

## 11. CONFLICT OF INTEREST (Cont'd)

No.	Entity	Directors and/or substantial shareholders	Nature of transaction	Principal activity <sup>(5)</sup>	Nature of interest
			Supplier of caustic soda liquid, chlorine, hydrochloric acid, liquid chlorine, nitric acid and sodium hypochlorite		
	CCM Polymers Sdn Bhd		Customer of caustic soda liquid, sodium hypochlorite and sodium metasilicate pentahydrate	See Note (1) for the details of CCM Polymers Sdn Bhd's principal activity	
	Malay-Sino Chemical Industries Sdn Bhd		Customer of soda ash dense, sodium sulphite and solar salt	See Note (1) for the details of Malay-Sino Chemical Industries Sdn Bhd's principal activity	
			Supplier of caustic soda liquid, ferric chloride, hydrochloric acid, liquid chlorine and sodium hypochlorite		
	Palm-Oleo Sdn Bhd		Customer of caustic soda liquid and oleochemical products	See Note (1) for the details of Palm-Oleo Sdn Bhd's principal activity	
			Supplier of oleochemical products		
	Palm-Oleo (Klang) Sdn Bhd		Customer of caustic soda liquid	See Note (1) for the details of Palm-Oleo (Klang) Sdn Bhd's principal activity	
			Supplier of oleochemical products		

## 11. CONFLICT OF INTEREST (Cont'd)

No.	Entity	Directors and/or substantial shareholders	Nature of transaction	Principal activity <sup>(5)</sup>	Nature of interest
	Malay-Sino Agro-Chemical Products Sdn Bhd		Customer of sulphuric acid	See Note (1) for the details of Malay-Sino Agro-Chemical Products Sdn Bhd's principal activity	
	KI-Kepong Edible Oils Sdn Bhd		Customer of soda ash dense	See Note (1) for the details of KI-Kepong Edible Oils Sdn Bhd's principal activity	
	Stolhaven (Westport) Sdn Bhd		Customer of soda ash dense	See Note (1) for the details of Stolhaven (Westport) Sdn Bhd's principal activity	
			Supplier of chemical drumming services		
			Supplier of tank rental for caustic soda and nitric acid storage		
	KL-Kepong Rubber Products Sdn Bhd		Customer of calcium nitrate, caustic soda liquid and sodium thiosulphate	See Note (1) for the details of KL-Kepong Rubber Products Sdn Bhd's principal activity	
3.	Taiko Clay Marketing Sdn Bhd	<b>Director</b> <ul style="list-style-type: none"> <li>Lee Yan Ling</li> </ul> <b>Substantial Shareholders</b> <ul style="list-style-type: none"> <li>Dato' Lee Soon Hian</li> <li>Lee Oi Loon<sup>(2)</sup></li> </ul>	Supplier of activated clay	Marketing of activated bleaching earth	<p>Taiko Clay Marketing Sdn Bhd is a wholly-owned subsidiary of Taiko Clay Chemicals, which in turn is 62.0% equity interest owned by Taiko Chemical Malaysia and 30.0% equity interest owned by Orient View.</p> <p>Dato' Lee Soon Hian holds 87.5% and 40.0% equity interest in Taiko Chemical Malaysia and Orient View respectively.</p> <p>Lee Yan Ling holds 15.0% equity interest in Orient View.</p>

## 11. CONFLICT OF INTEREST (Cont'd)

No.	Entity	Directors and/or substantial shareholders	Nature of transaction	Principal activity <sup>(5)</sup>	Nature of interest
4.	Taiko Bleaching Earth Sdn Bhd	<b>Director</b> <ul style="list-style-type: none"> <li>Lee Yan Ling</li> </ul> <b>Substantial Shareholders</b> <ul style="list-style-type: none"> <li>Dato' Lee Soon Hian</li> <li>Lee Oi Loon<sup>(2)</sup></li> </ul>	Customer of sodium hypochlorite  Supplier of raw sulphur, sulphur flake, sulphur powder and miscellaneous item-non inventory	Manufacture of activated bleaching earth	<p>Taiko Bleaching Earth Sdn Bhd is a wholly-owned subsidiary of Silver-Plus Corporation Sdn Bhd, which in turn is a wholly-owned subsidiary of Taiko Clay Chemicals, which in turn is 62.0% equity interest owned by Taiko Chemical Malaysia and 30.0% equity interest owned by Orient View.</p> <p>Dato' Lee Soon Hian holds 87.5% and 40.0% equity interest in Taiko Chemical Malaysia and Orient View respectively.</p> <p>Lee Yan Ling holds 15.0% equity interest in Orient View.</p>
5.	Taiko Acid Works Sdn Bhd	<b>Director</b> <ul style="list-style-type: none"> <li>Lee Yan Ling</li> </ul> <b>Substantial Shareholders</b> <ul style="list-style-type: none"> <li>Dato' Lee Soon Hian</li> <li>Lee Oi Loon<sup>(2)</sup></li> </ul>	Customer of caustic soda liquid  Supplier of sulphuric acid molten sulphur liquid	Manufacture and sale of sulphuric acid and sulphur derivatives	<p>Taiko Acid Works Sdn Bhd is a wholly-owned subsidiary of Silver-Plus Corporation Sdn Bhd, which in turn is a wholly-owned subsidiary of Taiko Clay Chemicals, which in turn is 62.0% equity interest owned by Taiko Chemical Malaysia and 30.0% equity interest owned by Orient View.</p> <p>Dato' Lee Soon Hian holds 87.5% and 40.0% equity interest in Taiko Chemical Malaysia and Orient View respectively.</p> <p>Lee Yan Ling holds 15.0% equity interest in Orient View.</p>

## 11. CONFLICT OF INTEREST (Cont'd)

No.	Entity	Directors and/or substantial shareholders	Nature of transaction	Principal activity <sup>(5)</sup>	Nature of interest
6.	Taiko Alumina Sdn Bhd	<p><b>Director</b></p> <ul style="list-style-type: none"> <li>• Lee Yan Ling</li> </ul> <p><b>Substantial Shareholders</b></p> <ul style="list-style-type: none"> <li>• Dato' Lee Soon Hian</li> <li>• Lee Oi Loon<sup>(2)</sup></li> </ul>	<p>Customer of sulphuric acid</p> <p>Supplier of liquid alum and aluminium sulphate</p>	<p>General trading and manufacture of water treatment chemicals</p>	<p>Taiko Alumina Sdn Bhd is a wholly-owned subsidiary of Silver-Plus Corporation Sdn Bhd, which in turn is a wholly-owned subsidiary of Taiko Clay Chemicals, which is 62.0% equity interest owned by Taiko Chemical Malaysia and 30.0% equity interest owned by Orient View.</p> <p>Dato' Lee Soon Hian holds 87.5% and 40.0% equity interest in Taiko Chemical Malaysia and Orient View respectively.</p> <p>Lee Yan Ling holds 15.0% equity interest in Orient View.</p>
7.	Premier Bleaching Earth Sdn Bhd	<p><b>Director</b></p> <ul style="list-style-type: none"> <li>• Lee Yan Ling</li> </ul> <p><b>Substantial Shareholders</b></p> <ul style="list-style-type: none"> <li>• Dato' Lee Soon Hian</li> <li>• Lee Oi Loon<sup>(2)</sup></li> </ul>	<p>Customer of caustic soda liquid</p> <p>Supplier of sulphuric acid</p>	<p>Manufacture and sale of activated bleaching earth and sulphuric acid</p>	<p>Premier Bleaching Earth Sdn Bhd is a wholly-owned subsidiary of Taiko Clay Chemicals, which in turn is 62.0% equity interest owned by Taiko Chemical Malaysia and 30.0% equity interest owned by Orient View.</p> <p>Dato' Lee Soon Hian holds 87.5% and 40.0% equity interest in Taiko Chemical Malaysia and Orient View respectively.</p> <p>Lee Yan Ling holds 15.0% equity interest in Orient View.</p>
8.	Taiko Industries Drum Pte Ltd	<p><b>Director</b></p> <ul style="list-style-type: none"> <li>• Lee Yan Ling</li> </ul> <p><b>Substantial Shareholders</b></p> <ul style="list-style-type: none"> <li>• Dato' Lee Soon Hian</li> <li>• Lee Oi Loon</li> </ul>	<p>Supplier of high density polyethylene ("HDPE") drum and related products</p>	<p>Trading in HDPE drums and related products</p>	<p>Taiko Drum Industries Pte Ltd is a wholly-owned subsidiary of Paragon Yield Sdn Bhd ("Paragon"), which in turn is 62.0% equity interest owned by Taiko Chemical Malaysia. Paragon is 30.0% equity interest owned by Orient View.</p>

## 11. CONFLICT OF INTEREST (Cont'd)

No.	Entity	Directors and/or substantial shareholders	Nature of transaction	Principal activity <sup>(5)</sup>	Nature of interest
9.	Taiko Drum Industries Sdn Bhd	<b>Director</b> <ul style="list-style-type: none"> <li>Lee Yan Ling</li> </ul> <b>Substantial Shareholders</b> <ul style="list-style-type: none"> <li>Dato' Lee Soon Hian</li> <li>Lee Oi Loon<sup>(2)</sup></li> </ul>	Supplier of HDPE drum and related products	Manufacturing of HDPE drums and related products	<p>Dato' Lee Soon Hian holds 87.5% and 40.0% equity interest in Taiko Chemical Malaysia and Orient View respectively.</p> <p>Lee Yan Ling holds 15.0% equity interest in Orient View. Lee Yan Ling is also the director of Taiko Drum Industries Pte Ltd.</p> <p>Taiko Drum Industries Sdn Bhd is a wholly-owned subsidiary of Taiko Plastic Industries Sdn Bhd, which in turn is a wholly-owned subsidiary of Paragon, which in turn is 62.0% equity interest owned by Taiko Chemical Malaysia. Paragon is 30.0% equity interest owned by Orient View.</p> <p>Dato' Lee Soon Hian holds 87.5% and 40.0% equity interest in Taiko Chemical Malaysia and Orient View respectively.</p> <p>Lee Yan Ling holds 15.0% equity interest in Orient View.</p>
10.	Taiko Chemical Industries Pte Ltd	<b>Director</b> <ul style="list-style-type: none"> <li>Lee Yan Ling</li> </ul> <b>Substantial Shareholders</b> <ul style="list-style-type: none"> <li>Dato' Lee Soon Hian</li> <li>Lee Oi Loon<sup>(2)</sup></li> </ul>	Supplier of activated bleaching earth	Trading in bleaching earth	<p>Taiko Chemical Industries Pte Ltd is a wholly-owned subsidiary of Taiko Clay Chemicals, which in turn is 62.0% equity interest owned by Taiko Chemical Malaysia. Taiko Clay Chemicals is 30.0% equity interest owned by Orient View.</p> <p>Dato' Lee Soon Hian holds 87.5% and 40.0% equity interest in Taiko Chemical Malaysia and Orient View respectively.</p> <p>Lee Yan Ling holds 15.0% equity interest in Orient View.</p>

## 11. CONFLICT OF INTEREST (Cont'd)

No.	Entity	Directors and/or substantial shareholders	Nature of transaction	Principal activity <sup>(5)</sup>	Nature of interest
11.	RCL Industrial Products Pte Ltd	<b>Director</b> <ul style="list-style-type: none"> <li>Lee Yan Ling</li> </ul> <b>Substantial shareholders</b> <ul style="list-style-type: none"> <li>Dato' Lee Soon Hian</li> <li>Lee Oi Loon</li> </ul>	Supplier of caustic soda liquid	Trading of chemicals, fertilisers and related products	<p>Dato' Lee Soon Hian and Lee Yan Ling are also the directors of Taiko Chemical Industries Pte Ltd.</p> <p>RCL Industrial Products Pte Ltd is 20.0% equity interest owned by Austen Pacific Ltd, which is 78.0% equity interest owned by Torsgate, which in turn is 89.5% equity interest owned by Stafford.</p> <p>Dato' Lee Soon Hian and Lee Yan Ling hold 40.0% and 15.0% equity interest in Stafford respectively.</p> <p>Lee Oi Loon holds 10.5% equity interest in Torsgate.</p>
12.	Taiko Persada Indoprima	<b>Director</b> <ul style="list-style-type: none"> <li>Lee Yan Ling</li> </ul> <b>Substantial shareholder</b> <ul style="list-style-type: none"> <li>Dato' Lee Soon Hian</li> <li>Lee Oi Loon</li> </ul>	Customer of nitric acid <sup>(6)</sup>	Wholesale trading of chemical materials and goods	<p>Taiko Persada Indoprima is wholly-owned by Austen Pacific Ltd (99.9% via Everest Incorporation Pte Ltd), which is 78.0% equity owned by Torsgate which in turn is 89.5% equity interest owned by Stafford.</p> <p>Dato' Lee Soon Hian and Lee Yan Ling hold 40.0% and 15.0% equity interest in Stafford respectively.</p> <p>Lee Oi Loon holds 10.5% equity interest in Torsgate.</p>

(All the customers and suppliers listed above are referred to as “**Related Customers**” or “**Related Suppliers**” respectively and collectively, “**Related Entities**”)

**11. CONFLICT OF INTEREST (Cont'd)**

Notwithstanding the above, our Board is of the view that any potential conflict of interest situation which may arise through the interests of the Directors and substantial shareholders in other entities which are our Group's customers or suppliers is mitigated due to the following:

- (a) All sales and purchases with or from the Related Customers and Related Suppliers stated above are transacted on an arm's length basis and on normal commercial terms which are not more favourable to them than those generally available to third parties. The sales and purchases of chemical products as well as tank rental were transacted at pricing which were comparable against transactions with unrelated third parties for similar products/services.
- (b) Our Group is not dependent on the Related Customers as the total sales to the Related Customers represents less than 10.0% of our Group's revenue for the Periods Under Review and up to the LPD, details of which are set out below:

	<b>FYE 2021</b>	<b>FYE 2022</b>	<b>FYE 2023</b>	<b>FPE 2024</b>	<b>From 1 July 2024 up to the LPD</b>
Sales to the Related Customers	RM85.9 million Represents 7.6% of our Group's revenue	RM120.4 million Represents 8.1% of our Group's revenue	RM91.2 million Represents 7.0% of our Group's revenue	RM25.2 million Represents 3.8% of our Group's revenue	RM12.2 million Represents 3.1% of our Group's revenue

Our Group has a wide base of customers who procure similar products to those purchased by the Related Customers, we will be able to source for alternative customers for these products and does not depend on the Related Customers.

- (c) While the total purchases from our Related Suppliers represented less than 40.0% of our Group's total purchases for the Periods Under Review and up to the LPD, of which a majority of these purchases are from Malay-Sino Chemical Industries Sdn Bhd and See Sen Chemical Berhad as disclosed in Section 7.9 of this Prospectus, details of which are set out below:

	<b>FYE 2021</b>	<b>FYE 2022</b>	<b>FYE 2023</b>	<b>FPE 2024</b>	<b>From 1 July 2024 up to the LPD</b>
Purchases from the Related Suppliers	RM316.8 million Represents 36.2% of our Group's purchases	RM422.9 million Represents 35.5% of our Group's purchases	RM310.1 million Represents 29.6% of our Group's purchases	RM147.4 million Represents 30.0% of our Group's purchases	RM77.5 million Represents 29.2% of our Group's purchases

## 11. CONFLICT OF INTEREST (Cont'd)

Our Group is not dependent on the Related Suppliers for the supply of the abovementioned chemical products as our Group is able to source for alternative suppliers for the said chemical products with similar price, quantity and quality. Malay-Sino Chemical Industries Sdn Bhd supplies caustic soda liquid, liquid chlorine, hydrochloric acid, sodium hypochlorite and ferric chloride. Purchases from Malay-Sino Chemical Industries Sdn Bhd represented 21.1%, 18.9%, 15.1% and 13.4% of our Group's purchases for the Periods under Review. However, with the commencement of manufacturing operations at our Banting Plant 1 at the end of May 2024, our Group now produces all these chemicals internally, except for ferric chloride, which we are able to source from alternative suppliers. This strategic shift not only mitigates dependency on a single supplier but also strengthens our supply chain resilience. For the avoidance of doubt, while we maintain our own secured supply of the chemicals from our Banting Plant 1, we continue to purchase the said chemicals from Malay-Sino Chemical Industries Sdn Bhd and other suppliers.

- (d) The interested directors and substantial shareholders do not participate in the day-to-day operations of the Related Customers and Related Suppliers and the Related Customers and Related Suppliers have their own independent and standalone management.

In view of the above, our Board is of the view that all the existing and potential conflict of interest situations have been resolved, eliminated or mitigated.

### Notes:

- (1) *Batu Kawan Group refers to the following subsidiaries of Batu Kawan Berhad, where the principal activities of the individual Batu Kawan Group companies are:*
- (a) *Davos Life Science Sdn Bhd - Manufacturing of palm phytonutrients and other palm derivatives.*
  - (b) *Davos Life Science Pte Ltd - Sales of pharmaceutical and bio-pharmaceutical intermediates and fine chemicals and investment holding.*
  - (c) *Malay-Sino Agro-Chemical Products Sdn Bhd - Manufacture and sale of methyl chloride.*
  - (d) *Malay-Sino Chemical Industries Sdn Bhd - Manufacturing of chemicals.*
  - (e) *See Sen Chemical Berhad - Manufacturing of chemicals.*
  - (f) *PT KLK Dumai - Manufacturing of basic organic chemicals from agricultural products.*
  - (g) *KLK Tensachem SA - Manufacturing of alcohol ether sulphates, alcohol sulphates and sulphonic acids.*
  - (h) *KLK Emmerich GmbH - Manufacturing and sale of oleochemicals.*
  - (i) *Taiko Palm-Oleo (Zhangjiagang) of Co Ltd - Manufacturing and sales of oleochemicals.*
  - (j) *KLK Oleo (Shanghai) Co Ltd - Trading and distribution of oleochemicals.*
  - (k) *KLK OLEO Americas Inc - Trading and distribution of oleochemicals.*
  - (l) *Capital Glogalaxy Sdn Bhd - Trading of oleochemicals and hedging of future contracts related to these products.*
  - (m) *Kolb Distribution AG - Distribution of non-ionic surfactants and esters.*
  - (n) *Dr. W. Kolb AG - Manufacturing of non-ionic surfactants and esters.*
  - (o) *Dr. W. Kolb Netherlands BV - Manufacturing of non-ionic surfactants and esters.*
  - (p) *Kolb Distribution BV - Distribution of non-ionic surfactants and esters.*
  - (q) *Kolb France SARL - Distribution of non-ionic surfactants and esters.*
  - (r) *Dr. W. Kolb Deutschland GmbH - Distribution of non-ionic surfactants and esters.*
  - (s) *KLK Kolb Specialties BV - Manufacturing and distribution of non-ionic surfactants and esters.*
  - (t) *Centros Life Science Pte Ltd - Sales of pharmaceutical and bio-pharmaceutical intermediates and fine chemicals.*



## 11. CONFLICT OF INTEREST (Cont'd)

- (u) *KL-Kepong Oleomas Sdn Bhd - Manufacturing and sale of oleochemicals.*
  - (v) *KLK Bioenergy Sdn Bhd - Manufacturing of biodiesel.*
  - (w) *CCM Polymers Sdn Bhd - Design, manufacture, sales and trading of specialty chemicals.*
  - (x) *CCM Chemicals Sdn Bhd - Manufacturing and marketing of chlor- alkali and coagulant products and marketing of industrial and specialty chemicals.*
  - (y) *CCM Singapore Pte Ltd - Dormant.*
  - (z) *PT CCM Indonesia - Marketing of chlor-alkali and coagulant products and industrial chemicals.*
  - (aa) *Palm-Oleo Sdn Bhd - Manufacturing and sale of oleochemicals.*
  - (bb) *Palm-Oleo (Klang) Sdn Bhd - Manufacturing of oleochemicals.*
  - (cc) *Chemical Company of Malaysia Berhad - Investment holding.*
  - (dd) *Kuala Lumpur Kepong Berhad - Plantation.*
  - (ee) *KI-Kepong Edible Oils Sdn Bhd - Refining, manufacturing and sale of palm and shortening product.*
  - (ff) *Stolthaven (Westport) Sdn Bhd - Storing and distribution of bulk liquid.*
  - (gg) *KL-Kepong Rubber Products Sdn Bhd - Manufacturing and trading in rubber products.*
  - (hh) *CCM International Sdn Bhd - Investment holding, distributing and as an agent in industrial and specialty chemicals and chemical of any other kind.*
  - (ii) *PT Perindustrian Sawit Synergi - Kernel crushing, refining, manufacturing and sale of palm products and oleochemicals.*
  - (jj) *Temix Oleo S.p.A - Production and distribution of fatty alcohols and derivatives, fatty acids, fatty esters and other chemicals.*
- (2) *Lee Oi Loon is the sister of Dato' Lee Soon Hian, who holds a non-financial interest in the said company.*
- (3) *Lee Yan Ling is the daughter of Dato' Lee Soon Hian and niece of Lee Oi Loon, who holds a non-financial interest in the said company.*
- (4) *Dato' Lee Soon Hian is the brother of Lee Oi Loon, who holds a non-financial interest in the said company.*
- (5) *The principal activities are based on amongst others, the activities undertaken by certain abovementioned companies, annual report of the certain abovementioned companies, companies searches and/or other equivalent documents, such as, but not limited to annual returns.*
- (6) *Taiko Persada Indoprime commenced operations in May 2024, focusing on the trade of nitric acid within Indonesia. Taiko Persada Indoprime is one of our Group's customers of nitric acid in Indonesia. As at the date of this Prospectus, all the sales to Taiko Persada Indoprime are carried out on an arm's length basis and on normal commercial terms which are not more favourable to Taiko Persada Indoprime than those generally available to third parties.*

As set out in Section 10.2.1 of this Prospectus, our Audit and Risk Committee will review such conflict of interest situation that may arise within our Company or our Group including such transaction, procedure or course that raises questions on management integrity. Our Audit and Risk Committee will also ensure that any such transactions are carried out on terms that are not detrimental to our Group.

Notwithstanding, the interests that are held by our Directors and substantial shareholders and the interests that may be held by our Directors and substantial shareholders in the future in other businesses or corporations which are carrying on a similar trade as our Group and/or our customers or suppliers may give rise to a conflict of interest situation with our business. Although such interests may give rise to a conflict of interest situation, our Directors and substantial shareholders and persons connected to them shall abstain from deliberating and voting on the resolutions relating to these matters or transactions that require the approval of our shareholders in respect of their direct and/or indirect interests. Such transactions will be carried out on arm's length basis and on normal commercial terms.

## 11. CONFLICT OF INTEREST (Cont'd)

### 11.2 DECLARATION BY ADVISERS ON CONFLICTS OF INTEREST

#### 11.2.1 Declaration by Maybank IB

Maybank IB, being the Principal Adviser, Sole Bookrunner and Sole Underwriter for our IPO, and its related and associated companies (“**Maybank Group**”) form a diversified financial group and are engaged in a wide range of investment and commercial banking, brokerage, securities trading, assets and funds management and credit transaction services businesses. The Maybank Group has engaged and may in the future, engage in transactions with and perform services for our Company and/or our Company’s affiliates, in addition to the roles set out in this Prospectus. In addition, in the ordinary course of business, any member of the Maybank Group may at any time offer or provide its services to or engage in any transaction (on its own account or otherwise) with any member of our Group, our Company’s shareholders and/or our Company’s affiliates and/or any other entity or person, hold long or short positions in securities issued by our Company and/or our Company’s affiliates, and may trade or otherwise effect transactions for its own account or the account of its customers in debt or equity securities or senior loans of any member of our Group and/or our Company’s affiliates. This is a result of the businesses of the Maybank Group generally acting independently of each other, and accordingly, there may be situations where parts of the Maybank Group and/or its customers now have or in the future, may have interest or take actions that may conflict with the interest of our Group. Nonetheless, the Maybank Group is required to comply with applicable laws and regulations issued by the relevant authorities governing its advisory business, which require, among others, segregation between dealing and advisory activities and Chinese wall between different business divisions.

As at the LPD, the Maybank Group has, in its ordinary course of business, extended credit facilities to our Group amounting to RM407.0 million, of which about RM263.3 million is outstanding. One of the credit facilities were granted on condition that submission of the IPO application to the relevant authorities is made by 30 June 2024 and completion of the IPO by 31 December 2024 or such other date as mutually agreed upon by TMK and Maybank Islamic Berhad. Our Company will repay part of the borrowings amounting to RM50.0 million owing to the Maybank Islamic Berhad using the proceeds to be raised from the Public Issue.

Notwithstanding the above, Maybank IB is of the view that the abovementioned do not give rise to a conflict of interest situation in its capacity as the Principal Adviser, the Sole Bookrunner and Sole Underwriter for our IPO due to the following:

- (i) Malayan Banking Berhad and Maybank Islamic Berhad are a licensed commercial bank and Islamic bank respectively, and the extension of credit facilities to our Group arose in their ordinary course of business;
- (ii) the conduct of the Maybank Group in its banking business is strictly regulated by, among others, the Financial Services Act 2013, Islamic Financial Services Act 2013 and the Maybank Group’s own internal controls and checks; and
- (iii) the total aggregate outstanding amount owed by our Group to the Maybank Group of about RM263.3 million as at the LPD is not material when compared to the audited NA of the Maybank Group as at 31 December 2023 of approximately RM97.6 billion.

Maybank IB confirms that there is no conflict of interest situation in its capacity as Principal Adviser, Sole Bookrunner and Sole Underwriter for our IPO.

**11. CONFLICT OF INTEREST (Cont'd)**

---

**11.2.2 Declaration by Deloitte PLT**

Deloitte PLT confirms that there is no conflict of interest situation in its capacity as the Auditors and Reporting Accountants to our Company in relation to our IPO.

**11.2.3 Declaration by Lee Choon Wan & Co**

Lee Choon Wan & Co confirms that there is no conflict of interest situation in its capacity as the legal adviser to our Company as to Malaysian law in relation to our IPO.

**11.2.4 Declaration by Cheang & Ariff**

Cheang & Ariff confirms that there is no conflict of interest situation in its capacity as the legal adviser to the Sole Bookrunner and Sole Underwriter as to Malaysian law in relation to our IPO.

**11.2.5 Declaration by Smith Zander**

Smith Zander confirms that there is no conflict of interest situation in its capacity as the IMR in relation to our IPO.

**11.2.6 Declaration by Resolve IR Sdn Bhd**

Resolve IR Sdn Bhd confirms that there is no conflict of interest situation in its capacity as the Internal Control Consultant in relation to our IPO.

## 12. FINANCIAL INFORMATION

### 12.1 HISTORICAL FINANCIAL INFORMATION

Our historical financial information for the Periods Under Review presented below have been extracted from the Accountants' Report included in Section 13 of this Prospectus. Our combined financial statements for the FYE 2021 to FYE 2023 and the FPE 2023 and consolidated financial statements for the FPE 2024 (the combined financial statements and the consolidated financial statements are collectively hereinafter referred to as "**Consolidated Financial Statements**") have been prepared in accordance with MFRS and IFRS.

The selected financial information included in this Prospectus are not necessarily indicative of results to be expected for a full financial year or interim period or any future financial year or interim period.

Our subsidiaries' historical audited financial statements have been prepared in accordance with MPERS for the FYE 2021 and FYE 2022 and MFRS and/or IFRS for the FYE 2023, FPE 2023 and FPE 2024, save for the following:

<b>No.</b>	<b>Subsidiary</b>	<b>Accounting standards</b>
(1)	Chlor-AI	Financial Reporting Standards in Singapore
(2)	Island Transport	Financial Reporting Standards in Singapore
(3)	TMK Dai Hung	Vietnamese Accounting Standards

The historical financial information of our Group for the FYE 2021 to FYE 2023 and the FPE 2023 are presented based on the combined audited financial statements of our Group, which consists of the financial statements of our Group, under the common control of the controlling shareholder, Dato' Lee Soon Hian. Our combined financial statements include the marketing business operation of TMKS but do not include the property investment business of TMKS, which was excluded from the Business Transfer Deed.

Following the completion of the Acquisition on 8 February 2024, the consolidated financial statements of our Group for the FPE 2024 were prepared in a manner similar to the merger method as if the combining entities within our Group were operating as a single economic entity from the beginning of the earliest comparative period covered by the relevant period or the dates of incorporation of entities within our Group, if later. Such a manner of presentation reflects the economic substance of the companies, which are under common control throughout the relevant period.

The following selected historical consolidated financial information should be read in conjunction with "Management's Discussion and Analysis of Financial Condition and Results of Operations and financial condition" in Section 12.2 of this Prospectus together with the Accountants' Report in Section 13 of this Prospectus.

#### 12.1.1 Selected financial information from the historical consolidated statements of profit or loss and other comprehensive income

	<b>Audited</b>			<b>Unaudited</b>	<b>Audited</b>
	<b>FYE 2021</b>	<b>FYE 2022</b>	<b>FYE 2023</b>	<b>FPE 2023</b>	<b>FPE 2024</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Revenue	1,126,844	1,484,338	1,306,096	643,825	659,434
Cost of sales	(917,138)	(1,223,243)	(1,096,216)	(541,584)	(542,875)
<b>GP</b>	<b>209,706</b>	<b>261,095</b>	<b>209,880</b>	<b>102,241</b>	<b>116,559</b>
Other gains and losses	4,292	4,530	3,530	4,237	3,455
Investment revenue	711	932	1,774	851	1,470
Other operating income	2,833	2,127	4,100	1,013	10,065
Selling and distribution expenses	(33,783)	(41,343)	(45,591)	(21,223)	(22,977)

**12. FINANCIAL INFORMATION (Cont'd)**

	Audited			Unaudited	Audited
	FYE 2021	FYE 2022	FYE 2023	FPE 2023	FPE 2024
	RM'000	RM'000	RM'000	RM'000	RM'000
General and administrative expenses	(28,128)	(37,214)	(46,189)	(26,604)	(28,022)
<b>Profit from operations</b>	<b>155,631</b>	<b>190,127</b>	<b>127,504</b>	<b>60,515</b>	<b>80,550</b>
Finance costs	(1,567)	(2,587)	(6,761)	(2,318)	(7,676)
Share of results of associates	1,752	3,385	1,603	1,224	942
<b>PBT</b>	<b>155,816</b>	<b>190,925</b>	<b>122,346</b>	<b>59,421</b>	<b>73,816</b>
Tax expenses	(32,731)	(40,588)	(30,748)	(13,960)	(14,021)
<b>PAT</b>	<b>123,085</b>	<b>150,337</b>	<b>91,598</b>	<b>45,461</b>	<b>59,795</b>
<b>Other comprehensive income:</b>					
<i>Items that may be reclassified subsequently to profit or loss:</i>					
Exchange differences on translation of foreign combining entities	1,688	3,272	7,089	6,151	348
<b>Total comprehensive income</b>	<b>124,773</b>	<b>153,609</b>	<b>98,687</b>	<b>51,612</b>	<b>60,143</b>
<b>Profit for the year/period attributable to:</b>					
Equity holders of TMK	123,085	150,337	91,782	45,461	59,865
Non-controlling interest	-	-	(184)	-	(70)
	<b>123,085</b>	<b>150,337</b>	<b>91,598</b>	<b>45,461</b>	<b>59,795</b>
<b>Total comprehensive income for the year/period attributable to:</b>					
Equity holders of TMK	124,773	153,609	98,864	51,612	60,165
Non-controlling interest	-	-	(177)	-	(22)
	<b>124,773</b>	<b>153,609</b>	<b>98,687</b>	<b>51,612</b>	<b>60,143</b>
<b>Other selected financial data</b>					
EBIT (RM'000) <sup>(1)</sup>	156,870	192,580	127,335	60,904	80,030
EBITDA (RM'000) <sup>(1)</sup>	176,030	212,894	152,997	72,783	96,871
EBITDA margin (%) <sup>(2)</sup>	15.6	14.3	11.7	11.3	14.7
GP margin (%) <sup>(3)</sup>	18.6	17.6	16.1	15.9	17.7
PBT margin (%) <sup>(4)</sup>	13.8	12.9	9.4	9.2	11.2
PAT margin (%) <sup>(4)</sup>	10.9	10.1	7.0	7.1	9.1
Effective tax rate (%) <sup>(5)</sup>	21.0	21.3	25.1	23.5	19.0
Basic and diluted EPS (sen) <sup>(6)</sup>	12.3	15.0	9.2	4.5	6.0

**12. FINANCIAL INFORMATION (Cont'd)****Notes:**

(1) *EBIT and EBITDA are calculated as follows:*

	<b>Audited</b>			<b>Unaudited</b>	<b>Audited</b>
	<b>FYE 2021</b>	<b>FYE 2022</b>	<b>FYE 2023</b>	<b>FPE 2023</b>	<b>FPE 2024</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<i>PAT</i>	123,085	150,337	91,598	45,461	59,795
<i>Less:</i>					
<i>Interest income</i>	(513)	(932)	(1,772)	(835)	(1,462)
<i>Add:</i>					
<i>Finance costs</i>	1,567	2,587	6,761	2,318	7,676
<i>Tax expenses</i>	32,731	40,588	30,748	13,960	14,021
<b>EBIT</b>	<b>156,870</b>	<b>192,580</b>	<b>127,335</b>	<b>60,904</b>	<b>80,030</b>
<i>Add:</i>					
<i>Depreciation</i>	19,160	20,314	25,662	11,879	16,841
<b>EBITDA</b>	<b>176,030</b>	<b>212,894</b>	<b>152,997</b>	<b>72,783</b>	<b>96,871</b>

(2) *EBITDA margins is computed based on EBITDA divided by revenue.*

(3) *GP margin is computed based on GP divided by revenue.*

(4) *PBT and PAT margins are computed based on PBT divided by revenue and PAT divided by revenue, respectively.*

(5) *Effective tax rate is computed based on tax expenses divided by PBT.*

(6) *Basic and diluted EPS are computed based on profit for the year/period attributable to equity holders of our Company divided by the enlarged issued Shares of 1,000,000,000 upon our Listing.*

**12. FINANCIAL INFORMATION (Cont'd)****12.1.2 Selected financial information from the historical consolidated statements of financial position**

	<b>Audited</b>			
	<b>FYE 2021</b>	<b>FYE 2022</b>	<b>FYE 2023</b>	<b>FPE 2024</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Total non-current assets	334,227	469,227	509,872	520,404
Total current assets	437,438	562,881	559,265	547,514
<b>Total assets</b>	<b>771,665</b>	<b>1,032,108</b>	<b>1,069,137</b>	<b>1,067,918</b>
Total non-current liabilities	81,320	154,075	136,855	360,982
Total current liabilities	291,608	396,380	410,015	401,975
<b>Total liabilities</b>	<b>372,928</b>	<b>550,455</b>	<b>546,870</b>	<b>762,957</b>
NA	398,737	481,653	522,267	304,961
Net current assets	145,830	166,501	149,250	145,539
Share capital	46,200	46,200	46,200	494,102
Invested capital	2,433	2,433	2,433	-
Reserves	350,104	433,020	473,669	(189,084) <sup>(4)</sup>
<b>Equity attributable to equity holders of our Company</b>	<b>398,737</b>	<b>481,653</b>	<b>522,302</b>	<b>305,018</b>
Non-controlling interest	-	-	(35)	(57)
<b>Total equity</b>	<b>398,737</b>	<b>481,653</b>	<b>522,267</b>	<b>304,961</b>
<b>Other selected financial data</b>				
Total borrowings (including lease liabilities) (RM'000)	118,348	215,905	253,661	480,345
Net borrowings (RM'000) <sup>(1)</sup>	17,905	87,074	117,138	376,256
Gearing ratio (times) <sup>(2)</sup>	0.3	0.4	0.5	1.6
Net gearing ratio (times) <sup>(3)</sup>	*	0.2	0.2	1.2

**Notes:**

\* Represents less than 0.05%

- (1) Computed based on total borrowings (including lease liabilities) less cash and cash equivalents as at the end of the financial year/period.
- (2) Computed based on total borrowings (including lease liabilities) divided by total equity as at the end of the financial year/period.
- (3) Computed based on total borrowings (including lease liabilities) less cash and cash equivalents divided by total equity as at the end of the financial year/period.
- (4) The decrease in reserves as at 30 June 2024 as compared to as at 31 December 2023 was mainly due to the merger reserve amounting to RM695.5 million arising from the completion of the Acquisition on 8 February 2024.

**12. FINANCIAL INFORMATION (Cont'd)**

---

**12.2 MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS**

The following management's discussion and analysis of our Group's financial condition and results of operations is based on our consolidated financial information with respect to the Periods Under Review, which have been derived from the Accountants' Report set out in Section 13 of this Prospectus.

**12.2.1 Overview of our operations**

We are principally involved in the provision of total chemical management comprising sourcing, processing and distribution of inorganic chemicals and value-added services, as well as the provision of chemical terminal services which encompasses bulk storage services. The inorganic chemicals that we offer comprise acids, alkalis, salts and other chemical products. We operate through our liquid bulk facilities, dry bulk facilities, processing facilities, handling and storage facilities, and product improvement facility located across Malaysia, Singapore and Vietnam. We commenced the manufacturing of inorganic chemicals, comprising chlor-alkali derivatives, namely sodium hydroxide (i.e. caustic soda), chlorine, hydrochloric acid, sodium hypochlorite and hydrogen at our Banting Plant 1 in May 2024.

For further information on our business, see Section 7.2 of this Prospectus.

**12.2.2 Significant factors affecting our financial condition and results of operations**

Significant factors that had affected and are expected to continue to affect our financial condition and results of operations and financial condition are as follows:

**(i) Our financial performance is subject to fluctuation in the market prices of inorganic chemicals**

Our financial performance depends on the selling prices of our products and the purchase prices of the main materials for our provision of total chemical management. We are exposed to the price volatility of the inorganic chemicals we source, process and distribute, as the inorganic chemicals are natural commodities which market prices are sensitive to both domestic and international market demand and supply conditions.

We source our chemical supplies from chemical manufacturers and distributors which are local companies or international companies from countries such as Australia, Japan, and the United States. In the event of any disruption in supply and increase in prices of inorganic chemicals, we are required to pay higher prices to existing or new suppliers. To the extent we are unable to pass on any increase in cost to our customers in a timely manner, our margins will be affected.

Electricity costs are the primary overheads incurred from the manufacturing operations at our Banting Plant 1. The electricity costs are influenced by various factors, such as subsidies, political developments, and domestic governmental regulations regarding electricity supply in general. Any significant increase in the price of electricity could materially affect our cost of sales.



**12. FINANCIAL INFORMATION (Cont'd)****(ii) Our business operations and financial performance are subject to political, economic, fiscal or monetary policies**

The demand for inorganic chemicals is dependent on the demand for manufactured products such as consumer goods, industrial products and construction materials. The demand for manufactured products is, in turn, dependent on economic conditions which affect consumers' purchasing power. Any local, regional or global economic downturn would also affect overall business conditions, consumer confidence and investments, which would subsequently affect the demand for our products. Further, the outbreak of pandemics of infectious diseases (e.g. COVID-19) or other health epidemics may create economic uncertainties globally, which may adversely affect business activities. There is no assurance that our business operations and financial performance will not be adversely and materially affected.

Changes in the political, economic, fiscal or monetary conditions could arise from, among others, changes in political leadership, risks of war or civil unrest, currency exchange controls, repatriation of profits, changes in import tariffs and related duties, and conditions governing licensing, registrations and permits to conduct business. We principally operate in Malaysia, Singapore and Vietnam, as well as generate revenue from export sales (e.g. exported mainly to Indonesia, Australia and the United States of America).

While we have not encountered any disruption to our business operations resulting from changes to laws and regulations in Malaysia, Singapore and Vietnam for the Periods Under Review, there is no assurance that any adverse development in the political and economic environment in Malaysia, Singapore and Vietnam, as well as in countries where our products are exported to, will not materially affect our operations and financial performance of our Group.

**(iii) We are exposed to foreign exchange fluctuation risks which may impact the profitability of our Group**

We are exposed to fluctuations of the USD, SGD and VND, and any adverse movements in the foreign exchange markets may have an adverse impact on our financial performance. We have business operations in Malaysia, Singapore and Vietnam. We generate revenue in various currencies through our local and foreign subsidiaries, including USD, SGD and VND, which collectively contributed 45.6%, 46.9%, 52.7%, 50.6% and 52.3% to our Group's revenue for the FYE 2021, 2022, 2023, FPE 2023 and 2024, respectively. Further, our Group imports inorganic chemicals with purchases denominated in USD, SGD and VND, which collectively contributed 63.3%, 66.4%, 77.0%, 75.0% and 78.5%, respectively to our Group's total purchases for the FYE 2021, 2022, 2023, FPE 2023 and 2024.

In addition, we have foreign subsidiaries in Singapore and Vietnam, of which the business transactions of these subsidiaries are in SGD and VND. The presentation currency for our financial statements is RM. The assets and liabilities of our Group's foreign operations are translated into RM at exchange rates prevailing on the reporting date. Income and expense items are translated at the average exchange rates for the period, unless exchange rates fluctuated significantly during that period, in which case the exchange rates at the dates of the transactions are used. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in a foreign exchange translation reserve (attributed to non-controlling interests as appropriate).

**12. FINANCIAL INFORMATION (Cont'd)**

Our Group endeavours to keep the net exposure at an acceptable level. We have entered into forward foreign exchange contracts to partially hedge our foreign exchange fluctuation risk and our Group also holds cash and cash equivalents denominated in foreign currencies for working capital purposes. We have not experienced consecutive realised losses on foreign exchange for the Periods Under Review. However, there is no assurance that any future foreign exchange rate fluctuations will not have a material adverse effect on the financial performance of our Group.

**(iv) Our business operations are subject to competition from other industry players located in Malaysia, Singapore and Vietnam and new industry players**

We face competition from both manufacturers and downstream industry players of inorganic chemicals in Malaysia, Singapore and Vietnam as manufacturers and downstream players typically complement one another in the value chain, manufacturers may also supply their products directly to the end-user markets.

In addition, we may also face competition from new industry players apart from existing industry players, who may price their products aggressively or otherwise compete successfully with us. Nonetheless, the barriers to entry in the inorganic chemicals industry are high due to the high initial capital required for setting up facilities and substantial working capital requirements for the on-going purchase of supplies.

Key factors affecting our competitiveness include, among others, pricing, product quality and the ability to fulfil customers' purchase orders in a timely manner. Competition may result in, among other adverse effects, a reduction in our product pricing, revenue and/or profit margins, loss of existing customers and/or failure to secure new customers. Whilst we strive to remain competitive, there is no assurance that any changes in the competitive environment would not have any material and adverse impact on our business and financial performance and growth prospects. We believe that our Group would be able to stay competitive due to our strengths as outlined in Section 7.12 of this Prospectus.

**12.2.3 Material accounting policy information, estimates and judgements**

Our material accounting policy information are summarised in Note 4.7 of the Accountants' Report as set out in Section 13 of this Prospectus. There are no accounting policy information that are peculiar to our Group because of the nature of our business and the industry in which we operate in. There were no material changes to our accounting policies and estimates during the Periods Under Review.

The preparation of Consolidated Financial Statements requires our management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

There are no significant areas of estimation uncertainty and critical judgements in applying accounting policies that have significant effects on the amounts recognised in the financial statements other than those disclosed in Note 4.8 of the Accountants' Report as set out in Section 13 of this Prospectus, which include the measurement of income taxes.

**12.2.4 Significant changes/events**

Save as disclosed below, there were no significant changes/events have occurred since 30 June 2024 which may have a material effect on our financial position and results of operations:

- (i) On 24 October 2024, TMK completed the subdivision of 83,178,163 Shares into 780,000,000 Shares.

## 12. FINANCIAL INFORMATION (Cont'd)

---

### 12.2.5 Overview of our results of operations

#### (i) Revenue

Our business activities are categorised into the following business segments:

##### (a) Provision of total chemical management

We are involved in the provision of total chemical management comprising sourcing, processing and distribution of a wide range of inorganic chemicals and value-added services. The inorganic chemicals that we offer comprise acids, alkalis, salts and other chemical products. Our customers are mainly local and overseas manufacturers and industrial companies which use inorganic chemicals in their manufacturing and/or industrial processes, as well as trading companies and distributors.

In addition, we provide chemical processing services to our customers, which entail the customisation of chemicals to achieve our customer's product specification and customised concentrations through dissolving, blending or dilution. Our distribution activities involve the management of logistics arrangement for the delivery of inorganic chemicals to our customer's designated location from our facilities and third-party facilities.

Our total chemical management also encompasses value-added services which comprise the provision of handling and storage services for our customer's products according to the needs and instructions of our customers. Handling services involve repacking dry and liquid bulk chemicals into individual packaging; and repacking of liquid bulk, liquid packaging and dry packaging chemicals into customised packaging and/or with customised labelling. Storage services involve the receipt and storage of customers' products at our liquid bulk facilities, dry bulk facilities and storage facilities. We will manage the repacking and release of our customer's products according to their instructions.

Further, our value-added services also include quality control inspection such as laboratory testing and visual inspection upon the receipt of inorganic chemicals, after chemical processing and prior to the delivery of inorganic chemicals; as well as pre-sales and after-sales support services such as product application recommendation, product improvement, chemical emergency response, site safety inspection, and recycling and waste management.

##### (b) Provision of chemical terminal services

We are involved in the provision of chemical terminal services which involve providing bulk storage services for liquid chemicals at our liquid bulk terminal located within the port. We take receipt of our customers' products and store it in our storage tanks. Our chemical terminal services are offered to customers who require liquid storage and delivery services in bulk quantity.

We also manage the logistics arrangement for the delivery of chemicals to our customer's designated location under our provision of chemical terminal services. We utilised in-house transportation as well as third-party logistics services to deliver the chemicals to our customer's designated location.

##### (c) Manufacturing of inorganic chemicals

We commenced the manufacturing of inorganic chemicals comprising chlor-alkali derivatives, namely sodium hydroxide (i.e. caustic soda), chlorine, hydrochloric acid, sodium hypochlorite and hydrogen at our Banting Plant 1 in May 2024.

**12. FINANCIAL INFORMATION (Cont'd)****Analysis of revenue by business segments**

The breakdown of our Group's revenue by business segments for the Periods Under Review is as follows:

	<b>Audited</b>					
	<b>FYE 2021</b>		<b>FYE 2022</b>		<b>FYE 2023</b>	
	<b>RM'000</b>	<b>%</b>	<b>RM'000</b>	<b>%</b>	<b>RM'000</b>	<b>%</b>
Provision of total chemical management	1,116,942	99.1	1,475,887	99.4	1,295,762	99.2
Provision of chemical terminal services	9,902	0.9	8,451	0.6	10,334	0.8
Manufacturing of inorganic chemicals <sup>(1)</sup>	-	-	-	-	-	-
<b>Total</b>	<b>1,126,844</b>	<b>100.0</b>	<b>1,484,338</b>	<b>100.0</b>	<b>1,306,096</b>	<b>100.0</b>
	<b>Unaudited</b>		<b>Audited</b>			
	<b>FPE 2023</b>		<b>FPE 2024</b>			
	<b>RM'000</b>	<b>%</b>	<b>RM'000</b>	<b>%</b>		
Provision of total chemical management	639,122	99.3	653,844	99.2		
Provision of chemical terminal services	4,703	0.7	5,590	0.8		
Manufacturing of inorganic chemicals <sup>(1)</sup>	-	-	-	-		
<b>Total</b>	<b>643,825</b>	<b>100.0</b>	<b>659,434</b>	<b>100.0</b>		

**Note:**

- (1) There was no revenue recorded for our manufacturing of inorganic chemicals segment for the FYE 2021 to 2023 and FPE 2023 as we commenced the manufacturing of inorganic chemicals in May 2024. For the FPE 2024, there was no revenue recorded as TMK Banting sold its manufactured inorganic chemical products to TMK. The revenue of RM19.53 million from these sales was eliminated during the preparation of the Consolidated Financial Statements.

**Analysis of revenue by geographical markets**

The breakdown of our Group's revenue by geographical markets for the Periods Under Review is as follows:

	<b>Audited</b>					
	<b>FYE 2021</b>		<b>FYE 2022</b>		<b>FYE 2023</b>	
	<b>RM'000</b>	<b>%</b>	<b>RM'000</b>	<b>%</b>	<b>RM'000</b>	<b>%</b>
<b>Principal markets</b>						
<b>Malaysia</b>	<b>661,610</b>	<b>58.7</b>	<b>866,922</b>	<b>58.4</b>	<b>708,898</b>	<b>54.3</b>
<b>Overseas</b>						
- Vietnam	249,905	22.2	316,341	21.3	278,249	21.3
- Singapore	185,476	16.5	264,964	17.9	271,592	20.7
- Indonesia	5,919	0.5	7,921	0.5	12,922	1.0
- Australia	5,836	0.5	6,011	0.4	6,366	0.5
- United States of America	6,262	0.6	3,375	0.2	6,157	0.5
- Others <sup>(1)</sup>	11,836	1.0	18,804	1.3	21,912	1.7
	<b>465,234</b>	<b>41.3</b>	<b>617,416</b>	<b>41.6</b>	<b>597,198</b>	<b>45.7</b>
<b>Total<sup>(2)</sup></b>	<b>1,126,844</b>	<b>100.0</b>	<b>1,484,338</b>	<b>100.0</b>	<b>1,306,096</b>	<b>100.0</b>

**12. FINANCIAL INFORMATION (Cont'd)**

Principal markets	Unaudited		Audited	
	FPE 2023		FPE 2024	
	RM'000	%	RM'000	%
<b>Malaysia</b>	<b>352,045</b>	<b>54.7</b>	<b>320,140</b>	<b>48.5</b>
<b>Overseas</b>				
- Vietnam	125,488	19.5	169,538	25.7
- Singapore	143,295	22.3	142,870	21.7
- Indonesia	5,904	0.9	8,368	1.3
- Australia	3,244	0.5	2,266	0.3
- United States of America	2,551	0.4	3,849	0.6
- Others <sup>(1)</sup>	11,298	1.7	12,403	1.9
	<b>291,780</b>	<b>45.3</b>	<b>339,294</b>	<b>51.5</b>
<b>Total<sup>(2)</sup></b>	<b>643,825</b>	<b>100.0</b>	<b>659,434</b>	<b>100.0</b>

**Notes:**

- (1) *Comprises Brunei, Cambodia, China, Fiji, Hong Kong, India, Italy, Japan, Maldives, Marshall Islands, Monaco, Myanmar, Netherlands, New Zealand, Panama, Papua New Guinea, Philippines, South Korea, Sri Lanka, Taiwan, Thailand, United Arab Emirates and United Kingdom. The individual contribution of each of these countries to our Group's revenue for the Periods Under Review is less than 0.5%.*
- (2) *The breakdown of our revenue by geographical markets is based on our customers' billing locations.*

For the FYE 2021, 2022, 2023, FPE 2023 and 2024, Malaysia was the largest contributor to our Group's revenue, contributed 58.7%, 58.4%, 54.3%, 54.7% and 48.5% of our Group's revenue while overseas accounted for 41.3%, 41.6%, 45.7%, 45.3% and 51.5% of our Group's revenue. The revenue contribution from our principal markets, namely Malaysia, Singapore and Vietnam remained stable for the Periods Under Review.

**12. FINANCIAL INFORMATION (Cont'd)****Analysis of revenue by products and services as well as customers' industries**

The breakdown of our Group's revenue by products and services as well as customers' industries for the Periods Under Review is as follows:

	<b>Audited</b>					
	<b>FYE 2021</b>		<b>FYE 2022</b>		<b>FYE 2023</b>	
	<b>RM'000</b>	<b>%</b>	<b>RM'000</b>	<b>%</b>	<b>RM'000</b>	<b>%</b>
Provision of total chemical management						
- <b>Alkalis</b>	<b>643,018</b>	<b>57.0</b>	<b>902,150</b>	<b>60.8</b>	<b>768,157</b>	<b>58.8</b>
• Glass	192,161	17.1	241,984	16.3	214,734	16.4
• Chemicals and specialty	117,200	10.4	172,284	11.6	118,457	9.1
• Edible oils and fats, food and beverages	89,326	7.9	147,817	10.0	124,066	9.5
• Electrical and electronic products	38,747	3.4	64,336	4.3	60,468	4.6
• Others <sup>(1)</sup>	205,584	18.2	275,729	18.6	250,432	19.2
- <b>Acids</b>	<b>244,239</b>	<b>21.7</b>	<b>314,316</b>	<b>21.2</b>	<b>248,677</b>	<b>19.0</b>
• Chemicals and specialty	71,132	6.3	109,160	7.4	87,418	6.7
• Rubber products	59,995	5.3	48,964	3.3	33,606	2.6
• Electrical and electronic products	26,682	2.4	28,604	1.9	21,138	1.6
• Others	86,430	7.7	127,588	8.6	106,515	8.2
- <b>Salts</b>	<b>164,479</b>	<b>14.6</b>	<b>198,609</b>	<b>13.4</b>	<b>222,426</b>	<b>17.0</b>
• Chemicals and specialty	48,066	4.3	61,633	4.2	83,358	6.4
• Cleaning agents and detergents	44,208	3.9	52,905	3.6	51,150	3.9
• Utilities	32,300	2.9	32,206	2.2	31,420	2.4
• Others	39,905	3.5	51,865	3.5	56,498	4.3
- <b>Other chemical products<sup>(2)</sup></b>	<b>65,206</b>	<b>5.8</b>	<b>60,812</b>	<b>4.0</b>	<b>56,502</b>	<b>4.4</b>
• Chemicals and specialty	16,913	1.5	14,861	1.0	15,224	1.2
• Rubber products	10,052	0.9	9,985	0.7	8,037	0.6
• Electrical and electronic products	7,397	0.7	8,394	0.6	9,866	0.8
• Others	30,844	2.7	27,572	1.9	23,375	1.8
	<b>1,116,942</b>	<b>99.1</b>	<b>1,475,887</b>	<b>99.4</b>	<b>1,295,762</b>	<b>99.2</b>
Provision of chemical terminal services	9,902	0.9	8,451	0.6	10,334	0.8
• Chemicals and specialty	9,100	0.8	8,391	0.6	9,894	0.8
• Others	802	0.1	60	*	440	*
<b>Total</b>	<b>1,126,844</b>	<b>100.0</b>	<b>1,484,338</b>	<b>100.0</b>	<b>1,306,096</b>	<b>100.0</b>

**12. FINANCIAL INFORMATION (Cont'd)**

	Unaudited		Audited	
	FPE 2023		FPE 2024	
	RM'000	%	RM'000	%
Provision of total chemical management				
- <b>Alkalis</b>	<b>388,604</b>	<b>60.4</b>	<b>425,079</b>	<b>64.5</b>
• Glass	94,701	14.7	145,803	22.1
• Chemicals and specialty	59,432	9.2	55,150	8.4
• Edible oils and fats, food and beverages	67,454	10.5	57,300	8.7
• Electrical and electronic products	30,691	4.8	28,301	4.3
• Others <sup>(1)</sup>	136,326	21.2	138,525	21.0
- <b>Acids</b>	<b>128,949</b>	<b>20.0</b>	<b>121,860</b>	<b>18.5</b>
• Chemicals and specialty	48,479	7.5	33,328	5.0
• Rubber products	17,336	2.7	20,160	3.1
• Electrical and electronic products	10,564	1.6	13,560	2.1
• Others	52,570	8.2	54,812	8.3
- <b>Salts</b>	<b>92,928</b>	<b>14.4</b>	<b>72,801</b>	<b>11.0</b>
• Chemicals and specialty	36,267	5.6	6,952	1.1
• Cleaning agents and detergents	22,117	3.4	23,719	3.6
• Utilities	14,197	2.2	18,721	2.8
• Others	20,347	3.2	23,409	3.5
- <b>Other chemical products<sup>(2)</sup></b>	<b>28,641</b>	<b>4.5</b>	<b>34,104</b>	<b>5.2</b>
• Chemicals and specialty	8,199	1.3	5,636	0.9
• Rubber products	4,125	0.7	4,116	0.6
• Electrical and electronic products	3,869	0.6	4,438	0.7
• Others	12,448	1.9	19,914	3.0
	<u>639,122</u>	<u>99.3</u>	<u>653,844</u>	<u>99.2</u>
Provision of chemical terminal services				
• Chemicals and specialty	4,500	0.7	5,374	0.8
• Others	203	*	216	*
<b>Total</b>	<b><u>643,825</u></b>	<b><u>100.0</u></b>	<b><u>659,434</u></b>	<b><u>100.0</u></b>

**Notes:**

\* Represents less than 0.05% of our total revenue.

(1) Includes customers' industries, among others, utilities, oil and gas refining, cleaning agents and detergents, rubber products as well as agriculture and livestock farming.

(2) Includes organic chemicals such as oleochemical, sulphur and iron powder. The offering of such products are usually to complement the sale of certain inorganic chemicals to our customers.

**12. FINANCIAL INFORMATION (Cont'd)****Analysis of ASP by products**

The breakdown of our ASP by products for the Periods Under Review is as follows:

	<b>FYE 2021</b>	<b>FYE 2022</b>	<b>FYE 2023</b>
	<b>ASP</b>	<b>ASP</b>	<b>ASP</b>
	<b>(RM per MT)</b>	<b>(RM per MT)</b>	<b>(RM per MT)</b>
Provision of total chemical management			
- Alkalis	938.42	1,520.94	1,270.32
- Acids	950.43	1,129.27	938.82
- Salts	383.85	473.51	427.61
- Other chemical products	2,931.64	4,865.85	4,570.84
	<b>FPE 2023</b>	<b>FPE 2024</b>	
	<b>ASP</b>	<b>ASP</b>	
	<b>(RM per MT)</b>	<b>(RM per MT)</b>	
Provision of total chemical management			
- Alkalis	1,471.77	1,222.99	
- Acids	1,010.69	920.67	
- Salts	421.95	763.44	
- Other chemical products	5,299.42	5,002.24	

**Comparison between FYE 2021 and FYE 2022*****Provision of total chemical management***

The provision of total chemical management segment was our largest revenue contributor, accounted for RM1,475.9 million or 99.4% of our total revenue for the FYE 2022 (FYE 2021: RM1,116.9 million or 99.1%). Revenue from the provision of total chemical management segment increased by RM359.0 million or 32.1% to RM1,475.9 million for the FYE 2022 (FYE 2021: RM1,116.9 million), mainly due to an increase in the ASP for alkalis, acids and salts products as a result of the surge in demand that required our customers to restock for inorganic chemical products following the resumption of their operations to pre-COVID-19 level as the COVID-19 pandemic gradually subsiding and the economy recovered during the FYE 2022. These customers were primarily from the chemicals and specialty industry, glass industry and edible oils and fats, food and beverages industry.

In terms of our revenue by products, alkalis was our largest revenue contributor, accounted for 60.8% of our total revenue for the FYE 2022 (FYE 2021: 57.0%), which recorded an increase in revenue of RM259.2 million or 40.3% to RM902.2 million for the FYE 2022 (FYE 2021: RM643.0 million), mainly attributable to an increase in its ASP from RM938.42 per MT for the FYE 2021 to RM1,520.94 per MT for the FYE 2022 due to the reasons as explained above. The increase in revenue of alkalis was a result of higher sales to our customers from the following industries:

- (i) the edible oils and fats, food and beverages industry, which contributed to an increase in revenue of RM58.5 million;
- (ii) the chemicals and specialty chemicals industry, which contributed to an increase in revenue of RM55.1 million;
- (iii) the glass industry, which contributed to an increase in revenue of RM49.8 million; and



**12. FINANCIAL INFORMATION (Cont'd)**

- (iv) the electrical and electronic products industry, which contributed to an increase in revenue of RM25.6 million.

***Provision of chemical terminal services***

Revenue from the provision of chemical terminal services segment decreased by RM1.4 million or 14.1% to RM8.5 million for the FYE 2022 (FYE 2021: RM9.9 million), mainly due to lower revenue from the Malaysia and Singapore markets. The decrease was primarily attributed to lower sales to our customers from the chemicals and specialty chemicals industry. This was mainly due to lesser bulk storage services were provided during the FYE 2022, as one of the customer contracts expired and not renewed.

***Manufacturing of inorganic chemicals***

No revenue was recorded for our manufacturing of inorganic chemicals segment for the FYE 2021 and FYE 2022, as we have yet to commence the manufacturing of inorganic chemicals.

**Comparison between FYE 2022 and FYE 2023*****Provision of total chemical management***

The provision of total chemical management segment remained our largest revenue contributor, accounted for RM1,295.8 million or 99.2% of our total revenue for the FYE 2023 (FYE 2022: RM1,475.9 million or 99.4%). Revenue from the provision of total chemical management segment decreased by RM180.1 million or 12.2% to RM1,295.8 million for the FYE 2023 (FYE 2022: RM1,475.9 million), primarily attributable to a decrease in the ASP for alkalis, acids and salts products, which resulted from a slowdown in demand for inorganic chemical products, in contrast to the higher revenue recorded for the FYE 2022. The slowdown in demand in the FYE 2023 was due to our customers having already stocked up in the FYE 2022. This was in line with the decrease in GDP growth from 8.9% in 2022 to 3.6% in 2023, as set out in Section 8 of this Prospectus, therefore resulting in overall lower consumption of inorganic chemicals in Malaysia for FYE 2023.

In terms of our revenue by products, alkalis remained our largest revenue contributor, accounted for 58.8% of our total revenue for the FYE 2023 (FYE 2022: 60.8%), which recorded a decrease in revenue of RM134.0 million or 14.9% to RM768.2 million for the FYE 2023 (FYE 2022: RM902.2 million), mainly attributable to a decrease in its ASP from RM1,520.94 per MT for the FYE 2022 to RM1,270.32 per MT for the FYE 2023 due to the reasons as explained above. The decrease in revenue of alkalis was a result of lower sales to our customers from the following industries:

- (i) the chemicals and specialty chemicals industry, which contributed to a decrease in revenue of RM53.8 million;
- (ii) the glass industry, which contributed to a decrease in revenue of RM27.3 million; and
- (iii) the edible oils and fats, food and beverages industry, which contributed to a decrease in revenue of RM23.8 million.

***Provision of chemical terminal services***

Revenue from the provision of chemical terminal services segment increased by RM1.8 million or 21.2% to RM10.3 million for the FYE 2023 (FYE 2022: RM8.5 million), mainly due to higher sales to our customers from the chemicals and specialty chemicals industry from the local market, as we rented more liquid storage tanks to our customers.

**12. FINANCIAL INFORMATION (Cont'd)*****Manufacturing of inorganic chemicals***

No revenue was recorded for our manufacturing of inorganic chemicals segment for the FYE 2022 and FYE 2023, as we have yet to commence the manufacturing of inorganic chemicals.

**Comparison between FPE 2023 and FPE 2024*****Provision of total chemical management***

The provision of total chemical management segment was our largest revenue contributor, accounted for RM653.8 million or 99.2% of our total revenue for the FPE 2024 (FPE 2023: RM639.1 million or 99.3%). Revenue from the provision of total chemical management segment increased by RM14.7 million or 2.3% to RM653.8 million for the FPE 2024 (FPE 2023: RM639.1 million), primarily attributable to an increase in the revenue for alkalis products as explained below.

In terms of our revenue by products, alkalis were our largest revenue contributor, accounted for 64.5% of our total revenue for the FPE 2024 (FPE 2023: 60.4%), which recorded an increase in revenue of RM36.5 million or 9.4% to RM425.1 million for the FPE 2024 (FPE 2023: RM388.6 million), mainly attributable to an increase in its sales volume from 264,040 MT for the FPE 2023 to 347,574 MT for the FPE 2024, as our customers began replenishing their inventory levels during the FPE 2024. Despite our ASP for alkalis decreased from RM1,471.77 per MT for the FPE 2023 to RM1,222.99 per MT for the FPE 2024, the ASP for FPE 2024 was fairly consistent with FYE 2023. The increase in revenue of alkalis was mainly due to higher sales to our customers from the glass industry, which contributed to an increase in revenue of RM51.1 million.

The abovementioned increase was partially offset by the decrease in revenue contributed by salt products by RM20.1 million or 21.6% to RM72.8 million for the FPE 2024 (FPE 2023: RM92.9 million), mainly due to the net effect from the following industries:

- (i) lower demand from our customers from the chemicals and specialty industry, which contributed to a decrease in revenue of RM29.3 million primarily due to the end of contract sales with some of the customers from this industry; and
- (ii) higher demand from our customers from the utilities industry, which contributed to an increase in revenue of RM4.5 million, mainly due to new contract sales secured with customers from this industry.

***Provision of chemical terminal services***

Revenue from the provision of chemical terminal services segment increased by RM0.9 million or 19.1% to RM5.6 million for the FPE 2024 (FPE 2023: RM4.7 million), mainly due to higher sales to our customers from the chemicals and specialty chemicals industry from the local market, as we rented more liquid storage tanks to our customers.

***Manufacturing of inorganic chemicals***

No revenue was recorded for our manufacturing of inorganic chemicals segment for the FPE 2024, despite our Banting Plant 1 has commenced the manufacturing of inorganic chemicals in May 2024 as TMK Banting sold its manufactured inorganic chemicals products to TMK. The revenue of RM19.53 million from these sales was eliminated during the preparation of the Consolidated Financial Statements for FPE 2024.

**12. FINANCIAL INFORMATION (Cont'd)****(ii) Cost of sales, GP and GP margin****Analysis of cost of sales by cost components**

The components of our cost of sales for the Periods Under Review is as follows:

	<b>Audited</b>					
	<b>FYE 2021</b>		<b>FYE 2022</b>		<b>FYE 2023</b>	
	<b>RM'000</b>	<b>%</b>	<b>RM'000</b>	<b>%</b>	<b>RM'000</b>	<b>%</b>
Cost of materials <sup>(a)</sup>	857,117	93.5	1,163,138	95.1	1,040,452	94.9
Staff costs and related expenses <sup>(b)</sup>	14,196	1.5	15,694	1.3	17,691	1.6
Warehouse-related costs <sup>(c)</sup>	16,068	1.7	15,818	1.3	8,495	0.8
Depreciation on <sup>(d)</sup>						
- Property, plant and equipment	7,632	0.8	8,354	0.7	10,674	1.0
- Right of use assets	8,909	1.0	8,943	0.7	10,194	0.9
Other operating costs <sup>(e)</sup>	6,912	0.8	5,948	0.5	5,569	0.5
Transportation charges <sup>(f)</sup>	6,304	0.7	5,348	0.4	3,141	0.3
<b>Total</b>	<b>917,138</b>	<b>100.0</b>	<b>1,223,243</b>	<b>100.0</b>	<b>1,096,216</b>	<b>100.0</b>

	<b>Unaudited</b>		<b>Audited</b>	
	<b>FPE 2023</b>		<b>FPE 2024</b>	
	<b>RM'000</b>	<b>%</b>	<b>RM'000</b>	<b>%</b>
Cost of materials <sup>(a)</sup>	510,326	94.2	507,599	93.5
Staff costs and related expenses <sup>(b)</sup>	8,311	1.5	10,863	2.0
Warehouse-related costs <sup>(c)</sup>	8,331	1.6	2,212	0.4
Depreciation on <sup>(d)</sup>				
- Property, plant and equipment	5,262	1.0	7,453	1.4
- Right of use assets	4,997	0.9	5,409	1.0
Other operating costs <sup>(e)</sup>	3,334	0.6	3,765	0.7
Transportation charges <sup>(f)</sup>	1,023	0.2	5,574	1.0
<b>Total</b>	<b>541,584</b>	<b>100.0</b>	<b>542,875</b>	<b>100.0</b>

**(a) Cost of materials**

Cost of materials mainly comprises purchase costs of the chemicals that we purchase directly from our suppliers, processing costs, packaging materials as well as raw materials for our Banting Plant 1 (in respect of FPE 2024 only).

**(b) Staff costs and related expenses**

Staff costs and related expenses mainly comprise salaries, bonuses, statutory contributions, labour costs and benefits.

**(c) Warehouse-related costs**

Warehouse-related costs mainly comprise rental expenses, storage charges, security expenses, warehouse maintenance and utility charges.

**(d) Depreciation**

Depreciation on property, plant and equipment mainly comprises depreciation charges for our machineries and equipment, land and buildings as well as motor vehicles used at our liquid bulk facility, processing facility, handling and storage facility and Banting Plant 1.

**12. FINANCIAL INFORMATION (Cont'd)**

Depreciation of right-of-use assets is related to the recognition of expenses for rental of leasehold land, forklifts as well as terminal and storage facilities.

**(e) Other operating costs**

Other operating costs mainly comprise the upkeep of motor vehicles, forklifts, machineries and equipment, insurance as well as laboratory charges.

**(f) Transportation charges**

Transportation charges mainly comprise costs incurred for the delivery of chemicals from our processing facilities to our liquid bulk terminals, liquid bulk facilities, dry bulk facilities, and handling and storage facilities, vice versa.

**Analysis of cost of sales by business segments**

The breakdown of our cost of sales by business segments for the Periods Under Review is as follows:

	<b>Audited</b>					
	<b>FYE 2021</b>		<b>FYE 2022</b>		<b>FYE 2023</b>	
	<b>RM'000</b>	<b>%</b>	<b>RM'000</b>	<b>%</b>	<b>RM'000</b>	<b>%</b>
Provision of total chemical management	907,781	99.0	1,215,106	99.3	1,086,512	99.1
Provision of chemical terminal services	9,029	1.0	7,309	0.6	9,704	0.9
Manufacturing of inorganic chemicals <sup>(1)</sup>	328	*	828	0.1	-	-
<b>Total</b>	<b>917,138</b>	<b>100.0</b>	<b>1,223,243</b>	<b>100.0</b>	<b>1,096,216</b>	<b>100.0</b>

	<b>Unaudited</b>		<b>Audited</b>	
	<b>FPE 2023</b>		<b>FPE 2024</b>	
	<b>RM'000</b>	<b>%</b>	<b>RM'000</b>	<b>%</b>
Provision of total chemical management	536,659	99.1	537,758	99.0
Provision of chemical terminal services	4,925	0.9	5,117	1.0
Manufacturing of inorganic chemicals <sup>(1)</sup>	-	-	-	-
<b>Total</b>	<b>541,584</b>	<b>100.0</b>	<b>542,875</b>	<b>100.0</b>

**Notes:**

\* Represents less than 0.05% of our total cost of sales.

(1) Mainly comprises warehouse maintenance, security charges, staff costs and related expenses, utilities and storage charges incurred for our Banting Plant 1 for the FYE 2021 and FYE 2022. There was no cost of sales recorded for the FYE 2023 due to our Group having undertaken the testing and commissioning for the new manufacturing plant at our Banting Plant 1. The costs incurred during the FYE 2023 were offset by the income from the disposal of chemicals produced from the testing and commissioning process. The net income from the recovery of commission costs was presented as other operating income. There was no cost of sales recorded for this segment for FPE 2024 due to the reclassification of manufacturing costs of RM14.74 million to the provision of total chemical management segment as a result of TMK Banting sold its manufactured inorganic chemical products to TMK.

**12. FINANCIAL INFORMATION (Cont'd)****Analysis of cost of sales by products and services**

The breakdown of our cost of sales by products and services for the Periods Under Review is as follows:

	<b>Audited</b>					
	<b>FYE 2021</b>		<b>FYE 2022</b>		<b>FYE 2023</b>	
	<b>RM'000</b>	<b>%</b>	<b>RM'000</b>	<b>%</b>	<b>RM'000</b>	<b>%</b>
Provision of total chemical management						
- Alkalis	555,774	60.6	772,566	63.2	719,554	65.6
- Acids	168,942	18.4	231,217	18.9	166,815	15.3
- Salts	143,163	15.6	182,101	14.9	177,926	16.2
- Others chemical products <sup>(1)</sup>	39,902	4.4	29,222	2.3	22,217	2.0
	<u>907,781</u>	<u>99.0</u>	<u>1,215,106</u>	<u>99.3</u>	<u>1,086,512</u>	<u>99.1</u>
Provision of chemical terminal services	9,029	1.0	7,309	0.6	9,704	0.9
Manufacturing of inorganic chemicals	328	*	828	0.1	-	-
<b>Total</b>	<b>917,138</b>	<b>100.0</b>	<b>1,223,243</b>	<b>100.0</b>	<b>1,096,216</b>	<b>100.0</b>

	<b>Unaudited</b>		<b>Audited</b>	
	<b>FPE 2023</b>		<b>FPE 2024</b>	
	<b>RM'000</b>	<b>%</b>	<b>RM'000</b>	<b>%</b>
Provision of total chemical management				
- Alkalis	359,401	66.4	389,378	71.8
- Acids	87,111	16.1	73,894	13.6
- Salts	78,172	14.4	53,749	9.9
- Others chemical products <sup>(1)</sup>	11,975	2.2	20,737	3.8
	<u>536,659</u>	<u>99.1</u>	<u>537,758</u>	<u>99.1</u>
Provision of chemical terminal services	4,925	0.9	5,117	1.0
Manufacturing of inorganic chemicals	-	-	-	-
<b>Total</b>	<b>541,584</b>	<b>100.0</b>	<b>542,875</b>	<b>100.0</b>

**Notes:**

\* Represents less than 0.05% of our total cost of sales.

(1) Includes organic chemicals such as oleochemical, sulphur and iron powder. The offering of such products is usually to complement the sale of certain inorganic chemicals to our customers.

**12. FINANCIAL INFORMATION (Cont'd)****Analysis of GP and GP margin by business segments**

The breakdown of our GP and GP margin by business segments for the Periods Under Review is as follows:

	<b>Audited</b>					
	<b>FYE 2021</b>		<b>FYE 2022</b>		<b>FYE 2023</b>	
	<b>GP</b>	<b>GP margin</b>	<b>GP</b>	<b>GP margin</b>	<b>GP</b>	<b>GP margin</b>
	<b>RM'000</b>	<b>%</b>	<b>RM'000</b>	<b>%</b>	<b>RM'000</b>	<b>%</b>
Provision of total chemical management	209,161	18.7	260,781	17.7	209,250	16.1
Provision of chemical terminal services	873	8.8	1,142	13.5	630	6.1
Manufacturing of inorganic chemicals	(328) <sup>(1)</sup>	N/A <sup>(2)</sup>	(828) <sup>(1)</sup>	N/A <sup>(2)</sup>	-	-
<b>Total</b>	<b>209,706</b>	<b>18.6</b>	<b>261,095</b>	<b>17.6</b>	<b>209,880</b>	<b>16.1</b>

	<b>Unaudited</b>		<b>Audited</b>	
	<b>FPE 2023</b>		<b>FPE 2024</b>	
	<b>GP</b>	<b>GP margin</b>	<b>GP</b>	<b>GP margin</b>
	<b>RM'000</b>	<b>%</b>	<b>RM'000</b>	<b>%</b>
Provision of total chemical management	102,463	16.0	116,086	17.8
Provision of chemical terminal services	(222) <sup>(3)</sup>	(4.7)	473	8.5
Manufacturing of inorganic chemicals	-	-	-	-
<b>Total</b>	<b>102,241</b>	<b>15.9</b>	<b>116,559</b>	<b>17.7</b>

**Notes:**

- (1) Our Group recorded gross loss for the manufacturing of inorganic chemicals segment for the FYE 2021 and FYE 2022 primarily due to no income from the disposal of chemicals produced from the testing and commissioning process, as the Banting Plant 1 only commenced its testing and commissioning process during the FYE 2023, while there were warehouse maintenance, security charges, staff costs and related expenses, utilities and storage charges incurred for our Banting Plant 1.
- (2) N/A – Not applicable as there was no revenue recorded for our manufacturing of inorganic chemicals segment for the FYE 2021 and FYE 2022, as we have yet to commence the manufacturing of inorganic chemicals.
- (3) Mainly contributed by the higher depreciation of property, plant and equipment due to the completion of the construction and commencement of operations of our Kemaman Bulk Terminal in FPE 2023.

**12. FINANCIAL INFORMATION (Cont'd)****Analysis of GP and GP margin by products and services**

The breakdown of our GP and GP margin by products and services for the Periods Under Review is as follows:

	<b>Audited</b>					
	<b>FYE 2021</b>		<b>FYE 2022</b>		<b>FYE 2023</b>	
	<b>GP</b>	<b>GP margin</b>	<b>GP</b>	<b>GP margin</b>	<b>GP</b>	<b>GP margin</b>
	<b>RM'000</b>	<b>%</b>	<b>RM'000</b>	<b>%</b>	<b>RM'000</b>	<b>%</b>
Provision of total chemical management						
- Alkalis	87,244	13.6	129,584	14.4	48,603	6.3
- Acids	75,297	30.8	83,099	26.4	81,862	32.9
- Salts	21,316	13.0	16,508	8.3	44,500	20.0
- Others chemical products <sup>(1)</sup>	<u>25,304</u>	<u>38.8</u>	<u>31,590</u>	<u>51.9</u>	<u>34,285</u>	<u>60.7</u>
	209,161	18.7	260,781	17.7	209,250	16.1
Provision of chemical terminal services	873	8.8	1,142	13.5	630	6.1
Manufacturing of inorganic chemicals	(328)	N/A <sup>(2)</sup>	(828)	N/A <sup>(2)</sup>	-	-
<b>Total</b>	<b><u>209,706</u></b>	<b><u>18.6</u></b>	<b><u>261,095</u></b>	<b><u>17.6</u></b>	<b><u>209,880</u></b>	<b><u>16.1</u></b>

	<b>Unaudited</b>		<b>Audited</b>	
	<b>FPE 2023</b>		<b>FPE 2024</b>	
	<b>GP</b>	<b>GP margin</b>	<b>GP</b>	<b>GP margin</b>
	<b>RM'000</b>	<b>%</b>	<b>RM'000</b>	<b>%</b>
Provision of total chemical management				
- Alkalis	29,203	7.5	35,701	8.4
- Acids	41,837	32.4	47,965	39.4
- Salts	14,756	15.9	19,052	26.2
- Others chemical products <sup>(1)</sup>	<u>16,667</u>	<u>58.2</u>	<u>13,368</u>	<u>33.7</u>
	102,463	16.0	116,086	17.8
Provision of chemical terminal services	(222)	(4.7)	473	8.5
Manufacturing of inorganic chemicals	-	-	-	-
<b>Total</b>	<b><u>102,241</u></b>	<b><u>15.9</u></b>	<b><u>116,559</u></b>	<b><u>17.7</u></b>

**Notes:**

- (1) Includes organic chemicals such as oleochemical, sulphur and iron powder. The offering of such products is usually to complement the sale of certain inorganic chemicals to our customers.
- (2) N/A – Not applicable as there was no revenue recorded for our manufacturing of inorganic chemicals segment for the FYE 2021 and FYE 2022, as we have yet to commence the manufacturing of inorganic chemicals.

**12. FINANCIAL INFORMATION (Cont'd)****Comparison between FYE 2021 and FYE 2022**

Our cost of sales mainly comprised the cost of materials, representing 95.1% of our total cost of sales for the FYE 2022 (FYE 2021: 93.5%). Our cost of sales increased by RM306.1 million or 33.4% to RM1,223.2 million for the FYE 2022 (FYE 2021: RM917.1 million), which increased in tandem with the increase in revenue, mainly attributable to an increase in the cost of materials by RM306.0 million or 35.7% to RM1,163.1 million for the FYE 2022 (FYE 2021: RM857.1 million) as a result of the surging demand in the market for inorganic chemical products due to COVID-19 pandemic gradually subsiding and the recovery of the economy during the FYE 2022. Our GP increased by RM51.4 million or 24.5% to RM261.1 million for the FYE 2022 (FYE 2021: RM209.7 million) due to the higher revenue from the provision of total chemical management segment. Despite our Group recorded a higher GP for the FYE 2022, our GP margin decreased marginally from 18.6% for the FYE 2021 to 17.6% for the FYE 2022, mainly due to the increase in average material prices and the strengthening of the USD against the RM during the FYE 2022, and we are unable to pass on the increased costs to our customers in a timely manner due to pre-agreed selling prices with our customers.

***Provision of total chemical management***

Our provision of total chemical management segment was the largest contributor to our cost of sales and GP, contributing 99.3% and 99.9% of our total cost of sales and GP, respectively, for the FYE 2022 (FYE 2021: 99.0% and 99.7% of our total cost of sales and GP, respectively). This segment recorded an increase in the cost of sales of RM307.3 million or 33.9% to RM1,215.1 million for the FYE 2022 (FYE 2021: RM907.8 million), which was in tandem with the increase in revenue of total chemical management segment. Hence, our GP for this segment increased by RM51.6 million or 24.7% to RM260.8 million for the FYE 2022 (FYE 2021: RM209.2 million). However, our GP margin for this segment recorded a marginal decrease from 18.7% for the FYE 2021 to 17.7% for the FYE 2022, primarily attributable to the higher cost of materials due to the abovementioned reasons.

Lower GP margins of 26.4% and 8.3%, respectively, recorded for acids and salts for the FYE 2022 (FYE 2021: 30.8% and 13.0%, respectively). The impacts of lower GP margins for acids and salts were partially offset by the improved GP margin for other chemical products, which increased from 38.8% for the FYE 2021 to 51.9% for the FYE 2022, primarily due to higher GP margins recorded for the sale of oleochemical and sulphur during the FYE 2022, in which the offering of these products was usually to complement the sale of certain inorganic chemicals to our customers.

***Provision of chemical terminal services***

Our cost of sales for the provision of chemical terminal services segment decreased by RM1.7 million or 18.9% to RM7.3 million for the FYE 2022 (FYE 2021: RM9.0 million), primarily due to the lower maintenance costs incurred for our storage facility during the FYE 2022, largely due to scheduled repair works undertaken during the FYE 2021. Hence, we recorded an improved GP for this segment for the FYE 2022, which increased by RM0.2 million or 22.2% to RM1.1 million for the FYE 2022 (FYE 2021: RM0.9 million), and our GP margin for this segment improved from 8.8% for the FYE 2021 to 13.5% for the FYE 2022.

***Manufacturing of inorganic chemicals***

Our cost of sales for the manufacturing of inorganic chemicals segment increased by RM0.5 million or 166.7% to RM0.8 million for the FYE 2022 (FYE 2021: RM0.3 million), mainly due to the increase in storage charges for raw materials and warehouse maintenance costs for our Banting Plant 1.



**12. FINANCIAL INFORMATION (Cont'd)****Comparison between FYE 2022 and FYE 2023**

Our cost of sales comprised mainly the cost of materials, representing 94.9% of our total cost of sales for the FYE 2023 (FYE 2022: 95.1%). Our cost of sales decreased by RM127.0 million or 10.4% to RM1,096.2 million for the FYE 2023 (FYE 2022: RM1,223.2 million), mainly due to a decrease in the cost of materials by RM122.6 million or 10.5% to RM1,040.5 million for the FYE 2023 (FYE 2022: RM1,163.1 million), which was in tandem with the decrease in our revenue. Hence, our GP decreased by RM51.2 million or 19.6% to RM209.9 million for the FYE 2023 (FYE 2022: RM261.1 million), and our GP margin decreased from 17.6% for the FYE 2022 to 16.1% for the FYE 2023. The decrease in our GP and GP margin was mainly due to the lower GP margin recorded for the provision of total chemical management segment, which was explained below. The foreign exchange fluctuation was not the primary factor affecting our GP and GP margin in the FYE 2023.

**Provision of total chemical management**

Our provision of total chemical management segment was the largest contributor to our cost of sales and GP, contributing 99.1% and 99.7% of our total cost of sales and GP for the FYE 2023, respectively (FYE 2022: 99.3% and 99.9% of our total cost of sales and GP, respectively). This segment recorded a decrease in cost of sales of RM128.6 million or 10.6% to RM1,086.5 million for the FYE 2023 (FYE 2022: RM1,215.1 million), which was in tandem with the decrease in our revenue. Thus, our GP for this segment decreased by RM51.5 million or 19.7% to RM209.3 million for the FYE 2023 (FYE 2022: RM260.8 million), and we recorded a decrease in our GP margin for this segment from 17.7% for the FYE 2022 to 16.1% for the FYE 2023, mainly due to the net impact of the fluctuations in our various products' GP margin (which resulted in an overall decrease in our GP margin), as explained below.

In terms of products, our GP margin for alkalis decreased to 6.3% for the FYE 2023 (FYE 2022: 14.4%) as our Group was unable to pass on the increased costs to our customers in a timely manner due to pre-agreed selling prices with our customers. The impact of a lower GP margin for alkalis was partially offset by the improved GP margin for salt, which increased from 8.3% for the FYE 2022 to 20.0% for the FYE 2023, primarily attributable to the sale of salt and aluminium sulphate. These two types of salts generally yield better margins due to less intense market competition. Our GP margin for acids increased from 26.4% for the FYE 2022 to 32.9% for the FYE 2023, mainly contributed by the improved GP margins for nitric acid and hydrochloric acid. Our GP margin for other chemical products increased from 51.9% for the FYE 2022 to 60.7% for the FYE 2023, primarily due to higher GP margins recorded for the sale of dicumyl peroxide and oleochemical during the FYE 2023, in which the offering of these products was usually to complement the sale of certain inorganic chemicals to our customers.

**Provision of chemical terminal services**

Our cost of sales for provision of chemical terminal services business segment increased by RM2.4 million or 32.9% to RM9.7 million for the FYE 2023 (FYE 2022: RM7.3 million), mainly attributable to the increase in staff costs and related expenses of RM0.3 million, primarily due to the recruitment of additional employees to cater to the growth of our business operations, as well as the increase in depreciation of property, plant and equipment of RM1.7 million mainly due to the commencement of operations of our Kemaman Bulk Terminal during the FYE 2023. Hence, our GP for this segment decreased by RM0.5 million or 45.5% to RM0.6 million for the FYE 2023 (FYE 2022: GP of RM1.1 million), and our GP margin for this segment decreased from 13.5% for the FYE 2022 to 6.1% for the FYE 2023.

**12. FINANCIAL INFORMATION (Cont'd)*****Manufacturing of inorganic chemicals***

We did not record any revenue for our manufacturing of inorganic chemicals segment for the FYE 2023, as we have yet to commence the manufacturing of inorganic chemicals. However, our Group has undertaken the testing and commissioning for the new manufacturing plant at our Banting Plant 1 during the FYE 2023. The costs incurred during the FYE 2023 were offset by the income from the disposal of chemicals produced from the testing and commissioning process. The net income from the recovery of commission costs was presented as other operating income.

**Comparison between FPE 2023 and FPE 2024**

Our cost of sales comprised mainly the cost of materials, representing 93.5% of our total cost of sales for the FPE 2024 (FPE 2023: 93.7%). Our cost of sales decreased by RM1.3 million or 0.24% to RM542.9 million for the FPE 2024 (FPE 2023: RM541.6 million), mainly due to net effect from the following:

- (i) decrease in warehouse related costs of RM6.1 million primarily due to the absence of storage charges from TMKS in the FPE 2024, as the property investment business of TMKS were excluded from our Group from November 2023 onwards pursuant to the Business Transfer Deed; and
- (ii) increase in transportation of RM4.6 million which was in tandem with the increase in revenue.

Despite recording an increase in revenue, our Group recorded a decrease in the cost of sales, hence, our GP increased by RM14.4 million or 14.1% to RM116.6 million for the FPE 2024 (FPE 2023: RM102.2 million), and our GP margin increased from 15.9% for the FPE 2023 to 17.7% for the FPE 2024. The increase in our GP and GP margin was mainly due to the higher GP margin recorded for both the provision of total chemical management segment and the provision of chemical terminal services segment, which were explained below. The foreign exchange fluctuation was not the primary factor affecting our GP and GP margin for the FPE 2024.

***Provision of total chemical management***

Our provision of total chemical management segment was the largest contributor to our cost of sales and GP, contributing 99.0% and 99.6% of our total cost of sales and GP for the FPE 2024, respectively (FPE 2023: 99.1% and (0.2)% of our total cost of sales and GP, respectively). This segment recorded an increase in the cost of sales of RM1.1 million or 0.2% to RM537.8 million for the FPE 2024 (FPE 2023: RM536.7 million), which was in tandem with the increase in revenue.

Thus, our GP increased by RM13.6 million or 13.3% to RM116.1 million for the FPE 2024 (FPE 2023: RM102.5 million), and our GP margin increased from 16.0% for the FPE 2023 to 17.8% for the FPE 2024, mainly due to the net impact of the fluctuations in our various products' GP margin (which resulted in an overall increase in our GP margin), as explained below.

In terms of products, higher GP margin for acids and salt improved to 39.4% and 26.2%, respectively for the FPE 2024 (FPE 2023: 32.4% and 15.9%, respectively). The impact of higher GP margins for acids and salt were partially offset by lower GP margin for other chemical products, which decreased from 58.2% for the FPE 2023 to 33.7% for the FPE 2024, primarily due to lower GP margins recorded for the sale of other miscellaneous products during FPE 2024, in which the offering of these products was usually to complement the sale of certain inorganic chemicals to our customers.

**12. FINANCIAL INFORMATION (Cont'd)****Provision of chemical terminal services**

Our cost of sales for provision of chemical terminal services business segment increased by RM0.2 million or 4.1% to RM5.1 million for the FPE 2024 (FPE 2023: RM4.9 million), mainly attributable to the increase in staff costs and related expenses, primarily due to the recruitment of additional employees to cater to the growth of our business operations.

Our GP for this segment increased by RM0.7 million or 350.0% to RM0.5 million for FPE 2024 (FPE 2023: gross loss of RM0.2 million), and our GP margin for this segment increased to 8.5% for FPE 2024 (FPE 2023: gross loss margin 4.7%) primarily contributed by the increase in revenue for this segment for the reasons as detailed in Section 12.2.5(i) of this Prospectus, coupled with the increase in certain costs (i.e. staff costs and related expenses as well as depreciation of property, plant and equipment) did not increase in tandem with our revenue growth as these costs are generally fixed-in-nature.

**Manufacturing of inorganic chemicals**

We did not record any revenue for our manufacturing of inorganic chemicals segment for the FPE 2024, despite our Banting Plant 1 commenced its manufacturing of inorganic chemicals in May 2024 as TMK Banting sold its manufactured inorganic chemicals products to TMK. The revenue of RM19.53 million from these sales was eliminated during the preparation of the Consolidated Financial Statements for the FPE 2024. There was no cost of sales recorded for this segment for FPE 2024 due to the reclassification of manufacturing costs of RM14.74 million to the provision of total chemical management segment as a result of TMK Banting selling its manufactured inorganic chemical products to TMK.

**(iii) Other gains and losses**

The breakdown of our other gains and losses for the Periods Under Review is as follows:

	<b>Audited</b>					
	<b>FYE 2021</b>		<b>FYE 2022</b>		<b>FYE 2023</b>	
	<b>RM'000</b>	<b>%</b>	<b>RM'000</b>	<b>%</b>	<b>RM'000</b>	<b>%</b>
Net foreign exchange gain	4,295	100.1	4,690	103.6	3,482	98.6
Gain on disposal of property, plant and equipment	86	2.0	69	1.5	176	5.0
Property, plant and equipment written off	(89)	(2.1)	(229)	(5.1)	(128)	(3.6)
<b>Total</b>	<b>4,292</b>	<b>100.0</b>	<b>4,530</b>	<b>100.0</b>	<b>3,530</b>	<b>100.0</b>

	<b>Unaudited</b>		<b>Audited</b>	
	<b>FPE 2023</b>		<b>FPE 2024</b>	
	<b>RM'000</b>	<b>%</b>	<b>RM'000</b>	<b>%</b>
Net foreign exchange gain	4,262	100.6	3,415	98.8
Gain on disposal of property, plant and equipment	52	1.2	51	1.5
Property, plant and equipment written off	(77)	(1.8)	(11)	(0.3)
<b>Total</b>	<b>4,237</b>	<b>100.0</b>	<b>3,455</b>	<b>100.0</b>

**Comparison between FYE 2021 and FYE 2022**

Our other gains and losses of RM4.5 million for the FYE 2022 were relatively stable compared to our gains and losses of RM4.3 million for the FYE 2021.

**12. FINANCIAL INFORMATION (Cont'd)****Comparison between FYE 2022 and FYE 2023**

Our other gains and losses decreased by RM1.0 million or 22.2% to RM3.5 million for the FYE 2023 (FYE 2022: RM4.5 million), mainly due to lower foreign exchange gain of RM1.2 million resulting from the USD strengthening against RM for the purchases of inorganic chemicals during the FYE 2023.

**Comparison between FPE 2023 and FPE 2024**

Our other gains and losses decreased by RM0.7 million or 16.7% to RM3.5 million for the FPE 2024 (FPE 2023: RM4.2 million), mainly due to lower foreign exchange gain of RM0.8 million resulting from the USD strengthening against RM for the purchases of inorganic chemicals during the FPE 2024.

**(iv) Investment revenue**

The breakdown of our investment revenue for the Periods Under Review is as follows:

	<b>Audited</b>					
	<b>FYE 2021</b>		<b>FYE 2022</b>		<b>FYE 2023</b>	
	<b>RM'000</b>	<b>%</b>	<b>RM'000</b>	<b>%</b>	<b>RM'000</b>	<b>%</b>
Interest income for financial assets not designated as at fair value through profit or loss ("FVTPL"):						
- Short-term deposits and bank accounts	513	72.2	932	100.0	1,772	99.9
Gain on disposal of other investments	162	22.8	-	-	15	0.8
Investment revenue for financial assets designated as at FVTPL:						
- Money market funds	24	3.4	-	-	1	0.1
- Others	12	1.6	-	-	-	-
Loss on disposal of an associate	-	-	-	-	(14)	(0.8)
<b>Total</b>	<b>711</b>	<b>100.0</b>	<b>932</b>	<b>100.0</b>	<b>1,774</b>	<b>100.0</b>

	<b>Unaudited</b>		<b>Audited</b>	
	<b>FPE 2023</b>		<b>FPE 2024</b>	
	<b>RM'000</b>	<b>%</b>	<b>RM'000</b>	<b>%</b>
Interest income for financial assets not designated as at fair value through profit or loss ("FVTPL"):				
- Short-term deposits and bank accounts	835	98.1	1,462	99.5
Gain on disposal of other investments	15	1.8	-	-
Investment revenue for financial assets designated as at FVTPL:				
- Money market funds	1	0.1	8	0.5
- Others	-	-	-	-
Loss on disposal of an associate	-	-	-	-
<b>Total</b>	<b>851</b>	<b>100.0</b>	<b>1,470</b>	<b>100.0</b>

**12. FINANCIAL INFORMATION (Cont'd)****Comparison between FYE 2021 and FYE 2022**

Our investment revenue increased by RM0.2 million or 28.6% to RM0.9 million for the FYE 2022 (FYE 2021: RM0.7 million), mainly due to the higher interest income from the short-term deposits and bank accounts as a result of more placements in short-term deposits and the increase in bank balances as well as higher interest rates.

**Comparison between FYE 2022 and FYE 2023**

Our investment revenue increased by RM0.9 million or 100.0% to RM1.8 million for the FYE 2023 (FYE 2022: RM0.9 million), mainly due to the higher interest income on the short-term deposits and bank accounts as a result of increase in bank balances and higher interest rates.

**Comparison between FPE 2023 and FPE 2024**

Our investment revenue increased by RM0.6 million or 66.7% to RM1.5 million for the FPE 2024 (FPE 2023: RM0.9 million), mainly due to higher interest income on the short-term deposits as a result of additional short-term deposits placed during FPE 2024.

**(v) Other operating income**

The breakdown of our other operating income for the Periods Under Review is as follows:

	<b>Audited</b>					
	<b>FYE 2021</b>		<b>FYE 2022</b>		<b>FYE 2023</b>	
	<b>RM'000</b>	<b>%</b>	<b>RM'000</b>	<b>%</b>	<b>RM'000</b>	<b>%</b>
Commissions <sup>(1)</sup>	333	11.7	122	5.7	17	0.4
Transportation and handling <sup>(2)</sup>	1,308	46.2	749	35.2	991	24.2
Reversal of impairment loss on receivables	370	13.1	57	2.7	72	1.8
Rental income <sup>(3)</sup>	309	10.9	390	18.3	617	15.0
Income from disposal of scrap	280	9.9	151	7.1	122	3.0
Government subsidies <sup>(4)</sup>	59	2.1	272	12.8	109	2.6
Recovery of commissioning costs <sup>(5)</sup>	-	-	-	-	2,099	51.2
Distribution received <sup>(6)</sup>	-	-	126	5.9	-	-
Others <sup>(7)</sup>	174	6.1	260	12.3	73	1.8
<b>Total</b>	<b>2,833</b>	<b>100.0</b>	<b>2,127</b>	<b>100.0</b>	<b>4,100</b>	<b>100.0</b>

	<b>Unaudited</b>		<b>Audited</b>	
	<b>FPE 2023</b>		<b>FPE 2024</b>	
	<b>RM'000</b>	<b>%</b>	<b>RM'000</b>	<b>%</b>
Commissions <sup>(1)</sup>	17	1.7	5	0.1
Transportation and handling <sup>(2)</sup>	531	52.5	221	2.2
Reversal of impairment loss on receivables	60	5.9	-	-
Rental income <sup>(3)</sup>	162	16.0	278	2.8
Income from disposal of scrap	53	5.2	114	1.1
Government subsidies <sup>(4)</sup>	3	0.3	3	*
Recovery of commissioning costs <sup>(5)</sup>	-	-	9,230	91.7
Distribution received <sup>(6)</sup>	-	-	-	-
Others <sup>(7)</sup>	187	18.4	214	2.1
<b>Total</b>	<b>1,013</b>	<b>100.0</b>	<b>10,065</b>	<b>100.0</b>

**12. FINANCIAL INFORMATION (Cont'd)****Notes:**

- \* *Represent less than 0.05% of our total other operating income.*
- (1) *Mainly comprises sales commissions from our suppliers for alkalis products.*
- (2) *Mainly comprises income from port handling services and overtime charges from our customers. We charge our customers for handling their goods at the port if required.*
- (3) *Mainly comprises rental income received from tank storage.*
- (4) *Mainly comprises hiring incentives received by us from Pertubuhan Keselamatan Social (PERKESO) for employing eligible employees who meet certain requirements and grants received by our Singapore subsidiaries from the Government of Singapore for, among others, automating existing processes through IT solutions and equipment.*
- (5) *Comprises net income from the disposal of chemicals produced from the testing and commissioning of our new manufacturing plant at Banting Plant 1, net off production costs incurred during the testing and commissioning process.*
- (6) *Being final capital distribution received from a former subsidiary, namely Taiko Fertiliser Marketing Sdn Bhd due to its voluntary liquidation.*
- (7) *Primarily comprises income from insurance compensation, mainly due to fire insurance claims and grants received from the Singapore government during the COVID-19 pandemic.*

**Comparison between FYE 2021 and FYE 2022**

Our other operating income decreased by RM0.7 million or 25.0% to RM2.1 million for the FYE 2022 (FYE 2021: RM2.8 million). This was mainly due to the decrease in income from transportation and handling of RM0.6 million primarily resulting from reduced port handling services provided to our customers during the FYE 2022.

**Comparison between FYE 2022 and FYE 2023**

Our other operating income increased by RM2.0 million or 95.2% to RM4.1 million for the FYE 2023 (FYE 2022: RM2.1 million), mainly due to recovery of commissioning costs from our Banting Plant 1 of RM2.1 million.

**Comparison between FPE 2023 and FPE 2024**

Our other operating income increased by RM9.1 million or 910.0% to RM10.1 million for the FPE 2024 (FPE 2023: RM1.0 million), mainly due to recovery of commissioning costs from our Banting Plant 1 of RM9.2 million.

**12. FINANCIAL INFORMATION (Cont'd)****(vi) Selling and distribution expenses**

The breakdown of our selling and distribution expenses for the Periods Under Review is as follows:

	<b>Audited</b>					
	<b>FYE 2021</b>		<b>FYE 2022</b>		<b>FYE 2023</b>	
	<b>RM'000</b>	<b>%</b>	<b>RM'000</b>	<b>%</b>	<b>RM'000</b>	<b>%</b>
Transportation expenses	25,481	75.4	31,076	75.2	35,610	78.1
Staff costs and related expenses <sup>(1)</sup>	4,516	13.4	5,422	13.1	6,788	14.9
Commissions <sup>(2)</sup>	2,630	7.8	3,229	7.8	1,232	2.7
Depreciation on property, plant and equipment <sup>(3)</sup>	451	1.3	482	1.2	406	0.9
Travelling expenses	230	0.7	574	1.4	810	1.8
Others <sup>(4)</sup>	475	1.4	560	1.3	744	1.6
<b>Total</b>	<b>33,783</b>	<b>100.0</b>	<b>41,343</b>	<b>100.0</b>	<b>45,591</b>	<b>100.0</b>

	<b>Unaudited</b>		<b>Audited</b>	
	<b>FPE 2023</b>		<b>FPE 2024</b>	
	<b>RM'000</b>	<b>%</b>	<b>RM'000</b>	<b>%</b>
Transportation expenses	14,753	69.5	18,968	82.5
Staff costs and related expenses <sup>(1)</sup>	4,543	21.4	2,773	12.1
Commissions <sup>(2)</sup>	938	4.4	354	1.5
Depreciation on property, plant and equipment <sup>(3)</sup>	214	1.0	176	0.8
Travelling expenses	416	2.0	363	1.6
Others <sup>(4)</sup>	359	1.7	343	1.5
<b>Total</b>	<b>21,223</b>	<b>100.0</b>	<b>22,977</b>	<b>100.0</b>

**Notes:**

- (1) *Mainly comprises salaries, bonuses, employees' provident fund contributions, allowances, benefits, incentives, and other staff-related expenses.*
- (2) *Comprises commissions paid to third party sales agents who source the inorganic chemical products for their end customers. We recorded a decrease in commissions paid for FYE 2023 mainly due to lower sales volume contributed by the third party sales agents.*
- (3) *Comprises mainly depreciation expenses incurred for motor vehicles (i.e. lorries and tankers) for delivery of goods to our customers.*
- (4) *Mainly comprises upkeep and maintenance of motor vehicles and insurance expenses for shipment and motor vehicles.*

**Comparison between FYE 2021 and FYE 2022**

Our selling and distribution expenses increased by RM7.5 million or 22.2% to RM41.3 million for the FYE 2022 (FYE 2021: RM33.8 million), mainly as a result of the increase in transportation expenses of RM5.6 million primarily due to higher handling and freight charges which was in tandem with the increase in export sales.

**Comparison between FYE 2022 and FYE 2023**

Our selling and distribution expenses increased by RM4.3 million or 10.4% to RM45.6 million for the FYE 2023 (FYE 2022: RM41.3 million), primarily attributable to the increase in transportation expenses of RM4.5 million as a result of the higher handling and freight charges which was in tandem with the increase in export sales.

**12. FINANCIAL INFORMATION (Cont'd)****Comparison between FPE 2023 and FPE 2024**

Our selling and distribution expenses increased by RM1.8 million or 8.5% to RM23.0 million for the FPE 2024 (FPE 2023: RM21.2 million), primarily attributable to the increase in transportation expenses as a result of the higher handling and freight charges which was in tandem with the increase in export sales.

**(vii) General and administrative expenses**

The breakdown of our general and administrative expenses for the Periods Under Review is as follows:

	<b>Audited</b>					
	<b>FYE 2021</b>		<b>FYE 2022</b>		<b>FYE 2023</b>	
	<b>RM'000</b>	<b>%</b>	<b>RM'000</b>	<b>%</b>	<b>RM'000</b>	<b>%</b>
Staff costs and related expenses	14,889	52.9	20,472	55.0	22,576	48.9
Directors' remuneration	4,218	15.0	6,067	16.3	6,602	14.3
Depreciation on property, plant and equipment	1,489	5.3	1,757	4.7	3,474	7.5
Bank charges	965	3.4	1,246	3.3	1,219	2.6
Management fees <sup>(1)</sup>	1,214	4.4	1,212	3.3	1,078	2.3
Legal and professional fees	640	2.3	924	2.5	4,292	9.3
Depreciation on right-of-use assets <sup>(2)</sup>	679	2.4	778	2.1	914	2.0
Rental expenses <sup>(2)</sup>	544	1.9	684	1.8	678	1.5
Upkeep and maintenance expenses	544	1.9	616	1.7	1,263	2.8
Quit rent and assessment	544	1.9	611	1.6	611	1.3
Insurance expenses	644	2.3	406	1.1	506	1.1
Others <sup>(4)</sup>	1,758	6.3	2,441	6.6	2,976	6.4
<b>Total</b>	<b>28,128</b>	<b>100.0</b>	<b>37,214</b>	<b>100.0</b>	<b>46,189</b>	<b>100.0</b>

	<b>Unaudited</b>		<b>Audited</b>	
	<b>FPE 2023</b>		<b>FPE 2024</b>	
	<b>RM'000</b>	<b>%</b>	<b>RM'000</b>	<b>%</b>
Staff costs and related expenses	13,645	51.3	9,651	34.4
Directors' remuneration	3,101	11.7	2,284	8.2
Depreciation on property, plant and equipment	994	3.7	3,452	12.3
Bank charges	577	2.2	613	2.2
Management fees <sup>(1)</sup>	628	2.4	-	-
Legal and professional fees	355	1.3	4,704	16.8
Depreciation on right-of-use assets <sup>(2)</sup>	378	1.4	352	1.3
Rental expenses <sup>(2)</sup>	453	1.7	316	1.1
Upkeep and maintenance expenses	423	1.6	459	1.6
Quit rent and assessment	264	1.0	402	1.4
Insurance expenses	284	1.1	224	0.8
Stamp duties	-	-	1,459	5.2
Manufacturing set up costs <sup>(3)</sup>	4,089	15.4	2,563	9.1
Others <sup>(4)</sup>	1,413	5.3	1,543	5.5
<b>Total</b>	<b>26,604</b>	<b>100.0</b>	<b>28,022</b>	<b>100.0</b>



**12. FINANCIAL INFORMATION (Cont'd)****Notes:**

- (1) *Comprises management fees paid/payable to Taiko Consultants Sdn. Bhd., our associated company. The management fees were charged based on the management functions provided by Taiko Consultants Sdn. Bhd. to our Group, which cover the sharing of costs incurred in respect of head office expenses, human resources, accounting, legal, corporate finance, information technology, transfer pricing and other general tax-related matters. These management functions provided by Taiko Consultants Sdn. Bhd. ceased in September 2023 following the completion of the disposal of this associated company on 5 October 2023.*
- (2) *Mainly comprises the depreciation charges for leasehold lands together with office buildings under MFRS 16 Leases. Rental expenses for certain offices, staff accommodations, equipment and photostat machines have remained classified as rental expenses because these are short-term lease arrangements (defined as a lease with a lease term of 12 months or less) or low-value assets.*
- (3) *Mainly comprises staff costs and related expenses, purchase of raw materials, upkeep and maintenance as well as utilities incurred before the commencement of our Banting Plant 1. There were no manufacturing set up costs for the FYE 2021 and FYE 2022 as the testing and commissioning for the new manufacturing plant at our Banting Plant 1 has yet to be commenced. Notwithstanding the testing and commissioning for the new manufacturing plant commenced in the FYE 2023, there were no manufacturing set up costs recorded for the FYE 2023 as the costs incurred were offset by the income from the disposal of chemicals produced from the testing and commissioning process. The net income from the recovery of commission costs was presented as other operating income.*
- (4) *Mainly comprises utility charges, gifts and donations, printing and stationery, subscription fees and the refund for the overpayment of subsidy received from the Government of Singapore in the previous financial year.*

**Comparison between FYE 2021 and FYE 2022**

Our general and administrative expenses increased by RM9.1 million or 32.4% to RM37.2 million for the FYE 2022 (FYE 2021: RM28.1 million), primarily due to the following:

- (i) increase in staff costs and related expenses of RM5.6 million, mainly due to increased headcount to 159 staff included under general and administrative expenses as at 31 December 2022 (as at 31 December 2021: 99 staff) as well as higher bonuses and staff allowances incurred in the FYE 2022; and
- (ii) increase in directors' remuneration of RM1.8 million, primarily due to annual salary increments and higher bonuses as rewards for our Group's business growth.

**Comparison between FYE 2022 and FYE 2023**

Our general and administrative expenses increased by RM9.0 million or 24.2% to RM46.2 million for the FYE 2023 (FYE 2022: RM37.2 million), mainly due to the following:

- (i) increase in legal and professional fee of RM3.4 million primarily attributable to the Listing expenses of RM2.6 million;
- (ii) increase in staff costs and related expenses of RM2.1 million. This was mainly attributable to the increased headcount to 222 staff included under general and administrative expenses as at 31 December 2023 (as at 31 December 2022: 159 staff); and
- (iii) increase in depreciation on property, plant and equipment of RM1.7 million mainly due to depreciation charges for the building and equipment of our Banting Plant 1.

**12. FINANCIAL INFORMATION (Cont'd)****Comparison between FPE 2023 and FPE 2024**

Our general and administrative expenses increased by RM1.4 million or 5.3% to RM28.0 million for the FPE 2024 (FPE 2023: RM26.6 million), mainly due to the increase in the following:

- (i) legal and professional fees of RM4.3 million primarily due to the Listing expenses of RM3.5 million; and
- (ii) depreciation on property, plant and equipment of RM2.5 million mainly due to depreciation charges for the building and equipment of our Banting Plant 1.

The abovementioned increases were partially offset by the decrease in the following:

- (i) Staff costs and related expenses of RM4.0 million mainly due to lesser accrual of bonuses for FPE 2024; and
- (ii) Manufacturing set up costs of RM1.5 million mainly due to our Banting Plant 1 commenced the manufacturing of inorganic chemicals in May 2024.

**(viii) Finance costs**

The breakdown of our finance costs for the Periods Under Review is as follows:

	<b>Audited</b>					
	<b>FYE 2021</b>		<b>FYE 2022</b>		<b>FYE 2023</b>	
	<b>RM'000</b>	<b>%</b>	<b>RM'000</b>	<b>%</b>	<b>RM'000</b>	<b>%</b>
Interest expenses on:						
Lease liabilities	1,065	68.0	1,160	44.8	1,095	16.2
Bankers' acceptances	447	28.5	1,054	40.7	2,782	41.1
Trust receipts	55	3.5	267	10.3	218	3.2
Term loans	-	-	106	4.2	2,666	39.5
<b>Total</b>	<b>1,567</b>	<b>100.0</b>	<b>2,587</b>	<b>100.0</b>	<b>6,761</b>	<b>100.0</b>

	<b>Unaudited</b>		<b>Audited</b>	
	<b>FPE 2023</b>		<b>FPE 2024</b>	
	<b>RM'000</b>	<b>%</b>	<b>RM'000</b>	<b>%</b>
Interest expenses on:				
Lease liabilities	543	23.4	502	6.6
Bankers' acceptances	1,178	50.8	1,645	21.4
Trust receipts	150	6.5	-	-
Term loans	447	19.3	5,529	72.0
<b>Total</b>	<b>2,318</b>	<b>100.0</b>	<b>7,676</b>	<b>100.0</b>

**Comparison between FYE 2021 and FYE 2022**

Our finance costs increased by RM1.0 million or 62.5% to RM2.6 million for the FYE 2022 (FYE 2021: RM1.6 million). This was mainly due to higher bankers' acceptances interests of RM0.6 million and trust receipts of RM0.2 million, resulting from higher utilisation of bankers' acceptances and trust receipts facilities for the purchase of inorganic chemical products.

**12. FINANCIAL INFORMATION (Cont'd)****Comparison between FYE 2022 and FYE 2023**

Our finance costs increased by RM4.2 million or 161.5% to RM6.8 million for the FYE 2023 (FYE 2022: RM2.6 million). This was mainly due to:

- (i) increase in bankers' acceptance interests of RM1.7 million, primarily resulting from higher utilisation of bankers' acceptance facilities for the purchase of inorganic chemical products; and
- (ii) increase in term loan interests of RM2.6 million, as our Group ceased capitalising the term loan interests incurred for the construction of our Banting Plant 1 following the completion of the construction work in mid FYE 2023.

**Comparison between FPE 2023 and FPE 2024**

Our finance costs increased by RM5.4 million or 234.8% to RM7.7 million for the FPE 2024 (FPE 2023: RM2.3 million). This was mainly due to increase in term loan interests of RM5.1 million as our Group drawdown additional term loans to part finance the purchase consideration for the Acquisition.

**(ix) Share of results of associates**

The breakdown of our share of results of associates for the Periods Under Review is as follows:

	<b>Audited</b>					
	<b>FYE 2021</b>		<b>FYE 2022</b>		<b>FYE 2023</b>	
	<b>RM'000</b>	<b>%</b>	<b>RM'000</b>	<b>%</b>	<b>RM'000</b>	<b>%</b>
Share of results of associates	1,752	100.0	3,385	100.0	1,603	100.0
	<b>Unaudited</b>		<b>Audited</b>			
	<b>FPE 2023</b>		<b>FPE 2024</b>			
	<b>RM'000</b>	<b>%</b>	<b>RM'000</b>	<b>%</b>		
Share of results of associates	1,224	100.0	942	100.0		

**Comparison between FYE 2021 and FYE 2022**

Our share of results of associates further increased by RM1.6 million or 88.9% to RM3.4 million for the FYE 2022 (FYE 2021: RM1.8 million). This was mainly contributed by Wakomas Chemical, which recorded an improved total comprehensive income of RM13.0 million for the FYE 2022 (FYE 2021: RM6.4 million).

**Comparison between FYE 2022 and FYE 2023**

Our share of results of associates decreased by RM1.8 million or 52.9% to RM1.6 million for the FYE 2023 (FYE 2022: RM3.4 million). This was mainly contributed by Wakomas Chemical, which recorded a decrease in total comprehensive income to RM5.3 million for the FYE 2023 (FYE 2022: RM13.0 million).

**Comparison between FPE 2023 and FPE 2024**

Our share of results of associates decreased by RM0.3 million or 25.0% to RM0.9 million for the FPE 2024 (FPE 2023: RM1.2 million). This was mainly contributed by Wakomas Chemical, which recorded a decrease in total comprehensive income to RM3.3 million for the FPE 2024 (FPE 2023: RM4.3 million).

**12. FINANCIAL INFORMATION (Cont'd)****(x) Tax expenses, PBT, PBT margin, PAT and PAT margin**

The following table sets out our Group's tax expenses for the Periods Under Review:

	Audited			Unaudited	Audited
	FYE 2021	FYE 2022	FYE 2023	FPE 2023	FPE 2024
Tax expenses (RM'000)	32,731	40,588	30,748	13,960	14,021
Effective tax rate (%) <sup>(1)</sup>	21.0	21.3	25.1	23.5	19.0
Malaysia statutory tax rate (%)	24.0	24.0	24.0	24.0	24.0
Singapore statutory tax rate (%)	17.0	17.0	17.0	17.0	17.0
Vietnam statutory tax rate (%)	20.0	20.0	20.0	20.0	20.0

**Note:**

(1) Computed based on tax expenses divided by PBT.

Tax expenses comprise the current financial year's income tax payable, deferred tax, share of associates' tax expenses and any under or overprovision of tax expenses in the previous financial years. Malaysian income tax is calculated at the statutory tax rate of 24.0% for the FYE 2021, 2022 and 2023. The taxation for other jurisdictions is calculated at the rate prevailing in the relevant jurisdictions.

The following table sets out our Group's PBT, PBT margin, PAT and PAT margin for the Periods Under Review:

	Audited			Unaudited	Audited
	FYE 2021	FYE 2022	FYE 2023	FPE 2023	FPE 2024
PBT (RM'000)	155,816	190,925	122,346	59,421	73,816
PBT margin (%)	13.8	12.9	9.4	9.2	11.2
PAT (RM'000)	123,085	150,337	91,598	45,461	59,795
PAT margin (%)	10.9	10.1	7.0	7.1	9.1

**Comparison between FYE 2021 and FYE 2022**

We recorded an increase in PBT by RM35.1 million or 22.5% to RM190.9 million for the FYE 2022 (FYE 2021: RM155.8 million), in tandem with the improvement in our GP. Our PBT margin decreased from 13.8% for FYE 2021 to 12.9% for FYE 2022, mainly due to lower GP margin recorded for the FYE 2022, as detailed in Section 12.2.5(ii) of this Prospectus, and higher selling and distribution expenses as well as general and administrative expenses, as detailed in Sections 12.2.5(vi) and 12.2.5(vii) of this Prospectus.

Correspondingly, our PAT increased by RM27.2 million or 22.1% to RM150.3 million for the FYE 2022 (FYE 2021: RM123.1 million), and our PAT margin decreased from 10.9% for FYE 2021 to 10.1% for FYE 2022.

Our tax expenses increased by RM7.9 million or 24.2% to RM40.6 million for the FYE 2022 (FYE 2021: RM32.7 million), mainly due to higher PBT recorded for the FYE 2022.

We recorded a higher effective tax rate of 21.3% for the FYE 2022 (FYE 2021: 21.0%), mainly due to the impact arising from lower tax rates in other countries compared to Malaysia's statutory tax rate of 24.0% of RM7.6 million.

**12. FINANCIAL INFORMATION (Cont'd)****Comparison between FYE 2022 and FYE 2023**

We recorded a decrease in PBT by RM68.6 million or 35.9% to RM122.3 million for the FYE 2023 (FYE 2022: RM190.9 million), and our PBT margin also decreased from 12.9% for FYE 2022 to 9.4% for the FYE 2023. The decrease in PBT and PBT margin was mainly due to the lower GP and GP margin recorded for the FYE 2023, as detailed in Section 12.2.5(ii) of this Prospectus.

Correspondingly, our PAT decreased by RM58.7 million or 39.1% to RM91.6 million for the FYE 2023 (FYE 2022: RM150.3 million), and our PAT margin decreased from 10.1% for the FYE 2022 to 7.0% for the FYE 2023.

Our tax expenses decreased by RM9.9 million or 24.4% to RM30.7 million for the FYE 2023 (FYE 2022: RM40.6 million), mainly due to lower PBT recorded for the FYE 2023.

We recorded a higher effective tax rate of 25.1% for the FYE 2023 (FYE 2022: 21.3%), mainly due to the net effects of the following:

- (i) impact arising from lower tax rates in other countries compared to Malaysia's statutory tax rate of 24.0% of RM5.8 million;
- (ii) deferred tax asset not recognised in financial statements of RM6.6 million derived mainly from unutilised tax losses and unabsorbed capital allowances due to uncertainty of their realisation; and
- (iii) underprovision of income tax for the prior year of RM1.3 million.

**Comparison between FPE 2023 and FPE 2024**

We recorded an increase in PBT by RM14.4 million or 24.2% to RM73.8 million for FPE 2024 (FPE 2023: RM59.4 million), and our PBT margin also increased from 9.2% for FPE 2023 to 11.2% for FPE 2024. The increase in PBT and PBT margin was mainly due to the higher GP and GP margin recorded for the FPE 2024, as detailed in Section 12.2.5(ii) of this Prospectus.

Correspondingly, our PAT increased by RM14.3 million or 31.4% to RM59.8 million for FPE 2024 (FPE 2023: RM45.5 million), and our PAT margin increased from 7.1% for FPE 2023 to 9.1% for FPE 2024.

Our tax expenses were remain fairly consistent for FPE 2024 as compared to FPE 2023 and we recorded lower effective tax rate of 19.0% for FPE 2024, mainly due to overprovision of deferred tax for the prior year of RM2.2 million.

**12. FINANCIAL INFORMATION (Cont'd)****12.2.6 Liquidity and Capital Resources****(i) Working Capital**

We finance our operations with cash generated from operations, credit extended by trade payables and/or financial institutions, as well as cash and bank balances.

Based on our audited consolidated statements of financial position as at 30 June 2024, we have:

- (i) cash and bank balances and deposits with licensed banks of RM104.1 million;
- (ii) working capital of RM161.2 million, being the difference between current assets of RM547.5 million and current liabilities of RM386.3 million; and
- (iii) credit facilities, consisting of term loans, bankers' acceptances, trust receipts and other credit facilities with a total credit limit of RM772.5 million, of which RM246.7 million has yet to be utilised as at the LPD.

After taking into consideration the funding requirements for our committed capital expenditure, our future plans as set out in Section 7.13 of this Prospectus, our existing level of cash and bank balances and deposits with licensed banks, credit facilities available, expected cash flows to be generated from our operations and the estimated net proceeds from our Public Issue, our Board is of the view that we have sufficient working capital for 12 months from the date of this Prospectus.

**(ii) Cash Flows**

The following is a summary of our Group's historical audited consolidated statements of cash flows for the Periods Under Review:

	<b>Audited</b>			
	<b>FYE 2021</b>	<b>FYE 2022</b>	<b>FYE 2023</b>	<b>FPE 2024</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Net cash from operating activities	113,876	146,095	40,308	47,352
Net cash used in investing activities	(5,690)	(78,374)	(44,356)	(271,003)
Net cash (used in)/from financing activities	(88,903)	(42,436)	6,937	190,091
Net increase/(decrease) in cash and cash equivalents	19,283	25,285	2,889	(33,560)
Cash and cash equivalents at the beginning of the financial year/period	79,299	100,443	128,831	136,523
Effect of exchange rate changes on the balance of cash held in foreign currencies	1,861	3,103	4,803	1,126
<b>Cash and cash equivalents at the end of the financial year/period</b>	<b>100,443</b>	<b>128,831</b>	<b>136,523</b>	<b>104,089</b>

**12. FINANCIAL INFORMATION (Cont'd)**

There are no legal, financial or economic restrictions on our subsidiaries' ability to transfer funds to our Company in the form of cash dividends, loans or advances, subject to the availability of distributable reserves, loans or advances in compliance with any applicable financial covenants.

**Net cash from operating activities****FYE 2021**

For the FYE 2021, we recorded net cash from operating activities of RM113.9 million after taking into consideration our operating profit before changes in working capital of RM171.2 million, mainly from the following:

- (i) increase in inventories of RM39.1 million, primarily due to an increase in our trading inventories to safeguard against any global supply chain disruption resulting from the COVID-19 pandemic as well as the increase in inorganic chemical prices;
- (ii) increase in trade receivables and other receivables of RM52.0 million, mainly due to higher trade receivables as a result of higher sales made towards the end of FYE 2021;
- (iii) increase in trade and other payables of RM58.4 million, mainly due to the higher trade payables as a result of higher purchases of inorganic chemicals towards the end of FYE 2021; and
- (iv) income tax paid of RM27.4 million.

**FYE 2022**

For the FYE 2022, we recorded net cash from operating activities of RM146.1 million after taking into consideration our operating profit before changes in working capital of RM208.2 million, mainly from the following:

- (i) increase in inventories of RM64.1 million, primarily due to the increase in trading inventories of RM36.0 million and goods-in-transit of RM25.8 million, mainly due to inventories received towards the end of the FYE 2022;
- (ii) increase in trade and other receivables of RM23.5 million, mainly due to higher trade receivables as a result of higher sales made towards the end of the FYE 2022;
- (iii) increase in trade and other payables of RM61.0 million mainly due to the increase in trade payables due to higher purchases of inorganic chemicals, in tandem with the growth of revenue during the FYE 2022; and
- (iv) income tax paid of RM31.5 million.

**FYE 2023**

For the FYE 2023, we recorded net cash from operating activities of RM40.3 million after taking into consideration our operating profit before changes in working capital of RM151.8 million, mainly from the following:

- (i) increase in trade and other receivables of RM42.2 million, primarily due to cash consideration paid to TMKS pursuant to the Business Transfer Deed;

**12. FINANCIAL INFORMATION (Cont'd)**

- (ii) decrease in trade and other payables of RM47.4 million, mainly due to the lower trade payables which decreased in tandem with the decrease in our purchases for the FYE 2023 as well as lower other payables (i.e. trade accruals) mainly due to lower trade accruals resulting from lower goods-in-transit at the end of FYE 2023; and
- (iii) income tax paid of RM38.2 million.

**FPE 2024**

For the FPE 2024, we recorded net cash from operating activities of RM47.4 million after taking into consideration our operating profit before changes in working capital of RM93.1 million, mainly from the following:

- (i) increase in trade and other receivables of RM34.7 million, primarily due to the higher trade receivables as a result of higher sales made towards the end of FPE 2024;
- (ii) decrease in inventories of RM16.1 million, mainly due to our Group maintaining a lower inventory level for trading goods purchased from external suppliers following the commencement of the manufacturing operation of our Banting Plant 1 as TMK Banting sold its manufactured inorganic chemicals products to TMK;
- (iii) decrease in trade and other payables of RM18.5 million, primarily due to lower other payables (i.e. trade accruals) mainly due to lower trade accruals resulting from lower goods-in-transit at the end of FPE 2024; and
- (iv) income tax paid of RM13.7 million.

**Net cash used in investing activities****FYE 2021**

For the FYE 2021, we recorded a net cash outflow for our investing activities of RM5.7 million. We recorded cash payments for the purchase of property, plant and equipment of RM37.0 million, mainly comprising the construction costs for the following:

- (i) Tanjung Langsat Facility, amounting to RM16.0 million;
- (ii) Seberang Perai Facility, amounting to RM6.7 million;
- (iii) Banting Plant 1, amounting to RM4.8 million; and
- (iv) Kemaman Bulk Terminal, amounting to RM2.3 million.

The abovementioned cash outflows were partially offset by the net proceeds of RM30.5 million from the disposal of other investments, primarily from the disposal of our investment in quoted shares in Malaysia during the FYE 2021.



**12. FINANCIAL INFORMATION (Cont'd)****FYE 2022**

For the FYE 2022, we recorded a net cash outflow of RM78.4 million from our investing activities, mainly due to the following:

- (i) purchases of property, plant and equipment of RM52.7 million, mainly due to partial payment of purchase consideration of the New Port Klang Facility of RM9.0 million and construction costs of RM36.8 million which were mainly from the construction of the following:
  - (a) Kemaman Bulk Terminal, amounting to RM17.0 million;
  - (b) Tanjung Langsat Facility, amounting to RM9.4 million; and
  - (c) Banting Plant 1, amounting to RM4.2 million.
- (ii) additions to right-of-use assets of RM24.5 million in relation to New Port Klang Facility.

**FYE 2023**

For the FYE 2023, we recorded a net cash outflow of RM44.4 million from our investing activities, mainly due to cash payments for the purchase of property, plant and equipment of RM42.3 million, primarily due to construction costs of RM39.0 million mainly from the construction of the following:

- (i) Banting Plant 1, amounting to RM20.5 million; and
- (ii) New Port Klang Facility, amounting to RM5.5 million.

**FPE 2024**

For the FPE 2024, we recorded a net cash outflow of RM271.0 million from our investing activities, mainly due to net cash payments for the Acquisition.

**Net cash (used in)/from financing activities****FYE 2021**

For the FYE 2021, we recorded a net cash outflow of RM88.9 million from our financing activities, mainly due to the following:

- (i) dividends paid to shareholders of RM59.8 million;
- (ii) repayment of term loans of RM17.7 million;
- (iii) repayment of lease liabilities of RM8.5 million; and
- (iv) net repayment of bankers' acceptances of RM13.4 million.

The abovementioned cash outflows in financing activities were partially offset by the cash inflows from the net proceeds from trust receipts of RM8.7 million for the purchase of inorganic chemicals and term loan drawdowns of RM4.9 million for the construction of our Banting Plant 1.

**12. FINANCIAL INFORMATION (Cont'd)**

---

**FYE 2022**

For the FYE 2022, we recorded a net cash outflow of RM42.4 million from our financing activities, mainly due to:

- (i) dividends paid to shareholders of RM70.7 million;
- (ii) repayment of term loans of RM10.1 million; and
- (iii) repayment of lease liabilities of RM8.4 million.

The abovementioned cash outflows in financing activities were offset partially by the cash inflow from the following:

- (i) net proceeds from bankers' acceptances of RM27.1 million; and
- (ii) term loan drawdowns of RM25.8 million to part finance the purchase consideration of New Port Klang Facility of RM22.4 million as well as construction costs for our Banting Plant 1 of RM3.4 million.

**FYE 2023**

For the FYE 2023, we recorded a net cash inflow of RM6.9 million from our financing activities, mainly due to net proceeds from bankers' acceptances of RM59.8 million.

The cash inflow was partially offset by the cash outflow from the following:

- (i) payment of partial consideration to TMKS pursuant to the Business Transfer Deed of RM17.1 million;
- (ii) repayment of trust receipts of RM10.7 million for the purchase of inorganic chemicals;
- (iii) repayment of lease liabilities of RM9.7 million;
- (iv) finance costs paid of RM9.2 million; and
- (v) repayment of term loans of RM6.6 million.

**FPE 2024**

For the FPE 2024, we recorded a net cash inflow of RM190.1 million from our financing activities, mainly due to term loan drawdown of RM250.0 million for part finance the purchase consideration for the Acquisition.

**12. FINANCIAL INFORMATION (Cont'd)****(iii) Borrowings**

As at 30 June 2024, our Group's total borrowings, all of which were interest-bearing, amounted to RM480.3 million, as follows:

	<b>Audited as at 30 June 2024</b>	<b>Interest rate</b>
	<b>RM'000</b>	<b>% per annum</b>
<b>Non-current</b>		
Secured:		
Term loans	344,450	4.0% - 4.4%
Unsecured:		
Lease liabilities <sup>(1)</sup>	10,177	2.5% - 11.0%
	<u>354,627</u>	
<b>Current</b>		
Secured:		
Term loans	28,873	4.0% - 4.4%
Unsecured:		
Bankers' acceptances	90,298	3.2% - 3.7%
Lease liabilities <sup>(2)</sup>	6,547	2.5% - 11.0%
	<u>125,718</u>	
<b>Total borrowings</b>	<b><u>480,345</u></b>	
Currency profile of borrowings:		
RM	468,153	
SGD	10,456	
VND	1,736	
	<b><u>480,345</u></b>	
Gearing ratio (times) <sup>(3)</sup>		1.6
Net gearing ratio <sup>(4)</sup>		1.2

**Notes:**

- (1) There are lease liabilities denominated in SGD amounting to approximately SGD2.8 million, converted based on the exchange rate of SGD1.00: RM3.4783.
- (2) There are lease liabilities denominated in SGD amounting to approximately SGD1.4 million, converted based on the exchange rate of SGD1.00: RM3.4783.
- (3) Computed based on total borrowings (including lease liabilities) divided by total equity as at 30 June 2024.
- (4) Computed based on total borrowings (including lease liabilities) less cash and cash equivalents divided by total equity as at 30 June 2024.

Our borrowings, including term loans, bankers' acceptances and trust receipts, are secured by one or a combination of the following:

- (i) a negative pledge over certain combining entities' assets, both present and future;
- (ii) legal charge over certain entities' freehold land, building and leasehold land; and
- (iii) corporate guarantees from our Company.

**12. FINANCIAL INFORMATION (Cont'd)**

Detailed information on the security of our borrowings (excluding lease liabilities arising from right-of-use assets) are disclosed in Note 4.32 to the Accountants' Report in Section 13 of this Prospectus. There are no material restrictions on our committed banking facilities. We do not encounter any seasonality in our borrowings trend.

The maturity profile of our borrowings as at 30 June 2024 is as follows:

	<b>Audited</b>			
	<b>On demand or within one year</b>	<b>Within one year to five years</b>	<b>Over five years</b>	<b>Total</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Term loans	141,002	357,051	62,845	560,899
Bankers' acceptances	91,377	-	-	91,377
Lease liabilities	7,052	4,468	8,591	20,111
<b>Total</b>	<b>239,431</b>	<b>361,519</b>	<b>71,436</b>	<b>672,387</b>

As at 30 June 2024, our loans and borrowings are denominated in RM, SGD and VND and are subject to both fixed and floating rates.

Our Group has not defaulted on any payment of principal sums and/or interests in respect of any borrowings for the Periods Under Review and up to LPD.

As at the LPD, our Group is not in breach of any terms and conditions or covenants associated with the credit arrangement or bank loan which can materially affect our financial position and results or business operations or the investments by holders of securities in our Company.

**12.2.7 Financial Instrument, Treasury Policies and Objectives**

As at the LPD, save as disclosed in Section 12.2.6(iii) of this Prospectus, we do not have nor utilise any other financial instruments.

Our Group's operations have been funded through shareholders' equity, cash generated from our operations and external sources of funds. The external sources of funds consist of banking facilities from financial institutions. The normal credit term granted by our suppliers ranges from cash terms to 90 days for the FPE 2024.

As at the LPD, our Group's banking facilities from financial institutions mainly consist of the following:

- term loans to finance the acquisition of properties and the construction of our Banting Plant 1, to part finance the purchase consideration of the Acquisition, as well as to finance the purchase of a piece of leasehold land together with the building for our New Port Klang Facility; and
- bankers' acceptances to finance the purchase of inorganic chemicals.

The interest rates for our bank borrowings are based on the market rates prevailing at the dates of the respective transactions. As at the LPD, our Group has available banking facilities of RM772.5 million, of which RM246.7 million has yet to be utilised.

**12. FINANCIAL INFORMATION (Cont'd)**

The main objective of our capital management is to ensure sustainable shareholders' equity to support and grow our business in order to maximise shareholders' value. We review and manage our capital structure to maintain our debt-to-equity ratio at an optimal level based on our business development funding requirements and prevailing economic conditions.

**12.2.8 Material capital commitments and contingent liabilities****(i) Material capital commitments**

	<b>As at the LPD</b>
	<b>RM'000</b>
<b>Approved and contracted for:</b>	
- Refurbishment and construction for New Port Klang Facility	4,049
- Purchase of plant and equipment (i.e. equipment and solar photovoltaic module system) for Banting Plant 1	6,708
	<u>10,757</u>
<b>Approved and not contracted for:</b>	
- Refurbishment and construction for New Port Klang Facility	9,029
- Purchase of machinery and equipment as well as construction for Banting Plant 2	123,932
	<u>132,961</u>
<b>Total</b>	<b><u>143,718</u></b>

We plan to meet our capital commitments through bank borrowings and/or internally generated funds.

Save as disclosed above, as at the LPD, we do not have other material capital commitments incurred or known to be incurred by us that may have a material adverse effect on our results of operations and financial condition.

**(ii) Contingent liabilities**

As at the LPD, our Group does not have any material contingent liabilities, which, upon becoming enforceable, may have a material adverse effect on our results of operations and financial condition.

**12. FINANCIAL INFORMATION (Cont'd)****12.2.9 Key Financial Ratios**

The key financial ratios of our Group for the Periods Under Review are as follows:

	<u>FYE 2021</u>	<u>FYE 2022</u>	<u>FYE 2023</u>	<u>FPE 2024</u>
Trade receivables turnover (days) <sup>(1)</sup>	61	55	66	70
Trade payables turnover (days) <sup>(2)</sup>	46	50	62	60
Inventories turnover (days) <sup>(3)</sup>	36	43	58	55
Current ratio (times) <sup>(4)</sup>	1.5	1.4	1.4	1.4
Gearing ratio (times) <sup>(5)</sup>	0.3	0.4	0.5	1.6

**Notes:**

- (1) Computed based on the average trade receivables and net of allowances for impairment loss for the respective financial years/period divided by revenue of the respective financial years/period, multiplied by 365/182 days for each financial year/period.
- (2) Computed based on the average trade payables for the respective financial years/period divided by purchases of the respective years/period, multiplied by 365/182 days for each financial year/period.
- (3) Computed based on the average inventories for the respective financial years/period divided by the cost of goods sold for the respective financial years/period, multiplied by 365/182 days for each financial year/period.
- (4) Computed based on current assets divided by current liabilities as at the end of each financial year/period.
- (5) Computed based on total borrowings (included interest-bearing debts and lease liabilities) divided by total equity as at the end of each financial year/period.

**(i) Trade receivables turnover**

Trade receivables of our Group comprised amounts receivable for the sale of goods and services. The credit periods granted by our Group ranged from cash to 120 days from the date of our invoice. Our credit terms to customers are assessed and approved on a case-by-case basis by taking into consideration various factors such as the background and creditworthiness of the customers, our business relationship with the customers, the customer's credit history, and the quantum of the amount outstanding.

At the end of each FYE, our Group was not subject to any significant concentration of credit risk, and there has been no significant increase in credit risk on trade receivables since initial recognition. There are no significant changes in the gross carrying amount of trade receivables, which contribute to changes in loss allowances.

Our trade receivables turnover periods for the FYE 2021, 2022, 2023 and FPE 2024 were 61 days, 55 days, 66 days and 70 days, respectively, which were within our normal credit periods granted to our customers.

Our trade receivables turnover period decreased from 61 days for the FYE 2021 to 55 days for the FYE 2022, mainly due to a higher turnover period for the FYE 2021, which resulted from our customers taking longer to pay our Group, as the Governments of Malaysia, Singapore and Vietnam encouraged companies to adopt the work-from-home practice due to the imposition of movement restrictions resulting from the COVID-19 pandemic. This has resulted in our customers requiring an extended period to process our submitted invoices.

**12. FINANCIAL INFORMATION (Cont'd)**

Our trade receivables turnover period increased to 66 days for FYE 2023, mainly due to higher trade receivables for the FYE 2022, which resulted from higher sales made towards the end of FYE 2022, which were subsequently collected during the FYE 2023.

Our trade receivable turnover period increased to 70 days for FPE 2024, mainly due to higher trade receivables for FPE 2024 as a result of higher sales made towards the end of FPE 2024.

The ageing analysis of our trade receivables as at 30 June 2024 is as follows:

	Trade receivables as at 30 June 2024		Collections from 1 July 2024 to the LPD	Balance trade receivables as at the LPD
	RM'000	Percentage of trade receivables	RM'000	RM'000
	(a)	(a)/total of (a)	(b)	(c) = (a)-(b)
Not past due	195,530	72.1	191,780	3,750
Days past due:				
- 1 to 30 days	58,882	21.7	55,815	3,067
- 31 to 60 days	9,621	3.5	9,587	34
- 61 to 90 days	1,917	0.7	1,907	10
- 91 to 120 days	2,267	0.9	1,506	761
- More than 120 days	2,941	1.1	1,765	1,176
	75,628	27.9	70,580	5,048
	<b>271,158</b>	<b>100.0</b>	<b>262,360</b>	<b>8,798</b>

As at the LPD, RM262.4 million or 96.8% of our trade receivables as at 30 June 2024 have been collected. The remaining balances of RM8.8 million have yet to be collected as at the LPD, of which RM5.0 million have exceeded the credit period. Of this:

- (i) RM3.1 million receivable from a customer who will settle the amount owing upon collection from its customers;
- (ii) RM1.2 million receivable from a customer who is undergoing its business expansion and has requested for a longer repayment period; and
- (iii) The remaining balances receivable from customers who are currently in the process of negotiating the repayment terms with our Group.

We are of the view that we are able to collect majority of the outstanding amounts as it is our business practice to continue trade with these customers upon receiving all our outstanding payments.

**(ii) Trade payables turnover**

Trade payables comprise amounts outstanding for trade purchases. The credit periods granted to our Group for trade purchases ranged from cash terms to 90 days.

Our trade payables turnover periods for the FYE 2021, 2022, 2023 and FPE 2024 were 46 days, 50 days, 62 days and 60 days respectively, which were within the normal credit periods granted by our suppliers.

Our trade payables turnover period increased from 46 days for the FYE 2021 to 50 days for the FYE 2022, mainly due to higher purchases made towards the end of FYE 2022.

**12. FINANCIAL INFORMATION (Cont'd)**

Our trade payables turnover period further increased to 62 days for the FYE 2023, mainly due to higher purchases made towards the end of FYE 2022, which were subsequently paid during the FYE 2023.

Our trade payables turnover period for FPE 2024 was 60 days, which was fairly consistent as compared with FYE 2023.

The ageing analysis of our trade payables as at 30 June 2024 is as follows:

	Trade payables as at 30 June 2024		Payment from 1 July 2024 to the LPD	Balance trade payables as at the LPD
	RM'000 (a)	Percentage of trade payables (a)/total of (a)	RM'000 (b)	RM'000 (c) = (a)-(b)
Not past due	143,693	85.9	138,215	5,478
Days past due:				
- 1 to 30 days	3,520	2.1	3,520	-
- 31 to 60 days	9,789	5.9	9,789	-
- 61 to 90 days	4,375	2.6	4,375	-
- 91 to 120 days	16	*	16	-
- More than 120 days	5,838	3.5	5,838	-
	23,538	14.1	23,538	-
	<b>167,231</b>	<b>100.0</b>	<b>161,753</b>	<b>5,478</b>

**Note:**

\* Represent less than 0.01% of our total trade payables.

As at the LPD, our Group has outstanding trade payables of RM5.5 million, representing 3.3% of our trade payables as at 30 June 2024.

We do not have any material disputes in respect of our trade payables and no material legal proceedings demanding for payment have been initiated against us by our suppliers.

**(iii) Inventories turnover**

Our inventories turnover period (in days) for the Periods Under Review is as follows:

	Audited			
	FYE 2021 RM'000	FYE 2022 RM'000	FYE 2023 RM'000	FPE 2024 RM'000
Opening inventories	62,705	104,277	169,663	161,651
Closing inventories	104,277	169,663	161,651	145,092
Average inventories	83,491	136,970	165,657	153,372
Cost of goods sold	857,117	1,163,138	1,040,452	507,599
Inventories turnover period (days)	36	43	58	55

Our inventories turnover periods for the FYE 2021, 2022, 2023 and FPE 2024 were 36 days, 43 days, 58 days and 55 days, respectively, which is within our inventories holding policy of maintaining inventory turnover of within 60 days.



**12. FINANCIAL INFORMATION (Cont'd)**

Our inventories turnover period for the FYE 2022 was 43 days, which was higher than the FYE 2021 of 36 days, mainly due to the increase in goods-in-transit of RM25.8 million due to the purchase orders made towards the end of FYE 2022.

Our inventories turnover period for the FYE 2023 was 58 days, which was higher than the FYE 2022 of 43 days, mainly due to the purchase of raw materials for the testing and commissioning of our new manufacturing plant at Banting Plant 1 and to cater for future commencement of our manufacturing of inorganic chemical products, which has commenced in May 2024.

Our inventories turnover period for the FPE 2024 was 55 days, which was fairly consistent as compared with FYE 2023.

The (reversal of impairment loss)/impairment loss on inventories for the Periods Under Review and as at the LPD is as follows:

	<b>Audited</b>			<b>Unaudited</b>	<b>Audited</b>	<b>Unaudited</b>
	<b>FYE 2021</b>	<b>FYE 2022</b>	<b>FYE 2023</b>	<b>FPE 2023</b>	<b>FPE 2024</b>	<b>As at the LPD</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
(Reversal of impairment loss)/ Impairment loss on inventories	(1,627)	1,448	(653)	(1,129)	511	238

Our Board is of the view that no material impairment is required for our inventories as at the LPD, and no inventories written down or written-off as at the LPD.

**(iv) Current Ratio**

Our current ratio ranges from 1.4 times to 1.5 times for the Periods Under Review. This indicates that our Group can meet our current obligations as our current assets which can be readily converted into cash (e.g. inventories and trade receivables), together with our short-term fixed deposits and bank balances, are enough to meet immediate current liabilities.

Our current ratios for the Periods Under Review are relatively stable.

**(v) Gearing Ratio**

Our gearing ratio ranges from 0.3 times to 1.6 times for the Periods Under Review.

We recorded a higher gearing ratio of 0.4 times as at 31 December 2022 (as at 31 December 2021: 0.3 times), mainly due to the following:

- (i) term loan drawdowns for the purchase of a piece of leasehold land together with the building (New Port Klang Facility) of RM22.4 million and for the construction costs for our Banting Plant 1, amounting to RM3.4 million; and
- (ii) net drawdown of bankers' acceptances of RM27.1 million for the purchase of inorganic chemicals.

**12. FINANCIAL INFORMATION (Cont'd)**

The increase in the abovementioned borrowings was partially offset by the increase in our total equity of RM82.9 million, mainly due to the increase in our Group's retained earnings resulting from the net profits and other comprehensive income recorded for the FYE 2022, after netting of the dividend payment of RM70.7 million.

Our gearing ratio further increased to 0.5 times as at 31 December 2023 mainly due to net drawdown of bankers' acceptances of RM59.8 million for the purchase of inorganic chemicals.

The increase in the abovementioned borrowings was partially offset by the increase in our total equity of RM40.6 million, mainly due to the increase in our Group's retained earnings.

Our gearing ratio further increased to 1.6 times as at 30 June 2024 mainly due to term loan of RM250.0 million drawdown to part finance the purchase consideration for the Acquisition and the decrease in our total equity of RM217.3 million, mainly due to merger reserve arising from the Acquisition.

**12.2.10 Capital Expenditure**

The following table sets out our capital expenditure for the Periods Under Review, and from 1 January 2024 up to the LPD:

	At costs				Unaudited From 1 July 2024 up to the LPD RM'000
	Audited				
	FYE 2021 RM'000	FYE 2022 RM'000	FYE 2023 RM'000	FPE 2024 RM'000	
<b><u>Classified under property, plant and equipment</u></b>					
Freehold land	496	265	37	-	-
Building and structure	27	9,035	3,636	534	110
Motor vehicles	834	3,414	5,478	1,655	-
Furniture, fittings and office equipment	1,101	1,484	2,399	637	155
Machinery and equipment	3,522	1,412	6,258	7,989	2,854
Renovation	25	21	49	150	80
Construction in progress	93,215	103,719	38,977	13,307	8,474
<b><u>Classified under right-of-use assets</u></b>					
Leasehold land	-	24,491	-	-	-
Office building	-	1,033	581	-	-
Forklift	-	451	-	40	-
Terminal and storage facilities	10,440	7,322	2,744	80	2,428
Office equipment	-	-	-	85	-
<b>Total</b>	<b>109,660</b>	<b>152,647</b>	<b>60,159</b>	<b>24,477</b>	<b>14,101</b>

**12. FINANCIAL INFORMATION (Cont'd)**

For the FYE 2021, our capital expenditure of RM109.7 million mainly comprised the following:

- (i) RM93.2 million mainly for the construction costs for our Tanjung Langsat Facility and Banting Plant 1;
- (ii) RM10.4 million mainly for the lease of terminal and storage facilities for our Singapore Facility 3 and Port Klang Facility 1; and
- (iii) RM3.5 million mainly for the purchase of machinery and equipment for our Port Klang Facility 2 and Seberang Perai Facility.

For the FYE 2022, our capital expenditure of RM152.6 million mainly comprised the following:

- (i) RM103.7 million mainly for the construction costs for our Kemaman Bulk Terminal and Banting Plant 1 as well as term loan interests capitalised for our Banting Plant 1;
- (ii) RM24.5 million mainly for the purchase of a piece of leasehold land for our New Port Klang Facility and the related term loan interests capitalised;
- (iii) RM9.0 million for partially payment of purchase consideration for our New Port Klang Facility;
- (iv) RM7.3 million mainly for the lease of terminal and storage facilities for our Port Klang Facility 1 and Bintulu Facility; and
- (v) RM3.4 million mainly for the purchase of motor vehicles for business operations use.

For the FYE 2023, our capital expenditure of RM60.2 million mainly comprised the following:

- (i) RM39.0 million mainly for the construction costs for our Banting Plant 1;
- (ii) RM6.3 million mainly for the purchase of machinery and equipment for our warehouses and Banting Plant 1 use;
- (iii) RM5.5 million mainly for the purchase of motor vehicles for business operations used; and
- (iv) RM3.6 million mainly for building and structure costs for our Kemaman Bulk Terminal and Tanjung Langsat Facility.

For the FPE 2024, our capital expenditure of RM24.5 million mainly comprised the following:

- (i) RM13.3 million mainly for the construction costs for our New Port Klang Facility; and
- (ii) RM8.0 million mainly for the purchase of machinery and equipment for our warehouses and Banting Plant 1 use.

From 1 July 2024 up to the LPD, our capital expenditure of RM14.1 million mainly comprised RM8.5 million primarily for construction costs for our New Port Klang Facility, RM2.9 million mainly for purchase of machinery and equipment for Banting Plant 1 use and RM2.4 million mainly for the lease of terminal and storage facilities for our Port Klang Facility 1.

The above capital expenditure was financed via our internally generated funds and borrowings. Our ability to obtain financing and to make timely repayments of our debt obligations are subject to various uncertainties, including, but not limited to, our future results of operations, financial condition, and cash flows, the condition of the Malaysian and global economies and the markets for our products and services, the cost of financing, the condition of financial markets and the willingness of banks to provide financing facilities.

## 12. FINANCIAL INFORMATION *(Cont'd)*

### 12.2.11 Material Investments and Material Divestitures

Saved as disclosed below and in Sections 12.2.4 and 12.2.11 of this Prospectus, we have not undertaken other material investments or divestitures during the Periods Under Review and up to and including the LPD:

- (i) On 6 September 2023, Chlor-AI entered into a Business Transfer Deed with TMKS to acquire the assets set out in the Business Transfer Deed from TMKS for a consideration of:
  - (a) USD54,205 for the contracts, the goodwill, and the other assets (as set out in the Business Transfer Deed); and
  - (b) USD3,690,510 or such amount as adjusted and agreed upon by TMKS and Chlor-AI in writing, based on the actual stock levels of chemical products held by TMKS in relation to its business as on the closing date under the Business Transfer Deed.

The transfer of the assets (other than the licences for the SAP software) pursuant to the Business Transfer Deed was completed on 7 November 2023. The transfer of the licences for the SAP software was completed with effect from 22 November 2023.

- (ii) On 5 September 2023, TMK acquired 100.0% equity interest in Botanics Recreational comprising 6,135,000 ordinary shares for a cash consideration of RM5,972,100.
- (iii) On 6 September 2023, Chlor-AI entered into a capital contribution agreement with TMK Dai Hung, whereby Chlor-AI contributed the capital contribution amount of VND45,220,000,000 (equivalent to RM8,788,326) into TMK Dai Hung. The transaction contemplated under this agreement was completed on 15 September 2023 resulting in an increase in TMK Dai Hung's charter capital from VND1,600,000,000 to VND46,820,000,000. Consequently, TMK Dai Hung was converted from a single-member limited liability company to a multi-member limited liability company with two capital contribution members, being TMKS and Chlor-AI respectively holding 3.4% and 96.6% of the charter capital of TMK Dai Hung on 3 October 2023.

For the Periods Under Review and up to the LPD, we have not undertaken any material divestitures.

### 12.2.12 Trend Analysis

Our Board is optimistic about the prospects of our Group given our Group's competitive strengths set out in Section 7.12 of this Prospectus, and our Group's intention to implement the business strategies and future plans set out in Section 7.13 of this Prospectus.

Save as disclosed in this section and in Sections 5, 7 and 8 of this Prospectus, to the best of our Board's knowledge and belief, there are no other known trends, uncertainties, demand, commitments or events and factors that are reasonably likely to have a material effect on our business, financial condition and results of operations or that would make our Group's historical financial statements not indicative of future financial performance. Accordingly, taking into consideration our Group's future business strategies and plans and the expected increase in depreciation in line with the increase in our capital expenditure, we do not expect any material adverse impact to our revenue recognition and operating expenses moving forward.

### 12.2.13 Impact of inflation

During the Periods Under Review, our financial performance was not materially affected by inflation. However, there is no assurance that inflation will not have an impact on our business and financial performance.

**12. FINANCIAL INFORMATION (Cont'd)****12.2.14 Financial risk management**

We are exposed to market risks arising from our operations and use of financial instruments.

**(i) Foreign currency risk**

We are exposed to currency exchange risk on trading, investing and financing activities that are denominated in currencies other than RM. The currencies giving rise to this risk are primarily USD, SGD and VND. If determined as necessary due to prevailing conditions, we may enter into forward foreign exchange contracts to hedge foreign currency risk. As at the LPD, we have entered into forward foreign exchange contracts to hedge our purchases of inorganic chemicals denominated in USD.

The following table details our Group's foreign currency exchange rate sensitivity analysis for the Periods Under Review to a 1.0% increase and decrease in RM against the relevant foreign currencies. The sensitivity rate of 1.0% is used when reporting foreign currency risk internally to key management and represents management's assessment of the reasonably possible change in foreign exchange rates in the next 12 months.

The following sensitivity analysis includes only outstanding foreign currency-denominated monetary items. If the foreign currency-denominated monetary items at the end of the reporting period were translated into RM with a 1.0%, the increase/decrease in the exchange rates against the following relevant foreign currencies, the effect on PAT and equity for the Periods Under Review will be higher/lower by approximately:

	<u>FYE 2021</u>	<u>FYE 2022</u>	<u>FYE 2023</u>	<u>FPE 2024</u>
	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>
<b>Impact on profit or loss and equity:</b>				
USD	(672)	(344)	(126)	(265)
SGD	42	72	11	182
VND	75	128	97	159

The above impacts are mainly attributable to the exposure to relevant currencies for our receivables, bank balances, payables, other liabilities, borrowings, lease liabilities and contract liabilities at the end of the reporting period. In the opinion of management, the sensitivity analysis is unrepresentative of the inherent foreign exchange risk as the year-end exposure does not reflect the exposure of our Group for the Periods Under Review.

**(ii) Interest rate risk**

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

Our Group finances our operations with a mixture of internal funds and bank and other borrowings. We regularly review the interest rate profile of borrowings against prevailing and anticipated market rates. The repayment and maturity profiles of borrowings are structured after taking into consideration the cash inflows expected to be generated from the underlying assets or operations and the economic life of the assets or operations being financed.

Our Group's policy is to borrow both on fixed and floating rate basis. The objective for the mix between fixed and floating rate borrowings is set to reduce the impact of an upward change in interest rates while enabling benefits to be enjoyed if interest rates fall.

**12. FINANCIAL INFORMATION (Cont'd)**

The following table sets out the sensitivity of our PAT and equity to a 50 basis point change in interest rates at the end of the reporting year, with all other variables held constant:

	<b>Increase/(Decrease) in PAT and equity</b>			
	<b>FYE 2021</b>	<b>FYE 2022</b>	<b>FYE 2023</b>	<b>FPE 2024</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b>Floating rate borrowings</b>				
Increase of 50 basis point	(349)	(619)	(689)	(576)
Decrease of 50 basis point	349	619	689	576

**(iii) Credit risk**

Credit risk refers to the risk that counterparty will default on its contractual obligations resulting in financial loss to our Group. Our Group has adopted a policy of only dealing with creditworthy counterparties as a means of mitigating the risk of financial loss from defaults. The exposure of our Group to credit risk arises principally from our receivables and other financial assets.

As at 30 June 2024, our Group is not subject to significant concentration of credit risk.

**(iv) Liquidity risk**

Our Group manages liquidity and cash flow risks by maintaining adequate reserves and banking facilities by continuously monitoring forecast and actual cash flows and by matching the maturity profiles of financial assets and financial liabilities.

Management is of the view that our Group's exposure to liquidity and cash flow risks are minimal as our Group has sufficient funds to finance its ongoing working capital requirements.

See Note 4.38 of the Accountants' Report included in Section 13 of this Prospectus for a summary of the maturity profile of our non-derivative financial liabilities as at the end of the Periods Under Review.

**12.2.15 Order Book**

Our sales are made based on purchase orders from our customers on an ongoing basis. Due to the nature of our business, we do not maintain an order book.

**12. FINANCIAL INFORMATION (Cont'd)****12.3 CAPITALISATION AND INDEBTEDNESS**

The table below presents our capitalisation and indebtedness as at 30 September 2024 and on the assumption that our IPO, our Listing and the use of proceeds from our Public Issue as set out in Section 4 of this Prospectus had occurred on 30 September 2024. The pro forma financial information below does not represent our actual capitalisation and indebtedness as at 30 September 2024 and is provided for illustrative purposes only.

	<b>Unaudited</b>	<b>I</b>	<b>II</b>	<b>III</b>
	<b>As at 30 September 2024</b>	<b>After Subdivision</b>	<b>After I and Public Issue</b>	<b>After II and use of proceeds</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b>Capitalisation</b>				
Total equity	325,409	325,409	710,409	696,368
<b>Total capitalisation</b>	<b>325,409</b>	<b>325,409</b>	<b>710,409</b>	<b>696,368</b>
<b>Indebtedness</b>				
<b>Current</b>				
<i>Secured</i>				
Term loans	44,498	44,498	44,498	28,873
Trust receipts	1,430	1,430	1,430	1,430
Bankers' acceptances	87,898	87,898	87,898	87,898
<i>Unsecured</i>				
Lease liabilities	5,954	5,954	5,954	5,954
<b>Non-current</b>				
<i>Secured</i>				
Term loans	325,513	325,513	325,513	291,138
<i>Unsecured</i>				
Lease liabilities	9,815	9,815	9,815	9,815
Bank guarantees <sup>(1)</sup>	85,564	85,564	85,564	85,564
<b>Total indebtedness</b>	<b>560,672</b>	<b>560,672</b>	<b>560,672</b>	<b>510,672</b>
<b>Total capitalisation and indebtedness</b>	<b>886,081</b>	<b>886,081</b>	<b>1,282,081</b>	<b>1,218,040</b>
<b>Gearing ratio (times)<sup>(2)</sup></b>	<b>1.5</b>	<b>1.5</b>	<b>0.7</b>	<b>0.6</b>

**Notes:**

(1) Bank guarantees and documentary credit (including standby letter of credit and performance bonds) primarily issued to trade suppliers.

(2) Calculated based on total indebtedness (excluding bank guarantees) divided by total capitalisation.

**12. FINANCIAL INFORMATION (Cont'd)****12.4 REPORTING ACCOUNTANTS' REPORT ON THE PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION****Deloitte.**

Deloitte PLT (LLP0010145-LCA)  
Chartered Accountants (AF0080)  
Level 16, Menara LGB  
1 Jalan Wan Kadir  
Taman Tun Dr. Ismail  
60000 Kuala Lumpur

P.O. Box 10093  
50704 Kuala Lumpur  
Malaysia

Tel: +60 3 7610 8888  
Fax: +60 3 7726 8986  
myaaa@deloitte.com  
www.deloitte.com/my

**TMK CHEMICAL BHD (FORMERLY KNOWN AS TAIKO MARKETING SDN. BHD.)  
INDEPENDENT ASSURANCE REPORT ON THE COMPILATION OF PRO FORMA CONSOLIDATED  
STATEMENTS OF FINANCIAL POSITION AS AT 30 JUNE 2024**

We have completed our assurance engagement to report on the compilation of pro forma consolidated statements of financial position of TMK Chemical Bhd. (formerly known as Taiko Marketing Sdn. Bhd.) ("the Company") and its subsidiaries (collectively known as "the Group") as at 30 June 2024. The pro forma consolidated statements of financial position together with accompanying notes thereon, for which we have stamped for the purpose of identification, have been compiled by the Directors of the Company for the inclusion in the Prospectus ("the Prospectus") to be issued in connection with the listing of and quotation for the entire enlarged issued ordinary shares in the Company on the Main Market of Bursa Malaysia Securities Berhad ("Bursa Securities").

The applicable criteria on the basis of which the Directors of the Company have compiled the pro forma consolidated statements of financial position are described in the notes thereon to the pro forma consolidated statements of financial position and are specified in Chapter 9, Part II Division 1: *Equity* of the Prospectus Guidelines issued by the Securities Commission of Malaysia (the "Prospectus Guidelines").

The pro forma consolidated statements of financial position has been compiled by the Directors of the Company to illustrate the impact of the events or transactions as set out in the notes thereon to the pro forma consolidated statements of financial position on the Group's financial position as at 30 June 2024 as if the events or transactions had taken place at 30 June 2024. As part of this process, information about the Group's financial position as at 30 June 2024 has been extracted by the Directors of the Company from the audited consolidated financial statements of the Group as at 30 June 2024.

**Directors' Responsibilities**

The Directors of the Company are responsible for preparing pro forma consolidated statements of financial position on the basis as set out in the notes thereon to the pro forma consolidated statements of financial position and in accordance with the requirements of the Prospectus Guidelines.

*Our Independence and Quality Management*

We are independent of the Group in accordance with the *By-Laws (on Professional Ethics, Conduct and Practice)* of the Malaysian Institute of Accountants ("By-Laws") and the International Ethics Standards Board for Accountants' *International Code of Ethics for Professional Accountants (including International Independence Standards)* ("IESBA Code") and we have fulfilled our other ethical responsibilities in accordance with the By-Laws and the IESBA Code.

Stamped for the purpose of  
identification only with our  
letter / report dated

**06 NOV 2024**

Deloitte PLT  
(LLP0010145-LCA)  
Kuala Lumpur.



**12. FINANCIAL INFORMATION (Cont'd)**

The Firm applies Malaysian Standard on Quality Management 1 ("ISQM-1") - *Quality Management for Firms that Perform Audits or Reviews of Historical Financial Statements, or Other Assurance or Related Services Engagements*, which requires the firm to design, implement and operate a system of quality management including policies or procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

**Our Responsibilities**

Our responsibility is to express an opinion as required by the Prospectus Guidelines, about whether the pro forma consolidated statements of financial position has been properly compiled, in all material respects, by the Directors of the Company on the basis set out in the notes thereon to the pro forma consolidated statements of financial position.

We conducted our engagement in accordance with International Standard on Assurance Engagements ("ISAE") 3420 - *Assurance Engagements to Report on the Compilation of Pro Forma Financial Information Included in a Prospectus*, issued by the International Auditing and Assurance Standards as adopted by the Malaysian Institute of Accountants. This standard requires that we comply with ethical requirements and plan and perform procedures to obtain reasonable assurance about whether the Directors of the Company have compiled, in all material respects, the pro forma consolidated statements of financial position on the basis set out in the notes thereon to the pro forma consolidated statements of financial position in accordance with the requirements of the Prospectus Guidelines.

For purposes of this engagement, we are not responsible for updating or reissuing any reports or opinions on any historical financial information used in compiling the pro forma consolidated statements of financial position, nor have we, in the course of this engagement, performed an audit or a review of the financial information used in compiling the pro forma consolidated statements of financial position.

The purpose for inclusion of the pro forma consolidated statements of financial position included in the Prospectus is solely to illustrate the impact of a significant event or a transaction on unadjusted financial information of the Group as if the event had occurred or the transaction had been undertaken at an earlier date selected for purposes of the illustration. Accordingly, we do not provide any assurance that the actual outcome of the event or transaction would have been as presented.

A reasonable assurance engagement to report on whether the pro forma consolidated statements of financial position has been prepared, in all material respects, on the basis of the applicable criteria involves performing procedures to assess whether the applicable criteria used by the Directors of the Company in the compilation of the pro forma consolidated statements of financial position provide a reasonable basis for presenting the significant effects directly attributable to the event or transaction, and to obtain sufficient appropriate evidence about whether:

- The related pro forma adjustments give appropriate effect to those criteria; and
- The pro forma consolidated statements of financial position reflects the proper application of those adjustments to the unadjusted financial information.

The procedures selected depend on our judgement, having regard to our understanding of the nature of the Group, the event or transaction in respect of which the pro forma consolidated statements of financial position has been prepared and other relevant engagement circumstances.

The engagement also involves evaluating the overall presentation of the pro forma consolidated statements of financial position.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

**12. FINANCIAL INFORMATION (Cont'd)**

---

**Opinion**

In our opinion, the pro forma consolidated statements of financial position has been properly compiled, in all material respects, on the basis as set out in the notes thereon to the pro forma consolidated statements of financial position and in accordance with the requirements of the Prospectus Guidelines and with the Malaysian Institute of Accountants' Guidance Note for Issuers of Pro Forma Financial Information.

**Other Matters**

This report has been issued for the sole purpose of inclusion in the Prospectus (in compliance with the Prospectus Guidelines). As such, this report should not be used, circulated, quoted or otherwise referred to, for any other purposes nor is it to be filed with, reproduced, copied, disclosed or referred, in whole or in part, in any document other than the aforesaid purpose.



DELOITTE PLT (LLP0010145-LCA)  
Chartered Accountants (AF 0080)



WONG KAR CHOON  
Partner – 03153/08/2026 J  
Chartered Accountant

6 November 2024

**12. FINANCIAL INFORMATION (Cont'd)****TMK CHEMICAL BHD. ("TMK" OR "THE COMPANY")  
AND ITS SUBSIDIARIES ("TMK GROUP" OR "THE GROUP")  
PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION****1. GENERAL****1.1 Pro forma consolidated statements of financial position ("Pro Forma Consolidated SOFP")**

The Pro Forma Consolidated SOFP should be read in conjunction with the historical financial statements of the Group for the financial period ended 30 June 2024 ("FPE 2024").

The Pro Forma Consolidated SOFP of the Group as at 30 June 2024 together with the notes thereon, for which the Directors of the Company are solely responsible, has been prepared for illustrative purposes only for the purpose of inclusion in the Prospectus.

**1.2 Abbreviations and formulas**

Unless the context otherwise requires, the following words, abbreviations and formulas shall apply throughout this report:

**Abbreviations**

Restructuring Exercise	Acquisition of the entire issued share capital of Chlor-Al comprising 800,000 ordinary shares for a purchase consideration of RM697.9 million by TMK
Banting Plant 1	TMK's chlor-alkali manufacturing plant in Banting, Selangor
Bursa Securities	Bursa Malaysia Securities Berhad (200301033577 (635998-W))
EPS	Earnings per Share
FPE	Financial period(s) ended/ending 30 June, as the case may be
GP	Gross profit
IFRS	International Financial Reporting Standards
Institutional Price	Price per IPO Share to be paid by investors under the Institutional Offering which will be determined on the Price Determination Date by way of bookbuilding
IPO	Initial public offering comprising the Public Issue
IPO Shares or Issue Shares	New Shares to be issued by the Company under the Public Issue
Listing Exercise	Listing of and quotation for the entire enlarged issued Shares on the Main Market of Bursa Securities
MFRS	Malaysian Financial Reporting Standards
NA	Net assets
PAT	Profit after taxation
PBT	Profit before taxation
Public Issue	Public issue of 220,000,000 Issue Shares by the Company
Retail Price	Initial price per IPO Share to be fully paid upon application under the Retail Offering
RM and sen	Ringgit Malaysia and sen, respectively
SGD	Singapore Dollar
Subdivision	Subdivision of 83,178,163 Shares after the Restructuring Exercise into 780,000,000 Shares
TMK Shares or Shares	Ordinary shares in TMK
TMKS	Taiko Marketing (S) Pte Ltd
USD	United States Dollar

**12. FINANCIAL INFORMATION (Cont'd)****TMK Chemical Bhd. or its subsidiaries\*:**

TMK or the Company	TMK Chemical Bhd. (formerly known as Taiko Marketing Sdn. Bhd.) (198901001548 (178854-K))
Botanics Recreational Chlor-Al	Botanics Recreational Park Sdn. Bhd. (201401013030 (1089114-T)) Chlor-Al Chemical Pte. Ltd. (197602462D)
Fragrance Connections	Fragrance Connections Sdn. Bhd. (200101016653 (552410-T))
Island Transport	Island Transport Pte. Ltd. (201903445H)
Klang Bulking	Klang Bulking Sdn. Bhd. (202001011873 (1368193-W))
Kemaman Bulking	Kemaman Bulking Sdn. Bhd. (199501029024 (358230-A))
New Port	New Port Bulk Terminal Sdn. Bhd. (197601004531 (30470-P))
Peninsula Salt	Peninsula Salt Sdn. Bhd. (202101020061 (1420361-U))
Peninsula Transport	Peninsula Transport Sdn. Bhd. (201901038080 (1347410-X))
Soda Holdings	Soda Holdings Sdn. Bhd. (202101005868 (1406167-U))
Soda Malaysia	Soda Malaysia Sdn. Bhd. (201301009162 (1039004-M))
Sound Dynasty	Sound Dynasty Sdn. Bhd. (201101006608 (934745-X))
Springlane Resources	Springlane Resources Sdn. Bhd. (201201012879 (986396-V))
Tanjung Langsat Bulking	Tanjung Langsat Bulking Sdn. Bhd. (201301009159 (1039001-D))
TMK Banting	TMK Chemical Banting Sdn. Bhd. (formerly known as Taiko Resources Sdn. Bhd.) (200601024311 (744065-P))
TMK Bulking Services	TMK Bulking Services Sdn. Bhd. (formerly known as Taiko Bulking Services Sdn. Bhd.) (201901020042 (1329371-P))
TMK Chemical Works	TMK Chemical Works Sdn. Bhd. (formerly known as Taiko Chemical Works Sdn. Bhd.) (200801023743 (825066-M))
TMK Dai Hung	TMK - Dai Hung Chemicals Co., Ltd (formerly known as (Taiko - Dai Hung Chemicals Co., Ltd.) (0305778066)
TMK Pasir Gudang	TMK Chemical Pasir Gudang Sdn. Bhd. (formerly known as Taiko NPK Sdn. Bhd.) (200801010926 (812214-U))
TMK Water Care	TMK Water Care Sdn. Bhd. (formerly known as Taiko Water Care Sdn. Bhd.) (200801003273 (804557-H))

**Formulas**

GP/ PBT/ PAT margin	=	GP/ PBT/ PAT divided by revenue
Basic EPS	=	PAT attributable to equity holders of TMK divided by the number of TMK Shares
NA per ordinary share	=	NA as at the date of the financial position divided by the number of TMK Shares
Current ratio	=	total current assets divided by total current liabilities
Gearing ratio	=	total borrowings (including lease liabilities) divided by total shareholders' equity

**Note:**

- \* The consolidated financial statements of the Group includes the marketing business operation of TMKS but does not include the property investment business of TMKS, which were excluded from the business transfer deed entered between Chlor-Al and TMKS for acquisition of business of TMKS.

**12. FINANCIAL INFORMATION (Cont'd)****1.3 Basis of Preparation of Pro Forma Consolidated SOFP**

Upon completion of the acquisition of Chlor-AI on 8 February 2024, the Group has then prepared the consolidated financial statements for FPE 30 June 2024.

The consolidated financial statements of the Group for FPE 30 June 2024 were prepared in a manner similar to the merger method, as if the entities within the Group were operating as a single economic entity from the beginning of the earliest comparative period covered by the relevant period or the dates of incorporation of entities within the Group, if later. Such manner of presentation reflects the economic substance of the companies, which are under common control throughout the relevant period.

The Pro Forma Consolidated SOFP as at 30 June 2024 has been prepared for illustrative purposes only to show the effects on the audited consolidated statements of financial position of the Group as at 30 June 2024 on the assumption that the Significant Subsequent Events and Listing Scheme as set out in Note 2.0 have been effected on 30 June 2024, and should be read in conjunction with the notes thereon to the Pro Forma Consolidated SOFP.

The audited consolidated financial statements of the Group as at 30 June 2024 used in the preparation of the Pro Forma Consolidated SOFP was not subject to any qualifications, modifications or disclaimers.

The Pro Forma Consolidated SOFP is not necessarily indicative of the future financial position that would have been attained had the Significant Subsequent Events and Listing Scheme as set out in Note 2.0 had actually occurred at the respective dates. The Pro Forma Consolidated SOFP has been prepared for illustrative purposes only, and because of the nature, may not give a true picture of the actual position of the Group.

The Pro Forma Consolidated SOFP is presented in RM.

**2.0 SIGNIFICANT SUBSEQUENT EVENTS AND LISTING SCHEME**

In conjunction with an as an integral part of the Listing Exercise, the Company had undertaken the following:

**2.1 Subdivision**

Subdivision of the existing 83,178,163 Shares into 780,000,000 Shares. The subdivision was completed on 24 October 2024.

The Subdivision is known as "Pro Forma I" for the purpose of pro forma financial information.

**2.2 Public Issue**

The Public Issue comprises an issuance of 220,000,000 new Shares, representing 22.0% of the enlarged issued Shares of TMK at an IPO price of RM1.75 per IPO Share comprising:

**(i) Institutional Offering**

The Institutional Offering will involve the offering of 190,000,000 IPO Shares, representing 19.0% of the enlarged issued Shares which will be offered at the Institutional Price.

**12. FINANCIAL INFORMATION (Cont'd)**

## (ii) Retail Offering

The Retail Offering will involve the offering of 30,000,000 IPO Shares, representing 3.0% of the enlarged issued Shares which will be offered at the Retail Price in the following manner:

(a) Allocation to the Eligible Persons<sup>(1)</sup>

10,000,000 IPO Shares, representing 1.0% of the enlarged issued Shares, will be reserved for application by the Eligible Persons.

(b) Allocation via balloting to the Malaysian Public<sup>(2)</sup>

20,000,000 IPO Shares, representing 2.0% of the enlarged issued Shares, are reserved for application by the Malaysian Public.

**Note:**

- (1) Eligible Persons comprise employees of the Group (including Directors of subsidiaries of TMK) and persons who have contributed to the success of the Group.
- (2) Malaysian Public comprise Malaysian citizens, companies, co-operatives, societies, and institutions incorporated or organised under the laws of Malaysia.

The completion of the Public Issue will result in an enlarged issued Shares of TMK from RM494.1 million comprising 780,000,000 TMK Shares to RM879.1 million comprising 1,000,000,000 TMK Shares.

The Public Issue is known as "Pro Forma II" for the purpose of pro forma financial information.

**12. FINANCIAL INFORMATION (Cont'd)****2.3 Utilisation of proceeds**

The gross proceeds of RM385.0 million which would accrue to TMK from the Public Issue are planned to be utilised in the following manner:

<b>Details of use of proceeds</b>	<b>Estimated timeframe for use from the date of Listing Exercise</b>	<b>RM'000</b>	<b>%</b>
Expansion of the Banting Plant 1 <sup>(1)(4)</sup>	Within 24 months	90,200	23.4
Construction costs of a new facility <sup>(2)(4)</sup>	Within 24 months	49,500	12.9
Acquisitions to be identified <sup>(3)(4)</sup>	Within 36 months	99,100	25.7
Loan repayment	Within 6 months	50,000	13.0
Working capital <sup>(4)</sup>	Within 12 months	79,426	20.6
Defray fees and expenses relating to IPO and Listing Exercise <sup>(5)</sup>	Within 6 months	16,774	4.4
<b>Total</b>		<b>385,000</b>	<b>100.0</b>

**Notes:**

- (1) TMK intends to allocate RM90.2 million of the IPO proceeds to expand the Banting Plant 1 within 24 months after the Listing Exercise. As at the latest practicable date, the proceeds earmarked for expansion of the Banting Plant 1 are not reflected in the pro forma financial information as the expansion plan has yet to be drawn and approved by the Board of Directors.
- (2) TMK intends to allocate RM49.5 million of the IPO proceeds to construct a new processing facility in Singapore. As at the latest practicable date, TMK has yet to identify and enter into a binding agreement for construction of the facility. Accordingly, the proceeds earmarked for the construction costs of a new facility in Singapore are not reflected in the pro forma financial information.
- (3) TMK intends to allocate RM99.1 million of the IPO proceeds for acquisitions of target companies to be identified which are in the similar industry or offer products that complement the Group within Asia Pacific within 36 months after the Listing Exercise. The proceeds earmarked for the acquisitions to be identified has yet to be approved by the Board of Directors and as such, are not reflected in the pro forma financial information.
- (4) The amounts have been included in short-term deposits, cash and bank balances for the purposes of illustration in the pro forma financial information.
- (5) For the FPE 30 June 2024, the Group recognised listing expenses of RM2.8 million in connection with the Listing Exercise. Out of the remaining estimated listing expenses of RM14.0 million, RM6.3 million will be capitalised as a reduction to equity and the remaining RM7.7 million will be charged to profit or loss upon completion of the IPO.

The utilisation of proceeds is known as "Pro Forma III" for the purpose of pro forma financial information.

**12. FINANCIAL INFORMATION (Cont'd)****3.0 PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 30 JUNE 2024**

The pro forma consolidated statements of financial position as at 30 June 2024 set out below has been prepared for illustration purposes only to show the effects on the audited consolidated statement of financial position as at 30 June 2024 on the assumption that the Significant Subsequent Events and Listing Scheme as set out in Note 2.0 have been effected on 30 June 2024 and should be read in conjunction with the notes below:

	<b>Audited as at 30 June 2024 RM'000</b>	<b>Pro Forma I After Subdivision RM'000</b>	<b>Pro Forma II After Pro Forma I and Public Issue RM'000</b>	<b>Pro Forma III After Pro Forma II and Utilisation of Proceeds RM'000</b>
<b>ASSETS</b>				
<b>Non-Current Assets</b>				
Property, plant and equipment	419,198	419,198	419,198	419,198
Right-of-use assets	87,848	87,848	87,848	87,848
Investments in associates	8,922	8,922	8,922	8,922
Goodwill on consolidation	2,329	2,329	2,329	2,329
Deferred tax assets	2,107	2,107	2,107	2,107
<b>Total Non-Current Assets</b>	<b>520,404</b>	<b>520,404</b>	<b>520,404</b>	<b>520,404</b>
<b>Current Assets</b>				
Inventories	145,092	145,092	145,092	145,092
Trade and other receivables	287,425	287,425	287,425	287,425
Other assets	4,689	4,689	4,689	4,689
Current tax assets	5,819	5,819	5,819	5,819
Other investments	400	400	400	400
Short-term deposits, cash and bank balances (Note 3.2(i))	104,089	104,089	489,089	425,048
<b>Total Current Assets</b>	<b>547,514</b>	<b>547,514</b>	<b>932,514</b>	<b>868,473</b>
<b>Total Assets</b>	<b>1,067,918</b>	<b>1,067,918</b>	<b>1,452,918</b>	<b>1,388,877</b>



**12. FINANCIAL INFORMATION (Cont'd)**

	<b>Audited as at 30 June 2024 RM'000</b>	<b>Pro Forma I After Subdivision RM'000</b>	<b>Pro Forma II After Pro Forma I and Public Issue RM'000</b>	<b>Pro Forma III After Pro Forma II and Utilisation of Proceeds RM'000</b>
<b>EQUITY AND LIABILITIES</b>				
<b>Capital and Reserves</b>				
Share capital (Note 3.2(iii))	494,102	494,102	879,102	872,812
Merger reserve	(695,469)	(695,469)	(695,469)	(695,469)
Foreign currency translation reserve	8,172	8,172	8,172	8,172
Retained earnings (Note 3.2(iv))	498,213	498,213	498,213	490,462
<b>Equity attributable to equity holders of TMK</b>	<b>305,018</b>	<b>305,018</b>	<b>690,018</b>	<b>675,977</b>
Non-controlling interests	(57)	(57)	(57)	(57)
<b>Total Equity</b>	<b>304,961</b>	<b>304,961</b>	<b>689,961</b>	<b>675,920</b>
<b>Non-Current Liabilities</b>				
Borrowings (Note 3.2(ii))	344,450	344,450	344,450	310,075
Lease liabilities	10,177	10,177	10,177	10,177
Deferred tax liabilities	6,355	6,355	6,355	6,355
<b>Total Non-Current Liabilities</b>	<b>360,982</b>	<b>360,982</b>	<b>360,982</b>	<b>326,607</b>
<b>Current Liabilities</b>				
Trade and other payables	232,919	232,919	232,919	232,919
Other liabilities	23,311	23,311	23,311	23,311
Borrowings (Note 3.2(ii))	119,171	119,171	119,171	103,546
Lease liabilities	6,547	6,547	6,547	6,547
Current tax liabilities	20,027	20,027	20,027	20,027
<b>Total Current Liabilities</b>	<b>401,975</b>	<b>401,975</b>	<b>401,975</b>	<b>386,350</b>
<b>Total Liabilities</b>	<b>762,957</b>	<b>762,957</b>	<b>762,957</b>	<b>712,957</b>
<b>Total Equity and Liabilities</b>	<b>1,067,918</b>	<b>1,067,918</b>	<b>1,452,918</b>	<b>1,388,877</b>
<b>Key Financial Ratios:</b>				
Number of ordinary shares in issue (in '000)	83,178 <sup>(1)</sup>	780,000	1,000,000	1,000,000
NA per ordinary share (RM)	3.67	0.39	0.69	0.68
Current ratio (times)	1.4	1.4	2.3	2.2
Gearing ratio (times)	1.6	1.6	0.7	0.6

Note:

- (1) Number of ordinary shares in issue represents the number of shares of the Company as at 30 June 2024.

**12. FINANCIAL INFORMATION (Cont'd)**

---

3.1 Adjustments to the Pro Forma Consolidated SOFP are as below:

3.1.1 **Pro Forma I**

Pro Forma I incorporates adjustment relating to the execution of the Subdivision as set out in Note 2.1.

3.1.2 **Pro Forma II**

Pro Forma II incorporates adjustments relating to the proceeds from the Public Issue of 220,000,000 new Shares at the IPO price of RM1.75 per share amounting to RM385.0 million as set out in Note 2.2.

3.1.3 **Pro Forma III**

Pro Forma III incorporates adjustments relating to the utilisation of proceeds from Public Issue of RM385.0 million of which RM79.4 million is retained as cash and bank balances for general working capital use as set out in Note 2.3.

[ The rest of this page is intentionally left blank ]

**12. FINANCIAL INFORMATION (Cont'd)****3.2 Notes to the Pro Forma Consolidated SOFP as at 30 June 2024****(i) Short-term deposits, cash and bank balances**

The movements in short-term deposits, cash and bank balances are as follows:

	<b>RM'000</b>
Per Audited as at 30 June 2024/Pro Forma I	104,089
Pursuant to Adjustment for Pro Forma II: Proceeds from Public Issue	<u>385,000</u>
Per Pro Forma II	489,089
Pursuant to Adjustments for Pro Forma III: Repayment of borrowings	(50,000)
Defray fees and expenses relating to IPO and Listing Exercise	<u>(14,041)</u>
Total Adjustments for Pro Forma III	<u>(64,041)</u>
Per Pro Forma III	<u><u>425,048</u></u>

**(ii) Borrowings**

The movements in borrowings are as follows:

	<b>RM'000</b>
Per Audited as at 30 June 2024/ Pro Forma I/Pro Forma II	
Current	119,171
Non-current	<u>344,450</u>
	463,621
Pursuant to Adjustment for Pro Forma III: Repayment of borrowings from IPO proceeds	<u>(50,000)</u>
Per Pro Forma III	<u><u>413,621</u></u>
Analysed as:	
Current	103,546
Non-current	<u>310,075</u>
	<u><u>413,621</u></u>

**12. FINANCIAL INFORMATION (Cont'd)****(iii) Share capital**

The movements in share capital are as follows:

	<b>RM'000</b>
Per Audited as at 30 June 2024/ Pro Forma I	494,102
Pursuant to Adjustment for Pro Forma II: Public Issue	<u>385,000</u>
Per Pro Forma II	879,102
Pursuant to Adjustment for Pro Forma III: Estimated direct issue costs of new ordinary shares	<u>(6,290)</u>
Per Pro Forma III	<u><u>872,812</u></u>

**(iv) Retained earnings**

The movements in retained earnings are as follows:

	<b>RM'000</b>
Per Audited as at 30 June 2024/Pro Forma I/Pro Forma II	498,213
Pursuant to Adjustment for Pro Forma III: Estimated listing expenses	<u>(7,751)</u>
Per Pro Forma III	<u><u>490,462</u></u>

**[ The rest of this page is intentionally left blank ]**

**12. FINANCIAL INFORMATION (Cont'd)**

---

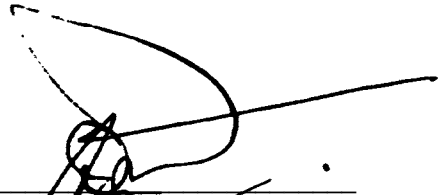
**4.0 APPROVAL**

The above pro forma consolidated statements of financial position as at 30 June 2024 has been approved and adopted by the Board of Directors of TMK in accordance with a resolution dated 5 November 2024.

Signed on behalf of the Board of Directors:



**MR. LEONG CHAO SEONG  
DEPUTY CHAIRMAN  
TMK CHEMICAL BHD.**



**MR. WONG KIN WAH  
MANAGING DIRECTOR  
TMK CHEMICAL BHD.**

Stamped for the purpose of  
identification only with our  
letter / report dated  
**06 NOV 2024**  
Deloitte PLT  
(LLP0010145-LCA)  
Kuala Lumpur.

**12. FINANCIAL INFORMATION (Cont'd)****12.5 DIVIDEND POLICY**

No inference should be made from any of the foregoing statements as to our actual future profitability or our ability to pay dividends in the future.

The actual dividends that our Board may recommend or declare in any particular financial year or period will be subject to various factors, such as having profits and excess funds which are not required to be retained to fund our business. Our Board will consider the following factors, which may not be exhaustive, when recommending dividends for approval by our shareholders or when declaring any interim dividends:

- (i) the level of cash and level of indebtedness;
- (ii) required and expected interest expenses, cash flows, profits, returns on equity and retained earnings;
- (iii) our expected results of operations and future level of operations;
- (iv) our projected levels of capital expenditure and other investment plans; and
- (v) applicable restrictive covenants under our Group's financing documents.

As we are a holding company, our ability to declare and pay dividends or make other distributions to our shareholders is dependent upon the dividends we receive from our subsidiaries, present and future. The payment of dividends by our subsidiaries is dependent upon various factors, including but not limited to, their distributable profits, financial performance, and cash flow requirements for operations and capital expenditure, as well as other factors that their respective boards of directors deem relevant. Save for certain banking restrictive covenants, which our subsidiaries are subject to, there is no other dividend restriction imposed on our subsidiaries as at the LPD.

We target a payout ratio of 30% to 50% of our profit attributable to the equity holders of our Company for each financial year on a consolidated basis, after taking into account the working capital, maintenance capital and committed capital requirements of our Group. The declaration and payment of any dividends is subject to the confirmation of our Board as well as any applicable law, license conditions and contractual obligations, and provided that such distribution will not be detrimental to our cash requirements, or any plans approved by our Board.

Investors should note that this dividend policy merely describes our present intention and shall not constitute legally binding statements in respect of our future dividends which are subject to modification (including non-declaration thereof) at our Board's discretion. There is no assurance that we will be able to pay dividends or that our Board will declare dividends in the future. There can also be no assurance that future dividends declared by our Board, if any, will not differ materially from historical dividend levels.

For the Periods Under Review and up to the LPD, our Group had declared and paid the following dividends:

	<b>FYE 2021</b>	<b>FYE 2022</b>	<b>FYE 2023</b>	<b>FPE 2024</b>	<b>From 1 July 2024 and up to the LPD</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Dividends declared and paid	(1)59,831	(1)70,693	-	(2)27,449	-
PAT attributable to equity holders of our Company	123,085	150,337	91,782	59,865	-
Dividend payout rate (%) <sup>(3)</sup>	48.6	47.0	-	45.9	-

**12. FINANCIAL INFORMATION (Cont'd)**

---

**Notes:**

- (1) *Interim dividends declared and paid by Chlor-Al to its shareholders of which RM59.8 million was in respect of the FYE 2021 and RM70.7 million was in respect of the FYE 2022. The said dividends were funded by the internal funds of Chlor-Al.*
- (2) *Dividends declared and paid by TMK to its shareholders comprised final dividend of RM6.7 million in respect of the FYE 2023 and interim dividend of RM20.8 million in respect of the FYE 2024. The said dividends were funded by our internal funds sourced from dividends received from our subsidiaries.*
- (3) *Computed based on dividend declared and paid divided by PAT attributable to equity holders of our Company for each financial year.*

As at the LPD, there are no outstanding dividends declared which remained unpaid.

The dividends will not affect the execution and implementation of our future plans or business strategies. Together with the proceeds from our Public Issue, we believe that we have sufficient funding of cash from operations and bank borrowings for the funding requirements of our operations and our expansion plans.

**13. ACCOUNTANTS' REPORT**

---

**TMK CHEMICAL BHD.**  
**(FORMERLY KNOWN AS TAIKO MARKETING SDN. BHD.)**  
(Co. Reg. No. 198901001548 (178854-K))  
(Incorporated in Malaysia under the Companies Act, 1965 and  
deemed registered under the Companies Act, 2016)

**ACCOUNTANTS' REPORT ON THE  
CONSOLIDATED FINANCIAL STATEMENTS**  
(Prepared for inclusion in the Prospectus)



**13. ACCOUNTANTS' REPORT (Cont'd)****ACCOUNTANTS' REPORT**

(Prepared for inclusion in the Prospectus of TMK Chemical Bhd.  
(formerly known as Taiko Marketing Sdn. Bhd.)

6 November 2024

The Board of Directors  
TMK Chemical Bhd. (Formerly known as Taiko Marketing Sdn. Bhd.)  
B2-6-1, Blok B2  
Meritus @ Oasis Corporate Park  
No. 2, Jalan PJU 1A/2, Ara Damansara  
47301 Petaling Jaya  
SELANGOR

Dear Sirs

**Reporting Accountants' Opinion on the Consolidated Financial Statements contained in the Accountants' Report of TMK Chemical Bhd. (formerly known as Taiko Marketing Sdn. Bhd.)**

We have audited the consolidated financial statements of TMK Chemical Bhd. (formerly known as Taiko Marketing Sdn. Bhd.) ("the Company") and its subsidiaries (collectively known as "the Group") which comprise of:

- (i) the combined statements of financial position as at 31 December 2023, 31 December 2022 and 31 December 2021, the combined statements of profit or loss and other comprehensive income, combined statements of changes in equity and combined statements of cash flows for the financial years ended 31 December 2023, 31 December 2022 and 31 December 2021;
- (ii) the consolidated statement of financial position as at 30 June 2024, the consolidated statement of profit or loss and other comprehensive income, consolidated statement of change in equity and consolidated statement of cash flows for the six-months financial period ended 30 June 2024; and
- (iii) notes to the consolidated financial statements including material accounting policy information, as set out in this report.

Hereafter (i) and (ii) is called consolidated statements of financial position, consolidated statements of profit or loss and other comprehensive income, consolidated statements of changes in equity and consolidated statements of cash flows.

The consolidated financial statements of the Group have been prepared for inclusion in the prospectus for TMK Chemical Bhd. (formerly known as Taiko Marketing Sdn. Bhd.) in connection with the initial public offering of up to 220,000,000 ordinary shares of the Company and the listing of and quotation for the entire enlarged issued ordinary shares of the Company on the Main Market of the Bursa Malaysia Securities Berhad and for no other purposes.

In our opinion, the financial information contained in the Accountants' Report gives a true and fair view of the financial position of the Group as at 30 June 2024, 31 December 2023, 31 December 2022 and 31 December 2021 and of its financial performance and its cash flows for the six months financial period ended 30 June 2024 and for each of the financial years ended 31 December 2023, 31 December 2022 and 31 December 2021 in accordance with the Malaysian Financial Reporting Standards and International Financial Reporting Standards.

### 13. ACCOUNTANTS' REPORT (Cont'd)

#### Basis for Opinion

We conducted our audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing. Our responsibilities under those standards are further described in the *Reporting Accountant's Responsibilities for the Audit of the Consolidated Financial Statements* section of our reporting accountants' report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### *Independence and Other Ethical Responsibilities*

We are independent of the Group in accordance with the *By-Laws (on Professional Ethics, Conduct and Practice)* of the Malaysian Institute of Accountants ("By-Laws") and the International Ethics Standards Board for Accountants' *International Code of Ethics for Professional Accountants (including International Independence Standards)* ("IESBA Code"), and we have fulfilled our other ethical responsibilities in accordance with the By-Laws and the IESBA Code.

#### Responsibilities of the Directors for the Consolidated Financial Statements

The Board of Directors ("Directors") of the Company are responsible for the preparation of the consolidated financial statements of the Group that give a true and fair view in accordance with the Malaysian Financial Reporting Standards and International Financial Reporting Standards. The Directors are also responsible for such internal control as the Directors determine is necessary to enable the preparation of consolidated financial statements of the Group that are free from material misstatement, whether due to fraud or error.

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

#### Reporting Accountants' Responsibilities for the Audit of the Consolidated Financial Statements

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

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

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

**13. ACCOUNTANTS' REPORT (Cont'd)**

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

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

**Other matters**

For the comparative financial information of the Group which comprises the combined statements of profit or loss and other comprehensive income, the combined statements of changes in equity and the combined statements of cash flows for the six months financial period ended 30 June 2023 and other explanatory information (the "Comparative Financial Information" or "FPE 2023"), we are not required to perform an audit and our above opinion does not cover the aforementioned Comparative Financial Information.

**Restriction on Distribution and Use**

This report is made solely to the Company and for inclusion in the prospectus of the Company to be issued in relation to the listing of and quotation for the entire enlarged issued ordinary shares of the Company on the Main Market of Bursa Malaysia Securities Berhad and should not be relied upon for any other purposes. We do not assume responsibility to any other person for the content of this report.



**DELOITTE PLT (LLP0010145-LCA)**  
Chartered Accountants (AF 0080)



**WONG KAR CHOON**  
Partner – 03153/08/2026 J  
Chartered Accountant

6 November 2024

**13. ACCOUNTANTS' REPORT (Cont'd)****1. ABBREVIATIONS**

Unless the context otherwise requires, the following definitions shall apply throughout this report.

**General:**

Board	:	Board of Directors of TMK
Bursa Securities	:	Bursa Malaysia Securities Berhad (200301033577 (635998-W))
FYE	:	Financial year(s) ended/ending 31 December, as the case may be
FPE	:	Financial period(s) ended/ending 30 June, as the case may be
IFRS or IFRSs	:	International Financial Reporting Standards
Institutional Price	:	Price per IPO Share to be paid by investors under the Institutional Offering which will be determined on the Price Determination Date by way of bookbuilding
IPO	:	Initial public offering comprising the Public Issue
IPO Shares or Issue Shares	:	New Shares to be issued by the Company under the Public Issue
LPD	:	27 October 2024, being the latest practicable date prior to the registration of the Prospectus
MASB	:	Malaysian Accounting Standards Board
MFRS or MFRSs	:	Malaysian Financial Reporting Standards
MPERS	:	Malaysian Private Entities Reporting Standard
New Shares Issuance	:	The issuance of new TMK Shares resulting from the exercises undertaken as set out in Section 3.3.1
Promoter	:	Collectively, Dato' Lee Soon Hian, Mr. Leong Chao Seong and Mr. Wong Kin Wah and "Promoter" shall refer to any one of them
IPO or Public Issue	:	Initial public offering of 220,000,000 shares comprising a public issue of 220,000,000 new shares to retail and institutional investors
Listing	:	Listing of and quotation for the entire enlarged issued share capital of TMK on the Main Market of Bursa Securities
Retail Price	:	Initial price per IPO Share to be fully paid upon application under the Retail Offering
SFRS	:	Financial Reporting Standards in Singapore
TMK Shares or Shares	:	Ordinary shares in TMK
TMKS	:	Taiko Marketing (S) Pte. Ltd. (199205429N)
VAS	:	Vietnamese Accounting Standards

**Currencies:**

EUR	:	Euro
RM	:	Ringgit Malaysia
RMB	:	Renminbi
SGD	:	Singapore Dollar
USD	:	United States Dollar
VND	:	Vietnamese Dong

**13. ACCOUNTANTS' REPORT (Cont'd)****TMK Chemical Bhd. Group or combining entities\* ("TMK Group"):**

TMK or the Company	:	TMK Chemical Bhd. (formerly known as Taiko Marketing Sdn. Bhd.) (198901001548 (178854-K))
Botanics Recreational	:	Botanics Recreational Park Sdn. Bhd. (201401013030 (1089114-T))
Chlor-AI	:	Chlor-AI Chemical Pte. Ltd. (197602462D)
Fragrance Connections	:	Fragrance Connections Sdn. Bhd. (200101016653 (552410-T))
Island Transport	:	Island Transport Pte. Ltd. (201903445H)
Klang Bulking	:	Klang Bulking Sdn. Bhd. (202001011873 (1368193-W))
Kemaman Bulking	:	Kemaman Bulking Sdn. Bhd. (199501029024 (358230-A))
New Port	:	New Port Bulk Terminal Sdn. Bhd. (197601004531 (30470-P))
Peninsula Salt	:	Peninsula Salt Sdn. Bhd. (202101020061 (1420361-U))
Peninsula Transport	:	Peninsula Transport Sdn. Bhd. (201901038080 (1347410-X))
Sound Dynasty	:	Sound Dynasty Sdn. Bhd. (201101006608 (934745-X))
Soda Holdings	:	Soda Holdings Sdn. Bhd. (202101005868 (1406167-U))
Springlane Resources	:	Springlane Resources Sdn. Bhd. (201201012879 (986396-V))
Soda Malaysia	:	Soda Malaysia Sdn. Bhd. (201301009162 (1039004-M))
TMK Bulking Services	:	TMK Bulking Services Sdn. Bhd. (formerly known as Taiko Bulking Services Sdn. Bhd.) (201901020042 (1329371-P))
TMK Banting	:	TMK Chemical Banting Sdn. Bhd. (formerly known as Taiko Resources Sdn. Bhd.) (200601024311 (744065-P))
TMK Pasir Gudang	:	TMK Chemical Pasir Gudang Sdn. Bhd. (formerly known as Taiko NPK Sdn. Bhd.) (200801010926 (812214-U))
TMK Chemical Works	:	TMK Chemical Works Sdn. Bhd. (formerly known as Taiko Chemical Works Sdn. Bhd.) (200801023743 (825066-M))
TMK Dai Hung	:	TMK - Dai Hung Chemicals Co., Ltd (formerly known as Taiko - Dai Hung Chemicals Co., Ltd.) (0305778066)
Tanjung Langsat Bulking	:	Tanjung Langsat Bulking Sdn. Bhd. (201301009159 (1039001-D))
TMK Water Care	:	TMK Water Care Sdn. Bhd (formerly known as Taiko Water Care Sdn. Bhd.) (200801003273 (804557-H))

**Note:**

\* The consolidated financial statements of TMK Group includes the marketing business operation of TMKS as mentioned in Section 2.

**2. PURPOSE OF REPORT**

We set out below our report on the financial information (the "Financial Information") relating to TMK Group for financial period ended 30 June 2024 ("FPE 2024"), 30 June 2023 ("FPE 2023") and financial years ended 31 December 2023 ("FYE 2023"), 31 December 2022 ("FYE 2022") and 31 December 2021 ("FYE 2021") for inclusion in the Prospectus of TMK (the "Prospectus") in connection with the Listing.

This report has been prepared by Deloitte PLT, an approved company auditor, for inclusion in the Prospectus in relation to the listing of and quotation for IPO.

**13. ACCOUNTANTS' REPORT (Cont'd)**

The details of the entities and business are as follows:

Name of company	Date and country of incorporation	Issued share capital		Principal activities
		No. of shares	Amount	
TMK	20.02.1989 Malaysia	83,178,163	RM494,101,697	Trading and activity as a marketing agent for industrial and specialty chemicals, fertilisers and other related products.
Chlor-AI	11.12.1976 Singapore	800,000	SGD800,000	Manufacture of basic chemicals N.E.C. and wholesale trade of a variety of goods without a dominant product (business as wholesalers and retailers of chemical relating products) <sup>(4)</sup> .
<b>Subsidiaries of TMK</b>				
Botanics Recreational <sup>(1)</sup>	14.04.2014 Malaysia	6,135,000	RM6,135,000	Investment holding.
Fragrance Connections	05.07.2001 Malaysia	300,000	RM300,000	Investment holding.
New Port	16.12.1976 Malaysia	2,000,000	RM2,000,000	Provision of storage facilities for bulk liquid chemicals, drumming and transportation services.
Peninsula Salt	31.05.2021 Malaysia	21,900,000	RM21,900,000	Yet to commence operations. Its intended principal activity is investment holding.
Peninsula Transport	21.10.2019 Malaysia	5,300,000	RM5,300,000	Provision of transportation services.
Sound Dynasty	03.03.2011 Malaysia	35,200,000	RM35,200,000	Investment and letting of real properties, provision of maintenance and related services and provision of storage and packing services.
Soda Holdings	18.02.2021 Malaysia	22,000	RM22,000	Yet to commence operations. Its intended principal activity is investment holding.
Springlane Resources	12.04.2012 Malaysia	710,000	RM5,431,500	Renting of office premises.
Soda Malaysia	19.03.2013 Malaysia	2	RM2	Investment holding.
TMK Bulking Services	07.06.2019 Malaysia	50,336,000	RM50,336,000	Investment holding.

**13. ACCOUNTANTS' REPORT (Cont'd)**

Name of company	Date and country of incorporation	Issued share capital		Principal activities
		No. of shares	Amount	
TMK Banting	13.08.2006 Malaysia	207,100,000	RM207,100,000	Manufacturing and trading of chemicals.
TMK Pasir Gudang	03.04.2008 Malaysia	2,500,000	RM2,500,000	Renting of warehouse storage space.
TMK Chemical Works	11.07.2008 Malaysia	100,000	RM100,000	Yet to commence operations. Its intended principal activities are manufacturing and trading in chemicals.
TMK Water Care	29.01.2008 Malaysia	100,000	RM100,000	Yet to commence operations. Its intended principal activity is manufacturing of chemicals.

**Subsidiaries of TMK Bulking Services**

Klang Bulking	20.05.2020 Malaysia	50,000	RM50,000	Yet to commence operations. Its intended principal activity is provision of storage facilities and transportation facilities.
Kemaman Bulking	06.09.1995 Malaysia	35,486,000	RM35,486,000	Provision of bulking installation services.
Tanjung Langsat Bulking	19.03.2013 Malaysia	18,560,000	RM18,560,000	Provision of storage and warehousing in bulk cargoes.

**Subsidiaries of Chlor-AI**

Island Transport	29.01.2019 Singapore	250,000	SGD250,000	Freight transport arrangement (provision of transportation services).
TMK Dai Hung <sup>(2)</sup>	09.06.2008 Vietnam	-( <sup>3</sup> )	VND 46,820,000,000	Implementing the rights to export, import goods and wholesaling chemicals according to regulations of law.

**Note:**

- (1) TMK acquired 100.0% equity interest in Botanics Recreational comprising 6,135,000 ordinary shares for a cash consideration of RM5,972,100 on 5 September 2023.
- (2) On 6 September 2023, Chlor-AI entered into a capital contribution agreement with TMK Dai Hung whereby Chlor-AI contributed the capital contribution amount of VND45,220,000,000 (equivalent to RM8,788,326) into TMK Dai Hung. The transaction contemplated under this agreement was completed on 15 September 2023 resulting in an increase in TMK Dai Hung's charter capital from VND1,600,000,000 to VND46,820,000,000. Consequently, TMK Dai Hung was converted from a single-member limited liability company into a multi-member limited liability company with two capital contribution members, being TMKS and Chlor-AI respectively holding 3.4% and 96.6% of the charter capital of TMK Dai Hung on 3 October 2023.

**13. ACCOUNTANTS' REPORT (Cont'd)**

- (3) No number of shares shown based on the local law of business registration.
- (4) The expression "N.E.C." utilised herein shall have the meaning "not elsewhere classified".

TMKS was incorporated in Singapore on 8 October 1992. The issued share capital of TMKS comprises 1,250,000 ordinary shares at USD988,537. TMKS is principally involved in the business of marketing of all kinds of merchandise and product and cafes. TMKS also has a property investment business of which investment properties were held for the purpose of rental income and capital appreciation. The consolidated financial statements of TMK Group includes the marketing business operation of TMKS but does not include the property investment business of TMKS, which were excluded from the business transfer deed entered between Chlor-AI and TMKS for acquisition of business of TMKS.

On 6 September 2023, Chlor-AI entered into a business transfer deed to acquire the assets set out in the business transfer deed from TMKS for a cash consideration of:

- (a) USD54,205 (approximately RM244,000 based on the exchange rate of USD1.0:RM4.5) for the contracts, the goodwill, and the other assets (as set out in the business transfer deed); and
- (b) USD3,690,510 (approximately RM16,607,000 based on the exchange rate of USD1.0:RM4.5) or such amount as adjusted and agreed upon by TMKS and Chlor-AI in writing, based on the actual stock levels of the stocks of chemical products held by TMKS in relation to its business operation as on the closing date under the business transfer deed.

The transfer of the assets pursuant to the business transfer deed was completed on 7 November 2023. The transfer of the licences for the SAP software pursuant to the business transfer deed was completed with effect from 22 November 2023.

The registered offices of TMK Group are located as follows:

- (a) Menara Taiko, No. 5, Jalan Sultan Nazrin Shah, 30250 Ipoh, Perak Darul Ridzuan, Malaysia; and
- (b) 75B Neil Road, Singapore 088902.

The principal places of business of TMK Group are located as follows:

- (a) B2-6-01, Blok B2, Meritus @ Oasis Corporate Park, No. 2, Jalan PJU 1A/2, Ara Damansara, 47301 Petaling Jaya, Selangor Darul Ehsan, Malaysia;
- (b) Jalan Dermaga, Lorong Sawit Satu, Pasir Gudang Free Zone, 81707 Pasir Gudang, Johor Darul Takzim, Malaysia;
- (c) PLO 74 (PTD 4606), Jalan Nibong 1/1, Kawasan Perindustrian Tanjung Langsat, 81700 Pasir Gudang, Johor Darul Takzim, Malaysia;
- (d) Lot 4735, Jalan Telaga Simpul, Mukim Teluk Kalong, 24000 Kemaman, Terengganu Darul Iman, Malaysia;
- (e) Lot 66099, Jalan Graphite 2, Kawasan Perindustrian Bandar Mahkota, 42700 Banting, Selangor Darul Ehsan, Malaysia;
- (f) 75B Neil Road, Singapore 088902; and
- (g) No. 1, Dinh Le Street, Ward 13, District 4, Ho Chi Minh City, Vietnam.

There was no significant change in the nature of the principal activities of the entities since the respective dates of incorporation. As part of the listing scheme, TMK has undertaken an internal restructuring exercise and acquired the equity interests of all the entities and business as disclosed in Section 3.3.1.



**13. ACCOUNTANTS' REPORT (Cont'd)**

The auditors and approved accounting standards of TMK Group for the respective financial years are as follows:

<b>Entity</b>	<b>Financial Years</b>	<b>Auditors</b>	<b>Approved Accounting Standards</b>
Botanics Recreational	2021	Folks DFK & Co.	MPERS
	2022	Folks DFK & Co.	MPERS
	2023	Deloitte PLT	MFRSs and IFRSs
Chlor-AI	2021	BSL Public Accounting Corporation <sup>(1)</sup>	SFRS
	2022	BSL Public Accounting Corporation	SFRS
	2023	Deloitte & Touche LLP	SFRS
Fragrance Connections	2021	Deloitte PLT	MPERS
	2022	Deloitte PLT	MPERS
	2023	Deloitte PLT	MFRSs and IFRSs
Island Transport	2021	BSL Public Accounting Corporation	SFRS
	2022	BSL Public Accounting Corporation	SFRS
	2023	BSL Public Accounting Corporation	SFRS
Klang Bulking	2021	Deloitte PLT	MPERS
	2022	Deloitte PLT	MPERS
	2023	Deloitte PLT	MFRSs and IFRSs
Kemaman Bulking	2021	Deloitte PLT	MPERS
	2022	Deloitte PLT	MPERS
	2023	Deloitte PLT	MFRSs and IFRSs
New Port	2021	Deloitte PLT	MPERS
	2022	Deloitte PLT	MPERS
	2023	Deloitte PLT	MFRSs and IFRSs
Peninsula Salt	2021 <sup>(2)</sup>	Deloitte PLT	MPERS
	2022	Deloitte PLT	MPERS
	2023	Deloitte PLT	MFRSs and IFRSs
Peninsula Transport	2021	Deloitte PLT	MPERS
	2022	Deloitte PLT	MPERS
	2023	Deloitte PLT	MFRSs and IFRSs
Sound Dynasty	2021	Deloitte PLT	MPERS
	2022	Deloitte PLT	MPERS
	2023	Deloitte PLT	MFRSs and IFRSs
Soda Holdings	2021 <sup>(3)</sup>	Deloitte PLT	MPERS
	2022	Deloitte PLT	MPERS
	2023	Deloitte PLT	MFRSs and IFRSs
Springlane Resources	2021	Deloitte PLT	MPERS
	2022	Deloitte PLT	MPERS
	2023	Deloitte PLT	MFRSs and IFRSs
Soda Malaysia	2021	Deloitte PLT	MPERS
	2022	Deloitte PLT	MPERS
	2023	Deloitte PLT	MFRSs and IFRSs

**13. ACCOUNTANTS' REPORT (Cont'd)**

<b>Entity</b>	<b>Financial Years</b>	<b>Auditors</b>	<b>Approved Accounting Standards</b>
TMK Bulking Services	2021	Deloitte PLT	MPERS
	2022	Deloitte PLT	MPERS
	2023	Deloitte PLT	MFRSs and IFRSs
TMK Banting	2021	Deloitte PLT	MPERS
	2022	Deloitte PLT	MPERS
	2023	Deloitte PLT	MFRSs and IFRSs
TMK Pasir Gudang	2021	Deloitte PLT	MPERS
	2022	Deloitte PLT	MPERS
	2023	Deloitte PLT	MFRSs and IFRSs
Chemical Works	2021	Deloitte PLT	MPERS
	2022	Deloitte PLT	MPERS
	2023	Deloitte PLT	MFRSs and IFRSs
TMK Dai Hung	2021	Bakertilly A&C Auditing and Consulting Co., Ltd.	VAS
	2022	Bakertilly A&C Auditing and Consulting Co., Ltd.	VAS
	2023	Bakertilly A&C Auditing and Consulting Co., Ltd.	VAS
Tanjung Langsat Bulking	2021	Deloitte PLT	MPERS
	2022	Deloitte PLT	MPERS
	2023	Deloitte PLT	MFRSs and IFRSs
TMK	2021	Deloitte PLT	MPERS
	2022	Deloitte PLT	MPERS
	2023	Deloitte PLT	MFRSs and IFRSs
TMK Water Care	2021	Deloitte PLT	MPERS
	2022	Deloitte PLT	MPERS
	2023	Deloitte PLT	MFRSs and IFRSs

**Notes:**

- (1) Also the auditors of TMKS for financial years ended 2023, 2022 and 2021.
- (2) 7 months period 31 May 2021 (date of incorporation) to 31 December 2021.
- (3) 10 months period 18 February 2021 (date of incorporation) to 31 December 2021.

The audited financial statements of the entities within TMK Group for the respective financial years as reported above were not subject to any qualification or modification.

For the purpose of this report;

- i) the combined financial statements of TMK Group are the combination or aggregation of all the financial information of the combining entities and business that have been prepared based on the separate financial information for the 12 months reporting periods from 1 January 2023 to 31 December 2023 ("FYE 2023"), 1 January 2022 to 31 December 2022 ("FYE 2022") and 1 January 2021 to 31 December 2021 ("FYE 2021"); and

**13. ACCOUNTANTS' REPORT (Cont'd)**

- ii) the consolidated financial statements of TMK Group are prepared in a manner similar to the merger method, as if the entities within the Group were operating as a single economic entity from the beginning of the earliest comparative period covered by the relevant period or the dates of incorporation of entities within the Group, if later, for the 6 months reporting period from 1 January 2024 to 30 June 2024 ("FPE 2024");

in accordance with MFRSs and IFRSs.

**3. GENERAL INFORMATION****3.1 Corporate Information****(i) TMK**

TMK was incorporated and domiciled in Malaysia under the Companies Act, 1965 on 20 February 1989 as a private limited liability company. The principal activities of TMK are trading and acting as a marketing agent for industrial and specialty chemicals, fertilisers and other related products. On 4 September 2023, the company changed its name from Taiko Marketing Sdn. Bhd. to TMK Chemical Sdn. Bhd.. On 15 November 2023, the Company was converted to a public limited liability company to be the holding company for the restructured group pursuant to the internal restructuring exercise as disclosed in Section 3.3.1.

**(ii) Companies of TMK Group**

The details of the entities and business within TMK Group are disclosed in Section 2.

**3.2 Share Capital****Issued Share Capital**

Details of the changes in the issued share capital of TMK since incorporation up to the LPD are as follows:

<b>Date of allotment</b>	<b>No. of ordinary shares</b>	<b>Consideration</b>	<b>Cumulative share capital RM'000</b>
20.02.1989	2	Cash	_*
10.01.1990	199,998	Cash	200
24.08.2000	900,000	Cash	1,100
02.08.2004	5,500,000	Otherwise than in cash	6,600
28.06.2010	39,600,000	Otherwise than in cash	46,200
08.02.2024	36,978,163 <sup>#</sup>	Otherwise than in cash	494,102

**Note**

\* Denoted RM2.

# Issued in accordance with the shares sales agreement as disclosed in Section 3.3.1.

## 13. ACCOUNTANTS' REPORT (Cont'd)

### 3.3 Listing Scheme

TMK is undertaking the listing of and quotation for its entire enlarged issued ordinary shares on the Main Market of Bursa Securities. The listing scheme comprises the following:

#### 3.3.1 Restructuring Exercise and New Shares Issuance

In connection with the Listing, TMK has undertaken the following transactions prior to the Public Issue as described in Section 3.3.3 by entering into the below arrangements:

- (i) On 6 September 2023, Chlor-AI entered into a capital contribution agreement with TMK Dai Hung whereby Chlor-AI contributed the capital contribution amount of VND45,220,000,000 (approximately RM8,788,326) into TMK Dai Hung. The transaction contemplated under this agreement was completed on 15 September 2023 resulting in an increase in TMK Dai Hung's charter capital from VND1,600,000,000 to VND46,820,000,000. Consequently, TMK Dai Hung was converted from a single member limited liability company to a multi-member limited liability company with two capital contribution members, being TMKS and Chlor-AI respectively holding 3.4% and 96.6% of the charter capital of TMK Dai Hung on 3 October 2023.
- (ii) On 6 September 2023, Chlor-AI entered into a business transfer deed to acquire the assets set out in the business transfer deed from TMKS for a cash consideration of:
  - (a) USD54,205 (approximately RM244,000 based on the exchange rate of USD1.0:RM4.5) for the contracts, the goodwill, and the other assets (as set out in the business transfer deed); and
  - (b) USD3,690,510 (approximately RM16,607,000 based on the exchange rate of USD1.0:RM4.5) or such amount as adjusted and agreed upon by TMKS and Chlor-AI in writing, based on the actual stock levels of the stocks of chemical products held by TMKS in relation to its business operation as on the closing date under the business transfer deed.

The transfer of the assets pursuant to the business transfer deed was completed on 7 November 2023. The transfer of the licences for the SAP software pursuant to the business transfer deed was completed with effect from 22 November 2023.

- (iii) On 31 January 2024, TMK entered into a shares sale agreement to acquire the entire issued share capital of Chlor-AI comprising 800,000 ordinary shares in Chlor-AI for a total purchase consideration of RM697,900,000 to be satisfied by:
  - (a) RM250,000,000 in cash; and
  - (b) RM447,900,000 via issuance of 36,978,163 new ordinary shares based on issue price of RM12.1126 per TMK Share.

The transaction was completed on 8 February 2024.

Note:

Upon completion of the Restructuring Exercise and New Shares Issuance, the issued share capital of TMK increased from RM46,200,000 comprising 46,200,000 ordinary shares to RM494,101,697 comprising 83,178,163 TMK Shares.

#### 3.3.2 Subdivision of Shares

In conjunction with the Listing, on 24 October 2024, the Company undertook the subdivision of 83,178,163 Shares into 780,000,000 Shares. The purpose of the Subdivision is to enhance the liquidity of the Shares upon our Listing.

**13. ACCOUNTANTS' REPORT (Cont'd)**

---

**3.3.3 Public Issue**

The Public Issue of 220,000,000 Public Issue Shares, representing 22.0% of the enlarged ordinary shares of TMK at the IPO Price comprising:

(i) Institutional Offering

The Institutional Offering will involve the offering of 190,000,000 IPO Shares, representing 19.0% of the enlarged issued Shares which will be offered at the Institutional Price.

(ii) Retail Offering

The Retail Offering will involve the offering of 30,000,000 IPO Shares, representing 3.0% of the enlarged issued Shares which will be offered at the Retail Price in the following manner:

(a) Allocation to the Eligible Persons<sup>(1)</sup>

10,000,000 IPO Shares, representing 1.0% of the enlarged issued Shares, will be reserved for application by the Eligible Persons.

(b) Allocation via balloting to the Malaysian Public<sup>(2)</sup>

20,000,000 IPO Shares, representing 2.0% of the enlarged issued Shares, are reserved for application by the Malaysian Public.

Note:

(1) Eligible Persons comprise employees of TMK Group (including directors of entities within TMK Group) and persons who have contributed to the success of TMK Group.

(2) Malaysian Public comprise Malaysian citizens, companies, co-operatives, societies, and institutions incorporated or organised under the laws of Malaysia.

The completion of the Public Issue will result in an increase in number of ordinary shares of TMK from 780,000,000 TMK Shares to 1,000,000,000 TMK Shares.

**[ The rest of this page is intentionally left blank ]**

### 13. ACCOUNTANTS' REPORT *(Cont'd)*

---

#### 4. HISTORICAL FINANCIAL INFORMATION

##### 4.1 Financial Statements

###### **Combined Financial Statements**

As the acquisition of Chlor-AI was only completed on 8 February 2024, there are no consolidated financial statements of the Group for financial years ended 31 December 2023, 31 December 2022 and 31 December 2021.

The combined financial statements of TMK Group have been prepared solely in connection with the IPO and for no other purpose.

The combined financial statements consist of the financial statements of the TMK Group, under the common control of the controlling shareholder, Dato' Lee Soon Hian.

The combined financial statements of TMK Group which comprise combined statements of financial position of TMK Group as at 31 December 2023, 31 December 2022 and 31 December 2021, combined statements of profit or loss and other comprehensive income, combined statements of changes in equity and combined statements of cash flows of TMK Group for the FYE 2023, FYE 2022 and FYE 2021, and material accounting information and other explanatory information have been prepared as if TMK Group has been operated as a single economic entity throughout the financial years ended 31 December 2023, 31 December 2022 and 31 December 2021.

Entities and business under common control are entities and business which are ultimately controlled by the same parties and that control is not transitory. Control exists when the same parties have, as a result of contractual agreements, ultimate collective power to govern the financial and operating policies of each of the combining entities and business so as to obtain the benefits from the activities and that ultimate collective power is not transitory. The financial statements of commonly controlled companies and business are included in the combined financial statements from the day that control commences until the date that control ceases.

The financial information as prepared in the combined financial statements may not correspond with the consolidated financial statements of TMK Group after incorporating or effecting the relevant acquisitions, as the combined financial statements reflect historical financial information and business combinations under common control for the purpose of the IPO. Such financial information from the combined financial statements does not purport to predict the financial positions, results of operations and cash flows of TMK Group.

###### **Consolidated Financial Statements**

Upon completion of the acquisition of Chlor-AI on 8 February 2024, the Group has then prepared the consolidated financial statements for financial period ended 30 June 2024.

The consolidated financial statements of the Group for 30 June 2024 were prepared in a manner similar to the merger method, as if the entities within the Group were operating as a single economic entity from the beginning of the earliest comparative period covered by the relevant period or the dates of incorporation of entities within the Group, if later. Such manner of presentation reflects the economic substance of the companies, which are under common control throughout the relevant period.

The difference between the cost of the merger and the share capital of the merger entities is reflected within equity as merger reserve, as appropriate. The merger reserve is adjusted against suitable reserves of the merger entities to the extent that laws or status do not prohibit the use of such reserves.

**13. ACCOUNTANTS' REPORT (Cont'd)****4.2 Consolidated Statements of Profit or Loss and Other Comprehensive Income**

	Section	FPE 2024 RM'000	FPE 2023 RM'000 (Unaudited)	FYE 2023 RM'000	FYE 2022 RM'000	FYE 2021 RM'000
Revenue	4.9	659,434	643,825	1,306,096	1,484,338	1,126,844
Cost of sales		<u>(542,875)</u>	<u>(541,584)</u>	<u>(1,096,216)</u>	<u>(1,223,243)</u>	<u>(917,138)</u>
Gross profit		116,559	102,241	209,880	261,095	209,706
Other gains and losses	4.11	3,455	4,237	3,530	4,530	4,292
Investment revenue	4.12	1,470	851	1,774	932	711
Other operating income		10,065	1,013	4,100	2,127	2,833
Selling and distribution expenses		<u>(22,977)</u>	<u>(21,223)</u>	<u>(45,591)</u>	<u>(41,343)</u>	<u>(33,783)</u>
General and administrative expenses		<u>(28,022)</u>	<u>(26,604)</u>	<u>(46,189)</u>	<u>(37,214)</u>	<u>(28,128)</u>
Profit from operations		80,550	60,515	127,504	190,127	155,631
Finance costs	4.13	<u>(7,676)</u>	<u>(2,318)</u>	<u>(6,761)</u>	<u>(2,587)</u>	<u>(1,567)</u>
Share of results of associates		<u>942</u>	<u>1,224</u>	<u>1,603</u>	<u>3,385</u>	<u>1,752</u>
<b>Profit before tax</b>	4.14	73,816	59,421	122,346	190,925	155,816
Tax expenses	4.16	<u>(14,021)</u>	<u>(13,960)</u>	<u>(30,748)</u>	<u>(40,588)</u>	<u>(32,731)</u>
<b>Profit for the period/year</b>		<u>59,795</u>	<u>45,461</u>	<u>91,598</u>	<u>150,337</u>	<u>123,085</u>
<b>Other comprehensive income:</b>						
<b>Item that may be reclassified subsequently to profit or loss:</b>						
Exchange differences on translation of foreign entities		<u>348</u>	<u>6,151</u>	<u>7,089</u>	<u>3,272</u>	<u>1,688</u>
<b>Total comprehensive income</b>		<u>60,143</u>	<u>51,612</u>	<u>98,687</u>	<u>153,609</u>	<u>124,773</u>
<b>Profit for the period/year attributable to:</b>						
Equity holders of TMK		59,865	45,461	91,782	150,337	123,085
Non-controlling interest		<u>(70)</u>	<u>-</u>	<u>(184)</u>	<u>-</u>	<u>-</u>
		<u>59,795</u>	<u>45,461</u>	<u>91,598</u>	<u>150,337</u>	<u>123,085</u>
<b>Total comprehensive income for the period/year attributable to:</b>						
Equity holders of TMK		60,165	51,612	98,864	153,609	124,773
Non-controlling interest		<u>(22)</u>	<u>-</u>	<u>(177)</u>	<u>-</u>	<u>-</u>
		<u>60,143</u>	<u>51,612</u>	<u>98,687</u>	<u>153,609</u>	<u>124,773</u>
Basic and diluted earnings per share (RM)	4.17	<u>0.72</u>	<u>0.97</u>	<u>1.95</u>	<u>3.20</u>	<u>2.62</u>

**13. ACCOUNTANTS' REPORT (Cont'd)****4.3 Consolidated Statements of Financial Position**

Section	FPE 2024 RM'000	FYE 2023 RM'000	FYE 2022 RM'000	FYE 2021 RM'000	
<b>ASSETS</b>					
<b>Non-Current Assets</b>					
Property, plant and equipment	4.18	419,198	405,685	357,604	248,445
Right-of-use assets	4.19	87,848	92,764	100,358	75,766
Investment in associates	4.20	8,922	8,437	8,133	6,719
Goodwill on consolidation	4.21	2,329	2,324	2,317	2,309
Deferred tax assets	4.22	2,107	662	815	988
<b>Total Non-Current Assets</b>		<u>520,404</u>	<u>509,872</u>	<u>469,227</u>	<u>334,227</u>
<b>Current Assets</b>					
Inventories	4.23	145,092	161,651	169,663	104,277
Trade and other receivables	4.24	287,425	251,907	252,758	226,864
Other assets	4.25	4,689	6,040	8,821	5,289
Current tax assets	4.16	5,819	2,644	308	565
Other investments	4.26	400	500	2,500	-
Short-term deposits, cash and bank balances	4.27	104,089	136,523	128,831	100,443
<b>Total Current Assets</b>		<u>547,514</u>	<u>559,265</u>	<u>562,881</u>	<u>437,438</u>
<b>Total Assets</b>		<u><u>1,067,918</u></u>	<u><u>1,069,137</u></u>	<u><u>1,032,108</u></u>	<u><u>771,665</u></u>
<b>EQUITY AND LIABILITIES</b>					
<b>Capital and Reserves</b>					
Share capital	4.28	494,102	46,200	46,200	46,200
Invested capital	4.29	-	2,433	2,433	2,433
Reserves	4.30	(189,084)	473,669	433,020	350,104
Equity attributable to equity holders of the Company		305,018	522,302	481,653	398,737
Non-controlling interest		(57)	(35)	-	-
<b>Total Equity</b>		<u>304,961</u>	<u>522,267</u>	<u>481,653</u>	<u>398,737</u>
<b>Non-Current Liabilities</b>					
Trade and other payables	4.34	-	-	1,049	882
Borrowings	4.32	344,450	116,699	129,149	56,133
Lease liabilities	4.33	10,177	13,510	18,254	18,655
Deferred tax liabilities	4.22	6,355	6,646	5,623	5,650
<b>Total Non-Current Liabilities</b>		<u>360,982</u>	<u>136,855</u>	<u>154,075</u>	<u>81,320</u>



**13. ACCOUNTANTS' REPORT (Cont'd)****4.3 Consolidated Statements of Financial Position (Continued)**

	Section	FPE 2024 RM'000	FYE 2023 RM'000	FYE 2022 RM'000	FYE 2021 RM'000
<b>Current Liabilities</b>					
Trade and other payables	4.34	232,919	250,934	292,911	221,007
Other liabilities	4.35	23,311	20,574	11,412	10,051
Contract liabilities	4.36	-	-	1,447	3,503
Borrowings	4.32	119,171	115,822	59,510	36,457
Lease liabilities	4.33	6,547	7,630	8,992	7,103
Current tax liabilities	4.16	20,027	15,055	22,108	13,487
<b>Total Current Liabilities</b>		<u>401,975</u>	<u>410,015</u>	<u>396,380</u>	<u>291,608</u>
<b>Total Liabilities</b>		<u>762,957</u>	<u>546,870</u>	<u>550,455</u>	<u>372,928</u>
<b>Total Equity and Liabilities</b>		<u>1,067,918</u>	<u>1,069,137</u>	<u>1,032,108</u>	<u>771,665</u>

[ The rest of this page is intentionally left blank ]

**13. ACCOUNTANTS' REPORT (Cont'd)****4.4 Consolidated Statements of Changes in Equity**

Section	Share Capital RM'000	Invested Capital RM'000	Non-distributable Reserve - Foreign Currency Translation Reserve RM'000	Distributable Reserve - Retained Earnings RM'000	Attributable to Equity Holders of the Company RM'000	Non-controlling Interest RM'000	Total Equity RM'000
<b>Balance at 1 January 2021</b>	46,200	2,433	(960)	286,122	333,795	-	333,795
Profit for the year	-	-	-	123,085	123,085	-	123,085
Other comprehensive income for the year	-	-	1,688	-	1,688	-	1,688
Profit and total comprehensive income for the year	-	-	1,688	123,085	124,773	-	124,773
Dividends	-	-	-	(59,831)	(59,831)	-	(59,831)
<b>Balance at 31 December 2021/1 January 2022</b>	46,200	2,433	728	349,376	398,737	-	398,737
Profit for the year	-	-	-	150,337	150,337	-	150,337
Other comprehensive income for the year	-	-	3,272	-	3,272	-	3,272
Profit and total comprehensive income for the year	-	-	3,272	150,337	153,609	-	153,609
Dividends	-	-	-	(70,693)	(70,693)	-	(70,693)
<b>Balance at 31 December 2022/1 January 2023</b>	46,200	2,433	4,000	429,020	481,653	-	481,653
Profit/(Loss) for the year	-	-	-	91,782	91,782	(184)	91,598
Other comprehensive income for the year	-	-	7,082	-	7,082	7	7,089
Profit/(loss) and total comprehensive income/(loss) for the year	-	-	7,082	91,782	98,864	(177)	98,687
Transfer of business from TMKS to Chlor-AI	-	-	(3,210)	(54,863)	(58,073)	-	(58,073)
Dilution arising from change in shareholding of a subsidiary	-	-	-	(142)	(142)	142	-
<b>Balance at 31 December 2023</b>	<u>46,200</u>	<u>2,433</u>	<u>7,872</u>	<u>465,797</u>	<u>522,302</u>	<u>(35)</u>	<u>522,267</u>

**13. ACCOUNTANTS' REPORT (Cont'd)****4.4 Consolidated Statements of Changes in Equity (Continued)**

Section	Share Capital RM'000	Invested Capital RM'000	Merger Reserve RM'000	Non-distributable Reserve - Foreign Currency Translation Reserve RM'000	Distributable Reserve - Retained Earnings RM'000	Attributable to Equity Holders of the Company RM'000	Non-controlling Interest RM'000	Total Equity RM'000
<b>Balance at 1 January 2024</b>	46,200	2,433	-	7,872	465,797	522,302	(35)	522,267
Profit for the period	-	-	-	-	59,865	59,865	(70)	59,795
Other comprehensive income for the period	-	-	-	300	-	300	48	348
Profit and total comprehensive income for the period	-	-	-	300	59,865	60,165	(22)	60,143
Acquisition of subsidiary	447,902	(2,433)	(695,469)	-	-	(250,000)	-	(250,000)
Dividends	-	-	-	-	(27,449)	(27,449)	-	(27,449)
<b>Balance at 30 June 2024</b>	<b>494,102</b>	<b>-</b>	<b>(695,469)</b>	<b>8,172</b>	<b>498,213</b>	<b>305,018</b>	<b>(57)</b>	<b>304,961</b>
<b>Unaudited</b>								
<b>Balance at 1 January 2023</b>	46,200	2,433	-	4,000	429,020	481,653	-	481,653
Profit for the period	-	-	-	-	45,461	45,461	-	45,461
Other comprehensive income for the period	-	-	-	6,151	-	6,151	-	6,151
Profit and total comprehensive income for the period	-	-	-	6,151	45,461	51,612	-	51,612
Dividends	-	-	-	-	-	-	-	-
<b>Balance at 30 June 2023</b>	<b>46,200</b>	<b>2,433</b>	<b>-</b>	<b>10,151</b>	<b>474,481</b>	<b>533,265</b>	<b>-</b>	<b>533,265</b>

**13. ACCOUNTANTS' REPORT (Cont'd)****4.5 Consolidated Statements of Cash Flows**

Section	FPE 2024 RM'000	FPE 2023 RM'000 (Unaudited)	FYE 2023 RM'000	FYE 2022 RM'000	FYE 2021 RM'000
<b>CASH FLOWS FROM/(USED IN) OPERATING ACTIVITIES</b>					
Profit before tax	73,816	59,421	122,346	190,925	155,816
Adjustment for:					
Depreciation of:					
- Property, plant and equipment	10,546	6,504	14,554	10,593	9,572
- Right-of-use assets	6,295	5,375	11,108	9,721	9,588
Finance costs	7,676	2,318	6,761	2,587	1,567
Unrealised (gain)/loss on foreign exchange	(3,418)	(82)	1,228	(2,894)	(902)
Property, plant and equipment written off	11	77	128	229	89
Loss on disposal of an associate	-	-	14	-	-
Shares of results of associates	(942)	(1,224)	(1,603)	(3,385)	(1,752)
Interest income	(1,462)	(835)	(1,772)	(932)	(513)
Impairment loss of inventories/(Reversal of impairment loss)	511	(1,129)	(653)	1,448	(1,627)
Gain on disposal of property, plant and equipment	(51)	(52)	(176)	(69)	(86)
Impairment loss on trade receivables/(Reversal of impairment loss)	130	(60)	(43)	70	(370)
Gain on termination of leases	-	-	(20)	-	-
Gain on disposal of other investments	-	(15)	(15)	-	(162)
Gain arising from modification of leases	-	(50)	(7)	-	-
Investment income	(8)	(1)	(1)	-	(36)
Income from capital distribution	-	-	-	(126)	-
Bad debts written off	-	-	-	-	45
Operating profit before changes in working capital	93,104	70,247	151,849	208,167	171,229
Changes in working capital:					
Inventories	16,077	(6,656)	12,740	(64,064)	(39,100)
Trade and other receivables	(34,724)	39,916	(42,227)	(23,470)	(52,017)
Other assets	1,342	(649)	(1,210)	(4,149)	(416)
Trade and other payables	(18,509)	(87,925)	(47,402)	60,951	58,354
Other liabilities	2,333	8,062	3,914	1,510	3,016
Contract liabilities	-	(1,390)	(1,505)	(2,250)	(321)
Cash Generated From Operations	59,623	21,605	76,159	176,695	140,745

**13. ACCOUNTANTS' REPORT (Cont'd)****4.5 Consolidated Statements of Cash Flows (Continued)**

Section	FPE 2024 RM'000	FPE 2023 RM'000 (Unaudited)	FYE 2023 RM'000	FYE 2022 RM'000	FYE 2021 RM'000
Interest received	1,462	835	1,772	932	525
Net income tax paid	(13,733)	(16,077)	(37,623)	(31,532)	(27,394)
Net Cash From Operating Activities	47,352	6,363	40,308	146,095	113,876
<b>CASH FLOWS FROM/(USED IN) INVESTING ACTIVITIES</b>					
Proceed from disposal of other investments	108	2,516	2,516	-	30,542
Proceeds from disposal of an associate	4.20	-	792	-	-
Dividend received from an associate	200	200	600	1,200	540
Proceeds from disposal of property, plant and equipment	245	61	449	170	219
Additions to property, plant and equipment	4.39(a)	(21,556)	(24,997)	(52,739)	(36,991)
Acquisition of new subsidiaries	(250,000)	-	(5,880)	-	-
Subscription of additional shares in an associate	-	-	(552)	-	-
Capital distribution from a former subsidiary	-	-	-	126	-
Additions to right-of-use assets	-	-	-	(24,491)	-
Purchase of other investments	-	-	-	(2,500)	-
Advances to associates	-	-	-	(140)	-
Net Cash Used In Investing Activities	(271,003)	(22,220)	(44,356)	(78,374)	(5,690)
<b>CASH FLOWS FROM/(USED IN) FINANCING ACTIVITIES</b>					
(Repayment of)/Proceeds from bankers' acceptances - net	4.39(b)	(12,276)	53,490	27,119	(13,384)
Proceeds from term loans	4.39(b)	250,000	-	25,825	4,887
Consideration paid to TMKS due to business transfer	-	-	(17,076)	-	-
(Repayment of)/Proceeds from trust receipts - net	4.39(b)	-	(10,522)	(1,061)	8,652
Repayment of term loans	4.39(b)	(6,624)	(5,358)	(10,089)	(17,703)

**13. ACCOUNTANTS' REPORT (Cont'd)****4.5 Consolidated Statements of Cash Flows (Continued)**

	Section	FPE 2024 RM'000	FPE 2023 RM'000 (Unaudited)	FYE 2023 RM'000	FYE 2022 RM'000	FYE 2021 RM'000
Repayment of lease liabilities	4.39(b)	(6,310)	(4,687)	(9,666)	(8,398)	(8,538)
Finance costs paid		(7,250)	(2,318)	(9,170)	(5,139)	(2,986)
Dividends paid to shareholders of entities		(27,449)	-	-	(70,693)	(59,831)
Net Cash From/(Used In) Financing Activities		190,091	30,605	6,937	(42,436)	(88,903)
<b>NET (DECREASE)/ INCREASE IN CASH AND CASH EQUIVALENTS</b>		(33,560)	14,748	2,889	25,285	19,283
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD/YEAR</b>		136,523	128,831	128,831	100,443	79,299
Effect of exchange rate changes on the balance of cash held in foreign currencies		1,126	4,099	4,803	3,103	1,861
<b>CASH AND CASH EQUIVALENTS AT END OF PERIOD/YEAR</b>	4.39(c)	104,089	147,678	136,523	128,831	100,443

### 13. ACCOUNTANTS' REPORT (Cont'd)

#### 4.6 BASIS OF PREPARATION OF THE CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements of TMK Group have been prepared in accordance with MFRSs and IFRSs.

(a) **New and amendments to MFRSs affecting amounts reported and/or disclosures in the financial statements**

As at 30 June 2024, TMK Group adopted all of the new and amendments to MFRSs issued by the MASB that are mandatorily effective for accounting periods that begin on or after 1 January 2021, 1 January 2022, 1 January 2023 and 1 January 2024 respectively. Their adoption has not had any material impact on the disclosures or on the amounts reported in the consolidated financial statements other than the below.

**Impact on application of amendments to MFRS 101 *Presentation of Financial Statements***

TMK Group has adopted the amendments to MFRS 101 for the first time in the current period. The amendments change the requirements in MFRS 101 with regard to disclosure of accounting policies. The amendments replace all instances of the term 'significant accounting policies' with 'material accounting policy information'. Accounting policy information is material if, when considered together with other information included in an entity's financial statements, it can reasonably be expected to influence decisions that the primary users of financial statements make on the basis of those financial statements.

The supporting paragraphs in MFRS 101 are also amended to clarify that accounting policy information that relates to immaterial transactions, other events or conditions is immaterial and need not be disclosed. Accounting policy information may be material because of the nature of the related transactions, other events or conditions, even if the amounts are immaterial. However, not all accounting policy information relating to material transactions, other events or conditions is itself material.

(b) **Standards and Amendments to MFRSs in issue but not yet effective**

TMK Group has not applied the following Standards and Amendments to MFRSs that have been issued but are not yet effective:

MFRS 18	Presentation and Disclosure in Financial Statements <sup>3</sup>
MFRS 19	Subsidiaries without Public Accountability: Disclosures <sup>3</sup>
Amendments to MFRS 121	Lack of exchangeability <sup>1</sup>
Amendments to MFRS 9 and MFRS 7	Amendments to the <i>Classification and Measurement of Financial Instruments</i> (Amendments to MFRS 9 <i>Financial Instruments</i> and MFRS 7 <i>Financial Instruments: Disclosures</i> ) <sup>2</sup>
Amendments to MFRS 10 and MFRS 128	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture <sup>4</sup>
Annual Improvements to MFRS Accounting Standards – Volume 11 <sup>2</sup>	

<sup>1</sup> Effective for annual periods beginning on or after 1 January 2025, with earlier application permitted.

<sup>2</sup> Effective for annual periods beginning on or after 1 January 2026, with earlier application permitted.

<sup>3</sup> Effective for annual periods beginning on or after 1 January 2027, with earlier application permitted.

<sup>4</sup> Effective date deferred to a date to be determined and announced by MASB, with earlier application permitted.

The management anticipates that the abovementioned amendments to MFRSs will be adopted in the financial statements of TMK Group when they become effective. The management is in the midst of assessing the outcome of the assessment of the effect of adoption of the abovementioned amendments to MFRSs.

**13. ACCOUNTANTS' REPORT (Cont'd)**

---

**4.7 MATERIAL ACCOUNTING POLICY INFORMATION****Basis of Accounting**

The financial statements of TMK Group have been prepared under the cost bases (which include historical cost, amortised cost and lower of cost and net realisable value) and fair values.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

**Going Concern**

The management has, at the time of approving the financial statements, a reasonable expectation that TMK Group has adequate resources to continue in operational existence for the foreseeable future. Thus, TMK Group continues to adopt the going concern basis of accounting in preparing the consolidated financial statements.

**Business Combinations Involving Common Control Entities**

A business combination involving entities or businesses under common control is a business combination in which all of the entities or businesses are ultimately controlled by the same party or parties, both before and after the business combination, and that control is not transitory.

The combined financial statements incorporate the financial statements items of the Group and business in which the common control combination occurs as if they had been combined from the date when the entities first came under the control of the controlling parties. The share capital of all the entities, other than TMK, are presented as invested capital in the combined statement of financial position.

Upon completion of the acquisition of Chlor-AI on 8 February 2024, the Group has then prepare the consolidated financial statements for financial period ended 30 June 2024.

A single uniform set of accounting policies is adopted by the Group. Therefore, the net assets of the Group are combined using the existing book values from the controlling parties' perspective. No amount is recognised in respect of goodwill or excess of acquirer's interest in the net fair value of acquiree's identifiable assets, liabilities and contingent liabilities over cost at the time of common control combination, to the extent of the continuation of the controlling parties' interest.

The combined statement of profit or loss and other comprehensive income includes the results of each of the subsidiaries from the earliest date presented or since the date when the subsidiaries first came under the common control, where this is a shorter period, regardless of the date of the common control combination. Expenditure incurred in connection with the restructuring is recognised as an expense in profit or loss.

The effects of all transactions between the entities or businesses, whether occurring before or after the combination, are eliminated in preparing the combined financial statements of the Group.



**13. ACCOUNTANTS' REPORT (Cont'd)****Business Combinations Excluding Common Control Entities**

The acquisitions of subsidiaries and businesses, other than those involving entities under common control, are accounted for using the acquisition method. The cost of the business combination is measured as the aggregate of the fair values, at the date of exchange, of assets given, liabilities incurred or assumed, and equity instruments issued by TMK Group in exchange for control of the acquiree. Acquisition-related costs are recognised in profit or loss as incurred. The acquiree's identifiable assets, liabilities and contingent liabilities that meet the conditions for recognition under MFRS 3 *Business Combinations* are recognised at their fair values at the acquisition date.

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed.

Non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation may be initially measured either at fair value or at the non-controlling interests' proportionate share of the recognised amounts of the acquiree's identifiable net assets. The choice of measurement is to account for non-controlling interest at proportionate share of the investee's net assets.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the acquirer reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period (which cannot exceed one year from the acquisition date), or additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed as of the acquisition date that, if known, would have affected the amounts recognised at that date. Measurement period adjustments are adjusted retrospectively, with corresponding adjustments against goodwill.

TMK Group applies the optional concentration test under MFRS 3 that permits a simplified assessment of whether an acquired set of activities and assets is not a business. The acquired set of activities and assets is not a business and will be accounted as an acquisition of assets if substantially all of the fair value of the gross assets acquired is concentrated in a single identifiable asset or group of similar assets.

**Associates**

TMK Group uses equity method to account for the results of all its associates in the financial statements during the periods/years. An associate is defined as one where the Group has a significant influence over the investee's financial and operating policies but has no control or joint control over them.

The associates of the Group, Luxury Anchor Sdn. Bhd. and Wakomas Chemical Sdn. Bhd., have a financial year-end different from the Group's. The financial year-end of these associates is on 30 June. In applying the equity method of accounting, no separate financial statement of these associates is prepared as the associates are considered not a material one and the latest financial statements used for the equity accounting of this associate is for the year ended 30 June 2024.

**Segment Reporting**

For management purposes, TMK Group is organised into operating segments that engage in business activities from which it may earn revenues and incur expenses, including revenues and expenses that related to transactions with any of TMK Group's other components. TMK Group's reporting segments were identified based on internal reports that are regularly reviewed by TMK Group's chief operating decision maker in order to allocate resources to the segment and to assess its performance. TMK Group's reportable segments are strategic business operations that are managed separately based on TMK Group's management and internal reporting structure.

**13. ACCOUNTANTS' REPORT (Cont'd)****Revenue Recognition**

Revenue is measured based on the consideration specified in a contract with a customer and excludes amounts collected on behalf of third parties. TMK Group recognises revenue when it transfers control of a product or service to a customer.

**Sale of chemical products**

Revenue from sale of chemical products is recognised when control of the goods has transferred to the customer, being at the point the goods are delivered to the customer. Delivery occurs when the goods have been shipped to the customer's specific location. Following delivery, the customer has full ownership of the goods and bears the risks of loss and damage in relation to the goods. TMK Group recognises a receivable when the goods are delivered to the customer as this represents the point in time at which the right to consideration becomes unconditional, as only the passage of time is required before payment is due. Payment of the transaction price is due immediately for customers without credit terms granted.

Rebates and volume discounts are given to eligible customers and are taken up as variable considerations in determining the transaction prices contracted.

**Rendering of services**

Storage and handling services, which includes income from chemical terminal services are recognised on an accrual basis when services are rendered.

Transportation charges are recognised when distribution services are rendered.

Other income items are presented separately from revenue and are recognised using the following bases:

- (a) Interest income is recognised as it accrues, using the effective interest method;
- (b) Dividend from an equity investment is recognised when TMK Group's right to receive payment, as a shareholder of the investee, is established, which is the date the dividend is appropriately authorised;
- (c) Investment income from investments in money market funds is recognised when TMK Group's right to receive payment is established;
- (d) Rental income is recognised on a straight-line basis over the lease terms; and
- (e) Recovery of commissioning costs is recognised on net income from the disposal of chemicals produced from the testing and commissioning of new manufacturing plant, net off of production costs incurred.

**Foreign Currencies**

Transactions in currencies other than the functional currency of the group (foreign currencies) are recognised at the rates of exchange prevailing at the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences are recognised in profit or loss in the period in which they arise except for:

- exchange differences arising on the retranslation of non-monetary items carried at fair value in respect of which gains and losses are recognised in other comprehensive income. For such non-monetary items, the exchange component of that gain or loss is also recognised in other comprehensive income; and

**13. ACCOUNTANTS' REPORT (Cont'd)**

- exchange differences on monetary items receivable from or payable to a foreign operation for which settlement is neither planned nor likely to occur (therefore, forming part of the net investment in the foreign operation), which are recognised initially in other comprehensive income and reclassified from equity to profit or loss on repayment of the monetary items.

For the purpose of presenting consolidated financial statements, the assets and liabilities of TMK Group's foreign operations are translated into RM at exchange rates prevailing on the reporting date. Income and expense items are translated at the average exchange rates for the period, unless exchange rates fluctuated significantly during that period, in which case the exchange rates at the dates of the transactions are used. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in a foreign exchange translation reserve (attributed to non-controlling interests as appropriate).

On the disposal of a foreign operation (i.e. a disposal of TMK Group's entire interest in a foreign operation, or a disposal involving loss of control over a subsidiary that includes a foreign operation, or loss of significant influence over an associate that includes a foreign operation), all of the accumulated exchange differences in respect of that operation attributable to TMK Group are reclassified to profit or loss.

Goodwill and fair value adjustments on identifiable assets and liabilities arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate. Exchange differences arising are recognised in other comprehensive income.

**Leases*****TMK Group as a lessee***

TMK Group assesses whether a contract is or contains a lease, at inception of the contract. TMK Group recognises a right-of-use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets (such as tablets and personal computers, small items of office furniture and telephones). For these leases, TMK Group recognises the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the lessee uses its incremental borrowing rate.

The right-of-use assets comprise the initial measurement of the corresponding lease liability, lease payments made at or before the commencement day, less any lease incentives received and any initial direct costs. They are subsequently measured at cost less accumulated depreciation and impairment losses, if any.

Right-of-use assets are depreciated over the shorter period of lease term and useful life of the underlying asset, starting from the commencement date of the lease.

Leasehold land that normally has an indefinite economic life and where the title is not expected to pass to the lessee by the end of the lease term is treated as an operating lease. Payments made on entering into or acquiring leasehold land represents right-of-use assets and are amortised over the lease terms ranging from 29 to 68 years.

As a practical expedient, MFRS 16 *Leases* permits a lessee not to separate non-lease components, and instead account for any lease and associated non-lease components as a single arrangement. TMK Group has not used this practical expedient.

**13. ACCOUNTANTS' REPORT (Cont'd)**

---

***TMK Group as a lessor***

Leases for which TMK Group is a lessor are classified as finance or operating leases. Whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee, the contract is classified as a finance lease. All other leases are classified as operating leases.

When TMK Group is an intermediate lessor, it accounts for the head lease and the sub-lease as two separate contracts. The sub-lease is classified as a finance or operating lease by reference to the right-of-use asset arising from the head lease.

Additional variable lease payments that do not depend on an index or a rate will be imposed if the throughput volume exceeded the pre-agreed storage volume in a lease agreement.

**Borrowing Costs**

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which require a substantial period of time to get them ready for their intended use, are capitalised and included as part of the cost of the related assets. Capitalisation of borrowing costs will cease when the assets are ready for their intended use.

All other borrowing costs are recognised as an expense in the period/year in which they are incurred.

**Taxation**

Income tax expense represents the sum of the tax currently payable and deferred tax.

***Current tax***

The tax currently payable is based on taxable profit for the period/year. Taxable profit differs from profit as reported in profit or loss because it excludes items of income or expense that are taxable or deductible in other periods/years and it further excludes items that are never taxable or deductible. The liability of TMK Group for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

***Deferred tax***

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised.

Deferred tax assets and deferred tax liabilities are measured based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax assets and deferred tax liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and TMK Group intends to settle its current tax assets and current tax liabilities on a net basis.

**Earnings per Share**

Basic earnings per share is calculated by dividing the consolidated profit or loss attributable to equity holders of TMK by the weighted average number of ordinary shares outstanding of the entities during the period/year.

**13. ACCOUNTANTS' REPORT (Cont'd)****Property, Plant and Equipment**

All property, plant and equipment are initially measured at cost. For a purchased asset, cost comprises purchase price plus all directly attributable costs incurred in bringing the asset to its present location and condition for management's intended use. For a self-constructed asset, cost comprises all direct and indirect costs of construction (including provision for restoration and cost of major inspection) but excludes internal profits.

Freehold land and construction in progress are not depreciated.

The annual depreciation rates of the respective classes of property, plant and equipment, other than freehold land and construction in progress, depreciated on a straight-line basis are as follows:

Buildings and structure	2% - 20%
Motor vehicles	10% - 20%
Furniture, fittings and office equipment	5% - 33⅓%
Plant, machinery and equipment	10% - 40%
Renovation	5% - 20%

**Inventories**

Inventories are valued at the lower of cost and net realisable value. Cost is determined on "Weighted Average" method.

**Impairment of Non-Financial Assets excluding Goodwill**

At the end of each reporting period, TMK Group reviews the carrying amounts of its non-financial assets (other than goodwill, which is mentioned separately below) to determine if there is any indication that those assets may be impaired. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, TMK Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, an impairment loss is recognised immediately in profit or loss to reduce the carrying amount of the asset (or cash-generating unit) to its recoverable amount.

Goodwill is reviewed for impairment annually or more frequently if events or changes in circumstances indicate that the carrying amount may be impaired. Any impairment loss is recognised immediately in profit or loss and any impairment loss recognised for goodwill is not subsequently reversed. Gain or loss on the disposal of an entity includes the carrying amount of goodwill relating to the entity sold.

**Financial Instruments**

Financial assets and financial liabilities are recognised in the consolidated statements of financial position when TMK Group becomes a party to the contractual provisions of the financial instrument.

Financial assets and financial liabilities are initially measured at fair value.

### 13. ACCOUNTANTS' REPORT (Cont'd)

#### **Classification of financial assets**

Debt instruments that meet the following conditions are measured subsequently at amortised cost:

- the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

By default, all other financial assets are measured subsequently at fair value through profit or loss ("FVTPL").

#### (i) Amortised cost and effective interest method

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period.

The amortised cost of a financial asset is the amount at which the financial asset is measured at initial recognition minus the principal repayments, plus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount, adjusted for any loss allowance. The gross carrying amount of a financial asset is the amortised cost of a financial asset before adjusting for any loss allowance.

The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) excluding expected credit losses ("ECL"), through the expected life of the debt instrument, or, where appropriate, a shorter period, to the gross carrying amount of the debt instrument on initial recognition.

#### (ii) Financial assets at FVTPL

Financial assets that do not meet the criteria for being measured at amortised cost or at FVTOCI are measured at FVTPL.

Financial assets at FVTPL are measured at fair value at the end of each reporting period, with any fair value gains or losses recognised in profit or loss.

#### **Impairment of financial assets**

TMK Group recognises a loss allowance for expected credit losses on investments in financial assets that are measured at amortised cost such as trade and other receivables. The amount of ECL is updated at the end of each reporting period to reflect changes in credit risk since initial recognition of the respective financial assets.

TMK Group always recognises lifetime ECL for trade receivables. The ECL on these financial assets are estimated based on TMK Group's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the end of the reporting period, including time value of money where appropriate.

**13. ACCOUNTANTS' REPORT (Cont'd)**

For all other financial assets, TMK Group recognises lifetime ECL when there has been a significant increase in credit risk since initial recognition. However, if the credit risk on the financial instrument has not increased significantly since initial recognition, TMK Group measures the loss allowance for that financial instrument at an amount equal to 12-month ECL.

**(i) Significant increase in credit risk**

In assessing whether the credit risk on a financial instrument has increased significantly since initial recognition, TMK Group compares the risk of a default occurring on the financial instrument at the end of the reporting period with the risk of a default occurring on the financial instrument at the date of initial recognition. In making this assessment, TMK Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort.

Irrespective of the outcome of the above assessment, TMK Group presumes that the credit risk on a financial asset has increased significantly since initial recognition when contractual payments are more than 90 days past due, unless TMK Group has reasonable and supportable information that demonstrates otherwise.

Despite the foregoing, TMK Group assumes that the credit risk on a financial instrument has not increased significantly since initial recognition if the financial instrument is determined to have low credit risk at the end of the reporting period.

TMK Group regularly monitors the effectiveness of the criteria used to identify whether there has been a significant increase in credit risk and revises them as appropriate to ensure that the criteria are capable of identifying significant increase in credit risk before the amount becomes past due.

**(ii) Definition of default**

TMK Group considers the following as constituting an event of default for internal credit risk management purposes as historical experience indicates that financial assets that meet either of the following criteria are generally not recoverable:

- when there is a breach of financial covenants by the debtor; or
- information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including TMK Group, in full (without taking into account any collateral held by TMK Group).

Irrespective of the above analysis, TMK Group considers that default has occurred when a financial asset is more than 180 days past due unless TMK Group has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

**(iii) Credit-impaired financial assets**

A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred.

**(iv) Write off policy**

TMK Group writes off a financial asset when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery. Any recoveries of financial asset previously written off are recognised in profit or loss.

**13. ACCOUNTANTS' REPORT (Cont'd)****(v) Measurement and recognition of ECL**

The measurement of ECL is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information as described above. As for the exposure at default, for financial assets, this is represented by the assets' gross carrying amount at the end of the reporting period.

For financial assets, the ECL is estimated as the difference between all contractual cash flows that are due to TMK Group in accordance with the contract and all the cash flows that TMK Group expects to receive, discounted at the original effective interest rate.

***Derecognition of financial assets***

TMK Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. The difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss.

**Financial Liabilities and Equity Instruments*****Classification as debt or equity***

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

***Equity instruments***

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by TMK Group are recognised at the proceeds received, net of direct issue costs.

***Financial liabilities***

All financial liabilities are measured subsequently at amortised cost using the effective interest method.

**Statements of Cash Flows**

TMK Group adopts the indirect method in the preparation of the statements of cash flows.

**4.8 CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY**

In the application of TMK Group's accounting policies, the management are required to make judgements (other than those involving estimations) that have a significant impact on the amounts recognised and to make estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.



**13. ACCOUNTANTS' REPORT (Cont'd)****Critical Judgements in Applying TMK Group's Accounting Policies**

In the process of applying the accounting policies of TMK Group, the management are of the opinion that there are no instances of application of judgement which are expected to have a significant effect on the amounts recognised in the financial statements.

**Key Sources of Estimation Uncertainty**

The key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period that may have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below:

**Measurement of income taxes and deferred tax**

TMK Group operates in various tax jurisdictions and is subject to income taxes in each jurisdiction. Significant judgement is required in determining the capital allowances and deductibility of certain expenses during the estimation of the provision for income taxes. When the final outcome of the taxes payable are determined with the tax authorities in each jurisdiction, the amounts might be different from the initial estimates of the taxes payable. Such differences may impact the current and deferred taxes in the period when such determination is made.

Deferred tax assets are recognised to the extent that it is probable that future taxable profits will be available against which the deductible temporary differences can be utilised. This involve the use of judgement regarding the future financial performance of the particular entity in which the deferred tax asset has been recognised.

The carrying amount of current tax assets/(liabilities), deferred tax assets/(liabilities) of TMK Group at the end of the reporting period and the related tax expenses are as disclosed in Sections 4.16 and 4.22 respectively.

**4.9 Revenue**

	FPE 2024 RM'000	FPE 2023 RM'000 (Unaudited)	FYE 2023 RM'000	FYE 2022 RM'000	FYE 2021 RM'000
Sale of goods	637,736	628,822	1,274,602	1,454,632	1,092,848
Storage and handling income	20,440	12,435	28,821	27,523	31,636
Transportation services	1,258	2,568	2,673	2,183	2,360
	<u>659,434</u>	<u>643,825</u>	<u>1,306,096</u>	<u>1,484,338</u>	<u>1,126,844</u>
Revenue recognised:					
At a point in time	646,845	637,238	1,293,091	1,473,704	1,114,582
Over time	12,589	6,587	13,005	10,634	12,262
	<u>659,434</u>	<u>643,825</u>	<u>1,306,096</u>	<u>1,484,338</u>	<u>1,126,844</u>

TMK Group applied the practical expedient under MFRS 15 not to disclose the aggregate amount of the transaction prices allocated to performance obligations that are unsatisfied (or partially satisfied) as of the end of the reporting period in respect of unsatisfied contracts with customers expected to be fulfilled within one year.

**13. ACCOUNTANTS' REPORT (Cont'd)**

Maturity analysis of operating lease payment arising from rental of storage tanks are as follows:

	<b>FPE 2024</b> <b>RM'000</b>	<b>FPE 2023</b> <b>RM'000</b> <b>(Unaudited)</b>	<b>FYE 2023</b> <b>RM'000</b>	<b>FYE 2022</b> <b>RM'000</b>	<b>FYE 2021</b> <b>RM'000</b>
Year 1	8,765	9,796	8,468	6,473	6,382
Year 2	6,337	7,410	6,442	2,511	3,360
Year 3	2,406	4,986	3,042	484	325
Year 4	690	2,070	2,070	-	-
Year 5	-	1,725	690	-	-
	<u>18,198</u>	<u>25,987</u>	<u>20,712</u>	<u>9,468</u>	<u>10,067</u>

Income relating to variable lease payments that do not depend on an index or a rate amounted to approximately RM Nil (FPE 2023: RM Nil; FYE 2023: RM441,000; FYE 2022: RM541,000; FYE 2021: RM347,000).

**4.10 Operating Costs Applicable to Revenue**

The operating costs classified by nature, applicable to revenue, are as follows:

<b>Section</b>	<b>FPE 2024</b> <b>RM'000</b>	<b>FPE 2023</b> <b>RM'000</b> <b>(Unaudited)</b>	<b>FYE 2023</b> <b>RM'000</b>	<b>FYE 2022</b> <b>RM'000</b>	<b>FYE 2021</b> <b>RM'000</b>
Purchase of trading goods	494,137	511,045	1,047,558	1,192,819	876,328
Changes in trading inventories, finished goods and work-in-progress	(22,898)	(2,298)	(13,247)	(35,654)	(28,670)
Promoters' and directors' remuneration	4.15 2,284	3,101	6,602	6,067	4,218
Employee benefits expenses	24,162	26,185	47,055	41,580	33,595
Depreciation of property, plant and equipment	4.18 10,546	6,504	14,554	10,593	9,572
Depreciation of right-of-use assets	4.19 6,295	5,375	11,108	9,721	9,588
Other operating expenses	<u>79,348</u>	<u>39,499</u>	<u>74,366</u>	<u>76,674</u>	<u>74,418</u>
	<u>593,874</u>	<u>589,411</u>	<u>1,187,996</u>	<u>1,301,800</u>	<u>979,049</u>

**13. ACCOUNTANTS' REPORT (Cont'd)****4.11 Other Gains and Losses**

	FPE 2024 RM'000	FPE 2023 RM'000 (Unaudited)	FYE 2023 RM'000	FYE 2022 RM'000	FYE 2021 RM'000
Foreign exchange gain - net	3,415	4,262	3,482	4,690	4,295
Gain on disposal of property, plant and equipment	51	52	176	69	86
Property, plant and equipment written off	(11)	(77)	(128)	(229)	(89)
	<u>3,455</u>	<u>4,237</u>	<u>3,530</u>	<u>4,530</u>	<u>4,292</u>

**4.12 Investment Revenue**

	FPE 2024 RM'000	FPE 2023 RM'000 (Unaudited)	FYE 2023 RM'000	FYE 2022 RM'000	FYE 2021 RM'000
Interest income for financial assets not designated as at FVTPL:					
Short-term deposits and bank accounts	1,462	835	1,772	932	513
Gain on disposal of other investments	-	15	15	-	162
Investment revenue for financial assets designated as at FVTPL:					
Money market funds	8	1	1	-	24
Others	-	-	-	-	12
Loss on disposal of an associate (Section 4.20)	-	-	(14)	-	-
	<u>1,470</u>	<u>851</u>	<u>1,774</u>	<u>932</u>	<u>711</u>

**4.13 Finance Costs**

	FPE 2024 RM'000	FPE 2023 RM'000 (Unaudited)	FYE 2023 RM'000	FYE 2022 RM'000	FYE 2021 RM'000
Interest expenses on:					
Bankers' acceptances	1,645	1,178	2,782	1,054	447
Lease liabilities (Section 4.33)	502	543	1,095	1,160	1,065
Trust receipts	-	150	218	267	55
Term loans	5,529	447	2,666	106	-
	<u>7,676</u>	<u>2,318</u>	<u>6,761</u>	<u>2,587</u>	<u>1,567</u>

**13. ACCOUNTANTS' REPORT (Cont'd)****4.14 Profit Before Tax**

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

	FPE 2024 RM'000	FPE 2023 RM'000 (Unaudited)	FYE 2023 RM'000	FYE 2022 RM'000	FYE 2021 RM'000
Auditors' remuneration:					
Audit fee:					
- Current period/year	459	118	919	230	202
- Prior year	31	-	-	2	(1)
Assurance fee	-	-	866	-	-
Gain arising from termination of leases	-	-	20	-	-
Gain arising from modification of leases	-	50	7	-	-
Bad debts written off	-	-	-	-	45
Income from capital distribution	-	-	-	(126)	-
Preliminary expenses written off	-	-	-	-	6
Recovery of commissioning costs	(9,230)	-	(2,099)	-	-
Impairment loss on inventories/(Reversal of impairment loss)	511	(1,129)	(653)	1,448	(1,627)
Impairment loss on receivables/(Reversal of impairment loss)	130	(60)	(43)	70	(370)
	<u>130</u>	<u>(60)</u>	<u>(43)</u>	<u>70</u>	<u>(370)</u>

Included in employee benefits expenses of TMK Group are the following:

	FPE 2024 RM'000	FPE 2023 RM'000 (Unaudited)	FYE 2023 RM'000	FYE 2022 RM'000	FYE 2021 RM'000
Defined contribution plan	<u>2,264</u>	<u>2,298</u>	<u>4,337</u>	<u>3,902</u>	<u>3,239</u>

**4.15 Promoters' and Directors' Remuneration**

	FPE 2024 RM'000	FPE 2023 RM'000 (Unaudited)	FYE 2023 RM'000	FYE 2022 RM'000	FYE 2021 RM'000
Remuneration of Promoters:					
Salaries and other emoluments	1,264	1,645	3,094	2,916	2,232
Defined contribution plan	189	246	464	437	334
	1,453	1,891	3,558	3,353	2,566
Remuneration of directors of TMK:					
Fees	-	-	66	-	-
Salaries and other emoluments	-	180	271	352	258
Defined contribution plan	-	22	31	39	31
	-	202	368	391	289

**13. ACCOUNTANTS' REPORT (Cont'd)**

	FPE 2024 RM'000	FPE 2023 RM'000 (Unaudited)	FYE 2023 RM'000	FYE 2022 RM'000	FYE 2021 RM'000
Remuneration of other directors:					
Salaries and other emoluments	782	935	2,557	2,192	1,285
Defined contribution plan	49	73	119	131	78
	<u>831</u>	<u>1,008</u>	<u>2,676</u>	<u>2,323</u>	<u>1,363</u>
<b>Total</b>	<u><u>2,284</u></u>	<u><u>3,101</u></u>	<u><u>6,602</u></u>	<u><u>6,067</u></u>	<u><u>4,218</u></u>
Benefits-in-kind:					
- Promoters	35	35	69	69	59
- Directors	27	47	83	85	67
	<u>62</u>	<u>82</u>	<u>152</u>	<u>154</u>	<u>126</u>

**4.16 Tax Expenses**

	FPE 2024 RM'000	FPE 2023 RM'000 (Unaudited)	FYE 2023 RM'000	FYE 2022 RM'000	FYE 2021 RM'000
Income tax expenses comprise:					
Malaysian entities:					
Current period/year	4,713	4,683	11,237	19,984	20,098
Under/(Over)provision for prior years	1,827	2	1,329	(70)	(634)
	<u>6,540</u>	<u>4,685</u>	<u>12,566</u>	<u>19,914</u>	<u>19,464</u>
Foreign entities:					
Current period/year	8,969	8,391	16,638	19,827	11,565
Underprovision for prior years	4	-	-	1	38
	<u>8,973</u>	<u>8,391</u>	<u>16,638</u>	<u>19,828</u>	<u>11,603</u>
	<u>15,513</u>	<u>13,076</u>	<u>29,204</u>	<u>39,742</u>	<u>31,067</u>
Deferred tax (Section 4.22):					
Relating to origination and reversal of temporary differences:					
Current period/year	494	(249)	4,309	571	984
(Over)/Underprovision for prior years	(2,243)	834	(3,210)	(496)	191
	<u>(1,749)</u>	<u>585</u>	<u>1,099</u>	<u>75</u>	<u>1,175</u>
Share of associates' tax expenses	<u>257</u>	<u>299</u>	<u>445</u>	<u>771</u>	<u>489</u>
<b>Total tax expenses</b>	<u><u>14,021</u></u>	<u><u>13,960</u></u>	<u><u>30,748</u></u>	<u><u>40,588</u></u>	<u><u>32,731</u></u>

**13. ACCOUNTANTS' REPORT (Cont'd)**

Malaysian income tax is calculated at the statutory tax rate of 24% for the year of assessment 2024 (2023: 24%; 2022: 24%; 2021: 24%) of the estimated taxable profit for the period/year. Taxation for other jurisdictions is calculated at the rates prevailing in the relevant jurisdictions.

The tax expenses for the periods/years can be reconciled to profit before tax as follows:

	<b>FPE 2024</b> <b>RM'000</b>	<b>FPE 2023</b> <b>RM'000</b> <b>(Unaudited)</b>	<b>FYE 2023</b> <b>RM'000</b>	<b>FYE 2022</b> <b>RM'000</b>	<b>FYE 2021</b> <b>RM'000</b>
Profit before tax	73,816	59,421	122,346	190,925	155,816
Tax expenses calculated at 24% (2023: 24%; 2022: 24%; 2021: 24%)	17,716	14,261	29,363	45,822	37,396
Tax effects of:					
Deferred tax assets not recognised	-	1,989	6,558	840	265
Expenses not deductible in determining taxable profits	867	28	736	607	220
Difference in tax rates in foreign jurisdictions	(3,990)	(3,102)	(5,838)	(7,561)	(4,512)
Income not taxable in determining taxable profits	-	(415)	(518)	(85)	(263)
Others	(417)	64	1,883	759	(459)
Share of associates' tax expenses	257	299	445	771	489
Under/(Over) provision in prior years:					
Income tax	1,831	2	1,329	(69)	(596)
Deferred tax	(2,243)	834	(3,210)	(496)	191
Total tax expenses	14,021	13,960	30,748	40,588	32,731
<b>Current tax assets/(liabilities)</b>					
Income tax receivables	5,819	-	2,644	308	565
Income tax payables	(20,027)	-	(15,055)	(22,108)	(13,487)

**4.17 Earnings Per Share**

Basic earnings per share ("EPS") is calculated by dividing the profit for the period/year attributable to equity holders of TMK by the weighted average number of ordinary shares outstanding of the entities during the period/year.

The basic and diluted earnings per share are calculated as follows:

	<b>FPE 2024</b>	<b>FPE 2023</b> <b>(Unaudited)</b>	<b>FYE 2023</b>	<b>FYE 2022</b>	<b>FYE 2021</b>
Profit for the period/year attributable to equity holders of TMK (RM'000)	59,865	45,461	91,782	150,337	123,085
Weighted average number of shares (including invested capital) ('000)	83,178	47,000	47,000	47,000	47,000

**13. ACCOUNTANTS' REPORT (Cont'd)**

	<b>FPE 2024</b>	<b>FPE 2023 (Unaudited)</b>	<b>FYE 2023</b>	<b>FYE 2022</b>	<b>FYE 2021</b>
<b>Basic and fully diluted</b>					
Earnings per ordinary share (RM)	<u>0.72</u>	<u>0.97</u>	<u>1.95</u>	<u>3.20</u>	<u>2.62</u>

TMK Group has not issued any dilutive potential ordinary shares and hence, the diluted earnings per share is equal to the basic earnings per share.

**[ The rest of this page is intentionally left blank ]**

## 13. ACCOUNTANTS' REPORT (Cont'd)

## 4.18 Property, Plant and Equipment

Cost	Freehold land RM'000	Building and structure RM'000	Motor vehicles RM'000	Furniture, fittings and office equipment RM'000	Plant, machinery and equipment RM'000	Renovation RM'000	Construction in progress RM'000	Total RM'000
At 1 January 2021	70,539	74,429	21,071	11,585	19,298	7,122	20,734	224,778
Additions	496	27	834	1,101	3,522	25	93,215	99,220
Disposals	-	-	(752)	(3)	(474)	-	-	(1,229)
Write offs	-	-	(12)	(24)	(130)	-	-	(166)
Reclassifications	-	12,837	12	130	11,226	-	(24,205)	-
Translation differences	-	82	159	51	87	107	-	486
At 31 December 2021/1 January 2022	71,035	87,375	21,312	12,840	33,529	7,254	89,744	323,089
Additions	265	9,035	3,414	1,484	1,412	21	103,719	119,350
Disposals	-	(253)	(153)	(233)	(718)	-	-	(1,357)
Write offs	-	(59)	(135)	(359)	(551)	-	(65)	(1,169)
Reclassifications	-	-	4	925	151	-	(1,080)	-
Translation differences	-	338	576	123	381	444	-	1,862
At 31 December 2022/1 January 2023	71,300	96,436	25,018	14,780	34,204	7,719	192,318	441,775
Additions	37	3,636	5,478	2,399	6,258	49	38,977	56,834
Disposals	-	-	(1,444)	(1,028)	(2,029)	-	-	(4,501)
Write offs	-	(123)	-	(1,420)	(2,378)	-	-	(3,921)
Reclassifications	-	98,380	-	1,437	7,736	-	(107,553)	-
Acquisition of a subsidiary	-	6,229	-	-	-	-	-	6,229
Translation differences	-	366	652	107	337	484	-	1,946
At 31 December 2023/1 January 2024	71,337	204,924	29,704	16,275	44,128	8,252	123,742	498,362
Additions	-	534	1,655	637	7,989	150	13,307	24,272
Disposals	-	-	(949)	-	(60)	-	-	(1,009)
Write offs	-	(17)	-	(1,202)	(7)	-	-	(1,226)
Reclassifications	-	-	-	-	116,892	-	(116,892)	-
Translation differences	-	(1)	(13)	(2)	(3)	(7)	-	(26)
At 30 June 2024	71,337	205,440	30,397	15,708	168,939	8,395	20,157	520,373



**13. ACCOUNTANTS' REPORT (Cont'd)**

	Freehold land RM'000	Building and structure RM'000	Motor vehicles RM'000	Furniture, fittings and office equipment RM'000	Plant, machinery and equipment RM'000	Renovation RM'000	Construction in progress RM'000	Total RM'000
<b>Accumulated depreciation</b>								
At 1 January 2021	-	32,414	11,738	8,986	11,588	1,241	-	65,967
Charge for the year	-	3,220	2,282	946	2,787	337	-	9,572
Disposals	-	-	(752)	(3)	(341)	-	-	(1,096)
Write offs	-	-	(7)	(19)	(51)	-	-	(77)
Reclassifications	-	255	-	72	(327)	-	-	-
Translation differences	-	82	64	42	71	19	-	278
At 31 December 2021/1 January 2022	-	35,971	13,325	10,024	13,727	1,597	-	74,644
Charge for the year	-	4,187	2,369	1,031	2,653	353	-	10,593
Disposals	-	(253)	(151)	(215)	(637)	-	-	(1,256)
Write offs	-	(19)	(136)	(277)	(508)	-	-	(940)
Translation differences	-	338	298	98	289	107	-	1,130
At 31 December 2022/1 January 2023	-	40,224	15,705	10,661	15,524	2,057	-	84,171
Charge for the year	-	5,496	2,812	1,343	4,524	379	-	14,554
Disposals	-	-	(1,206)	(1,012)	(2,010)	-	-	(4,228)
Write offs	-	(110)	-	(1,385)	(2,298)	-	-	(3,793)
Acquisition of a subsidiary	-	757	-	-	-	-	-	757
Translation differences	-	366	372	92	248	138	-	1,216
At 31 December 2023/1 January 2024	-	46,733	17,683	9,699	15,988	2,574	-	92,677
Charge for the period	-	3,030	1,672	782	4,823	239	-	10,546
Disposals	-	-	(761)	-	(54)	-	-	(815)
Write offs	-	(7)	-	(1,201)	(7)	-	-	(1,215)
Translation differences	-	(1)	(8)	(2)	(2)	(5)	-	(18)
At 30 June 2024	-	49,755	18,586	9,278	20,748	2,808	-	101,175
<b>Carrying amount</b>								
At 30 June 2024	71,337	155,685	11,811	6,430	148,191	5,587	20,157	419,198
At 31 December 2023	71,337	158,191	12,021	6,576	28,140	5,678	123,742	405,685
At 31 December 2022	71,300	56,212	9,313	4,119	18,680	5,662	192,318	357,604
At 31 December 2021	71,035	51,404	7,987	2,816	19,802	5,657	89,744	248,445

**13. ACCOUNTANTS' REPORT (Cont'd)**

The carrying amount of freehold land and buildings amounting to RM71,337,000 (2023: RM71,337,000; 2022: RM71,300,000; 2021: RM71,035,000) and RM60,668,000 (2023: RM61,328,000; 2022: RM14,228,000; 2021: RM5,537,000) respectively are charged to local licensed banks to secure term loans and other credit facilities granted to certain entities as mentioned in Section 4.32.

The borrowing costs capitalised as part of property, plant and equipment in FPE 2024 amounted to approximately RM76,000 (FYE 2023: RM2,409,000; FYE 2022: RM2,552,000; FYE 2021: RM1,419,000). The capitalisation rate used to determine the amount of borrowing costs eligible for capitalisation is at 4.39% (FYE 2023: ranged from 3.65% to 4.34%; FYE 2022: 2.96% to 3.03%; FYE 2021: 2.47% to 2.55%) for the current year.

**4.19 Right-Of-Use Assets**

	Leasehold land RM'000	Office building RM'000	Forklift RM'000	Terminal and storage facilities RM'000	Office equipment RM'000	Total RM'000
<b>Cost</b>						
At 1 January 2021	65,546	213	372	33,302	-	99,433
Additions	-	-	-	10,440	-	10,440
Expiry of leases	-	-	(378)	(10,662)	-	(11,040)
Translation differences	90	12	6	287	-	395
At 31 December 2021/ 1 January 2022	65,636	225	-	33,367	-	99,228
Additions	24,491	1,033	451	7,322	-	33,297
Expiry of leases	-	-	-	(7,196)	-	(7,196)
Translation differences	373	4	12	1,201	-	1,590
At 31 December 2022/ 1 January 2023	90,500	1,262	463	34,694	-	126,919
Additions	-	581	-	2,744	-	3,325
Expiry of leases	-	(238)	-	(205)	-	(443)
Termination of leases	-	(709)	-	(546)	-	(1,255)
Modification of leases	-	7	-	(100)	-	(93)
Translation differences	405	12	28	1,330	-	1,775
At 31 December 2023/ 1 January 2024	90,905	915	491	37,917	-	130,228
Additions	-	-	40	80	85	205
Expiry of leases	-	-	-	(357)	-	(357)
Adjustments	-	(47)	-	2,912	3	2,868
Translation differences	(1)	(5)	-	(61)	(1)	(68)
At 30 June 2024	90,904	863	531	40,491	87	132,876

**13. ACCOUNTANTS' REPORT (Cont'd)**

	<b>Leasehold land RM'000</b>	<b>Office building RM'000</b>	<b>Forklift RM'000</b>	<b>Terminal and storage facilities RM'000</b>	<b>Office equipment RM'000</b>	<b>Total RM'000</b>
<b>Accumulated depreciation</b>						
At 1 January 2021	7,897	114	248	16,528	-	24,787
Charge for the year	1,356	59	126	8,047	-	9,588
Expiry of leases	-	-	(378)	(10,662)	-	(11,040)
Translation differences	9	6	4	108	-	127
At 31 December 2021/ 1 January 2022	9,262	179	-	14,021	-	23,462
Charge for the year	1,463	180	59	8,019	-	9,721
Expiry of leases	-	-	-	(7,196)	-	(7,196)
Translation differences	60	3	2	509	-	574
At 31 December 2022/ 1 January 2023	10,785	362	61	15,353	-	26,561
Charge for the year	1,769	338	159	8,842	-	11,108
Expiry of leases	-	(238)	-	(205)	-	(443)
Termination of leases	-	(275)	-	(372)	-	(647)
Translation differences	82	8	8	787	-	885
At 31 December 2023/ 1 January 2024	12,636	195	228	24,405	-	37,464
Charge for the period	890	126	85	5,186	8	6,295
Expiry of leases	-	-	-	(357)	-	(357)
Adjustments	-	(9)	-	1,704	2	1,697
Translation differences	(2)	(2)	(1)	(66)	-	(71)
At 30 June 2024	<u>13,524</u>	<u>310</u>	<u>312</u>	<u>30,872</u>	<u>10</u>	<u>45,028</u>
<b>Carrying amount</b>						
At 30 June 2024	<u>77,380</u>	<u>553</u>	<u>219</u>	<u>9,619</u>	<u>77</u>	<u>87,848</u>
At 31 December 2023	<u>78,269</u>	<u>720</u>	<u>263</u>	<u>13,512</u>	<u>-</u>	<u>92,764</u>
At 31 December 2022	<u>79,715</u>	<u>900</u>	<u>402</u>	<u>19,341</u>	<u>-</u>	<u>100,358</u>
At 31 December 2021	<u>56,374</u>	<u>46</u>	<u>-</u>	<u>19,346</u>	<u>-</u>	<u>75,766</u>

The carrying amount of leasehold land amounting to RM23,821,000 (FYE 2023: RM24,013,000; FYE 2022: RM24,395,000; FYE 2021: RM Nil) are charged to local licensed banks to secure term loans and other credit facilities granted to certain entities as mentioned in Section 4.32.

Certain leasehold land of TMK Group are leased from Lembaga Pelabuhan Johor and Johor Corporation Berhad with cost of RM5,736,000 and RM18,442,000 (FYE 2023: RM5,736,000 and RM18,442,000; FYE 2022: RM5,736,000 and RM18,442,000; FYE 2021: RM5,736,000 and RM18,442,000) respectively. TMK Group is not allowed to transfer or sub-lease the lands to third parties without prior approval from the lessors.

A leasehold land with cost of RM10,739,000 (FYE 2023: RM10,739,000; FYE 2022: RM10,739,000; FYE 2021: RM10,739,000) is leased from Perbadanan Memajukan Iktisad Negeri Terengganu for 30 years until December 2025. TMK Group further extended the lease period for an additional twenty-seven (27) years from 1 January 2026 to 31 December 2052 at a price consideration of RM6,000,000. TMK Group has no rights to transfer the land to a third party.

**13. ACCOUNTANTS' REPORT (Cont'd)**

Other than prepaid lease payments for leasehold land, TMK Group leases office building, terminal and storage facilities and forklift primarily for office and operational use. The lease terms of office building, terminal and storage facilities and forklift of TMK Group range between 2 to 10 years (FYE 2023: 2 to 10 years; FYE 2022: 2 to 6 years; FYE 2021: 2 to 6 years).

TMK Group has lease of office building and storage facilities with lease term of 12 months or less and as such, applies the 'short-term lease' recognition exemption for these leases.

In FPE 2024, the carrying amount of right-of-use assets amounting to RM1,171,000 was adjusted to record the addition of assets from acquisition of subsidiary.

The maturity analysis of lease liabilities is presented in Section 4.33.

The amounts recognised in profit or loss during the period/year:

	FPE 2024 RM'000	FPE 2023 RM'000 (Unaudited)	FYE 2023 RM'000	FYE 2022 RM'000	FYE 2021 RM'000
Depreciation of right-of-use assets (Section 4.10)	6,295	5,375	11,108	9,721	9,588
Expenses relating to:					
Short-term leases	2,256	5,679	6,590	13,878	13,494
Leases of low value assets	124	197	284	344	348
Interest expenses on lease liabilities (Section 4.13)	502	543	1,095	1,160	1,065
Other income from right-of-use assets	261	261	400	400	580
Gain arising from termination of leases (Section 4.14)	-	-	20	-	-
Gain arising from modification of leases (Section 4.14)	-	50	7	-	-
Rent concessions	-	17	18	15	-

The total cash outflows from leases amounted to RM8,690,000 (FPE 2023: RM10,563,000, FYE 2023: RM16,540,000; FYE 2022: RM22,620,000; FYE 2021: RM22,380,000).

**[ The rest of this page is intentionally left blank ]**

**13. ACCOUNTANTS' REPORT (Cont'd)****4.20 Investment in Associates**

	FPE 2024 RM'000	FYE 2023 RM'000	FYE 2022 RM'000	FYE 2021 RM'000
Unquoted shares, at cost:				
At 1 January	2,257	2,305	2,305	2,305
Subscription of additional ordinary shares	-	552	-	-
Disposal	-	(600)	-	-
At 31 December	2,257	2,257	2,305	2,305
Share of post-acquisition reserves:				
At 1 January	6,180	5,828	4,414	3,551
Share of results for the period/year, net of tax	685	1,158	2,614	1,263
Dividend income received/receivable	(200)	(600)	(1,200)	(400)
Disposal	-	(206)	-	-
At 31 December	<u>6,665</u>	<u>6,180</u>	<u>5,828</u>	<u>4,414</u>
	<u>8,922</u>	<u>8,437</u>	<u>8,133</u>	<u>6,719</u>

Details of associates are as follows:

Name of associates	Country of incorporation and place of business	Proportion of ownership interest/Voting rights held by TMK Group				Principal activities
		FPE 2024 %	FYE 2023 %	FYE 2022 %	FYE 2021 %	
<b>Direct</b>						
Taiko Consultants Sdn. Bhd.#	Malaysia	-	-	30.0	30.0	Provision of general consultancy services.
<b>Indirect through Fragrance Connections</b>						
Wakomas Chemical Sdn. Bhd.*	Malaysia	20.0	20.0	20.0	20.0	Dealer and wholesaler of chemical and fertiliser products.
Luxury Anchor Sdn. Bhd.*@	Malaysia	20.0	20.0	20.0	20.0	Property investments.

\* The financial statements of these companies were examined by auditors other than the auditors of the Company.

**13. ACCOUNTANTS' REPORT (Cont'd)**

- # On 1 September 2023, TMK entered into a Sale of Shares Agreement with Taiko Clay Chemicals Sdn. Bhd. for the disposal of 600,000 shares representing 30% of the total issued shares of Taiko Consultants Sdn. Bhd. for a price consideration of RM791,800 as disclosed in Section 4.37. The transaction was completed on 27 September 2023. This transaction has resulted in the recognition of a loss in profit or loss, calculated as follows:

	<b>FYE 2023 RM'000</b>
Proceeds from disposal	792
Less: Carrying amount of investment on the date of loss of significant influence	<u>(806)</u>
Loss recognised in profit or loss	<u><u>(14)</u></u>

- @ TMK Group subscribed for 552,000 new ordinary shares in Luxury Anchor Sdn. Bhd. during the financial year ended 31 December 2023 at a total consideration of RM552,000 satisfied via capitalisation of amount due by an associate amounting to RM412,200 and cash consideration of RM139,800 paid in 2023. TMK Group's equity interest in Luxury Anchor Sdn. Bhd. remains unchanged.

**(a) Material associate and summary of financial information**

TMK Group regards Wakomas Chemical Sdn. Bhd. ("Wakomas Chemical") as a material associate.

**Summarised statement of financial position:**

	<b>FPE 2024 RM'000</b>	<b>FYE 2023 RM'000</b>	<b>FYE 2022 RM'000</b>	<b>FYE 2021 RM'000</b>
Non-current assets	10,150	4,882	10,665	2,860
Current assets	83,558	90,908	72,311	141,788
Current liabilities	(56,974)	(61,398)	(50,509)	(119,143)
Non-controlling interests	<u>(181)</u>	<u>(152)</u>	<u>(120)</u>	<u>(134)</u>
Net assets attributable to shareholders	<u>36,553</u>	<u>34,240</u>	<u>32,347</u>	<u>25,371</u>
Performance and advance bonds and guarantees issued on behalf of Wakomas Chemical by a licensed financial institution, denominated in USD	<u>-</u>	<u>6,654</u>	<u>5,078</u>	<u>5,415</u>

**Summarised statement of profit or loss and other comprehensive income:**

	<b>FPE 2024 RM'000</b>	<b>FYE 2023 RM'000</b>	<b>FYE 2022 RM'000</b>	<b>FYE 2021 RM'000</b>
Revenue	<u>270,614</u>	<u>555,079</u>	<u>789,209</u>	<u>761,929</u>
Profit and total comprehensive income for the period/year	<u>3,347</u>	<u>5,267</u>	<u>12,976</u>	<u>6,432</u>
Dividend income received/receivable	<u>200</u>	<u>600</u>	<u>1,200</u>	<u>400</u>

**13. ACCOUNTANTS' REPORT (Cont'd)**

The reconciliation of the above summarised financial information to the carrying amount of TMK Group's interests in Wakomas Chemical is as follows:

	<b>FPE 2024</b> <b>RM'000</b>	<b>FYE 2023</b> <b>RM'000</b>	<b>FYE 2022</b> <b>RM'000</b>	<b>FYE 2021</b> <b>RM'000</b>
Net assets attributable to shareholders	<u>36,553</u>	<u>34,240</u>	<u>32,347</u>	<u>25,371</u>
Proportion of ownership interest held by TMK Group	20%	20%	20%	20%
TMK Group's share of net assets	<u>7,311</u>	<u>6,848</u>	<u>6,469</u>	<u>5,074</u>
Goodwill	<u>744</u>	<u>744</u>	<u>744</u>	<u>744</u>
Carrying amount of TMK Group's interest in Wakomas Chemical	<u>8,055</u>	<u>7,592</u>	<u>7,213</u>	<u>5,818</u>

**(b) Other associates and summary of financial information****Summarised statement of financial position:**

	<b>FPE 2024</b> <b>RM'000</b>	<b>FYE 2023</b> <b>RM'000</b>	<b>FYE 2022</b> <b>RM'000</b>	<b>FYE 2021</b> <b>RM'000</b>
Non-current assets	3,958	3,998	4,492	4,771
Current assets	395	280	2,915	2,132
Non-current liabilities	-	-	(24)	(17)
Current liabilities	<u>(78)</u>	<u>(52)</u>	<u>(3,994)</u>	<u>(3,574)</u>
Net assets attributable to shareholders	<u>4,275</u>	<u>4,226</u>	<u>3,389</u>	<u>3,312</u>

**Summarised statement of profit or loss and other comprehensive income:**

	<b>FPE 2024</b> <b>RM'000</b>	<b>FYE 2023</b> <b>RM'000</b>	<b>FYE 2022</b> <b>RM'000</b>	<b>FYE 2021</b> <b>RM'000</b>
Revenue	<u>2,760</u>	<u>3,442</u>	<u>4,980</u>	<u>5,039</u>
Profit and total comprehensive income for the period/year	<u>49</u>	<u>383</u>	<u>74</u>	<u>93</u>

**4.21 Goodwill on Consolidation**

Goodwill is not amortised but instead, it is reviewed for impairment annually or more frequently if events or changes in circumstances indicate that the carrying amount may be impaired. Any impairment loss is recognised immediately in profit or loss and any impairment loss recognised for goodwill is not subsequently reversed. Gain or loss on the disposal of an entity includes the carrying amount of goodwill relating to the entity sold.

	<b>FPE 2024</b> <b>RM'000</b>	<b>FYE 2023</b> <b>RM'000</b>	<b>FYE 2022</b> <b>RM'000</b>	<b>FYE 2021</b> <b>RM'000</b>
At 1 January	2,324	2,317	2,309	2,304
Translation differences	<u>5</u>	<u>7</u>	<u>8</u>	<u>5</u>
At 30 June/31 December	<u>2,329</u>	<u>2,324</u>	<u>2,317</u>	<u>2,309</u>

**13. ACCOUNTANTS' REPORT (Cont'd)**

The carrying amount of goodwill has been allocated as follows:

	FPE 2024 RM'000	FYE 2023 RM'000	FYE 2022 RM'000	FYE 2021 RM'000
Provision of chemical terminal services segment	2,160	2,160	2,160	2,160
Provision of total chemical management segment	169	164	157	149
	<u>2,329</u>	<u>2,324</u>	<u>2,317</u>	<u>2,309</u>

Key assumptions and sensitivity analysis are not presented as TMK Group is of the view that no foreseeable changes in the key assumptions used by management in the value-in-use calculations will result in a material impairment.

**4.22 Deferred Tax Assets/(Liabilities)**

Deferred tax balances are presented in the consolidated statements of financial position as follows:

	FPE 2024 RM'000	FYE 2023 RM'000	FYE 2022 RM'000	FYE 2021 RM'000
Deferred tax assets	2,107	662	815	988
Deferred tax liabilities	(6,355)	(6,646)	(5,623)	(5,650)
	<u>(4,248)</u>	<u>(5,984)</u>	<u>(4,808)</u>	<u>(4,662)</u>

	At beginning of year RM'000	Recognised in profit or loss (Section 4.16) RM'000	Translation differences RM'000	At end of period/year RM'000
<b>FPE 2024</b>				
Property, plant and equipment	(17,070)	185	(13)	(16,898)
Right-of-use assets	(11,250)	4,115	-	(7,135)
Lease liabilities	11,250	(3,935)	-	7,315
Inventories	584	(123)	-	461
Unutilised tax losses and unabsorbed tax capital allowances	10,573	1,769	-	12,342
Others	(71)	(262)	-	(333)
	<u>(5,984)</u>	<u>1,749</u>	<u>(13)</u>	<u>(4,248)</u>

**FYE 2023**

Property, plant and equipment	(5,941)	(11,052)	(77)	(17,070)
Right-of-use assets	(5,654)	(5,596)	-	(11,250)
Lease liabilities	5,654	5,596	-	11,250
Inventories	740	(156)	-	584
Unutilised tax losses and unabsorbed tax capital allowances	-	10,573	-	10,573
Others	393	(464)	-	(71)
	<u>(4,808)</u>	<u>(1,099)</u>	<u>(77)</u>	<u>(5,984)</u>



**13. ACCOUNTANTS' REPORT (Cont'd)**

	At beginning of year RM'000	Recognised in profit or loss (Section 4.16) RM'000	Translation differences RM'000	At end of period/year RM'000
<b>FYE 2022</b>				
Property, plant and equipment	(5,411)	(459)	(71)	(5,941)
Right-of-use assets	(6,481)	(827)	-	(5,654)
Lease liabilities	6,481	827	-	5,654
Inventories	628	112	-	740
Unutilised tax losses and unabsorbed tax capital allowances	147	(147)	-	-
Others	(26)	419	-	393
	<u>(4,662)</u>	<u>(75)</u>	<u>(71)</u>	<u>(4,808)</u>

**FYE 2021**

Property, plant and equipment	(4,191)	(1,204)	(16)	(5,411)
Right-of-use assets	(4,350)	(2,131)	-	(6,481)
Lease liabilities	4,350	2,131	-	6,481
Inventories	698	(70)	-	628
Unutilised tax losses and unabsorbed tax capital allowances	13	134	-	147
Others	9	(35)	-	(26)
	<u>(3,471)</u>	<u>(1,175)</u>	<u>(16)</u>	<u>(4,662)</u>

TMK Group has unutilised tax losses and unabsorbed tax capital allowances amounting to RM30,639,000 (FYE 2023: RM31,954,000; FYE 2022: RM8,871,000; FYE 2021: RM5,569,000) and RM39,757,000 (FYE 2023: RM58,950,000; FYE 2022: RM77,000; FYE 2021: RM329,000) respectively, which are available for offset against future taxable profits.

**Unrecognised deferred tax assets**

The following deferred tax assets of TMK Group have not been recognised at the end of the reporting period:

	FPE 2024 RM'000	FYE 2023 RM'000	FYE 2022 RM'000	FYE 2021 RM'000
Unutilised tax losses	24,651	24,651	8,871	5,217
Unabsorbed tax capital allowances	707	707	75	67
Property, plant and equipment	-	-	525	-
	<u>25,358</u>	<u>25,358</u>	<u>9,471</u>	<u>5,284</u>

A deferred tax assets at the applicable tax rate of 24% (FYE 2023: 24%; FYE 2022: 24%; FYE 2021: 24%) amounting to RM6,084,000 (FYE 2023: RM11,252,000; FYE 2022: RM2,273,000; FYE 2021: RM1,268,000) have not been recognised due to uncertainty of their realisation.



**13. ACCOUNTANTS' REPORT (Cont'd)****4.24 Trade and Other Receivables**

	<b>FPE 2024 RM'000</b>	<b>FYE 2023 RM'000</b>	<b>FYE 2022 RM'000</b>	<b>FYE 2021 RM'000</b>
Trade receivables	272,121	233,494	239,642	211,356
Less: Loss allowances	<u>(963)</u>	<u>(833)</u>	<u>(876)</u>	<u>(1,421)</u>
	271,158	232,661	238,766	209,935
Other receivables	16,233	17,698	12,757	16,929
Indirect taxes receivable	<u>34</u>	<u>1,548</u>	<u>1,235</u>	<u>-</u>
	<u>287,425</u>	<u>251,907</u>	<u>252,758</u>	<u>226,864</u>

Trade receivables comprised amounts receivable for the sale of goods and services rendered. The normal credit periods granted ranged from cash to 120 days (FYE 2023: cash to 120 days; FYE 2022: cash to 120 days; FYE 2021: cash to 120 days). Other credit periods granted are assessed and approved on a case-by-case basis.

Other receivables mainly comprised advances received from customers which is unsecured and interest-free.

Movement in the loss allowances for trade receivables is as follows:

	<b>FPE 2024 RM'000</b>	<b>FYE 2023 RM'000</b>	<b>FYE 2022 RM'000</b>	<b>FYE 2021 RM'000</b>
At 1 January	833	876	1,421	1,781
Recognised in profit or loss	130	29	127	-
Reversal of impairment loss	-	(72)	(57)	(370)
Write offs	-	-	(638)	-
Translation differences	<u>-</u>	<u>-</u>	<u>23</u>	<u>10</u>
At 31 December	<u>963</u>	<u>833</u>	<u>876</u>	<u>1,421</u>

TMK Group measures the loss allowances for trade receivables at an amount equal to lifetime ECL using a simplified approach. The ECL on trade receivables are collectively assessed and estimated by reference to past default experience of the receivables and an analysis of the receivables' current financial position, adjusted for factors that are specific to the receivables, general economic conditions of the industry in which the receivables operate and an assessment of both the current as well as the forecast direction of conditions at the end of the reporting period.

**[ The rest of this page is intentionally left blank ]**

**13. ACCOUNTANTS' REPORT (Cont'd)**

The following table details the risk profile of based on TMK Group's provision matrix. As TMK Group's historical credit loss experience does not show significantly different loss patterns for different customer segments, the provision for loss allowances based on past due status is not further distinguished between TMK Group's different customer base.

<b>FPE 2024</b>	<b>ECL Rate</b>	<b>Gross carrying amount at default RM'000</b>	<b>Lifetime ECL RM'000</b>	<b>Individually assessed impairment loss RM'000</b>	<b>Net carrying amount RM'000</b>
<b>Days past due</b>					
Not past due	-	195,530	-	-	195,530
Days past due:					
1 - 30 days	-	58,882	-	-	58,882
31 - 60 days	-	9,621	-	-	9,621
61 - 90 days	-	1,917	-	-	1,917
91 - 120 days	-	2,267	-	-	2,267
More than 120 days	5.3%	3,904	(207)	(756)	2,941
		<u>272,121</u>	<u>(207)</u>	<u>(756)</u>	<u>271,158</u>
<b>FYE 2023</b>					
<b>Days past due</b>					
Not past due	-	168,751	-	-	168,751
Days past due:					
1 - 30 days	-	48,923	-	-	48,923
31 - 60 days	-	10,680	-	-	10,680
61 - 90 days	-	3,262	-	-	3,262
91 - 120 days	-	551	-	-	551
More than 120 days	6.7%	1,327	(89)	(744)	494
		<u>233,494</u>	<u>(89)</u>	<u>(744)</u>	<u>232,661</u>
<b>FYE 2022</b>					
<b>Days past due</b>					
Not past due	-	191,795	-	-	191,795
Days past due:					
1 - 30 days	-	35,441	-	-	35,441
31 - 60 days	-	10,585	-	-	10,585
61 - 90 days	-	766	-	-	766
91 - 120 days	-	158	-	(67)	91
More than 120 days	6.6%	897	(60)	(749)	88
		<u>239,642</u>	<u>(60)</u>	<u>(816)</u>	<u>238,766</u>
<b>FYE 2021</b>					
<b>Days past due</b>					
Not past due	-	168,807	-	-	168,807
Days past due:					
1 - 30 days	-	33,456	-	-	33,456
31 - 60 days	-	6,852	-	-	6,852
61 - 90 days	-	596	-	-	596
91 - 120 days	-	72	-	-	72
More than 120 days	42.0%	1,573	(660)	(761)	152
		<u>211,356</u>	<u>(660)</u>	<u>(761)</u>	<u>209,935</u>

**13. ACCOUNTANTS' REPORT (Cont'd)**

No significant changes to estimation techniques or assumptions were made during the reporting period.

Transactions with related parties are disclosed in Section 4.37.

Analysis of currency profile of trade and other receivables is as follows:

	<b>FPE 2024</b> <b>RM'000</b>	<b>FYE 2023</b> <b>RM'000</b>	<b>FYE 2022</b> <b>RM'000</b>	<b>FYE 2021</b> <b>RM'000</b>
RM	100,396	140,710	144,148	143,805
SGD	37,833	38,451	30,644	24,305
USD	123,896	60,577	60,470	48,626
VND	25,300	12,169	17,496	10,128
	<u>287,425</u>	<u>251,907</u>	<u>252,758</u>	<u>226,864</u>

**4.25 Other Assets**

	<b>FPE 2024</b> <b>RM'000</b>	<b>FYE 2023</b> <b>RM'000</b>	<b>FYE 2022</b> <b>RM'000</b>	<b>FYE 2021</b> <b>RM'000</b>
Deposits	2,763	2,605	2,381	2,749
Prepayments	1,926	3,435	2,617	1,177
Advance payment for acquisition of property, plant and equipment	-	-	3,823	1,363
	<u>4,689</u>	<u>6,040</u>	<u>8,821</u>	<u>5,289</u>

Included in deposits of TMK Group are as follows:

- (i) Amount of RM33,000 (FYE 2023: RM33,000; FYE 2022: RM30,000; FYE 2021: RM30,000) and RM10,000 (FYE 2023: RM10,000; FYE 2022: RM10,000; FYE 2021: RM10,000) related to trust funds paid to Majlis Perbandaran Kemaman and Majlis Perbandaran Pasir Gudang for the purposes of constructing a warehouse in Kemaman, Terengganu and a factory building in Pasir Gudang, Johor respectively. These deposits will be refunded to TMK Group six (6) months after construction is complete and the municipal councils are satisfied that all pre-determined terms and conditions are met;
- (ii) Included in deposits is an amount of RM10,000 (FYE 2023: RM10,000; FYE 2022: RM Nil; FYE 2021: RM Nil) related to surety bond paid to Majlis Perbandaran Pasir Gudang for the entity's business license, refundable upon cessation of business operations of the entity and upon submission of related documents to Majlis Perbandaran Pasir Gudang; and
- (iii) As at 31 December 2021, an amount of RM640,000 was in relation to earnest deposit paid by a combining entity to obtain the lease for two parcels of industrial land. The leases represent additions to right-of-use assets in 2022.

**13. ACCOUNTANTS' REPORT (Cont'd)**

Analysis of currency profile of other assets is as follows:

	<b>FPE 2024 RM'000</b>	<b>FYE 2023 RM'000</b>	<b>FYE 2022 RM'000</b>	<b>FYE 2021 RM'000</b>
RM	3,482	5,108	7,131	3,298
SGD	1,062	752	476	240
VND	145	173	141	138
USD	-	7	1,073	744
RMB	-	-	-	869
	<u>4,689</u>	<u>6,040</u>	<u>8,821</u>	<u>5,289</u>

**4.26 Other Investments**

	<b>FPE 2024 RM'000</b>	<b>FYE 2023 RM'000</b>	<b>FYE 2022 RM'000</b>	<b>FYE 2021 RM'000</b>
Other investments, at FVTPL:				
Money market funds	<u>400</u>	<u>500</u>	<u>2,500</u>	<u>-</u>

The fair value of investment in money market funds and quoted shares are measured based on period/year-end quoted prices in active markets.

**4.27 Short-term Deposits, Cash and Bank Balances**

	<b>FPE 2024 RM'000</b>	<b>FYE 2023 RM'000</b>	<b>FYE 2022 RM'000</b>	<b>FYE 2021 RM'000</b>
Cash and bank balances	71,109	121,420	79,338	82,145
Short-term deposits with licensed banks	<u>32,980</u>	<u>15,103</u>	<u>49,493</u>	<u>18,298</u>
	<u>104,089</u>	<u>136,523</u>	<u>128,831</u>	<u>100,443</u>

The short-term deposits of TMK Group have maturity periods of 1 month or less. The effective interest rates of short-term deposits range from 2.2% to 5.6% (FYE 2023: 0.3% to 5.3%; FYE 2022: 1.3% to 4.2%; FYE 2021: 1.3% to 1.9%) per annum.

The short-term deposits, cash and bank balances are denominated in the following currencies:

	<b>FPE 2024 RM'000</b>	<b>FYE 2023 RM'000</b>	<b>FYE 2022 RM'000</b>	<b>FYE 2021 RM'000</b>
RM	51,185	27,747	50,128	33,796
USD	24,619	58,134	70,208	55,038
SGD	26,168	48,420	7,853	10,085
VND	2,028	2,133	485	1,366
EUR	<u>89</u>	<u>89</u>	<u>157</u>	<u>158</u>
	<u>104,089</u>	<u>136,523</u>	<u>128,831</u>	<u>100,443</u>

**13. ACCOUNTANTS' REPORT (Cont'd)****4.28 Share Capital**

	Number of Shares ('000)			
	FPE 2024	FYE 2023	FYE 2022	FYE 2021
<b>Issued and fully paid:</b>				
Ordinary shares	46,200	46,200	46,200	46,200
Issuance of shares for acquisition of Chlor-AI	36,978	-	-	-
	<u>83,178</u>	<u>46,200</u>	<u>46,200</u>	<u>46,200</u>
	Amount (RM'000)			
	FPE 2024	FYE 2023	FYE 2022	FYE 2021
<b>Issued and fully paid:</b>				
Ordinary shares	46,200	46,200	46,200	46,200
Issuance of shares for acquisition of Chlor-AI	447,902	-	-	-
	<u>494,102</u>	<u>46,200</u>	<u>46,200</u>	<u>46,200</u>

(a) On 31 January 2024, TMK entered into a shares sale agreement to acquire the entire issued share capital of Chor-AI comprising 800,000 ordinary shares in Chlor-AI for a total purchase consideration of RM697,900,000 to be satisfied by:

- (i) RM250,000,000 in cash; and
- (ii) RM447,900,000 via issuance of 36,978,163 new ordinary shares based on issue price of RM12.1126 per TMK Share.

The transaction was completed on 8 February 2024.

(b) The holders of ordinary shares are entitled to receive dividends declared from time to time and are entitled to one vote per share at meetings of the Company.

**4.29 Invested Capital**

	Number of Shares ('000)			
	FPE 2024	FYE 2023	FYE 2022	FYE 2021
<b>Issued and fully paid:</b>				
Ordinary shares	800	800	800	800
Adjustment	(800)	-	-	-
	<u>-</u>	<u>800</u>	<u>800</u>	<u>800</u>
	Amount (RM'000)			
	FPE 2024	FYE 2023	FYE 2022	FYE 2021
<b>Issued and fully paid:</b>				
Ordinary shares	2,433	2,433	2,433	2,433
Adjustment	(2,433)	-	-	-
	<u>-</u>	<u>2,433</u>	<u>2,433</u>	<u>2,433</u>

**13. ACCOUNTANTS' REPORT (Cont'd)**

Invested capital comprised the ordinary share capital of the combining entities. The holders of such ordinary shares are entitled to receive dividends declared from time to time and are entitled to one vote per share at meetings of the respective combining entities.

The invested capital was adjusted due to the acquisition of Chlor-Al as disclosed in Section 4.28.

**4.30 Reserves**

	<b>FPE 2024 RM'000</b>	<b>FYE 2023 RM'000</b>	<b>FYE 2022 RM'000</b>	<b>FYE 2021 RM'000</b>
<b>Non-distributable reserve:</b>				
Foreign currency translation reserve	8,172	7,872	4,000	728
Merger reserve	(695,469)	-	-	-
<b>Distributable reserve:</b>				
Retained earnings	<u>498,213</u>	<u>465,797</u>	<u>429,020</u>	<u>349,376</u>
	<u>(189,084)</u>	<u>473,669</u>	<u>433,020</u>	<u>350,104</u>

**Foreign currency translation reserve**

Exchange rate differences relating to the translation from the functional currencies of TMK Group's foreign entities into Ringgit Malaysia are recognised directly in other comprehensive income and accumulated in the foreign currency translation reserve.

**Merger reserve**

The merger reserve represents the excess of carrying value of investment in subsidiary over the share capital of the Company's subsidiary upon consolidation under the merger accounting principle.

The merger reserve arising from the acquisition of Chlor-Al at the acquisition date was derived as follows:

	<b>FPE 2024 RM'000</b>
Total consideration via:	
- Cash consideration	250,000
- Issuance of shares of the Company	<u>447,900</u>
	697,900
Add: Cost incurred for issuance of shares	2
Less: Nominal value of the subsidiary's share capital	<u>(2,433)</u>
Merger reserve	<u>695,469</u>

**Retained earnings**

The entire retained earnings of TMK Group as at 30 June 2024, 31 December 2023, 31 December 2022 and 31 December 2021 are available for distribution as dividends to the shareholders of TMK Group.



**13. ACCOUNTANTS' REPORT (Cont'd)****4.31 Dividends**

	FPE 2024 RM'000	FPE 2023 RM'000 (Unaudited)	FYE 2023 RM'000	FYE 2022 RM'000	FYE 2021 RM'000
Single tier dividend paid by entities domiciled in Malaysia:					
First	20,795	-	-	-	-
Second	6,654	-	-	-	-
	<u>27,449</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	FPE 2024 RM'000	FPE 2023 RM'000 (Unaudited)	FYE 2023 RM'000	FYE 2022 RM'000	FYE 2021 RM'000
Interim dividends (one tier tax exempt) paid by subsidiaries domiciled in Singapore:					
First	-	-	-	26,185	17,037
Second	-	-	-	18,979	18,073
Third	-	-	-	11,169	15,470
Fourth	-	-	-	14,360	9,251
	<u>-</u>	<u>-</u>	<u>-</u>	<u>70,693</u>	<u>59,831</u>

**4.32 Borrowings**

	FPE 2024 RM'000	FYE 2023 RM'000	FYE 2022 RM'000	FYE 2021 RM'000
Secured:				
Term loans	373,323	129,947	135,523	66,141
Unsecured:				
Bankers' acceptances	90,298	102,574	42,819	15,700
Trust receipts	-	-	10,317	10,749
	<u>463,621</u>	<u>232,521</u>	<u>188,659</u>	<u>92,590</u>
Less: Amount due within 12 months (shown under current liabilities)	<u>(119,171)</u>	<u>(115,822)</u>	<u>(59,510)</u>	<u>(36,457)</u>
Non-current portion	<u>344,450</u>	<u>116,699</u>	<u>129,149</u>	<u>56,133</u>

The following term loans facilities of TMK Group that are secured by a legal charge over certain entities' freehold land, buildings and leasehold land as mentioned in Sections 4.18 and 4.19 respectively are as follows:

- (a) a term loan of RM Nil (FYE 2023: RM Nil; FYE 2022: RM39,992,000; FYE 2021: RM39,992,000) which was repayable by 47 monthly principal instalments of RM834,000 (FYE 2023: RM834,000; FYE 2022: RM834,000; FYE 2021: RM834,000) each with the balance thereof to be fully settled together with all interest outstanding at the 48th and last instalment commencing June 2019. The term loan was fully settled in the FYE 2023;

**13. ACCOUNTANTS' REPORT (Cont'd)**

- (b) a term loan of RM110,000,000 (FYE 2023: RM110,000,000; FYE 2022: RM110,000,000; FYE 2021: RM110,000,000) which is repayable by 59 monthly principal instalments of RM917,000 (FYE 2023: RM917,000; FYE 2022: RM917,000; FYE 2021: RM917,000) each with the balance thereof to be fully settled together with all interest outstanding at the 60th and last instalment. The first principal instalment will commence in January 2024;
- (c) a term loan of RM22,400,000 (FYE 2023: RM22,400,000; FYE 2022: RM22,400,000; FYE 2021: RM Nil) which is repayable by 59 monthly principal instalments of RM187,000 (FYE 2023: RM187,000; FYE 2022: RM187,000; FYE 2021: RM Nil) each commencing December 2022 with the balance thereof to be fully settled together with all interests outstanding on the 60th and last instalment; and
- (d) a term loan of RM250,000,000 (FYE 2023: RM Nil; FYE 2022: RM Nil; FYE 2021: RM Nil) which is repayable by 59 monthly principal instalments of RM15,625,000 (FYE 2023: RM Nil; FYE 2022: RM Nil; FYE 2021: RM Nil) each with the balance thereof to be fully settled together with all interest outstanding at the 60th and last instalment. The first principal instalment will commence in May 2025.

In addition to the term loan facilities, TMK Group has credit and other banking facilities of approximately RM648,595,000 (FYE 2023: RM398,216,000; FYE 2022: RM496,018,000; FYE 2021: RM484,977,000) which are secured by:

- (a) a negative pledge over certain entities' assets, both present and future;
- (b) legal charge over certain entities' freehold land, building and leasehold land as mentioned in Sections 4.18 and 4.19 respectively; and
- (c) deed of guarantee and indemnity of SGD26,660,000 (FYE 2023: SGD6,660,000; FYE 2022: SGD6,660,000; FYE 2021: SGD6,660,000) and corporate guarantee of USD3,600,000 (FYE 2023: USD3,600,000; FYE 2022: USD3,600,000; FYE 2021: USD3,600,000) executed by the corporate shareholder of an entity.

Analysis of currency profile of borrowings is as follows:

	<b>FPE 2024</b> <b>RM'000</b>	<b>FYE 2023</b> <b>RM'000</b>	<b>FYE 2022</b> <b>RM'000</b>	<b>FYE 2021</b> <b>RM'000</b>
RM	463,621	232,521	178,342	81,841
SGD	-	-	10,317	10,749
	<u>436,621</u>	<u>232,521</u>	<u>188,659</u>	<u>92,590</u>

The effective interest rates per annum are as follows:

	<b>FPE 2024</b> <b>%</b>	<b>FYE 2023</b> <b>%</b>	<b>FYE 2022</b> <b>%</b>	<b>FYE 2021</b> <b>%</b>
Term loans	4.0 - 4.4	3.7 - 4.2	3.0 - 4.0	2.5 - 2.6
Bankers' acceptances	3.2 - 3.7	2.9 - 3.8	1.9 - 3.4	2.0 - 2.2
Trust receipts	-	-	5.5	0.8

**13. ACCOUNTANTS' REPORT (Cont'd)****4.33 Lease Liabilities**

	<b>FPE 2024 RM'000</b>	<b>FYE 2023 RM'000</b>	<b>FYE 2022 RM'000</b>	<b>FYE 2021 RM'000</b>
Maturity analysis:				
Within 1 year	7,052	9,246	9,971	8,106
After 1 year but not more than 5 years	4,468	9,116	14,377	15,850
More than 5 years	8,591	6,598	7,086	6,190
Total minimum lease payments	20,111	24,960	31,434	30,146
Less: Future finance charges	(3,387)	(3,820)	(4,188)	(4,388)
	<u>16,274</u>	<u>21,140</u>	<u>27,246</u>	<u>25,758</u>
	<b>FPE 2024 RM'000</b>	<b>FYE 2023 RM'000</b>	<b>FYE 2022 RM'000</b>	<b>FYE 2021 RM'000</b>
Analysed as:				
Current	6,547	7,630	8,992	7,103
Non-current	10,177	13,510	18,254	18,655
	<u>16,724</u>	<u>21,140</u>	<u>27,246</u>	<u>25,758</u>

TMK Group did not face a significant liquidity risk with regard to its lease liabilities. Lease liabilities were monitored within TMK Group's financial risk management. The effective interest rates of TMK Group range from 2.5% to 11.0% (FYE 2023: 2.5% to 11.0%; FYE 2022: 2.5% to 11.0%; FYE 2021: 2.5% to 11.0%) per annum.

Lease obligations are denominated in the following currencies:

	<b>FPE 2024 RM'000</b>	<b>FYE 2023 RM'000</b>	<b>FYE 2022 RM'000</b>	<b>FYE 2021 RM'000</b>
SGD	10,456	13,996	16,657	19,140
RM	4,532	6,891	10,280	6,572
VND	1,736	253	309	46
	<u>16,724</u>	<u>21,140</u>	<u>27,246</u>	<u>25,758</u>

**4.34 Trade and Other Payables**

	<b>FPE 2024 RM'000</b>	<b>FYE 2023 RM'000</b>	<b>FYE 2022 RM'000</b>	<b>FYE 2021 RM'000</b>
Trade payables	167,231	160,746	195,530	132,382
Trade accruals	51,066	75,334	88,630	78,703
Other payables	12,290	12,372	8,338	9,891
Amount owing to a Promoter	-	-	-	31
Indirect taxes payable	2,332	2,482	1,462	882
	<u>232,919</u>	<u>250,934</u>	<u>293,960</u>	<u>221,889</u>
Less: Amount due within 12 months (shown under current liabilities)	<u>(232,919)</u>	<u>(250,934)</u>	<u>(292,911)</u>	<u>(221,007)</u>
Non-current portion	<u>-</u>	<u>-</u>	<u>1,049</u>	<u>882</u>

**13. ACCOUNTANTS' REPORT (Cont'd)**

Analysis of currency profile of trade and other payables is as follows:

	<b>FPE 2024 RM'000</b>	<b>FYE 2023 RM'000</b>	<b>FYE 2022 RM'000</b>	<b>FYE 2021 RM'000</b>
USD	183,349	138,653	184,666	185,494
RM	21,730	94,977	90,116	23,061
SGD	23,047	15,608	18,198	11,994
VND	4,784	1,686	980	1,340
Others	9	10	-	-
	<u>232,919</u>	<u>250,934</u>	<u>293,960</u>	<u>221,889</u>

Trade and other payables comprised amounts outstanding for trade purchases and ongoing costs which are unsecured, interest-free and are repayable upon demand except for trade purchases with credit period granted to TMK Group ranging from cash terms to 90 days (FYE 2023: cash terms to 90 days; FYE 2022: cash terms to 90 days; FYE 2021: cash terms to 90 days).

Other payables include approximately RM2,261,000 (FYE 2023: RM1,717,000; FYE 2022: RM1,701,000; FYE 2021: RM882,000) for the retention sum payable for assets under construction and RM Nil (FYE 2023: RM1,656,000; FYE 2022: RM179,000; FYE 2021: RM4,865,000) for the acquisition of assets.

The amount owing to a Promoter in 2021 represented advances received which were unsecured, interest-free and were repayable upon demand.

Transactions with related parties are disclosed in Section 4.37.

**4.35 Other Liabilities**

	<b>FPE 2024 RM'000</b>	<b>FYE 2023 RM'000</b>	<b>FYE 2022 RM'000</b>	<b>FYE 2021 RM'000</b>
Accruals	22,589	19,853	10,769	9,118
Deposits received	722	721	643	933
	<u>23,311</u>	<u>20,574</u>	<u>11,412</u>	<u>10,051</u>

Analysis of currency profile of other liabilities is as follows:

	<b>FPE 2024 RM'000</b>	<b>FYE 2023 RM'000</b>	<b>FYE 2022 RM'000</b>	<b>FYE 2021 RM'000</b>
RM	15,506	12,420	4,341	4,637
SGD	7,569	6,835	4,187	3,086
USD	-	843	2,847	1,901
RMB	197	476	-	-
VND	39	-	37	427
	<u>23,311</u>	<u>20,574</u>	<u>11,412</u>	<u>10,051</u>

Accruals include approximately RM612,000 (FYE 2023: RM1,656,000; FYE 2022: RM171,000; FYE 2021: RM657,000) for acquisition of property, plant and equipment and retention sum for construction of property, plant and equipment amounting to RM2,334,000 (FYE 2023: RM2,957,000; FYE 2022: RM Nil; FYE 2021: RM Nil).

**13. ACCOUNTANTS' REPORT (Cont'd)****4.36 Contract Liabilities**

Contract liability is the obligation to transfer goods and services to customers for which TMK Group has received the consideration or has billed the customers. TMK Group's contract liability represents advance billing to customers and are recognised as revenue when TMK Group performs its obligation under the respective contracts.

	FPE 2024 RM'000	FYE 2023 RM'000	FYE 2022 RM'000	FYE 2021 RM'000
Advance billing to customers	-	-	1,447	3,503

The contract liabilities mainly related to advance billing to customers and are denominated in USD.

**4.37 Related Party Transactions**

Other than as disclosed elsewhere in the financial statements, the related parties and their relationship with TMK Group are as follows:

Names of related parties	Relationship
Baypark Holdings Sdn. Bhd.	) Companies in which a director or shareholder of TMK Group is a director and/or has substantial financial interest.#
Botanics Recreational Park Sdn. Bhd.*	
Forsc Technology (M) Sdn. Bhd.	
Nastah Industries Sdn. Bhd.	
Premier Bleaching Earth Sdn Bhd	)
RBL Resources Sdn. Bhd.	
RCL Industrial Products Pte. Ltd.	
Taiko Acid Works Sdn. Bhd.	
Taiko Alumina Sdn. Bhd.	
Taiko Bleaching Earth Sdn. Bhd.	
Taiko Chemical Industries Pte. Ltd.	
Taiko Clay Marketing Sdn. Bhd.	
Taiko Development Corporation Sdn. Bhd.	
Taiko Drum Industries Pte. Ltd.	
Taiko Drum Industries Sdn. Bhd.	
CCM Chemicals Sdn. Bhd.	) Companies in which persons connected with certain directors or shareholder of TMK Group are directors or owners and/or have substantial financial interest.
CCM Polymers Sdn. Bhd.	
Circular Agency Sdn. Bhd.	
KLK Bioenergy Sdn. Bhd.	
KL-Kepong Edible Oils Sdn. Bhd.	
KL-Kepong Oleomas Sdn. Bhd.	
KL-Kepong Rubber Products Sdn. Bhd.	
Kuala Lumpur Kepong Berhad	
Malay-Sino Agro-Chemical Products Sdn. Bhd.	
Malay-Sino Chemical Industries Sdn. Bhd.	
North-South Transport Sdn. Bhd.	
Palm-Oleo (Klang) Sdn. Bhd.	
Palm-Oleo Sdn. Bhd.	
See Sen Chemical Bhd	
Stolthaven (Westport) Sdn. Bhd.	
Synthomer Sdn. Bhd.	
Taiko Consultants Sdn. Bhd.^	
Wakomas Chemical Sdn. Bhd.	
Luxury Anchor Sdn. Bhd.	

\* Represents a subsidiary of TMK Group with effect from on 5 September 2023.



**13. ACCOUNTANTS' REPORT (Cont'd)**

	FPE 2024 RM'000	FPE 2023 RM'000 (Unaudited)	FYE 2023 RM'000	FYE 2022 RM'000	FYE 2021 RM'000
Overtime charges paid/payable	66	242	324	68	61
Palletising charges paid/payable	20	17	32	43	39
Storage charges paid/payable	1,055	120	240	218	195
Transport charges paid/payable	333	105	154	959	1,304
<b>Transactions with associates</b>					
Sale of goods	1,203	552	1,369	3,304	2,221
Dividend income received/receivable	200	200	600	1,200	400
Subscription of additional shares	-	-	552	-	-
Purchase of goods	24,951	34,893	40,738	30,318	10,707
Management fees paid/payable	-	562	1,059	1,212	1,214
Secretarial and retainer fee paid/payable	-	3	37	58	67
Lease payment paid/payable	-	32	48	13	10
Advances granted for subscription of shares in future	-	-	-	140	-
<b>Transactions with directors</b>					
Consideration paid for acquisition of a subsidiary	-	-	3,981	-	-

The outstanding balances as of the end of the financial period/year are as follows:

	FPE 2024 RM'000	FYE 2023 RM'000	FYE 2022 RM'000	FYE 2021 RM'000
<b>Related parties</b>				
Included in trade and other receivables	6,636	22,429	14,544	9,934
Included in trade and other payables	44,897	38,960	55,631	54,485

**Key Management Personnel Compensation**

Key management personnel are defined as those persons having authority and responsibility for planning, directing and controlling the activities of TMK Group either directly or indirectly. The key management personnel of TMK Group include members of senior management. The remuneration of promoters and directors are disclosed in Section 4.15. The remuneration of other members of key management personnel of TMK Group are as follows:

	FPE 2024 RM'000	FPE 2023 RM'000 (Unaudited)	FYE 2023 RM'000	FYE 2022 RM'000	FYE 2021 RM'000
Salaries and other emoluments	517	533	1,182	1,240	1,016
Defined contribution plan	77	80	177	186	144
	594	613	1,359	1,426	1,160
Benefits-in-kind	11	11	23	23	23

**13. ACCOUNTANTS' REPORT (Cont'd)****4.38 Financial Instruments, Financial Risk and Capital Risks Management****Categories of financial instruments**

	FPE 2024 RM'000	FYE 2023 RM'000	FYE 2022 RM'000	FYE 2021 RM'000
<b>Financial assets</b>				
At FVTPL:				
Other investments	400	500	2,500	-
At amortised cost:				
Trade and other receivables	287,391	250,359	251,523	226,864
Other assets - refundable deposits	2,763	2,605	2,381	2,749
Short-term deposits, cash and bank balances	<u>104,089</u>	<u>136,523</u>	<u>128,831</u>	<u>100,443</u>
<b>Financial liabilities</b>				
At amortised cost:				
Trade and other payables	230,587	248,452	292,498	221,007
Other liabilities	23,311	20,574	11,412	10,051
Borrowings	463,621	232,521	188,659	92,590
Lease liabilities	<u>16,724</u>	<u>21,140</u>	<u>27,246</u>	<u>25,758</u>

**Financial Risk Management Objectives and Policies**

Risk management is integral to the whole business of TMK Group. Management continually monitors TMK Group's risk management process to ensure that an appropriate balance between risk and control is achieved. Risk management policies and systems are reviewed regularly to reflect changes in the market conditions and TMK Group's activities.

There has been no change to TMK Group's exposure to these financial risks or the manner in which TMK Group manages and measures the risk.

**(a) Market risk management***(i) Foreign currency risk*

TMK Group is exposed to the effects of foreign currency exchange rate fluctuations primarily in relation to the USD, SGD and VND arising from trading, investing and financing activities.

The carrying amounts of the foreign currency denominated monetary assets and liabilities of TMK Group at the end of the reporting period are disclosed in Sections 4.24, 4.25, 4.32, 4.34 and 4.35.

Foreign currency sensitivity analysis

The following table details the sensitivity of TMK Group to a 1.0% (FYE 2023: 1.0%; FYE 2022: 1.0%; FYE 2021: 1.0%) increase and decrease in RM against the relevant foreign currencies. The sensitivity rate of 1.0% (FYE 2023: 1.0%; FYE 2022: 1.0%; FYE 2021: 1.0%) is used when reporting foreign currency risk internally to key management and represents management's assessment of the reasonably possible change in foreign exchange rates in the next 12 months.



**13. ACCOUNTANTS' REPORT (Cont'd)**

The following sensitivity analysis includes only outstanding foreign currency denominated monetary items. If the foreign currency denominated monetary items at the end of the reporting period were translated into Ringgit Malaysia with a 1.0% (FYE 2023: 1.0%; FYE 2022: 1.0%; FYE 2021: 1.0%) increase/decrease in the exchange rates against the following relevant foreign currencies, the effect on profit net of tax and equity will be higher/lower by approximately:

	<b>FPE 2024</b> <b>RM'000</b>	<b>FYE 2023</b> <b>RM'000</b>	<b>FYE 2022</b> <b>RM'000</b>	<b>FYE 2021</b> <b>RM'000</b>
<b>Impact on profit or loss and equity:</b>				
USD	(265)	(126)	(344)	(672)
SGD	182	11	72	42
VND	159	97	128	75

The above impacts are mainly attributable to the exposure on relevant currencies for receivables, bank balances, payables, other liabilities, borrowings, lease liabilities and contract liabilities at the end of the reporting period in TMK Group. In the opinion of management, the sensitivity analysis is unrepresentative of the inherent foreign exchange risk as the year end exposure does not reflect the exposure of TMK Group during the respective financial period/years.

*(ii) Interest rate risk*

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

TMK Group finances its operations by a mixture of internal funds and bank and other borrowings. TMK Group regularly reviews the interest rate profile of borrowings against prevailing and anticipated market rates. The repayment and maturity profiles of borrowings are structured after taking into consideration the cash inflows expected to be generated from the underlying assets or operations and the economic life of the assets or operations being financed.

The policy of TMK Group is to borrow both on the fixed and floating rate basis. The objective for the mix between fixed and floating rate borrowings is set to reduce the impact of an upward change in interest rates while enabling benefits to be enjoyed if interest rates fall.

*Interest rate sensitivity analysis*

A change of 50 basis points ("bps") in interest rates at the end of the reporting period would have increased/(decreased) equity and pre-tax profit or loss by the amounts shown below. This analysis assumes that all other variables remained constant. The assumed movement in the interest rates for interest rate sensitivity analysis is based on the currently observable market environment.

	<b>FPE 2024</b> <b>RM'000</b>	<b>FYE 2023</b> <b>RM'000</b>	<b>FYE 2022</b> <b>RM'000</b>	<b>FYE 2021</b> <b>RM'000</b>
<b>Floating rate borrowings</b>				
50 bps increase	(576)	(689)	(619)	(349)
50 bps decrease	576	689	619	349

**13. ACCOUNTANTS' REPORT (Cont'd)****(b) Credit risk management**

Credit risk refers to the risk that counterparty will default on its contractual obligations resulting in financial loss to TMK Group. TMK Group has adopted a policy of only dealing with creditworthy counterparties as a means of mitigating the risk of financial loss from defaults. The exposure of TMK Group to credit risk arises principally from their receivables and other financial assets.

Receivables

TMK Group established policies on credit control involves comprehensive credit evaluations, setting up appropriate credit limits, ensuring the sales are made to customers with good credit history and regular review of customers' outstanding balances and payment trends. TMK Group considers the risk of material loss in the event of non-performance by the customers to be unlikely.

As TMK Group did not hold any collateral, the maximum exposure to credit risk arising from receivables is represented by the carrying amounts in the consolidated statements of financial position. A significant portion of trade receivables are regular customers of TMK Group. TMK Group uses ageing analysis to monitor the credit quality of the trade receivables.

Loss allowances have been recognised under the ECL model as of the end of the reporting period as disclosed in Section 4.24.

The ageing of trade receivables that are past due is disclosed in Section 4.24.

At the end of the reporting period, TMK Group is not subject to significant concentration of credit risk.

At the end of the reporting period, there is no significant increase in credit risk on trade and other receivables since initial recognition. There are no significant changes in gross carrying amount of trade receivables, that contribute to changes on loss allowances.

Other Financial Assets

TMK Group maintains cash balances only to internationally reputable banks with high credit standing.

The credit risk on liquid funds is limited because the counterparties are banks with high credit-ratings assigned by international credit-rating agencies.

**(c) Liquidity and cash flow risks management**

Ultimate responsibility for liquidity and cash flow risks management rests with the Promoters, who have established an appropriate liquidity and cash flow risks management framework for the management of TMK Group's short, medium and long-term funding and liquidity and cash flow management requirements. TMK Group manages liquidity and cash flow risks by maintaining adequate reserves and banking facilities by continuously monitoring forecast and actual cash flows and by matching the maturity profiles of financial assets and financial liabilities.

Management is of the view that TMK Group's exposure to liquidity and cash flow risks are minimal as TMK Group has sufficient funds to finance its ongoing working capital requirements. TMK Group has credit facilities of RM211,060,000 (FYE 2023: RM205,613,000; FYE 2022: RM348,672,000; FYE 2021: RM430,516,000) which are unused at the end of the reporting period. TMK Group expects to meet its financial obligations from its operating cash flows and proceeds from maturing financial assets.

TMK Group may consider opportunities to obtain additional funds to support its working capital requirements and capital expenditure or, may seek to raise additional funds through equity financing.

**13. ACCOUNTANTS' REPORT (Cont'd)**

The maturity profile for the non-derivative financial liabilities of TMK Group at the end of the reporting period based on the undiscounted cash flows of the respective financial liabilities representing the earliest date on which TMK Group is required to pay, is as follows:

	<b>On demand or within 1 year RM'000</b>	<b>1 year to 5 years RM'000</b>	<b>Over 5 years RM'000</b>	<b>Total RM'000</b>
<b>FPE 2024</b>				
Non-derivative financial liabilities:				
Trade and other payables	230,587	-	-	230,587
Other liabilities	23,311	-	-	23,311
Borrowings	141,002	357,051	62,845	560,899
Lease liabilities	7,052	4,468	8,591	20,111
<b>FYE 2023</b>				
Non-derivative financial liabilities:				
Trade and other payables	248,452	-	-	248,452
Other liabilities	20,574	-	-	20,574
Borrowings	122,056	131,263	-	253,319
Lease liabilities	9,246	9,116	6,598	24,960
<b>FYE 2022</b>				
Non-derivative financial liabilities:				
Trade and other payables	291,449	1,049	-	292,498
Other liabilities	11,412	-	-	11,412
Borrowings	64,180	78,025	67,027	209,232
Lease liabilities	9,971	14,377	7,086	31,434
<b>FYE 2021</b>				
Non-derivative financial liabilities:				
Trade and other payables	220,125	882	-	221,007
Other liabilities	10,051	-	-	10,051
Borrowings	38,183	51,702	8,184	98,069
Lease liabilities	8,106	15,850	6,190	30,146

TMK Group has not committed to any derivative financial instruments during the respective financial period/years.

**(d) Capital risks management**

TMK Group manages its capital to ensure TMK Group will be able to continue as going concern while maximising the return to stakeholders through the optimisation of the debt and equity balance. TMK Group's overall strategy remains unchanged from previous years.

The capital structure of TMK Group consists of net debts and equity. TMK Group is not subject to any externally imposed capital requirements.

**Fair Values of Financial Assets and Financial Liabilities**

The carrying amounts of the short-term financial assets and financial liabilities approximate their respective fair values due to the relatively short-term maturities of these financial instruments.

**13. ACCOUNTANTS' REPORT (Cont'd)**

The fair value of investment in money market funds, which are classified as Level 1 in fair value hierarchy, are measured based on year-end quoted prices in active markets. There were no transfers between Level 1 and Level 2 in current and previous financial years.

The fair values of term loans financing, which are classified as Level 2 in the fair value hierarchy, have been estimated using discounted cash flow analysis based on the current borrowing rates for similar types of borrowings arrangements and approximately their carrying amounts.

**4.39 Consolidated Statements of Cash Flows**

## (a) Purchase of property, plant and equipment

The details of additions to property, plant and equipment were as follows:

	FPE 2024 RM'000	FPE 2023 RM'000 (Unaudited)	FYE 2023 RM'000	FYE 2022 RM'000	FYE 2021 RM'000
Cash payment	21,556	24,997	42,281	52,739	36,991
Included in other payables	2,262	3,799	3,087	1,032	6,399
Advance payment for acquisition of property, plant and equipment in prior periods/years	6	468	3,823	1,363	21,627
Capitalisation of interest expenses	75	-	2,409	2,552	1,419
Term loans financing	-	-	621	61,459	32,127
Included in other receivables in prior years	-	-	-	34	-
Included in accrued expenses	373	-	4,613	171	657
	<u>24,272</u>	<u>29,264</u>	<u>56,834</u>	<u>119,350</u>	<u>99,220</u>

The principal amount of instalment repayments for property, plant and equipment acquired by term loans financing are reflected as cash outflows used in financing activities.

## (b) Reconciliation of liabilities arising from financing activities

The table below details changes in TMK Group's liabilities arising from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are those for which cash flows were, or future cash flows will be, classified in TMK Group's consolidated statements of cash flows as cash flows from/(used in) financing activities.

	Term loans RM'000	Bankers' acceptances RM'000	Trust receipts RM'000	Lease liabilities RM'000
At 1 January 2021	46,830	29,084	2,061	23,576
Financing cash inflows	4,887	-	8,652	-
Financing cash outflows	(17,703)	(13,384)	-	(8,538)
Non-cash transactions:				
- additions to right-of-use assets	-	-	-	10,440
- purchase of property, plant and equipment	32,127	-	-	-
- translation differences	-	-	36	280
At 31 December 2021	<u>66,141</u>	<u>15,700</u>	<u>10,749</u>	<u>25,758</u>

**13. ACCOUNTANTS' REPORT (Cont'd)**

	<b>Term loans RM'000</b>	<b>Bankers' acceptances RM'000</b>	<b>Trust receipts RM'000</b>	<b>Lease liabilities RM'000</b>
At 1 January 2022	66,141	15,700	10,749	25,758
Financing cash inflows	25,825	27,119	-	-
Financing cash outflows	(10,089)	-	(1,061)	(8,398)
Non-cash transactions:				
- additions to right-of-use assets	-	-	-	8,806
- purchase of property, plant and equipment	61,459	-	-	-
- others*	(7,813)	-	-	-
- translation differences	-	-	629	1,080
At 31 December 2022/ 1 January 2023	135,523	42,819	10,317	27,246
Financing cash inflows	408	59,755	-	-
Financing cash outflows	(6,605)	-	(10,709)	(9,666)
Non-cash transactions:				
- additions to right-of-use assets	-	-	-	3,325
- termination of leases	-	-	-	(628)
- modification of leases	-	-	-	(100)
- purchase of property, plant and equipment	621	-	-	-
- translation differences	-	-	392	963
At 31 December 2023	<u>129,947</u>	<u>102,574</u>	<u>-</u>	<u>21,140</u>
At 31 December 2022/ 1 January 2023	135,523	42,819	10,317	27,246
Financing cash inflows	-	53,490	-	-
Financing cash outflows	(5,358)	-	(10,522)	(4,687)
Non-cash transactions:				
- additions to right-of-use assets	-	-	-	1,471
- termination of leases	-	-	-	-
- modification of leases	-	-	-	(100)
- translation differences	-	-	205	784
At 30 June 2023	<u>130,165</u>	<u>96,309</u>	<u>-</u>	<u>24,714</u>
At 31 December 2023/ 1 January 2024	129,947	102,574	-	21,140
Financing cash inflows	250,000	-	-	-
Financing cash outflows	(6,624)	(12,276)	-	(6,310)
Non-cash transactions:				
- additions to right-of-use assets	-	-	-	205
- adjustment of leases	-	-	-	1,669
- translation differences	-	-	-	20
At 30 June 2024	<u>373,323</u>	<u>90,298</u>	<u>-</u>	<u>16,724</u>

\* Included in other assets, trade and other payables and other liabilities as advance payment for purchase of property, plant and equipment and repayment to suppliers.

**13. ACCOUNTANTS' REPORT (Cont'd)**

## (c) Cash and cash equivalents

Cash and cash equivalents at the end of the reporting period as shown in the consolidated statements of cash flows can be reconciled to the related items in the consolidated statements of financial position as follows:

	<b>FPE 2024 RM'000</b>	<b>FYE 2023 RM'000</b>	<b>FYE 2022 RM'000</b>	<b>FYE 2021 RM'000</b>
Cash and bank balances	71,109	121,420	79,338	82,145
Short-term deposits with licensed banks	<u>32,980</u>	<u>15,103</u>	<u>49,493</u>	<u>18,298</u>
	<u>104,089</u>	<u>136,523</u>	<u>128,831</u>	<u>100,443</u>

## (d) Acquisition of a new subsidiary

TMK acquired 100.0% equity interest in Botanics Recreational comprising 6,135,000 ordinary shares during the financial year ended 31 December 2023 for a cash consideration of RM5.97 million. The acquisition was accounted for as an acquisition of assets in accordance with MFRS 3 *Business Combination*. The assets and liabilities of Botanics Recreational acquired are as follows:

	<b>FYE 2023 RM'000</b>
<b>Non-current asset</b>	
Property, plant and equipment	5,472
<b>Current assets</b>	
Other assets	26
Other investments	500
Bank balances	92
<b>Current liabilities</b>	
Other payables	(105)
Current tax liability	<u>(13)</u>
Net assets acquired	5,972
Less: Cash and cash equivalents	<u>(92)</u>
Net cash outflow on acquisition of Botanics Recreational	<u><u>5,880</u></u>

**4.40 Capital Commitments**

TMK Group has commitments in respect of property, plant and equipment as follows:

	<b>FPE 2024 RM'000</b>	<b>FYE 2023 RM'000</b>	<b>FYE 2022 RM'000</b>	<b>FYE 2021 RM'000</b>
Capital expenditure:				
Approved and contracted for	23,107	22,874	38,391	101,289
Approved and not contracted for	<u>9,944</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>33,051</u>	<u>22,874</u>	<u>38,391</u>	<u>101,289</u>

**13. ACCOUNTANTS' REPORT (Cont'd)****4.41 Subsequent Events**

In conjunction with the Listing, on 24 October 2024, the Company undertook the subdivision of 83,178,163 Shares into 780,000,000 Shares. The purpose of the Subdivision is to enhance the liquidity of the Shares upon our Listing.

**4.42 Segment Reporting**

Segment information is presented in respect of TMK Group's business segments, which reflect TMK Group's internal reporting structure that are regularly reviewed by TMK Group's chief operating decision maker (i.e. Managing Director of TMK Group) for the purposes of allocating resources to the segments and assessing the performance of respective segments. For management purposes, TMK Group is organised into the following operating divisions:

- |  |  |
|--|--|
| (i) Provision of total chemical management   | - Comprising sourcing, processing and distribution for inorganic chemicals and value-added services, including chemical processing services, provision of handling and storage services. |
| (ii) Provision of chemical terminal services | - Bulk storage services, including delivery services in bulk quantity.   |
| (iii) Manufacturing of inorganic chemicals   | - Manufacturing of inorganic chemicals.  |
| (iv) Others                                  | - Investment holding and dormant entities.   |

**Segment assets and liabilities**

Segment assets and segment liabilities are neither included in the internal management reports nor provided regularly to TMK Group's chief operating decision maker for regular review. Accordingly, there is no further disaggregation of segment assets and segment liabilities.

**[ The rest of this page is intentionally left blank ]**

**13. ACCOUNTANTS' REPORT (Cont'd)**

(a) Information regarding TMK Group's reportable segments is presented below:

	Provision of total chemical management RM'000	Provision of chemical terminal services RM'000	Manufacturing of inorganic chemicals RM'000	Others RM'000	Eliminations RM'000	TMK Group RM'000
<b>FPE 2024</b>						
<b>Revenue</b>						
External revenue	653,844	5,590	-	-	-	659,434
Inter-segment revenue	<u>62,252</u>	<u>5,272</u>	<u>19,534</u>	<u>324</u>	<u>(87,382)</u>	<u>-</u>
<b>Total revenue</b>	<u>716,096</u>	<u>10,862</u>	<u>19,534</u>	<u>324</u>	<u>(87,382)</u>	<u>659,434</u>
<b>Cost of sales</b>						
External cost of sales	(537,758)	(5,117)	_(1)	-	-	(542,875)
Inter-segment cost of sales	<u>(82,984)</u>	<u>(84)</u>	<u>-</u>	<u>-</u>	<u>83,068</u>	<u>-</u>
<b>Total cost of sales</b>	<u>(620,742)</u>	<u>(5,201)</u>	<u>-</u>	<u>-</u>	<u>83,068</u>	<u>(542,875)</u>
<b>Gross profit/(loss)</b>	95,354	5,661	19,534	324	(4,314)	116,559
Other gains and losses						3,455
Investment revenue						1,470
Other operating income						10,065
Selling and distribution expenses						(22,977)
General and administrative expenses						(28,022)
Finance costs						(7,676)
Share of results of associates						<u>942</u>
<b>Profit before tax</b>						73,816
Tax expenses						<u>(14,021)</u>
<b>Profit after tax</b>						<u>59,795</u>
<b>Other information</b>						
Interest income	1,351	77	33	1	-	1,462
Finance costs	(5,430)	(20)	(2,226)	-	-	(7,676)
Depreciation of property, plant and equipment	(4,098)	(2,567)	(3,823)	(58)	-	(10,546)
Depreciation of right-of-use assets	(6,066)	(229)	-	-	-	(6,295)
Share of results of associates	942	-	-	-	-	942
Impairment loss on inventories	(511)	-	-	-	-	(511)
Recovery of commissioning costs - net	9,230	-	-	-	-	9,230



**13. ACCOUNTANTS' REPORT (Cont'd)**

	Provision of total chemical management RM'000	Provision of chemical terminal services RM'000	Manufacturing of inorganic chemicals <sup>(2)</sup> RM'000	Others RM'000	Eliminations RM'000	TMK Group RM'000
<b>FPE 2023 (Unaudited)</b>						
<b>Revenue</b>						
External revenue	639,122	4,703	-	-	-	643,825
Inter-segment revenue	62,570	5,136	-	200	(67,906)	-
<b>Total revenue</b>	<b>701,692</b>	<b>9,839</b>	<b>-</b>	<b>200</b>	<b>(67,906)</b>	<b>643,825</b>
<b>Cost of sales</b>						
External cost of sales	(536,659)	(4,925)	-	-	-	(541,584)
Inter-segment cost of sales	(66,137)	(84)	-	-	66,221	-
<b>Total cost of sales</b>	<b>(602,796)</b>	<b>(5,009)</b>	<b>-</b>	<b>-</b>	<b>66,221</b>	<b>(541,584)</b>
<b>Gross profit/(loss)</b>	<b>98,896</b>	<b>4,830</b>	<b>-</b>	<b>200</b>	<b>(1,685)</b>	<b>102,241</b>
Other gains and losses						4,237
Investment revenue						851
Other operating income						1,013
Selling and distribution expenses						(21,223)
General and administrative expenses						(26,604)
Finance costs						(2,318)
Share of results of associates						1,224
<b>Profit before tax</b>						<b>59,421</b>
Tax expenses						(13,960)
<b>Profit after tax</b>						<b>45,461</b>
<b>Other information</b>						
Interest income	707	72	53	3		835
Finance costs	(2,307)	-	(11)	-		(2,318)
Depreciation of property, plant and equipment	(4,795)	(1,511)	(198)	-		(6,504)
Depreciation of right-of-use assets	(5,317)	(58)	-	-		(5,375)
Share of results of associates	75	-	-	1,149		1,224
Reversal of impairment loss on inventories	1,129	-	-	-		1,129
Gain on disposal of other investments	15	-	-	-		15

**13. ACCOUNTANTS' REPORT (Cont'd)**

	Provision of total chemical management RM'000	Provision of chemical terminal services RM'000	Manufacturing of inorganic chemicals <sup>(2)</sup> RM'000	Others RM'000	Eliminations RM'000	TMK Group RM'000
<b>2023</b>						
<b>Revenue</b>						
External revenue	1,295,762	10,334	-	-	-	1,306,096
Inter-segment revenue	159,839	11,090	-	600	(171,529)	-
<b>Total revenue</b>	<b>1,455,601</b>	<b>21,424</b>	<b>-</b>	<b>600</b>	<b>(171,529)</b>	<b>1,306,096</b>
<b>Cost of sales</b>						
External cost of sales	(1,086,512)	(9,704)	-	-	-	(1,096,216)
Inter-segment cost of sales	(139,403)	(168)	-	-	139,571	-
<b>Total cost of sales</b>	<b>(1,225,915)</b>	<b>(9,872)</b>	<b>-</b>	<b>-</b>	<b>139,571</b>	<b>(1,096,216)</b>
<b>Gross profit/(loss)</b>	<b>229,686</b>	<b>11,552</b>	<b>-</b>	<b>600</b>	<b>(31,958)</b>	<b>209,880</b>
Other gains and losses						3,530
Investment revenue						1,774
Other operating income						4,100
Selling and distribution expenses						(45,591)
General and administrative expenses						(46,189)
Finance costs						(6,761)
Share of results of associates						1,603
<b>Profit before tax</b>						<b>122,346</b>
Tax expenses						(30,748)
<b>Profit after tax</b>						<b>91,598</b>
<b>Other information</b>						
Interest income	1,467	138	157	10	-	1,772
Finance costs	(4,494)	-	(2,267)	-	-	(6,761)
Depreciation of property, plant and equipment	(9,681)	(3,183)	(1,654)	(36)	-	(14,554)
Depreciation of right-of-use assets	(10,991)	(117)	-	-	-	(11,108)
Share of results of associates	111	-	-	1,492	-	1,603
Reversal of impairment loss on inventories	653	-	-	-	-	653
Gain on disposal of other investments	15	-	-	-	-	15
Recovery of commissioning costs - net	2,099	-	-	-	-	2,099

**13. ACCOUNTANTS' REPORT (Cont'd)**

	Provision of total chemical management RM'000	Provision of chemical terminal services RM'000	Manufacturing of inorganic chemicals <sup>(2)</sup> RM'000	Others RM'000	Eliminations RM'000	TMK Group RM'000
<b>2022</b>						
<b>Revenue</b>						
External revenue	1,475,887	8,451	-	-	-	1,484,338
Inter-segment revenue	119,813	9,964	-	1,200	(130,977)	-
<b>Total revenue</b>	<b>1,595,700</b>	<b>18,415</b>	<b>-</b>	<b>1,200</b>	<b>(130,977)</b>	<b>1,484,338</b>
<b>Cost of sales</b>						
External cost of sales	(1,215,106)	(7,309)	(828)	-	-	(1,223,243)
Inter-segment cost of sales	(123,899)	(168)	-	-	124,067	-
<b>Total cost of sales</b>	<b>(1,339,005)</b>	<b>(7,477)</b>	<b>(828)</b>	<b>-</b>	<b>124,067</b>	<b>(1,223,243)</b>
<b>Gross profit/(loss)</b>	<b>256,695</b>	<b>10,938</b>	<b>(828)</b>	<b>1,200</b>	<b>(6,910)</b>	<b>261,095</b>
Other gains and losses						4,530
Investment revenue						932
Other operating income						2,127
Selling and distribution expenses						(41,343)
General and administrative expenses						(37,214)
Finance costs						(2,587)
Share of results of associates						3,385
<b>Profit before tax</b>						<b>190,925</b>
Tax expenses						(40,588)
<b>Profit after tax</b>						<b>150,337</b>
<b>Other information</b>						
Interest income	833	63	34	2	-	932
Finance costs	(2,557)	-	(30)	-	-	(2,587)
Depreciation of property, plant and equipment	(7,076)	(3,303)	(214)	-	-	(10,593)
Depreciation of right-of-use assets	(9,604)	(117)	-	-	-	(9,721)
Share of results of associates	10	-	-	3,375	-	3,385
Impairment loss on inventories	(1,448)	-	-	-	-	(1,448)

**13. ACCOUNTANTS' REPORT (Cont'd)**

	Provision of total chemical management RM'000	Provision of chemical terminal services RM'000	Manufacturing of inorganic chemicals <sup>(2)</sup> RM'000	Others RM'000	Eliminations RM'000	TMK Group RM'000
<b>2021</b>						
<b>Revenue</b>						
External revenue	1,116,942	9,902	-	-	-	1,126,844
Inter-segment revenue	67,221	9,466	-	400	(77,087)	-
<b>Total revenue</b>	<b>1,184,163</b>	<b>19,368</b>	<b>-</b>	<b>400</b>	<b>(77,087)</b>	<b>1,126,844</b>
<b>Cost of sales</b>						
External cost of sales	(907,781)	(9,029)	(328)	-	-	(917,138)
Inter-segment cost of sales	(73,292)	(168)	-	-	73,460	-
<b>Total cost of sales</b>	<b>(981,073)</b>	<b>(9,197)</b>	<b>(328)</b>	<b>-</b>	<b>73,460</b>	<b>(917,138)</b>
<b>Gross profit/(loss)</b>	<b>203,090</b>	<b>10,171</b>	<b>(328)</b>	<b>400</b>	<b>(3,627)</b>	<b>209,706</b>
Other gains and losses						4,292
Investment revenue						711
Other operating income						2,833
Selling and distribution expenses						(33,783)
General and administrative expenses						(28,128)
Finance costs						(1,567)
Share of results of associates						1,752
<b>Profit before tax</b>						<b>155,816</b>
Tax expenses						(32,731)
<b>Profit after tax</b>						<b>123,085</b>
<b>Other information</b>						
Interest income	431	69	8	5	-	513
Finance costs	(1,567)	-	-	-	-	(1,567)
Depreciation of property, plant and equipment	(6,083)	(3,332)	(157)	-	-	(9,572)
Depreciation of right-of-use assets	(9,471)	(117)	-	-	-	(9,588)
Share of results of associates	(19)	-	-	1,771	-	1,752
Reversal of impairment loss on inventories	1,627	-	-	-	-	1,627
Gain on disposal of other investments	-	-	-	162	-	162

**13. ACCOUNTANTS' REPORT (Cont'd)**

- (1) There were no cost of sales recorded for this segment for FPE 2024 due to the reclassification of the manufacturing costs to the provision of total chemical management segment as a result of TMK Banting sold its manufactured inorganic chemicals products to TMK.
- (2) There was no revenue recorded for TMK Group's manufacturing of inorganic chemicals segment in the FPE 2024, FPE 2023, FYE 2023, FYE 2022 and FYE 2021 as TMK Group commenced the manufacturing of inorganic chemicals in May 2024

**(b) Geographical information**

Revenue information based on geographical location of customers are as follows:

	FPE 2024 RM'000	FPE 2023 RM'000 (Unaudited)	FYE 2023 RM'000	FYE 2022 RM'000	FYE 2021 RM'000
Malaysia	320,140	352,045	708,898	866,922	661,610
Overseas:					
Vietnam	169,538	125,488	278,249	316,341	249,905
Singapore	142,870	143,295	271,592	264,964	185,476
Indonesia	8,368	5,904	12,922	7,921	5,919
Australia	2,266	3,244	6,366	6,011	5,836
United States of America	3,849	2,551	6,157	3,375	6,262
Others <sup>(1)</sup>	12,403	11,298	21,912	18,804	11,836
Total <sup>(2)</sup>	<u>659,434</u>	<u>643,825</u>	<u>1,306,096</u>	<u>1,484,338</u>	<u>1,126,844</u>

(1) Comprises Brunei, Cambodia, China, Fiji, Hong Kong, India, Japan, Maldives, Marshall Islands, Monaco, Myanmar, Netherlands, New Zealand, Papua New Guinea, Philippines, South Korea, Sri Lanka, Taiwan, Thailand, United Arab Emirates and United Kingdom. The contribution of each of these countries to TMK Group's total revenue in the FPE 2024, FPE 2023, FYE 2023, FYE 2022 and FYE 2021 is less than 0.5%.

(2) The breakdown of revenue by geography is based on customers' billing locations.

The amount of non-current assets (excluding financial instruments, investment in associates and deferred tax assets) based on geographical location of the assets are as follows:

	FPE 2024 RM'000	FYE 2023 RM'000	FYE 2022 RM'000	FYE 2021 RM'000
<b><u>Non-current assets</u></b>				
Malaysia	486,285	475,721	431,626	295,731
Singapore	21,833	24,453	27,927	30,100
Vietnam	1,257	599	726	689
	<u>509,375</u>	<u>500,773</u>	<u>460,279</u>	<u>326,520</u>

**(c) Information on key customers**

TMK Group does not have any revenue from a single external customer which represents 10% or more of TMK Group's revenue. As such, information on major customers is not presented.

**13. ACCOUNTANTS' REPORT (Cont'd)**

---

**ACCOUNTANTS' REPORT**

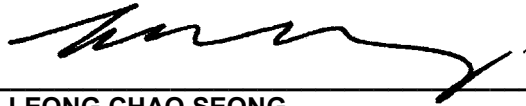
(Prepared for inclusion in the Prospectus of  
TMK Chemical Bhd. (formerly known as Taiko Marketing Sdn. Bhd.))

**TMK CHEMICAL BHD. (FORMERLY KNOWN AS TAIKO MARKETING SDN. BHD.)**

**STATEMENT BY DIRECTORS**

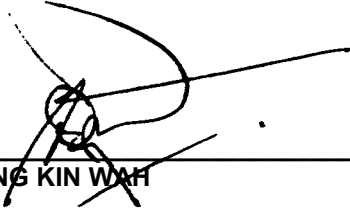
The Directors of **TMK CHEMICAL BHD. (FORMERLY KNOWN AS TAIKO MARKETING SDN. BHD.)** state that, in their opinion, the accompanying consolidated financial statements are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and Chapter 10 Part II Division 1: Equity of the Prospectus Guidelines issued by the Securities Commission of Malaysia so as to give a true and fair view of the financial position of the Group as at 30 June 2024, 31 December 2023, 31 December 2022 and 31 December 2021 and of the financial performance and the cash flows for the financial period and financial years ended on that date.

Signed in accordance with a resolution of the Directors dated 5 November 2024.



---

**MR. LEONG CHAO SEONG**



---

**MR. WONG KIN WAH**

## 14. ADDITIONAL INFORMATION

### 14.1 SHARE CAPITAL

- (i) Save as disclosed in this Prospectus, no securities will be allotted or issued on the basis of this Prospectus later than six months after the date of issue of this Prospectus.
- (ii) As at the LPD, we have only one class of shares in our Company, namely ordinary shares, all of which rank equally with one another. There are no special rights attached to our Shares.
- (iii) Save as disclosed in Section 6.1.3 of this Prospectus, our Company has not issued or proposed to issue any shares, stocks or debentures as fully or partly paid-up in cash or otherwise, within the two years immediately preceding the date of this Prospectus.
- (iv) As at the date of this Prospectus, save for our IPO Shares reserved for subscription by the Eligible Persons as disclosed in Section 4.2.3 of this Prospectus, there is currently no other scheme involving our employees and Directors in the share capital of our Company or any of our subsidiaries.
- (v) We have not agreed, conditionally or unconditionally, to put the share capital of our Company or any of our subsidiaries under option.
- (vi) As at the date of this Prospectus, neither we nor our subsidiaries have any outstanding warrants, options, convertible securities or uncalled capital.
- (vii) Save as disclosed in Sections 2.2 and 12.5 of this Prospectus, and save as provided for under our Constitution as reproduced in Section 14.2 below and the Act, there are no other restrictions upon the holding or voting or transfer of our Shares or the interests in our Company or any of our subsidiaries or upon the declaration or payment of any dividend or distribution thereon.

### 14.2 EXTRACTS OF OUR CONSTITUTION

The following provisions are reproduced from our Constitution and are qualified in its entirety by reference to our Constitution and by applicable law. The words, terms and expressions appearing in the following provisions shall bear the same meanings used in our Constitution unless they are otherwise defined or the context otherwise requires.

<b>Words</b>	<b>Meaning</b>
“Act”	means the Companies Act, 2016 and any statutory modification, amendment or re-enactment thereof for the time being in force.
“Applicable Laws”	all laws, by-laws, rules, regulations, orders and/or official directives for the time being in force affecting the Company, including but not limited to the Act, the Securities Laws, the Listing Requirements and every other law for the time being in force concerning companies and affecting the Company and any other guidelines, directives or requirements imposed on the Company by the relevant regulatory bodies and/or authorities.
“Central Depositories Act”	means the Securities Industry (Central Depositories) Act 1991 (“SICDA”) and every statutory modification or re-enactment thereof for the time being in force.

**14. ADDITIONAL INFORMATION (Cont'd)**

<b>Words</b>	<b>Meaning</b>
"Company"	TMK Chemical Bhd (formerly known as Taiko Marketing Sdn Bhd) (198901001548 (178854-K)), the abovenamed Company by whatever name from time to time called.
"Directors"	The directors for the time being of the Company
"Exchange"	Bursa Malaysia Securities Berhad (200301033577 (635998-W)) or such other names which it may be known from time to time.
"Member(s) / Shareholder(s)"	any person(s) for the time being holding shares in the Company and whose name(s) appear in the Register of Members including a Depositor who shall be treated as if he were a Member pursuant to Section 35 of the Central Depositories Act but excludes the Bursa Depository in its capacity as a bare trustee.
"Record of Depositors"	means the record of depositors provided by Bursa Depository to the Company under Chapter 24.0 of the Rules of Bursa Depository.
"Register of Members"	the register of members to be kept pursuant to the Act.
"Registrar of Companies"	the Registrar of Companies designated under Section 20A(1) of the Companies Commission of Malaysia Act 2001.
"Rules of Bursa Depository"	the Rules of Bursa Depository as defined under the Central Depositories Act and any appendices thereto including any amendment that may be made from time to time.
"Securities"	has the meaning given in Section 2(1) of the CMSA.
"Shares"	shares of the Company.

**14.2.1 Remuneration of Directors****Clause 19 – Remuneration of Directors****"19.1 Fees and benefits for non-executive Directors**

The fees of the Directors, and any benefits payable to the Directors including any compensation for loss of employment of a Director shall be subject to annual approval of Members at a general meeting and shall (unless such resolution otherwise provides) be divisible among the Directors as they may agree PROVIDED ALWAYS that:-

- (a) salaries payable to executive Director(s) may not include a commission on or percentage of turnover;
- (b) fees payable to non-executive Directors shall be a fixed sum and not by a commission on or percentage of profits or turnover;
- (c) any fee paid to an alternate Director shall be agreed between himself and the Director nominating him and shall be paid out of the remuneration of the latter.



**14. ADDITIONAL INFORMATION (Cont'd)****19.2 Reimbursement of expenses**

The Directors shall be entitled to be reimbursed for all travelling or such reasonable expenses as may be incurred in attending and returning from meetings of the Directors or of any committee of the Directors or general meetings or otherwise howsoever in or about the business of the Company in the course of the performance of their duties as Directors.”

**14.2.2 Voting and borrowing powers of Directors****Clause 21.2 – The Board’s borrowing powers**

“Subject to the Act and the Listing Requirements, the Board may exercise all the powers of the Company to borrow money, raise funds and to mortgage or charge its undertaking, property and uncalled capital, or any part thereof and to issue debentures and other securities whether outright or as security for any debt, liability or obligation of the Company or its subsidiaries. The Directors may guarantee the whole or any part of the loans or debts raised or incurred by or on behalf of the Company or any interest payable thereon with power to the Directors to indemnify the guarantors from or against liability under their guarantees by means of a mortgage or hypothecation of or charge upon any property and asset of the Company or otherwise.

The Directors shall not obtain financing or mortgage or charge any of the Company or the subsidiaries’ undertaking, property or any uncalled capital, or issue any debentures and other securities whether outright or as security for any debt, liability or obligation of an unrelated third party.”

**14.2.3 Alteration of capital****Clause 4.2 – Alteration of share capital**

“The Company shall have the power to increase or reduce the capital, to consolidate or subdivide the shares into shares of larger or smaller amounts and to issue all or any part of the original or any additional capital as fully paid or partly paid shares, and with any special or preferential rights or privileges, or subject to any special terms or conditions and either with or without any special designation, and also from time to time to alter, modify, commute, abrogate or deal with any such privileges, terms, conditions or designations in accordance with the regulations for the time being of the Company.”

**14.2.4 Transfer of Shares****Clause 9 – Transfer of Securities****9.1 Transfer of securities to and from Bursa Depository**

The transfer of securities by the Company to Bursa Depository and from Bursa Depository to the Company shall be in accordance with the Applicable Laws.

**9.2 Transfer of securities of Company is by way of book entry**

The transfer of any securities or class of securities of the Company, shall be by way of book entry by Bursa Depository in accordance with the Rules of Bursa Depository, and notwithstanding Sections 105, 106 and 110 of the Act, but subject to Section 148(2) of the Act and any exemption that may be made from compliance with Section 148(1) of the Act, the Company shall be precluded from registering and effecting any transfer of securities which have been deposited with Bursa Depository by the Company.

**14. ADDITIONAL INFORMATION** (Cont'd)**9.3 Prohibition of transfer**

No share shall in any circumstances be transferred to any infant, bankrupt or person of unsound mind.

**Clause 10 – Transmission of Shares****“10.1 Death of Member**

In the case of the death of a Member, the legal representatives of the deceased Member shall be the only persons recognised by the Company as having any title to his interest in the shares but nothing herein contained shall release the estate of a deceased Member from any liability in respect of any share which had been held by the deceased Member.

**10.2 Share of deceased or bankrupt Member**

Any person becoming entitled to a share in consequence of the death or bankruptcy of a Member may, upon such evidence being produced as may from time to time properly be required by the Board and subject as hereinafter provided, elect either to be registered himself as holder of the share or to have a person nominated by him registered as the transferee thereof, but the Board shall, in either case, have the same right to decline or suspend registration as they would have had in the case of a transfer of the share by that Member before his death or bankruptcy.

**10.3 Notice of election**

If the person so becoming entitled elects to have the shares that are not Deposited Securities transferred to him, he shall deliver or send to the Company, a notice in writing signed by him stating that he so elects; and in relation to Deposited Securities, subject to the Central Depositories Act and the Rules of Bursa Depository, the aforesaid notice must be served by him on the Bursa Depository. If he elects to have the share that are not Deposited Securities transferred to another person, he shall testify his election by executing to that person a transfer of the share, as the case may be; in case of Deposited Securities, a notice in writing to the Company and the Bursa Depository to the effect and executing such instrument as may be prescribed by the Bursa Depository. All the limitations, restrictions and provisions of this Constitution relating to the rights to transfer and the registration of transfer of securities shall be applicable to any such notice or transfer as aforesaid as if the death or bankruptcy of the member had not occurred and the notice or transfer were a transfer signed by that member.

**10.4 Person entitled or may receive divided, etc.**

Where the registered holder of any share dies or becomes bankrupt, his personal representative or the assignee of his estate, as the case may be, shall upon the production of such evidence as may from time to time be properly required by the Board and upon registration as a Member be entitled to the same dividends and other advantages and to the same rights (whether in relation to meetings of Members or to voting or otherwise) as the registered holder would have been entitled to if he had not died or become bankrupt.

**10.5 Transmission of securities between registers**

Where:-

- (a) the securities of the Company are listed on another stock exchange; and
- (b) the Company is exempted from compliance with Section 14 of the Central Depositories Act or Section 29 of the Securities Industry (Central Depositories)

**14. ADDITIONAL INFORMATION (Cont'd)**

(Amendment) (No. 2) Act 1998, as the case may be, under the Rules of Bursa Depository in respect of such securities,

the Company shall upon the request of a securities holder, permit a transmission of securities held by such securities holder from the register of holders maintained by the registrar of the Company in the jurisdiction of the other stock exchange to the register of holders maintained by the registrar of the Company in Malaysia and vice versa provided that there shall be no change in the ownership of such securities.”

**14.2.5 Changes in capital and variation of class rights, preferences and restrictions attached to each class of securities relating to voting, dividend, liquidation and any rights****Clause 5 – Variation of Rights****“5.1 Modification of class rights**

If at any time the share capital is divided into different classes of shares, the rights attached to any class (unless otherwise provided by the terms of issue of shares of that class) may, whether or not the Company is being wound up, be varied or abrogated with the consent in writing of the holders of seventy-five per centum (75%) of the issued shares of that class or with the sanction of a Special Resolution passed at a separate meeting of the holders of the shares of that class. To every such separate meeting the provisions of this Constitution relating to meetings of Members shall mutatis mutandis apply so that the necessary quorum shall be two (2) persons at least holding or representing by proxy at least one-third (1/3) of the issued shares of the class and that any holder of shares of the class present in person or by proxy may demand a poll. To every such Special Resolution the provisions of Section 292 of the Act shall apply with such adaptations as are necessary.

**5.2 Alteration of rights by issuance of new shares**

The rights conferred upon the holders of the shares of any class issued with preferred or other rights shall, unless otherwise expressly provided by the terms of issue of shares of that class be deemed to be varied by the creation or issue of further shares ranking as regards participation in the profits or assets of the Company in some or in all respects *pari passu* therewith.”

**14.3 DEPOSITED SECURITIES AND RIGHTS OF DEPOSITORS**

As our Shares are proposed for quotation on the Official List, such Shares must be prescribed as shares required to be deposited with Bursa Depository. Upon such prescription, a holder of our Shares must deposit his Shares with Bursa Depository on or before the date is fixed, failing which our Share Registrar will be required to transfer his Shares to the Minister of Finance and such Shares may not be traded on Bursa Securities.

Dealing in our Shares deposited with Bursa Depository may only be effected by a Depositor by means of entries in the securities account of that Depositor.

A Depositor whose name appears in the Record of Depositors maintained by Bursa Depository in respect of our Shares shall be deemed to be a shareholder of our Company and shall be entitled to all rights, benefits, powers and privileges and be subject to all liabilities, duties and obligations in respect of, or arising from, such Shares.

**14. ADDITIONAL INFORMATION** *(Cont'd)***14.4 LIMITATION ON THE RIGHT TO HOLD SECURITIES AND/OR EXERCISE VOTING RIGHTS**

Subject to Section 14.3 above, there is no limitation on the right to own our Shares, including any limitation on the right of a non-resident or non-Malaysian shareholder to hold or exercise voting rights on our Shares, which is imposed by Malaysian law or by our Constitution.

**14.5 REPATRIATION OF CAPITAL, REMITTANCE OF PROFIT AND TAXATION**

As at the LPD, save as disclosed below, there are no governmental laws, decrees, regulations or other legislations that may affect the repatriation of capital and the remittance of profits by our foreign subsidiaries to Malaysia:

**(i) Malaysia**

All corporations in Malaysia are required to adopt a single-tier dividend. All dividends distributed by Malaysian resident companies under a single-tier dividend are not taxable. Further, the Government of Malaysia does not levy withholding tax on dividend payment. Therefore, there is no withholding tax imposed on dividends paid to non-residents by Malaysian resident companies. There is no Malaysian capital gains tax arising from the disposal of listed shares.

**(ii) Singapore**

As at the LPD, there are no exchange control restrictions in effect in Singapore which may affect the repatriation of capital and remittance of profits by or to our Company.

**(iii) Vietnam**

In Vietnam, TMK Dai Hung is only entitled to distribute profit or pay dividends to its capital contribution members upon satisfaction of certain conditions such as the fulfillment of its tax liabilities and other financial obligations as prescribed by law, and the ability to pay in full its due debts and other liabilities after profit distribution or dividend payment.

Overseas remittance of profits or dividends shall be subject to the following restrictions:

- (a) foreign investors/capital contribution members are only permitted to remit profit overseas at the end of a fiscal year after TMK Dai Hung has fully discharged its financial obligations to the State of Vietnam in accordance with law and has lodged its audited annual financial statements and the corporate income tax finalisation declaration for the fiscal year to the competent tax department;
- (b) foreign investors/capital contribution members are not permitted to remit profits overseas in case the audited financial statements of TMK Dai Hung for the year still contain accumulated losses after carrying forward losses in accordance with the law;
- (c) foreign investors/capital contribution members are required to submit the notice of remittance of profits overseas to the competent tax authority at least seven business days before effecting such remittance or authorising TMK Dai Hung to do so; and
- (d) the dividends must be made through the direct investment capital bank account of TMK Dai Hung (that has been used for injecting the equity/capital at the time of incorporation and any increase of capital).

TMK Dai Hung has not in the past faced any difficulty in distributing its profits or repatriating dividends from Vietnam.

## 14. ADDITIONAL INFORMATION (Cont'd)

### 14.6 MATERIAL CONTRACTS

Save as disclosed below, our Group has not entered into any material contracts that are not in the ordinary course of our Group's business during the Periods Under Review and up to the date of this Prospectus:

#### 14.6.1 Sale and purchase agreement dated 10 February 2022 in respect of the purchase of property under HSM6198, PT4164, Mukim Kapar, Tempat Selat Klang Utara, Daerah Klang and HSM6199, PT4165, Mukim Kapar, Tempat Selat Klang Utara, Daerah Klang

On 10 February 2022, Peninsula Salt entered into a sale and purchase agreement with Sim & Sin Property Sdn Bhd to acquire the properties known as HSM6198, PT4164, Mukim Kapar, Tempat Selat Klang Utara, Daerah Klang and HSM6199, PT4165, Mukim Kapar, Tempat Selat Klang Utara, Daerah Klang measuring approximately 1.3736 hectares and 1.7772 hectares respectively for a total cash consideration of approximately RM32 million.

#### 14.6.2 Sale of shares agreement dated 25 August 2023 in respect of the acquisition of 100% equity interest in Botanics Recreational

On 25 August 2023, our Company entered into a sale of shares agreement with Baypark Holdings Sdn Bhd, Wong Kin Wah and Leong Chao Seong, as vendors, to acquire 6,135,000 ordinary shares in Botanics Recreational, representing 100% equity interest in Botanics Recreational, from the vendors for a total cash consideration of RM5,972,100.00.

The acquisition was completed on 5 September 2023, resulting in Botanics Recreational becoming a wholly-owned subsidiary of our Company.

#### 14.6.3 Shares sale agreement dated 14 September 2023 in respect of the Acquisition and Deed of Termination dated 30 January 2024

On 14 September 2023, our Company entered into a shares sales agreement with Stafford, Lee Oi Loon, Leong Chao Seong, Wong Kin Wah and Loke Weng Han to acquire the entire issued share capital of Chlor-AI comprising 800,000 ordinary shares in Chlor-AI for a purchase consideration of SGD205,265,000 (equivalent to approximately RM697,900,000, based on an exchange rate of SGD1.00 : RM3.40).

The shares sale agreement was terminated pursuant to the Deed of Termination dated 30 January 2024 entered into between the parties involved as BNM did not approve our application under the terms of the agreement. Subsequently, a new shares sale agreement as outlined in Section 14.6.4 below was entered into.

#### 14.6.4 Shares sale agreement dated 31 January 2024 in respect of the Acquisition

On 31 January 2024, our Company entered into a shares sales agreement with Dato' Lee Soon Hian, Lee Hong Zhang, Lee Sen Zhang, Lee Tian Zhang, Lee Yan Ling, Lee Oi Loon, Leong Chao Seong, Wong Kin Wah and Loke Weng Han to acquire the entire issued share capital of Chlor-AI comprising 800,000 ordinary shares in Chlor-AI for a purchase consideration of RM697,900,000 to be satisfied by way of cash and the issuance of new Shares. See Section 6.1.2 of this Prospectus for further details of the purchase consideration.

The acquisition was completed on 8 February 2024, resulting in Chlor-AI becoming a wholly-owned subsidiary of our Company.

**14. ADDITIONAL INFORMATION** *(Cont'd)***14.6.5 Business Transfer Deed dated 6 September 2023 between Chlor-AI and TMKS in respect of the acquisition of certain assets of TMKS in relation to its business by Chlor-AI**

On 6 September 2023, Chlor-AI entered into a Business Transfer Deed with TMKS to acquire the assets set out in the Business Transfer Deed from TMKS for a consideration of:

- (a) USD54,205 for the contracts, the goodwill, and the other assets (as set out in the Business Transfer Deed); and
- (b) USD3,690,510 or such amount as adjusted and agreed upon by TMKS and Chlor-AI in writing, based on the actual stock levels of the stocks of chemical products held by TMKS in relation to its business as on the closing date under the Business Transfer Deed.

The transfer of these assets (other than the licences for the SAP software) pursuant to the Business Transfer Deed was completed on 7 November 2023. The transfer of the licences for the SAP software was completed with effect from 22 November 2023.

**14.6.6 Retail Underwriting Agreement dated 7 November 2024**

Retail Underwriting Agreement dated 7 November 2024 entered into between our Company and the Sole Underwriter to underwrite 30,000,000 IPO Shares under the Retail Offering for an underwriting commission of up to 1.25% (exclusive of applicable tax) of the Retail Price multiplied by the number of IPO Shares underwritten.

**14.6.7 Lock-up letter dated 7 November 2024 in relation to our IPO and Listing**

Lock-up letter dated 7 November 2024 issued by our Company to the Sole Bookrunner in relation to the lock-up arrangement for our IPO and Listing, details of which are set out in Section 4.7.3 of this Prospectus.

**14.7 MATERIAL LITIGATION**

As at the LPD, our Group is not engaged in any governmental, legal or arbitration proceedings, including those relating to bankruptcy, receivership or similar proceedings which may have or have had, material or significant effects on our financial position or profitability in the 12 months immediately preceding the date of this Prospectus.

**14.8 CONSENTS**

The written consents of the Principal Adviser, Sole Bookrunner and Sole Underwriter, legal advisers, Share Registrar, Issuing House and company secretaries as listed in the Corporate Directory of this Prospectus for the inclusion in this Prospectus of their names in the form and context in which such names appear have been given before the issue of this Prospectus and have not subsequently been withdrawn.

The written consent of Deloitte PLT for the inclusion of its name, the Accountants' Report and the Reporting Accountants' Report on the Pro Forma Consolidated Statements of Financial Position and all references thereto in the form and context in which they are included in this Prospectus has been given before the issue of this Prospectus and has not subsequently been withdrawn.

The written consent of Smith Zander for the inclusion of its name, the IMR Report and all references thereto in the form and context in which they are included in this Prospectus has been given before the issue of this Prospectus and has not subsequently been withdrawn.

**14. ADDITIONAL INFORMATION** *(Cont'd)***14.9 DOCUMENTS AVAILABLE FOR INSPECTION**

Copies of the following documents may be inspected at our registered office during office hours for a period of six months from the date of this Prospectus:

- (i) our Constitution;
- (ii) our material contracts as referred to in Section 14.6 of this Prospectus;
- (iii) our audited consolidated financial statements for the FYE 2021, FYE 2022 and FYE 2023;
- (iv) audited financial statements of each of our subsidiaries for the FYE 2021, FYE 2022 and FYE 2023 (including those not prepared in accordance with the approved accounting standards which has the meaning assigned to it in the Prospectus Guidelines);
- (v) Reporting Accountants' Report on the Pro Forma Consolidated Statements of Financial Position as included in Section 12.4 of this Prospectus;
- (vi) Accountants' Report as included in Section 13 of this Prospectus;
- (vii) IMR Report as included in Section 8 of this Prospectus; and
- (viii) letters of consent referred to in Section 14.8 of this Prospectus.

**14.10 RESPONSIBILITY STATEMENTS**

Our Directors and our Promoters have seen and approved this Prospectus. They collectively and individually accept full responsibility for the accuracy of the information. Having made all reasonable enquiries, and to the best of their knowledge and belief, they confirm there is no false or misleading statement or other facts which if omitted, would make any statement in this Prospectus false or misleading.

Maybank IB, being the Principal Adviser and Sole Bookrunner for the Institutional Offering, and the Sole Underwriter for the Retail Offering, acknowledges that, based on all available information, and to the best of its knowledge and belief, this Prospectus constitutes a full and true disclosure of all material facts concerning our IPO.

## 15. PROCEDURES FOR APPLICATION

THIS SUMMARY OF PROCEDURES FOR APPLICATION AND ACCEPTANCE DOES NOT CONTAIN THE DETAILED PROCEDURES AND FULL TERMS AND CONDITIONS AND YOU CANNOT RELY ON THIS SUMMARY FOR PURPOSES OF ANY APPLICATION FOR OUR IPO SHARES. YOU MUST REFER TO THE DETAILED PROCEDURES AND TERMS AND CONDITIONS AS SET OUT IN THE “DETAILED PROCEDURES FOR APPLICATION AND ACCEPTANCE” ACCOMPANYING THE ELECTRONIC COPY OF OUR PROSPECTUS ON THE WEBSITE OF BURSA SECURITIES. YOU SHOULD ALSO CONTACT THE ISSUING HOUSE FOR FURTHER ENQUIRIES.

Unless otherwise defined, all words and expressions used in this Section shall carry the same meaning as ascribed to them in our Prospectus.

Unless the context otherwise requires, words used in the singular include the plural, and vice versa.

### 15.1 OPENING AND CLOSING OF APPLICATION

OPENING OF THE APPLICATION PERIOD : 10:00 A.M., 25 November 2024

CLOSING OF THE APPLICATION PERIOD : 5:00 P.M., 29 November 2024

In the event there is any change to the dates and times stated above, we will advertise the notice of changes in widely circulated English and Bahasa Malaysia daily newspapers within Malaysia and make an announcement on Bursa Securities' website.

**Late Applications will not be accepted.**

### 15.2 METHODS OF APPLICATION

#### 15.2.1 Application of our IPO Shares under the Retail Offering

Application must accord with our Prospectus and our Constitution. The submission of an Application Form does not mean that the Application will succeed.

<u>Types of Application and category of investors</u>	<u>Application method</u>
Applications by the Eligible Persons	Pink Application Form only
Applications by the Malaysian Public:	
(i) Individuals	White Application Form or Electronic Share Application or Internet Share Application
(ii) Non-individuals	White Application Form only

The eligible person may still apply for our Issue Shares offered to the Malaysian Public using the White Application Form, Electronic Share Application or Internet Share Application.

#### 15.2.2 Application of our IPO Shares under the Institutional Offering

Institutional and selected investors who have been allocated our IPO Shares under the Institutional Offering will be contacted directly by the Sole Bookrunner and should follow the instructions as communicated by the Sole Bookrunner.



## 15. PROCEDURES FOR APPLICATION *(Cont'd)*

### 15.3 ELIGIBILITY

#### 15.3.1 General

You must have a CDS account and a correspondence address in Malaysia. If you do not have a CDS account, you may open a CDS account by contacting any of the ADAs set out in the list of ADAs accompanying the electronic copy of our Prospectus on the website of Bursa Securities. The CDS account must be in your own name. **Invalid, nominee or third party CDS accounts** will not be accepted for the Applications.

Only **ONE** Application Form for each category from each applicant will be considered and **APPLICATIONS MUST BE FOR AT LEAST 100 IPO SHARES OR MULTIPLES OF 100 IPO SHARES.**

**MULTIPLE APPLICATIONS WILL NOT BE ACCEPTED UNLESS EXPRESSLY ALLOWED IN THESE TERMS AND CONDITIONS. AN APPLICANT WHO SUBMITS MULTIPLE APPLICATIONS IN HIS OWN NAME OR BY USING THE NAME OF OTHERS, WITH OR WITHOUT THEIR CONSENT, COMMITS AN OFFENCE UNDER SECTION 179 OF THE CMSA AND IF CONVICTED, MAY BE PUNISHED WITH A MINIMUM FINE OF RM 1,000,000 AND A JAIL TERM OF UP TO 10 YEARS UNDER SECTION 182 OF THE CMSA.**

**AN APPLICANT IS NOT ALLOWED TO SUBMIT MULTIPLE APPLICATIONS IN THE SAME CATEGORY OF APPLICATION.**

#### 15.3.2 Application by the Malaysian Public

You can only apply for our IPO Shares if you fulfil all of the following:

- (i) you must be one of the following:
  - (a) a Malaysian citizen who is at least 18 years old as at the date of the Application for our IPO Shares; or
  - (b) a corporation/institution incorporated in Malaysia with a majority of Malaysian citizens on your board of directors/trustees and if you have a share capital, more than half of the issued share capital, excluding preference share capital, is held by Malaysian citizens; or
  - (c) a superannuation, co-operative, foundation, provident, pension fund established or operating in Malaysia;
- (ii) you must not be a director or employee of the Issuing House or an immediate family member of a director or employee of the Issuing House; and
- (iii) you must submit the Application by using only one of the following methods:
  - (a) White Application Form;
  - (b) Electronic Share Application; or
  - (c) Internet Share Application.

#### 15.3.3 Application by Eligible Persons

The Eligible Persons (including any entities, wherever established) will be provided with Pink Application Forms and letters from us detailing their respective allocation. The applicants must follow the notes and instructions in the said document and where relevant, in our Prospectus.

## 15. PROCEDURES FOR APPLICATION *(Cont'd)*

### 15.4 PROCEDURES FOR APPLICATION BY WAY OF AN APPLICATION FORM

The Application Form must be completed in accordance with the notes and instructions contained in the respective category of the Application Form. Applications made on the incorrect type of Application Form or which do not conform **STRICTLY** to the terms of our Prospectus or the respective category of Application Form or notes and instructions or which are illegible will not be accepted.

The FULL amount payable is RM1.75 for each IPO Share.

Payment must be made out in favour of “**TIIH SHARE ISSUE ACCOUNT NO.785**” and crossed “**A/C PAYEE ONLY**” and endorsed on the reverse side with your name and address.

Each completed Application Form, accompanied by the appropriate remittance and legible photocopy of the relevant documents may be submitted using one of the following methods:

- (i) despatch by **ORDINARY POST** in the official envelopes provided to the following address:-

**Tricor Investor & Issuing House Services Sdn Bhd**  
 (Company Registration No. 197101000970 (11324-H))  
 Unit 32-01, Level 32, Tower A  
 Vertical Business Suite  
 Avenue 3, Bangsar South  
 No. 8, Jalan Kerinchi  
 59200 Kuala Lumpur

- (ii) **DELIVER BY HAND AND DEPOSIT** in the drop-in boxes provided at Tricor Customer Service Centre, Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur,

so as to arrive not later than 5.00 p.m. on 29 November 2024 or such other time and date as our Directors and the Sole Underwriter may, in their absolute discretion, mutually decide as the date or time for closing.

We, together with the Issuing House, will not issue any acknowledgement of the receipt of your Application Form or Application monies. Please direct all enquiries in respect of the White Application Form to the Issuing House.

### 15.5 PROCEDURES FOR APPLICATION BY WAY OF ELECTRONIC SHARE APPLICATION

Only **Malaysian individuals** may apply for our IPO Shares offered to the Malaysian Public by way of Electronic Share Applications.

Electronic Share Applications may be made through the ATM of the following Participating Financial Institutions and their branches, namely, Affin Bank Berhad, Alliance Bank Malaysia Berhad, AmBank (M) Berhad, CIMB Bank Berhad, Malayan Banking Berhad, Public Bank Berhad and RHB Bank Berhad. A processing fee will be charged by the respective Participating Financial Institutions (unless waived) for each Electronic Share Application.

The exact procedures, terms and conditions for Electronic Share Application are set out on the ATM screens of the relevant Electronic Participating Financial Institutions.

Please refer to the detailed procedures and terms and conditions of Electronic Share Application set out in the “**Detailed Procedures for Application and Acceptance**” accompanying the electronic copy of our Prospectus on the website of Bursa Securities or contact the relevant Participating Financial Institution for further enquiries.

## 15. PROCEDURES FOR APPLICATION *(Cont'd)*

### 15.6 PROCEDURES FOR APPLICATION BY WAY OF INTERNET SHARE APPLICATION

Only **Malaysian individuals** may use the Internet Share Application to apply for our IPO Shares offered to the Malaysian Public.

Internet Share Applications may be made through an internet financial services website of the Internet Participating Financial Institutions or Participating Securities Firms, namely, Affin Bank Berhad, Alliance Bank Malaysia Berhad, Malayan Banking Berhad, Public Bank Berhad, CGS International Securities Malaysia Sdn Bhd (*formerly known as* CGS-CIMB Securities Sdn Bhd), Malacca Securities Sdn Bhd and Moomoo Securities Malaysia Sdn Bhd. A processing fee will be charged by the respective Internet Participating Financial Institutions or Participating Securities Firm (unless waived) for each Internet Share Application.

The exact procedures, terms and conditions for Internet Share Application are set out on the internet financial services website of the respective Internet Participating Financial Institutions or Participating Securities Firms.

Please refer to the detailed procedures and terms and conditions of Internet Share Application set out in the “**Detailed Procedures for Application and Acceptance**” accompanying the electronic copy of our Prospectus on the website of Bursa Securities or contact the relevant Internet Participating Financial Institution or Participating Securities Firm for further enquiries.

### 15.7 AUTHORITY OF OUR BOARD AND THE ISSUING HOUSE

The Issuing House, on the authority of our Board reserves the right to:

- (i) reject the Applications which:
  - (a) do not conform to the instructions of our Prospectus, Application Forms, Electronic Share Application and Internet Share Application (where applicable); or
  - (b) are illegible, incomplete or inaccurate; or
  - (c) are accompanied by an improperly drawn up, or improper form of, remittance; or
- (ii) reject or accept any Application, in whole or in part, on a non-discriminatory basis without the need to give any reason; and
- (iii) bank in all Application monies (including those from unsuccessful / partially successful applicants) which would subsequently be refunded, where applicable (without interest), in accordance with Section 15.9 of this Prospectus.

If you are successful in your Application, our Board reserves the right to require you to appear in person at the registered office of the Issuing House at any time within 14 days of the date of the notice issued to you to ascertain that your Application is genuine and valid. Our Board shall not be responsible for any loss or non-receipt of the said notice nor shall it be accountable for any expenses incurred or to be incurred by you for the purpose of complying with this provision.

## 15. PROCEDURES FOR APPLICATION *(Cont'd)*

### 15.8 OVER/UNDER-SUBSCRIPTION

In the event of over-subscription for the Retail Offering, the Issuing House will conduct a ballot in the manner approved by our Directors to determine the acceptance of Applications in a fair and equitable manner. In determining the manner of balloting, our Directors will consider the desirability of allotting and allocating our IPO Shares to a reasonable number of applicants for the purpose of broadening the shareholding base of our Company and establishing a liquid and adequate market for our Shares.

The basis of allocation of Shares and the balloting results in connection therewith will be furnished by the Issuing House to Bursa Securities, all major English and Bahasa Malaysia newspapers as well as posted on the Issuing House's website at <https://tiih.online> within one Market Day after the balloting event.

As approved by Bursa Securities via its letter dated 13 September 2024, we are required to have at least 21.0% of our Company's enlarged issued Shares to be held by at least 1,000 public shareholders holding not less than 100 Shares each upon our Listing. We expect to achieve this at the point of our Listing. In the event the above requirement is not met, we may not be allowed to proceed with our Listing. In the event thereof, monies paid in respect of all Applications will be returned in full (without interest).

In the event of an under-subscription of our IPO Shares by the Malaysian Public and/or Eligible Persons, subject to the clawback and reallocation as set out in Section 4.2.4 of our Prospectus, any of the abovementioned IPO Shares not applied for will then be subscribed by the Sole Underwriter based on the terms of the Retail Underwriting Agreement.

### 15.9 UNSUCCESSFUL/PARTIALLY SUCCESSFUL APPLICANTS

If you are unsuccessful/partially successful in your Application, your Application monies (without interest) will be refunded to you in the following manner.

#### 15.9.1 For applications by way of Application Form

- (i) The Application monies or the balance of it, as the case may be, will be returned to you through the self-addressed and stamped Official "A" envelope you provided by ordinary post (for fully unsuccessful Applications) or by crediting into your bank account (the same bank account you have provided to Bursa Depository for the purposes of cash dividend/distribution) or if you have not provided such bank account information on Bursa Depository, the balance of Application monies will be refunded via banker's draft sent by ordinary/registered post to your last address maintained with Bursa Depository (for partially successful Applications) within 10 Market Days from the date of the final ballot at your own risk.
- (ii) If your Application is rejected because you did not provide a CDS account number, your Application monies will be refunded via banker's draft sent by ordinary/registered post to your address as stated in the National Registration Identity Card or any official valid temporary identity document issued by the relevant authorities from time to time or the authority card (if you are a member of the armed forces or police) at your own risk.
- (iii) A number of Applications will be reserved to replace any successfully balloted Applications that are subsequently rejected. The Application monies relating to these Applications which are subsequently rejected or unsuccessful or only partly successful will be refunded (without interest) by the Issuing House as per items (i) and (ii) above (as the case may be).

**15. PROCEDURES FOR APPLICATION (Cont'd)**

- (iv) The Issuing House reserves the right to bank into its bank account all Application monies from unsuccessful applicants. These monies will be refunded (without interest) within 10 Market Days from the date of the final ballot by crediting into your bank account (the same bank account you have provided to Bursa Depository for the purposes of cash dividend/distribution) or by issuance of banker's draft sent by registered post to your last address maintained with Bursa Depository if you have not provided such bank account information to Bursa Depository or as per item (ii) above (as the case may be).

**15.9.2 For applications by way of Electronic Share Application and Internet Share Application**

- (i) The Issuing House shall inform the Participating Financial Institutions or Internet Participating Financial Institutions or Participating Securities Firm of the unsuccessful or partially successful Applications within two Market Days after the balloting date. The full amount of the Application monies or the balance of it will be credited without interest into your account with the Participating Financial Institution or Internet Participating Financial Institution or Participating Securities Firm (or arranged with the Authorised Financial Institutions) within two Market Days after the receipt of confirmation from the Issuing House.
- (ii) You may check your account on the fifth Market Day from the balloting date.
- (iii) A number of Applications will be reserved to replace any successfully balloted Applications that are subsequently rejected. The Application monies relating to these Applications which are subsequently rejected will be refunded (without interest) by the Issuing House by crediting into your account with the Participating Financial Institution or Internet Participating Financial Institution or Participating Securities Firm (or arranged with the Authorised Financial Institutions) not later than 10 Market Days from the date of the final ballot. For Applications that are held in reserve and which are subsequently unsuccessful or partially successful, the relevant Participating Financial Institution will be informed of the unsuccessful or partially successful Applications within two Market Days after the final balloting date.

The Participating Financial Institution will credit the Application monies or any part thereof (without interest) within two Market Days after the receipt of confirmation from the Issuing House.

**15.10 SUCCESSFUL APPLICANTS**

If you are successful in your Application:

- (i) Our IPO Shares allotted to you will be credited into your CDS account.
- (ii) A notice of allotment will be despatched to you at your last address maintained with the Bursa Depository, at your own risk, before our Listing. This is your only acknowledgement of acceptance of your Application.
- (iii) In accordance with Section 14(1) of the SICDA, Bursa Securities has prescribed our Shares as Prescribed Securities. As such, our IPO Shares issued / offered through our Prospectus will be deposited directly with Bursa Depository and any dealings in these Shares will be carried out in accordance with the SICDA and Rules of Bursa Depository.
- (iv) In accordance with Section 29 of the SICDA, all dealings in our Shares will be by book entries through CDS accounts. No physical share certificates will be issued to you and you shall not be entitled to withdraw any deposited securities held jointly with Bursa Depository or its nominee as long as our Shares are listed on Bursa Securities.

**15. PROCEDURES FOR APPLICATION** (Cont'd)

- (v) In the event that the Final Retail Price is lower than the Retail Price, the difference will be refunded to you without any interest thereon. The refund will be credited into your bank account for purposes of cash dividend distribution if you have provided such bank account information to Bursa Depository or despatched, in the form of cheques, by ordinary post to your address maintained with Bursa Directory if you have not provided such bank account information to Bursa Depository, or by crediting into your account with the Electronic Participating Financial Institutions for Applications made via the Electronic Share Application or by crediting into your account with the Internet Participating Financial Institutions or Participating Securities Firm for Applications made via the Internet Share Application, within 10 Market Days from the date of final ballot of Application, at your own risk.

**15.11 ENQUIRIES**

Enquiries in respect of the Applications may be directed as follows:

<b>Mode of application</b>	<b>Parties to direct the queries</b>
Application Form	Issuing House Enquiry Services Telephone at (03) 2783 9299
Electronic Share Application	Participating Financial Institutions
Internet Share Application	Internet Participating Financial Institutions, Participating Securities Firms or Authorised Financial Institutions

The results of the allocation of IPO Shares derived from successful balloting will be made available to the public at the Issuing House's website at <https://tiih.online>, **one Market Day** after the balloting date.

You may also check the status of your Application at the above website, **five Market Days** after the balloting date or by calling your respective ADA during office hours at the telephone number as stated in the list of ADAs set out in the Detailed Procedures for Application and Acceptance accompanying the electronic copy of our Prospectus on the website of Bursa Securities.

**ANNEXURE A: OUR MAJOR LICENCES, PERMITS AND APPROVALS**

We have various licences and permits for our operations in Malaysia and other jurisdictions where we operate. Details of our major licences, permits and approvals for our operations as at the LPD together with the salient conditions are as follows:

No.	Licensee	Approving authority	Description of licence/ permit/ approval	Licence/ permit/ serial/ reference no.	Validity period	Salient conditions	Status of compliance
<b>Malaysia</b>							
1.	TMK	Ministry of Health	Wholesaler's Poisons Licence (Type B Licence) granted to Christopher Kew Lim of TMK to import, store and sell by wholesale the following poisons (not being Group A poison):	014076	8 April 2024 to 31 December 2024	<p>1. The sale of poisons is only allowed at the business address stated in the licence i.e. B2-6-01, Block B2, Meritus @ Oasis Corporate Park (Pusat Korporat Oasis), No. 2, Jalan PJU 1A/2, Ara Damansara, 47301 Petaling Jaya, Selangor, whereas storage of poisons (not for sale) is allowed in the additional stores i.e. TMK's Port Klang Facility 2 (Address: Lot 23, Solok Hishamuddin 4, Kawasan 20, Selat Klang Utara, 42000 Pelabuhan Klang, Selangor) and Stolthaven Westport warehouse (Address: Petrochemical Jetty Westport 42009 Pelabuhan Klang, Selangor).</p> <p>2. Boric acid and sodium borate are not allowed to be sold/used in the food industry.</p>	Complied
			<ol style="list-style-type: none"> <li>1. Ammonia (5% and above)</li> <li>2. Boric acid and Sodium borate (Group D only)</li> <li>3. Hydrogen bromide; hydrobromic acid</li> <li>4. Hydrogen cyanide; metal cyanides other than ferrocyanides and ferricyanides</li> <li>5. Hydrochloric acid; hydrogen chloride (9% and over as HCl)</li> <li>6. Nitric acid (9% w/w and over)</li> <li>7. Sodium hydroxide 12% and over (Part II only)</li> <li>8. Sulphuric acid (9% w/w and over)</li> <li>9. Potassium hydroxide (12% and over)</li> </ol>				Complied

**ANNEXURE A: OUR MAJOR LICENCES, PERMITS AND APPROVALS (Cont'd)**

<b>No.</b>	<b>Licensee</b>	<b>Approving authority</b>	<b>Description of licence/ permit/ approval</b>	<b>Licence/ permit/ serial/ reference no.</b>	<b>Validity period</b>	<b>Salient conditions</b>	<b>Status of compliance</b>
2.	TMK	Klang Municipal Council	Industrial licence to: 1. Store, purchase chemicals (sulphuric acid, caustic soda, nitrate acid, hypochlorous acid, ferric acid and other chemicals) (exceeding 501M2), provide delivery services for chemicals and administrative office 2. Advertisement	LL030117224	Up to 31 December 2024	Nil	Complied
3.	Peninsula Transport	Klang Municipal Council	Trade, Business and Industrial Licence for administrative office – industry	LL100024324	1 January 2024 to 31 December 2024	Nil	Complied
4.	Peninsula Transport	APAD	Operator's Licence to certify that Peninsula Transport is a licensed operator in accordance with the Land Public Transport Act 2010.	20190103808 0(LA)	5 August 2024 to 25 September 2027	1. Pursuant to the Land Public Transport Act 2010: (i) The licence must be renewed at least 90 days prior to its expiry. (ii) The licence may not be transferred without APAD's prior written consent. (iii) The licensee shall obtain the prior approval of the Director General of APAD before participating in any business or agreement that would cause a change in its equity structure or board of directors.	Complied Noted Noted Noted



## ANNEXURE A: OUR MAJOR LICENCES, PERMITS AND APPROVALS (Cont'd)

No.	Licensee	Approving authority	Description of licence/ permit/ approval	Licence/ permit/ serial/ reference no.	Validity period	Salient conditions	Status of compliance
						(iv) The licensee shall inform the Director General of APAD of any change of its control.	Noted
						2. Pursuant to the Land Public Transport Commission (SPAD) ( <i>now known as APAD</i> ) Licensing Guidelines, foreign equity ownership is permitted up to 49% (with at least 30% from local equity being Bumiputera).	Noted
5.	Peninsula Transport	APAD	Service Permit issued as a component of the Operator's Licence set out in item 4 above, to certify that the permissible route of the operator is the whole of Peninsular Malaysia.	PP047064	5 August 2024 to 25 September 2027	Nil	Not applicable
6.	TMK	Klang Municipal Council	Industrial licence to: 1. Process, wholesale, store, provide delivery services for chemicals (exceeding 501M2), administrative office 2. Advertisement	LL030114724	Up to 31 December 2024	Nil	Complied
7.	TMK Banting	Ministry of Health	Wholesaler's Poisons Licence (Type B Licence) granted to Mohammed Khairie Bin Mahadi of TMK Banting to import, store and sell by wholesale the following poisons (not being Group A poison):	013798	4 January 2024 to 31 December 2024	1. The sale of poisons is only allowed at the business address stated in the licence i.e. Lot 66099, Jalan Graphite 2, Kawasan Perindustrian Bandar Mahkota, 42700 Kuala Langat, Selangor.	Complied

**ANNEXURE A: OUR MAJOR LICENCES, PERMITS AND APPROVALS (Cont'd)**

No.	Licensee	Approving authority	Description of licence/ permit/ approval	Licence/ permit/ serial/ reference no.	Validity period	Salient conditions	Status of compliance
			<ol style="list-style-type: none"> <li>Hydrochloric acid; hydrogen chloride (9% and over as HCl)</li> <li>Sodium hydroxide 12% and over (Part II only)</li> </ol>			<ol style="list-style-type: none"> <li>Boric acid and sodium borate are not allowed to be sold/used in the food industry.</li> </ol>	Complied
8.	TMK Banting	Majlis Perbandaran Kuala Langat ("MPKL")	Temporary Business Licence for the activity of manufacturing plant and supplier of chemicals (chloro-alkali) at Lot 66099, Jalan Graphite 2, Kawasan Perindustrian Bandar Mahkota Banting, 42700 Banting, Selangor	MPKL/JPL/L69 88 (BTG)	22 May 2024 to 21 November 2024 <sup>(1)</sup>	<ol style="list-style-type: none"> <li>Licence is only valid for a period of 6 months.</li> <li>Licence is issued for the purpose of compliance with the requirements of Bomba and the Department of Environment.</li> </ol>	<p>Noted</p> <p>Complied</p>
9.	TMK Banting	Ministry of Investment, Trade and Industry	<p>Manufacturing Licence to act as a licensed manufacturer from 15 June 2016 at the following place of manufacturing: Lot 66099, Jalan Graphite 2, Kawasan Perindustrian Bandar Mahkota Banting, 42700 Banting, Selangor Darul Ehsan</p> <p>For the following specified products: Sodium hydroxide, sodium hypochlorite, liquid chlorine &amp; hydrochloric acid</p>	A021706	From 15 June 2016	<ol style="list-style-type: none"> <li>Site: Lot 66099, Jalan Graphite 2, Kawasan Perindustrian Bandar Mahkota Banting, 42700 Banting, Selangor Darul Ehsan Subject to the approval from the relevant state government.</li> <li>The sale of this company's shares must be notified to MITI and the Malaysian Investment Development Authority.</li> <li>The company should train Malaysian citizens so that the transfer of technology and expertise may be channeled to all levels of positions.</li> <li>The company has to comply with the Capital Investment Per Employee (CIPE) condition of at least RM140,000.00.</li> </ol>	<p>Complied</p> <p>Noted</p> <p>Complied</p> <p>Complied</p>

**ANNEXURE A: OUR MAJOR LICENCES, PERMITS AND APPROVALS (Cont'd)**

No.	Licensee	Approving authority	Description of licence/ permit/ approval	Licence/ permit/ serial/ reference no.	Validity period	Salient conditions	Status of compliance
						5. Total full-time workforce of the company comprises of at least 80% Malaysians. The employment of foreigners including workers obtained through outsourcing is subject to current policy.	Complied
						6. The company shall carry out its projects as approved in accordance with the laws and other regulations set out in Malaysia.	Complied
10.	Sound Dynasty	Pasir Gudang City Council	Industrial Licence for the activity of warehouse storage, packaging and wholesale of chemical raw materials (Soda Ash) and other products only, administrative office and Advertisement Licence	L0814087	1 March 2024 to 31 December 2024	Nil	Complied
11.	New Port	Johor Berhad Port	Free zone licence for erection of building, renting of building, leasing of land and industrial/commercial activities. List of goods under commercial activity are:  1. Phenol (94% to 96% purity) 2. Pure Phenol 3. Linear Alkyl Benzene 4. Acrylonitrile 5. Sodium Hydroxide (Liquid & Flake / Pepejal) 6. Potassium Hydroxide (KOH) 48%	(02) JPB/346-4/1/2 Vol II/2024	13 April 2024 to 12 April 2025	Nil	Complied

**ANNEXURE A: OUR MAJOR LICENCES, PERMITS AND APPROVALS (Cont'd)**

<b>No.</b>	<b>Licensee</b>	<b>Approving authority</b>	<b>Description of licence/ permit/ approval</b>	<b>Licence/ permit/ serial/ reference no.</b>	<b>Validity period</b>	<b>Salient conditions</b>	<b>Status of compliance</b>
			7. Sulfuric Acid 98% 8. Nitric Acid 65%				
12.	New Port	Pasir Gudang City Council	Trade, Business and Industrial Licence for: 1. Warehouse licence (liquid bulk chemicals) 2. Advertisement licence	LAA03A00134	1 January 2024 to 31 December 2024	Nil	Complied
13.	New Port	APAD	Operator's Licence to certify that New Port is a licensed operator in accordance with the Land Public Transport Act 2010.	19760100453 1(LA)	24 July 2023 to 24 October 2026	1. Pursuant to the Land Public Transport Act 2010: (i) The licence must be renewed at least 90 days prior to its expiry. (ii) The licence may not be transferred without APAD's prior written consent. (iii) The licensee shall obtain the prior approval of the Director General of APAD before participating in any business or agreement that would cause a change in its equity structure or board of directors. (iv) The licensee shall inform the Director General of APAD of any change of its control.	Complied Noted Noted Noted



## ANNEXURE A: OUR MAJOR LICENCES, PERMITS AND APPROVALS (Cont'd)

No.	Licensee	Approving authority	Description of licence/ permit/ approval	Licence/ permit/ serial/ reference no.	Validity period	Salient conditions	Status of compliance
			6. Sulphuric acid (9% w/w and over)				
16.	TMK	Pasir Gudang City Council	Business Licence for: 1. Warehouse for storage and supply of chemicals 2. Repackaging of chemicals 3. Administrative office 4. Advertisement	L0200120	1 January 2024 to 31 December 2024	Licence should be renewed commencing from 1 September to 30 November every year. Penalty will be imposed from December onwards if the licence is renewed late.  Approval of licence is subject to compliance with all Acts, By-Laws, Regulations or Orders currently or to be enforced by the council including additional licensing conditions that may be imposed from time to time by the council.	Complied  Noted
17.	TMK	Ministry of Health	Wholesaler's Poisons Licence (Type B Licence) granted to Tan Zhi Yan of TMK to import, store and sell by wholesale the following poisons (not being Group A Poison):  1. Ammonia (5% and above) 2. Boric acid and sodium borate (Group D only) 3. Hydrochloric acid, hydrogen chloride (9% and over as HCl) 4. Hydrofluoric acid, hydrogen fluoride 5. Nitric acid (9% w/w and over) 6. Oxalic acid, metallic oxalates	014982	13 March 2024 to 31 December 2024	1. The sale of poisons is only allowed at the business address stated in the licence i.e. Plot 8349 (PT4319) Lorong Perusahaan Utama 2, Taman Perindustrian Bukit Tengah, 14000 Bukit Mertajam, Pulau Pinang.  2. Boric acid and sodium borate are not allowed to be sold/used in the food industry.	Complied  Complied

**ANNEXURE A: OUR MAJOR LICENCES, PERMITS AND APPROVALS (Cont'd)**

No.	Licensee	Approving authority	Description of licence/ permit/ approval	Licence/ permit/ serial/ reference no.	Validity period	Salient conditions	Status of compliance
			7. Potassium hydroxide (12% and over) 8. Sodium hydroxide 12% and over (Part II only) 9. Sodium silicofluoride 3% and over (Group D only) 10. Sulphuric acid (9% w/w and over)				
18.	TMK	Seberang Perai City Council	Business and Advertising Licence for: 1. 1 unit of signage 2. Business licence for the sales, wholesale and services of chemical substances on 11,000 square feet premise - processing, storage, wholesale and services of chemicals and administrative office	PRI/01/202209 03/3212	Up to 31 December 2024	Nil	Complied
19.	Kemaman Bulking	Ministry of Health	Wholesaler's Poisons Licence (Type B Licence) granted to Mohd Fauzan Bin Othman of Kemaman Bulking to import, store and sell by wholesale the following poisons (not being Group A Poison): Sulphuric acid (9% w/w and over).	011754	1 January 2024 to 31 December 2024	1. The sale of poisons is only allowed at the business address stated in the licence i.e. Lot 4735, Jalan Telaga Simpul, 24000 Teluk Kalong, Terengganu. 2. Boric acid and sodium borate are not allowed to be sold/used in the food industry.	Complied  Complied
20.	Kemaman Bulking	Kemaman Municipal Council	Business Licence for: 1. Store chemicals floor area > 280MPS 2. Billboard < 9MPS	06011009025 90	Up to 31 December 2024	Nil	Complied

**ANNEXURE A: OUR MAJOR LICENCES, PERMITS AND APPROVALS (Cont'd)**

No.	Licensee	Approving authority	Description of licence/ permit/ approval	Licence/ permit/ serial/ reference no.	Validity period	Salient conditions	Status of compliance
21.	TMK	Sarawak State Health Department	Wholesaler's Poisons Licence (Type B Licence) granted to Rosa Binti Nin of TMK to import, store and sell by wholesale the following poisons (not being Group A poison):  <ol style="list-style-type: none"> <li>1. Ammonia (5% and above)</li> <li>2. Antimony; its chlorides, oxides, sulphides, antimonates, antimonites; organic compounds of antimony (Part II only)</li> <li>3. Barium, salts of (Group D only)</li> <li>4. Bismuth; its salts (Group D only)</li> <li>5. Boric acid</li> <li>6. Chloroform (Group D only)</li> <li>7. Ethyl Ether (Part II only)</li> <li>8. Formaldehyde (5% and over as HCHO)</li> <li>9. Hydrochloric acid; hydrogen chloride (9% and over as HCl)</li> <li>10. Hydrofluoric acid; hydrogen fluoride</li> <li>11. Iodine (Group D only)</li> <li>12. Lead acetate, compounds of lead with acids from fixed oils</li> <li>13. Nitric acid (9% w/w and over)</li> <li>14. Phenols (Part II only)</li> </ol>	012216	4 January 2024 to 31 December 2024	<ol style="list-style-type: none"> <li>1. The sale of poisons is only allowed at the business address stated in the licence i.e. Lot 754, Block 8, Muara Tebas Land District, Demak Laut Industrial Park, Phase 3, Jalan Bako Lorong Demak Maju 6, 93050 Kuching, whereas storage of poisons (not for sale) is allowed in the additional store i.e. Bintulu Adhesives &amp; Chemicals Sdn Bhd, Lot 1844, Block 26, Kemena Land District, Kidurong Industrial Area, 97000 Bintulu, Sarawak.</li> <li>2. Boric acid and sodium borate are not allowed to be sold/used in the food industry.</li> </ol>	<p>Complied</p> <p>Complied</p>



**ANNEXURE A: OUR MAJOR LICENCES, PERMITS AND APPROVALS (Cont'd)**

<b>No.</b>	<b>Licensee</b>	<b>Approving authority</b>	<b>Description of licence/ permit/ approval</b>	<b>Licence/ permit/ serial/ reference no.</b>	<b>Validity period</b>	<b>Salient conditions</b>	<b>Status of compliance</b>
			15. Phosphorus white, yellow, red or black 16. Potassium hydroxide (12% and over) 17. Potassium permanganate 18. Sodium hydroxide 12% and over (Part II only) 19. Sodium Silicofluoride 3% and over (Group D only) 20. Sulphuric acid (9% w/w and over)				
22.	TMK	Sarawak State Government	Trading Licence to carry out trading of industrial chemical	1199908	Up to 31 January 2025	Nil	Complied
23.	TMK	Petaling Jaya City Council	Business Licence for administrative office (chemicals)	L9500001916 94	14 February 2024 to 31 December 2024	Subject to the rules and conditions contained in the by-laws enforced by Petaling Jaya City Council.	Complied
24.	TMK	Petaling Jaya City Council	Business Licence for administrative office	L2540000644 033	4 January 2024 to 31 December 2024	Subject to the rules and conditions contained in the by-laws enforced by Petaling Jaya City Council.	Complied
25.	TMK Banting	Energy Commission	Certificate of Registration to certify that TMK Banting's installation at the Banting Plant 1 had complied with the requirements of the Electricity Supply Act 1990 and the regulations made thereunder.	ST(TKL)P/S/S GR/09746	29 November 2023 to 28 November 2025	Nil	Complied

**ANNEXURE A: OUR MAJOR LICENCES, PERMITS AND APPROVALS (Cont'd)**

<b>No.</b>	<b>Licensee</b>	<b>Approving authority</b>	<b>Description of licence/ permit/ approval</b>	<b>Licence/ permit/ serial/ reference no.</b>	<b>Validity period</b>	<b>Salient conditions</b>	<b>Status of compliance</b>
<b><u>Singapore</u></b>							
1.	Chlor-AI	National Environment Agency	Licence to import and deal in specified hazardous substances	C0122L19065 2	18 October 2024 to 17 October 2025	Licence is non-transferrable and not permitted to be used by any other person without the written approval of the Director-General of Environmental Protection.	Complied
2.	Chlor-AI	National Environment Agency	Toxic industrial waste collector licence for specified toxic industrial waste	T20080014L	Up to 31 July 2025	Licence is non-transferrable and not permitted to be used by any other person without the approval in writing of the Director-General of Environmental Protection.	Complied
3.	Chlor-AI	National Environment Agency	Transport approval for specified hazardous substances	TA19202	18 October 2024 to 17 October 2025	Nil	Complied
4.	Chlor-AI	National Environment Agency	Transport approval for transportation of specified toxic industrial waste	TW/TA-0643	Up to 31 July 2025  Up to 31 December 2024 (for intermediate bulk container only)	Nil	Complied
5.	Chlor-AI	Singapore Police Force	Licence to deal in / possess or control specified explosive precursors	L/AE/004281/2 022	29 January 2023 to 28 January 2025	Subject to, inter alia, the provisions of the Arms and Explosives Act 1913 ("AEA") and the Arms and Explosives (Explosive Precursors) Rules 2007 ("AER"), which include:  1. restrictions on the sale, supply or transfer of licensed explosive precursors to any person without the written approval from the relevant licensing officer; and	Complied

**ANNEXURE A: OUR MAJOR LICENCES, PERMITS AND APPROVALS (Cont'd)**

<b>No.</b>	<b>Licensee</b>	<b>Approving authority</b>	<b>Description of licence/ permit/ approval</b>	<b>Licence/ permit/ serial/ reference no.</b>	<b>Validity period</b>	<b>Salient conditions</b>	<b>Status of compliance</b>	
						2. conditions that the licensed explosive precursor shall be for use solely by the licensee.	Complied	
6.	Chlor-Al	Singapore Police Force	Licence to store specified explosive precursors	L/AE/004282/2022	29 January 2023 to 28 January 2025	Subject to, inter alia, the provisions of the AEA and the AER, which include the condition that the licensed explosive precursor shall be for use solely by the licensee.	Complied	
7.	Chlor-Al	Singapore Civil Defence Force	Licence to import specified petroleum and flammable materials	FI00912024	1 May 2024 to 30 April 2027	Pursuant to the Fire Safety (Petroleum & Flammable Materials) Regulations (" <b>FSR</b> "), the licence is non-transferrable except with the prior consent in writing of the Commissioner of Civil Defence.	Complied	
8.	Chlor-Al	Singapore Civil Defence Force	Licence to import specified petroleum and flammable materials (Methyldiethanolamine (>30% purity))	FI00362024	1 March 2024 to 28 February 2027	Pursuant to the FSR, the licence is non-transferrable except with the prior consent in writing of the Commissioner of Civil Defence.	Complied	
9.	Chlor-Al	Singapore Civil Defence Force	Licence to transport petroleum and flammable materials for vehicle no. XE4008S	FT00882024 FMT/0109/18 SUB20240026 72	1 March 2024 to 28 February 2025	Pursuant to the FSR, the licence is non-transferrable except with the prior consent in writing of the Commissioner of Civil Defence.	Complied	
<b><u>Vietnam</u></b>								
1.	TMK Dai Hung	The Department of Planning and Investment of Ho Chi Minh City	Investment Certificate	Registration	7612746017	20 years from 9 June 2008	TMK Dai Hung is required to comply with certain requirements under Vietnamese law (e.g., requirements on the import and sale of goods, and investment project implementation).	Complied

**ANNEXURE A: OUR MAJOR LICENCES, PERMITS AND APPROVALS (Cont'd)**

<b>No.</b>	<b>Licensee</b>	<b>Approving authority</b>	<b>Description of licence/ permit/ approval</b>	<b>Licence/ permit/ serial/ reference no.</b>	<b>Validity period</b>	<b>Salient conditions</b>	<b>Status of compliance</b>
			As an approval for a foreign investor to invest in Vietnam as well as a license in favor of TMK Dai Hung to implement the investment project for the establishment of TMK Dai Hung in Vietnam				
2.	TMK Dai Hung	The Department of Planning and Investment of Ho Chi Minh City	Enterprise Registration Certificate  As a document recording the incorporation and corporate information of TMK Dai Hung as a company incorporated in Vietnam	0305778066	From 9 June 2008	Nil	Complied
3.	TMK Dai Hung	The Department of Industry and Trade of Ho Chi Minh City	Certificate of Eligibility for Trading of Chemicals subject to Conditional Production and Trading in the Industrial Sector  As an approval issued in favour of TMK Dai Hung to trade the chemicals falling within the list of chemicals subject to conditional production and trading in the industrial sector	349/GCNDDK-SCT	From 27 June 2024 <sup>(2)</sup>	TMK Dai Hung is required to relocate or move the chemical storage warehouse, and chemical trading units if there is any policy of the State agencies. <sup>(3)</sup>  TMK Dai Hung is required to comply with requirements under Vietnamese law (e.g., conditions for the safe storage of chemicals, the safety of fire, and explosion prevention).	Noted  Complied

**ANNEXURE A: OUR MAJOR LICENCES, PERMITS AND APPROVALS (Cont'd)**

---

**Notes:**

- (1) *TMK Banting had obtained a temporary business licence from MPKL, which is valid until 21 November 2024 and TMK Banting was permitted to operate our Banting Plant 1 under this temporary business licence issued by MPKL while it secures the requisite letters of support (surat sokongan) from Bomba and the DOE to allow it to apply for a business licence. Both letters of support have since been obtained. TMK had on 11 October 2024 submitted their application to MPKL for the business licence and the same is pending as at LPD.*
- (2) *The law is silent on the expiry term of the licence.*
- (3) *The law is silent on this requirement but seems to be considered as an ad hoc requirement on a case-by-case basis. The law requires the chemical storage warehouse to comply with conditions for the safe storage of chemicals, the safety of fire, and explosion prevention, protection of environment and occupational safety and hygiene.*

**ANNEXURE B: OUR MATERIAL PROPERTIES AND MATERIAL EQUIPMENT****B.1 MATERIAL PROPERTIES OWNED BY OUR GROUP**

As at the LPD, details of the material properties owned by our Group are as follows:

No.	Registered owner/Beneficial owner/Title Lot. no./ Postal address/ Tenure	Description of property/ Existing use	Date of issuance of CCC or equivalent	Built-up area/ Land area (approximate) (m <sup>2</sup> unless otherwise stated)	Category of land use/ Encumbrances on property	NBV as at 31 December 2023 (RM'000)
1.	TMK / H.S.(M) 6246 PT 4214, Selat Klang Utara, Mukim Kapar, Daerah Klang, Negeri Selangor / No. 23, Solok Hishamuddin 4, Kawasan Perusahaan Selat Klang Utara, 42000 Pelabuhan Klang, Selangor / Leasehold for period of 99 years expiring on 9 June 2086	Liquid bulk facility, processing facility, handling and storage facility known as Port Klang Facility 2 for warehousing of our Group's liquid bulk and packaging inorganic chemicals comprising of: (a) 1 storey warehouse (Block A) (b) 1 storey warehouse (Block B) (c) 1 storey office (d) TNB substation (e) Car park shed (f) 1 storey warehouse (Block B) extension (g) Acids and ferric tank farms (h) Caustic and hypo tank farms (i) Scheduled waste storage (j) Canopy (k) Mezzanine floor (l) IBC shelters A & B (m) Guard house (n) Canteen (o) Toilet and prayer room	For buildings (a) to (e): 18 June 1983 <sup>(1)</sup>	8,570.93 / 15,008	Industry / Nil	18,248.03
2.	Peninsula Salt / H.S.(M). 6198, PT 4164, Mukim Kapar, Daerah Klang, Negeri Selangor / Lot 8, Lebu Sultan Hishamuddin 1/KU18, Taman Perindustrian Bandar Sultan	Vacant land <sup>(2)</sup>	Nil	Nil / 13,736	Industry / This land is charged to United Overseas Bank (Malaysia) Bhd ("UOB") vide Presentation No. 12326/2022 on 11 October 2022	13,787.68

**ANNEXURE B: OUR MATERIAL PROPERTIES AND MATERIAL EQUIPMENT (Cont'd)**

<b>No.</b>	<b>Registered owner/Beneficial owner/Title Lot. no./ Postal address/ Tenure</b>	<b>Description of property/ Existing use</b>	<b>Date of issuance of CCC or equivalent</b>	<b>Built-up area/ Land area (approximate) (m<sup>2</sup> unless otherwise stated)</b>	<b>Category of land use/ Encumbrances on property</b>	<b>NBV as at 31 December 2023 (RM'000)</b>
	Suleiman, 42000 Pelabuhan Klang, Selangor /  Leasehold for period of 99 years expiring on 9 June 2086					
3.	Peninsula Salt /  H.S.(M). 6199, PT 4165, Mukim Kapar, Daerah Klang, Negeri Selangor /  Lot 10, Lebu Sultan Hishamuddin 1/KU 18, Taman Perindustrian Bandar Sultan Suleiman, 42000 Pelabuhan Klang, Selangor /  Leasehold for period of 99 years expiring on 9 June 2086	Proposed new dry bulk facility to be constructed and together with the buildings under construction on Lot 8, collectively to be known as New Port Klang Facility.  The following buildings existing on this land: (a) 1 storey factory (b) 2 storey office (c) 1 storey canteen <sup>(3)</sup> (d) 1 storey pump room <sup>(3)</sup> (e) Fire water tank <sup>(3)</sup> (f) Diesel storage area <sup>(3)</sup> (g) Water tank <sup>(3)</sup> (h) Guard house <sup>(3)</sup> (i) Toilet <sup>(3)</sup>	2 October 1984 and 21 August 2003	4,792.90/  17,772	Industry /  (a) This land is charged to UOB vide Presentation No. 12327/2022 on 11 October 2022  (b) Part of the land is leased to TNB until 14 October 2025 vide Presentation No. 6541/1996 on 14 August 1996	18,853.23
4.	TMK Banting /  Geran 331932 Lot No. 66099 in Mukim Tanjung Duabelas, District of Kuala Langat, State of Selangor /	Chlor-alkali factory known as Banting Plant 1 comprising of: (a) 2 storey office building (b) 2 storey canteen block (c) 2 storey maintenance and warehouse block (d) Substation (e) 1 storey air compressor building	For buildings (a) to (j): 8 March 2013  For buildings (k) to (ff): 4 April 2024	23,383.96 /  178,800	Industry /  This land is charged to UOB vide Presentation No. 39552/2018 on 2 May 2018	124,037.67

**ANNEXURE B: OUR MATERIAL PROPERTIES AND MATERIAL EQUIPMENT** (Cont'd)

<b>No.</b>	<b>Registered owner/Beneficial owner/Title Lot. no./ Postal address/ Tenure</b>	<b>Description of property/ Existing use</b>	<b>Date of issuance of CCC or equivalent</b>	<b>Built-up area/ Land area (approximate) (m<sup>2</sup> unless otherwise stated)</b>	<b>Category of land use/ Encumbrances on property</b>	<b>NBV as at 31 December 2023 (RM'000)</b>
	Lot 66099, Jalan Graphite 2, Kawasan Perindustrian Bandar Mahkota, 42700 Banting, Selangor / Freehold	(f) Electric building (g) 1 storey Guard house A & B (h) Carpark and related facilities (i) 1 storey semi-finished packing building (j) 1 storey waste disposal building (k) 1 storey salt store (l) 3 storey primary brine building (m) 5 storey dechlorination & hydrogen handling building (n) 2 storey cell room building (o) secondary brine unit (p) 4 storey hypo plant building (q) 3 storey chlorine drying/ compression/ liquefaction building and 1 storey liquid chlorine tank (r) 1 storey chlorine drum filling & servicing station building (s) 1 storey chlorine drum storage building (t) tank farm (u) loading station (v) 1 storey boiler house (w) 1 storey demin water building (x) 1 storey industrial effluent treatment system building (y) 2 storey MCC building (z) 1 diesel skid tank (aa) 2 storey caustic evaporation unit (bb) 7 storey HCL synthesis unit (cc) Piperack unit (dd) 1 storey guard house (ee) a 33kV SSU building (ff) 1 nitrogen system				



**ANNEXURE B: OUR MATERIAL PROPERTIES AND MATERIAL EQUIPMENT (Cont'd)**

No.	Registered owner/Beneficial owner/Title Lot. no./ Postal address/ Tenure	Description of property/ Existing use	Date of issuance of CCC or equivalent	Built-up area/ Land area (approximate) (m <sup>2</sup> unless otherwise stated)	Category of land use/ Encumbrances on property	NBV as at 31 December 2023 (RM'000)
5.	Sound Dynasty / H.S.(D) 506545, PTD 4606, Mukim Sungai Tiram, Daerah Johor Bahru, Negeri Johor / PLO 74 (PTD 4606), Jalan Nibong 1/1, Kawasan Perindustrian Tanjung Langsat, 81700 Pasir Gudang, Johor / Leasehold for period of 60 years expiring on 26 June 2072	Dry bulk facility, handling and storage facility known as Tanjung Langsat Facility comprising of: (a) 1 unit 2 storey office building (b) 3 units 1 storey warehouse (c) 1 unit 1 storey factory (packaging) (d) 1 unit TNB substation (e) 1 unit guard house with attached toilet (f) 1 unit refuse chamber (g) 1 unit pumphouse (h) Car park shed (i) Guard house extension (j) Scheduled waste shed (k) Diesel tank shed	For buildings (a) to (g): 6 January 2023 <sup>(4)</sup>	17,644.82 / 28,310	Industry / Part of the land is leased to TNB until 1 October 2053 vide Presentation No. 28471/2024 on 24 March 2024	32,097.42
6.	TMK / PN10440, Lot 8347, Mukim 11, Daerah Seberang Perai Tengah, Negeri Pulau Pinang / PMT 1918, Lorong Perusahaan Utama 2, Kawasan Perusahaan Bukit Tengah, 14000 Bukit Mertajam, Pulau Pinang / Leasehold for period of 60 years expiring on 12 April 2069	Liquid bulk facility, processing facility, handling and storage facility known as Seberang Perai Facility comprising of: (a) 2 single storey warehouses (b) Guard house (c) Waiting area (d) Tank yard with 4 units of storage tanks and existing pump house (e) Shed 1 (f) Shed 2 (g) Shed 3 (h) Air compressor room (i) Diesel storage area	For buildings (a) to (d): 15 September 2021 For buildings (e) to (i): 5 September 2024	5,568.61 / 10,843	Industry / Nil	15,298.00

**ANNEXURE B: OUR MATERIAL PROPERTIES AND MATERIAL EQUIPMENT (Cont'd)**

<b>No.</b>	<b>Registered owner/Beneficial owner/Title Lot. no./ Postal address/ Tenure</b>	<b>Description of property/ Existing use</b>	<b>Date of issuance of CCC or equivalent</b>	<b>Built-up area/ Land area (approximate) (m<sup>2</sup> unless otherwise stated)</b>	<b>Category of land use/ Encumbrances on property</b>	<b>NBV as at 31 December 2023 (RM'000)</b>
7.	Chlor-AI / 1 Tuas Avenue 18 Singapore 638888 /  Leasehold for period of 20 years expiring on 15 July 2040	Liquid bulk facility, processing facility, handling and storage facility known as Singapore Facility 1 comprising 1 single detached factory / warehouse	Temporary Occupation Permit dated 26 November 2018 <sup>(5)</sup>  Certificate of Statutory Completion dated 2 January 2020 <sup>(6)</sup>	820 /  2,927.50	Authorised use: Storage, dilution and blending of chemicals /  None registered	2,861.52
8.	Chlor-AI / 3 Tuas Avenue 18 Singapore 638889 /  Leasehold for period of 20 years expiring on 15 July 2040	Liquid bulk facility, processing facility, handling and storage facility known as Singapore Facility 2 comprising 4 single detached factories / warehouse	Temporary Occupation Permit dated 26 November 2018 <sup>(5)</sup>  Certificate of Statutory Completion dated 2 January 2020 <sup>(6)</sup>	2,830 /  6,820	Authorised use: Storage, dilution and blending of chemicals /  None registered	8,097.25

**ANNEXURE B: OUR MATERIAL PROPERTIES AND MATERIAL EQUIPMENT (Cont'd)**

---

**Notes:**

(1) The CCC or equivalent has yet to be obtained for the buildings listed under items (f) to (o). We had on 29 September 2023 submitted the application for KM approval to the Klang Royal City Council (“**MBDK**”) and we obtained a conditional KM on 29 February 2024. The building plan was submitted to Bomba for approval in January 2024 and re-submitted in May 2024 after incorporating Bomba’s comments. We received further comments from Bomba on 19 July 2024 and 22 August 2024. Bomba’s approval is expected to be obtained by November 2024 and thereafter, we expect to submit our building plan application to MBDK’s Building Department for approval by November 2024. The building plan approval is expected to be obtained by January 2025. Construction is expected to commence in February 2025 for a period of 4 months, on the following structures per the requirements of Bomba and MBDK:

- Pump room;
- Fire water tank;
- Hydrant piping; and
- Fire alarm system.

Upon construction completion, we expect to receive MBDK’s Building Department’s letter of support following their inspection and thereafter we expect to obtain the CCC by July 2025.

(2) We have commenced construction of a 1 storey warehouse and a guard house, with the aggregate built up area of approximately 8,136.9 square metres on this land as part of our proposed new dry bulk facility, which together with the buildings with the aggregate built up area of approximately 6,230.9 square metres to be constructed on Lot 10 to be known as the “New Port Klang Facility”.

(3) We plan to demolish the buildings listed under items (c) to (i) to make way for the proposed construction works of our proposed new dry bulk facility to be known as the “New Port Klang Facility”.

(4) The CCC or equivalent has yet to be obtained for a car park shed, a guard house extension, a scheduled waste shed and a diesel tank shed. We had on 8 February 2024 submitted the application for KM and building plan to the Pasir Gudang City Council (“**MBPG**”) for approval. At MBPG’s request, we had on 28 May 2024 submitted amended KM plans for approval. The conditional KM approval was obtained in October 2024 and the building plan approval is expected to be obtained by December 2024. We then expect to obtain the CCC by January 2025.

(5) Temporary Occupation Permit (TOP 201864962) dated 26 November 2018 for addition and alteration to the existing single user factory on lot 1053L and 1485L MK 07 at No. 1 Tuas Avenue 18 and No. 3 Tuas Avenue 18.

(6) Certificate of Statutory Completion (CSC 202069973) dated 2 January 2020 for proposed addition and alteration to the existing single user factory on lot 1053L & 1485L MK 07 at No.1 Tuas Avenue 18 and No.3 Tuas Avenue 18.

Save as disclosed above, none of the properties are in breach of any land use conditions and/or are in non-compliance with current statutory requirements, land rules or building regulations which will have a material adverse impact on our operations or the utilisation of our assets on the said properties. No valuations have been conducted on any of the properties disclosed above.

**ANNEXURE B: OUR MATERIAL PROPERTIES AND MATERIAL EQUIPMENT (Cont'd)****B.2 MATERIAL PROPERTIES LEASED/TENANTED BY OUR GROUP**

As at the LPD, details of the material properties leased/tenanted by our Group are as follows:

<b>No.</b>	<b>Name of lessor/lessee or landlord/tenant or tenant or sub-tenant/Lot. no./Postal address</b>	<b>Description of property/ Existing use</b>	<b>Date of issuance of CCC or equivalent</b>	<b>Built-up area / Land area (approximate) (square metres unless otherwise stated)</b>	<b>Period of tenancy or lease</b>	<b>Lease payment (RM unless otherwise stated)</b>
1.	Johor Port Authority (lessor) / New Port (lessee)  Geran 122267 Lot 66225 (formerly HSD 238615 Lot P.T.D. 119724), Mukim Plentong, District of Johor Bahru, State of Johor  Lot 104, Jalan Dermaga, Lorong Sawit Satu, Pasir Gudang Free Zone, 81700 Pasir Gudang, Johor	Liquid bulk terminal known as Pasir Gudang Terminal comprising of: (a) Main office building <sup>(1)</sup> (b) Guard house (c) 20 units storage tanks with storage capacity of 43,150m <sup>3</sup> (d) TNB substation (e) 10 units of loading bays (f) Pump house (g) Nitrogen plinth (h) Drumming station (i) Workshop	16 November 1987 for building(s) constructed for storage of materials and petroleum products including chemicals;  5 August 1992 for storage tanks and workshop  4 December 1992 for storage tank (phenol)  26 February 1994 for additional 1 'styrene tank'  13 September 1995, 17 August 2012, 24 August 2017, 2 January 2018, 30 April 2019, 1 September 2021 for 12 storage tanks  29 March 2005 for guard house	14,537 /  19,211	60 years up to 31 May 2050  (with an option to renew for a further 30 years from the expiration of this lease at the then prevailing market rental rate and per the state government's policy)	One off total payment of RM1,870,425
2.	Johor Port Authority (lessor) / TMK Pasir Gudang (lessee)	Liquid bulk facility, processing facility, handling and storage facility known as Pasir Gudang Facility comprising of:  (a) 1 storey warehouse (b) Mezzanine floor office (c) Guard house	20 February 1995 for the buildings/ structures listed (a)-(e) and conditional Temporary Building Permit dated 23 April 2024 for the structures listed under (f) to (l) are valid until 31 December 2024	13,077.07 /  20,144	60 years commencing from 1 February 1993 up to 31 January 2053  (with an option to renew for a further 30 years from the	N/A <sup>(2)</sup>

## ANNEXURE B: OUR MATERIAL PROPERTIES AND MATERIAL EQUIPMENT (Cont'd)

No.	Name of lessor/lessee or landlord/tenant or tenant or sub-tenant/Lot. no./Postal address	Description of property/ Existing use	Date of issuance of CCC or equivalent	Built-up area / Land area (approximate) (square metres unless otherwise stated)	Period of tenancy or lease	Lease payment (RM unless otherwise stated)
	Geran 122347 Lot 66251 (formerly HS(D) 238640 No. PTD 119750) Mukim Plentong, District of Johor Bahru, State of Johor	(d) Operations office (e) TNB room (f) 3 units canopy (g) 4 units tank farm (h) 2 units shelter (i) 2 units open shelter			expiration of this lease at the then prevailing market rental rate and per the state government's policy)	
	Plot 72, Jalan Baja, Kawasan Perindustrian Pasir Gudang, 81700 Pasir Gudang, Johor	(j) 1 unit diesel storage tank (k) 1 unit fire water tank (l) 1 unit water tank				
3.	Johor Corporation (lessor) / Tanjung Langsat Bulking (lessee)  HS(D)596405 PTD5352, Mukim Sungai Tiram, District of Johor Bahru, State of Johor  PLO 68, Jalan Tengar, Kawasan Perindustrian Tanjung Langsat, 81700 Pasir Gudang, Johor	Vacant land	N/A	N/A /  28,328.11	59 years 3 months 26 days commencing from 26 February 2020 up to 20 June 2079	One off total payment of RM17,704,054
4.	Perbadanan Memajukan Iktisad Negeri Terengganu (lessor) / Kemaman Bulking (lessee)  PN 4253 Lot No. 4735 in the Mukim of Teluk Kalung, District of Kemaman, State of Terengganu	Liquid bulk terminal known as Kemaman Bulk Terminal comprising of:  (a) Main office building (b) Guard house (c) Facilities building (d) Control room (e) 2 units storage tanks with total storage capacity of 6,000 m <sup>3</sup>	3 May 2023	8,069.12 /  50,000	1. 30 years commencing from 1 January 1996 up to 31 December 2025 ("Original Lease"); and  2. 27 years commencing from 1 January 2026 to 31	1. One off total payment of RM3,227,000 for the Original Lease period  2. One off total payment of RM6 million

**ANNEXURE B: OUR MATERIAL PROPERTIES AND MATERIAL EQUIPMENT (Cont'd)**

<b>No.</b>	<b>Name of lessor/lessee or landlord/tenant or tenant or sub-tenant/Lot. no./Postal address</b>	<b>Description of property/ Existing use</b>	<b>Date of issuance of CCC or equivalent</b>	<b>Built-up area / Land area (approximate) (square metres unless otherwise stated)</b>	<b>Period of tenancy or lease</b>	<b>Lease payment (RM unless otherwise stated)</b>
	Lot 4735, Jalan Telaga Simpul Telok Kalung, 24000, Kemaman, Terengganu	(f) 2 units water tanks with total capacity 700m <sup>3</sup> (g) TNB substation (h) 1 unit loading bay (i) Pump house (j) Weighbridge station (k) Nitrogen plinth			December 2052 ("Extended Lease")	for the Extended Lease period

**Notes:**

- (1) We plan to demolish this building and reconstruct a double storey office in its place.
- (2) TMK Pasir Gudang acquired the lease for the property for a consideration amount of RM9,000,000 from the previous lessee.

None of the properties is in breach of any land use conditions and/or is in non-compliance with current statutory requirements, land rules or building regulations which will have a material adverse impact on our operations or the utilisation of our assets on the said properties. No valuations have been conducted on any of the properties disclosed above.

**ANNEXURE B: OUR MATERIAL PROPERTIES, PLANTS AND EQUIPMENT** (Cont'd)**B.3 MATERIAL EQUIPMENT**

The material plants and equipment used by our business operations are as follows:

<b>Description</b>	<b>Location</b>	<b>Age</b>	<b>NBV as at 31 December 2023 (RM'000 unless otherwise stated)</b>
The machinery and equipment of Port Klang Facility 2 comprising equipment relating to storage tanks, weighing equipment, filling equipment, scrubber system, motor vehicles	Port Klang, Selangor, Malaysia	Less than 1 year to 5 years	1,337.28
The machinery and equipment of Seberang Perai Facility comprising equipment relating to storage tanks, weighing equipment, filling equipment	Bukit Mertajam, Penang, Malaysia	Less than 1 year to 20 years <sup>(1)</sup>	862.65
The machinery and equipment of Banting Plant 1 comprising equipment relating to factory machineries, storage tanks, boiler, chiller, water treatment facilities, filling equipment, scrubber system, weighing equipment	Banting, Selangor, Malaysia	Less than 1 year to 5 years	19,257.38
The machinery and equipment of Kemaman Bulk Terminal comprising equipment relating to storage tanks and filling equipment	Kemaman, Terengganu, Malaysia	Less than 1 year to 1 year	3,251.26
The machinery and equipment of Pasir Gudang Terminal comprising equipment relating to storage tanks and filling equipment, motor vehicles	Pasir Gudang, Johor, Malaysia	Less than 1 year to 32 years <sup>(1)</sup>	1,983.15
The machinery and equipment of Tanjung Langsat Facility comprising equipment relating to silo storage, conveyor belt, filling equipment, dust collector	Tanjung Langsat, Johor, Malaysia	Less than 1 year to 9 years <sup>(1)</sup>	2,078.07
The machinery and equipment of Singapore Facility 1 and Singapore Facility 2 comprising equipment relating to storage tanks, weighing equipment, filling equipment, scrubber system, motor vehicles	Tuas Avenue, Singapore	Less than 1 year to 9 years	5,730.86
The machinery and equipment of Pasir Gudang Facility comprising equipment relating to storage tanks, weighing equipment, filling equipment, scrubber system, motor vehicles	Pasir Gudang, Johor, Malaysia	Less than 1 year to 19 years <sup>(1)</sup>	1,814.45

**Note:**

- (1) *These machinery and equipment are still fit for use although their average age has exceeded the average life span and/or are fully depreciated as we continuously conduct inspection and maintenance.*