)

Cash Flows and Liquidity

The Group strengthen its net cash position to RM95.4 million as at 31 December 2021 in contrast to the balance of RM79.0 million as at 31 December 2020 and with this, we achieved a lower gearing from 0.25 to 0.19. In line with our strategy to conserve cash, we scaled back on our capital expenditure plan and invested RM10.9 million in FY 2021 against RM17.9 million in FY 2020.

Corporate Updates

On 19 January 2022, TRB announced the proposed acquisition of 28% of the total issued share capital of Sushi King Sdn. Bhd. ("Sushi King") for a total consideration of RM102.2 million. Historically, Sushi King has been profitable and combined with the brand equity and management agility in navigating Covid-19 challenges, Sushi King was able to bounce back strongly. The proposed acquisition is a reflection of our confidence in the long-term prospects of Sushi King.

We remain optimistic that the steps taken by the Malaysian government will lead the country progressively into the full resumption of economic and lifestyle activities and the demand for food and beverage outlets is expected to recover and grow in the long term.

The Group believes the backbone of the business relies on its employees. On 15 March 2022, TRB had announced the proposed establishment of a five-year ESOS programme as an incentive for its staff and management personnel to retain staff, especially of management rank.

The Way Forward

With the Covid-19 pandemic still not abating and the economic uncertainty ahead arising from the Ukraine crisis, we will remain agile in navigating the evolving environment and remain committed to our core business.

The Restaurant Division will continue to manage our resources and cost structure to optimize profitability, build customer loyalty through our Sushi King membership apps and introduce fresh concepts in our brands. A positive outcome of the Covid-19 pandemic period is the strategy to localize more of our raw materials thus promoting lower carbon foot print and sustainable local businesses.

The Industrial Division will continue with its value creation journey to pursue value-accretive product segments in its transformation roadmap while driving research and development activities to intensify development into latex glove chemicals.

Our Polymer Engineering Division is seeing healthy order flow as the demand from the Data Storage & Memory business remains robust to fuel the Division's growth. We remain positive on the Division's Medical/Life Sciences business as demand for healthcare products remain robust in hospitals and community care with global economies moving into the Covid-19 endemic stage.

The Food Division will continue to move up the value chain leveraging on its network of suppliers and customers and this includes building its "Seapack" brand through wider product offerings and geographical coverage.

Our Venture Business Division remain positive in our commercialization roadmap for our biopolymer with more product trials in progress in the global race for corporate ESG compliance and journeys.

The Group has built a strong base over the years and will continue to be vigilant and remain agile to stay competitive. We will remain focused on implementing our mid to longer-term strategic initiatives that will enable us to respond to challenges and opportunities with confidence and conviction and our diversity will remain our strength to deliver long-term value for our valued stakeholders.

President's Management Discussion and Analysis (cont'd)

Rewarding our Shareholders

We are always grateful for the support of our shareholders. On 18 March 2022, the Board had recommended a final dividend of 10 sen per ordinary share to its shareholders subject to the approval of the shareholders at the 48th AGM of the Company.

Recognition and Appreciation

FY 2021 was undoubtedly difficult in many aspects, yet we have emerged in some ways even stronger than before thanks to the contributions of all our stakeholders.

On behalf of the Executive Chairman and the Board, we would like to thank our loyal shareholders, financiers, customers, business partners and regulatory authorities for your continued support and confidence in TRB, alongside the hard work and dedicated efforts of our employees and management.

BOARD OF DIRECTORS



TAN SRI DATO' SERI (DR.) FUMIHIKO KONISHI

Executive Chairman

Gender/Age/Nationality

- Male, 78, Japanese

Date of appointment to the Board

- 20 February 1974

Membership of Board Committees

- Chairman of Executive Committee

Working experience/Occupation

- Founder of Texchem Resources Bhd. Group ("TRB Group")
- He is responsible for the overall business strategy for TRB Group from its humble beginnings in 1973 to a diversified manufacturing, services and trading group
- Instrumental in bringing and promoting many other Japanese joint venture groups to Penang and Malaysia
- Executive Chairman of Restaurant Division, Food Division and Industrial Division of TRB Group
- President and Chief Executive Officer of Restaurant Division of TRB Group

Academic/Professional Qualification/Membership(s)

- Bachelor of Pharmacy Degree from Tokyo University of Pharmacy and Life Science
- Bestowed an Honorary Fellowship by the Limkokwing University College of Creative Technology in 2001
- Conferred the Honorary Degree of Doctor Of Science by the Universiti Sains Malaysia in 2013

Directorship in other listed issuers/public companies

- None

Accolades/Recognition

- Granted permanent residency status by the Malaysian Government in 1990
- Bestowed the following honorary titles
 - Darjah Johan Negeri (D.J.N.) by the Governor of Penang in 1991
 - Darjah Setia Pangkuan Negeri (D.S.P.N.) in 1994
 - Darjah Gemilang Pangkuan Negeri (D.G.P.N.) in 2000
 - Darjah Kebesaran Panglima Setia Mahkota (P.S.M.) in 2007

- Awarded Certificate of Commendation from the Minister of Foreign Affairs, Japan in 2007
- Conferred the award "The Order Of The Rising Sun, Gold and Silver Rays" by His Majesty, the Emperor of Japan in 2017
- Minister's Award by the Japan Ministry of Agriculture, Forestry and Fisheries (MAFF) in Tokyo in 2019

Any family relationship with any director and/or major shareholder of the listed issuer

- Tan Sri Dato' Seri (Dr.) Fumihiko Konishi is the father of Dr Yuma Konishi, the Executive Director of TRB
- Tan Sri Dato' Seri (Dr.) Fumihiko Konishi is deemed a major shareholder of TRB and his interest in TRB is set out in the Analysis of Shareholdings section of this Annual Report
- Save as disclosed herein, Tan Sri Dato' Seri (Dr.) Fumihiko Konishi does not have any family relationship with any other director or any major shareholder of TRB

Any conflict of interests that the person has with the listed issuer

- None

Other than traffic offences, the list of convictions for offences within the past 5 years and particulars of any public sanction or penalty imposed by the relevant regulatory bodies during the financial year, if any

- None

Number of board meetings attended in the financial year

- 5/5

Board of Directors (cont'd)



MR YAP KEE KEONG
President and Group Chief Executive Officer

Gender/Age/Nationality

- Male, 58, Malaysian

Date of appointment to the Board

- 1 January 2006

Membership of Board Committees

- Member of Executive Committee

Working experience/Occupation

- Joined Texchem Resources Bhd. Group of Companies ("TRB Group") in 1988. Mr Yap Kee Keong has more than 33 years of experience in the sales, marketing and distribution of industrial raw materials as well as manufacturing experience in the polymer manufacturing industry specialising in the electronic and medical devices sectors
- Executive Chairman of Polymer Engineering Division of TRB Group
- President and Chief Executive Officer of Industrial Division of TRB Group
- President and Chief Executive Officer of Corporate Services Division of TRB Group

Academic/Professional Qualification/Membership(s)

- Bachelor of Science (Honours) Degree in Physics from the University of Malaya
- Masters in Business Administration from the University of Portsmouth, United Kingdom

Directorship in other listed issuers/public companies

- None

Any family relationship with any director and/or major shareholder of the listed issuer

- None

Any conflict of interests that the person has with the listed issuer


- None

Other than traffic offences, the list of convictions for offences within the past 5 years and particulars of any public sanction or penalty imposed by the relevant regulatory bodies during the financial year, if any

- None

Number of board meetings attended in the financial year

- 5/5



DR YUMA KONISHI
Executive Director

Gender/Age/Nationality

- Male, 44, Japanese

Date of appointment to the Board

- 1 January 2020

Membership of Board Committees

- Member of Executive Committee

Working experience/Occupation

- Joined Texchem Resources Bhd. Group of Companies ("TRB Group") in 2005. Dr Yuma Konishi has more than 17 years of experience in the plastics industries and almost a decade spearheading Texchem's venture into medical life sciences industry
- President and Chief Executive Officer of Polymer Engineering Division of TRB Group

Academic/Professional Qualification/Membership(s)/Award

- Bachelor of Science in Industrial Engineering from Nihon University, Chiba, Japan
- Master of Science in Polymer Engineering from The University of Akron, Ohio, USA
- Doctor of Engineering in Chemistry and Materials Science from Tokyo Institute of Technology, Tokyo, Japan
- Member of Penang Strategic Investment Advisory Council (PSIAC)
- Member of the Board of Directors of Association of Malaysian Medical Industries (AMMI), Leader of Membership & Industry Development Committee and Member of Government Affairs Committee of AMMI
- Darjah Johan Negeri (D.J.N.)

Directorship in other listed issuers/public companies

- None

Any family relationship with any director and/or major shareholder of the listed issuer

- Dr Yuma Konishi is the son of Tan Sri Dato' Seri (Dr.) Fumihiko Konishi, the Executive Chairman and deemed a major shareholder of TRB. The interest of Tan Sri Dato' Seri (Dr.) Fumihiko Konishi is set out in the Analysis of Shareholdings section of this Annual Report

Any conflict of interests that the person has with the listed issuer

- None

Other than traffic offences, the list of convictions for offences within the past 5 years and particulars of any public sanction or penalty imposed by the relevant regulatory bodies during the financial year, if any

- None

Number of board meetings attended in the financial year

- 5/5

Board of Directors (cont'd)



DATO' SERI NAZIR ARIFF BIN MUSHIR ARIFF
Independent Non-Executive Director

Gender/Age/Nationality

- Male, 76, Malaysian

Date of appointment to the Board

- 12 March 2003

Membership of Board Committees

- Nomination Committee (Chairman)
- Audit Committee (Member)
- Remuneration Committee (Member)

Working experience/Occupation

- More than 48 years of business experience in the commodities sector and property development industry
- Holds various directorships, presidencies and committee member of many voluntary charitable organisations in the State of Penang

Academic/Professional Qualification/Membership(s)

- Fellow of the British Institute of Management
- Attended management development programmes in United Kingdom, United States of America and Manila
- Intensive training at the London Metals Exchange in London

Directorship in other listed issuers/public companies

- Executive Deputy Chairman of Aspen (Group) Holdings Limited PLC
- Non-Executive Chairman of Small Medium Enterprise Development Bank Malaysia Berhad

Any family relationship with any director and/or major shareholder of the listed issuer

- None

Any conflict of interests that the person has with the listed issuer

- None

Other than traffic offences, the list of convictions for offences within the past 5 years and particulars of any public sanction or penalty imposed by the relevant regulatory bodies during the financial year, if any

- None

Number of board meetings attended in the financial year

- 5/5



CIK ZARIZANA @ IZANA BINTI ABDUL AZIZ
Independent Non-Executive Director

Gender/Age/Nationality

- Female, 56, Malaysian

Date of appointment to the Board

- 18 April 2012

Membership of Board Committees

- Remuneration Committee (Chairperson)
- Audit Committee (Member)

Working experience/Occupation

- Partner in Messrs K. Ahmad & Yong from 1996 to 2016, specialising in company incorporation, mergers and acquisition and intellectual property, manufacturing, employment, banking and finance (including Islamic banking and finance), conveyancing construction and development
- International consultant on legislative reform/judicial training in Afghanistan, Bangladesh, Fiji, Indonesia, Maldives, Myanmar, Pakistan and Timor Leste
- Adjunct professor at George Washington University, Washington DC

Academic/Professional Qualification/Membership(s)

- Bachelor of Laws Degree from the University of Sydney Law School, Sydney Australia
- Masters of Laws from Columbia University Law School, New York, United States of America

Directorship in other listed issuers/public companies

- None

Any family relationship with any director and/or major shareholder of the listed issuer

- None

Any conflict of interests that the person has with the listed issuer

- None

Other than traffic offences, the list of convictions for offences within the past 5 years and particulars of any public sanction or penalty imposed by the relevant regulatory bodies during the financial year, if any

- None

Number of board meetings attended in the financial year

- 5/5

Board of Directors (cont'd)



MR JONY RAW
Independent Non-Executive Director

Gender/Age/Nationality

- Male, 66, Malaysian

Date of appointment to the Board

- 2 May 2019

Membership of Board Committees

- Audit Committee (Chairman)
- Nomination Committee (Member)
- Remuneration Committee (Member)

Directorship in other listed issuers/public companies

- None

Any family relationship with any director and/or major shareholder of the listed issuer

- None

Any conflict of interests that the person has with the listed issuer

- None

Other than traffic offences, the list of convictions for offences within the past 5 years and particulars of any public sanction or penalty imposed by the relevant regulatory bodies during the financial year, if any

- None

Number of board meetings attended in the financial year


- 5/5

Working experience/Occupation

- More than 45 years of experience in the areas of audit, financial management, corporate finance and corporate secretarial
- Worked with KPMG, Kuala Lumpur before moving on to hold senior positions in several public listed companies
- Joined Texchem Resources Bhd. ("TRB") from 1988 to 2011 and rose to the position of Group Chief Financial Officer
- Appointed as Joint Company Secretary of TRB from 1999 to 2013

Academic/Professional Qualification/Membership(s)

- Member of the Malaysian Institute of Certified Public Accountants (Certified Public Accountant)
- Member of the Malaysian Institute of Accountants (Chartered Accountant)



PUAN AZIAN BINTI MOHD YUSOF
Independent Non-Executive Director

Gender/Age/Nationality

- Female, 64, Malaysian

Date of appointment to the Board

- 27 January 2022

Membership of Board Committees

- Audit Committee (Member)

Directorship in other listed issuers/public companies

- Independent Non-Executive Director of Bonia Corporation Berhad
- Independent Non-Executive Director of Solarvest Holdings Berhad

Any family relationship with any director and/or major shareholder of the listed issuer

- None

Any conflict of interests that the person has with the listed issuer

- None

Other than traffic offences, the list of convictions for offences within the past 5 years and particulars of any public sanction or penalty imposed by the relevant regulatory bodies during the financial year, if any

- None

Number of board meetings attended in the financial year

- Not applicable

Working experience/Occupation

- Worked with the Malaysian Investment Development Authority ("MIDA") for more than 30 years in promoting the growth of investments in Malaysia from June 1982 until July 2018
- Served as a Director of various divisions within MIDA from 2007 to 2018
- Held the position of Deputy Chief Executive Officer in charge of Strategic Planning and Coordination in MIDA before retirement in July 2018

Academic/Professional Qualification/Membership(s)

- Bachelor of Economics from the University of Malaya

KEY SENIOR MANAGEMENT

MR MASAYUKI SUGINO

... President and Chief Executive Officer
Food Division

Gender/Age/Nationality

- Male, 65, Japanese

Date of appointment to the key senior management position

- 17 July 2018

Membership of Board Committees

- Member of Executive Committee

Working experience/Occupation

- More than 40 years of experience in fishery, food manufacturing and seafood processing industry involving production, research & development, quality assurance and management

Academic/Professional Qualification/Membership(s)

- Bachelor of Science Degree in Marine Biology & Oceanology from the University of Kyushu, Japan

Directorship in other listed issuers/public companies

- None

Any family relationship with any director and/or major shareholder of the listed issuer

- None

Any conflict of interests that the person has with the listed issuer

- None

Other than traffic offences, the list of convictions for offences within the past 5 years and particulars of any public sanction or penalty imposed by the relevant regulatory bodies during the financial year, if any

- None

MS TAN SUAT HOON

... Group Chief Financial Officer

Gender/Age/Nationality

- Female, 53, Malaysian

Date of appointment to the key senior management position

- 1 July 2021

Membership of Board Committees

- None

Working experience/Occupation

- More than 30 years of experience in the areas of corporate finance and advisory, debt capital market, accounting and finance, and financial consultancy and services
- Started her career with KPMG Peat Marwick (now known as KPMG) in 1992
- Over the years, she held several senior managerial positions at Malaysia International Merchant Bankers Berhad, AmlInvestment Bank Berhad and Kenanga Investment Bank Berhad and private sector before joining Texchem Resources Bhd. Group in year 2021

Academic/Professional Qualification/Membership(s)

- Member of the Chartered Institute of Management Accountants, United Kingdom (CIMA)
- Member of the Malaysian Institute of Accountants (Chartered Accountant)
- Association of Chartered Certified Accountants, United Kingdom (ACCA)

Directorship in other listed issuers/public companies

- None

Any family relationship with any director and/or major shareholder of the listed issuer

- None

Any conflict of interests that the person has with the listed issuer

- None

Other than traffic offences, the list of convictions for offences within the past 5 years and particulars of any public sanction or penalty imposed by the relevant regulatory bodies during the financial year, if any

- None

Key Senior Management (cont'd)

MS CYNTHIA OOI GAIK SEE

... Group Chief Human Resources Officer

Gender/Age/Nationality

- Female, 57, Malaysian

Date of appointment to the key senior management position

- 1 January 2022

Membership of Board Committees

- Member of Executive Committee

Working experience/Occupation

- Over 35 years' experience in talent & leadership development, organization capability development, attraction & retention strategies, total rewards solutions, employee engagement, HR business partnering, HR systems infrastructures, finance & accounting, cost & management accounting and general management
- Worked in multi-national corporations, manufacturing, retail, trading, public accounting firms and professional consultancy services

Academic/Professional Qualification/Membership(s)

- Affiliated member of the Association of International Accountants, UK
- Lifetime member of Malaysian Institute of Human Resource Management (MIHRM)
- Certified Coaching & Mentoring Professional (CCMP)
- Trained and accredited in psychometric assessment tools (Harrison / DISC / Hogan)

Directorship in other listed issuers/public companies

- None

Any family relationship with any director and/or major shareholder of the listed issuer

- None

Any conflict of interests that the person has with the listed issuer

- None

Other than traffic offences, the list of convictions for offences within the past 5 years and particulars of any public sanction or penalty imposed by the relevant regulatory bodies during the financial year, if any

- None

MR HIROKI MORI

... Executive Director
Restaurant Division

Gender/Age/Nationality

- Male, 59, Japanese

Date of appointment to the key senior management position

- 1 January 2022

Membership of Board Committees

- Member of Executive Committee

Working experience/Occupation

- More than 36 years of experience in food and beverages industry, in fast food chains and Japanese restaurants chains involving operations, innovations, franchisee, marketing and consumer insights
- Worked with McDonald's corporation in Japan, USA and Asia Pacific, Middle East and Africa before joining Texchem Resources Bhd. Group in year 2015

Academic/Professional Qualification/Membership(s)

- Bachelor of Social Science from Ritsumeikan University, Japan

Directorship in other listed issuers/public companies

- None

Any family relationship with any director and/or major shareholder of the listed issuer

- None

Any conflict of interests that the person has with the listed issuer

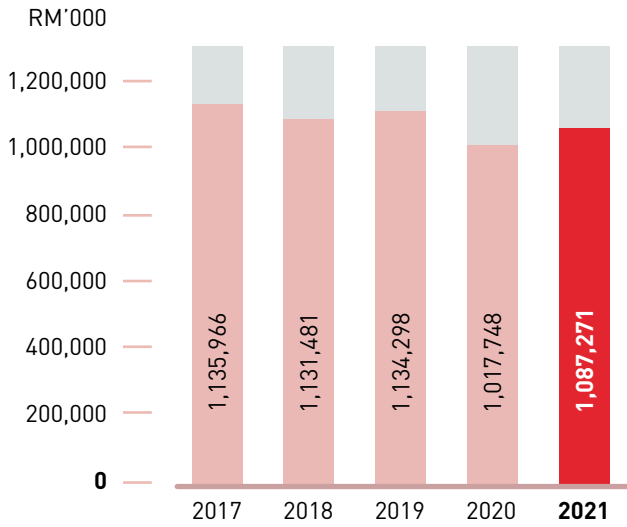
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Other than traffic offences, the list of convictions for offences within the past 5 years and particulars of any public sanction or penalty imposed by the relevant regulatory bodies during the financial year, if any

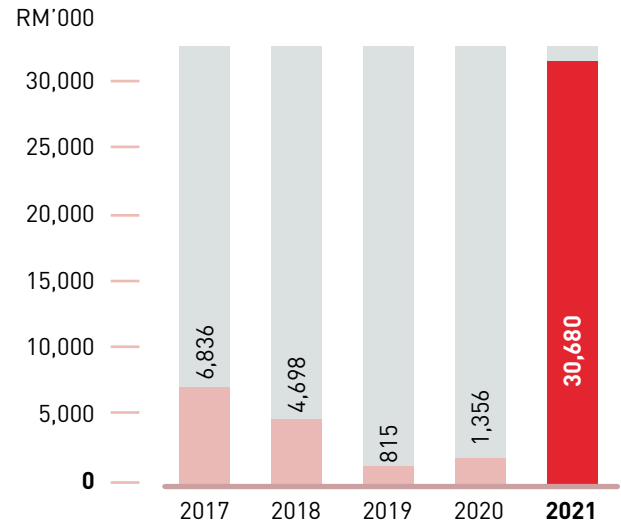
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GROUP FINANCIAL HIGHLIGHTS

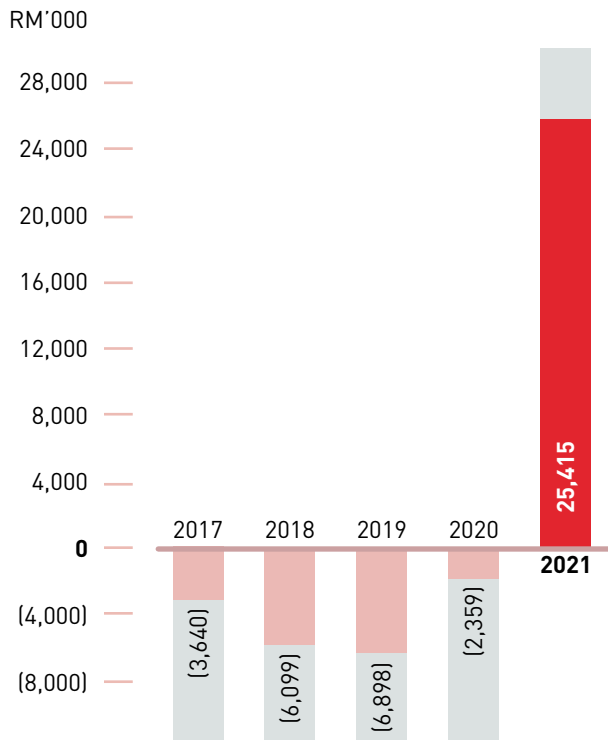
Revenue



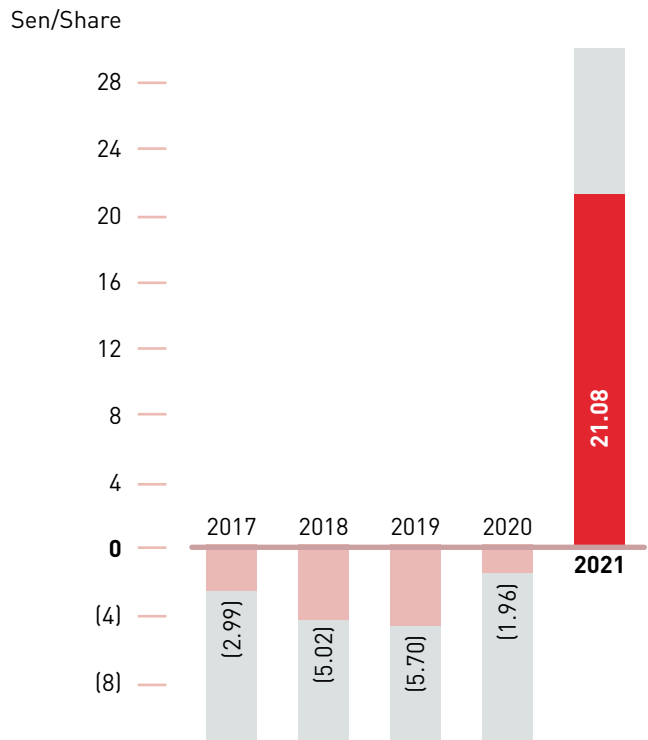
Profit Before Tax



Net (Loss)/Profit Attributable to Owners of the Company



(Loss)/Earnings Per Share (Sen)



Group Financial Highlights (cont'd)

	2017 RM'000	2018 RM'000	2019 RM'000	2020 RM'000	2021 RM'000
Revenue	1,135,966	1,131,481	1,134,298	1,017,748	1,087,271
Profit Before Tax	6,836 ^{>}	4,698 [^]	815 ^{&}	1,356 [*]	30,680
Net (Loss)/Profit Attributable to Owners of the Company	(3,640)	(6,099)	(6,898)	(2,359)	25,415
Total Equity Attributable to Owners of the Company/Net Assets [@]	272,396	255,420	249,132	247,151	270,823
Net Tangible Assets [@]	213,587	199,538	193,250	191,269	214,941
No. of Ordinary Shares Issued ('000)	124,099	124,099	124,099	124,099	124,099
No. of Ordinary Shares Issued Less Treasury Shares ('000)	121,508	121,508	120,571	120,571	120,571
Dividends Paid	10,055	10,076	–	–	–
Dividends (%)	10	10	–	–	<
(Loss)/Earnings Per Share (Sen)	(2.99)	(5.02)	(5.70)	(1.96)	21.08
Net Assets Per Share (RM/Share) ^{#@}	2.24	2.10	2.07	2.05	2.25
Net Tangible Assets Per Share (RM/Share) ^{#@}	1.76	1.64	1.60	1.59	1.78
Gearing Ratio (Times) ^{^^}	0.25	0.33	0.33	0.25	0.19

[>] Includes gain on deconsolidation of subsidiaries of RM4.83 million, gain on disposal of property, plant and equipment of RM2.42 million, impairment loss on property, plant and equipment of RM2.12 million and closure costs of RM6.21 million arising from cessation of business by subsidiaries

[@] Adjusted for the Company's shares held by a subsidiary of RM Nil (2020: RM3.25 million)(2019: RM13.97 million) (2018 and 2017: RM14.32 million) included in capital reserve

[#] Divided by number of ordinary shares issued less treasury shares

^{^^} Gearing ratio is defined as net borrowings (total loans and borrowings less cash and cash equivalents) divided by total equity including non-controlling interests adjusted for the Company's shares held by a subsidiary of RM Nil (2020: RM3.25 million) (2019: RM13.97 million) (2018 and 2017: RM14.32 million) included in capital reserve

[^] Includes gain on disposal of an associate of RM2.04 million and impairment loss on goodwill of RM2.93 million

[&] Includes gain on disposal of a subsidiary of RM2.32 million and gain on re-measurement of retained interest in an associate of RM2.23 million

^{*} Includes gain on deconsolidation of subsidiaries of RM0.80 million and impairment loss on property, plant and equipment of RM2.55 million

[<] Proposed final single tier dividend of 10 sen per share

CORPORATE INFORMATION



BOARD OF DIRECTORS

Executive Chairman

Tan Sri Dato' Seri (Dr.) Fumihiko Konishi

President and Group Chief Executive Officer

Yap Kee Keong

Executive Director

Dr Yuma Konishi

Independent Non-Executive Directors

Dato' Seri Nazir Ariff Bin Mushir Ariff

Zarizana @ Izana Binti Abdul Aziz

Jony Raw

Azian Binti Mohd Yusof



EXECUTIVE COMMITTEE

Chairman

Tan Sri Dato' Seri (Dr.) Fumihiko Konishi

Members

Yap Kee Keong

Dr Yuma Konishi

Masayuki Sugino

Cynthia Ooi Gaik See

Hiroki Mori



AUDIT COMMITTEE

Chairman

Jony Raw

Members

Dato' Seri Nazir Ariff Bin Mushir Ariff

Zarizana @ Izana Binti Abdul Aziz

Azian Binti Mohd Yusof



NOMINATION COMMITTEE

Chairman

Dato' Seri Nazir Ariff Bin Mushir Ariff

Member

Jony Raw



REMUNERATION COMMITTEE

Chairman

Zarizana @ Izana Binti Abdul Aziz

Members

Dato' Seri Nazir Ariff Bin Mushir Ariff

Jony Raw



COMPANY SECRETARIES

Lee Puay Img

Licence No.: LS 0009427

SSM PC No.: 202008001167

Catherine Siew Seen Wa

MICPA No.: 3318

SSM PC No.: 202108000044



REGISTERED OFFICE

Level 18, Menara Boustead Penang

39 Jalan Sultan Ahmad Shah

10050 Penang

Tel: 604-2296000

Fax: 604-2291430

Website: www.texchemgroup.com

E-mail: trb@texchemgroup.com



SHARE REGISTRAR

Securities Services (Holdings) Sdn. Bhd. (Penang)

Suite 18.05, MWE Plaza

No. 8 Lebuhr Farquhar

10200 Georgetown

Pulau Pinang

Tel: 604-2631966

Fax: 604-2628544



AUDITORS

KPMG PLT

LLP0010081-LCA & AF 0758

Chartered Accountants

Penang

Tel: 604-3751800

Fax: 604-2382222



PRINCIPAL BANKERS

Malayan Banking Berhad

HSBC Bank Malaysia Berhad

Hong Leong Bank Berhad

RHB Bank Berhad

AmBank (M) Berhad

CIMB Bank Berhad



SOLICITORS

Presgrave & Matthews

Zaid Ibrahim & Co.



STOCK EXCHANGE LISTING

Main Market of Bursa Malaysia Securities Berhad

Stock name: TEXCHEM

Stock code: 8702

Stock sector: Industrial Products & Services

Subsector: Diversified Industrials

Listing date: 17 May 1993



SUBSIDIARIES

Please refer to the Corporate Structure section of this Annual Report for the list of subsidiaries of the Company

EXECUTIVE COMMITTEE

TERMS OF REFERENCE

To assist the Board of Directors (“Board”) in decision-making by undertaking the necessary business deliberations and operational activities necessary for the day-to-day running of the organisation and to seek necessary Board approvals where applicable.

AUDIT COMMITTEE

TERMS OF REFERENCE

Objective

1. The principal objective of the Audit Committee (AC) is to assist the Board in fulfilling its oversight responsibilities of the Group’s financial reporting process and internal control system.

Membership

2. The AC shall be appointed by the Board from among its members and shall consist of no fewer than three (3) non-executive directors. All AC members should be non-executive directors, with a majority of them being independent directors.
All members of the AC shall be financially literate and at least one (1) member should be a member of an accountancy association or body.
3. No former audit partner shall be appointed as a member of the Committee before observing a cooling-off period of at least five (5) years.
4. No alternate director shall be appointed as a member of the Committee.
5. The AC shall elect a Chairman from among its members who shall be an Independent Non-Executive Director who is not the Chairman of the Board. In the absence of the Chairman, the remaining members present shall among themselves elect a Chairman who must be an independent director to chair the meeting.
6. In the event of any vacancy in the AC resulting in the non-compliance with 2 above, the Board of Directors shall fill the vacancy within three months.

Authority

7. The AC is authorised by the Board to investigate any activity within its terms of reference. It is authorised to seek any information it requires from any employee and all employees are directed to co-operate with any request made by the Committee.
8. The AC is authorised by the Board to obtain external, legal or independent professional advice and to secure the attendance of such external advisors with relevant experience in meetings, if considered necessary.
9. The AC is authorised to convene meetings with the external auditors, internal auditors or both, without the presence of Management, other directors and employees, whenever deemed necessary.
10. The AC is authorised to have direct communication channels with the external auditors, internal auditors or both.

Duties

11. The duties of the AC shall be
 - (a) Oversight of financial reporting and its process:
 - (i) Review the quarterly unaudited financial statements of the Group with Management and recommend to the Board of Directors for consideration and approval;
 - (ii) Review the annual audited financial statements of the Company and the Group with Management and the external auditors and recommend to the Board of Directors for consideration and approval; and
 - (iii) Review the Group’s Statement on Risk Management and Internal Control with Management and the external auditors and present to the Board for consideration and approval for inclusion in the Annual Report.
 - (b) Oversight of external auditors and evaluation of the external audit process:
 - (i) Review with them, their audit plan, scope and areas of audit;
 - (ii) Review with them, their understanding of the internal control environment and systems obtained in the course of designing their audit procedures;
 - (iii) Review with them, their audit report;
 - (iv) Review with them, their management letters and management responses;
 - (v) Review with them, the competency of the Company’s finance team and the adequacy of the co-operation given by the Company’s officers in the course of audit without the presence of Management;
 - (vi) Review with Management annually, the appointment/re-appointment of the external auditors based on factors including but not limited to suitability, resources, competency and independence of the external auditors, their audit fee and any questions of their resignation or dismissal; and
 - (vii) Review with Management annually, the non-audit services performed by the external auditors taking into consideration the types of services rendered and their fees in accordance with the Policies and Procedures for the Assessment of Suitability and Independence of External Auditor and to ensure that the independence of the external auditors is not compromised.

Audit Committee (cont'd)

11. The duties of the AC shall be (cont'd)
- (c) Oversight of internal auditors and evaluation of the internal audit process:
 - (i) Review 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;
 - (ii) Review the annual Internal Audit plan, process and results of the Internal Audit activities including investigation and their evaluation of the Group's governance, risk management and internal control environment, systems and processes, and where necessary, ensure that appropriate actions are taken by Management on the recommendations of the Internal Audit function;
 - (iii) Review annually the performance of the Internal Audit function;
 - (iv) Review the annual performance appraisal or assessment of the Internal Audit staff including the adequacy of Internal Audit resources;
 - (v) Approve any appointment or termination of senior staff members of the Internal Audit function; and
 - (vi) Take cognizance of the resignation of Internal Audit staff members and provide the resigning staff members an opportunity to submit their reasons for resigning.
 - (d) Sustainability Reporting
 - (i) Review the Group's Sustainability Statement with Management and presenting to the Board for consideration and approval for inclusion in the Annual Report.
 - (e) Corporate Governance Reporting
 - (i) Review the Group's Corporate Governance Overview Statement and Corporate Governance Report with Management and presenting to the Board for consideration and approval for inclusion in the Annual Report and Company's website respectively.
 - (f) Related Party Transactions and Share Buy-back Statement
 - (i) Review with Management the Circular to Shareholders in relation to the proposed renewal of existing shareholders' mandate for recurrent related party transactions and statement for the proposed renewal of existing share buy-back authority and presenting to the Board for consideration;
 - (ii) Review and approve the inclusion of the AC statements on the procedures for Recurrent Related Party Transactions in the said Circular;
 - (iii) Review with Management to ensure actual related party transactions are within limits approved by shareholders;
 - (iv) Review with Management any related party transactions or conflict of interest situations that may arise within the Company or Group including any transaction, procedure or course of conduct that raises questions of management integrity.
 - (g) To consider any other functions as may be agreed between the AC and the Board of Directors.

Attendance, Quorum and Frequency of Meeting

- 12. The Chairman of the AC should engage on a continuous basis with Senior Management, such as the Chairman, Group Chief Executive Officer, Group Chief Financial Officer / Group Finance Director, Chief Audit Executive and the external auditors in order to be kept informed of matters affecting the Company and the Group.
- 13. The Group Chief Financial Officer / Group Finance Director, Chief Audit Executive, and representatives of the external auditors shall normally attend meetings. Other Board members and employees may attend meetings upon the invitation of the AC. However, the AC shall meet with the external and internal auditors without the presence of Executive Board members and Management at least twice a year and whenever necessary.
- 14. In order to form a quorum in the AC meeting, the majority of members present must be Independent Directors.
- 15. The Committee shall meet not less than 4 times a year. The external auditors may request for a meeting if they consider it necessary.
- 16. Questions arising at any meeting of the AC shall be decided by a majority of votes of the members present, and in the case of equality of votes, the Chairman of the AC shall have a second or casting vote.

Minutes

- 17. The Chief Audit Executive shall act as Secretary to the AC. The Minutes of each AC meeting shall be kept at the registered office and distributed to each member of the AC and other members of the Board. The AC Chairman shall report on each meeting to the Board.
- 18. The minutes of the AC meetings shall be signed by the Chairman of the meeting at which the proceedings were held or by the Chairman of the next succeeding meeting.

Review of the Term of Reference

- 19. The members of the Committee will assess, review and update the above terms of reference periodically or as and when there are changes to the regulatory requirements and changes to the direction or strategies of the Company that may affect the Committee's roles and recommend the changes for approval by the Board.

REMUNERATION COMMITTEE

TERMS OF REFERENCE

Objective

In accordance with the Malaysian Code on Corporate Governance, the Remuneration Committee is set up to provide recommendations to the Board of Directors ("Board") on:

- a) a formal and transparent procedure for developing the remuneration policy that meets the Company's business strategies and long-term objectives.
- b) the remuneration of the Executive Directors and senior management in all its forms such that the component parts of remuneration are structured to link rewards to corporate and individual performance.

Executive Directors should play no part in decisions on their own remuneration while the remuneration of the Non-Executive Directors should be a matter for the Board as a whole to determine. The individuals concerned should abstain from discussion of and voting on his or her own remuneration.

Size and Composition

The Remuneration Committee shall consist wholly of Non-Executive Directors and a majority of them must be independent Directors. The members of the Remuneration Committee shall elect a Chairman from amongst its members.

Meetings

The Remuneration Committee shall meet as and when is necessary. The quorum for any meetings shall be two (2) members subject to any laws, guidelines or rules that may be imposed by Bursa Malaysia Securities Berhad and/or any other relevant authority(ies).

Secretaries

The Company Secretaries shall act as Secretaries of the Remuneration Committee and shall be responsible for keeping minutes of meetings of the Remuneration Committee and circulating them to the Remuneration Committee members.

Duties and Responsibilities

- 1) To determine and recommend to the Board the framework or broad policy for the remuneration, in all forms, of the Executive Directors, senior management and/or any other persons as the Remuneration Committee is designated to consider by the Board, having regard to the Company's operating results, individual performance, comparable market statistics and drawing from outside advice as necessary.
- 2) To determine and recommend to the Board the remuneration packages and any performance related pay schemes for the Executive Directors, senior management and/or any other persons as the Remuneration Committee is designated to consider by the Board.
- 3) To determine the policy for and scope of service agreements for the Executive and Non-Executive Directors, termination payment and compensation commitments.
- 4) To report to the Board any matters that the Remuneration Committee considers should be brought to the attention of the Board and to provide sufficient information to the Board to ensure that the Board makes an informed decision in relation to the Remuneration Committee's recommendations.
- 5) To produce any required reports as may be required from time to time.
- 6) To recommend to the Board the appointment of the services of such advisers or consultants as it deems necessary to fulfill its responsibilities.
- 7) To carry out other responsibilities, functions or assignments as may be defined by the Board from time to time.
- 8) The Chairman shall attend the Annual General Meetings to answer any questions relating to the Remuneration Committee's activities.

NOMINATION COMMITTEE

TERMS OF REFERENCE

Objective

In accordance with the Malaysian Code on Corporate Governance, the Nomination Committee is set up to provide recommendations to the Board of Directors ("Board") on the candidates for all directorships of Texchem Resources Bhd. ("TRB"). Final decision on the appointment of any directors of TRB shall be made by the Board.

The Nomination Committee shall be responsible in ensuring the appropriate Board balance and size, and that the Board has a required mix of skills, knowledge, experience, independence and diversity (diversity in gender, ethnicity and age). An annual review of the mix of skills, knowledge, experience and other core competencies of the Board shall be made by the Nomination Committee.

Size and Composition

The composition of Nomination Committee must not be less than (2) members. The Nomination Committee shall comprise wholly of Non-Executive Directors, the majority of whom are independent. The members of the Nomination Committee shall elect a Chairman from amongst any of its members who shall be an Independent Director. The Chairman shall attend the Annual General Meetings and provide response to questions addressed to the Chairman.

Meetings

The Nomination Committee shall meet as and when is necessary. The quorum for any meetings shall be two (2) members subject to any laws, guidelines or rules that may be imposed by Bursa Malaysia Securities Berhad and/or any other relevant authority(ies).

The Nomination Committee may from time to time and if deemed appropriate, consider and approve and/or recommend relevant matters via a Circular Resolution in writing in lieu of formally convening a meeting. The Circular Resolution shall be as valid and effectual as if it has been passed by a meeting of the Nomination Committee duly convened.

Notice

The Company Secretaries shall issue and circulate the notice for the Nomination Committee's meetings at least five (5) working days before each meeting to the members and invitees.

Secretaries

The Company Secretaries shall act as Secretaries to the Nomination Committee and shall be responsible for keeping minutes of meetings of the Nomination Committee and circulating them to the Nomination Committee members.

Nomination Committee (cont'd)

Duties and Responsibilities

- 1) To review regularly the Board structure, size and composition and make recommendations to the Board with regard to any adjustments thereof and/or the appointment of Directors as the Nomination Committee deems necessary.
- 2) To consider, in making its recommendations, candidates for directorships proposed by the President/Managing Director/Chief Executive Officer of TRB, any other senior executive or any other Director or shareholder of TRB or identified via independent sources, as well as make recommendations to put in place the plans for succession, in particular for the Chairman/President and the Managing Director/Chief Executive Officer. Factors to be taken into consideration when considering any candidates are as follows:
 - (a) skills, knowledge, expertise and experience;
 - (b) character, professionalism and integrity;
 - (c) age, gender, background; and
 - (d) in the case of candidates for the position of independent non-executive directors, the Nomination Committee should also evaluate the candidates' ability to discharge such responsibilities/functions as expected from independent non-executive directors.
- 3) To conduct a performance evaluation annually in order to assist the Board to review the required mix of skills, knowledge, experience, independence, diversity (diversity in gender, ethnicity and age) and other qualities including core competencies which Directors should bring to the Board and to assess the effectiveness of the Board as a whole and any other committees of the Board and the contributions of each individual Director of TRB based on the process and procedures laid out by the Board.
- 4) To review the term of office and performance of the Audit Committee and each of its members annually to determine whether the Audit Committee and members have carried out their duties in accordance with the terms of reference of the Audit Committee.
- 5) To review the induction and training needs of Directors under the continuing education programmes.
- 6) To recommend to the Board for continuation or discontinuation in service of Directors as an Executive Director or Non-Executive Director.
- 7) To recommend Directors who are retiring by rotation to be put forward for re-election.
- 8) To recommend to the Board the Directors to fill the seats on any committees of the Board.
- 9) To recommend to the Board the employment of the services of such advisers as it deems necessary to fulfill the Board's responsibilities.
- 10) To carry out other responsibilities, functions or assignments as may be defined by the Board from time to time.

Review of the Terms of Reference

The Terms of Reference shall be reviewed and updated as and when necessary and the Nomination Committee shall recommend any change to its Terms of Reference as the Nomination Committee deems appropriate to the Board for approval.

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the 48th Annual General Meeting (“48th AGM”) of the Company will be conducted as a virtual general meeting through live streaming and online remote voting via Remote Participation and Electronic Voting facilities at the Broadcast Venue at the Boardroom, Level 18, Menara Boustead Penang, 39 Jalan Sultan Ahmad Shah, 10050 Penang on Friday, 22 April 2022 at 10.30 a.m. for transacting the following businesses:

Ordinary Business

- | | |
|---|---|
| 1. To receive the Audited Financial Statements for the financial year ended 31 December 2021 together with the Reports of the Directors and Auditors thereon. | Please refer to Explanatory Note (i) |
| 2. To re-elect the following Directors who retire in accordance with Article 22.3 of the Company’s Constitution and who being eligible offer themselves for re-election: | |
| (i) Tan Sri Dato’ Seri (Dr.) Fumihiko Konishi; and | Ordinary Resolution 1 |
| (ii) Mr Yap Kee Keong. | Ordinary Resolution 2 |
| 3. To re-elect the Director, Puan Azian Binti Mohd Yusof, who retires in accordance with Article 22.10 of the Company’s Constitution and who being eligible offers herself for re-election. | Ordinary Resolution 3 |
| 4. To approve the payment of a single tier final dividend of 10 sen per share for the financial year ended 31 December 2021. | Ordinary Resolution 4 |
| 5. To approve the Directors’ Fees of RM1,300,000 for the financial year ended 31 December 2021 (2020: RM740,000). | Ordinary Resolution 5 |
| 6. To approve the payment of Directors’ benefits of RM30,000 to the 3 members of the Audit Committee for the financial year ended 31 December 2021 (2020: RM30,000). | Ordinary Resolution 6 |
| 7. To re-appoint Messrs KPMG PLT as Auditors of the Company for the financial year ending 31 December 2022 and to authorise the Directors to fix their remuneration. | Ordinary Resolution 7 |

Special Business

- | | |
|--|-------------------------------|
| 8. To consider and if deemed fit to pass the following Ordinary Resolutions: | |
| (A) Continuing in office as Independent Non-Executive Directors | |
| (i) “ THAT authority be and is hereby given to Dato’ Seri Nazir Ariff Bin Mushir Ariff who has served as an Independent Non-Executive Director of the Company for a term of more than 9 years to continue to act as an Independent Non-Executive Director of the Company.” | Ordinary Resolution 8 |
| (ii) “ THAT authority be and is hereby given to Cik Zarizana @ Izana Binti Abdul Aziz who has served as an Independent Non-Executive Director of the Company for a term of more than 9 years to continue to act as an Independent Non-Executive Director of the Company.” | Ordinary Resolution 9 |
| (B) Power to Issue Shares pursuant to Section 75 and Section 76 of the Companies Act 2016 | Ordinary Resolution 10 |
| “ THAT subject always to the Companies Act 2016 (“Act”), the Constitution of the Company, the Main Market Listing Requirements of Bursa Malaysia Securities Berhad and the approvals of the relevant regulatory authorities, where such approval is necessary, the Directors be and are hereby authorised and empowered pursuant to Section 75 and Section 76 of the Act to allot and issue shares in the Company from time to time at such price, upon such terms and conditions and for such purposes as the Directors may in their absolute discretion deem fit provided that the aggregate number of shares to be issued pursuant to this Resolution does not exceed 10% of the total number of issued shares (excluding treasury shares) of the Company for the time being AND THAT the Directors be and are also empowered to obtain the approval for the listing of and quotation for the additional shares so issued on Bursa Malaysia Securities Berhad AND THAT such authority as abovementioned shall continue in force until the conclusion of the next Annual General Meeting of the Company.” | |

Notice Of Annual General Meeting (cont'd)

(C) Proposed Renewal of Existing Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature

Ordinary Resolution 11

"THAT subject always to the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, approval be and is hereby given to the Company and/or its subsidiaries to enter into recurrent related party transactions of a revenue or trading nature with related parties as set out in Part A [section 2.4(A)] of the Circular to the Shareholders of the Company dated 23 March 2022 ("Proposed Mandate") which transactions are necessary for the day-to-day operations and/or in the ordinary course of business of the Company and/or its subsidiaries on terms not more favourable to the related parties than those generally available to the public and are not to the detriment of the minority shareholders of the Company AND THAT such approval shall only continue to be in force until:

- (i) the conclusion of the next Annual General Meeting ("AGM") of the Company following the 48th AGM at which time it will lapse unless such authority is renewed by a resolution passed at the next AGM of the Company;
- (ii) the expiration of the period within which the next AGM of the Company 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 shareholders of the Company in a general meeting,

whichever is the earlier.

AND THAT the Directors of the Company, whether solely or jointly, be and are hereby authorised to complete and do all such acts and things including executing such relevant documents as they may consider expedient or necessary to give effect to the Proposed Mandate."

(D) Proposed Renewal of Existing Share Buy-Back Authority

Ordinary Resolution 12

"THAT subject to the Companies Act 2016 ("Act"), the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities"), the Company's Constitution and other applicable laws, rules, regulations and guidelines of the relevant authorities, the Directors of the Company be and are hereby authorised to purchase such amount of ordinary shares ("Texchem Shares") in the Company through Bursa Securities at any time and upon such terms and conditions and for such purposes as the Directors may in their discretion deem fit subject to the following:

- (a) the maximum number of Texchem Shares which may be purchased and/or held by the Company shall not exceed 10% of the total number of issued shares of the Company for the time being;
- (b) the maximum funds to be allocated by the Company for the purpose of purchasing the Texchem Shares shall not exceed the total retained profits of the Company;
- (c) the authority conferred by this Resolution will be effective immediately upon the passing of this Resolution and will continue in force until:
 - (i) the conclusion of the next Annual General Meeting ("AGM") of the Company following the 48th AGM in which the resolution is 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 is required by law to be held; or
 - (iii) revoked or varied by ordinary resolution passed by the shareholders of the Company in a general meeting,

Notice Of Annual General Meeting (cont'd)

whichever is the earlier, but so as not to prejudice the completion of purchase(s) by the Company made before the aforesaid expiry date and in any event, in accordance with the provisions of the Main Market Listing Requirements of Bursa Securities or any other relevant authorities;

(d) upon completion of the purchase(s) of the Texchem Shares by the Company, the Directors of the Company be and are hereby authorised to deal with the Texchem Shares in the following manner:

- (i) to cancel the Texchem Shares so purchased; and/or
- (ii) to retain the Texchem Shares so purchased as treasury shares for distribution as dividend to the shareholders and/or resell on the market of Bursa Securities and/or for cancellation subsequently; and/or
- (iii) to retain part of the Texchem Shares so purchased as treasury shares and cancel the remainder; and/or
- (iv) to transfer the Texchem Shares or any of the Texchem Shares for the purposes of or under an employees' share scheme; and/or
- (v) in such other manner as Bursa Securities and such other relevant authorities may allow from time to time.

AND THAT authority be and is hereby given to the Directors of the Company to take all such steps as are necessary including to enter into any agreements, arrangements and guarantees with any party or parties to implement, finalise and give full effect to the aforesaid with full powers to assent to any conditions, modifications, revaluations, variations and/or amendments (if any) as may be imposed by the relevant authorities or as may be deemed necessary by the Directors and to do all such acts and things as the Directors may deem fit and expedient in the interest of the Company.”

NOTICE OF DIVIDEND ENTITLEMENT

NOTICE IS ALSO HEREBY GIVEN that subject to the approval at the 48th AGM, a single tier final dividend of 10 sen per share for the financial year ended 31 December 2021 will be payable on 27 May 2022 to the Depositors who are registered in the Record of Depositors at the close of business on 12 May 2022.

A Depositor shall qualify for entitlement to the dividend only in respect of:

- (a) shares transferred into the Depository's Securities Account before 4.30 p.m. on 12 May 2022 in respect of ordinary transfers; and
- (b) shares bought on Bursa Malaysia Securities Berhad on a cum entitlement basis according to the Rules of Bursa Malaysia Securities Berhad.

FURTHER NOTICE IS HEREBY GIVEN THAT for the purpose of determining a Member who shall be entitled to attend this 48th AGM, the Company shall be requesting Bursa Malaysia Depository Sdn. Bhd., in accordance with Article 19.9 of the Company's Constitution and Section 34(1) of the Securities Industry (Central Depositories) Act 1991, to issue a General Meeting Record of Depositors as at 15 April 2022. Only a depositor whose name appears on the Record of Depositors as at 15 April 2022 shall be entitled to attend the said meeting or appoint proxies to attend, speak and/or vote on his/her behalf.

BY ORDER OF THE BOARD

Lee Puay Img
(Licence No.: LS 0009427)
(SSM PC No.: 202008001167)
Company Secretary

Catherine Siew Seen Wa
(MICPA No.: 3318)
(SSM PC No.: 202108000044)
Company Secretary

Penang

Date: 23 March 2022

Notice Of Annual General Meeting (cont'd)

NOTES:

1. The 48th AGM will be conducted on a virtual basis through live streaming and online remote voting via Remote Participation and Voting Facilities ("RPV Facilities") which are available on Securities Services e-Portal ("SS e-Portal") at <https://sshsb.net.my/>. Please follow the procedures provided in the Administrative Guide for the 48th AGM in order to register, participate and vote remotely via RPV Facilities.
2. The Broadcast Venue is strictly for the purpose of compliance with Section 327(2) of the Companies Act 2016 and Article 19.2 of the Constitution which stipulate that the Chairman of the meeting shall be present at the main venue of the meeting. Members, proxies and/or corporate representatives will not be allowed to be physically present at the Broadcast Venue on the day of the 48th AGM.
3. The Members, proxies or corporate representatives may submit their questions to the Company at trb@texchemgroup.com no later than 20 April 2022, 5.00 p.m. or via real time submission of typed texts through a text box within SS e-Portal during live streaming of the 48th AGM as the primary mode of communication. In the event of any technical glitch in the primary mode of communication, shareholders and proxies may email their questions to eservices@sshsb.com.my during the 48th AGM. Relevant questions and/or remarks submitted by the shareholders and/or proxies will be broadcasted and responded by the Chairman, Board or the adviser(s) appointed by the Company.
4. Every Member including authorised nominees as defined under the Securities Industry (Central Depositories) Act 1991 and Exempt Authorised Nominees which hold ordinary shares in the Company for multiple beneficial owners in one securities account ("Omnibus Account") are entitled to appoint another person as his proxy to exercise all or any of his rights to attend, participate, speak and vote remotely instead of him at the 48th AGM and that such proxy need not be a Member.
5. Where a Member is entitled to vote on a resolution has appointed more than 1 proxy, the appointment shall be invalid unless he/she specifies the proportions of his/her holdings to be represented by each proxy.
6. The instrument appointing a proxy shall be in writing under the hand of the Member or of his attorney duly authorised in writing or if the Member is a corporation, shall either be executed under its common seal or under the hand of 2 authorised officers, one of whom shall be a director or of its attorney duly authorised in writing. The instrument appointing a proxy authorises the proxy(ies) to demand or join in demanding a poll.
7. The instrument appointing a proxy and the power of attorney or other authority (if any) under which it is signed or a duly notarised certified copy of that power or authority may be made in hardcopy form or by electronic means in the following manner and shall be received by the Company not less than 48 hours before the time for holding the meeting or any adjournment thereof:
 - (a) In hardcopy form
The proxy form shall be deposited at the Company's Registered Office at Level 18, Menara Boustead Penang, 39 Jalan Sultan Ahmad Shah, 10050 Penang, Malaysia.
 - (b) By electronic means
The proxy form shall be electronically lodged via SS e-Portal at <https://sshsb.net.my/> or by email to eservices@sshsb.com.my.
8. Pursuant to Paragraph 8.29A(1) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, all resolutions set out in the Notice of the 48th AGM of the Company shall be put to vote by way of poll.

Explanatory Notes on Ordinary Business:

(i) Audited Financial Statements for the financial year ended 31 December 2021

This Agenda item is meant for discussion only as the provision of Section 340(1)(a) of the Act does not require approval of the shareholders and hence, is not put forward for voting.

(ii) Ordinary Resolutions 1 to 3

Article 22.3 of the Company's Constitution provides that 1/3 of the Directors who are subject to retirement by rotation or, if their number is not 3 or a multiple of 3, then the number nearest to 1/3 shall retire from office so that all Directors shall retire from office at least once in every 3 years. Following thereto, Tan Sri Dato' Seri (Dr.) Fumihiko Konishi and Mr Yap Kee Keong are due to retire at the 48th AGM and being eligible, they have offered themselves for re-election.

The Board had conducted assessments in 2021 and considered the results of the assessments on areas which includes commitment, contributions and the overall performance of the retiring Directors and was satisfied that both Directors have met the performance criteria set out in the assessments in the discharge of their duties and responsibilities. The Board hereby recommends the re-election of Tan Sri Dato' Seri (Dr.) Fumihiko Konishi and Mr Yap Kee Keong at the 48th AGM.

Article 22.10 of the Company's Constitution provides that any person appointed as a Director as an addition to the existing Board shall hold office only until the next following AGM and shall then be eligible for re-election. Following thereto, Puan Azian Binti Mohd Yusof who was appointed on 27 January 2022 is due to retire at the 48th AGM and being eligible, she has offered herself for re-election.

Notice Of Annual General Meeting (cont'd)

The appointment of Puan Azian Binti Mohd Yusof was based on the educational background and vast career experience including her expertise in the international arena. The Board is confident that Puan Azian Binti Mohd Yusof would further strengthen the Board composition and dynamics. The Board hereby recommends the re-election of Puan Azian Binti Mohd Yusof at the 48th AGM.

The profile of the respective Directors is set out in the Board of Directors' section of the Annual Report.

(iii) Ordinary Resolution 4

On 18 March 2022 the Board had recommended a final dividend to be paid to its shareholders subject to the approval of the shareholders at the 48th AGM of the Company.

Articles 38.1 and 38.2 of the Company's Constitution provide that it may only make distribution of dividends to the shareholders out of profits of the Company available if the Company is solvent. Having performed the solvency test on the Company, the Board is satisfied that the Company will remain solvent for the period of twelve months after the date of declaration. Pursuant to paragraph 8.26 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, the final dividend, if approved, shall be paid not later than three (3) months from the date of the shareholders' approval.

(iv) Ordinary Resolutions 5 and 6

Section 230(1) of the Act provides that 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. Pursuant thereto, shareholders' approval will be sought at this AGM on the Directors' fees for the financial year ended 31 December 2021 and Directors' benefits for the 3 members of the Audit Committee, all of whom are Independent Non-Executive Directors, for the financial year ended 31 December 2021.

The Directors' benefits is RM10,000 per annum for each member of the Audit Committee.

Explanatory Notes on Special Business:

(i) Ordinary Resolution 8

The proposed Ordinary Resolution 8 is to seek shareholders' approval to allow Dato' Seri Nazir Ariff Bin Mushir Ariff to continue to act as an Independent Non-Executive Director until the conclusion of the next AGM of the Company.

Pursuant to Practice 5.3 of the Malaysian Code on Corporate Governance, the Board has vide its Nomination Committee conducted an assessment and reviewed the independence of Dato' Seri Nazir Ariff Bin Mushir Ariff who has served as an Independent Non-Executive Director for a term of more than 9 years. The Board is satisfied with the results and recommended that the resolution be put up for shareholders' approval through a two-tier voting process for Dato' Seri Nazir Ariff Bin Mushir Ariff to remain as an Independent Non-Executive Director based on the following justifications:

- (a) He has met the "independence" criteria set out in Chapter 1 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad;
- (b) His expertise, broad international experience and vast experience in various industries provide the Board with a diverse set of experience and expertise which enhances the skills and experience profile of the Board; and
- (c) He has performed his duties diligently and has maintained his independence where management oversight and monitoring are concerned in the execution of the Company's strategic plans.

The Board is confident that his length of service on the Board does not in any way interfere with his duties as an Independent Non-Executive Director of the Company.

(ii) Ordinary Resolution 9

The proposed Ordinary Resolution 9 is to seek shareholders' approval to allow Cik Zarizana @ Izana Binti Abdul Aziz to continue to act as an Independent Non-Executive Director until the conclusion of the next AGM of the Company.

Pursuant to Practice 5.3 of the Malaysian Code on Corporate Governance, the Board has vide its Nomination Committee conducted an assessment and reviewed the independence of Cik Zarizana @ Izana Binti Abdul Aziz who has served as an Independent Non-Executive Director for a term of more than 9 years. The Board is satisfied with the results and recommended that the resolution be put up for shareholders' approval through a two-tier voting process for Cik Zarizana @ Izana Binti Abdul Aziz to remain as an Independent Non-Executive Director based on the following justifications:

- (a) She has met the "independence" criteria set out in Chapter 1 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad;
- (b) Her legal background and qualifications, expertise and extensive legal knowledge and experience in the international legal arena enable her to continue making valuable contribution through her role as Chairman of Remuneration Committee and a member of Audit Committee; and
- (c) She has performed her duties diligently and has maintained her independence where management oversight and monitoring are concerned in the execution of the Company's strategic plans.

The Board is confident that Cik Zarizana is capable of carrying out her duties and responsibilities independently and objectively notwithstanding her tenure on the Board.

Notice Of Annual General Meeting (cont'd)

(iii) Ordinary Resolution 10

As at the date of this Notice, no new shares in the Company were issued pursuant to the mandate granted to the Directors at the last AGM of the Company held on 27 May 2021 and the said mandate will lapse at the conclusion of this 48th AGM.

This Ordinary Resolution, if passed, will give the Directors of the Company from the date of this 48th AGM, the authority to allot and issue ordinary shares in the Company up to an aggregate of not exceeding 10% of the total number of issued shares (excluding treasury shares) of the Company for the time being pursuant to Section 75 and Section 76 of the Act ("Renewed Mandate"). This Renewed Mandate, unless revoked or varied at a general meeting, will expire at the conclusion of the next AGM of the Company.

The Renewed Mandate will provide flexibility to the Company for any possible fund raising activities, including but not limited to further placement of shares, for the purpose of funding future investment project(s), working capital and/or acquisitions without any delay and without incurring additional expenses in convening a general meeting to approve the issuance of such shares.

(iv) Ordinary Resolution 11

This Ordinary Resolution, if passed, will empower the Company and/or its subsidiaries to enter into the recurrent related party transactions of a revenue or trading nature which are necessary for the Company and/or its subsidiaries' day-to-day operations provided that such transactions are being carried out in the ordinary course of business and are on normal commercial terms which are not more favourable to the related parties than those available to the public and are not to the detriment of the minority shareholders of the Company.

This authority, unless revoked or varied at a general meeting of the Company, will expire at the conclusion of the next AGM of the Company.

The details of this proposed Ordinary Resolution are set out in Part A of the Circular to the Shareholders of the Company dated 23 March 2022, which is accessible online on the Company's website at www.texchemgroup.com or on Bursa Malaysia Securities Berhad's website at www.bursamalaysia.com.

(v) Ordinary Resolution 12

This Ordinary Resolution, if passed, will enable the Company to purchase its own shares up to 10% of the total number of issued shares of the Company (inclusive of shares that have been purchased and/or retained as treasury shares). This authority, unless revoked or varied by the Company in general meeting, will expire at the conclusion of the next AGM of the Company.

The details of this proposed Ordinary Resolution are set out in Part B of the Circular to the Shareholders of the Company dated 23 March 2022, which is accessible online on the Company's website at www.texchemgroup.com or on Bursa Malaysia Securities Berhad's website at www.bursamalaysia.com.

STATEMENT ACCOMPANYING NOTICE OF ANNUAL GENERAL MEETING

(Pursuant to Paragraph 8.27(2) of Bursa Malaysia Securities Berhad's Main Market Listing Requirements)

1. Details of individuals who are standing for election as Directors

No individual is seeking election as a Director (excluding Directors standing for re-election) at the Forty-Eighth Annual General Meeting ("48th AGM") of the Company.

The profiles of the Directors who are standing for re-election as per Ordinary Resolutions 1 to 3 of the Notice of 48th AGM are stated in the section on the Profile of Directors in this Annual Report.

2. Statement relating to general mandate for issue of securities in accordance with Paragraph 6.03(3) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad.

Details of the general mandate to allot securities in the Company pursuant to Sections 75 and 76 of the Companies Act 2016 are stated in the Explanatory Notes on Special Business (iii) of the Notice of the 48th AGM as set out in this Annual Report.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

The Board of Directors (“Board”) of Texchem Resources Bhd. (“Company”) is entirely committed to the maintenance of high standards of corporate governance by supporting and implementing the prescriptions of the principles, practices and guidances set out in the Malaysian Code on Corporate Governance (“Code”) revised by the Securities Commission Malaysia on 28 April 2021 to enhance its accountability, transparency and sustainability. In addition, the Board follows global developments of internationally recognised corporate governance practices and though the Board is already in compliance with many respects, it continually reviews the corporate governance processes adopted by the Company and its subsidiaries (collectively “the Group”) and strives to make appropriate adjustments to reflect its position as a good corporate citizen. The key intent is to adopt the substance behind good governance and not merely the form, with the aim of ensuring Board effectiveness in enhancing shareholder value.

The Board presents this statement to provide shareholders with an overview of the corporate governance practices of the Company which were based on the principles and best practices as set out in the Code, the governance standards prescribed in the Main Market Listing Requirements (“Listing Requirements”) of Bursa Malaysia Securities Berhad (“Bursa Securities”) and the requirements under the Companies Act 2016 and applied under the leadership of the Board during the financial year ended 31 December 2021.

This statement is to be read together with the Corporate Governance Report 2021 (“CG Report”) of the Company which is available on the Company’s website at www.texchemgroup.com. The detailed explanation on the application of the corporate governance practices are reported under the CG Report.

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS

I. Board Responsibilities

The Board acknowledges its pivotal role in the stewardship of its direction and operations, and ultimately the enhancement of long-term shareholder value. To fulfil this role, the Board is responsible for the overall corporate governance of the Group, including its strategic direction and the Board oversees the establishment of goals for Management and monitors the achievement of these goals. Operational effectiveness, cost rationalisation and human capital management continue to be the key areas of focus for the Group.

The Board is led by the Executive Chairman and the Group Chief Executive Officer (“CEO”) whose roles are separated. The Executive Chairman is responsible for running the Board and ensures that all Directors receive sufficient relevant information on financial and non-financial matters to enable them to participate actively in Board decisions and the Executive Chairman works with the Board and the Group CEO to develop strategies for the Group’s future growth whereas the Group CEO is responsible for the day to day management of the business as well as the implementation of Board policies and decisions.

In order to ensure orderly and effective discharge of the above functions and responsibilities of the Board, the Board has set up various Board Committees to assist the Board. The Board Committees set up by the Board are:-

- (a) Executive Committee (“EXCO”)
- (b) Audit Committee (“AC”)
- (c) Nomination Committee (“NC”)
- (d) Remuneration Committee (“RC”)

The EXCO, AC, RC and NC play a pivotal role in channeling pertinent operational and assurance related issues to the Board. The Board Committees partly function as a filter to ensure that only pertinent matters are tabled at the Board level. All Board Committees have written Terms of Reference which can be found at the Company’s website, www.texchemgroup.com and in this Annual Report. There is also a formal procedure sanctioned by the Board, whether as a full Board or in their individual capacity, for Directors to obtain independent professional advice at the Company’s expense.

The prime objective of the Company’s Board Charter is to set out the principles governing the Board of the Company and adopts the principles and practices of good corporate governance in the management of the Company. The Board is guided by the Board Charter which outlines, *inter alia*, the duties and responsibilities of the Board, Board Committees, Chairman, CEO, Individual Directors and Management, matters reserved for the Board as well as those which the Board may delegate to the Board Committees, CEO and Management.

Corporate Governance Overview Statement (cont'd)

The Board has also formalised a Code of Conduct and Ethics (“CoCE”) to govern the conduct of the Directors, Management and employees in the operation of the Company. The CoCE includes mechanism amongst others, a whistleblower policy for the Company’s Directors and employees as well as external parties to report genuine suspicions of non-compliance without fear of retribution or retaliation.

With the introduction of the corporate liability provision under Section 17A of the Malaysian Anti-Corruption Commission Act 2009, the Board established the Anti-Corruption Policy and Procedures (“ACPP”) which were formulated based on the T.R.U.S.T. principles set out in the Guidelines on Adequate Procedures issued by the Prime Minister’s Department. The ACPP including the revised CoCE and the Vendor Code of Conduct were approved by the Board on 15 May 2020. The ACPP was designed to assist Directors and employees to identify and avoid corrupt acts and provide guidance on the standards of behaviour which all Directors and employees must adhere to. Further details pertaining to the Board Charter, CoCE, ACPP and Vendor Code of Conduct are set out in the CG Report. The Board Charter, CoCE and Vendor Code of Conduct can be found at the Company’s website, www.texchemgroup.com.

The Group is committed towards sustainable development and believes that sustainable corporate success requires the highest standard of corporate behavior including measuring up to public expectations on its economic, environmental, social and corporate governance responsibilities. As a socially responsible citizen, the Company shall approach the process of addressing higher expectations of economic, environmental, social and corporate governance responsibilities as part of how the Company normally works and thinks. The Group’s effort in this regard including the corporate responsibility activities in the financial year under review have been set out in the Sustainability Statement in this Annual Report. A copy of the Sustainability Policy is available on the Company’s website at www.texchemgroup.com.

Every Director has unhindered access to the advice and services of the Company Secretaries. The Company Secretaries are accountable directly to the Board on all matters to do with the proper functioning of the Board and provide unimpeded advice and services to the Company’s Director, as and when the need arises. The Company Secretaries also ensure that the Board Committees function effectively based on the respective Terms of Reference.

The Board recognises that the decision making process is highly contingent on the quality of information furnished. As such, all Directors have unrestricted access to any information pertaining to the Company and/or the Group. The Directors are provided with relevant and timely information on matters to be discussed or considered at meetings of the Board and Board Committees.

II. Board Composition

The NC comprised the following members during the financial year under review:

Members	
Dato’ Seri Nazir Ariff Bin Mushir Ariff	Chairman, Independent Non-Executive Director
Jony Raw	Independent Non-Executive Director

The NC met one (1) time on 15 December 2021. The meeting was attended by all members of the NC. Tan Sri Dato’ Seri (Dr.) Fumihiko Konishi and Cik Zarizana @ Izana Binti Abdul Aziz were invited by the Chairman of the NC to attend the meeting.

The NC consists entirely of Non-Executive Directors, all of whom are independent.

The NC is empowered by the Board and its Terms of Reference to bring to the Board recommendations as to the appointment of new Directors and appointment of Directors to Board Committees. The NC also keeps under review the Board structure, size and composition, the Board succession planning as well as training programmes. During the financial year under review and up to the date of this statement, Puan Azian Binti Mohd Yusof was appointed to the Board as an Independent Non-Executive Director on 27 January 2022.

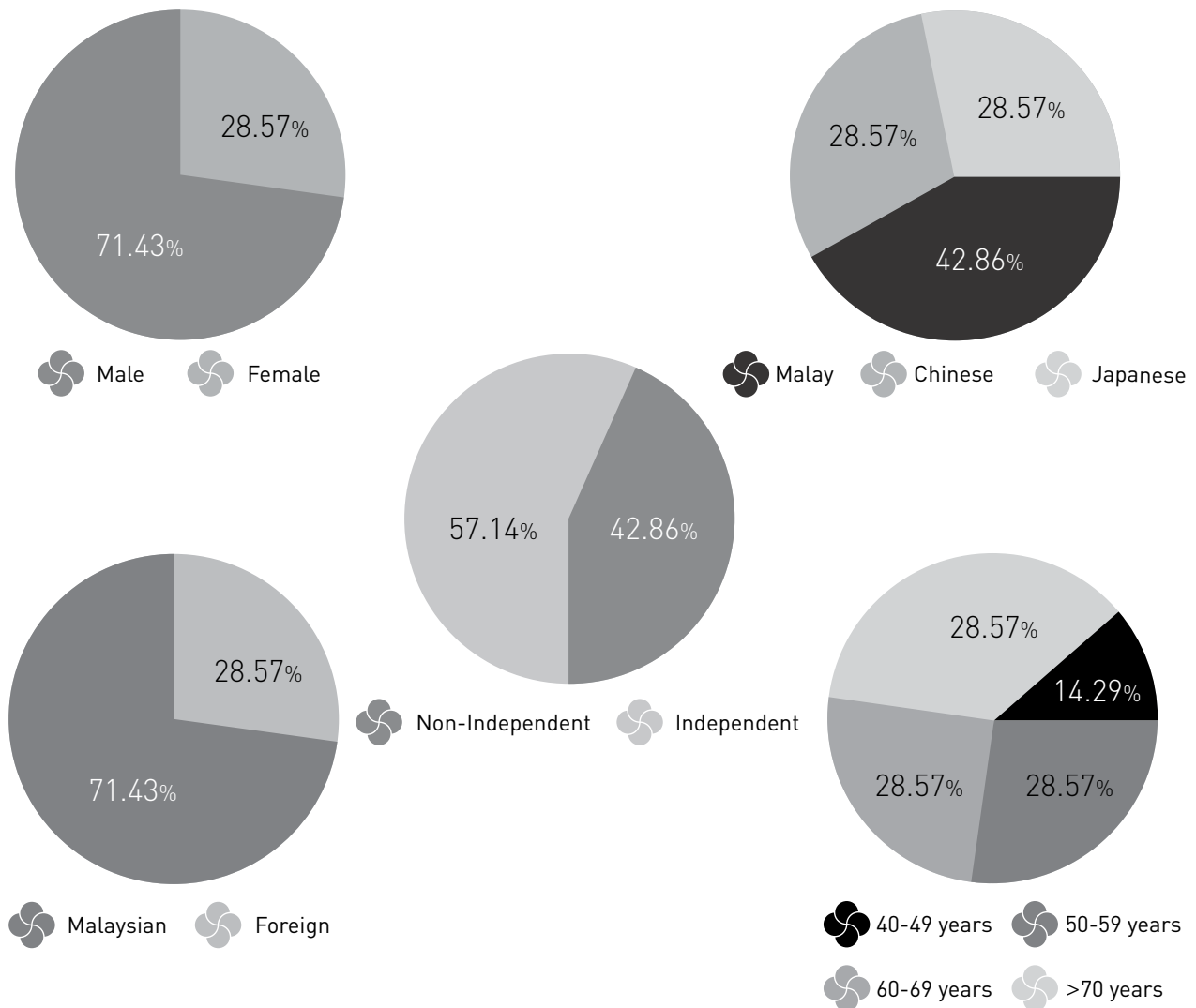
Corporate Governance Overview Statement (cont'd)

The activities undertaken by the NC for the financial year ended 31 December 2021 were as follows:

1. Reviewed the overall composition of the Board and Board Committees.
2. Conducted the annual assessment and the performance evaluation of the individual Directors and the Board as a whole; summarised the results of the annual assessment and the performance evaluation and reported to the Board on the outcome of such assessment.
3. Reviewed the succession planning of Directors and Senior Management.
4. Reviewed the independence of the Directors.
5. Conducted the assessment on the AC and each of its members.
6. Made recommendation to the Board for the re-election of the Directors who are subject to retirement at the forthcoming Annual General Meeting ("AGM").

As at the date of this statement, the Board consists of seven (7) members comprising four (4) Independent Non-Executive Directors and three (3) Executive Directors. The Directors, with their different backgrounds and specialisations, collectively bring with them a wide range of experience and expertise in areas such as finance, corporate affairs, legal, marketing and operations. A brief profile of each Director is presented in the Profile of Directors section of this Annual Report.

A summary of the Board composition is set out below:



The Board has complied with the recommendation in Practice 5.2 of the Code by having Board composition where majority of the Board comprises independent directors.

Corporate Governance Overview Statement (cont'd)

The Board takes note that Practice 5.3 of the Code provides that the tenure of an independent director does not exceed a term limit of nine (9) years. Based on the review of the Board's composition and assessment of individual Directors, the Board is of the view that the independence of the Independent Non-Executive Directors of the Company should not be determined solely or arbitrary by their tenure of service. The Board is confident that the current Board is able to exercise objective judgment on business and corporate affairs in the presence of the Independent Non-Executive Directors. As at the date of this statement, Dato' Seri Nazir Ariff Bin Mushir Ariff and Cik Zarizana @ Izana Binti Abdul Aziz have served the Board for more than nine (9) years. They have retained independence of character and judgment and are able to express their views without any constraint.

The Board takes note of Practice 5.9 of the Code which provides for at least 30% women directors on the Board. With the appointment of Puan Azian Binti Mohd Yusof to the Board, the percentage of women directors on the Board has increased from 16.67% to 28.57% and thus, the Company is largely in line with the recommendation of at least 30% women directors on the Board.

The Board ordinarily meets at least four (4) times a year with additional meetings convened when urgent and important decisions need to be made in between the scheduled meetings. During the financial year under review, the Board met five (5) times on 24 February 2021, 30 April 2021, 27 July 2021, 22 October 2021 and 15 December 2021 where it deliberated upon and considered various matters.

Details of each Director's meeting attendance during the financial year ended 31 December 2021 are as follows:

Meetings Attended (Out of 5)		
Directors		
Tan Sri Dato' Seri (Dr.) Fumihiko Konishi	Executive Chairman	5/5
Yap Kee Keong	President and Group CEO	5/5
Dr Yuma Konishi	Executive Director	5/5
Dato' Seri Nazir Ariff Bin Mushir Ariff	Independent Non-Executive Director	5/5
Zarizana @ Izana Binti Abdul Aziz	Independent Non-Executive Director	5/5
Jony Raw	Independent Non-Executive Director	5/5
Azian Binti Mohd Yusof ⁽¹⁾	Independent Non-Executive Director	N/A

Note:

⁽¹⁾ Puan Azian Binti Mohd Yusof was appointed on 27 January 2022.

Based on the level of time commitment demonstrated by individual Directors in attending Board meetings, Board Committee meetings and AGMs, the Board is confident that the Directors are able to devote sufficient time commitment to their roles and responsibilities as Directors of the Company.

All Directors have attended and successfully completed the Mandatory Accreditation Programme (MAP) conducted by Bursatra Sdn Bhd including the newly appointed Independent Non-Executive Director, Puan Azian Binti Mohd Yusof.

Corporate Governance Overview Statement (cont'd)

During the financial year under review, all Directors have attended seminars, details as set out below, to enhance their knowledge and expertise:

Directors	Training/ Seminars/ Conferences
Tan Sri Dato' Seri (Dr.) Fumihiko Konishi	• The updated Malaysian Code on Corporate Governance 2021
Yap Kee Keong	• The updated Malaysian Code on Corporate Governance 2021
Dr Yuma Konishi	• The updated Malaysian Code on Corporate Governance 2021
Dato' Seri Nazir Ariff Bin Mushir Ariff	• The updated Malaysian Code on Corporate Governance 2021 • Audit Oversight Board Conversation with Audit Committees
Zarizana @ Izana Binti Abdul Aziz	• The updated Malaysian Code on Corporate Governance 2021
Jony Raw	• The updated Malaysian Code on Corporate Governance 2021
Azian Binti Mohd Yusof ⁽¹⁾	• Not Applicable

Note:

⁽¹⁾ Puan Azian Binti Mohd Yusof was appointed on 27 January 2022.

The Directors will continue to undergo other relevant training programmes to further enhance their skills and knowledge where relevant.

III. Remuneration

The RC comprised the following members during the year under review:

Members	
Zarizana @ Izana Binti Abdul Aziz	Chairman, Independent Non-Executive Director
Dato' Seri Nazir Ariff Bin Mushir Ariff	Independent Non-Executive Director
Jony Raw	Independent Non-Executive Director

During the financial year under review, the RC met 2 times on 26 January 2021 and 24 February 2021. The meetings were attended by all the members of the RC.

The RC consists of Non-Executive Directors, all of whom are independent.

The RC is responsible for *inter alia* recommending to the Board the remuneration of the Executive Directors and Senior Management in all its forms such that the component parts of remuneration are structured to link rewards to corporate and individual performance.

Corporate Governance Overview Statement (cont'd)

The Board has in place a Remuneration Policy and Procedures, which is designed to:-

- (a) provide an overall remuneration package for Directors and Senior Management which is able to attract, engage and retain the right talent and to motivate Directors and Senior Management to drive the Company's long term objectives and to ensure business sustainability and growth; and
- (b) ensure that the Directors and Senior Management are offered an appropriate level of remuneration which is in line with the Company's strategic objectives and corporate value and which will not give rise to conflicts between the objectives and interests of the Company and the interests of individual Directors and Senior Management.

The RC assisted the Board to set up and implement the Remuneration Policy and Procedures by developing and administering fair and transparent procedures relating to determining, reviewing, assessing and recommending the remuneration packages for the Directors and Senior Management.

The Board will recommend the Director's fees and other benefits payable to Directors to the shareholders for approval at the AGM in accordance with Section 230(1) of the Companies Act 2016. Details of the remuneration of Directors and Senior Management for the year under review are provided in the CG Report.

PRINCIPLE B: EFFECTIVE AUDIT AND RISK MANAGEMENT

I. Audit Committee

During the year ended 31 December 2021, the AC of the Company comprised 3 Independent Non-Executive Directors and was chaired by Mr. Jony Raw.

All AC members are financially literate and the AC's composition and performance are reviewed by the NC annually and recommended to the Board for its approval.

In order to maintain an independent and effective AC, the NC ensures that all AC members appointed are Independent Non-Executive Directors who are financially literate with an appropriate level of expertise and experience and a strong understanding of the Company and Group's business. Further details on the AC are set out in the AC Statement of this Annual Report.

The Audit Committee has formal policies to assess the suitability, objectivity and independence of the external auditors. These policies also include a requirement that a former key audit partner must observe a cooling-off period of five years before being appointed as a member of the Audit Committee. None of the Audit Committee members were formerly audit partners of the Company's external auditors.

II. Risk Management and Internal Control Framework

The Board fulfils its responsibilities in risk governance by providing oversight of the Group's overall risk management process and risk exposure.

The Divisional Management and the Chief Risk Officer assessed and monitored the suitability and effectiveness of the risk management controls and measures taken whilst the adequacy and compliance of these and related internal controls were reviewed by the AC in conjunction with the activities and reports of the Internal Audit.

The Board is of the view that the system of risk management and internal control in place during the year was sound and sufficient to safeguard the Group's assets, shareholders' investments and the interests of customers, employees and other stakeholders. Details of the Risk Management and Internal Control Framework are set out in the Statement on Risk Management and Internal Control of this Annual Report.

Corporate Governance Overview Statement (cont'd)

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

I. Communication with stakeholders

The Company acknowledges the importance of transparent, timely and equal dissemination of quality material information to shareholders, investors and public at large. As such, the Board observed the Corporate Disclosure Guide issued by Bursa Malaysia Berhad which can be viewed from Bursa Securities' website at www.bursamalaysia.com as well as adhering to and complying with the disclosure requirements of the Listing Requirements.

The Company reaches out to its shareholders through the distribution of its annual report, quarterly financial results announcements, circulars to shareholders, press release and the various disclosures and announcements made to Bursa Securities.

In addition, the Company maintains a corporate website with links to Bursa Securities' website, through which shareholders may access for among others the latest information on the Company, the Board Charter and Terms of Reference of Board Committees.

The Company also maintains a Facebook page "Texchem Group – Official" and Sushi King membership apps to foster closer engagement with the stakeholders.

II. Conduct of General Meetings

The Company's AGM is an important means of communication with shareholders. The Company fully recognises the rights of the shareholders and encourages them to exercise their rights at the AGM. Shareholders will be accorded ample opportunity and time to raise questions and concerns, and the Board and Senior Management will provide appropriate answers and clarifications. The key element of the Company's dialogue with its shareholders at the AGM is the opportunity to gather views of, and answer questions from, both individual and institutional shareholders on all issues relevant to the Company.

In view of the outbreak of COVID-19 and the guidance issued by the Securities Commission Malaysia and standard operating procedure regarding physical distancing issued by the Ministry of Health, the Company's 47th AGM in 2021 was held as a virtual meeting through live streaming and online remote voting using the Remote Participation and Voting Facilities ("RPV"). The Notice of the 47th AGM was issued twenty-eight (28) days before the AGM date.

To ensure effective participation of and engagement with shareholders, the Company encouraged the shareholders and proxies to submit their questions electronically to the Company before and during the AGM. Members of the Board, Senior Management and external auditors were present at the 47th AGM to respond to questions raised by the shareholders or proxies.

The Company had conducted poll voting via RPV for all resolutions set out in the Notice of the 47th AGM. The shareholders were provided with the Administrative Guide which sets out the guidelines for shareholders and proxies on the conduct and voting procedures in a virtual meeting together with the Notice of the 47th AGM. The results of the poll were verified by the independent scrutineer, Commercial Quest Sdn Bhd. The Company had closely monitored the RPV during the 47th AGM to ensure a seamless execution of the 47th AGM and also a smooth interaction between the Company and its shareholders. The Company continues to explore on ways to leverage on technology to enhance the quality of engagement with its shareholders and facilitate further participation by shareholders at AGMs of the Company.

This statement was approved by the Board of the Company on 8 March 2022.

AUDIT COMMITTEE STATEMENT

MEMBERSHIP

The composition of the Audit Committee during the year was as follows:

Mr. Jony Raw, Chairman, Independent Non-Executive Director
 Dato' Seri Nazir Ariff Bin Mushir Ariff, Independent Non-Executive Director,
 Cik Zarizana @ Izana Binti Abdul Aziz, Independent Non-Executive Director.

MEETINGS

During the year, the Audit Committee (AC) convened a total of seven (7) meetings, of which two (2) meetings were with the external and internal auditors without the presence of Management. The AC meetings were held on 23rd February, 12th April, 19th April, 28th April, 26th July and 21st October.

All meetings were held with sufficient notification and with the agenda being distributed to the members. The AC members attended all the meetings.

SUMMARY OF ACTIVITIES DURING THE FINANCIAL YEAR

During the year, the AC discharged its duties in accordance with its terms of reference as follows:

Oversight of Financial Reporting and its process

- Reviewed with Management before recommending to the Board for consideration, the quarterly unaudited financial statements of the Group and ensured that they were in compliance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and Bursa's Malaysia Main Market Listing Requirements (MMLR)
- Reviewed with Management and external auditors before recommending to the Board for consideration, the annual audited financial statements of the Company and the Group and ensured that they were in compliance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and Bursa Malaysia's Main Market Listing Requirements (MMLR)
- Reviewed with Management and external auditors on changes in or implementation of major accounting policy changes, if any and significant matters relating to financial reporting, significant judgements made by Management, significant and unusual events or transactions and resolution of these matters
- Reviewed with Management and external auditors before presenting to the Board for consideration, the Group's Statement on Risk Management and Internal Control for inclusion in the Annual Report.

Oversight of External Auditors and evaluation of the external audit process

- Reviewed with them, their annual Audit Plan and strategy, scope of work and reporting requirements for the year
- Reviewed with them, their understanding of the system of internal controls obtained in the course of designing their audit procedures, recommendations for improvement, management letters and management responses thereon
- Reviewed with them, their audit report
- Confirmed with them, their audit independence
- Reviewed with them without the presence of Management, matters arising from the external audit or any other issues, of which there were no significant issues that should be brought to the AC and Board's attention
- Reviewed with them without the presence of Management, and confirmed that the cooperation given by the Company's officers during the audit was adequate
- Reviewed with Management, their audit fees and annual evaluation of their performance, technical competency, audit independence and suitability before recommending to the Board their reappointment. Further information on the assessment of the external auditors by the AC is provided in the Corporate Governance Report in accordance with Practice 9.3 of the Malaysian Code of Corporate Governance. In 2021, the non-audit fees incurred amounted to RM24,000 and RM365,000 for the Company and Group constituting approximately 36% and 32% of the total fees of RM66,000 and RM1,131,000 paid respectively. The non-audit fees were mainly for tax compliance and transfer pricing documentation.

Audit Committee Statement (cont'd)

Oversight of Internal Auditors and evaluation of the internal audit process

- Reviewed and approved the annual risk based Internal Audit Plan on the audit frequency and timing, work scope, areas of audit focus and adequacy of resources
- Reviewed and approved the annual Internal Audit cost budget
- Reviewed the quarterly Internal Audit Departmental reports and audit progress with Plan
- Reviewed the Internal Audit Reports, audit findings, recommendations for improvement and management's responses to ensure the adequacy and effectiveness of the Group's governance, risk management, whistle blowing, anti-corruption and internal control system
- Reviewed with them without the presence of Management, matters arising from the internal audit or any other issues, of which there were no significant issues that should be brought to the AC and Board's attention
- Conducted an annual evaluation of the performance of the Internal Audit function
- Reviewed the annual performance appraisal and assessment of the Internal Audit staff.

Sustainability Reporting

- Reviewed with Management the Group's Sustainability Statement with Management and presented to the Board for consideration and approval for inclusion in the Annual Report.

Corporate Governance Reporting

- Reviewed with Management the Group's Corporate Governance Overview Statement and Corporate Governance Report and presented to the Board for consideration and approval for inclusion in the Annual Report and Company's website respectively.

Related Party Transactions and Share Buy-back

- Reviewed with Management the Circular to Shareholders in relation to the proposed renewal of existing shareholders' mandate for recurrent related party transactions and Statement for the proposed renewal of existing share buy-back authority and presented to the Board for consideration
- Reviewed and approved the inclusion of the AC statements on the procedures for Recurrent Related Party Transactions in the said Circular
- Reviewed with Management to ensure actual related party transactions were within limits approved by shareholders.

INTERNAL AUDIT FUNCTION

The Internal Audit function is established to add value and improve the Group's operations by conducting independent and objective assurance and consulting activities to ensure the adequacy and effectiveness of the Group's governance, risk management and internal control system in achieving corporate objectives.

The in-house Internal Audit function reports administratively to the Group Chief Executive Officer and functionally to the AC which reviews the adequacy of the scope and resources of the Internal Audit function as well as the competency and experience of the internal auditors. Further information on the resources, objectivity and independence of the Chief Audit Executive and internal auditors is set out in the Corporate Governance Report in accordance with Practice 11.2 of the Malaysian Code of Corporate Governance.

During the year, the Internal Audit conducted assurance assignments in accordance with the annual risk based plan. The AC reviewed with Management the audit findings, management's responses and their action plans. Follow-up reviews were also conducted by the Internal Audit function to ensure that audit matters were adequately addressed by Management. More information on the Internal Audit function is set out in the Corporate Governance Report in accordance with Practice 11.1 of the Malaysian Code of Corporate Governance.

In 2021, the total cost of the Internal Audit function comprising staff payroll and benefits, staff training, office rental, travelling and incidental costs amounted to approximately RM410,945. (2020:RM508,000).

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

BOARD'S RESPONSIBILITY

The Board of Directors ("Board") affirms its responsibility for the integrity, adequacy and effectiveness of Texchem Resources Bhd. Group's (the "Group") risk management and internal control system. This system covers governance, enterprise risk management, strategic, organisational, financial, operational, regulatory and compliance controls.

The Board recognises that the system is an ongoing process designed to manage, rather than eliminate the risk of not complying with the Group's policies and achieving its long-term strategic objectives. Therefore, the system provides reasonable, but not absolute assurance against the occurrence of any material misstatement of information, loss or fraud.

During the year, Management has assisted the Board in implementing the Board's policies and procedures on risks and control by:

- Identifying, analysing and evaluating risks.
- Designing, executing and monitoring suitable controls to manage key risks.
- Identifying emerging risks or changes in risks, taking appropriate remedial action and highlighting them to the Board's attention.

KEY RISK MANAGEMENT AND INTERNAL CONTROL FEATURES AND PROCESSES

The key features and processes that have been established to ensure the adequacy and effectiveness of the Group's governance, risk management and internal control system are as follows:

a) Organisational and Reporting Structure

- The Group has an organisational structure with clearly defined lines of responsibility and delegation of authority. A hierarchical reporting system is in place with appropriate authority limits, proper segregation of duties, annual budgeting, monthly reporting of variances between the actual and budgeted results for corrective action to be taken and human resource management policies. Policies and procedures to ensure compliance with risk management, internal controls and relevant laws and regulations are set out in the standard operating procedures of the individual companies.

b) Strategic Plan

- The Group has a 5 years strategic plan approved by the Board. This long-term plan is reviewed and updated every 5 years or earlier in tandem with changes in the market and business environment. A review of the status and achievement of these plans is conducted for further management remedial action, as and when required.

c) Executive Committee

- An Executive Committee ("EXCO") was established by the Board to manage the Group's key risks and operations in accordance with its annual budget and long-term strategic objectives and strategies as well as the policies and business directions as approved by the Board. The EXCO executes the strategies approved by the Board and addresses issues arising from changes in the external environment and internal operating conditions.

d) Risk Management Framework

- The Group has an Enterprise Risk Management ("ERM") framework in line with ISO31000 aligned with corporate objectives which is embedded in the daily operations of individual companies. The ERM system is an ongoing and systematic process to identify, analyse, evaluate, respond, monitor and report on risks.
- The Group has a Risk Management Policy which is a statement of its overall intention and commitment to adopt and use enterprise risk management to achieve corporate objectives. The policy which is available on the Company's website applies to the Company and its subsidiaries excluding associates which the Company has influence but not control over their operations.
- The current risk governance structure comprises the following namely:
 - i) Individual companies' management and risk owners who perform and monitor day-to-day risk management activities and controls.
 - ii) Risk and compliance oversight in which the Group Chief Risk Officer and Divisional Management and their risk officers are responsible for designing, reviewing and improving the risk management framework and process to ensure effective risk management.

Statement On Risk Management And Internal Control (Cont'd)

d) Risk Management Framework (cont'd)

- The current risk governance structure comprises the following namely: (cont'd)
 - iii) The provision of independent assurance by the Internal Audit function on the adequacy and effectiveness of risk management and internal control system.
 - iv) Board oversight and monitoring of the effectiveness of the Group's risk management activities and internal controls.

e) Risk Management Process

- At the individual company level, risks were identified, analysed and evaluated using risk (heat) maps currently based on their likelihood of occurrence and severity of consequence expressed as the financial impact on their cash flows and profits. Risks were rated as critical, high, moderate and low in which key risks identified would comprise mainly critical, high and moderate risks. Risk controls were delegated to risk owners for execution, monitoring and improving their effectiveness.
- Every six (6) months, the Management of individual companies will review the relevance of existing risks and assess new ones, if any. The respective company's risk profile is updated after assessing the suitability and effectiveness of the risk controls.
- The Divisional President/CEO then reviews the divisional risks and their control effectiveness with individual companies' Management. The Risk Report by each Divisional President/CEO is then submitted to the Chief Risk Officer at the corporate headquarters for review.
- The Chief Risk Officer who is also the Group Chief Human Resources Officer has reviewed and presented the Group's Risk Report and updated the Board every six (6) months on the status of the Group's enterprise risk management process, changes in risk profiles and their controls in place.

f) Group's Anti-Corruption Policy and Procedures

- The Group has implemented its Anti-Corruption Policy and Procedures based on the T.R.U.S.T. principles set out in the Guidelines on Adequate Procedures issued by the Prime Minister's Department pursuant to Section 17A of the Malaysian Anti-Corruption Commission Act 2009. The Anti-Corruption Policy and Procedures were designed to assist Directors and employees to identify and avoid corrupt acts and provide guidance on the standards of behaviour to which all Directors and employees must adhere to. The Anti-Corruption Policy and Procedures including the revised Code of Conduct and Ethics and the Vendor Code of Conduct were approved by the Board on 15th May 2020. The Group shall continue with its effort in strengthening the measures put in place in relation to its Anti-Corruption Policy and Procedures from time to time.

g) Risk Management Assurance

- The Group's in-house Internal Audit function has conducted independent audits on major subsidiaries on the adequacy and effectiveness of their governance, enterprise risk management and internal control systems, operational effectiveness, compliance with policies and procedures and highlighted findings of non-compliance, control deficiencies and recommendation for improvement.
- An enterprise risk based annual audit plan setting out the audit frequency, areas of audit focus and scope of work has been approved by the Audit Committee at the beginning of the year.
- During the year, the Internal Audit function has provided the Board, Audit Committee and Management with reports on the audit findings, recommendations for improvement and management's responses and action plans. The Internal Audit has also provided the Board and Audit Committee with updates on the subsequent execution of the management's action plans. Audit issues and actions taken by Management were discussed and deliberated during the Audit Committee meetings. Minutes of the Audit Committee meetings which recorded these deliberations were tabled to the Board. A summary of these issues, if material and other matters highlighted by the Internal Audit for the year was also tabled for the Board's attention at year end.
- As part of its quality assurance and improvement programme, the Internal Audit function conducts an annual internal assessment of its conformance to the International Standards for the Professional Practice of Internal Auditing (the "Standards") and Code of Ethics of the Institute of Internal Auditors (US) and provides the assessment results to Senior Management, Audit Committee and Board at year end. These assessment results are validated independently by an external assessor once every 5 years, the last being 2018 by the Institute of Internal Auditors Malaysia.

Statement On Risk Management And Internal Control (Cont'd)

g) Risk Management Assurance (cont'd)

- At year end, the Chief Audit Executive has provided assurance to Senior Management, Audit Committee and the Board that during the year the Internal Audit function and activities were conducted in conformance to the Standards and Code of Ethics and the audit assignments were also undertaken objectively and independently, free from any conflict of interest and relationship, and in accordance with the Group's Internal Audit Charter.

h) Assurance by President and Group Chief Executive Officer and Group Chief Financial Officer

- The Board has also received assurance from the President and Group Chief Executive Officer and Group Chief Financial Officer that the risk management and internal control systems of the Company and its subsidiaries were operating adequately and effectively, in all material aspects based on the risk management and internal control system adopted during the year.

The external auditors have reviewed this Statement on Risk Management and Internal Control pursuant to the scope set out in the Audit and Assurance Practice Guide ("AAPG") 3, Guidance for Auditors on Engagements to Report on the Statement on Risk Management and Internal Control included in the Annual Report issued by the Malaysian Institute of Accountants ("MIA") for inclusion in the Annual Report of the Group for the year ended 31 December 2021, and reported to the Board that nothing has come to their attention that caused them to believe that the statement intended to be included in the Annual Report of the Group, in all material respects:

- (a) has not been prepared in accordance with the disclosures required by paragraphs 41 and 42 of the Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issues, or
- (b) is factually inaccurate.

AAPG 3 does not require the external auditors to consider whether the Directors' Statement on Risk Management and Internal Control covers all risks and controls, or to form an opinion on the adequacy and effectiveness of the Group's risk management and internal control system including the assessment and opinion by the Board of Directors and Management thereon. The auditors are also not required to consider whether the processes described to deal with material internal control aspects of any significant problems disclosed in the annual report will, in fact, remedy the problems.

This Statement was approved by the Board on 18th March 2022.

This Statement on Risk Management and Internal Control does not cover the associates as disclosed in Note 5 to the financial statements.

CONCLUSION

The Board is of the view that the risk management and internal control system in place during the year under review and up to the date of approval of this Statement was sound and adequate to safeguard shareholders' investment, the interests of customers, regulators, employees and other stakeholders of the Group.

SUSTAINABILITY STATEMENT

Message from Chairman of Sustainability Steering Committee

Dear Valued Stakeholders

I am pleased to share with you our 2021 Sustainability Report which details Texchem Resources Bhd's ("TRB Group") initiatives to address sustainability related matters pertaining to our shareholders and other stakeholders. This sustainability reporting applies to TRB Group and all its subsidiaries and as in the previous years, is based on 3 aspects; Economic, Environment and Social.

2021 continued to be turbulent with the emergence of the Delta and Omicron variants and two lockdowns in Malaysia and in our other countries of operations, such as Thailand, Vietnam, Indonesia, Myanmar and Singapore. Despite these setbacks, our people remained focused and continued to drive sustainability in our earnings, while at the same time driving sustainability on the environment and social aspects. The swift actions taken early on in the beginning of the crisis in 2020 and how our people adapted quickly to the changing environment and emerged stronger continued to benefit us in 2021. I am very proud of the way Texchemers came together "As One" and as a team back then and now.

TRB Group has continuously been cultivating the values of empathy in our employees as we believe that when employees have the ability to understand the needs of others, it leads to positive outcomes in both work and home settings. That is why empathy is one of our company's core values. In 2021, we continued to focus on the needs of the community during the pandemic by donating our own produced face shields, hand sanitisers and surface disinfectants to non-profit organisations, hospitals and other frontliners. In December 2021, Texchem's Cultural Ambassadors ("CA") launched the "Adopt a Kidney Patient Campaign", the fourth time we are donating to this cause to sponsor the dialysis treatment of one Chronic Kidney Dialysis patient for a year.

We continued to place emphasis on our employees in 2021. With most of the economic and social activities on total lockdown since May 2021, we realised that it was important to keep our employees engaged and to reach out to them should they be in need during those challenging periods. CA ensured the health and well-being of our employees by organising Zoom workout sessions on a daily basis. For employees who were tested Covid-19 positive, CA reached out to them and kept in constant touch by sending e-cards and positive messages and where possible care packs.

Moving forward

While we continue to drive sustainability in our earnings, we seek to drive sustainability for Environment, Social and Governance or ESG for the long-term benefit of our shareholders, employees and communities.

Our environment milestones are charted through clean energy from solar, being deployed in our operating facilities, promoting a circular economy through the development of our biopolymer, TEXa and providing goods and services to our customers in a safe and responsible manner. On the social aspect, we continue to drive gender diversity, invest in the safety, health and well-being of our people and build a positive culture. We maintain our commitment towards anti-corruption, ethics and integrity at every level of our operations and putting in place policies and procedures to ensure sustainability on the governance front.

Our employees and our organisation have taken significant steps to positively impact ESG matters, while delivering value to our stakeholders. Moving forward, we aspire to strengthen our ESG activities further and creating a culture whereby ESG activities are deeply embedded in our daily work.

I would like to thank our shareholders for your continuous support, your confidence and above all your trust in us.

Thank you.

Yap Kee Keong

Chairman, Sustainability Steering Committee

Sustainability Statement (cont'd)

1. Sustainability 2021



Sustainability Statement (cont'd)

WE ARE
STRATEGICALLY
 POISED FOR
GLOBAL SUCCESS



2. Sustainability Policy

TRB Group's Sustainability Policy can be found on our website at www.texchemgroup.com.

3. Sustainability Governance

For effective sustainability management, the Group has the following governance structure.

- a) TRB Board
 TRB Group is governed by the Board of Directors which sets out and oversees the sustainability framework consisting of vision, mission and sustainability strategy based on Economic, Environment and Social ("EES") pillars. The Board has approved the Group's Sustainability Policy.
- b) Sustainability Steering Committee
 The Board has delegated the Group's sustainability management to the Sustainability Steering Committee chaired by the President & Group Chief Executive Officer ("Group CEO"). The Sustainability Steering Committee comprises Heads of the respective Business Divisions and key corporate functional departments as follows:

Sustainability Statement (cont'd)

Board of Directors (Board)			
Sustainability Steering Committee Chairman President & Group CEO			
President & CEO Industrial Division	President & CEO Polymer Engineering Division	President & CEO Restaurant Division	President & CEO Food Division
President & CEO Venture Business	Group Chief Financial Officer Group Finance	Chief HR Officer Group HR	Legal Director Corporate Legal & Secretarial
Sustainability Working Committee			
Economic Committee Corporate Finance	Environment Committee Presidential Office	Social Committee Group HR	Corporate Communications

The roles of Sustainability Steering Committee are as follows:

- Identify and recommend to the Board on the sustainability strategies for approval and adoption;
- Ensure EES aspects are incorporated in sustainability strategies;
- Monitor and provide timely updates to the Board on the diligence and timely implementation and execution of sustainability strategies;
- Oversee the preparation of Sustainability Report in accordance with the Sustainability Reporting Guide of Bursa Malaysia.

c) Sustainability Working Committee

The Sustainability Working Committee reports to the Sustainability Steering Committee and is responsible for implementing and executing the strategies set by the Sustainability Steering Committee.

The Sustainability Working Committee's roles and responsibilities are as follows:

- Conduct sustainability assessment with stakeholder engagement;
- Responsible for drafting action plans on material sustainability matters to be tabled to the Sustainability Steering Committee for approval;
- Implement and execute the approved action plans;
- Monitor and report on a timely basis on the performance and results of the implementation of action plans.

During the year, the Working Committee met 4 times as follows:

Date	Activities
26 Mar 21	Reviewed Sustainability Report for 2020 Established scope for 2021
4 Jun 21	Liaised with divisional representatives to assess the impact of 2nd MCO to the business particularly on the implementation of sustainability strategies Formulate action plans to resolve the matters
16 Aug 21	Final review of the controls and outcomes Discussed and agreed on a deadline to conclude the 2021 Report
28 Dec 21	4th Sustainability Working Committee Meeting Set timeline for report preparation, Internal Audit and Annual Report 2021 Set targets for 2022

Sustainability Statement (cont'd)

4. Materiality Assessment

4.1 Sustainability assessment process

Steps	Processes
1. Identification	<ul style="list-style-type: none"> Assessing relevant topics that affect TRB Group and its stakeholders Assessing its current situation and impact
	
2. Materiality Assessment	<ul style="list-style-type: none"> Conduct a materiality assessment under the Sustainability Working Committee by taking into consideration EES impact on stakeholders as well as TRB Group. The significance of the EES impacts are as follows: <ul style="list-style-type: none"> Economic Performance Regulatory Compliances Procurement Practices Emission, Effluent & Waste Energy Efficient & Carbon Footprint Biodiversity Employee Wellness & Engagement Occupational Safety & Health Talent Management Local Community Food Safety
	
3. Management & Implementation	<ul style="list-style-type: none"> The topics identified were implemented by all the 5 divisions with its operations in Malaysia, Singapore, Thailand, Indonesia, Vietnam & Myanmar. The implementation is in line with our Annual Report covering a period from 1 Jan 2021 to 31 Dec 2021. The assessment will involve the Sustainability Working Committee and validated by Sustainability Steering Committee and audited by Group Internal Assurance and Consulting.
	
4. Review	<ul style="list-style-type: none"> Feedback from the divisional representative after consultation with their respective operations shall be taken into consideration for further improvements. Input from Group Internal Assurance and Consulting, specific functional departments, top management and external parties shall be taken into consideration for improvements. Sustainability Working Committee meeting on a quarterly basis shall discuss and deliberate the feedback for execution.

Sustainability Statement (cont'd)

4. Materiality Assessment (cont'd)

4.2 Relevant Sustainability Matters

Economic	Economic Performances & Business Continuity	<ul style="list-style-type: none"> • Generate sustainable financial performance to fulfill our obligation to our shareholders
	Corporate Governance & Regulatory Compliances	<ul style="list-style-type: none"> • Upholding integrity to preserve stakeholders' interest • Complying to laws & regulations • 'Zero tolerance' to corruption and implementation of MACC (Amendment) Act 2018
Environment	Energy Efficient	<ul style="list-style-type: none"> • Efficient use of energy • Contribute positively to GHG emission through the development of our bioplastic TEXa
Social	Employee Wellness & Engagement	<ul style="list-style-type: none"> • Regular employees' engagement to attract and retain good employees • Create a conducive working environment • Embrace diversity in the workplace
	Safety & Health	<ul style="list-style-type: none"> • Maintain a safe and healthy work environment
	Talent Management	<ul style="list-style-type: none"> • Training & skills development to upgrade employees' performance
	Community Investment	<ul style="list-style-type: none"> • Good corporate citizen • Corporate Social Responsibility activities
	Food Safety	<ul style="list-style-type: none"> • Minimize risks of negative impacts on safety and health for our customers • Adhere to stringent international standards in food processing and handling

5. Stakeholder Engagement

In 2021, despite the impact brought about by the Covid-19 pandemic, TRB Group continued to play its supporting role to the divisional businesses to engage with key stakeholders in achieving our sustainability milestones and business growth.

Stakeholder	Engagement Methods/ Frequency	Area of Interest	Goals/ Actions
Shareholders & Investors	<ul style="list-style-type: none"> • Annual General Meeting • Quarterly financial results • Press releases • Corporate website 	<ul style="list-style-type: none"> • Timely financial reporting and updates • Business management and governance 	Annually
Customers	<ul style="list-style-type: none"> • Weekly / monthly customer engagement and interaction • Annual customer satisfaction survey 	<ul style="list-style-type: none"> • Safe and quality products • Creating total solutions • Timely delivery 	Weekly & monthly
Suppliers	<ul style="list-style-type: none"> • Supplier qualification and selection process • Relationship management • Engagement & meetings 	<ul style="list-style-type: none"> • Sustainable and consistency in supply • Quality of goods and services • Fair and mutual agreements 	Yearly
Employees	<ul style="list-style-type: none"> • Annual Performance Development Review • Employee Satisfaction Survey (Restaurant Division) • Employee engagement activities • Education and training programs • Volunteerism and CSR programs 	<ul style="list-style-type: none"> • Employee long term development and career planning • Building high performance culture • Talent management • Organisation development • Healthy and safe work environment • Building the values of empathy among employees 	To create a positive working environment and foster teamwork

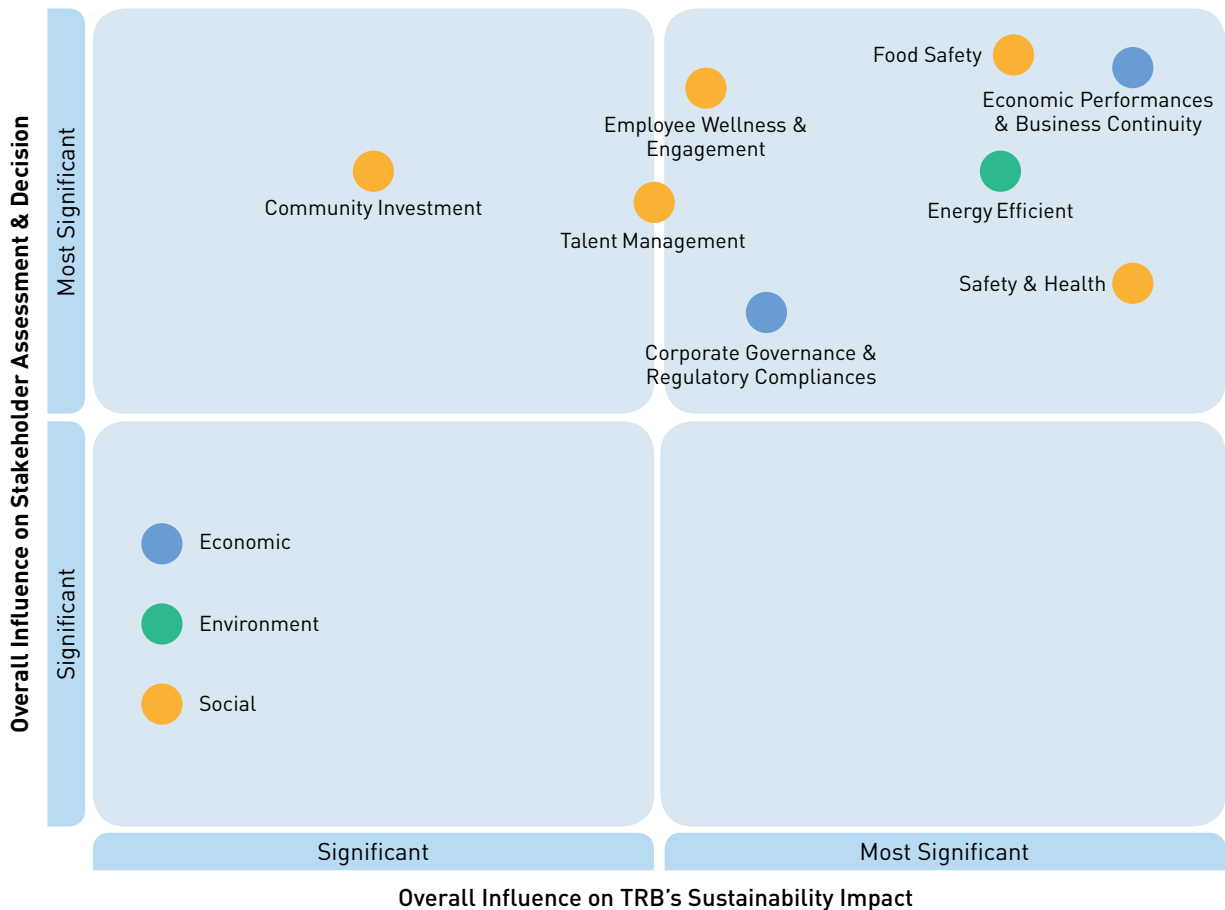
Sustainability Statement (cont'd)

5. Stakeholder Engagement (cont'd)

Government and Regulators	<ul style="list-style-type: none"> Frequent meetings with government officials by Public Relation Directors Consultative activities Industry events & seminars 	<ul style="list-style-type: none"> Compliances with regulations, laws and by-laws EES impact on our organisation Responsible corporate citizen 	'Zero' breach
Media	<ul style="list-style-type: none"> Press releases Media interviews Advertisements 	<ul style="list-style-type: none"> Accuracy of information Business strategies and plans Corporate social responsibility related activities 	To relate important developments and news about the organisation
Community	<ul style="list-style-type: none"> Corporate social responsibility program Corporate volunteering program 	<ul style="list-style-type: none"> Foster better relationship and partnership Uplifting the needy groups in society 	Good corporate citizen
Bankers	<ul style="list-style-type: none"> Timely updates on business developments Quarterly updates of the group financials Visits to key personnel of banks at least once a year Maintain transparency in dealing with bankers 	<ul style="list-style-type: none"> Maintain good relationship Procurement of banking facilities at competitive rates Timely updates of the economic outlook, foreign exchange rates and other related matters 	To keep the bankers updated with our commitment in achieving our performance

6. Materiality Sustainability Matters

In 2021, the materiality Sustainability Matters remained unchanged and was reflected by the following matrix.



Sustainability Statement (cont'd)

7. Managing Sustainability

Financial Highlights

We are committed to creating sustainable value for our customers, shareholders, employees and the local communities in which we operate. We maintain our positive economic performance in generating sustainable financial and economic returns for the Group's business continuity.

The Group generates economic value in a number of ways. Full information is included in our audited financial statements as part of our 2021 Annual Report, a summary of which is provided below:

DIRECT
ECONOMIC VALUE
GENERATED

TOTAL REVENUE

2021: RM1.087 billion
2020: RM1.018 billion

ECONOMIC VALUE
DISTRIBUTED

TOTAL OPERATING COSTS

(excluding depreciation,
impairment, staff costs & benefits)

2021: RM857.8 million
2020: RM790.4 million

STAFF COSTS & BENEFITS

2021: RM152.5 million
2020: RM165.4 million

INCOME TAX EXPENSES

2021: RM4.7 million
2020: RM7.6 million

ECONOMIC

1. Corporate Governance & Regulatory Compliance

TRB Group has established policies, procedures and guidelines in order to comply with the best practices of good governance guided by the Malaysian Code on Corporate Governance ("MCCG") throughout its operations.

Those policies, procedures and guidelines are subject to regular reviews and have been communicated to all employees via various communication channels amongst others, TRB Group's website, employee handbook, internal memo and internal trainings.

In April 2021, the MCCG was updated with the introduction of best practices and guidance to, inter alia:

- improve board policies and processes; and
- strengthen board oversight and the integration of sustainability considerations in the strategies and operations of companies.

TRB Board of Directors have attended training on the updates and the implications of MCCG on 15 December 2021.

Sustainability Statement (cont'd)

1. Corporate Governance & Regulatory Compliance (cont'd)

TRB Group endeavors to observe high standards of transparency, accountability and integrity. It believes that good corporate governance will help achieve long-term success and sustainable growth as well as to ensure trust amongst shareholders and investors.

Details of TRB Group’s corporate governance framework and practices are elaborated in the Corporate Governance Overview Statement in the Annual Report and Corporate Governance Report which is available on the Company’s website at www.texchemgroup.com.

2. Accreditation & Certification

In order to achieve the highest standards of manufacturing and services rendered by our businesses, TRB Group continues to take steps to adopt the relevant international standards for consistency and fulfilling our industry and business requirements.

Division	Certification	Total
Industrial	ISO 9001: 2015	4
	ISO14001: 2015	1
	Good Distribution Practice for medical device by MDA	2
Polymer Engineering	Certificate of Foreign Medical Device Manufacturer	1
	EN ISO 13485:2016	2
	IATF 16949:2016	1
	ISO 13485:2016	2
	ISO 14001:2015	6
	ISO 9001:2015	7
	Sony Green Partner	2
Food	USFDA	3
	HACCP	5
	HALAL (Myanmar)	11
Restaurant	HALAL (Sushi King Outlets)	112
	HACCP (Sushi King)	1
	GMP (Manufacturing)	1
	ISO 9001: 2015 (Cold Chain Logistic)	1
	HACCP (Wilpack Food)	2
	HALAL (Wilpack Food)	1
	MeSTI Certification (Wilpack Food)	1
	Quality Assurance Program (Wilpack Food)	1
Venture	ISO/IEC 17025: 2017	1
	ISO14001:2015	1
	ISO 9001:2015	1

Sustainability Statement (cont'd)

ENVIRONMENT

1. TRB Group's efforts in Energy Efficiency & Carbon Footprint Continues

We remain committed in our effort towards environmental sustainability through the development of our biopolymer TEXa which reduces Carbon Footprint and is energy saving.

Despite the two MCOs in 2021, we received encouraging response from customers from various industries in their effort to tackle their commitment to Net Zero Emission. We had several breakthroughs in projects which led to increased production and sales of TEXa products.

a. More Efficient Use Of Energy

Total Fossil Energy for Manufacturing (MJ)



Total contribution to reduce fossil energy for manufacturing in 2021 was further improved with the improvement in production and new business breakthrough. In 2021, TEXa recorded a reduction of 2.8 million MJ of fossil energy v.s. Virgin PP as compared to 1.9 million MJ in 2020.

b. Contributed Positively To Reduce GHG Emission.

Total GHG Emissions (kgCO2eq)



The corresponding reduction in fossil energy consumption was also translated into a reduction of CO2 emission. In 2021, a total of 53.6MT of CO2 was avoided as compared to of 37MT in 2020.

TRB Group shall continue to promote and play our part in contributing to a better environment with a projection to further reduce energy consumption to 5.9 million MJ and GHG emission by 113MT in 2022.

On top of this, in 2022 TRB Group shall be adopting the use of solar energy for some of our factories in Malaysia which are projected to generate 1300MWh of electricity which will contribute to 760MT of CO2 avoidance. This action shall continue and be expanded over the years to maximize the conversion and to contribute to more CO2 avoidance.

SOCIAL

A sustainable business should have the support and approval of its employees, stakeholders and the community it operates in. As such, under the pillar of Social, TRB Group places emphasis on:

- (1) Employee Engagement & Well-being
- (2) Embracing Diversity and Talent Management
- (3) Corporate Social Responsibility to the Community
- (4) Health and Safety

1. Employee Engagement & Well-being

With Malaysia and other countries of operations experiencing lockdowns from the pandemic, TRB Group through its Texchem Cultural Ambassador Committee (CA) organised various activities to keep our employees safe, engaged and to raise the morale of our employees.

The following activities were carried out:

- a. Staff Sale of PPE
 - Special staff sale was organised whereby PPE produced or distributed by our subsidiary companies were offered at a special price. This included face shields, face masks, hand sanitisers, surface disinfectants and antigen test kits.

Sustainability Statement (cont'd)

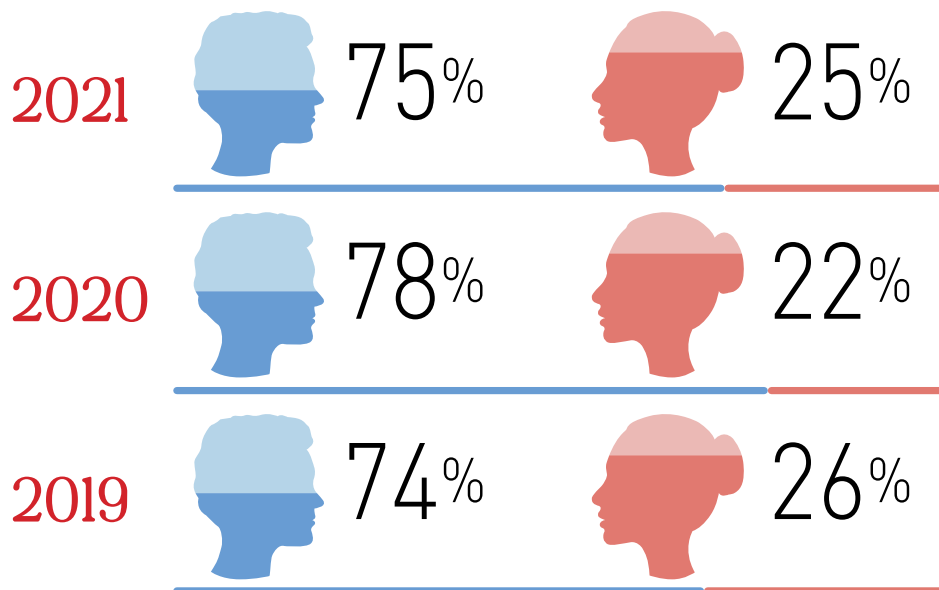
1. Employee Engagement & Well-being (cont'd)

- b. Zoom Coffee Break with Group CEO and CA
 - This was organised during the MCO3.0 in Malaysia. Our Group CEO had a coffee break session via Zoom with our Malaysia employees and shared with them ways to adapt and strive in the new normal.
- c. Zoom Workout for Texchemers and Family
 - CA coordinated daily 30-minute workout sessions for Texchemers and their family members to join. This was done to ensure that our employees are kept engaged as well as healthy during the lockdown.
- d. Texchem Outreach Program
 - This program reached out to our employees who were Covid-19 positive or was in close contact with a Covid-19 positive. CA reached out to them through phone calls, zoom meet-ups, sending of e-cards and care packs to let them know they are in our thoughts.
- e. Flood Outreach Program for Texchemers
 - 58 of our employees in Selangor and Pahang were badly affected by the flood in December 2021. Besides the donation by TRB Group to these affected staff, our employees also collected donations for their own colleagues as well as volunteered in the post flood clean-up.



2. Embracing Diversity and Talent Management

TRB Group provides opportunities to people of various cultural backgrounds, ethnicity and gender to interact inside and outside of work. We provide time off for employees to observe their cultural and festive celebrations and religious practices. Further to that, TRB Group is also actively promoting our female employees in leadership roles.



Comparison of Male & Female Employee in Top Management Position (%)

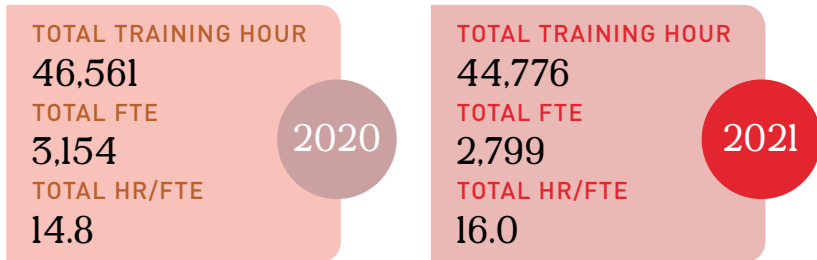
Sustainability Statement (cont'd)

2. Embracing Diversity and Talent Management (cont'd)

Talent management

Talent management remains critical in the TRB Group as we have invested heavily in training our human resources in line with the Group's training policy.

Despite the extended impact of Covid-19 and MCO in 2021, TRB Group continued its effort to provide necessary training to upgrade the skills and knowledge among our employees and we continued to record higher training hours per FTE (Training Hr/FTE).



Moving forward, we are committed to maintain the pace by setting a target to achieve a minimum of 16 hours per FTE.

3. Corporate Social Responsibility to the Community

Empathy being one of TRB Group's core values is diligently practised and cascaded down to our employees. As such, many of our CSR programs are participated jointly by the organisation and our employees.



Sustainability Statement (cont'd)

3. Corporate Social Responsibility to the Community (cont'd)



- a. Contribution to Frontliners
 - TRB Group continued to contribute face shields, face masks, hand sanitisers and surface disinfectants to our frontliners.
- b. Adopt a Kidney Patient Campaign
 - RM30,000 was raised and donated to Tzu-Chi Merits Society, a United Nations recognised NGO to sponsor the dialysis treatment for one patient for a year.
- c. Flood Relief Fund
 - RM10,000 was donated to the same NGO to help Malaysian families affected by the December flooding.
- d. Back to School Fund Raising Program
 - This program where funds to sponsor meals to school going children from underprivileged background which funds was collected in December 2020 shall continue in 2022 due to the shortened school term.

4. Health and Safety

Employee and customer safety is a top priority in our operations. The 4 key areas of focus are:



Food Safety



Halal



Employee Safety



Covid-19 Prevention

a. Food Safety

Food safety is one of the most important criteria in our business of food processing and preparation. In the Restaurant Division, employees are trained in proper food handling and hygiene at the Sushi King Academy and on the job training at the outlets as well as complying strictly to Halal guidelines and HACCP. In our central kitchen and manufacturing facilities, we adhere to high standards of HACCP, GMP, Halal & MeSTI guidelines.

In the Food Division, the operations in Myanmar are guided by the stringent HACCP, Halal guidelines and 3 of our operations are USFDA certified.

In 2021, we achieved 'zero' food poisoning cases and no food safety issues in these operations. Moving forward, we shall continue to monitor diligently, identify potential food safety issues and tighten our risk controls to maintain the status quo.

Sustainability Statement (cont'd)

4. Health and Safety (cont'd)

b. Halal

The Covid-19 pandemic has proven to be challenging for global food production and distribution, and the Halal food premise sector is no exception. However, as the demand for Halal food in Malaysia is growing in tandem with the growing Muslim population, Sushi King is set to continue being the driver of the largest Japanese restaurant chain in Malaysia. To-date, we have 112 Sushi King Restaurants which are certified Halal in their operations.

D&N Coffee and Restaurant Malaysia Sdn Bhd, which operates the brand Hoshino are also in the process of applying for Halal certification for its 4 Hoshino outlets in Malaysia.

- **Virtual meeting between JAKIM and Hoshino Coffee's Halal Committee**

On 8th October 2021, a meeting between JAKIM and Hoshino Coffee's Halal Committee was held via Google Meet. The objective of the meeting was to discuss the status of Hoshino Coffee's Halal application. Joining the meeting was the Director of Halal Hub Division, Tuan Mohd Fakarrudin Mas'od and other panels from their audit division alongside with Hoshino Coffee's Halal Committee members. This fruitful initiative by JAKIM showed the strong commitment portrayed by the government to support our good intention to apply Halal certification for international Japanese brands and at the same time contribute to the growth of Halal Food industries.

- **Online Professional Halal Executive Program**

Under the requirements of Malaysian Halal Certification, it is compulsory for a Halal Executive to have a Halal Executive Certificate approved and issued by JAKIM's certified training provider.

Hence, Restaurant Division's Halal Compliance Department's representative joined the 8- day program to become a certified Halal Executive. The program provided exposure on the Halal industry as well as the Halal certification application process. Among the topics covered were Halal Manuals and Records Administration, Internal Halal Committee Program Administration, Halal Quality Assurance, Halal Certification Process Administration and Halal Internal Audit Facilitation.



c. Employee Safety

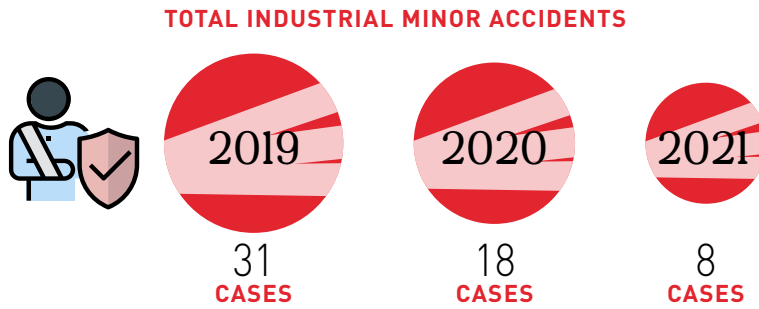
TRB Group is governed by its Occupational Safety, Health & Environment Policy which is available on our website www.texchemgroup.com.

Sustainability Statement (cont'd)

4. Health and Safety (cont'd)

c. Employee Safety (cont'd)

TRB Group has extended safety & health management to all the countries we operate in since 2019. There were no reported cases of serious injuries and fatalities during 2021. In year 2021, total industrial minor accidents were further reduced to 8 from 18 in the previous year.



Moving forward, TRB Group is committed to achieving Zero Industrial Accident

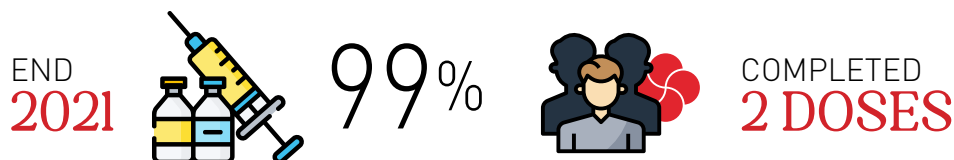
In order to enhance the knowledge and create awareness among employees, 80 different safety trainings were conducted in 2021 involving a total of 1000 employees. The topics covered were Occupational Safety & Health, Forklift Handling, Chemical Handling, Workplace Safety and Fire Safety.

d. Covid-19 Prevention

TRB Group continued to organise seminars and trainings to create awareness among the employees on Covid-19 related topics. Throughout the year, 6 trainings were conducted at different locations involving 184 employees outlined below:

Date	Company	Training Program	Number of Employee	Training Hours	Total Hours
22 Jun 21	Texchem-Pack (Johor) Sdn Bhd	Briefing on MySejahtera Application	45	0.25	11.25
7 Jul 21	Texchem-Pack (Johor) Sdn Bhd	MySejahtera Scanning and Reporting & Exit Flow	40	0.5	20
5 Aug 21	Texchem-Pack (Johor) Sdn Bhd	Covid-19 SOP briefing to all staffs - Refresh	22	0.5	11
23 Aug 21	Texchem-Pack (Johor) Sdn Bhd	Covid-19 SOP Briefing - 1st Training	46	0.5	23
13 Sep 21	Texchem Marine Labutta Ltd	Personal Hygiene, HACCP & Covid-19 Training	8	3	24
5 Nov 21	Texchem-Pack (Johor) Sdn Bhd	Covid-19 SOP Briefing - Refresher	23	0.5	11.5

Besides the above, TRB Group also constantly update employees via various WhatsApp groups on new development, procedures and preventive measures.



As at end of 2021, 99% of TRB Group employees have completed 2 doses of vaccination.

DIRECTORS' RESPONSIBILITY STATEMENT IN RESPECT OF THE PREPARATION OF THE AUDITED FINANCIAL STATEMENTS

The Board is responsible for ensuring that the financial statements give a true and fair view of the financial position of the Group and of the Company as of 31 December 2021, and of their financial performance and cash flows for the financial year then ended. In preparing the financial statements, the Directors have ensured that the applicable Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia have been complied with.

In preparing the financial statements, the Directors have selected and applied consistently suitable accounting policies and made reasonable and prudent judgement and estimates. The Directors also have a general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Group and to prevent and detect fraud and other irregularities.

OTHER DISCLOSURES

PARTICULARS OF MATERIAL CONTRACTS INVOLVING DIRECTORS AND MAJOR SHAREHOLDERS' INTEREST DURING THE FINANCIAL YEAR

There were no material contracts entered into by the Company and/or its subsidiaries involving directors and/or major shareholders' interest (not being contracts entered into in the ordinary course of business), either still subsisting at the end of the financial year ended 31 December 2021 or entered into since the end of the previous financial year.

RECURRENT RELATED PARTY TRANSACTIONS OF REVENUE OR TRADING NATURE

Save as disclosed in the Circular to Shareholders dated 23 March 2022 in relation to Part A-Proposed Renewal of Existing Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature, there was no other transaction conducted pursuant to the shareholders' mandate during the financial year ended 31 December 2021.

ANALYSIS OF SHAREHOLDINGS

As at 2 March 2022

Issued Share Capital	-	RM149,667,010.00 comprising 124,099,235 ordinary shares
Class of Shares	-	Ordinary shares
Voting Rights	-	One vote per ordinary share
No. of Treasury Shares Held	-	5,251,200
No. of Voting Shares	-	118,848,035

SHAREHOLDINGS STATISTICS

Size of Holdings	No. of Shareholders	Total Holdings [#]	% [#]
Less than 100	243	9,791	0.01
100 - 1,000	481	278,941	0.23
1,001 - 10,000	1,820	7,833,648	6.59
10,001 - 100,000	572	17,631,915	14.84
100,001 to less than 5% of issued shares	87	39,773,768	33.47
5% and above of issued shares	1	53,319,972	44.86
Total	3,204	118,848,035	100.00

Note: [#] Excluding 5,251,200 Treasury Shares

SUBSTANTIAL SHAREHOLDERS AS PER REGISTER OF SUBSTANTIAL SHAREHOLDERS

No.	Name	No. of Shares Held in the Company			
		Direct	%	Indirect	%
1	Texchem Holdings Sdn. Bhd.	53,319,972	44.86	-	-
2	Tan Sri Dato' Seri (Dr.) Fumihiko Konishi	-	-	58,417,494	49.15 ^(a)

DIRECTORS' INTERESTS IN SHARES

No.	Name	No. of Shares Held in the Company			
		Direct	%	Indirect	%
1	Tan Sri Dato' Seri (Dr.) Fumihiko Konishi	-	-	58,417,494	49.15 ^(a)
2	Yap Kee Keong	8,250	0.01	-	-

Note:

^(a) Deemed interest by virtue of Tan Sri Dato' Seri (Dr.) Fumihiko Konishi's direct and/or indirect interest in Texchem Holdings Sdn. Bhd. (a substantial shareholder of the Company) and via persons connected with him, i.e. his wife, Puan Sri Datin Seri Atsuko Konishi (a shareholder of Texchem Holdings Sdn. Bhd. and the Company) and his daughters, Mika Konishi and Mari Konishi (both are shareholders of the Company) pursuant to Sections 8 and 59(11)(c) of the Companies Act 2016 respectively.

The details of the interests of the Directors who were or are directors during the financial year ended 31 December 2021 and the period commencing from 1 January 2022 until 2 March 2022 (including the interests of the spouses and/or children of the Directors) in the Company's related corporations as at 2 March 2022 are the same as the details set out in the section on Directors' Interests in the Directors' Report of this Annual Report.

ANALYSIS OF SHAREHOLDINGS (CONT'D)

As at 2 March 2022

No.	Name	No. of Shares	%
1.	TEXCHEM HOLDINGS SDN BHD	53,319,972	44.86
2.	CHUA SIM NEO @ DIANA CHUA	5,600,000	4.71
3.	BLOOD PROTECTION (HOLDING) CO LTD	2,339,884	1.97
4.	ATSUKO KONISHI	2,234,694	1.88
5.	MAN BIN MAT	2,051,400	1.73
6.	HSBC NOMINEES (ASING) SDN BHD J.P. MORGAN SECURITIES PLC	1,606,700	1.35
7.	MARI KONISHI	1,431,414	1.20
8.	MIKA KONISHI	1,431,414	1.20
9.	MAYBANK NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR LOOI BOON HAN	1,299,000	1.10
10.	YEOH YEW CHOO	1,177,800	1.00
11.	EYE CORPORATE PLANNING CO LTD	943,000	0.79
12.	PUI CHENG WUI	897,000	0.75
13.	DENNYCIA KOAY ZEE WEI	842,700	0.71
14.	DB (MALAYSIA) NOMINEE (ASING) SDN BHD THE BANK OF NEW YORK MELLON FOR ENSIGN PEAK ADVISORS INC	770,900	0.65
15.	MAYBANK NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR LOOI CHIN BOON	608,300	0.51
16.	LIM WENG TAI	600,000	0.50
17.	NG KENG KHOON	600,000	0.50
18.	MAYBANK SECURITIES NOMINEES (TEMPATAN) SDN BHD ONE IFC RESIDENCE SDN BHD	480,000	0.40
19.	RHB CAPITAL NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR LIM CHAI BENG (CEB)	439,400	0.37
20.	KENANGA NOMINEES (TEMPATAN) SDN BHD RAKUTEN TRADE SDN BHD FOR OOI CHYE KHOON	430,000	0.36
21.	CHUA CHIN CHYANG	428,000	0.36
22.	CMY INCUBATOR SDN BHD	400,000	0.34
23.	CARTABAN NOMINEES (ASING) SDN BHD EXEMPT AN FOR BARCLAYS CAPITAL SECURITIES LTD (SBL/PB)	380,600	0.32
24.	LIM HUCK BOON	380,200	0.32
25.	WOON JOON THIEN	380,000	0.32
26.	ALLIANCEGROUP NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR LIM CHAI BENG	378,800	0.32
27.	UNITED FORMULA SDN BHD	369,300	0.31
28.	YUTAKA YAMANAKA	359,893	0.30
29.	MAYBANK NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR ERWIN SELVARAJAH A/L PETER SELVARAJAH	349,200	0.30
30.	CITIGROUP NOMINEES (ASING) SDN BHD UBS AG	347,700	0.30
	TOTAL:	82,877,271	69.73

PARTICULARS OF PROPERTIES

Held As At 31 December 2021

Location	Tenure	Area	Description	Approximate Age of Building	Expiry Date	Date of Acquisition/ *Revaluation	Net Book Value (RM'000)
Texchem Materials Sdn. Bhd. No. 6 & 6A, Jalan Tampoi 7/4, Kawasan Perusahaan Tampoi, 81200 Johor Bahru, Johor Darul Takzim.	Freehold	2.54 acres	Office & Warehouse	33 years	N/A	2 September 1999	4,962
Texchem-Pack (M) Sdn. Bhd. No. 1465, Mukim 11, Lorong Perusahaan Maju 6, Fasa 4, Kawasan Perindustrian Perai, 13600 Perai, Penang.	Leasehold 60 years	3.96 acres	Office & Factory	Between 20 to 29 years	29 June 2052	*1 December 1994	5,137
Texchem-Pack (PP) Sdn. Bhd. Part of Lot 1241, Phase III, Bayan Lepas Free Industrial Zone, 11900 Penang.	Leasehold 60 years	3.78 acres	Office & Factory	Between 22 to 42 years	27 August 2041	*26 April 1983	5,463
Texchem-Pack (Johor) Sdn. Bhd. No. 3, Jalan Mutiara 7, Taman Perindustrian Plentong, 81750 Masai, Johor Darul Takzim.	Freehold	0.97 acre	Office & Factory	Between 25 to 26 years	N/A	21 October 1998	4,039
Eye Graphic Sdn. Bhd. No. 5, Lorong Perusahaan Maju 11, Taman Perusahaan Pelangi, 13600 Perai, Penang.	Freehold	0.27 acre	Office & Factory	25 years	N/A	16 April 1996	865
Texchem Life Sciences Sdn. Bhd. Lot 3, Jalan P/6, Kawasan Perindustrian Bangi, 43650 Bandar Baru Bangi, Selangor Darul Ehsan.	Leasehold 99 years	2.01 acres	Office, Factory & Store	30 years	29 September 2086	*7 September 2004	9,350
Texchem-Pack (Thailand) Co., Ltd. 234, Moo 2, Bangpa-in Industrial Estate, Udomsrayut Road, Tambol Klong-jig, Amphur Bangpa-in, Phranakorn Sri Ayutthaya Province, 13160 Thailand.	Freehold	8.56 acres	Office & Factory	28 years	N/A	3 May 2007	11,318
Wilpack Food Services Sdn. Bhd. No. 2446, Mk 1, Solok Perusahaan Satu, Kawasan Perindustrian Perai, 13600 Perai, Penang.	Leasehold 60 years	1 acre	Office & Factory	39 years	25 July 2042	15 July 1983	855
Plot 78(a), Perai Industrial Park, Daerah Seberang Perai Tengah, Penang.	Leasehold 60 years	0.19 acre	Factory	39 years	20 September 2070	7 May 2008	78
Texchem Corporation Sdn. Bhd. Lot Nos. 808 & 809, Jalan Subang 5, Taman Perindustrian Subang, 47610 Subang Jaya, Selangor Darul Ehsan.	Freehold	5.01 acres	Office & Warehouse	28 years	N/A	28 October 2015	25,799