



HEXTAR CAPITAL BERHAD
Registration No. 199401036979 (322661-W)



EMPOWERING CONNECTIONS, EVERYWHERE

ANNUAL REPORT
2024

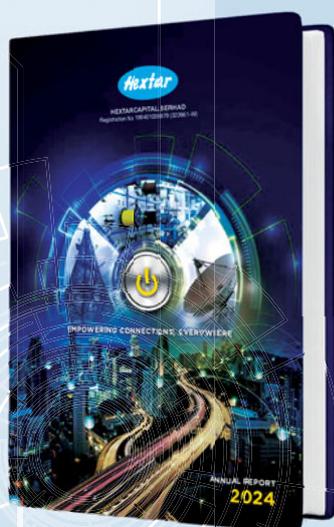
EMPOWERING CONNECTIONS EVERYWHERE

29TH

Annual General Meeting of **Hextar Capital Berhad** (“**HCB**”) will be conducted in a virtual manner through live streaming from the Conference Room of HCB at No. 11, Jalan Utas 15/7, 40200 Shah Alam, Selangor Darul Ehsan, Malaysia on Wednesday, 26 February 2025 at 11:00 a.m.



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GLOSSARY

ACRONYM / SHORT FORM	FULL FORM
ABC	Anti-Bribery and Corruption
AC	Audit Committee
AGM	Annual General Meeting
AMLR	ACE Market Listing Requirements
Board	Board of Directors
Bursa Securities	Bursa Malaysia Securities Berhad
CG Report	Corporate Governance Report
CA 2016	Companies Act 2016
DFPP	Directors' Fit and Proper Policy
ESOS	Employees' Share Option Scheme
FPE 2023	Financial period ended 30 September 2023
FYE 2024	Financial year ended 30 September 2024
FYE	Financial year ended
HCB or the Company	Hextar Capital Berhad
HCB Group or the Group	Hextar Capital Berhad and its subsidiaries
KPI	Key Performance Indices
MCCG	Malaysian Code on Corporate Governance
NRC	Nominating and Remuneration Committee
PDPA	Personal Data Protection Act 2010
RPT	Related Party Transactions
RRPT	Recurrent Related Party Transaction of a Revenue or Trading Nature
TC	Tender Committee
TOR	Terms of Reference

VISION



To be the preferred business partner and employer of choice where **We Enrich lives with Our Products & Solutions**

MISSION



We build shareholder value by carving a niche in the global arena, earn the respect of the market for outstanding products and services, endorse human capital development and enhance business synergy in diversity with **sustainability principles underpinning our corporate thinking and actions**



CORE VALUES

Humility

Fostering an environment of mutual respect which encourages appreciation and cooperation amongst each other with self-awareness and open mindedness to learn and grow

Excellence

Pushing boundaries to achieve the highest possible standards of performance and quality

X - factor

Ability to think outside the box to develop unique solutions to complex challenges and to push past traditions with innovative and progressive ideas

Trustworthy

Being honest and showing a consistent and uncompromising adherence to strong moral and ethical principles and values

Adaptability

Ability to change and adjust to shifting demands and requirements by being proactive and resourceful

Responsibility

Demonstrating reliability by staying true to the task, accepting accountability for your duties and carrying out the task to the best of your capabilities

CORPORATE INFORMATION

BOARD OF DIRECTORS

Dato' Mazlin Bin MD Junid
Chairman
Independent Non-Executive
Director

Chang Kian Seong
Managing Director

Er Kian Hong
Independent Non-Executive
Director

Chen Thien Yin
Independent Non-Executive
Director

Ong Soon Lim
Non-Independent Non-Executive
Director

Teh Li King
Non-Independent Non-Executive
Director

AUDIT COMMITTEE

Chairperson
 Er Kian Hong

Members
 Dato' Mazlin Bin MD Junid
 Chen Thien Yin

NOMINATING AND REMUNERATION COMMITTEE

Chairman
 Chen Thien Yin

Members
 Dato' Mazlin Bin MD Junid
 Er Kian Hong

TENDER COMMITTEE

Chairman
 Chen Thien Yin

Members
 Ong Soon Lim
 Er Kian Hong

COMPANY SECRETARIES

Wong Mee Kiat
 MAICSA 7058813
SSM Practicing Certificate
 No. 202008001958

Lim Li Heong
 MAICSA 7054716
SSM Practicing Certificate
 No. 202008001981

Chan See Wah
 MIA50795
SSM Practicing Certificate
 No. 202408000351

REGISTERED OFFICE

Level 5, Tower 8
 Avenue 5, Horizon 2
 Bangsar South City
 59200 Kuala Lumpur
 Federal Territory of Kuala Lumpur
 Malaysia
 Tel : 03 2280 6388
 Fax : 03 2280 6399
 Email : listcomalaysia@acclime.com

SHARE REGISTRAR

Boardroom Share Registrars Sdn. Bhd.
Registration No. 199601006647 (378993-D)
 11th Floor, Menara Symphony
 No. 5, Jalan Prof. Khoo Kay Kim
 Seksyen 13, 46200 Petaling Jaya
 Selangor Darul Ehsan
 Malaysia
 Tel : 03 7890 4700
 Fax : 03 7890 4670
 Email : BSR.Helpdesk@boardroomlimited.com

HEAD OFFICE/ PRINCIPAL PLACE OF BUSINESS

No. 11, Jalan Utas 15/7
 40200 Shah Alam
 Selangor Darul Ehsan
 Malaysia
 Tel : 03 5519 5599

AUDITORS

Ecovis Malaysia PLT
Registration No. 201404001750
(LLP0003185-LCA) (AF001825)
 Chartered Accountants
 D-10-03, Level 10, EXSIM Tower
 Millerz Square @ Old Klang Road
 Megan Legasi, No. 357, Jalan Kelang Lama
 58000 Kuala Lumpur
 Federal Territory of Kuala Lumpur
 Malaysia
 Tel : 03 7986 0066

PRINCIPAL BANKER

RHB Bank Berhad
Registration No. 196501000373 (6171-M)
 Level 7, Tower Three
 RHB Centre
 Jalan Tun Razak
 50400 Kuala Lumpur
 Federal Territory of Kuala Lumpur
 Malaysia
 Tel : 03 9287 8888
 Fax : 03 9287 9000

STOCK EXCHANGE LISTING

ACE Market
 Bursa Malaysia Securities Berhad
 Stock Name : HEXCAP
 Stock Code : 0035

WEBSITE

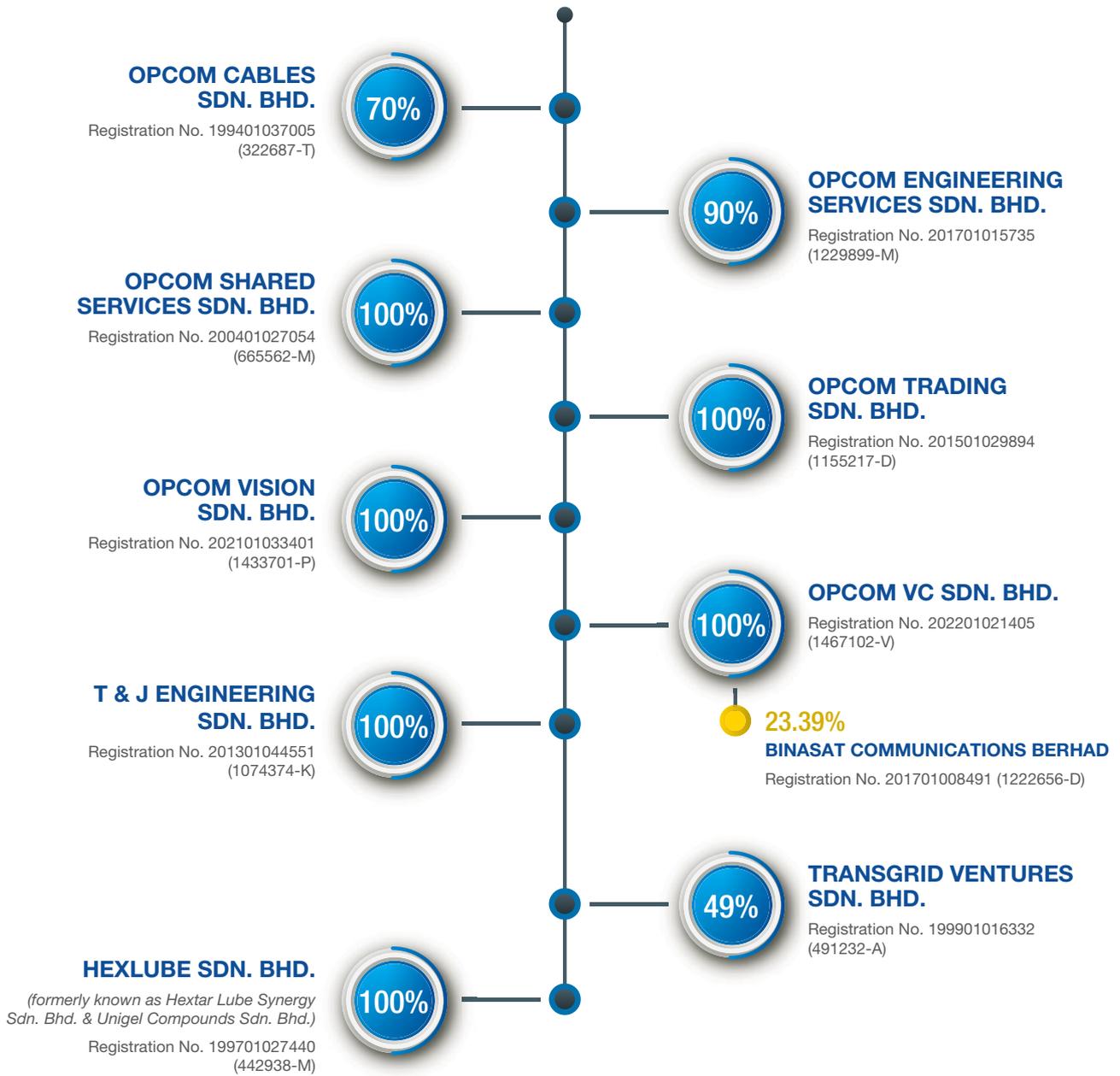
www.hextarcapital.com

CORPORATE STRUCTURE



HEXTAR CAPITAL BERHAD

Registration No. 199401036979 (322661-W)

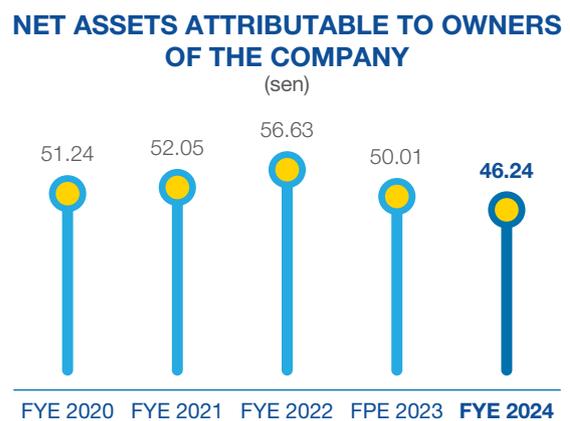
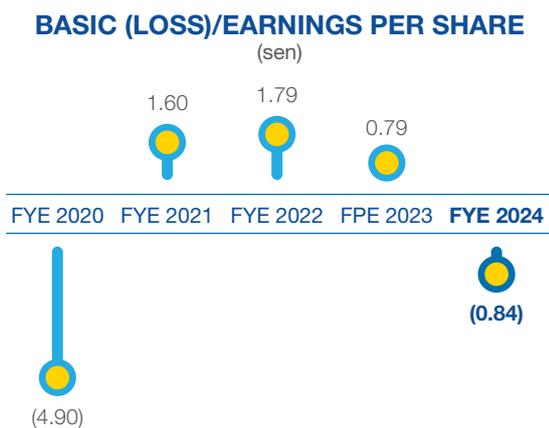
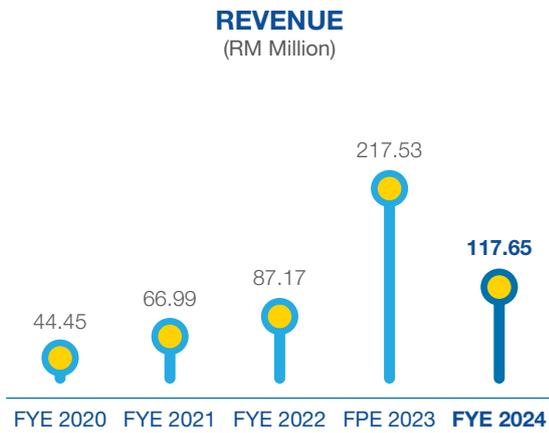


FINANCIAL HIGHLIGHTS

Operating Results (RM Million)	FYE 2020 (12 months)	FYE 2021 (12 months)	FYE 2022 (12 months)	FPE 2023 (18 months)	FYE 2024 (12 months)
Revenue	44.45	66.99	87.17	217.53	117.65
(Loss)/Profit before tax	(10.08)	3.39	7.56	10.98	(3.50)
(Loss)/Profit attributable to owners of the Company	(7.90)	2.59	3.95	2.53	(3.62)
Key Financial Position Data (RM Million)					
Property, plant and equipment	127.31	24.40	23.29	20.31	23.18
Total assets	107.51	118.19	181.66	307.78	387.96
Share capital	32.25	32.25	100.41	170.63	207.45
Shareholders' funds	82.62	83.93	158.05	192.06	206.66
Share Information (Sen Per Share)					
Basic (loss)/earnings	(4.90)	1.60	1.79	0.79	(0.84)
Net assets attributable to owners of the Company	51.24	52.05	56.63	50.01	46.24
Financial Ratios (%)					
Return on total assets	(9.95)	2.72	3.81	2.55	(1.58)
Return on shareholders' equity	(9.56)	3.08	2.50	1.32	(1.75)

Note:-

1 Reclassification of RM12.35 million (long-term leasehold land and motor vehicle) due to adoption of MFRS 16.



FINANCIAL CALENDAR

Announcement of the
unaudited results for the
financial period ended
31 December 2023

28
February
2024

28th Annual General
meeting

29
March
2024

Extraordinary
General Meeting

24
April
2024

Announcement of the
unaudited results for the
financial period ended
31 March 2024

28
May
2024

Extraordinary
General Meeting

5
July
2024

Announcement of the
unaudited results for the
financial period ended
30 June 2024

28
August
2024

Announcement of the
unaudited results for the
financial period ended
30 September 2024

29
November
2024

CHAIRMAN'S STATEMENT

“

Dear Esteemed Shareholders,

On behalf of the Board, it is my privilege to present the Annual Report and Audited Financial Statements of HCB and the Group for FYE 2024.

While FYE 2024 presented its challenges, it also marked a year of significant progress for HCB Group. Throughout the year, we have remained focused on navigating obstacles and driving forward our strategic initiatives to ensure sustainable growth and long-term value to our shareholders.

”

ECONOMIC ENVIRONMENT AND OPERATIONAL HIGHLIGHTS

According to Bank Negara Malaysia, the Malaysian economy expanded by 5.30% in the third quarter of 2024, driven by strong investment activity, continued improvements in exports, and robust household spending supported by favourable labour market conditions and policy measures. Market growth was further propelled by the increasing adoption of advanced technologies such as 5G and digital infrastructure enhancements. Key market segments including mobile subscribers and broadband services are expanding, with a significant push towards enhancing fibre optic networks and mobile data services to accommodate the rising demands of both consumers and businesses.

In addition, the Government is promoting digitalisation in the country through initiatives such as MyDIGITAL and Jalanan Digital Negara (“**JENDELA**”), recognising technology as a vital driver of economic growth and societal progress. The Government continues to advance its digitalisation efforts in Budget 2025, which includes significant investments in digital infrastructure, education, research and development, cybersecurity, as well as extended support for Small and Medium-Sized Enterprises and local startup ecosystems. These initiatives underscore the importance of internet connectivity, which further supports the growth of HCB Group.

HCB Group’s journey in FYE 2024 was defined by strategic investments, diversifications and notable expansions. A key highlight was the strengthening of our presence in the telecommunications sector through the acquisition of a 24.78% equity stake in Binacom Communications Berhad (“**Binacom**”). Binacom is principally involved in the provision of support services for satellite, mobile and fibre optic telecommunications networks, transmission and distribution network utility infrastructure construction services, as well as engineering, procurement, construction and commissioning (“**EPCC**”) for solar facilities. With Binacom’s established track record, this acquisition creates valuable synergies, enhances our competitive edge, and strengthens our Group’s position in securing future tenders.

As part of our diversification efforts, we also successfully acquired a 49.00% interest in Transgrid Ventures Sdn. Bhd. (“**Transgrid**”) on 10 January 2024. Transgrid specialises in the EPCC of power transmission and distribution substation infrastructure, project management and engineering consultancy. It is also involved in the supply and maintenance of equipment for power transmission and distribution substations, biomass renewable energy power generation and the trading of biomass-related products. The investments in both Binacom and Transgrid have made positive contributions to HCB Group, supporting the Group’s continued growth and strategic objectives.

CHAIRMAN'S STATEMENT

Cont'd

Our expansion also extended into building construction through our wholly-owned subsidiary, T & J Engineering Sdn. Bhd. (“**TJE**”). On 10 July 2024, TJE reached a significant milestone after the award of a RM97.04 million contract to construct student hostels at Universiti Malaysia Kelantan. This new venture presents a valuable growth opportunity to HCB Group, further enhancing our capabilities within the construction sector.

Additionally, we are excited to share that we ventured into the money-lending industry through our wholly-owned subsidiary, Opcom Trading Sdn. Bhd. (“**OTSB**”). On 24 June 2024, OTSB provided a credit facility totalling RM24.00 million to a private company, marking our inaugural venture into this sector. This strategic move not only broadens our portfolio but also creates an additional revenue stream, reinforcing the Group's commitment to exploring new opportunities for growth and enhancing financial stability.

FINANCIAL HIGHLIGHTS

Following the various acquisitions, diversification and expansion initiatives undertaken in FYE 2024, the Group achieved a revenue of RM117.65 million. However, the Group reported a Loss After Tax of RM3.86 million in FYE 2024, primarily due to non-cash expenses incurred, such as amortisation of intangible assets, unwinding of interest expenses on deferred consideration and impairment of goodwill. Excluding these adjustments, the Group would have achieved a PBT of approximately RM28.11 million.

Despite a net loss performance for the FYE 2024, the Group maintains a healthy financial position as at 30 September 2024 with a current ratio of 1.80 times, a gearing ratio of 0.38 times and a net assets (“**NA**”) per share of RM0.48.

For further insights into the Group's financial and operational performance, please refer to the Management Discussion and Analysis section of this Annual Report.

CORPORATE GOVERNANCE

Good governance structures are essential in supporting our business especially in this rapidly changing market environment. To drive long-term growth, we remain committed to upholding the highest governance standards in our operations, safeguarding the rights of our shareholders and ensure transparent disclosure practices.

At HCB, we are dedicated to continuously reviewing and enhancing our corporate governance practices to create value for our shareholders and foster positive initiatives for the Group's continued improvement.

For further details on our corporate governance efforts, please refer to the Corporate Governance Overview Statement in this Annual Report and the Company's Corporate Governance Report.

EMBEDDING SUSTAINABILITY

At HCB Group, we recognise that integrating effective sustainability practices into our business operations is vital for achieving sustainable growth. To support long-term growth and success, we adopt best practices in economic, environmental, social and governance initiatives that align with our business objectives.

As part of our commitment to environmental sustainability, within our manufacturing segment, we developed an eco-friendly grease made from plant-based materials, which is an alternative material to traditional petroleum-based greases. These materials are sourced from renewable resources and reduce environment impact by decreasing reliance on finite fossil fuel resources. Their production also results in lower greenhouse gas emissions, contributing to a smaller carbon footprint. Additionally, our focus on water conservation is supported by efficient usage monitoring and proactive maintenance approach. To further strengthen our environmental efforts, we conducted training on the Environmental Management System ISO 14001, empowering our employees to integrate sustainability into their daily operations.

Workplace safety continues to be a top priority at HCB Group. Our Occupational Health and Safety Committee plays an important role in safeguarding our workforce through various measures such as providing safety awareness training and emergency response training to educate employees on protocols and procedures. In addition to our safety initiatives, HCB Group is also committed to fostering a positive workplace culture. During FYE 2024, several company activities such as the Durian Fest, Badminton Cup and Bowling Tournament were carried out to foster teamwork and bonding, enhance communication and boost employee morale.

Furthermore, we recognise the importance of investing in future generations by emphasising on educational welfare. To this end, we offer internship opportunities that help undergraduate students gain industry knowledge, technical expertise and essential personal skills while donating to a primary school to improve the learning environment of the students.

For more details on our sustainability strategies and initiatives, please refer to the Sustainability Statement in this Annual Report.

CHAIRMAN'S STATEMENT

Cont'd

FUTURE OUTLOOK

In the face of growing business competition, coupled with the Government's initiatives to transform Malaysia into a digital economy, digital networks are increasingly recognised as critical tools for enhancing operational efficiency and fostering innovation in business processes. HCB Group is well-positioned to seize the emerging opportunities from 5G development and the rising demand for our infrastructure, connectivity, and data centre services. Additionally, TJE's ongoing progress in completing JENDELA Phase 1 underscores our expertise and positions us favourably for future participation in JENDELA Phase 2.

While our expansion into the construction sector is still early, it has already made a positive contribution to the Group's revenue in the FYE 2024. We will be pursuing new projects in the future to further strengthen our revenue base and market presence.

Furthermore, our strategic move into the money lending business opens up a new avenue for revenue growth. According to Maybank Investment Bank, the money lending business is expected to continue growing, with a projected growth of 5.50% in 2025, underpinned by strong demand from both household and business segments. We are confident that this segment will continue to expand in the coming years.

Looking ahead, we believe that our unwavering commitment to delivering high quality products and services, coupled with our dedication to sustainability, will contribute to the long-term success of the Group and enhance our shareholders' value.

DIVIDEND

The Board does not recommend any dividend for the FYE 2024 as the Group intends to conserve cash for business expansion. This decision was made after careful consideration of the Group's financial position and growth opportunities. We believe that this decision is in the best interest of the Company and the shareholders.

APPRECIATION

On behalf of the Board, I warmly welcome Mr. Chen Thien Yin, as our new Independent Non-Executive Director, member of Audit Committee, as well as the Chairman of Nominating and Remuneration Committee and Tender Committee. We are delighted to have him join our team, as his expertise will be invaluable in further strengthening the Group.

I would also like to extend our sincere gratitude to Mr. Magnus Kreuger for his dedicated service and contributions in the past. His involvement on the Board and various committees has been instrumental, and we deeply appreciate his efforts. We wish him every success in his future endeavours.

Finally, I would like to express our heartfelt appreciation to all our employees, shareholders, customers, business associates and industry partners. Your continued support, dedication and trust are the cornerstone of our achievements and we remain grateful for your commitment to our shared success.

DATO' MAZLIN BIN MD JUNID

Independent Non-Executive Chairman

24 January 2025

MANAGEMENT DISCUSSION & ANALYSIS

OVERVIEW OF BUSINESS AND OPERATIONS

HCB Group has been primarily involved in the manufacturing of fiber optic cables and cable-related products, as well as providing engineering services and serves as a distribution agent and solution provider for telecommunications products in Malaysia since 1994.

FYE 2024 marked a significant turning point for HCB, driven by strategic acquisitions and diversification initiatives. In 2023, the Group diversified into telecommunication network infrastructure solutions through its wholly-owned subsidiary, TJE. TJE has since become a key contributor to HCB's operations, leveraging its expertise to support major projects such as JENDELA Phase 1.

To further strengthen its position in the telecommunications sector, HCB acquired a total of 24.78% equity interest in Binacom by tranches completed on 2 October 2023 and 12 January 2024. These strategic acquisitions have enhanced HCB's market presence and created synergies within its telecommunications-related operations.

On 10 January 2024, HCB also completed the acquisition of a 49.00% equity interest in Transgrid, marking the Group's entry into the energy sector. Transgrid's expertise in energy infrastructure, particularly in data centre substations, has positioned HCB to benefit from the growing demand for power solutions in Malaysia's rapidly expanding digital economy.

Additionally, HCB, through its wholly-owned subsidiary TJE, expanded into construction and project management services. TJE holds a Grade G7 certificate of registration, allowing it to undertake building construction, civil engineering construction, and mechanical and electrical engineering projects. During FYE 2024, TJE was awarded a RM97.04 million contract for the construction of student hostels at Universiti Malaysia Kelantan ("UMK"), underscoring its capability in delivering large-scale infrastructure projects.

The Group further diversified into the financial services sector with the establishment of a money lending business through its wholly-owned subsidiary, OTSB, which holds a money lending licence issued by the Ministry of Housing and Local Government (Kementerian Perumahan dan Kerajaan Tempatan). During FYE 2024, OTSB extended a credit facility to a private company, paving the way for new revenue opportunities in the financial services sector.

These strategic acquisitions and expansions have introduced additional revenue streams for HCB, aligning with the Group's long-term growth objectives and positioning it to capitalize on emerging opportunities across its diversified business segments.

MANAGEMENT DISCUSSION & ANALYSIS

Cont'd

OVERVIEW OF BUSINESS AND OPERATIONS (CONT'D)

As of 30 September 2024, HCB Group is mainly engaged in the seven (7) business segments as follows: -

Manufacturing Business	Manufacturing of fiber optic cables and cable related products
Engineering Services & Trading Business	Provision of engineering services for civil structure and fiber optic cabling system, and trading of industrial products and base oil
Telecommunication Network Infrastructure Solutions Business	Includes but not limited to:- <ul style="list-style-type: none"> (i) setting up of new infrastructure including construction and installation of telecommunications towers; (ii) supply chain management, warehousing and network maintenance; and (iii) other value-added services such as connectivity services, security services, data centres and related internet access to cloud services
Power Generation and Transmission Businesses	Includes but not limited to:- <ul style="list-style-type: none"> (i) EPCC of power transmission and distribution substation infrastructure; (ii) project management and engineering consultancy of power transmission and distribution infrastructure; (iii) supply and maintenance of equipment for power transmission and distribution substations; (iv) biomass renewable energy power generation; and (v) trading of biomass-related products
Construction & Project Management Business	Provision of construction and project management services which includes but not limited to:- <ul style="list-style-type: none"> (i) provision of structural, civil, mechanical, electrical, architectural and other engineering services; (ii) site inspection, demolition, site preparation, electrical, plumbing, general external works and other construction installation activities; and (iii) overseeing all aspects of construction project including scheduling, budgeting, monitoring, risk management and quality control
Money Lending Business Activities	Provision of tailored loan products including personal loans, business loans (collateralised and non-collateralised), and project financing solutions
Others	Management services and investment holding

MANAGEMENT DISCUSSION & ANALYSIS

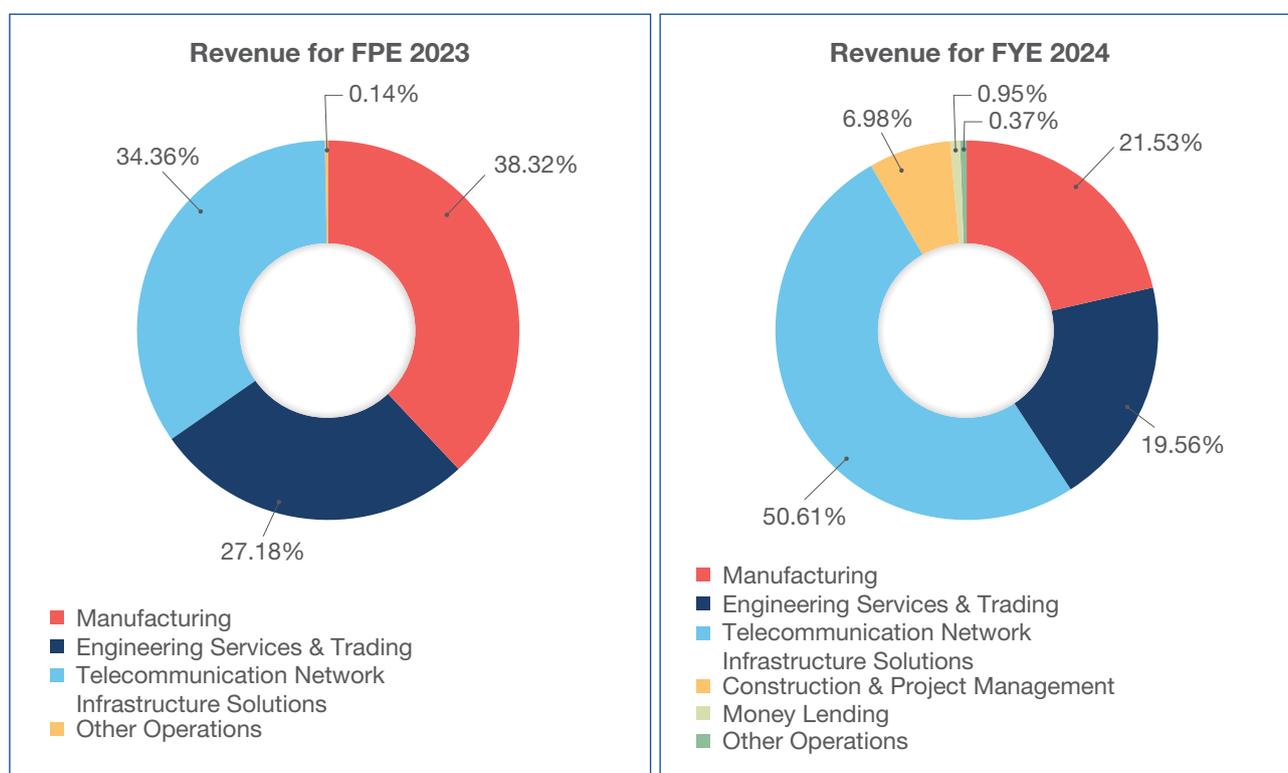
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FINANCIAL PERFORMANCE REVIEW

	(12 Months) FYE 2024 RM'000	(18 Months) FPE 2023 RM'000
Revenue	117,653	217,533
Gross profit ("GP")	31,130	54,768
Earnings before interest, tax, depreciation and amortisation ("EBITDA")	28,114	29,940
(Loss)/ Profit before tax ("LBT"/"PBT")	(3,497)	10,983
(Loss)/ Profit after tax ("LAT"/"PAT")	(3,859)	3,193
GP margin (%)	26.46	25.18
(LBT)/ PBT margin (%)	(2.97)	5.05
(LAT)/ PAT margin (%)	(3.28)	1.47

HCB Group has changed its financial year end from 31 March 2023 to 30 September 2023, resulting in an extended 18-month reporting period from 1 April 2022 to 30 September 2023 ("FPE 2023"), which is not directly comparable to the 12-month reporting period for the FYE 2024.

Our Group's revenue by business segmentation for FPE 2023 and FYE 2024 are shown as follows: -



Our Group's revenue for FYE 2024 was primarily derived from the telecommunication network infrastructure solutions segment, which accounted for 50.61% of our Group's total revenue. This segment's revenue was mainly derived from the construction of communication towers at 138 sites in Sarawak under the JENDELA Phase 1 project, which is being undertaken by TJE. This project contributed RM59.32 million to our Group's revenue and was 94.70% completed as at 30 September 2024.

MANAGEMENT DISCUSSION & ANALYSIS

Cont'd

FINANCIAL PERFORMANCE REVIEW (CONT'D)

The manufacturing segment was the second largest revenue contributor to our Group. However, this segment's revenue contribution decreased from 38.32% in FPE 2023 to 21.53% in FYE 2024. The decrease was mainly attributable to the slowdown in the fiber optic market.

Our Group recorded a GP of RM31.13 million in FYE 2024, with a GP margin of 26.46%, reflecting a slight increase by 1.28% from 25.18% in FPE 2023. This improvement in the GP margin was primarily attributed to the proportionately higher revenue from telecommunications network infrastructure solutions which contributing higher GP margin as compared to other business segments.

For the FYE 2024, our Group reported a LBT of RM3.50 million and a LAT of RM3.86 million, with LBT margin and LAT margin stood at 2.97% and 3.28%, respectively. The losses were primarily due to amortisation of intangible assets amounting to RM26.24 million, unwinding of interest expenses on deferred consideration of RM3.20 million and goodwill impairment of RM2.17 million. Excluding these adjustments, HCB Group would have achieved a PBT of approximately RM28.11 million.

FINANCIAL POSITION REVIEW

Statement of Financial Position

	As at 30 September 2024	As at 30 September 2023	Variance	
	RM'000	RM'000	RM'000	%
Assets				
Non-current assets	232,516	65,707	116,809	>100.00
Current assets	155,448	⁽¹⁾ 242,070	(86,622)	(35.78)
Total assets	387,964	307,777	80,187	26.05
Liabilities				
Non-current liabilities	58,172	32,258	25,914	80.33
Current liabilities	113,469	73,558	39,912	54.26
Total liabilities	171,642	105,816	65,826	62.21
Net assets ("NA") / Total equity	216,322	201,961	14,361	7.11
NA per share (sen)	48.40	52.59	(4.19)	(7.97)
Current ratio (times)	1.80	3.28	(1.48)	(45.12)
Gearing ratio (times)	0.38	0.14	0.24	>100.00

Note:-

(1) The current assets include the investment in associates held for sale amounting to RM7.62 million.

MANAGEMENT DISCUSSION & ANALYSIS

Cont'd

FINANCIAL POSITION REVIEW (CONT'D)

Statement of Financial Position (Cont'd)

Our Group's total assets increased by RM80.19 million or 26.05% from RM307.78 million as at 30 September 2023 to RM387.96 million as at 30 September 2024. The increase was mainly attributable to the investment in associates, which increased by RM126.59 million following the acquisitions of Binacom and Transgrid during the FYE 2024. The increase in total assets also driven by a RM33.68 million increase in trade and other receivables, mainly arising from the commencement of the money lending business during the FYE 2024.

However, the overall increase in total assets was partially offset by the decrease in intangible assets of RM28.18 million, due to the amortisation incurred during the FYE 2024. Additionally, cash and cash equivalents reduced by RM45.84 million primarily due to working capital requirements for the diversification into new business segments.

Our Group's total liabilities increased by RM62.83 million or 62.21% from RM105.82 million as at 30 September 2023 to RM171.64 million as at 30 September 2024. The increase was mainly due to higher bank borrowings, which increased by RM51.81 million to finance the acquisitions of Binacom and Transgrid.

Overall, our Group maintain a healthy financial position as at 30 September 2024, with a current ratio of 1.80 times, a low gearing ratio of 0.38 times and a NA per share of RM0.48.

Statement of Cash Flows

	FYE 2024 RM'000	FPE 2023 RM'000
Net cash used in operating activities	(31,462)	(62,671)
Net cash used in investing activities	(62,264)	(8,194)
Net cash from financing activities	60,043	25,733
Net change in cash and cash equivalents	(33,683)	(45,132)
Cash and cash equivalents at the beginning of the financial year/period	46,577	91,581
Effect of exchange rate fluctuations on cash held	(136)	128
Cash and cash equivalents at the end of the financial year/period	12,758	46,577

As at 30 September 2024, our Group recorded a net cash used in operating activities of RM31.46 million, mainly due to the increase in trade receivables, arising from the commencement of the money lending business.

The net cash used in investing activities of RM62.26 million was primarily due to the funds utilised for the acquisitions of both Binacom and Transgrid, amounting to RM73.58 million collectively during the FYE 2024. The cash outflow was partially offset by the proceeds of RM10.04 million from the disposal of investment in associates, Unigel (UK) Limited and Unigel IP Limited.

Our Group recorded a net cash inflow from financing activities of RM60.04 million, mainly attributable to the drawdown of bank borrowings amounting to RM63.45 million to finance the acquisitions of Binacom and Transgrid.

MANAGEMENT DISCUSSION & ANALYSIS

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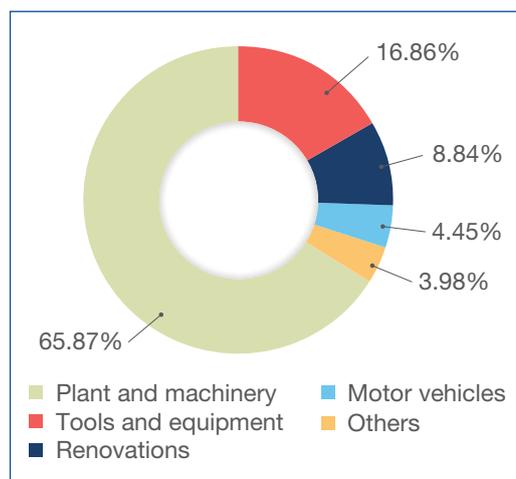
CAPITAL STRUCTURE, RESERVES, AND EXPENDITURE

As at 30 September 2024, the Company's share capital stood at RM207.45 million, comprising ordinary shares with a NA per share of RM0.56. Our Group finance the operations with cash generated from operations, credit extended by trade creditors, bank borrowings and existing cash reserves.

During FYE 2024, our Group has allocated a total of RM2.97 million in capital expenditure, as follows: -

CAPEX	RM'000
Plant and machinery	1,953
Tools and equipment	500
Renovation	262
Motor vehicles	132
Others	118
Total	2,965

Our total capital expenditure was mainly allocated towards the purchase of new plant and machinery mainly for manufacturing segment. As at 30 September 2024, we do not have any capital commitment.



ANTICIPATED OR KNOWN RISK

Our Group is exposed to certain anticipated or known risks that may affect our Group's operations and financial performance. The anticipated or known risk together with our mitigation strategies are outlined below: -

(i) Foreign Exchange Risk

Our products are exported to various countries, with transactions primarily denominated in United States Dollar ("USD"), making our profitability susceptible to currency fluctuations. At the same time, by sourcing our raw materials from overseas, we create a natural hedge against the impact of USD-denominated revenue. To further mitigate this risk, we maintain cash and cash equivalents in foreign currencies to support our daily operations. Additionally, our finance department closely monitors the exchange rate movement and, when necessary, enters into forward contracts to lock in the favourable exchange rate.

(ii) Diversification Risk

As our Group diversifies into the construction and money lending sectors, we will face new challenges in these sectors, such as global and regional economic downturns, sociopolitical stability, and changes in the legal and regulatory frameworks governing these industries. To address these risks, our Group will leverage the expertise and experience of key management personnel to manage the uncertainties associated with the new sectors.

(iii) Credit Risk

The money lending business exposes our Group to credit risk, which could significantly impact our Group's financial performance due to the risk of borrower defaults on loans provided by our Group. To mitigate this risk, our Group will conduct thorough credit assessments to evaluate the creditworthiness of applicants, establish criteria that must be met before lending funds, and limit the loan amount based on the applicant's creditworthiness and will further mitigate the risk by ensuring quality of collateral remains robust.

MANAGEMENT DISCUSSION & ANALYSIS

Cont'd

ANTICIPATED OR KNOWN RISK (CONT'D)

(iv) Occupational Safety and Health Risk

Due to the nature of our business, we inevitably expose our personnel to various safety and health risks during construction, engineering activities and the installation of telecommunication network infrastructure on site. To manage this risk, we implement safety measures and adhere to relevant standard operating procedures to ensure a safe and healthy work environment. These measures include but not limited to: -

- conduct onboarding briefings for new employees and refresher training sessions for existing employees to enhance safety awareness;
- perform regular inspections of electrical wiring and fire-fighting equipment and systems;
- avoid overloading of circuits with office equipment;
- enforce smoking restrictions to designated areas only; and
- review regularly the arrangement of materials in the warehouse and production areas.

FUTURE PROSPECT AND OUTLOOK

The Malaysia's economy grew by 5.30% in the third quarter of 2024, driven by robust investment activity and continued improvements in exports. Investment activity was underpinned by strong spending on structures and machinery and equipment, while household spending sustained its expansion amid positive labour market conditions and policy support. According to Economic Outlook 2025, Malaysia's economy is anticipated to maintain its growth momentum, with a projected growth ranging between 4.50% to 5.50% in 2025.

In line with this economic growth, digital networks have become crucial tools for companies to enhance business operations, improve efficiency and foster innovation. In this context, the Government has introduced several initiatives, including myDigital and JENDELA, aimed at transforming Malaysia into a digital economy. Our wholly-owned subsidiary, TJE, is making a good progress in delivering its obligations under JENDELA Phase 1, with the project approaching completion. This accomplishment underscores the Group's technical expertise and operational reliability, positioning us favourably for future participation in JENDELA Phase 2, which focuses on advancing Malaysia's 5G readiness and further expanding broadband services.

Apart from the telecommunication sector, our Group has diversified into construction to enhance the value proposition of our existing business. A notable achievement in this area is the award of the UMK Project during FYE 2024. This project is currently progressed on schedule, allowing us to establish a strong track record in construction-related projects. As we look ahead, we aim to strengthen our presence in the construction sector by participating in the bidding of the construction and property development related contracts.

Moreover, our recent entry into the money lending business provides an opportunity to expand our Group's revenue stream. The Malaysian money lending market has demonstrated robust growth in the first nine months of 2024, with total loan expansion driven by a 4.50% increase in business loans and a 6.10% rise in household loans respectively. According to Maybank Investment Bank, the money lending business is expected to continue growing, with an anticipated growth of 5.50% in 2025. This anticipated growth is driven by steady demand of business loans for working capital and investment activities as well as the increasing household loans for housing and vehicle financing. Premised on the above, our expansion into this sector is expected to contribute positively to the Group's financial performance moving forward.

In addition to the above diversification strategies, our Group has strategically invested in Binacom and Transgrid to broaden our Group's earning base. The Group will continue to capitalise on the synergies created with these investments, and we are confident that they will contribute to the continued growth of our Group.

Looking ahead, HCB Group remains committed to exploring new opportunities that align with our vision of sustainable growth and diversification. As we continue to strengthen our existing portfolio, we are also poised to seize new opportunities that will drive value creation and enhance shareholder returns.

DIVIDEND

The Company does not have a formal dividend policy currently. Any recommendation and declaration of dividends is at the discretion of the Board, subjected to various considerations, including financial performance, capital expenditure requirements, cash flow management, and other any other factors considered relevant by our Board.

Considering the ongoing uncertainties and the imperative to preserve a strong cash flow for operational purposes, the Board does not to recommend any dividend payments for the FYE 2024.

BOARD OF DIRECTORS



**DATO' MAZLIN BIN
MD JUNID**

*Chairman/Independent
Non-Executive Director*



CHANG KIAN SEONG

Managing Director



ONG SOON LIM

*Non-Independent
Non-Executive Director*

BOARD OF DIRECTORS

Cont'd



TEH LI KING

*Non-Independent
Non-Executive Director*



ER KIAN HONG

*Independent
Non-Executive Director*



CHEN THIEN YIN

*Independent
Non-Executive Director*

BOARD OF DIRECTORS' PROFILE

DATO' MAZLIN BIN MD JUNID

Chairman/ Independent Non-Executive Director



Age : 62 years old



Gender : Male



Nationality : Malaysian

Date Appointed to the Board:

21 July 2021

Number of Board Meetings Attended in FYE 2024:

7/7

Qualifications:

- Masters in Business Administration from Cranfield University, England
- Bachelor of Science Degree in Mechanical Engineering from the University of Brighton (formerly known as Brighton Polytechnic), Sussex, England

Membership of Board Committee:

- Audit Committee
- Nominating and Remuneration Committee

Skills, Experience and Expertise:

Dato' Mazlin started his career 1984 with Hicom Yamaha Manufacturing (M) Sdn. Bhd. as Assistant Manager of Operations to head the Planning, Operations and Production Control.

In 1987, he joined PA Consulting Group based in the United Kingdom as Senior Consultant & Regional Manager for the manufacturing sector. During his 4 years stint with PA Consulting Group, he was seconded to work in 13 different organisations in the area of performance improvement and profit turnaround.

In 1992, he left PA Consulting Group and joined the Sime Darby Group as Managing Director of 5 companies. He ascended to the group level of the Sime Darby Group in 1995 as Group Manager.

From 1995-1997, he was a business partner of ASPAC Executive Search Sdn. Bhd. ("**ASPAC**"), a recruitment agency in Malaysia with operations in the United Kingdom, Australia and other Asian countries through affiliate offices.

After he divested his equity stake in ASPAC, he acquired a majority interest in SECA Dyme Sdn. Bhd. ("**SECA**"), a speciality chemical trading company, supplying to downstream petrochemical industries.

In 2007, he was appointed as the Executive Vice Chairman, President & Group Chief Executive Officer of Daya Materials Berhad ("**DMB**") after DMB acquired SECA. He resigned from the Board of DMB in August 2014. He was also formerly an Independent Non-Executive Director of Sapura Industrial Berhad, Sapura Technology Berhad and Metronic Global Berhad, an Independent Non-Executive Director and Chairman of the Audit Committee of MTD Infraperdana Berhad and an Executive Director-Corporate Affairs & Development in Reach Energy Berhad.

On 20 April 2015, Dato' Mazlin was appointed as a Non-Independent and Non-Executive Director of ENRA Group Berhad. He was redesignated as President & Group Chief Executive Officer, Non-Independent Executive Director of ENRA Group Berhad on 1 June 2015. He retired from ENRA Group Berhad in November 2021.

BOARD OF DIRECTORS' PROFILE

Cont'd

CHANG KIAN SEONG

Managing Director



Age : 54 years old



Gender : Male



Nationality : Malaysian

Date Appointed to the Board:

1 October 2022

Number of Board Meetings Attended in FYE 2024:

7/7

Qualifications:

- LLB (Honours) Bachelor of Laws from University of London
- Driving A Sales & Relationship Management Organisation from Duke University
- Corporate Education – Catalyst for Change from Duke University
- Developing Strategy for Value Creation from London Business School

Membership of Board Committee:

-

Skills, Experience and Expertise:

Chang Kian Seong (“**Johnson**”) graduated with a Bachelor of Law from the University of London in 1993.

In 1994, he commenced his career with HSBC Banking Group, where he remained in employment for 20 years until his resignation in 2014. His first held position in HSBC Malaysia’s main branch in 1994 was as an Officer-In-Charge for retail banking, covering consumer banking products and retail banking operation. In 1997, he was promoted to Credit Executive and transferred to HSBC Hong Kong and concurrently promoted to the position of Deputy Division Manager for the Global Trade and Receivables Finance division where he was responsible for managing trade finance solutions for Asian corporations and global multinational companies across Asia including China. In 1999, he was transferred to HSBC Bank International, Jersey, Channel Islands and joined Group Sales, International Investments Sales division as Group Executive where he was responsible for managing the sales of the bank’s offshore wealth management products across Asia and United Kingdom. In 2001, he was transferred to HSBC Bank Middle East, Dubai and was promoted to the position of Head of Corporate Banking, Dubai and Jebel Ali where he was responsible for managing the Dubai and Jebel Ali commercial portfolio covering multinational companies and large local conglomerates. In 2005, he was transferred back to HSBC Malaysia as the Head of Commercial Banking, Sales Management and was subsequently promoted to the position of Country Head of Sales for the Commercial Banking division in 2006. In 2008, he was transferred to HSBC Thailand where he was concurrently promoted to the position of Country Head for both Commercial Banking and Global Trade Finance divisions. In 2009, he was transferred to HSBC Indonesia where he acted as a Principal Consultant in setting up the Commercial Banking business for Bank Ekonomi following HSBC acquisition of the latter. In 2010, he was transferred to HSBC Bangladesh and was concurrently

promoted to the position of Chief Risk Officer where he was responsible for country’s risk management across all business divisions. In 2014, he was transferred back to HSBC Indonesia as the Chief Risk Officer, where he was responsible for the Wholesale, Consumer Credit and Risk functions. He resigned from HSBC Indonesia in 2014.

In 2014, he joined Hong Leong Banking Group as the Group Chief Credit Officer for Wholesale Banking, where he was responsible for managing Wholesale Credit Risk and Special Assets for the Business and Commercial Banking, Corporate Finance, Islamic Wholesale Banking, Global Markets, Financial Institution Group divisions as well as Hong Leong Banking Group’s overseas operations across Malaysia, China, Singapore, Vietnam, Cambodia and Hong Kong.

In 2017, he left Hong Leong Banking Group and joined TS Law’s group of companies, a private company involved in steel production and distribution, mining, property development and investments, as the Group Chief Executive Officer, where he was primarily responsible for planning the overall growth strategy and corporate direction for TS Law’s group of companies as well as managing financial and banking matters. In addition to his role, together with the property team, he oversaw the development of Menara TSL which is a 48-story commercial and office tower block and Skyline Pudu Development which comprises 2000 units within 4 tower blocks.

In 2021, he left TS Law’s group of companies and joined Smart Glove Holdings Berhad, an investment holding company, where its subsidiaries are primarily engaged in glove manufacturing activities as the group Chief Executive Officer, where he was responsible for developing business strategies and setting the corporate direction for the overall expansion of the company.

In 2022, he joined HCB as Managing Director, a position he continues to hold until today.

BOARD OF DIRECTORS' PROFILE

Cont'd

ONG SOON LIM

Non-Independent Non-Executive Director



Age : 59 years old



Gender : Male



Nationality : Malaysian

Date Appointed to the Board:

21 July 2021

Number of Board Meetings Attended in FYE 2024:

7/7

Qualifications:

- Diploma in Investment Analysis from The Research Institute of Investment Analysts Malaysia (RIIAM)

Membership of Board Committee:

Tender Committee

Skills, Experience and Expertise:

Ong Soon Lim started his career as the factory operations management in 1986 with Hextar Chemicals Sdn. Bhd., where his last appointment was Factory Manager. He then moved on to the logistics industry where he spent 13 years managing 3rd party warehouses and providing supply chain services. He is responsible for the overall development of the group of companies and oversees the administration and operations of the group of companies.

He is the Group Managing Director of Binasat Communications Berhad and also serves on the board of a subsidiary company under Hextar Technologies Solutions Berhad.

BOARD OF DIRECTORS' PROFILE

Cont'd

TEH LI KING

Non-Independent Non-Executive Director



Age : 46 years old



Gender : Male



Nationality : Malaysian

Date Appointed to the Board:

24 February 2021

Number of Board Meetings Attended in FYE 2024:

7/7

Qualifications:

- Master of Business Administration from Charles Sturt University, Australia
- Bachelor of Science in Business from New Hampshire College, USA
- Pre-Contract Examination for Insurance Agent Certification from the Malaysia Insurance Institute, Malaysia

Membership of Board Committee:

-

Skills, Experience and Expertise:

Teh Li King joined Hong Leong Bank as the Account Relationship Executive in 2000, managing and developing portfolio of business banking clients before joining the metal industry in 2003 dealing with both ferrous and non-ferrous materials. He subsequently moved on to the chemicals manufacturing industry and is currently the Group Chief Operating Officer of Hextar Group of Companies. His experience covers the area of management, banking and manufacturing.

He is also a Non-Independent and Non-Executive Director of Binasat Communications Berhad.

BOARD OF DIRECTORS' PROFILE

Cont'd

ER KIAN HONG

Independent Non-Executive Director



Age : 47 years old



Gender : Female



Nationality : Malaysian

Date Appointed to the Board:

22 September 2022

Number of Board Meetings Attended in FYE 2024:

7/7

Qualifications:

- Bachelor Degree in Accounting and Finance from University of Technology, Sydney
- Certified Practising Accountant registered with CPA Australia

Membership of Board Committee:

- Audit Committee (*Chairperson*)
- Nominating and Remuneration Committee
- Tender Committee

Skills, Experience and Expertise:

Er Kian Hong (“**Elizabeth**”) began her career in the Audit and Assurance division in Deloitte Malaysia, involved in statutory financial audits for public listed and private companies. Currently, she is the Associate Director in a boutique corporate advisory firm involved in provision of advisory services to clients who are undertaking corporate exercises.

She has vast experience in providing advisory services and assistance to companies undertaking corporate exercises such as initial public offerings (“**IPO**”), fund raising and restructuring.

Elizabeth served in the Corporate Finance department of M&A Securities Sdn. Bhd. from May 2014 to December 2021. Prior to that, she was in the Corporate Finance/Strategy department of KSK Group Berhad from February 2007 to March 2014 involved in the assessment and implementation of possible mergers and acquisition opportunities for KSK Group Berhad.

She also sits on the board of Aldrich Resources Berhad, Ajiya Berhad, K. Seng Seng Corporation Berhad and SSF Home Group Berhad.

BOARD OF DIRECTORS' PROFILE

Cont'd

CHEN THIEN YIN

Independent Non-Executive Director



Age : 57 years old



Gender : Male



Nationality : Malaysian

Date Appointed to the Board:

29 March 2024

Number of Board Meetings Attended in FYE 2024:

3/3

Qualifications:

- Degree in Finance and Management Information Systems from Syracuse University, Syracuse, New York, USA
- Fintech Revolution: Transformative Financial Services & Strategies from The Wharton School, University of Pennsylvania

Membership of Board Committee:

- Nominating and Remuneration Committee (*Chairman*)
- Tender Committee (*Chairman*)
- Audit Committee

Skills, Experience and Expertise:

Chen Thien Yin (“**Steve**”) is a seasoned banking professional with more than 30 years’ experience working in major International Financial Institutions in Retail, Corporate and Investment banking in Malaysia, Singapore and Vietnam. He has a proven track record in leading team of diverse cultures and geography. Steve has well rounded experiences in Strategic Planning, Risk Management (compliance, credit, market and operational), Client Engagement (Large Local Corporate, Commercial Banking, Government Linked Corporates, Financial Institutions and Public Sector), Products (Financing, Transaction Banking - Cash Management and Trade Solutions, Global Markets and Investment Banking), and Banking Operations in both Conventional and Islamic Banking Institutions.

Steve has vast experience in Retail, Global Markets, Corporate and Investment banking in growth markets of Malaysia, Singapore and Vietnam. He has held senior positions in Hong Leong Bank, Standard Chartered, Royal Bank of Scotland, JP Morgan and Al Rajhi Bank Malaysia.

He currently serves as an Independent Non-Executive Director on the board of Hiap Teck Venture Berhad.

Notes:-

- 1) All Directors, except for Ong Soon Lim, do not have any family relationship with any Director and/or major shareholder of the Company. Dato’ Ong Choo Meng, the substantial shareholder of HCB, is the nephew of Ong Soon Lim.
- 2) All Directors have no conflict of interest or potential conflict of interest, including any interest in any competing business with the Company or its subsidiaries, and have no conviction for any offences (other than traffic offences) within the past five (5) years.
- 3) All Directors have no public sanctions and/or penalties imposed by any relevant regulatory bodies during the FYE 2024.
- 4) All Directors, except for Dato’ Mazlin Bin MD Junid and Chang Kian Seong have directorship in other public companies and listed issuers in Malaysia.

SENIOR MANAGEMENT'S PROFILE

DATO' NGU SING HIENG

*Chief Executive Officer,
T & J Engineering Sdn. Bhd.*

Dato' Ngu Sing Hieng ("**Thomas**"), aged 61, Male Malaysian, joined HCB in 7 March 2023 and he possesses more than 30 years of experience in the telecommunications industry. Dato' Thomas Ngu obtained his Bachelor of Engineering in Electrical Engineering from the University of New South Wales, Australia in 1987.

Upon graduation, he commenced his career in 1988 at Skypage Communications, Australia as a Programmer and Unix System Administrator where he was responsible for installation, configuration and maintenance of the company's UNIX servers and systems. In 1989, he left

Skypage Communications to join Answer Services (NZ) Ltd, New Zealand as a System Engineer, where he was tasked with developing and maintaining the company's radio paging network. In 1995, he left Answer Services (NZ) Ltd and returned to Malaysia to join Hager Elektronik Sdn. Bhd. as General Manager, where he was responsible for overseeing the company's operations, finances and business expansion activities. In 2000, he left Hager Elektronik Sdn. Bhd. and was appointed as a director of Tensas Komunikasi Indah Sdn. Bhd. where he was responsible for overseeing the business operations of the company. He ceased to be a director in Tensas Komunikasi Indah Sdn. Bhd. in 2004. In 2001, he co-founded Instacom Engineering Sdn. Bhd. with Dato' Wong Say Khim and was concurrently appointed as director, where he oversaw construction projects of over 1,000 base stations for various telecommunications service providers.

Pursuant to a reverse takeover exercise by Instacom Engineering Sdn. Bhd. on an ACE Market listed company, I-Power Berhad (currently known as Vinvest Capital Holdings Berhad) in 2012, he was appointed as an Executive Director of I-Power Berhad. He resigned on 4 February 2015 and divested all his shares in I-Power Berhad in the same year.

In 2015, he co-founded T & J Engineering Sdn. Bhd. with Dato' Wong Say Khim and was concurrently appointed as a director, a position he continues to hold until to-date. He has been involved in planning, managing and overseeing the implementation of various telecommunications infrastructure projects in Johor and Sarawak.

Yusree Putra Bin Alias, aged 54, Male Malaysian, joined the Group in April 1997. He obtained his Diploma in Electrical Engineering (Electronics) from Universiti Teknologi MARA (UiTM) in 1993. He started his career in Marconi (M) Sdn. Bhd. and joined the Group in April 1997 as a Project Manager. Since 2000, he has been responsible for the sales and marketing of the Group's fibre optic cable products. He was appointed as Vice President in 2010 and subsequently as Chief Operating Officer of Opcom Cables Sdn. Bhd. in 2014. In 2017, he was appointed as the Chief Executive Officer of Opcom Engineering Services Sdn. Bhd., Acting Co-Chief Executive Officer of Opcom Holdings Berhad in the period of 2019 and 2020. Presently, he is the Chief Operating Officer cum Director of Opcom Cables Sdn. Bhd., Chief Executive Officer cum Director of Opcom Engineering Services Sdn. Bhd. and Chief Executive Officer cum Director of Opcom Vision Sdn. Bhd.

YUSREE PUTRA BIN ALIAS

*Chief Executive Officer,
Opcom Engineering Services Sdn. Bhd.
Chief Operating Officer,
Opcom Cables Sdn. Bhd.*

SENIOR MANAGEMENT'S PROFILE

Cont'd

CHAN SEE WAH

*Company Secretary and Group
Financial Controller of HCB Group*

Chan See Wah ("**Sylvia**"), aged 34, a female Malaysian, a member of Malaysian Institute of Accountants (MIA) and a fellow member of Association of Chartered Certified Accountant (ACCA).

In 2015, Sylvia began her career as an audit associate in a reputable well-established audit firm. She was subsequently promoted to the position of assistant manager, overseeing audit assignments for a diverse clientele. In 2019, she joined Hextar Industries Berhad as the finance manager and later advancing to the position of Senior Finance Manager. In this role, she assumed the responsibility for financial reporting, taxation, treasury

management, risk management and internal control functions. On 26 January 2024, she accepted the offer from HCB, stepping into the role of Group Financial Controller. She was also appointed as company secretary for Hextar Capital Berhad on 28 May 2024.

She currently serves as an Independent Non-Executive Director of Managepay Systems Berhad.

Notes:-

- 1) *All senior management do not have any family relationship with any Director and/or major shareholder of the Company.*
- 2) *All senior management have no conflict of interest or potential conflict of interest, including any interest in any competing business with the Company or its subsidiaries, and have no conviction for any offences (other than traffic offences) within the past five (5) years.*
- 3) *All senior management have no public sanctions and/or penalties imposed by any relevant regulatory bodies during the FYE 2024.*
- 4) *All senior management, except Chan See Wah, do not have any directorship in other public companies and listed issuers in Malaysia.*

SUSTAINABILITY STATEMENT

About This Statement

The Board is pleased to present Sustainability Statement (“**Statement**”) of HCB and HCB Group for the FYE 2024. This Statement describes our strategic approach to sustainability in view of the Economic, Environmental, Social and Governance (“**EESG**”) framework.

Reporting Framework

The Statement complies to AMLR of Bursa Securities and Bursa Securities Sustainability Reporting Guide (3rd Edition). We have also referred to the United Nations Sustainable Development Goals (“**UNSDG**”) in mapping our Group’s material sustainability matters and developing the Group’s sustainability strategies.

Scope and Boundary

This Statement outlines the Group’s sustainability efforts and performance for the reporting period from 1 October 2023 to 30 September 2024.

We adopt the control approach to define the scope of this Statement, covering only operations where the Group has direct control. This includes our operations in manufacturing, engineering services and trading, telecommunication network infrastructure solutions, construction, and money lending. All the Group’s operations are operated locally, within Malaysia.

This Statement does not account for operations where we own an interest but do not exercise control. To clarify, this Statement excludes operations of associates recently acquired during the financial year, namely Binasat Communication Berhad and Transgrid Ventures Sdn. Bhd., as they fall outside the Group’s operational control during this reporting period.

Sustainability Commitment

The Group is committed to achieve Net Zero Carbon Emissions by 2050 that aligned with the Malaysia’s national aspirations. We strive to minimise the impact of our operations to the planet, and at the same time contribute to an equitable society.

At HCB Group, we recognize the importance of setting measurable performance targets to drive our sustainability efforts. While we are currently in the process of establishing specific targets across key areas, we have already initiated monitoring and collecting data in FYE 2024. This proactive approach provides a robust foundation for tracking progress and driving meaningful improvements as we work toward our long-term goals.

Sustainability Governance

The Company’s Board serves as the custodian of sustainability governance at HCB, providing strategic oversight and high-level direction for sustainability initiatives. Our corporate governance framework integrates and embeds sustainability across all key aspects of our business operations, ensuring that it remains a core focus in decision-making and engagement.

Currently, operational oversight and day-to-day management of sustainability initiatives is managed by the key management team, which works collaboratively with various departments to ensure alignment with the corporate strategy and stakeholder expectations. These departments include operations, procurement, compliance and human resource.

SUSTAINABILITY STATEMENT

Cont'd

Commitment to Stakeholder Engagement

Stakeholders play an important role to a company's business. Engagement with stakeholders serves a broad purpose focusing on inclusiveness, responsiveness and building continuous relationships. We strive to maintain strong relationships with our stakeholders and keep noticed of their concerns in relation to material matters.

In line with this, we actively engage with our key stakeholders on regular basis via various forms of communication to keep informed of their views and perspectives of our sustainable practices.

The following summary showcases our engagement efforts with key stakeholders during the year under review:-

Stakeholders	Stakeholders' Concerns/Material Matters	Engagement Methods
Shareholders/Investors 	<ul style="list-style-type: none"> ■ Share price performance ■ Business growth ■ Business performance ■ Return on investment 	<ul style="list-style-type: none"> ■ General meeting ■ Reporting and announcement ■ Corporate website
Government and regulators 	<ul style="list-style-type: none"> ■ Compliance on laws and regulations ■ Permits and licenses ■ Tax compliance ■ Labour rights ■ Business ethics and governance 	<ul style="list-style-type: none"> ■ On-site inspections ■ Correspondence ■ Meetings
Customers 	<ul style="list-style-type: none"> ■ Product quality ■ Competitive pricing ■ On-time delivery ■ Pre and post sales services ■ Customer satisfaction 	<ul style="list-style-type: none"> ■ Meetings ■ Company website ■ Phone call/email communications
Suppliers 	<ul style="list-style-type: none"> ■ Long term business relationships ■ Credit terms and credit limits ■ Supply chain management 	<ul style="list-style-type: none"> ■ Meetings ■ Supplier evaluation ■ Phone call/email communications
Employees 	<ul style="list-style-type: none"> ■ Health and safety ■ Training and career development ■ Job security and stability ■ Competitive remuneration and benefits ■ Human rights and fair labour practice 	<ul style="list-style-type: none"> ■ Performance appraisals ■ Training ■ In-house mobile application ■ Memo/newsletter ■ Company events
Bankers 	<ul style="list-style-type: none"> ■ Financial performance ■ Repayment capabilities ■ Sustainability performance 	<ul style="list-style-type: none"> ■ Reporting and announcement ■ Meetings / visits ■ Media release
Local communities 	<ul style="list-style-type: none"> ■ Job creation ■ Environmental impact 	<ul style="list-style-type: none"> ■ Support local employment ■ Strict adherence to environmental-related laws and standards
Media 	<ul style="list-style-type: none"> ■ Business performance ■ Business strategic plan 	<ul style="list-style-type: none"> ■ Reporting and announcement ■ Press release on ongoing initiatives

SUSTAINABILITY STATEMENT

Cont'd

Materiality Assessment and Approach

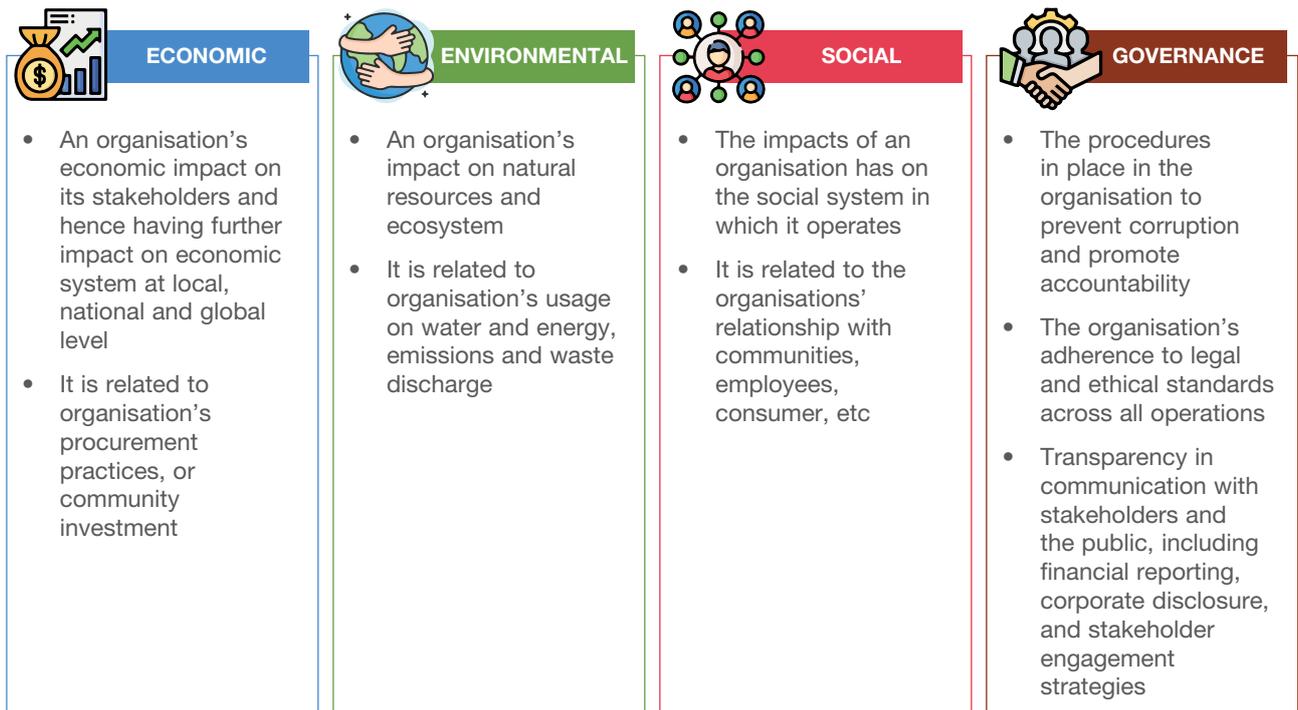
Reference made to the Bursa Securities Sustainability Reporting Guide (3rd Edition), the Group has identified sustainability matters that are of the greatest priority to the Group and our stakeholders. HCB Group has considered areas of concern by both internal and external stakeholders when identifying and prioritising material matters.

We have assessed our identified sustainability matters through the materiality assessment approach as follows:-



The impacts of significant sustainability matters are viewed in the context of EESG. This framework guides our strategic decision making and operational practices, ensuring we are not only thriving economically but also contribute positively to our planet and society while upholding the highest standards of corporate governance.

EESG term could be explained as follows:-

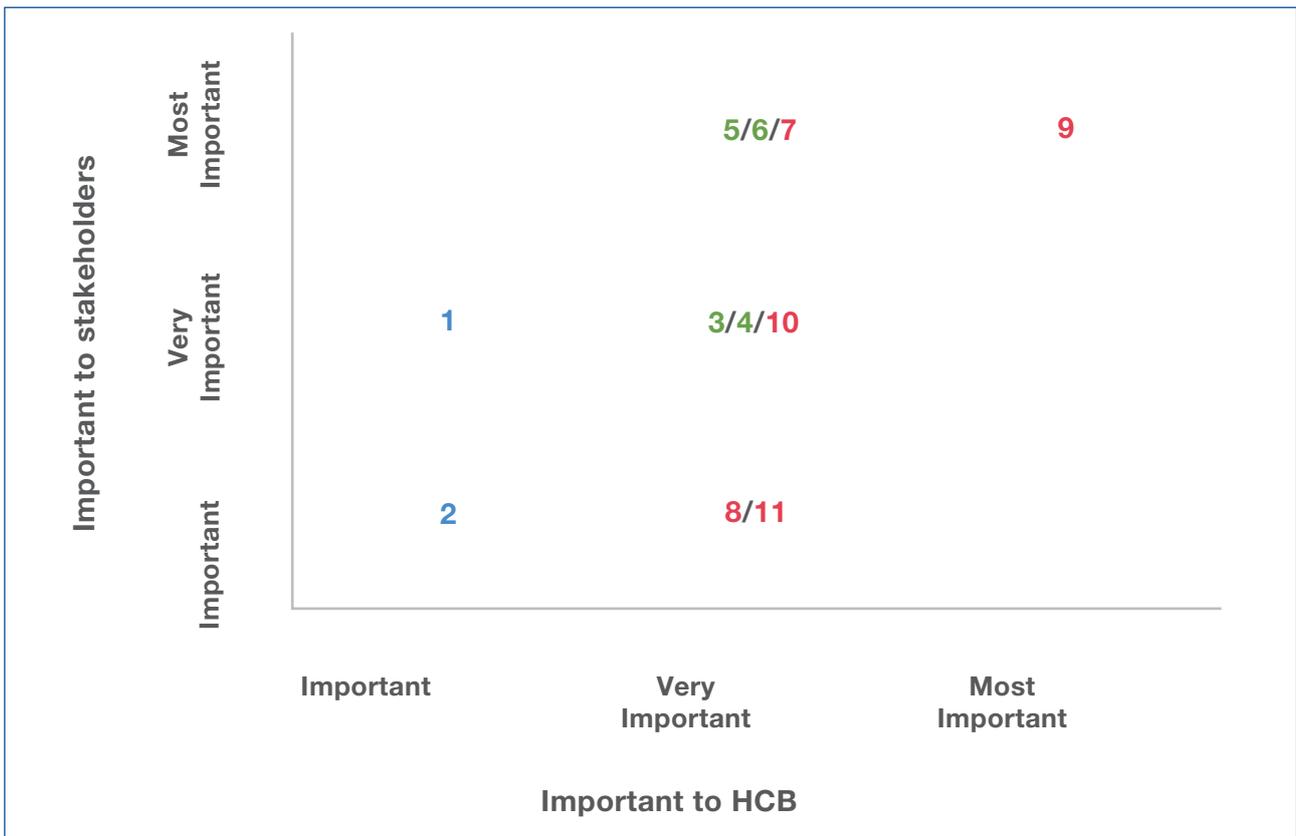


SUSTAINABILITY STATEMENT

Cont'd

The materiality matrix reflects the importance or significance of the sustainability topics to the Group’s business operations and to key stakeholders. It must be made clear that a topic deemed significant is not by default an indication that the topic is a high-risk topic to the Group. Neither does it indicate that the Group has an issue in managing the said topic. It is only expression of views that this topic, given the present operating landscape and business context is likely to be important to sustain value creation, both to the Group and its stakeholders.

Our material sustainability matters have been reflected in materiality matrix as follows:-



ECONOMIC

1. Community Contribution
2. Supply Chain Management



ENVIRONMENTAL

3. Energy Management
4. Water Usage
5. Emission Management
6. Waste Management



SOCIAL

7. Anti-corruption
8. Diversity
9. Health and Safety
10. Labour Practices and Standards
11. Data Privacy and Security

SUSTAINABILITY STATEMENT

Cont'd

Risks and Opportunities

In today's world, businesses face a complex landscape where social responsibility and environmental impact are deeply connected to success. This report explores our approach to these interconnected issues, acknowledging potential risks while highlighting the strategic opportunities they create for sustainable growth and stakeholder value.

Materiality	Risk	Opportunity
Community Contribution	<ul style="list-style-type: none"> Failing to do so could lead to a negative public perception of HCB, potentially impacting brand image and customer loyalty 	<ul style="list-style-type: none"> Regular engagements through community impact programmes strengthens our relationship with local communities
Supply Chain Management	<ul style="list-style-type: none"> Non-compliance to Anti-Bribery and Corruption Policy by suppliers and contractors may cause disruption on supply chain 	<ul style="list-style-type: none"> Ethical and structured procurement practice reduce costs and keep the Group competitive in the market
Energy & Emission Management	<ul style="list-style-type: none"> Non-compliance with environmental/ climate-related regulations may leads to penalties and legal action Inadequate energy management may cause financial losses Consumers are increasingly concern about environmental responsibility. Non-compliance could damage HCB's image as a sustainable and environmental conscious company 	<ul style="list-style-type: none"> Effective mitigation and adaptation strategy ensures business continuity Demonstrating a commitment to environmental compliance can strengthen the Group's brand image and attract environmentally conscious customers and investors
Water Usage	<ul style="list-style-type: none"> Poor water management cause wastage and potential scarcity of water resources 	<ul style="list-style-type: none"> Good water management cause reduction in operational costs and promote water conservation behaviour
Waste Management	<ul style="list-style-type: none"> Improper disposal of hazardous waste cause pollution and may compromise communities' health and safety HCB's reputation may be damaged 	<ul style="list-style-type: none"> Reduce, Recycle and Reuse (3Rs) concept adopted can result in cost savings in operations
Anti-Bribery and Corruption	<ul style="list-style-type: none"> Corporate liability under Malaysian Anti-Corruption Commission Act Corrupted environment ruins company's reputations Challenges in attracting and retaining employees 	<ul style="list-style-type: none"> Corruption free environment relates to cost effectiveness
Diversity	<ul style="list-style-type: none"> Inequality damage HCB's reputation 	<ul style="list-style-type: none"> Inclusive and diverse work culture attracts talent and brings a range of viewpoints that enhances the quality of decision making
Occupational Health & Safety	<ul style="list-style-type: none"> Accidents and injuries in workplace lead to productivity loss, legal repercussions such as penalties and reputational damage Employees may feel insecure and loyalty may be deteriorated 	<ul style="list-style-type: none"> Practising health and safety rules in daily operations maintain employee retention rate Zero work-related fatalities improve HCB's reputations amongst employees and attract talents
Labour Practices and Standards	<ul style="list-style-type: none"> Non-compliance with labour legislation could result in fines, diminished employee morale, increased staff turnover, and labour disputes Potentially disrupting operations and impacting organisational performance 	<ul style="list-style-type: none"> To develop fair labour practices and foster continuous dialogues with employees, creating a resilient workforce
Data Protection & Cyber Security	<ul style="list-style-type: none"> Breach of Personal Data Protection Act ("PDPA") leads to penalties, legal action and loss of customers' trust Loss of record can lead to non-compliance to regulations and additional backlog work 	<ul style="list-style-type: none"> Build trust and confidence to customers, partners and investors by demonstrating a strong commitment to data security

SUSTAINABILITY STATEMENT

Cont'd

Economic



Community Investment

At HCB Group, we believe that fostering and maintaining mutually beneficial relationships within the communities where we operate promotes greater social inclusion and delivers meaningful, long-term positive outcomes. We are committed to being a responsible corporate citizen by giving back to society, with a particular focus on education and social welfare.

[Investing in Future Generations Through Education](#)

Modern facilities and infrastructure are essential for enhancing educational standards and nurturing future generations with high-quality education. As part of our commitment to community development, HCB Group contributed RM5,000 to SJK(C) Kemayan during a fundraising dinner held on 12 November 2023. This donation will support the acquisition of hardware and software for smart classrooms, creating a modern and conducive learning environment for 295 students. By equipping them with the necessary tools and resources, we aim to empower these students to excel in their educational journeys and prepare them for future challenges.



[Empowering Future Leaders Through Internship Opportunities](#)

Recognizing the importance of investing in future generations, HCB Group is dedicated to contributing to society by focusing on educational welfare and nurturing future talents. We believe that our efforts will help develop a pool of exceptional individuals who can serve as future leaders not only within organisations but also as contributors to nation-building through education empowerment.

As part of this initiative, we offer internship programs to undergraduate students from various colleges and universities. These programs provide on-the-job training, solid work experience, and valuable opportunities to gain industry knowledge, develop technical skills, and enhance personal capabilities. Interns are also given the chance to explore their interests in relevant fields during their tenure.

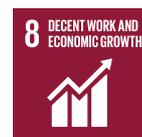
In the financial year, we welcomed a total of four interns, providing them with a platform to grow professionally while contributing to our organisation. Through these efforts, we aim to inspire and equip the next generation of leaders with the skills and confidence to succeed.

By investing in education and offering opportunities for growth, HCB Group strives to make a lasting impact on society, building a brighter future for all.

Supply Chain Management

[Sourcing and procurement](#)

To ensure and maintain the quality of our supplies, we conduct an annual assessment of all suppliers listed in our approved supplier registry. This assessment evaluates key factors such as product quality and delivery lead times. Based on the evaluation results, we make informed decisions about whether to continue or terminate business relationships with individual suppliers, ensuring that our supply chain remains reliable and efficient.



Our procurement team is also proactive in sourcing new suppliers who can provide better credit terms, higher-quality products or services, and more competitive pricing. This approach not only enhances the value of our supply chain but also expands our pool of qualified suppliers to meet our operational needs effectively.

In addition, we are committed to supporting local economic development by prioritising the sourcing of raw materials locally whenever possible. In FY2024, 86% of our purchases were made locally, underscoring our dedication to fostering domestic economic growth while reducing the environmental impact associated with long-distance transportation.

SUSTAINABILITY STATEMENT

Cont'd



Environmental

Energy and Emissions Management

Energy Intensity

In Malaysia, electricity generation predominantly relies on fossil fuels, which emit significant amounts of carbon dioxide, sulfur dioxide, and nitrogen oxides. These are the key contributors to climate change. Therefore, it is crucial for organisations to manage their energy usage effectively to minimise their environmental impact and support a sustainable future. Implementing robust energy management practices not only enhances business sustainability by reducing operational costs through optimized energy use but also helps preserve the planet’s finite resources.



Our electricity is mainly dedicated to operating our plant and machinery, which are essential for our production processes. This includes powering equipment and systems necessary for manufacturing and maintaining operational efficiency. Other than that, electricity is used for office operations, supporting daily business activities such as lighting, cooling and running office equipment.

HCB Group strive to manage our resources and energy usage efficiently so as to reduce the relevant environment impacts. Our approach to monitor energy consumption intensity involves comparing the total electrical usage in kilowatt (kWh) to our production output measured in metric tonnes (MT) for thixotropic gel and lubricant production, and kilometres (KM) for cables production. The table below shows the electricity consumption and the relevant intensity based on the factories and office premises functions:-

Indicator/FYE	2024
Factories	
1. Fiber Optic Cables	
Electricity Consumption (kWh)	1,466,140
Production Output (KM)	1,201
Intensity (kWh/KM)	1,221
2. Thixotropic Gel and Lubricant	
Electricity Consumption (kWh)	157,187
Production Output (MT)	422
Intensity (kWh/MT)	373
Office premises	
Electricity Consumption (kWh)	71,487

Tracking Our Carbon Footprint

Greenhouse gas (GHG) emissions are a critical driver of climate change, as they trap heat in the Earth’s atmosphere and contribute to global warming. The Group’s GHG emissions primarily consist of carbon dioxide (CO₂), generated from electricity usage, company-owned vehicles, personal vehicles used for business trips, and employees’ transportation to the workplace. We diligently track and report our Scope 1, 2 and 3 emissions aligning with Bursa Malaysia’s sustainability reporting requirements and Greenhouse Gas Protocol. Utilizing the financial control approach, we account for 100% of GHG emissions where we have the authority to direct financial policies.



SUSTAINABILITY STATEMENT

Cont'd

Emissions Summary:

- Scope 1: Direct emissions from owned or controlled sources. For The Group, Scope 1 emission are mainly generated from fuel usage by company-owned vehicles.
- Scope 2: Indirect emissions from the consumption of purchased electricity.
- Scope 3: Indirect emissions arising from our business travel and employee commuting.

GHG Emissions		
Indicator	Unit of Measurement	2024 (MT)
Scope 1	Tonnes CO ₂ e	11.24
Scope 2	Tonnes CO ₂ e	1,313.84
- Employee commuting	Tonnes CO ₂ e	122.19
- Business Travel (Land)	Tonnes CO ₂ e	108.03
- Business Travel (Air)	Tonnes CO ₂ e	14.41
- Business Travel (Train)	Tonnes CO ₂ e	0.03
Total Scope 3	Tonnes CO ₂ e	244.66
Total Scope 1+2+3	Tonnes CO₂e	1,569.74

Water Management

Water covers nearly 70% of our planet, yet only a small fraction is fresh water accessible for daily human use. Most of Earth's water is saltwater in oceans, and a significant portion of the limited fresh water is trapped in glaciers and polar ice caps, leaving only a small percentage available for consumption and agriculture.



The growing concern over water scarcity is driven by several critical factors. Water pollution from industrial activities, agricultural runoff, and untreated sewage has compromised the quality of available fresh water. Inefficient water management practices have led to over-extraction and misallocation of resources, worsening shortages in many regions. Climate change further exacerbates the issue by altering precipitation patterns, increasing the frequency and severity of droughts, and impacting the availability and distribution of fresh water.

As these challenges intensify, the need for sustainable water management and conservation becomes increasingly urgent. Addressing water scarcity requires a multifaceted approach, including improving water use efficiency, investing in clean water technologies, and implementing policies to protect and preserve water resources for future generations.

Our Approach

The Group's water consumption primarily arises from operational needs such as cooling systems for injection machines, routine factory cleaning, and office staff usage. To effectively manage and minimise water usage, we are committed to implementing a range of water conservation initiatives.

We actively promote water-saving practices among employees by issuing regular reminders on efficient water use within our premises. These reminders encourage habits such as turning off taps when not in use and using water resources responsibly.

In addition, our administrative team conducts regular inspections and scheduled maintenance of washrooms and pantries to identify and promptly address leaks or inefficiencies. This proactive approach helps prevent water wastage and ensures that all facilities operate optimally.

By combining awareness campaigns with diligent maintenance practices, we aim to reduce our water consumption and uphold sustainable resource management throughout the organisation.

SUSTAINABILITY STATEMENT

Cont'd

Our water usage during FY2024 as follows:-

Description/FYE	2024
Factories	
1. Fiber Optic Cables	
Water consumption (m ³)	4,987
Production output (KM)	1,201
Intensity m ³ /KM	4.15
2. Thixotropic Gel and Lubricant	
Water consumption (m ³)	296
Production output (MT)	422
Intensity m ³ /MT	0.70
Office premises	
Water consumption (m ³)	886

Waste Management

Improper waste management can result in air and water pollution, soil contamination, and pose health risks to both employees and the local community. To mitigate these impacts, implementing strict waste management measures across all operations is essential.



At HCB Group, we prioritise effective waste management to minimise environmental and community impact. Our operations generate various types of waste, including hazardous waste (scheduled waste), non-hazardous waste, which comprises recyclable and general waste.

During the financial year, the scheduled waste disposed of included gel-type waste (SW429), contaminated rags (SW410), and used containers (SW409). These were handled responsibly through registered scheduled waste collectors. In addition, scheduled waste always being strictly managed and monitored by our Occupational Health and Safety Committee.

We strictly practice 3R - reduce, reuse, and recycle in our business operations:-

Reduce: - In our thixotropic gel production plant, we have invested in a squeeze system to minimise oil residue in packaging, effectively reducing raw material wastage. During the financial year, Hexlube Sdn. Bhd. transitioned to lubricant production, where production waste has become nearly zero due to the efficient nature of lubricant manufacturing.

Across the Group, employees are encouraged to adopt eco-friendly printing habits, such as using double-sided printing and recycled paper. Additionally, we have implemented e-signatures for certain approval processes, significantly reducing paper usage while improving operational efficiency.

Reuse: - Plastics and wooden pallets are reused for goods delivery whenever their condition permits. Furthermore, selected customers return used Intermediate Bulk Containers (IBCs) for reuse in subsequent deliveries, reducing environmental impact and promoting sustainable practices.

Recycle: - To minimise landfill waste and generate additional income, we recycle used plastics, including plastic pallets and empty bobbins, by selling them for further processing and reuse.

SUSTAINABILITY STATEMENT

Cont'd

The volume of scheduled waste disposed during the financial year as follows:-

Indicator/FYE	2024
Volume of waste disposed (MT)	
• Hazardous Waste	1.65

Environmental-friendly Grease

In our lubricant production, we have developed an eco-friendly grease made from plant-based materials, which is an innovative alternative to traditional petroleum-based greases. Plant-based greases offer significant environmental advantages over conventional petroleum-based alternatives. They are designed to biodegrade more quickly, reducing long-term environmental impact, and are derived from renewable plant materials, thereby decreasing reliance on finite fossil fuel resources. Their production also involves lower greenhouse gas emissions compared to the extraction and processing of petroleum products, contributing to a reduced overall carbon footprint.

SUSTAINABILITY STATEMENT

Cont'd

Social



Anti Bribery and Corruption

Anti-Bribery & Corruption Policy and Whistleblowing Policy

At HCB Group, we uphold a zero-tolerance policy against all forms of bribery and corruption, aligned with UNSDG 16.5. This policy encompasses unethical practices such as kickbacks, fraud, money laundering, and facilitation payments. We are committed to maintaining the highest standards of integrity, accountability, and professionalism in our business operations, safeguarding the interests of both our organisation and stakeholders while fostering trust and transparency.



Governance and Oversight

HCB Group is steadfast in conducting business with integrity and good faith. The Integrity Committee which reports directly to the Audit Committee, is tasked with overseeing the implementation and effectiveness of the Anti-Bribery and Corruption (“ABC”) Policy.

Employee and Supplier Accountability

To create a culture of integrity, all new employees receive a comprehensive briefing on the ABC and Whistleblowing Policies conducted by the Human Resources team. After the session, employees are required to acknowledge their understanding and commitment to these policies.

Whistleblowing Mechanism

To strengthen ethical practices, HCB has also established a dedicated whistleblowing channel under the Whistleblowing Policy. This platform enables employees and external stakeholders to confidentially report any misconduct or impropriety via email or telephone. Both the ABC Policy and the Whistleblowing Policy are available on HCB Group’s corporate website to ensure accessibility for all stakeholders.

Commitment to Ethical Practices

During the financial year, HCB reported zero incidents of corruption across all business operations of the Group. This reflects our unwavering commitment to ethical business practices and upholding the highest standards of corporate governance.

Employee Management, Equality and Diversity

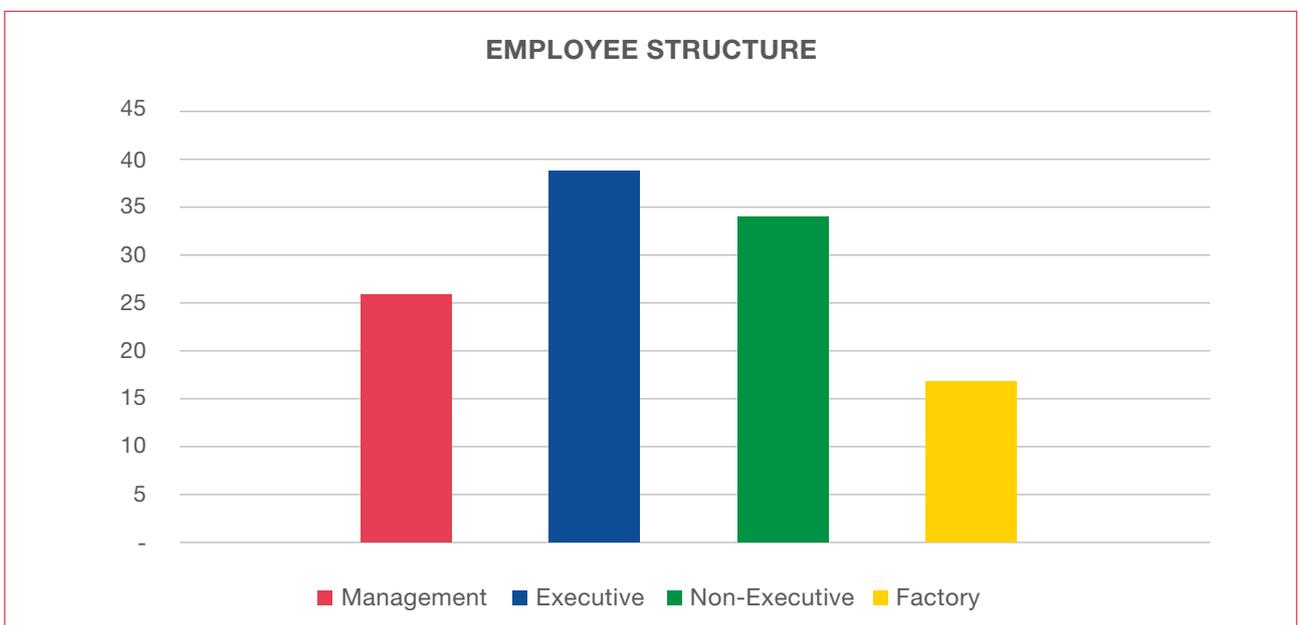
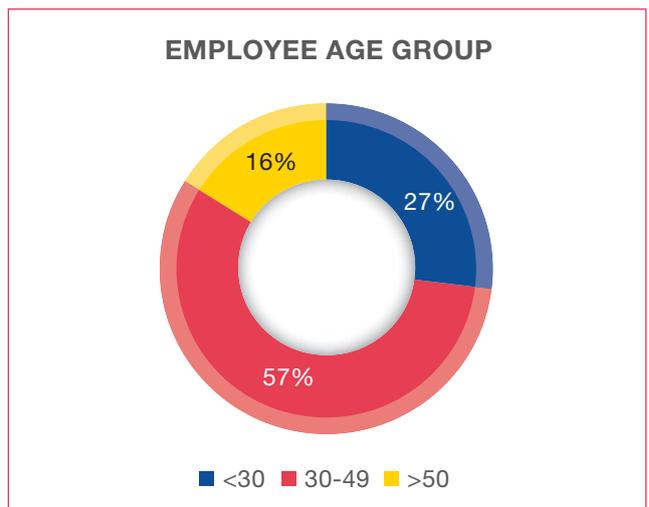
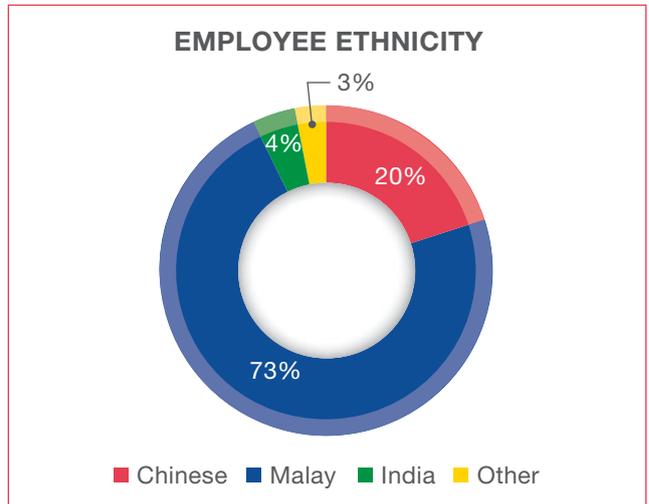
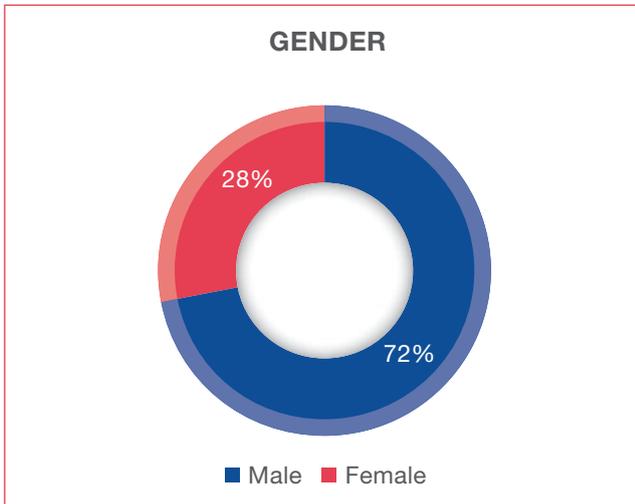
HCB Group is committed to providing equal employment opportunities to all qualified individuals, ensuring fairness and equality across races, ages, and genders. We actively strive to promote and communicate our commitment to equal opportunities by reaching out to a diverse pool of qualified candidates through both internal and external channels.



SUSTAINABILITY STATEMENT

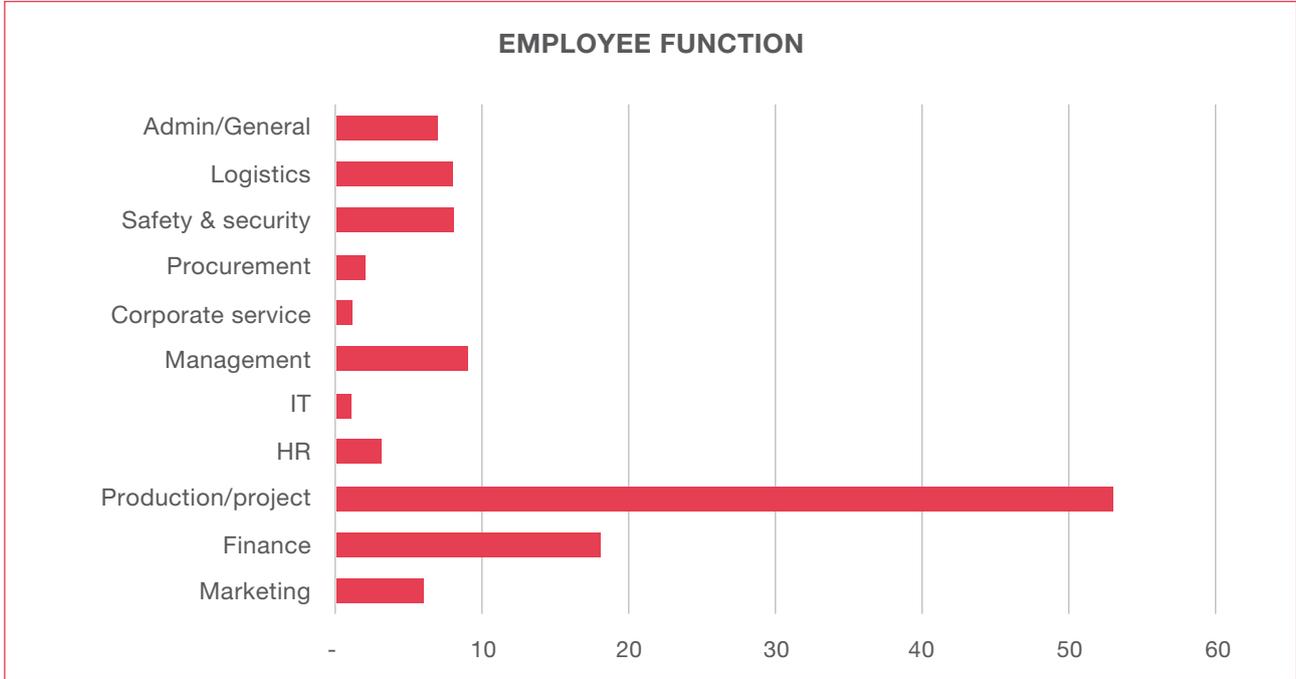
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The employee's composition is illustrated as follow:



SUSTAINABILITY STATEMENT

Cont'd



Occupational Health and Safety (“OSH”)

At HCB, the health and safety of our employees are our highest priority, as we recognize that their well-being is fundamental to the success and growth of our business. We firmly believe that a company can only reach its full potential when its employees are protected, supported, and valued.



Occupational Health and Safety Committee (“OSH Committee”)

To effectively address and manage Occupational Safety and Health (OSH) concerns, we have established a dedicated OSH Committee. This committee ensures that workplace safety and health practices align with regulatory requirements and industry standards.

The OSH Committee is responsible for the following:-

- Monitoring Compliance**
Ensuring adherence to all relevant safety regulations, including the Occupational Safety and Health Act, through regular audits and reviews of safety policies and procedures.
- Hazard Identification, Risk Assessment, Risk Control**
Identifying potential hazards and assessing risks within the workplace. The committee conducts evaluations to anticipate and mitigate potential safety issues before they escalate.
- Training and Awareness**
Coordinating safety training programs and awareness campaigns to keep employees informed about best practices, safety protocols, and emergency procedures.
- Incident Management**
Investigating workplace incidents and accidents, analysing root causes, and implementing corrective actions to prevent recurrence.
- Reporting and Documentation**
Maintaining accurate records of safety-related activities, such as incident reports, safety audits, and training sessions, to ensure transparency and compliance.

SUSTAINABILITY STATEMENT

Cont'd

Personal Protective Equipment (“PPE”)

Ensuring that employees are properly equipped with appropriate PPE is a cornerstone of our safety protocols. PPE is critical for safeguarding employees against workplace hazards. The OSH Committee monitors compliance with PPE usage to maintain a secure work environment.

First-aid Kits

First-aid kits are maintained in accordance with the Occupational Safety and Health Act, ensuring they are strategically placed and fully stocked. Regular inspections and maintenance are conducted to ensure all items are current and functional, with expired or depleted supplies promptly replaced.

Safety Awareness Training

We provide comprehensive safety awareness training to ensure employees are familiar with safety protocols and procedures. Employees are encouraged to promptly report any potential hazards and take proactive measures to prevent harm to themselves and their colleagues.

Pest Control Management and Safety

To safeguard the health and safety of our employees, we maintain a pest control program at our factory and warehouse facilities. Certified pest control providers ensure a pest-free workspace, reinforcing our commitment to a healthy working environment.



Fire Safety Inspections and Maintenance

HCB also conduct quarterly inspections of fire safety systems, including fire alarms, hydrants, hose reels, and the Central Monitoring Station (CMS). Any identified defects are promptly addressed, ensuring all fire protection measures remain fully operational and reliable.

Under our stringent OSH management, we achieved zero-injury working environment during FYE 2024. We are committed to maintaining this record and continuously improving our safety measures to ensure a secure and healthy workplace for all employees.

Labour Practices and Standards

Employee Welfare, Culture and Development

At HCB Group, we are committed to maintaining a sustainable and motivated workforce by fostering a well-balanced workplace that supports employee well-being, professional development, and recognition of achievements. To ensure our employees feel valued and supported, we offer a range of benefits tailored to their respective job grades and/or years of service, including:-

- Annual Leave
- Compassionate leave
- Calamity leave
- Maternity leave
- Medical leave and medical fee claim for dependents
- Marriage leave
- Paternity leave
- Prolonged illness leave
- Group medical card policy

SUSTAINABILITY STATEMENT

Cont'd

Performance Evaluation and Recognition

HCB Group conducts annual performance evaluations to assess employees' achievements against established KPIs. This appraisal process ensures that employees are recognized for their contributions and rewarded based on their success in meeting or exceeding these KPIs. By linking rewards to performance, we promote a culture of accountability and continuous improvement while motivating employees to excel in their roles and align their efforts with the organisation's strategic objectives.

Professional Development and Membership Support

To encourage continuous learning and professional growth, we sponsor memberships in relevant professional organisations. Employees affiliated with accredited professional bodies or associations aligned with the Group's business focus are eligible for reimbursement of their annual membership fees. This initiative not only supports skill enhancement but also helps employees stay informed and well-connected within their fields.

Organisational Culture and Core Values

A motivated and engaged workforce is the foundation of a positive organisational culture. At HCB Group, our operations are guided by our core values, which foster a collaborative and innovative environment while driving individual and collective success. These core values include **H**-umility, **E**-xcellence, **X**-factor, **T**-rustworthy, **A**-daptability, and **R**-esponsibility. By embedding these values into our organisational culture, HCB Group fosters a workplace that encourages collaboration, innovation, and a shared commitment to success, empowering employees to excel and contribute meaningfully to the Group's goals.

Employee Training and Development

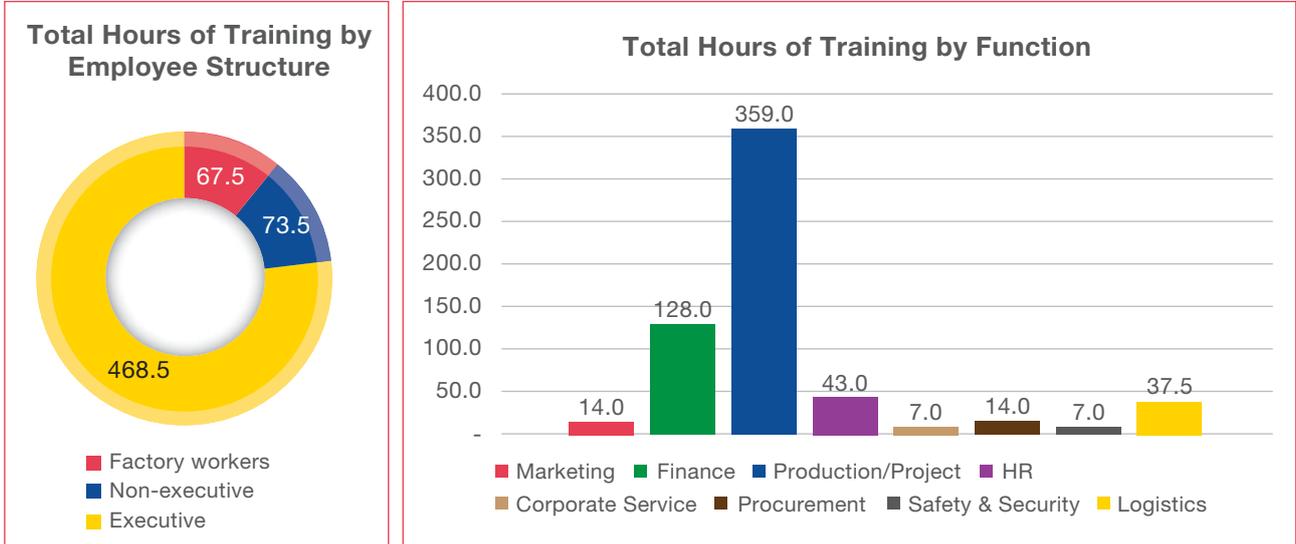
In addition to providing motivational support, we recognise that ongoing training and development are crucial for employees to refine their skills and boost their competencies. To facilitate this, we offer a range of training opportunities for current employees, including both external courses and internal on-the-job training. External training programs are selected based on recommendations from the respective Heads of Departments, who assess the specific needs of their teams and the relevance to employees' roles.

The external training programs attended by our employees during FYE 2024 is as follows: -

Training Program Attended	Date
Dynamic Workforce & Future Workplace	December 2023
Optimising Material Procurement in Construction: Interactive and Integrated Procurement Digital Solution	January 2024
4U for U	March 2024
Hearing Conservation Program & Audiometric Screening Testing Program	April 2024
E-Invoicing	May 2024
Safety and Health Officer	May 2024
TaxPOD Masterclass 2.0	June 2024
Emergency Response Plan and Preparedness Training	September 2024

SUSTAINABILITY STATEMENT

Cont'd



Events and Activities

Bonding activities are strategic investment in fostering a collaborative and high-performing workplace. These initiatives enhance team effectiveness, improve communication, and strengthen alignment with organisational goals, creating an environment where employees feel valued, engaged, and motivated to contribute their best.

To promote teamwork, boost morale, and encourage a sense of camaraderie, we organise a variety of bonding events and activities for our employees. These initiatives not only improve workplace relationships but also create opportunities for employees to connect on a personal level, fostering a positive and supportive organisational culture.

Recognising the vital role that physical activity and well-being play in shaping healthy and vibrant communities, we also prioritise initiatives that encourage active lifestyles. By promoting sports activities and organising well-being events, we aim to empower individuals of all ages to lead active, fulfilling lives. These activities are a reflection of our commitment to holistic employee development and the cultivation of energetic and resilient communities.

<p>Durian Fest</p>	<p>In August 2024, we organised a Durian Fest to foster community spirit and show appreciation for our employees. The event brought everyone together to enjoy a variety of durian flavours, accompanied by lively conversations and laughter. With approximately 100Kg of durians shared, the event was a memorable celebration of camaraderie and a token of gratitude for our hardworking team. Moments like these reflect our commitment to creating a positive and engaging workplace culture.</p>
	

SUSTAINABILITY STATEMENT

Cont'd

<p>Hexstar Group Badminton Cup</p>	<p>In FY2024, HCB participated in the Hexstar Badminton Cup, an inter-company badminton competition designed to foster team spirit among staff while building trust and camaraderie. Leading up to the event, regular badminton training sessions were organised, enhancing employees' physical fitness, mental well-being, and agility.</p> <p>The competition culminated in an exciting series of badminton matches held on 10 August 2024. The event was a fantastic showcase of teamwork, sportsmanship, and enthusiasm, reflecting our commitment to promoting a healthy, active, and connected workplace culture.</p>	
<p>Hexstar Group Bowling Tournament</p>	<p>HCB participated the Bowling Tournament FY2024 held at Wangsa Ball, Setia City Mall. The bowling event was a fantastic blend of competition and camaraderie, where colleagues gathered for strikes, spares, and friendly rivalry. The event was buzzing with excitement as teams faced off on the lanes, cheering each other on and celebrating impressive throws. The event fostered team spirit and provided a fun break from the usual workday routine. HCB team struck champion with a score of 3723.</p>	
<p>Career Opportunities Showcase</p>	<p>HCB participated in the MCTF Malaysia Career & Training Fair at Mid Valley Exhibition Centre. We had the opportunity to engage with a diverse pool of candidates, discuss job openings, and showcase our company culture and values. The event allowed us to interact with enthusiastic job seekers, answer their questions, and assess their fit for our open positions in a dynamic and face-to-face setting. Overall, it was a valuable experience that helped us connect with potential hires and strengthen our talent pipeline.</p>	
<p>Fire Drill</p>	<p>HCB organised an Emergency Response Training and Fire Drill at our Shah Alam factory, focusing on critical safety protocols and effective evacuation strategies. The training aimed to ensure that all staff are well-prepared to respond confidently and efficiently in the event of an emergency. By equipping employees with essential knowledge and practical skills, this initiative reinforces our commitment to workplace safety and preparedness.</p>	

SUSTAINABILITY STATEMENT

Cont'd

Data protection and cyber security

In recent years, we have seen the acceleration of various trends revolving around remote working, e-commerce and automation, which has propelled the adoption of digital technologies and infrastructure. However, it has also made data more susceptible to cybersecurity risks. We have a responsibility to manage the growing threat of cyberattacks, including protecting sensitive information of our customers, suppliers, and employees, to prevent any leaks, threats or loss of information.



In compliance to the Malaysia Personal Data Protection Act 2010 (PDPA), HCB implement robust security measures, including firewalls, encryption technologies and access controls, to protect unauthorised access of data. We committed to review and update our security protocols to stay ahead of evolving cyber threats.

During FY2024, there were no complaint substantiated concerning breaches in privacy and losses of data.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

The Board of HCB Group recognises the importance of good corporate governance and fully supports the principles and best practices as stipulated in the MCGG to enhance business prosperity and maximise shareholders' value. The Board will continuously evaluate HCB Group's corporate governance practices and procedures and where appropriate will adopt and implement the best practices as enshrined in MCGG to the best interest of the shareholders of the Company.

Below are an overview statement and description in general on how HCB Group has applied the principles and complied with the best practice provisions as laid out in MCGG throughout the FYE 2024 pursuant to Rule 15.25 of AMLR of Bursa Securities. The Board has also provided specific disclosures on the application of the practices in its CG Report which could be obtained from the Company's website at www.hextarcapital.com. Shareholders are advised to read this overview statement together with the CG Report.

PRINCIPLE A – BOARD LEADERSHIP AND EFFECTIVENESS

BOARD RESPONSIBILITIES

The Board is tasked with the duty of ensuring that the Group and its various businesses operate in accordance with relevant laws, regulations, ethical standards, and good practices while maintaining appropriate governance and standards.

The Board is led by an Independent Non-Executive Chairman who is responsible for ensuring the efficient of its functions. The Chairman is primarily responsible for leading the Board in establishing the values and standards of the Company, oversees the orderly and effective conduct of both Board and shareholders meetings, fosters and maintain a relationship of trust among the Executive and Non-Executive Directors, ensuring the timely provision of precise information to all Directors, facilitates the effective contribution of Non-Executive Directors and upholds constructive relations between Executive and Non-Executive Directors.

The responsibilities of the Managing Director encompass overseeing the implementation of Board policies and strategies, and making operational decisions, serving as the conduit between the Board and the management to ensure the success of the Company's governance and management functions, maintaining effective communication with shareholders and relevant stakeholders, providing robust leadership, i.e., effectively communicating the vision, management philosophy and business strategy to employees, and keeping the Board well-informed of salient aspects and issues concerning the Group's operations.

The roles of Executive and Non-Executive Directors are differentiated, both having fiduciary duties to shareholders. Executive Directors have a direct responsibility for business operations whereas Non-Executive Directors have the necessary skill and experience to bring an independent judgment to assess strategic, performance and resources related matters brought before the Board. The Executive Directors are supported by a core team of senior management who manage HCB Group's daily business activities. The management leadership team executes and implements the policies and strategies that approved by the Board in compliance with the corporate governance, risk management and internal control framework of HCB Group.

The Board has delegated specific responsibilities to several Board Committees namely, the AC, NRC and TC to oversee, manage and review specific aspects of the Company's business operations and corporate matters. Each Committee operate within its respective approved terms of reference and authority delegated by the Board. The Chairmen of the respective Board Committees will report to the Board on the proceedings of each Board Committee meeting and the proceedings will be minuted accordingly. The Board retains full responsibility for the final decision on all matters.

HCB Group has a well-structured and process-oriented communications framework ensuring all Board and its Committees are well-informed of HCB Group's business activities continuously. Business workgroup activities are reported and assessed against the agreed KPIs of HCB Group's annual business plan on a monthly basis. HCB Group's financial and operational performance are quarterly reviewed by the relevant committees of the Board, or as and when required.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

Cont'd

PRINCIPLE A – BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

BOARD RESPONSIBILITIES (CONT'D)

Board Meetings & Procedures

The Board meets at least once every quarter on a scheduled basis and additional meetings will be convened as and when deemed necessary by the Board. The quarterly Board meetings are scheduled in advance at the beginning of the financial year, enabling Directors to plan their schedules ahead and to facilitate full attendance at Board meetings. The Company Secretaries meticulously records all proceedings, deliberations, and conclusions during Board meetings. These minutes are then confirmed by Board members in the subsequent meeting and subsequently endorsed by the Chairman as an accurate record of the proceedings or by the Chairman of the meeting in which the proceedings occurred.

FYE 2024, the Board conducted 7 meetings. The Directors' attendance at these meetings can be found in the Profile of the Board of Directors set out in this Annual Report. All existing Directors as at the date of this Statement have complied to the stipulated minimum requirement of 50% attendance according to the AMLR of Bursa Securities. In the intervals between Board meetings, for any matters requiring Board's decisions, the Board obtains approvals through written resolutions circulated among its members. The resolutions passed in this manner are subsequently noted by the Board during the following quarterly Board meeting.

Board Charter

The functions of the Board are governed and regulated by its Charter, the Constitution of the Company, relevant legislation, Listing Requirements and other regulations and codes. The Board Charter clearly outlines the roles and responsibilities of the Board, Board Committees, Directors and management and matters reserved for the Board. The Board Charter is reviewed and updated periodically when necessary. The Board's spectrum of skills and experience enhances leadership, thus ensuring HCB Group is under the guidance of an accountable and competent Board.

Company Secretaries

Presently, the Board is supported by three (3) qualified and competent Company Secretaries to provide sound governance advice, ensure adherence to rules and procedures, and advocate adoption of corporate governance best practices.

The Company Secretaries play a crucial role in ensuring adherence to Board procedures during meetings and provide guidance to the Board on various matters, including corporate governance issues and Directors' responsibilities in compliance with relevant legislation and regulations. Close collaboration with management allows the Company Secretaries to obtain timely and pertinent information, which is then communicated to the Directors. In accordance with the Board's procedures, all deliberations and conclusions of Board meetings are minuted by the Company Secretaries, ensuring accurate and proper records of the proceedings of Board meetings and resolutions are kept in the statutory register at the registered office of the Company. All Directors have unrestricted access to the advice and services of the company secretaries.

The appointment and removal of the Company Secretaries for both Board and Board Committees shall be the prerogative of the Board as a whole.

Code of Conduct

The Directors observe and adhere to the Code of Conduct for Company Directors which encompasses the formulation of corporate accountability standards in order to establish an ethical corporate environment.

The Code of Conduct provides Directors with guidance on ethical and behavioral considerations and/or actions as during the fulfillment of their duties and obligations. To ensure that the Board maintains direction and control over the Company, a formal set of Matters Reserved for the Board has been implemented to provide guidance in decision-making processes.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

Cont'd

PRINCIPLE A – BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

BOARD RESPONSIBILITIES (CONT'D)

Whistle-blowing Policy and Procedures

A Whistle-blowing Policy and Procedures has been established to ensure transparency in overseeing the whistleblowing process, offering protection and maintaining confidentiality for whistle-blowers. The policy sets out a protocol for employees and stakeholders to report legitimate concerns related to improprieties, malpractices, and misconduct within the Group, facilitating remedial actions.

ABC Policy

A formal ABC Policy was adopted on 28 May 2020. The ABC Policy serves as a directive outlining procedures to prevent, address, and counteract bribery and corrupt practices that may arise in the course of business. The ABC Policy is applicable to all individuals associated with the Group, including employees, Directors (both Executive and Non-Executive), and any person who provide services for and on behalf of the Group. This encompasses contractors, subcontractors, consultants, suppliers, agents, intermediaries and representatives of the Group.

DFPP

The Board adopted a DFPP to set out the fit and proper criteria for the appointment and re-appointment of Directors. This would ensure that Directors possess the character, integrity, relevant range of skills, knowledge, experience, competence and time commitment to carry out their roles and responsibilities effectively in the best interest of the Company and its stakeholders.

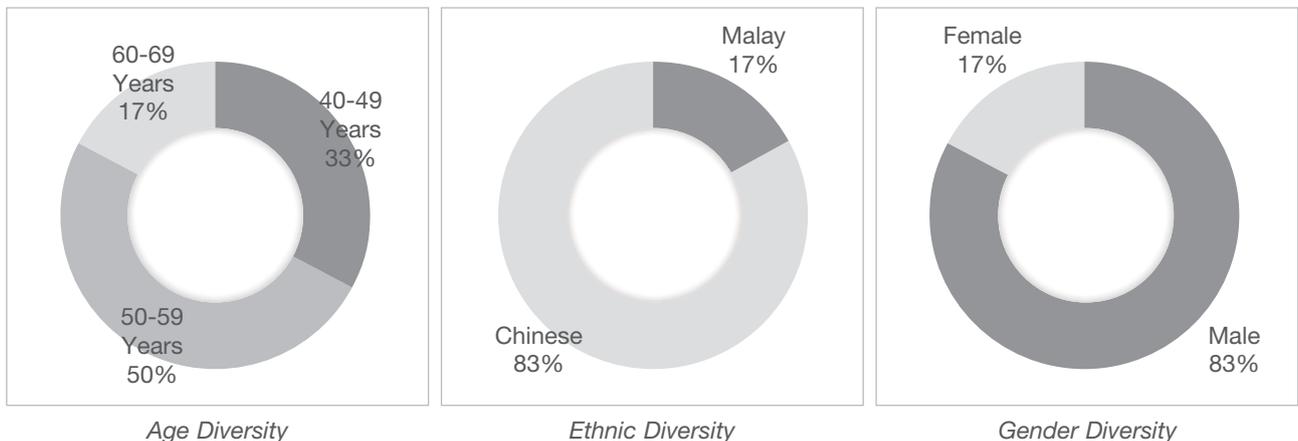
A copy of the Board Charter, Code of Conduct, Whistle-blowing Policy and Procedures, ABC Policy, DDFP and the Matters Reserved for the Board are available on the Company’s website, www.hextarcapital.com.

BOARD COMPOSITION

Composition and Balance of the Board

The Board comprises 6 members, including one (1) Executive Director, three (3) Independent Non-Executive Directors and two (2) Non-Independent Non-Executive Directors. Thus, the current composition complies with Rule 15.02 of the AMLR of Bursa Securities which requires one-third (1/3) of the Board is made up of Independent Directors and one (1) director is a woman director.

The current board composition is illustrated as below:-



CORPORATE GOVERNANCE OVERVIEW STATEMENT

Cont'd

PRINCIPLE A – BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

BOARD COMPOSITION (CONT'D)

Appointment and Re-Election to the Board

In adherence to Rule 15.01A of the AMLR of Bursa Securities, a formal DFPP for appointment and re-election of Directors was adopted on 26 May 2022. The DFPP serves the purpose of evaluating the nominated and re-elected Directors based on the established fit and proper criteria set out therein. The DFPP has been designed as a practice guide for the appointment and re-election of Directors to assist the NRC in fulfilling their responsibilities and functions related to the nomination and re-election process of Directors.

The fitness and propriety of a Board candidate or Directors seeking re-election will be assessed in accordance with the following key criteria under the Guidelines:-

- (A) Probity, personal and financial integrity and reputation;
- (B) Experience, expertise and Competence; and
- (C) Time and commitment.

The DFPP is available on the Company's website at www.hextarcapital.com and is subject for review as and when necessary.

In accordance with the Company's Constitution, during each AGM, one-third (1/3) of the Directors are subject to retirement by rotation. This ensure that each Director shall retire from office once every three (3) years or, if their number is not three (3) or a multiple of three (3), the number nearest to one-third (1/3) shall be used. All Directors retiring from office are eligible for re-election.

The Notice of AGM, included in this Annual Report, discloses the names of Directors who retired by rotation at the upcoming AGM. The details of the Directors can be found in the Profile of the Board of Directors set out in this Annual Report.

The Board continuously reviews its size and composition with consideration to its impact on the effectiveness of the Board. Any potential candidate for a Directorship undergoes a thorough review and recommendation by the NRC to the Board for full deliberation and approval.

Evaluation of the Board

The annual evaluation exercise of the Board as a whole, Board Committees and the individual Directors, consisting of the following, is carried out internally by the NRC and facilitated by the Company Secretaries:-

- (a) Evaluation of the Board effectiveness;
- (b) Individual Directors' Self and Peer Performance;
- (c) Evaluation on AC;
- (d) Evaluation on NRC;
- (e) Evaluation by NRC on AC and its members;
- (f) Evaluation relating to Environment, Social as well as Governance or Sustainability Matters; and
- (g) Independent Non-Executive Director Self Evaluation for the FYE 2024.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

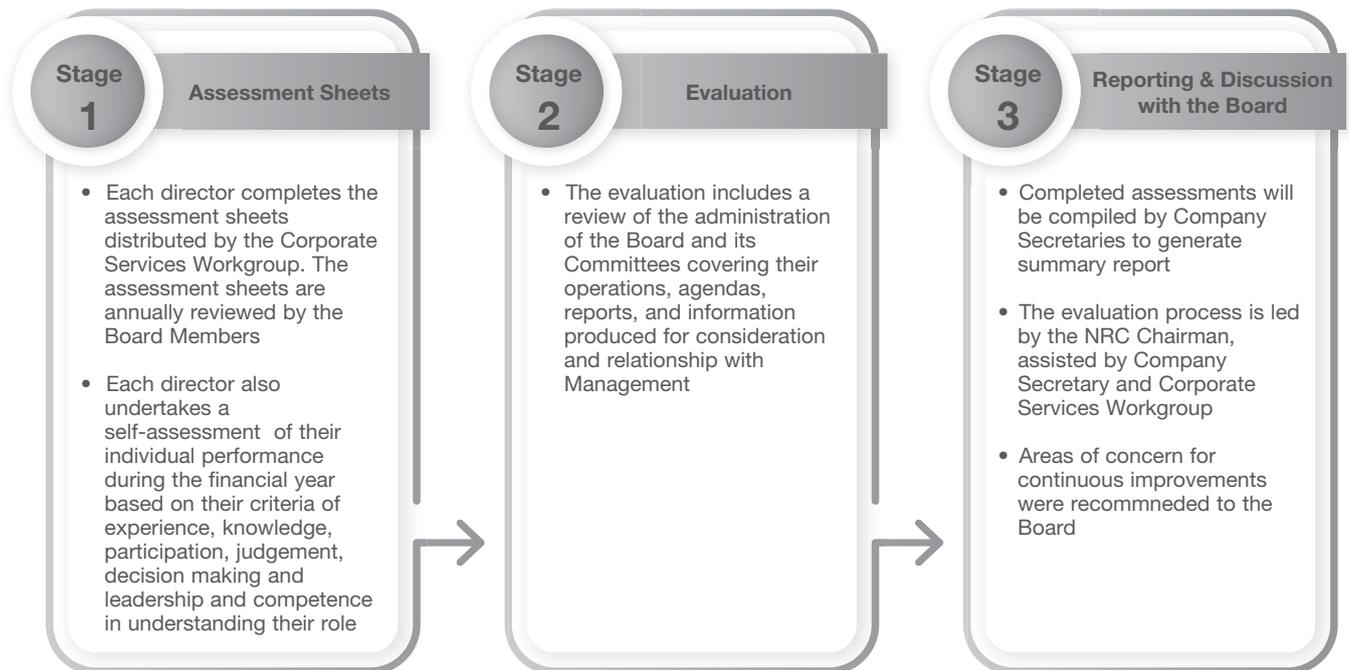
Cont'd

PRINCIPLE A – BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

BOARD COMPOSITION (CONT'D)

Evaluation of the Board (Cont'd)

The outcomes of the annual evaluation were summarised and presented to the NRC for recommendation before reporting the same to the Board for notation. Both NRC and the Board acknowledged the findings and results and would address them in an appropriate manner. The evaluation process is carried out in three stages as follows:-



Board Independence

The presence of the experienced Independent Non-Executive Directors have ensured proper check and balance within the Board, and provides unbiased and independent perspectives, advice and judgement, besides playing key supporting roles.

Criteria have been set to assess the independence of both potential candidates and existing Directors based on the guidelines set out in the AMLR of Bursa Securities. On an annual basis, the Directors are required to confirm their independence by completing the independence checklist.

The NRC had undertaken a review and assessment of the independence status of the Independent Directors serving on the Board. Based on the assessment, the Board expresses overall satisfaction with the demonstrated independence of the Independent Directors, i.e. they are perceived as independent from management and free from any business dealing or other relationship with HCB Group that could reasonably be perceived to interfere their ability to exercise their unfettered and independent judgement.

The Company adopts the best practices outlined in the MCGG which recommend the reconsideration of Independent Directors serving beyond a cumulative term of nine (9) years. However, the Board recognizes the valuable contributions of long-serving Directors who possess tremendous insight and in-depth knowledge of the Company's business and affairs. The length of their service on the Board does not compromise their capacity for independent judgement or commitment to act in the best interest of HCB Group. Should an Independent Director exceed nine (9) years, the Independent Director may continue to serve on the Board as a Non-Independent Director, subject to the Board's justification and annual shareholders' approval through a two-tier voting process.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

Cont'd

PRINCIPLE A – BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

BOARD COMPOSITION (CONT'D)

Board Independence (Cont'd)

The Board is dedicated to enhancing the presence of women and individuals from diverse cultural and linguistically backgrounds. In addition, the Board supports broad diversity principles across the full range of diversified groups of people. HCB Group is committed to creating a supportive, flexible and fair work environment valuing differences among employees. The aim is to provide a workplace that is free from all forms of discrimination and harassment and all employees are given equal opportunities.

REMUNERATION

Nominating and Remuneration Committee

The NRC assists the Board in reviewing the structure, size and composition of the Board, including providing advice to the Board on the retirement, appointment and/or replacement of Directors. The remuneration function primarily focuses on ensuring the Directors and senior management are fairly and responsibly rewarded in recognition of high performance levels.

NRC is responsible for the annual review of the required mix of skills, experience and core competency that Non-Executive Directors should bring to the Board. NRC also assess the overall effectiveness of the Board as a whole, the Board Committees, the performance of each existing Director including Independent Directors. Under the AMLR of Bursa Securities, the NRC annually reviews the term of office of the AC and evaluates the performance of the AC and each of its individual members.

Remuneration Policy

HCB's Remuneration Policy is designed to maintain a remuneration mix that is market competitive and equitable which is aligned with the Company's strategic thrusts and value drivers. It aims to attract and retain Directors of high caliber who are able to provide the necessary skills and experience commensurate with the responsibilities for the effective management of the Group as well as in line with the philosophy of value-based management. The Remuneration Policy is accessible for reference on the Company's website, www.hextarcapital.com.

The aggregate remuneration of the Directors (including benefits-in-kind) for the FYE 2024 is as follows:-

Directors	Company		Group	
	Directors' Fee (RM)	Allowances (RM)	Directors' Fee (RM)	Salary (RM)
Dato' Mazlin Bin MD Junid	48,000	42,000	-	-
Chang Kian Seong	36,000	24,000	1,500	839,041
Ong Soon Lim	36,000	19,500	16,500	154,574
Teh Li King	36,000	19,500	-	-
Er Kian Hong	36,000	28,000	-	-
Chen Thien Yin (Appointed w.e.f. 29 March 2024)	18,000	15,000	-	-
Magnus Kreuger (Resigned w.e.f. 29 March 2024)	18,000	16,000	-	-

The Board decided the remuneration of the Directors based on the recommendation put forth by the NRC. Non-Executive Directors receive fixed annual fees and allowances for attending Board and Board Committee meetings.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

Cont'd

PRINCIPLE A – BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

REMUNERATION (CONT'D)

Remuneration Policy (Cont'd)

The Board has established a policy and procedure to facilitate the NRC to review, deliberate and recommend to the Board for a decision on the remuneration packages of the Executive Directors and senior management and the Board periodically reviews the recommendations as required.

Remuneration of Senior Management

The total remuneration received by senior management of the Group encompassing salary, bonus, benefits in-kind and other emoluments categorized in bands of RM50,000, in respect of the FYE 2024, is tabulated below:-

RANGE OF REMUNERATION	NUMBER OF SENIOR MANagements
Below RM50,000	-
RM50,001 - RM100,000	-
RM100,001 – RM150,000	-
RM150,001 – RM200,000	1
RM200,001 – RM250,000	-
RM250,001 – RM300,000	-
RM300,001 – RM350,000	1
RM350,001 – RM400,000	1

Supply of and Access to Information and Advice

The Board has a formal schedule of matters exclusively reserved for its decision making. The Directors, whether collectively or individually have full and timely access to all information pertaining to HCB Group's business and affairs, to fulfill their duties effectively. Prior to the Board meetings, the agenda for each meeting together with a full set of Board papers containing information relevant to the meeting's agenda are circulated to all Directors. This allows sufficient time for Board members to obtain additional explanations or clarifications from senior management and/or the Company Secretaries, or to consult independent advisers as necessary before the meetings.

Senior management personnel are invited to attend Board meetings as needed to provide reports on their respective areas of responsibility, furnishing the Board with detailed explanations and clarifications on issues tabled and/or raised during the Board meetings. Additionally, external advisers may be invited to attend Board meetings at the expense of the Company when necessary.

At all times, all members of the Board have direct and unrestricted access to the senior management for information relating to the business and affairs of HCB Group.

Training

The Directors evaluated their individual training needs and participated in courses, seminars, conferences and talks to enhance their skill sets and knowledge to enable them to carry out their duties and discharge their responsibilities as Directors of the Company effectively. Additionally, the Directors kept themselves updated with the business and regulatory changes in official Board meetings and engaging in informal small group discussions among the Directors. Throughout the reviewed financial period, regular updates and/or briefings on regulatory and industry trends were conducted at Board and Committee meetings respectively.

The Board consistently promotes and advocates for its members to participate in suitable training and educational programs to enhance their capabilities in effectively carrying out their roles as Directors.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

Cont'd

PRINCIPLE B – EFFECTIVE AUDIT AND RISK MANAGEMENT

AUDIT COMMITTEE

FYE 2024, the Company has in place an AC which comprises three (3) Independent Non-Executive Directors. The AC is responsible to oversee the processes for the preparation and finalization of the financial data. The AC reviews the financial reports, related party transactions, situations of potential conflict of interests and evaluate the internal controls of HCB Group.

The AC has established formal and transparent arrangements to maintain an appropriate relationship with the Company's External Auditors. This includes policies and procedures to review the suitability and independence of the External Auditor. During the reviewed financial period, the AC has received written assurance from the External Auditor confirming their independent throughout the conduct of the audit engagement in accordance with the terms of all relevant professional and regulatory requirements.

RISK MANAGEMENT AND INTERNAL CONTROL FRAMEWORK

The Risk Management Committee holds monthly meetings and reports to the AC. This Committee regularly reviews all risks including financial, operation and market risks and ensures that risks and associated controls are regularly reviewed to align with current business conditions and maintain relevance. Steps are taken to eliminate outdated and irrelevant risks while identify new and vulnerable risks leading to the implementation of new controls. The management, adhering to robust corporate governance practices, place significant importance on ensuring that HCB Group is always vigilant against any situation that could potentially affect adversely to its assets, income and ultimately, its profits.

Tender Committee

The TC of the Board is responsible to review HCB Group's procurement activities and commitment to undertake major business ventures with third parties. For procurement activities, TC examines the recommendation from the management team for expenditure or investment activities that require Board approvals.

The Committee also assess the business transactions that beyond a specific financial threshold set by the Board, including the nature of the transaction, risks associated and the risk-reward considerations of the proposed transaction.

Internal Control

The Board acknowledges its overall responsibility for maintaining a sound internal control system and emphasizes the importance of regularly review its effectiveness in order to safeguard HCB Group's assets and therefore shareholders' investments in HCB Group. This system, by its nature, able to provide reasonable but not absolute assurance against material misstatement, fraud or loss.

Currently, HCB Group have outsourced its Internal Audit function to Wensen Consulting Asia (M) Sdn. Bhd., who reports directly to the AC, to ensure independent reviews be carried out on the adequacy and integrity of the HCB Group's internal controls system. The Board considers the system of internal controls instituted throughout the HCB Group to be sound and adequate. The total cost incurred for the Internal Audit activities of HCB Group for the financial year under review was RM26,000. The Statement on Risk Management and Internal Control furnished on pages 63 to 67 of the Annual Report provides an overview of the state of internal controls within the HCB Group.

Relationship with External Auditors

Through the AC, the Board has established and maintained a formal and transparent relationship with HCB Group's External and Internal Auditors. A summary of the AC's activities during the financial year can be found in the AC Report set out in this Annual Report.

The AC will conduct a private session with the External Auditors in the absence of all executive directors and management of HCB Group at least twice a year. There is open and unrestricted communication between the AC and External Auditors. The AC ensures reasonable assurance regarding the effectiveness of the internal control system through an annual independent assessment conducted by the External Auditors. Furthermore, External Auditors are invited to participate the Company's AGM.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

Cont'd

PRINCIPLE B – EFFECTIVE AUDIT AND RISK MANAGEMENT (CONT'D)

RISK MANAGEMENT AND INTERNAL CONTROL FRAMEWORK (CONT'D)

Financial Reporting

The Board aims to present a fair, balanced and meaningful assessment of HCB Group and the Company's financial performance and prospects. This is primarily achieved through the release of the quarterly financial results' announcements and annual financial statements to Bursa Securities as well as the circulation of the Annual Report to the shareholders. The AC supports the Board by reviewing the financial information to be disclosed, to ensure completeness, accuracy and adequacy before releasing it to Bursa Securities.

Statement of Directors' Responsibility for Preparing the Financial Statements

The Directors are obligated by the CA 2016 to prepare the financial statements for each financial year which give a true and fair view of the financial position as at the end of the financial year and the financial performance for the financial year of HCB Group and the Company. During the preparation of the financial statements, the Directors ensure that the applicable approved accounting standards in Malaysia, the provisions of the CA 2016 and the AMLR of Bursa Securities have been applied. In preparing the financial statements, the Directors have:-

- Selected suitable accounting policies and applied them consistently;
- Made judgments and estimates that are prudent and reasonable;
- Ensured that all applicable accounting standards have been adopted; and
- Prepared financial statements on a going concern basis as the Directors have a reasonable expectation, having made enquiries that the HCB Group and the Company have adequate resources to continue in operational existence for the foreseeable future.

The Directors have responsibility for ensuring that the HCB Group keeps accounting records that disclose with reasonably accurate representation of the financial position of both HCB Group and the Company which enable them to ensure compliance with the CA 2016. Additionally, the Directors have overall responsibility for taking reasonable steps to safeguard the assets of HCB Group and to prevent and identify instances of fraud and other irregularities.

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

ENGAGEMENT WITH STAKEHOLDERS

The Group recognises and uphold principles of transparency and accountability towards its shareholders and investors. As such, HCB is committed to the timely and effective dissemination of information through appropriate channels to the shareholders and investors to ensure that they are properly informed about major developments of HCB Group. Such information is communicated with them through various means, such as annual reports, press releases and periodic disclosures and announcements made to Bursa Securities, including quarterly and annual results. All relevant information and documents are readily available on Bursa Securities' website at www.bursamalaysia.com and the Company's website at www.hextarcapital.com.

CONDUCT OF GENERAL MEETINGS

The 28th AGM was conducted in a virtual manner through live streaming from the conference room of HCB on 29 March 2024. The Board, including the Chairman, were physically present at the broadcast venue together with the Company Secretary, the Group Financial Controller and senior management of the Company. All resolutions set out in the Notice of AGM were by way of poll and all resolutions tabled were duly approved by the shareholders. The AGM provides an opportunity for shareholders to pose relevant questions to the fellow Board members.

In line with the MCGG, the notice of the 28th AGM was issued at least 28 days prior to the AGM date. The shareholders, corporate representatives and proxies attended the 28th AGM via remote participation and voting facilities provided by the vendor.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

Cont'd

CONDUCT OF GENERAL MEETINGS (CONT'D)

The scrutineers verified and announced the poll results for each resolution, encompassing votes in favour and against. Subsequently, the Chairman of the 28th AGM declared that all the resolutions set out in the Notice of AGM were carried. The poll results were also announced by the Company Secretary to Bursa Securities on the same day for the benefit of all shareholders. The minutes of the 28th AGM were also made available on HCB's website at www.hextarcapital.com.

COMPLIANCE WITH MCCG

The Board is supportive of all recommendations outlined in the MCCG and the Board is satisfied that the recommendations set out in the MCCG have been substantially implemented within HCB Group. The Board will take reasonable steps to review existing policies and procedures from time to time to ensure full compliance thereof.

KEY FOCUS AREAS AND FUTURE PRIORITIES

In view of the enhancements in the corporate governance regulations, the Board has reviewed and updated the existing policies and procedures to ensure their alignment with the Company's current requirements. The Board will further look any additional enhancements or developments in corporate governance policies and procedures, as needed.

This statement is issued in accordance with a resolution of the Board dated 24 January 2025.

AUDIT COMMITTEE REPORT

The AC comprises three (3) Independent Non-Executive Directors (“**INED**”) during the FYE 2024 and no alternate director is appointed as a member of the AC. This meets the requirements of Rules 15.09 and 15.10 of AMLR of Bursa Securities and Practice 9.4 of the MCGG:-

COMPOSITION

The present members of the AC are as follows:-

Er Kian Hong (*Chairperson*)
(Independent Non-Executive Director)

Dato’ Mazlin Bin MD Junid
(Independent Non-Executive Director)

Chen Thien Yin
(Independent Non-Executive Director)

The Chairperson is a Member of the Certified Practising Accountants (“**CPA**”), Australia.

TERMS OF REFERENCE

The TOR of the AC which set out its duties and responsibilities are accessible via the Company’s website at www.hextarcapital.com.

ATTENDANCE AT MEETINGS DURING FYE 2024

The members of the AC and details of their attendance at the five (5) meetings held during the FYE 2024 are as follows:-

Name	Number of Meetings Attended
Er Kian Hong	5/5
Dato’ Mazlin Bin MD Junid	5/5
Chen Thien Yin (<i>Appointed on 29 March 2024</i>)	3/3
Magnus Kreuger (<i>Resigned on 29 March 2024</i>)	2/2

During the year under review, the members of the AC had two (2) separate dialogues with the representatives of the External Auditors of the Company without the presence of Executive Directors and management personnel.

SUMMARY OF ACTIVITIES OF THE AUDIT COMMITTEE DURING FYE 2024

During the FYE 2024, the AC discharged its functions and carried out its duties as set out in its TOR. The summary of key activities undertaken by the AC for the FYE 2024 is provided below:-

(a) Financial Reporting

- Reviewed and deliberated the unaudited quarterly results and annual audited financial statements of HCB Group and the Company, including related announcements, compliance and/or change in accounting policies and practices, significant adjustments arising from the audit and compliance with accounting standards and other legal requirements where explanations, clarifications and corrective action taken for significant variances are reported by the Management to the AC before recommending to the Board for approval and release of the announcements to Bursa Securities;

AUDIT COMMITTEE REPORT

Cont'd

SUMMARY OF ACTIVITIES OF THE AUDIT COMMITTEE DURING FYE 2024 (CONT'D)

(a) Financial Reporting (cont'd)

- Conducted a biannual review of the Risk Management Committee Report, before recommending it for the Board's approval; and
- Reviewed and discussed the changes in law and regulations and regulatory updates relating to HCB Group's businesses.

(b) External Audit

- Discussed and reviewed the External Auditors' Audit Planning Memorandum for the FYE 2024 outlining their responsibilities, engagement team, audit risk assessment, significant risks and areas of audit focus, consideration of fraud, and involvement of internal auditors, timetable, engagement quality control, independence policies and procedures and audit fees;
- Reviewed the External Auditors' findings arising from audits, particularly comments and management's responses towards the management's issues and their actions to resolve them;
- Reviewed the audit progress, results of the final audit, audit report and assistance or responses given by the management with the External Auditors;
- Reviewed with the External Auditors, their evaluation of the system of internal control;
- Reviewed and undertook annual assessment of the suitability, objectivity and independence of External Auditors;
- Discussed and reviewed with the External Auditors the applicability and the impact of the new accounting standards and new financial reporting regime issued by the Malaysian Accounting Standards Board;
- Evaluated the performance and effectiveness of the External Auditors in the provision of statutory audit services and recommend to the Board for approval on their re-appointment and proposed annual audit fees; and
- Dialogue session with the External Auditors, without the presence of all Executive Directors and management personnel.

(c) Internal Audit

- Reviewed and assessed the adequacy of the annual scopes and functions of the internal audit plan for HCB Group;
- Reviewed the internal audit reports which outlined the audit findings, recommendations towards remediating areas of weakness, improving internal controls and ensuring the implementation of the management action plans to address issues; and
- Reviewed the reports prepared by the Internal Auditors relating to the follow-up audits on all major areas of concern and recurring issues and risk areas to assess the extent to which the Management has made progress in implementing the agreed action plans arising from the prior internal audit reviews.

(d) RRPT

- Reviewed, on a quarterly basis, the RRPTs entered into by the Company and/or its subsidiaries with related parties to ensure that HCB Group's internal policies and procedures governing RRPTs are adhered to, the terms of the shareholder mandate are not contravened, and disclosure requirements of the Listing Requirements are observed;
- Received updates on the directorships and shareholdings held by the Directors of the Company and persons connected with them via the general notices in accordance with Section 221 of the CA 2016. These disclosures enabled an assessment of the potential or actual conflicts of interest which may arise in relation to RPT or RRPT; and
- Reviewed the Circulars to Shareholders in relation to proposed renewal and new shareholders' mandate for RRPTs and recommended it to the Board for shareholders' approval.

AUDIT COMMITTEE REPORT

Cont'd

SUMMARY OF ACTIVITIES OF THE AUDIT COMMITTEE DURING FYE 2024 (CONT'D)

(e) RPT and Conflict of Interest

- Reviewed the RPT entered into by the Company and/or its subsidiaries with related parties to ensure that the transactions were in the best interest of the Company, fair, reasonable and on normal commercial terms; and was not detrimental to the interest of the Company and the minority shareholders of the Company, prior to its recommendation to the Board for approval;
- Reviewed and recommended the Conflict of Interest Policy to the Board for approval and adoption; and
- Reviewed if there are any conflicts of interest situation that may arise within the Company or the Group at every quarterly AC and Board meetings. No conflict of interest situations required the AC's attention, except for the RRPTs.

(f) Annual Report

Reviewed the Corporate Governance Overview Statement, AC Report and Statement on Risk Management and Internal Control, before seeking approval from the Board for inclusion in the Annual Report of the Company.

INTERNAL AUDIT FUNCTION

The Internal Auditors of HCB Group during the FYE 2024 has been outsourced to Wensen Consulting Asia (M) Sdn. Bhd. ("**WENSEN**"), who reports directly to the AC. WENSEN assisted the Board through the AC in maintaining a sound system of internal controls and ensures that established policies and procedures are adhered to and continue to be effective and satisfactory.

WENSEN has conducted on-going reviews of the adequacy and effectiveness of the internal control systems, compliance with established policies and regulations and means of safeguarding assets of HCB Group. On a quarterly basis, internal audit findings and the internal follow-up review reports are submitted for review and approval by the AC. The reports contain suggested actions for addressing any identified risks or weaknesses, which are recommended to be implemented by the management. Certain internal control weaknesses were identified during the financial year under review, all of which have either been addressed or are currently being attended by the management. None of these weaknesses has resulted in any material loss that would require disclosure in HCB Group's financial statements.

WENSEN conducted a follow-up audit during the financial year to assess the progress of the implementation and improvement measures taken to address issues previously highlighted.

The reviews conducted during the financial year are as follows:-

- i. Opcom Cables Sdn. Bhd., Opcom Engineering Services Sdn. Bhd. and Hexlube Sdn. Bhd. (*formerly known as Hextar Lube Synergy Sdn. Bhd. & Unigel Compounds Sdn. Bhd.*)
 - Financial reporting and cash management;
 - Information technology management;
 - Human resources and payroll management; and
 - Procurement to payment management.

None of the internal audit personnel has any relationships or conflict of interest that could impair their objectivity and independence will performing their internal audit duties.

The total costs incurred for the internal audit function for the FYE 2024 was RM26,000.

The AC Report is made in accordance with a resolution of the Board dated 24 January 2025.

NOMINATING AND REMUNERATION COMMITTEE REPORT

The Board is pleased to present the NRC Report of HCB for the FYE 2024.

COMPOSITION

The NRC comprises three (3) Non-Executive Directors, all of whom are Independent Directors. The members of NRC are as follows:-

Chen Thien Yin (*Chairman*)
(*Independent Non-Executive Director*)

Dato' Mazlin Bin MD Junid
(*Independent Non-Executive Director*)

Er Kian Hong
(*Independent Non-Executive Director*)

TERMS OF REFERENCE

The NRC has discharged its functions and carried out its duties as set out in the TOR.

Full details of the NRC's duties and responsibilities are stated in the TOR which is available on the Company's website at www.hextarcapital.com.

The NRC shall meet at least once a year and as frequently as may be required.

ATTENDANCE AT MEETINGS DURING FYE 2024

During the FYE 2024, total of three (3) NRC meetings were held, and the details of attendance are as follows:-

Name	Number of Meetings Attended
Chen Thien Yin (<i>Appointed on 29 March 2024</i>)	1/1
Dato' Mazlin Bin MD Junid	3/3
Er Kian Hong	3/3
Magnus Kreuger (<i>Resigned on 29 March 2024</i>)	1/1

SUMMARY OF ACTIVITIES OF THE NRC DURING FYE 2024

The summary of the activities carried out by the NRC during the FYE 2024 are as follows:-

(a) Nomination, election and selection of Directors

The NRC is responsible for evaluating and proposing recommendations to the Board regarding directorship candidates when necessary, such as filling vacancies arising from resignation, retirement or addressing identified gaps in skills, competencies, experience or diversity. In identifying suitable candidates for the Board, the NRC is open to utilising a variety of approaches and independent sources to identify suitably qualified candidate(s) for consideration as Director and will ensure that the procedures for evaluating and selecting new Director are transparent and formal with the appointment made on merit basis.

In assessing the suitability of a candidate, the NRC will take into consideration various factors including but not limited to the candidate's skills, knowledge, expertise, competence, experience, time commitment, character, professionalism and integrity. For the position of Independent Non-Executive Director, the NRC will evaluate the candidate's ability to fulfil the responsibilities expected from the Independent Non-Executive Director.

NOMINATING AND REMUNERATION COMMITTEE REPORT

Cont'd

SUMMARY OF ACTIVITIES OF THE NRC DURING FYE 2024 (CONT'D)

(a) Nomination, election and selection of Directors (Cont'd)

During the year under review, the NRC considered and identified a suitable candidate to fill the vacancy arising from Magnus Kreuger, an Independent Non-Executive Director, who resigned on 29 March 2024.

After having considered the qualification, integrity and skill sets of all the potential candidates and current Directors of the Company including the time commitment to discharge their duties, responsibilities and function, the appointment of Chen Thien Yin as Independent Non-Executive Director, Chairman of NRC and TC and member of AC were approved by the Board upon recommendation of the NRC based on the assessment and criteria outlined in the DFPP.

In accordance with Article 83 of the Company's Constitution, Director appointed to fill a casual vacancy or as an addition to the Board, shall hold office only until the conclusion of the next AGM, but shall be eligible for re-election. The NRC reviewed and recommended the re-election of Chen Thien Yin who is due for retirement at the AGM held in year 2025, to be re-elected as a Director of the Company, upon confirming he meets the requirements set out in the DFPP and consent to be re-elected.

NRC also evaluated the performance and requirements set out in the DFPP by the Directors, namely Ong Soon Lim and Teh Li King who are due for retirement by rotation at the AGM and are eligible to stand for re-election, subject to the shareholders' approval at the 29TH AGM. However, both retiring Directors have expressed their intention not to seek re-election and they will remain office until the close of the 29TH AGM.

(b) Annual evaluation

The annual evaluation aimed to assess the effectiveness of the Board as a whole, the Board Committees and individual Directors as well as their performance and responsibilities, devoted sufficient time commitment to the Company's affairs, and to recommend areas for improvement. The evaluation process was facilitated by the Company Secretary involved the completion of questionnaires/evaluation forms by all Directors. The results were compiled along with comments from the Directors were properly documented, summarised and deliberated by the NRC before it makes recommendation to the Board for improvement or further actions.

In addition, the NRC also assessed the independence of Independent Directors and reviewed their yearly confirmation on independence by completing the independence checklist, and is satisfied that they are able to exercise independent and objective judgement or act in the best interests of the Company.

(c) Review of the terms of office and performance of the AC and each of its members

An evaluation on the term of office and performance of the AC for the FYE 2024 has been reviewed and assessed by the NRC relates to the internal audit programme, processes and results of internal audit or investigation undertaken, all related party transactions and conflict of interest situations that may arise with the Group accordingly to the RPT Policy and Procedure of the Group, qualification and experience to meet the objectives of the AC charter. Following the evaluation, the NRC concluded that the AC and its Members had been effective in discharging their responsibilities to ensure the quality, integrity and appropriateness in financial accounting and reporting, and have carried out their duties in accordance with their TOR.

(d) Review of Directors' fees, benefits and allowance

The NRC assessed the proposed Directors' fees and meeting attendance allowance (benefits), salary increment and performance incentives of HCB Group for FYE 2024.

(e) Review of NRC Report for the financial period ended 30 September 2023 for inclusion in the Annual Report 2023

The NRC reviewed and recommended the NRC Report which include the trainings attended by Directors in respect of the financial year under review for inclusion in the 2023 Annual Report.

STATEMENT ON RISK MANAGEMENT & INTERNAL CONTROL

INTRODUCTION

The Board of HCB is pleased to provide the following Statement on Risk Management and Internal Control of HCB and the Group for the FYE 30 September 2024, which has been prepared in accordance with the “Statement on Risk Management & Internal Control – Guidelines for Directors of Listed Issuers” (“**Guidelines**”) issued by Bursa Securities .

BOARD RESPONSIBILITY

The Board recognises the importance of an effective and dynamic Board to lead and control the Group in enhancing the long-term shareholders’ value and also ensuring that other stakeholders’ interests are also taken into consideration.

The Board is entrusted with the responsibility to exercise reasonable and proper care of the Group’s resources in the best interest of its shareholders, whilst safeguarding its assets and shareholders’ investments.

There is an ongoing process for identifying, evaluating, and managing the significant risks faced by the Group. The Board through its Audit Committee reviews the results of this process quarterly, including measures that have been carried out by management to mitigate and address the key risk areas. This process has been in place for the financial year under review and up to the date of approval of this Statement.

The Board affirms its overall responsibilities for maintaining a sound system of risk management and internal controls, for reviewing its adequacy and integrity in supporting the achievement of the Group’s strategic goals and business objectives, and for managing those risks efficiently, effectively, and economically.

RISK MANAGEMENT FRAMEWORK

The Board and management drive a proactive risk management culture to ensure that the Group’s management and Head of Workgroups have a better and clear understanding of the risk management principles.

The Group had written Risk Management Policies and Procedures (“**RMPP**”) to ensure a formal and consistent process of risk identification, assessment, acceptance, and treatment is carried out within the Group.

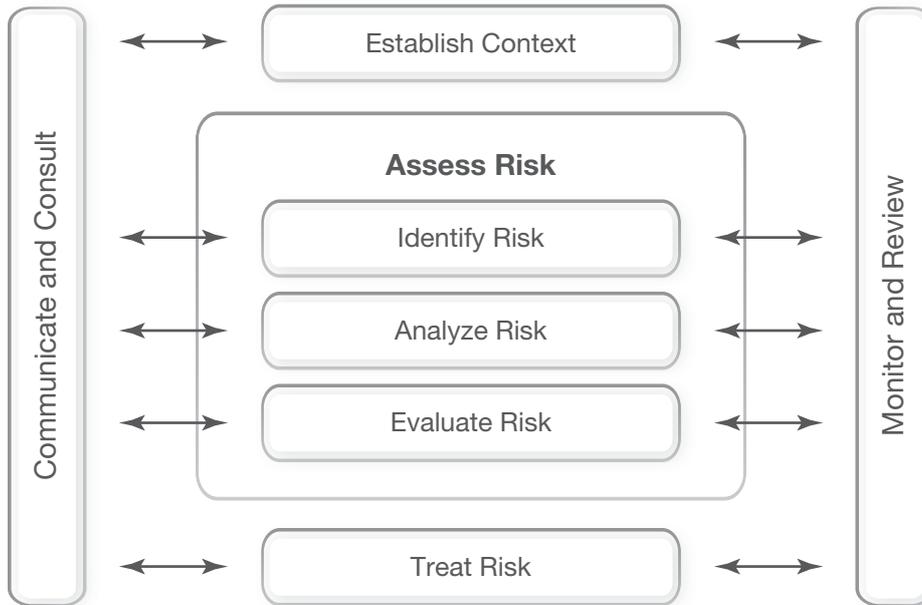
Under the RMPP, the role and responsibilities of the Board, AC, and Risk Management Committee (“**RMC**”) are defined. The composition of RMC is made up of individual heads of business units and the head of functional workgroups such as human resources, finance, MIS, safety and security, marketing, engineering, production & technical, etc, primarily to assist the Board and Audit Committee in the management of risks and control responsibilities. A RMC Chairman is appointed from the committee to govern the operations of the RMC.

STATEMENT ON RISK MANAGEMENT & INTERNAL CONTROL

Cont'd

RISK MANAGEMENT FRAMEWORK (CONT'D)

The Group's Risk Management Committee had adopted the ISO31000:2009 which had superseded AS/NSZ 4360:2004 Risk Management Standard, for the establishment and implementation of the Risk Management Process within the Group. The overview of the Risk Management Process is depicted in the following diagram:



The overview of the Risk Management Process involves the systematic establishment of strategic and organisational context, identifying, analysing, assessing, evaluating, monitoring, and/or reporting on the risks that may affect the achievement of the business objectives. This process helps to reduce the Group's internal and external uncertainty environment, thus allowing it to maximise business opportunities.

Once the gross risk is identified with its likelihood rating and impact level determined, the management further identifies the existing control procedures for identified risk and the effectiveness of the control, to determine the remaining risk known as Residue Risks. The Group's Residue Risks are plotted in the Risk Map (as indicated in the below table) to assist management in prioritising their efforts and appropriately gauging the acceptability and managing the different classes of risks.

Probability/Likelihood	Consequences/Impact				
	1 Insignificant	2 Minor	3 Moderate	4 Major	5 Catastrophic
5 - Almost Certain	High	High	High	Extremely high	Extremely high
4 - Likely	Low	Low	Moderate	High	Extremely high
3 - Possible	Low	Low	Moderate	High	Extremely high
2 - Unlikely	Insignificant	Insignificant	Moderate	High	Extremely high
1 - Rare	Insignificant	Insignificant	Low	Low	High

Insignificant
 Low
 Moderate
 High
 Extremely high

RMC shall meet once every two (2) months or six (6) times in a financial year to continuously monitor and review management action plans to mitigate the risk. The RMC also had ad-hoc meeting arrangements on any crisis management that might arise.

STATEMENT ON RISK MANAGEMENT & INTERNAL CONTROL

Cont'd

INTERNAL AUDIT

The Group appoints an independent outsourced internal audit service provider to carry out internal audit reviews and to support the Board in assessing the adequacy and integrity of the internal control systems of the business units within the Group. The internal audit team highlights to the executive and operational management, areas for improvement and subsequently reviews the extent to which its recommendations have been implemented.

Areas that the internal auditors reviewed during the year are as follows:

- i. Opcom Cables Sdn. Bhd., Opcom Engineering Services Sdn. Bhd. and Hexlube Sdn. Bhd. (formerly known as Hextar Lube Synergy Sdn. Bhd. & Unigel Compounds Sdn. Bhd.)
 - Financial Reporting and Cash Management;
 - Information Technology Management.
- ii. Opcom Cables Sdn. Bhd., Opcom Engineering Services Sdn. Bhd. and Hexlube Sdn. Bhd. (formerly known as Hextar Lube Synergy Sdn. Bhd. & Unigel Compounds Sdn. Bhd.)
 - Human Resources and Payroll Management.
- iii. Opcom Cables Sdn. Bhd., Opcom Engineering Services Sdn. Bhd. and Hexlube Sdn. Bhd. (formerly known as Hextar Lube Synergy Sdn. Bhd. & Unigel Compounds Sdn. Bhd.)
 - Procurement to Payment Management.

The reports are submitted to the AC, which reviews the findings with management at its quarterly meetings. In addition, the Management's response to the control recommendations on deficiencies identified during the internal audits provide an added and independent assurance that control procedures are in place, and are being followed.

The AC reports to the Board the plans and activities of the outsourced internal audit function, significant findings, and the necessary recommendations for the adequacy and effectiveness of the system of internal controls of the Group, including accounting control procedures.

Additionally and separately, the Board is also of the view that the Internal Control system is adequate and effective based on the established Internal Control framework as reported by an independent outsourced internal audit service provider to the Audit Committee of the Board. The Board remains committed to ensuring a sound system of risk management and internal control, and therefore, recognise that the systems must continuously evolve to support growth and will take any appropriate action plans, when necessary, to further enhance the Company's system of risk management and internal control.

STATEMENT ON RISK MANAGEMENT & INTERNAL CONTROL

Cont'd

MANAGEMENT RESPONSIBILITIES AND BOARD ASSURANCE AND LIMITATION

The Board uses the following key controls, processes, and information and review mechanisms to follow up on the progress of management actions and to derive comfort on the state of internal control and risk management in the Group:

- A RMC has been set up to constantly identify, evaluate and monitor significant risks faced by the Group. The said committee is also responsible for the development of risk mitigation strategies and plans;
- Board discussions with the management during the board meetings on business and operational issues as well as the measures taken by the management to mitigate and manage risks associated with the business environment;
- The management team of the business unit meets frequently to discuss and review the cash flows, financial and business units' performances, funding, and operational issues to ensure that challenges and risks are addressed timely and appropriately;
- The AC reviews and discusses with the management the unaudited quarterly financial results to monitor the Group's performance; and
- The AC also discusses with the External Auditors on the key concerns and findings on financial and internal control matters at the audit planning, interim and final stage of the audit, and the follow-up actions by the management.

The Group's system of internal controls also comprises the following key elements:

- **Standard Operating Procedures and Control Policy**
Group-wide policies and procedures are in place to facilitate communications and awareness of accountability and control procedures for key business units. The policies and procedures are available and accessible to the relevant employees.
- **Organisation Structure and Authorisation Matrix**
The Group has a formally defined organisational structure that sets out lines of accountability. The delegation of authority is documented and sets out the decisions that need to be taken and the appropriate authority levels of management, including matters that require the Board's approval. Key financial and procurement matters of the Group require the authorisation of the relevant levels of senior management.
- **Budgetary Review**
The Group's management team monitors and reviews the financial results and budgets for all business units within the Group monthly. The processes include monitoring and reporting performance against the operating plans and annual budgets in operations committee meetings. The Group's management team communicates monthly to monitor operational and financial performance as well as to formulate action plans to address any areas of concern.

The system of internal control is also structured in such a manner that it provides reasonable assurance that the likelihood of a significant adverse impact on objectives arising from a future event or situation is at a level acceptable to the business. It achieves this through a combination of prevention, detective, and corrective measures. It is possible that internal control may be circumvented or overridden. The rationale of the system of internal controls is to enable the Group to achieve its strategic and business objectives within an acceptable risk profile and cannot be expected to eliminate all risks. The system of internal controls will continue to be reviewed and tested periodically, added on, or updated in line with the changes in the operating environment.

However, this system of internal control does not apply to the Associated Companies as the Group does not possess control over the associates who operate under different business environments. There are no major internal control weaknesses that brought to the attention of the Board since the date of acquisition.

STATEMENT ON RISK MANAGEMENT & INTERNAL CONTROL

Cont'd

MANAGEMENT RESPONSIBILITIES AND BOARD ASSURANCE AND LIMITATION (CONT'D)

The RMC provided assurance that there was no significant breakdown or weakness in the system of internal controls of the Group that may result in a material loss to the Group for the financial year ended 30 September 2024. Based on the management's assurance as well as input from the relevant assurance providers, the Board is of the view that the risk management and internal control system are adequate and effective for the financial year under review and up to the date of approval of this statement and there is a continuous process in evaluating and managing significant risks faced by the Group and the underlying controls to mitigate these risks.

Review of Statement on Internal Control by External Auditors

Pursuant to Rule 15.23 of the Bursa Malaysia Securities Berhad Ace Market Listing Requirement, the external auditors have reviewed this Statement on Risk Management and Internal Control. Their limited assurance review was performed in accordance with Audit and Assurance Practice Guide 3 ("**AAPG 3**"): Guidance for Auditors on Engagements to Report on the Statement on Risk Management and Internal Control included in the Annual Report, issued by the Malaysian Institute of Accountants. AAPG 3 does not require the external auditors to form an opinion on the adequacy and effectiveness of the risk management and internal control systems of the Group.

Based on their review, the external auditors have reported to the Board that nothing has come to their attention that causes them to believe that the statement is inconsistent with their understanding of the processes adopted by the Board in reviewing the adequacy and effectiveness of the risk management and internal control system of the Group, in all material respects, in accordance with the disclosures required by paragraphs 41 and 42 on the Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers.

This statement is issued in accordance with a resolution of the Board dated 24 January 2025.

ADDITIONAL COMPLIANCE INFORMATION

The information set out below is disclosed in compliance with the AMLR of Bursa Securities:-

1. AUDIT FEES AND NON-AUDIT FEES

The amount of audit and non-audit fees incurred for services rendered to HCB Group by the Group's External Auditors for the FYE 2024 are as follows:-

	Group (RM)	Company (RM)
Audit Fees	1,045,405	640,905
Non-Audit Fees	8,000	8,000

Non-Audit fees payable to the External Auditors for the FYE 2024 by HCB Group covering the review of Statement on Risk Management and Internal Control, as well as examination of financial information presented in the Annual Report.

2. MATERIAL CONTRACTS INVOLVING DIRECTORS' AND MAJOR SHAREHOLDERS' INTEREST

There were no material contracts entered into by the Company and/or its subsidiaries involving the Board and major shareholders' interest either subsisting at the end of the FYE 2024 or entered into since the end of the previous financial year.

3. UTILISATION OF PROCEEDS

- (a) On 9 September 2021, the Company successfully raised RM23.147 million from the private placement by the issuance of 53,212,400 new ordinary shares on ACE Market of Bursa Securities. The status of the utilisation of proceeds is as follows:-

Details of Utilisation	Proceeds raised RM'000	Actual utilised RM'000	Balance to be utilised RM'000
1) Future business projects/investment	19,000	(19,000)	-
2) Working capital	3,668	(3,668)	-
3) Estimated expenses for the Private Placement	479	(479)	-
Total	23,147	(23,147)	-

- (b) On 31 January 2023, the Company successfully raised RM19.257million from the private placement by the issuance of 27,908,700 new ordinary shares on ACE Market of Bursa Securities. The status of the utilisation of proceeds is as follows:-

Details of Utilisation	Proceeds raised RM'000	Actual utilised RM'000	Balance to be utilised RM'000
1) Future business projects/investment	18,257	(8,500)	9,757
2) Working capital	735	(735)	-
3) Estimated expenses for the Private Placement	265	(265)	-
Total	19,257	(9,500)	9,757

ADDITIONAL COMPLIANCE INFORMATION

Cont'd

3. UTILISATION OF PROCEEDS (CONT'D)

- (c) On 7 June 2024, the Company had raised total proceeds of RM10.036million from the disposal of investment in Unigel (UK) Limited and Unigel IP Limited. The status of the utilisation of proceeds is as follows:-

Details of Utilisation	Proceeds raised RM'000	Actual utilised RM'000	Balance to be utilised RM'000
1) Funding for projects	6,500	(6,500)	-
2) Working capital	3,036	(3,036)	-
3) Estimated expenses for the Private Placement	500	(500)	-
Total	10,036	(10,036)	-

4. EMPLOYEES' SHARE OPTION SCHEME

The shareholders of the Company had via an Extraordinary General Meeting held on 18 August 2021 approved the ESOS of up to 30% of the total number of issued shares of HCB Group (excluding treasury shares, if any) for eligible Directors and employees of the Company and its subsidiaries. The ESOS is for a duration of five (5) years commencing from the date of implementation of ESOS, unless extended further.

- (a) According to the register of the options, the number of schemes currently in existence during the financial year were as follows:-

Total Number of Options Granted	-
Total Number of Options Exercised	-
Total Number of Options Lapsed *	500,000
Total Number Options Outstanding	18,500,000

* Due to resignation

- (b) The total number of options granted to the Directors and senior management, and outstanding options during the financial period were as follows:-

Description	Directors	Senior Management
Total Number of Options Granted	-	-
Total Number of Options Exercised	-	-
Total Number of Options Outstanding	18,500,000	-

- (c) Percentage of options granted to Directors and senior management under the ESOS are as follows:-

	Since commencement up to 30 September 2024
Aggregate maximum allocation	100%
Actual percentage granted and accepted	100%

ADDITIONAL COMPLIANCE INFORMATION

Cont'd

4. EMPLOYEES' SHARE OPTION SCHEME (CONT'D)

- (d) The breakdown of the options offered to and exercised by the Non-Executive Directors pursuant to the ESOS in respect of the FYE 2024 are as follows:-

Name of Directors	Amount of options granted	Amount of options exercised
1. Dato' Mazlin Bin MD Junid	500,000	-
2. Teh Li King	8,000,000	-
3. Er Kian Hong	-	-
4. Chen Thien Yin	-	-
5. Ong Soon Lim	10,000,000	-

5. RECURRENT RELATED PARTY TRANSACTIONS

The following are the details of RRPTs entered into between the Company and its subsidiaries and related parties during FYE 2024 pursuant to the Shareholders' Mandate obtained by the Company at the last AGM held on 29 March 2024:

No.	Transacting Parties	Interested Parties	Nature of Relationship	Nature of Transaction with HCB Group	Aggregate Value made during the FYE 2024 (RM)
1.	CIBC Technology Sdn. Bhd. ("CIBC")	Dato' Ong Choo Meng ("OCM") Ong Soon Lim ("OSL")	OCM is the executive director and Major Shareholder of Hextar Technologies Solutions Berhad ("HTSB"). HTSB is the holding company of CIBC, CLSSB and PSSB.	Purchase of goods from CIBC, e.g, but not limited to construction and building materials such as pole concrete, ready mix concrete, steel bar and etc.	-
				Supply of goods/ services to CIBC, e.g., but not limited to anti-fungus, cement additives, lubricant and/or other related products.	-
2.	Complete Logistic Specialists Sdn. Bhd. ("CLSSB")		OSL is a director of a subsidiary company under HTSB. He is also the uncle of OCM.	Purchase of goods/ services from CLSSB, e.g, but not limited to transportation services.	181,926
3.	Pengangkutan Sekata Sdn. Bhd. ("PSSB")			Purchase of goods/ services from PSSB, e.g. but not limited to transportation services.	-

ADDITIONAL COMPLIANCE INFORMATION

Cont'd

5. RECURRENT RELATED PARTY TRANSACTIONS (CONT'D)

No.	Transacting Parties	Interested Parties	Nature of Relationship	Nature of Transaction with HCB Group	Aggregate Value made during the FYE 2024 (RM)
4.	Hextar Holdings Sdn. Bhd. with its subsidiaries/ associates (" HHSB Group of Companies ")	OCM, OSL and Teh Li King (" TLK ")	<p>OCM is an executive director and Major Shareholder of HHSB.</p> <p>OSL is the uncle of OCM.</p> <p>TLK is deemed as a Person Connected to OCM as he is the Group Chief Operating Officer of HHSB Group of Companies.</p>	<p>i. Supply of goods/ services to HHSB Group of Companies. e.g. but not limited to engineering, consultation, maintenance and service management.</p> <p>ii. Purchase of goods/ services from HHSB Group of Companies. e.g. but not limited to chemicals, research and development, and Solar PV systems.</p>	-
5.	Hextar Global Berhad with its subsidiaries/ associates (" HGB Group of Companies ")	OCM, OSL and TLK	<p>OCM is a Major Shareholder of HGB and HGB is the holding company of HRDISB and HCSB.</p> <p>OSL is the uncle of OCM.</p> <p>TLK is deemed as a Person Connected to OCM as he is the Group Chief Operating Officer of HHSB Group of Companies, which is the ultimate holding company of HGB. TLK is a director of HCSB and also a shareholder of HGB.</p>	<p>i. Supply of goods/ services to HGB Group of Companies. e.g. but not limited to lubricant-based related products (e.g. hydraulic oil, grease), handling, storage etc.</p> <p>The supply of goods/services to HGB Group of Companies are not the same as the purchase of goods/services from HGB Group of Companies</p>	1,713,938

ADDITIONAL COMPLIANCE INFORMATION

Cont'd

5. RECURRENT RELATED PARTY TRANSACTIONS (CONT'D)

No.	Transacting Parties	Interested Parties	Nature of Relationship	Nature of Transaction with HCB Group	Aggregate Value made during the FYE 2024 (RM)
				<p>ii. Purchase of goods/ services from HGB Group of Companies, e.g. but not limited to lubricant related additives.</p> <p>The supply of goods/services to HGB Group of Companies are not the same as the purchase of goods/services from HGB Group of Companies.</p>	-
6.	Hextar R&D International Sdn. Bhd. ("HRDISB")			Purchase of goods/ services from HRDISB, e.g. but not limited to research and development related products/services, e.g. lab testing.	-
7.	Hextar Chemicals Sdn. Bhd. ("HCSB")			Purchase of goods/ services from HCSB, e.g. but not limited to raw materials, chemicals.	7,137
8.	SeeChem Horizon Sdn. Bhd. ("SCHSB")	OCM and OSL	<p>OCM is a shareholder of SCHSB.</p> <p>OSL is the uncle of OCM.</p>	Purchase of goods/ services from SCHSB, e.g. but not limited to intellectual properties such as consultancy, technical advisory and related services and business services and provision of such related services.	60,000
9.	TK Rentals Sdn. Bhd. ("TKRSB")	OCM, OSL and TLK	OCM is a major shareholder of Hextar Industries Berhad ("HIB") and HIB is the holding company of TKRSB.	<p>i. Purchase of capital equipment from TKRSB, e.g. but not limited to forklift.</p> <p>ii. Purchase of goods/ services from TKRSB, e.g. but not limited to forklift batteries.</p>	-

ADDITIONAL COMPLIANCE INFORMATION

Cont'd

5. RECURRENT RELATED PARTY TRANSACTIONS (CONT'D)

No.	Transacting Parties	Interested Parties	Nature of Relationship	Nature of Transaction with HCB Group	Aggregate Value made during the FYE 2024 (RM)
			<p>OSL is the uncle of OCM.</p> <p>TLK is deemed as a Person Connected to OCM as he is the Group Chief Operating Officer of HHSB Group of Companies, which is the ultimate holding company of HIB.</p>		
10.	Binasat Communications Berhad with its subsidiaries/associates (" BCB Group of Companies ")	OCM, OSL and TLK	<p>OCM is deemed interested in BCB via Opcom VC Sdn. Bhd. ("OVCSB"). OVCSB is wholly owned by the Company and OVCSB is the substantial shareholder of BCB.</p> <p>OSL is Group Managing Director of BCB and the uncle of OCM.</p> <p>TLK is the non-independent non-executive director of BCB.</p>	Supply of good and services to BCB Group of Companies e.g. but not limited to fiber optic cables, high density polyethylene tube and pipe, corrugated sub duct, smooth wall duct, fiber optic splice closure, box panel distribution, fiber wall socket, transformer oil and engineering services related to telecommunication network, fiber optic closure or fiber optic infrastructure.	2,579,019

ADDITIONAL COMPLIANCE INFORMATION

Cont'd

5. RECURRENT RELATED PARTY TRANSACTIONS (CONT'D)

No.	Transacting Parties	Interested Parties	Nature of Relationship	Nature of Transaction with HCB Group	Aggregate Value made during the FYE 2024 (RM)
11.	Transgrid Ventures Sdn. Bhd. ("TVSB")	OSL, Datin Sri M. Saraswathy A/P Manikum (" Datin Sri M. Saraswathy "), Dato' Sri J.O. Nantha Kumar A/L J.C. Ramalu (" Dato' Sri J.O. Nantha "), and Chang Kian Seong (" CKS ")	OSL and CKS are the directors of TVSB. Datin Sri M. Saraswathy is a director of TVSB and a Major Shareholder of the Company and TVSB. Dato' Sri J.O. Nantha is the spouse of Datin Sri M. Saraswathy and is a Major Shareholder of the Company and TVSB via his indirect interest. He is also a director of TVSB.	Supply of transformer oil and engineering services related to electrical substation and storage space to TVSB.	-

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FINANCIAL

STATEMENT

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DIRECTORS' REPORT

The directors hereby submit their report together with the audited financial statements of the Group and of the Company for the financial year ended 30 September 2024.

PRINCIPAL ACTIVITIES

The Company is principally engaged in the business of renting of buildings, provision of management services to its subsidiaries and investment holding. The principal activities of the subsidiaries are set out in Note 9 to the financial statements.

There have been no significant changes in the nature of these activities during the financial year except for:

- (i) one of its subsidiaries, Opcom Trading Sdn. Bhd. has added money lending business as one of its principal activities on 03 October 2023; and
- (ii) one of its subsidiaries, T&J Engineering Sdn. Bhd. has added provision of all related services in relation to the engineering, construction and project management business as its principal activities on 05 July 2024, as disclosed in Note 9 to the financial statements.

RESULTS

	Group RM	Company RM
Loss for the financial year, net of tax	(3,858,939)	(8,734,682)
Attributable to:		
Owners of the Company	(3,617,238)	(8,734,682)
Non-controlling interests	(241,701)	-
	(3,858,939)	(8,734,682)

DIVIDENDS

No dividend has been paid or declared by the Company since the end of the previous financial period.

The directors do not recommend the payment of any dividends in respect of the financial year ended 30 September 2024.

RESERVES OR PROVISIONS

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

BAD AND DOUBTFUL DEBTS

Before the financial statements of the Group and of the Company were prepared, the directors took reasonable steps to ascertain that action had been taken in relation to the writing off of bad debts and the making of allowance for doubtful debts and had satisfied themselves that there were no known bad debts and that adequate allowance had been made for doubtful debts.

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

DIRECTORS' REPORT

Cont'd

CURRENT ASSETS

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

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

VALUATION METHODS

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

CONTINGENT AND OTHER LIABILITIES

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

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

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

CHANGE OF CIRCUMSTANCES

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

ITEMS OF MATERIAL AND UNUSUAL NATURE

In the opinion of the directors,

- (i) the results of the operations of the Group and of the Company for the financial year were not substantially affected by any item, transaction or event of a material and unusual nature except for the acquisition of associates as disclosed in Note 10 to the financial statements; and
- (ii) no item, transaction or event of a material and unusual nature has arisen in the interval between the end of the financial year and the date of this report which is likely to affect substantially the results of the operations of the Group and of the Company for the financial year in which this report is made.

ISSUE OF SHARES AND DEBENTURES

During the financial year, the Company issued 62,941,554 new ordinary shares at a price of RM0.7785 per ordinary share as part of purchase consideration for the acquisition of 49% equity interest in Transgrid Ventures Sdn. Bhd. pursuant to a share sale agreement dated 01 August 2023 as disclosed in Note 10 to the financial statements. The fair value of the shares issued on the completion date was RM0.585 per share.

DIRECTORS' REPORT

Cont'd

ISSUE OF SHARES AND DEBENTURES (CONT'D)

The new ordinary shares issued during the financial year rank pari passu in all respects with the existing ordinary shares of the Company.

No new issue of debentures were made by the Company.

OPTIONS GRANTED OVER UNISSUED SHARES

No options were granted to any person to take up the unissued shares of the Company during the financial year other than options previously granted pursuant to the Employees Share Option Scheme ("ESOS").

On 18 August 2021, the Company's shareholders approved the establishment of an ESOS for directors and employees who meet the criteria of eligibility for participation. On 21 September 2021, the Company granted 68,000,000 ESOS to selected eligible employees and directors of the Group.

The salient features and other details of the ESOS are disclosed in Note 19(a) to the financial statements.

Movement of the options offered for the subscription of unissued ordinary shares during the financial year are as follows:

Grant date	Exercise price	Number of option over ordinary shares				At 30 September 2024
		At 1 October 2023	Granted	Exercised	Lapsed	
21 September 2021	RM0.6804	19,000,000	-	-	(500,000)	18,500,000

DIRECTORS

The directors in office during the financial year until the date of this report are:

Dato' Mazlin Bin MD Junid
 Ong Soon Lim*
 Teh Li King*
 Er Kian Hong
 Chang Kian Seong*
 Chen Thien Yin
 Magnus Kreuger

Appointed on 29 March 2024
 Resigned on 29 March 2024

* *Directors of the Company and certain subsidiaries*

Other than as stated above, the names of the directors of the subsidiaries of the Company in office during the financial year until the date of this report are:

Yusree Putra Bin Alias
 Rohiza Binti Husain
 Dato' Ngu Sing Hieng
 Dato' Wong Say Khim

DIRECTORS' REPORT

Cont'd

DIRECTORS' INTERESTS

According to the Registers of Directors' Shareholding required to be kept by the Company under Section 59 of the Companies Act 2016 in Malaysia, the interests of directors in office at the end of the financial year in share options granted under ESOS in the Company and its related corporations during the financial year were as follows:

	Number of share options				At 30 September 2024
	At 1 October 2023	Granted	Exercised	Lapsed	
Share options in the Company					
Dato' Mazlin Bin MD Junid	500,000	-	-	-	500,000
Ong Soon Lim	10,000,000	-	-	-	10,000,000
Teh Li King	8,000,000	-	-	-	8,000,000
Magnus Kreuger*	500,000	-	-	(500,000)	-

* Resigned on 29 March 2024

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

DIRECTORS' BENEFITS

Since the end of the previous financial period, no director of the Company has received or become entitled to receive any benefit (other than benefits included in the aggregate amount of emoluments received or due and receivable, by the directors as shown below) by reason of a contract made by the Company or a related corporation with the director or with a firm of which the director is a member, or with a company in which the director has a substantial financial interest other than any deemed benefit which may arise from transactions as disclosed in Note 29 to the financial statements.

The directors' benefits of the Group and of the Company during the financial year are as follows:

	Group RM	Company RM
- Fees	276,000	228,000
- Salaries, bonuses and other benefits	2,525,129	164,000
- Defined contribution plan	279,961	-
	3,081,090	392,000

Neither during, nor at the end of the financial year, was the Company a party to any arrangements where the object is to enable the directors to acquire benefits by means of the acquisition of shares in, or debentures of the Company or any other body corporate, other than those arising from the share options granted under the ESOS.

INDEMNITY TO DIRECTORS AND OFFICERS

During the financial year, the total amount of indemnity insurance coverage and insurance premium paid for the directors and officers of the Company and its subsidiaries were RM5,000,000 and RM3,459 respectively.

DIRECTORS' REPORT

Cont'd

SUBSIDIARIES

The details of the Company's subsidiaries are disclosed in Note 9 to the financial statements.

SIGNIFICANT EVENTS

Details of significant events during the financial year are disclosed in Note 35 to the financial statements.

AUDITORS

The auditors, Messrs Ecovis Malaysia PLT, have expressed their willingness to continue in office.

The auditors' remuneration of the Group and of the Company during the financial year are as follows:

	Group RM	Company RM
Auditors' remuneration:		
Audit fee:		
- Ecovis Malaysia PLT	780,000	390,000
- Other auditors	200,125	193,625
Underprovision of audit fee in prior year:		
- Ecovis Malaysia PLT	65,280	57,280
Non-audit fees		
- Ecovis Malaysia PLT	8,000	8,000
	1,053,405	648,905

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

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

Chang Kian Seong
Director

Ong Soon Lim
Director

Date: 24 January 2025

STATEMENTS OF FINANCIAL POSITION

AS AT 30 SEPTEMBER 2024

	Note	Group		Company	
		30.09.2024	30.09.2023 (Restated)	30.09.2024	30.09.2023 (Restated)
		RM	RM	RM	RM
ASSETS					
Non-current assets					
Property, plant and equipment	5	23,183,976	20,310,301	77,609	93,801
Right-of-use assets	6	11,640,722	12,011,285	11,276,547	11,503,974
Investment properties	7	-	-	11,309,071	11,668,308
Intangible assets	8	4,159,745	32,342,659	-	-
Investment in subsidiaries	9	-	-	83,041,953	83,289,334
Investment in associates	10	126,592,631	-	83,956,321	-
Trade receivables	13	58,688,728	-	-	-
Other receivables	14	8,250,000	1,042,565	-	-
Total non-current assets		232,515,802	65,706,810	189,661,501	106,555,417
Current assets					
Inventories	12	8,936,612	17,204,983	-	-
Trade receivables	13	95,568,592	110,554,868	-	-
Other receivables, deposits and prepayments	14	10,833,588	21,638,767	68,984,327	78,201,901
Tax assets		2,199,359	217,026	700,365	244,277
Other investment	15	6,280,264	7,369,132	-	-
Deposits, cash and bank balances	16	31,629,683	77,467,392	14,301,925	9,097,333
		155,448,098	234,452,168	83,986,617	87,543,511
Non-current assets held for sale	17	-	7,617,687	-	-
Total current assets		155,448,098	242,069,855	83,986,617	87,543,511
TOTAL ASSETS		387,963,900	307,776,665	273,648,118	194,098,928

STATEMENTS OF FINANCIAL POSITION

AS AT 30 SEPTEMBER 2024

Cont'd

	Note	Group		Company	
		30.09.2024 RM	30.09.2023 (Restated) RM	30.09.2024 RM	30.09.2023 (Restated) RM
EQUITY AND LIABILITIES					
Equity attributable to owners of the Company					
Share capital	18	207,448,648	170,627,839	207,448,648	170,627,839
Reserves	19	(33,992,955)	(33,848,260)	(41,369,251)	(41,275,341)
Retained earnings		33,207,507	55,280,835	6,953,956	15,594,728
		206,663,200	192,060,414	173,033,353	144,947,226
Non-controlling interests		9,658,947	9,900,648	-	-
TOTAL EQUITY		216,322,147	201,961,062	173,033,353	144,947,226
Non-current liabilities					
Loans and borrowings	20	43,692,038	296,554	7,333,328	-
Deferred tax liabilities	11	680,158	7,163,280	861,629	922,456
Other payables	22	13,800,170	24,798,133	13,800,170	24,798,133
Total non-current liabilities		58,172,366	32,257,967	21,995,127	25,720,589
Current liabilities					
Loans and borrowings	20	35,442,401	27,143,405	18,871,504	6,000,000
Trade payables	21	13,603,254	18,440,665	-	-
Other payables and accruals	22	64,423,732	20,632,336	59,748,134	17,431,113
Tax liabilities		-	7,341,230	-	-
Total current liabilities		113,469,387	73,557,636	78,619,638	23,431,113
TOTAL LIABILITIES		171,641,753	105,815,603	100,614,765	49,151,702
TOTAL EQUITY AND LIABILITIES		387,963,900	307,776,665	273,648,118	194,098,928

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

STATEMENTS OF COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2024

	Note	Group		Company	
		01.10.2023 to 30.09.2024	01.04.2022 to 30.09.2023	01.10.2023 to 30.09.2024	01.04.2022 to 30.09.2023
		RM	RM	RM	RM
Revenue	23	117,653,139	217,533,024	2,404,072	6,876,430
Cost of sales		(86,523,285)	(162,764,875)	(2,192,454)	(3,073,285)
Gross profit		31,129,854	54,768,149	211,618	3,803,145
Other income	24	10,327,946	6,974,711	553,908	1,694,982
Distribution expenses		(483,802)	(1,804,592)	-	-
Administrative expenses		(14,444,258)	(15,451,125)	(3,063,822)	(3,170,450)
Other operating expenses		(33,660,230)	(34,005,424)	(4,332,891)	(12,000)
Net impairment losses on financial assets and contract assets		(383,040)	(654,842)	(1,595,058)	-
		(48,971,330)	(51,915,983)	(8,991,771)	(3,182,450)
Operating (loss)/profit		(7,513,530)	9,826,877	(8,080,245)	2,315,677
Finance costs	25	(3,285,945)	(896,036)	(586,615)	(65,513)
Share of results of associates		7,301,978	2,052,120	-	-
(Loss)/Profit before tax	26	(3,497,497)	10,982,961	(8,812,860)	2,250,164
Tax expense	27	(361,442)	(7,789,634)	78,178	(638,671)
(Loss)/Profit for the financial year/period		(3,858,939)	3,193,327	(8,734,682)	1,611,493

STATEMENTS OF COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2024

Cont'd

	Note	Group		Company	
		01.10.2023 to 30.09.2024	01.04.2022 to 30.09.2023	01.10.2023 to 30.09.2024	01.04.2022 to 30.09.2023
		RM	RM	RM	RM
Other comprehensive (loss)/income, net of tax					
<i>Items that may be reclassified subsequently to profit or loss</i>					
Foreign currency translation differences		(50,785)	3,806,661	-	-
Share of exchange reserve from associates		-	147,668	-	-
		(50,785)	3,954,329	-	-
<i>Items that will not be reclassified subsequently to profit or loss</i>					
Net changes in fair value of equity instruments		(18,550,000)	-	-	-
Total other comprehensive (loss)/income for the financial year/period		(18,600,785)	3,954,329	-	-
Total comprehensive (loss)/income for the financial year/period		(22,459,724)	7,147,656	(8,734,682)	1,611,493
(Loss)/Profit attributable to:					
Owners of the Company		(3,617,238)	2,528,560	(8,734,682)	1,611,493
Non-controlling interests		(241,701)	664,767	-	-
		(3,858,939)	3,193,327	(8,734,682)	1,611,493
Total comprehensive (loss)/income attributable to:					
Owners of the Company		(22,218,023)	6,482,889	(8,734,682)	1,611,493
Non-controlling interests		(241,701)	664,767	-	-
		(22,459,724)	7,147,656	(8,734,682)	1,611,493
(Loss)/Earnings per ordinary share attributable to the owners of the Company:					
- Basic (sen)	28	(0.84)	0.79		
- Diluted (sen)	28	(0.84)	0.79		

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

STATEMENTS OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2024

Group	Attributable to owners of the Company										Total equity
	Share capital	Capital reserve	Other reserve	Fair value reserve	Share option reserve	Foreign currency translation reserve	Retained earnings	Sub-total	Non-controlling interests		
	RM	RM	RM	RM	RM	RM	RM	RM	RM	RM	RM
At 1 October 2023	170,627,839	3,283	(42,685,536)	-	1,410,195	7,423,798	55,280,835	192,060,414	9,900,648	201,961,062	
Total comprehensive loss for the financial year	-	-	-	-	-	-	(3,617,238)	(3,617,238)	(241,701)	(3,858,939)	
Loss for the financial year	-	-	-	-	-	-	(3,617,238)	(3,617,238)	(241,701)	(3,858,939)	
Foreign currency translation reserve	-	-	-	-	-	(50,785)	-	(50,785)	-	(50,785)	
Net changes in fair value of equity instruments	-	-	-	(18,550,000)	-	-	-	(18,550,000)	-	(18,550,000)	
Derecognition of financial instruments	-	-	-	18,550,000	-	-	(18,550,000)	-	-	-	
Total comprehensive loss	-	-	-	-	-	(50,785)	(22,167,238)	(22,218,023)	(241,701)	(22,459,724)	
Transactions with owners											
Issuance of ordinary shares pursuant to:											
- acquisition of an associate	36,820,809	-	-	-	-	-	-	36,820,809	-	36,820,809	
Lapsed share options	-	-	-	-	(93,910)	-	93,910	-	-	-	
Total transactions with owners	36,820,809	-	-	-	(93,910)	-	93,910	36,820,809	-	36,820,809	
At 30 September 2024	207,448,648	3,283	(42,685,536)	(18,550,000)	1,316,285	7,373,013	33,207,507	206,663,200	9,658,947	216,322,147	

STATEMENTS OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2024

Cont'd

Group	Attributable to owners of the Company							Total equity	
	Share capital	Capital reserve	Other reserve	Share option reserve	Foreign currency translation reserve	Retained earnings	Sub-total		Non-controlling interests
	RM	RM	RM	RM	RM	RM	RM	RM	RM
At 1 April 2022	100,412,906	3,283	-	1,410,195	3,469,469	52,751,964	158,047,817	9,710,192	167,758,009
Total comprehensive income for the financial period									
Profit for the financial period	-	-	-	-	-	2,528,560	2,528,560	664,767	3,193,327
Foreign currency translation reserve	-	-	-	-	3,954,329	-	3,954,329	-	3,954,329
Total comprehensive income	-	-	-	-	3,954,329	2,528,560	6,482,889	664,767	7,147,656
Transactions with owners									
Issuance of ordinary shares pursuant to:									
- private placement	18,992,290	-	-	-	-	-	18,992,290	-	18,992,290
- acquisition of a subsidiary	51,222,643	-	(42,685,536)	-	-	-	8,537,107	-	8,537,107
Changes in ownership interests in subsidiaries	-	-	-	-	-	311	311	(24,311)	(24,000)
Dividend paid to non-controlling interests	-	-	-	-	-	-	-	(450,000)	(450,000)
Total transactions with owners	70,214,933	-	(42,685,536)	-	-	311	27,529,708	(474,311)	27,055,397
At 30 September 2023	170,627,839	3,283	(42,685,536)	1,410,195	7,423,798	55,280,835	192,060,414	9,900,648	201,961,062

STATEMENTS OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2024

Cont'd

Company	Share capital	Share option reserve	Other reserve	Retained earnings	Total equity
	RM	RM	RM	RM	RM
	(Note 18)	(Note 19)			
At 1 April 2022	100,412,906	1,410,195	-	13,983,235	115,806,336
Profit for the financial period, representing total comprehensive income	-	-	-	1,611,493	1,611,493
Transactions with owners					
Issuance of ordinary shares pursuant to:					
- private placement	18,992,290	-	-	-	18,992,290
- acquisition of a subsidiary	51,222,643	-	(42,685,536)	-	8,537,107
Total transactions with owners	70,214,933	-	(42,685,536)	-	27,529,397
At 30 September 2023/ 1 October 2023	170,627,839	1,410,195	(42,685,536)	15,594,728	144,947,226
Loss for the financial year, representing total comprehensive loss	-	-	-	(8,734,682)	(8,734,682)
Transactions with owners					
Issuance of ordinary shares pursuant to acquisition of an associate	36,820,809	-	-	-	36,820,809
Lapsed share options	-	(93,910)	-	93,910	-
Total transactions with owners	36,820,809	(93,910)	-	93,910	36,820,809
At 30 September 2024	207,448,648	1,316,285	(42,685,536)	6,953,956	173,033,353

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

STATEMENTS OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2024

	Note	Group		Company	
		01.10.2023 to 30.09.2024 RM	01.04.2022 to 30.09.2023 RM	01.10.2023 to 30.09.2024 RM	01.04.2022 to 30.09.2023 RM
Cash flows from operating activities					
(Loss)/Profit before tax		(3,497,497)	10,982,961	(8,812,860)	2,250,164
Adjustments for:					
Amortisation of intangible asset	8	26,239,215	15,175,168	-	-
Depreciation of property, plant and equipment	5	1,715,474	2,460,407	39,527	83,501
Depreciation of right-of-use assets	6	370,563	467,586	227,427	341,139
Depreciation of investment properties	7	-	-	359,237	538,856
Dividend income	23	-	-	-	(3,050,000)
Gain on disposal of property, plant and equipment	24	-	(258,545)	-	-
(Gain)/Loss on disposal of a subsidiary	9	-	(222,913)	-	12,000
Gain on disposal of associates		(2,418,175)	-	-	-
Interest expense		3,285,945	854,354	586,615	28,945
Interest income		(6,108,962)	(4,375,872)	(551,315)	(1,694,014)
Impairment loss on property, plant and equipment	24	-	794,673	-	-
Impairment loss on investment in associates	10	-	14,333,061	-	-
Impairment loss on investment in subsidiaries	9	-	-	247,381	-
(Reversal of)/impairment losses on short term investment		(111,132)	330,868	-	-
Impairment of goodwill	8	2,168,340	-	-	-
Inventories written down	12	753,052	49,585	-	-
Modification loss on financial assets	26	3,988,143	3,621,971	3,195,355	-
Property, plant and equipment written off	26	38	-	-	-
Impairment loss on trade receivables	13	320,480	309,915	-	-
Impairment loss on other receivables	14	-	-	1,595,058	-
Unrealised loss on foreign exchange	26	317,572	21,647	-	-
Share of result of associates	10	(7,301,978)	(2,052,120)	-	-
Operating profit/(loss) before working capital changes		19,721,078	42,492,746	(3,113,575)	(1,489,409)
Changes in working capital:					
Inventories		7,532,829	(465,903)	-	-
Receivables		(40,179,568)	(92,219,741)	7,547,180	(5,927,573)
Payables		(2,313,729)	(7,101,376)	688,191	(964,525)
Cash (used in)/from operations, carried forward		(15,239,390)	(57,294,274)	5,121,796	(8,381,507)

STATEMENTS OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2024

Cont'd

	Note	Group		Company	
		01.10.2023 to 30.09.2024 RM	01.04.2022 to 30.09.2023 RM	01.10.2023 to 30.09.2024 RM	01.04.2022 to 30.09.2023 RM
Cash (used in)/from operations, brought forward		(15,239,390)	(57,294,274)	5,121,796	(8,381,507)
Tax paid, net		(16,222,530)	(5,377,065)	(438,737)	(349,935)
Net cash (used in)/from operating activities		(31,461,920)	(62,671,339)	4,683,059	(8,731,442)
Cash flows from investing activities					
Repayment from/(Advances to) subsidiaries		-	-	75,336	(67,945,879)
Subscription of interest in subsidiaries	9	-	-	-	(3,274,000)
Acquisition of associates		(73,584,331)	-	(19,700,000)	-
Change in pledged deposits	16	384,492	(12,048,155)	-	-
Dividend income received from subsidiaries		-	-	-	3,050,000
Dividend income received from associates		-	1,118,912	-	-
Proceeds from disposal of property, plant and equipment		-	1,925,966	-	-
Proceeds from disposal of investment in associates		10,035,862	-	-	-
Interest received		2,665,217	3,289,991	551,315	1,694,014
Acquisition of a subsidiary, net of cash and cash equivalents	9(ii)	-	6,521,784	-	(4,500,000)
Proceeds from disposal of a subsidiary, net of cash disposed	9(i)	-	(184,057)	-	88,000
Proceeds from/(placement of) other investments		1,200,000	(7,700,000)	-	-
Purchase of property, plant and equipment	5	(2,965,496)	(1,012,328)	(23,335)	(53,129)
Purchase of right-of-use assets		-	(106,160)	-	-
Net cash used in investing activities		(62,264,256)	(8,194,047)	(19,096,684)	(70,940,994)
Cash flows from financing activities					
Acquisition of non-controlling interests		-	(24,000)	-	-
Dividend paid to non-controlling interests		-	(450,000)	-	-
Interest paid		(3,285,945)	(854,354)	(586,615)	(28,945)
Drawdown of bank borrowings		63,448,646	8,181,057	20,204,832	6,000,000
Payments of lease liabilities		(119,755)	(111,897)	-	-
Net issuance of shares pursuant to private placement, net	18	-	18,992,290	-	18,992,289
Net cash from financing activities		60,042,946	25,733,096	19,618,217	24,963,344
Net (decrease)/increase in cash and cash equivalents		(33,683,230)	(45,132,290)	5,204,592	(54,709,092)
Cash and cash equivalents at the beginning of the financial year/period		46,576,644	91,581,361	9,097,333	63,806,425
Effects of exchange rate changes on cash and cash equivalents		(135,576)	127,573	-	-
Cash and cash equivalents at the end of the financial year/period	16	12,757,838	46,576,644	14,301,925	9,097,333

STATEMENTS OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2024

Cont'd

(a) Reconciliation of liabilities arising from financing activities:

Group	Note	At	Cash flows	Others	At
		1 October 2023			30 September 2024
		RM	RM	RM	RM
Bank borrowings	20	8,181,057	63,448,646	-	71,629,703
Lease liabilities	20	416,309	(119,755)	-	296,554
		8,597,366	63,328,891	-	71,926,257

	Note	At	Cash flows	Others	At
		1 April 2022			30 September 2023
		RM	RM	RM	RM
Bank borrowings	20	-	8,181,057	-	8,181,057
Lease liabilities	20	22,167	(111,897)	506,039	416,309
		22,167	8,069,160	506,039	8,597,366

Company	Note	At	Cash flows	Others	At
		1 October 2023			30 September 2024
		RM	RM	RM	RM
Bank borrowings	20	6,000,000	20,204,832	-	26,204,832

	Note	At	Cash flows	Others	At
		1 April 2022			30 September 2023
		RM	RM	RM	RM
Bank borrowings	20	-	6,000,000	-	6,000,000

(b) Total cash outflows for leases as a lessee:

	Note	Group	
		2024	2023
		RM	RM
Included in net cash from operating activities:			
Payment related to short-term leases and low-value assets	26	28,541	30,773
Included in net cash from financing activities:			
Payments of lease liabilities		119,755	111,897
Interest paid in relation to lease liabilities	25	2,761	9,339
Total cash outflow for leases		151,057	152,009

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

NOTES TO THE FINANCIAL STATEMENTS

1. CORPORATE INFORMATION

Hextar Capital Berhad (“the Company”) is a public limited liability company, incorporated and domiciled in Malaysia and is listed on the ACE Market of Bursa Malaysia Securities Berhad.

The registered office of the Company is located at Level 5, Tower 8, Avenue 5, Horizon 2, Bangsar South City, 59200 Kuala Lumpur.

The principal place of business of the Company is located at 11, Jalan Utas 15/7, 40200 Shah Alam, Selangor Darul Ehsan.

The Company is principally engaged in the business of renting of buildings, provision of management services to its subsidiaries and investment holding. The principal activities of the subsidiaries are set out in Note 9 to the financial statements.

There have been no significant changes in the nature of these activities during the financial year except for:

- (i) one of its subsidiaries, Opcom Trading Sdn. Bhd. has added money lending business as one of its principal activities on 03 October 2023; and
- (ii) one of its subsidiaries, T&J Engineering Sdn. Bhd. has added provision of all related services in relation to the engineering, construction and project management business as its principal activities on 05 July 2024, as disclosed in Note 9 to the financial statements.

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the directors on 24 January 2025.

2. BASIS OF PREPARATION

2.1 Statement of compliance

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

2.2 Adoption of new MFRS and amendments to MFRSs

During the current financial year, the Group and the Company have adopted the following new and amended accounting standards:-

New MFRSs and/amendments to MFRSs

MFRS 17 Insurance Contracts

Amendments to MFRS 17 Insurance Contracts

Initial Application of MFRS 17 and MFRS 9 - Comparative Information (Amendments to MFRS 17 Insurance Contracts)

Disclosure of Accounting Policies (Amendments to MFRS 101 Presentation of Financial Statements)

Definition of Accounting Estimates (Amendments to MFRS 108 Accounting Policies, Changes in Accounting Estimates and Errors)

Deferred Tax Related to Assets and Liabilities Arising from a Single Transaction (Amendments to MFRS 112 Income Taxes)

International Tax Reform - Pillar Two Model Rules (Amendments to MFRS 112 Income Taxes)

NOTES TO THE FINANCIAL STATEMENTS

Cont'd

2. BASIS OF PREPARATION (CONT'D)

2.2 Adoption of new MFRS and amendments to MFRSs (Cont'd)

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

Presentation of Financial Statements (Amendments to MFRS 101)

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

Accordingly, the Group and the Company disclosed their material accounting policy information in Note 3 to the financial statements and in the respective notes (where relevant). However, the amendments did not result in changes to the accounting policies of the Group and the Company.

2.3 New MFRS and amendments to MFRSs that have been issued, but yet to be effective

The Group and the Company have not adopted the following new MFRS and amendments to MFRSs that have been issued, but yet to be effective:

Title	Effective date
Classification of Liabilities as Current or Non-current (Amendments to MFRS 101 Presentation of Financial Statements)	1 January 2024
Lease Liability in a Sale and Leaseback (Amendments to MFRS 16 Leases)	1 January 2024
Non-current Liabilities with Covenants (Amendments to MFRS 101 Presentation of Financial Statements)	1 January 2024
Supplier Finance Arrangements (Amendments to MFRS 107 Statement of Cash Flows and MFRS 7 Financial Instruments: Disclosures)	1 January 2024
Lack of Exchangeability (Amendments to MFRS 121 The Effects of Changes in Foreign Exchange Rates)	1 January 2025
Amendments to the Classification and Measurement of Financial Instruments (Amendments to MFRS 9 Financial Instruments and MFRS 7 Financial Instruments: Disclosures)	1 January 2026
Annual Improvements to MFRS Accounting Standards—Volume 11	1 January 2026
MFRS 18 Presentation and Disclosure in Financial Statements	1 January 2027
MFRS 19 Subsidiaries without Public Accountability: Disclosures	1 January 2027
Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments to MFRS 10 Consolidated Financial Statements and MFRS 128 Investments in Associates and Joint Ventures)	Deferred

The Group and the Company are currently assessing the impact of initial application of the above applicable MFRSs and amendments to MFRSs since the effect would only be observable in future financial years.

NOTES TO THE FINANCIAL STATEMENTS

Cont'd

2. BASIS OF PREPARATION (CONT'D)

2.4 Functional and presentation currency

The individual financial statements of each entity in the Group are measured using the currency of the primary economic environment in which they operate ("the functional currency"). The consolidated financial statements are presented in Ringgit Malaysia ("RM"), which is also the Company's functional currency.

2.5 Basis of measurement

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

3. MATERIAL ACCOUNTING POLICY INFORMATION

3.1 Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries. The financial statements of the subsidiaries used in the preparation of the consolidated financial statements are prepared for the same reporting date as the Company. Consistent accounting policies are applied to like transactions and events in similar circumstances.

(a) Business combination and goodwill

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, measured at acquisition date fair value and the amount of any non-controlling interest in the acquiree. For each business combination, the Group elects whether it measures the non-controlling interest in the acquiree either at fair value or at the proportionate share of the acquiree's identifiable net assets.

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interest over the net identifiable assets acquired and liabilities assumed. Subsequent to the initial recognition, the goodwill is measured at cost less accumulated impairment losses, if any. A bargain purchase gain is recognised in profit or loss immediately.

(b) Acquisition of subsidiary with non-controlling interests

The Group elects to measure the non-controlling interests in the acquiree at the proportionate share of the acquiree's identifiable net assets at the acquisition date.

(c) Associates

Investment in associates are accounted for in the consolidated financial statements using the equity method.

Under the equity method, the investment in associates are initially recognised at cost. The cost of investment includes transaction costs. Subsequently, the carrying amount is adjusted to recognise changes in the Group's share of net assets of the associate.

When the Group's share of losses exceeds its interest in an associate, the carrying amount of that interest including any long-term investments is reduced to zero, and the recognition of further losses is discontinued except to the extent that the Group has an obligation or has made payments on behalf of the associate.

When the Group's interest in an associate decreases but does not result in a loss of significant influence, any retained interest is not remeasured. Any gain or loss arising from the decrease in interest is recognised in profit or loss. Any gains or losses previously recognised in other comprehensive income are also reclassified proportionately to the profit or loss if that gain or loss would be required to be reclassified to profit or loss on the disposal of the related assets or liabilities.

NOTES TO THE FINANCIAL STATEMENTS

Cont'd

3. MATERIAL ACCOUNTING POLICY INFORMATION (CONT'D)

3.2 Separate financial statements

In the Company's statement of financial position, investment in subsidiaries and associates are measured at cost less any accumulated impairment losses, unless the investment is classified as held for sale or distribution. The cost of investment includes transaction costs.

Contributions to subsidiaries are amounts for which the settlement is neither planned nor likely to occur in the foreseeable future is, in substance, considered as part of the Company's investment in the subsidiaries.

3.3 Revenue and other income

Revenue recognition of the Group and the Company are applied for each contract with a customer or a combination of contracts with the same customer (or related parties of the customer). For practical expedient, the Group and the Company applied revenue recognition to a portfolio of contracts (or performance obligations) with similar characteristics if the Group and the Company reasonably expect that the effects on the financial statements would not differ materially from recognising revenue on the individual contracts (or performance obligations) within that portfolio.

The Group and the Company measure revenue at its transaction price, being the amount of consideration to which the Group and the Company expect to be entitled in exchange for transferring promised good or service to a customer, excluding amounts collected on behalf of third parties, adjusted for the effects of any variable consideration, constraining estimates of variable consideration, significant financing components, non-cash consideration and consideration payable to customer. If the transaction price includes variable consideration, the Group and the Company use the expected value method by estimating the sum of probability-weighted amounts in a range or possible consideration amounts, or the most likely outcome method, depending on which method the Group and the Company expect to better predict the amount of consideration to which it is entitled.

For contract with separate performance obligations, the transaction price is allocated to the separate performance obligations on the relative stand-alone selling price basis. If the standalone selling price is not directly observable, the Group and the Company estimate it by using the costs plus margin approach.

Revenue from contracts with customers is recognised by reference to each distinct performance obligation in the contract with customer, i.e. when or as a performance obligation in the contract with customer is satisfied. A performance obligation is satisfied when or as the customer obtains control of the good or service underlying the particular performance obligation, which the performance obligation may be satisfied at a point in time or over time.

A contract modification is a change in the scope or price (or both) of a contract that is approved by the parties to the contract. A modification exists when the change either creates new or changes existing enforceable rights and obligations of the parties to the contract. The Group and the Company have assessed the type of modification and accounted for as either creates a separate new contract, terminates the existing contract and creation of a new contract; or forms a part of the existing contracts.

Financing components

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

NOTES TO THE FINANCIAL STATEMENTS

Cont'd

3. MATERIAL ACCOUNTING POLICY INFORMATION (CONT'D)

3.3 Revenue and other income (Cont'd)

(a) Sale of goods

Revenue from sale of goods are recognised at a point in time when control of goods is transferred to the customer, generally on the delivery of the goods. Following delivery, the customer has full discretion over the manner of distribution and price to sell the goods, and bears the risks of obsolescence and loss in relation to the goods.

Sales are made with a credit term ranging from 30 to 120 days. A receivable is recognised when the customer accepts the delivery of the goods as the consideration is unconditional other than the passage of time before the payment is due.

(b) Rendering of engineering services and other services

Revenue from providing contract engineering and other services is recognised at a point in time when the services have been rendered to and accepted by the customers and over time as costs are incurred for contracts where the Group's performance creates or enhances an asset that the customer controls as the assets is created or enhanced.

(c) Construction contracts

Construction service contracts comprise multiple deliverables that require significant integration service and therefore accounted as a single performance obligation.

Revenue is recognised over the period of the contract by reference to the progress towards complete satisfaction of that performance obligation. The progress towards complete satisfaction of a performance obligation is determined by the proportion of construction costs incurred for work performed to date bear to the estimated total construction costs (an input method).

The Group recognises a contract asset for any excess of revenue recognised to date over the billings-to-date. Any amount previously recognised as a contract asset is reclassified to trade receivables at the point when invoice is issued or timing for billing is due to passage of time. If the milestone billing exceeds the revenue recognised to date and any deposit or advances received from customers then the Group recognises a contract liability for the difference.

(d) Interest income

Interest income is recognised using the effective interest method.

(e) Dividend income

Dividend income is recognised when the right to receive payment is established.

(f) Rental income

Rental income is recognised in profit or loss on the straight-line basis over the term of the lease. Lease incentives granted are recognised as an integral part of the total rental income, over the term of lease.

NOTES TO THE FINANCIAL STATEMENTS

Cont'd

3. MATERIAL ACCOUNTING POLICY INFORMATION (CONT'D)

3.4 Financial instruments

(a) Financial assets at amorised cost

The financial assets are initially measured at fair value plus transaction costs except for trade receivables without significant financing component which are measured at transaction price only. Subsequent to the initial recognition, all financial assets are measured at amortised cost less any impairment loss.

(b) Financial assets through other comprehensive income

The Group has elected to designate the equity instruments as financial assets through other comprehensive income at initial recognition.

The financial assets are initially measured at fair value plus transaction costs. Subsequent to the initial recognition, the financial assets are remeasured to their fair values at the reporting date with fair value changes taken up in other comprehensive income and accumulated in the fair value reserve, except for the recognition of impairment, interest income and foreign exchange difference of a debt instrument which are recognised directly in profit or loss. The fair value changes do not include interest and dividend income.

(c) Financial liabilities at amortised cost

The financial liabilities are initially measured at fair value less transaction costs. Subsequent to initial recognition, financial liabilities are measured at amortised cost using effective interest method. Gains and losses are recognised in profit or loss when the financial liabilities are derecognised and through the amortisation process.

(d) Financial guarantee contracts

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the original or modified terms of a debt instrument.

Financial guarantee contracts are recognised initially as liabilities at fair value, net of transaction costs. Subsequent to the initial recognition, the financial guarantee contracts are recognised as income in profit or loss over the period of the guarantee or, when there is no specific contractual period, recognised in profit or loss upon discharge of the guarantee. If the debtor fails to make payment relating to a financial guarantee contract when it is due and the Group, as the issuer, is required to reimburse the holder for the associated loss, the reimbursement is recognised as a liability and measured at the higher of the amount of loss allowance determined using the expected credit loss model and the amount of financial guarantee initially recognised less cumulative amortisation.

NOTES TO THE FINANCIAL STATEMENTS

Cont'd

3. MATERIAL ACCOUNTING POLICY INFORMATION (CONT'D)

3.5 Property, plant and equipment

All items of property, plant and equipment are initially measured at cost.

Subsequent to initial recognition, all property, plant and equipment are stated at cost less accumulated depreciation and any accumulated impairment losses.

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

	Useful lives
Buildings	50 years
Computer equipment	4 years
Furniture, fixtures and fittings	10 - 20 years
Motor vehicles	5 years
Office equipment	10 years
Plant and machinery	15 years
Renovations	5 years
Tools and equipment	10 years
Small value assets	1 year

3.6 Leases

(a) Right-of-use asset

The right-of-use asset initially recognised at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently measured at cost less accumulated depreciation and any accumulated impairment losses, and adjust for any remeasurement of the lease liabilities. The right-of-use asset is depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term.

(b) Short-term leases and leases of low value assets

The Group has elected not to recognise right-of-use assets and lease liabilities for short-term leases and leases of low value assets. The 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 asset are consumed.

(c) Lease liability

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 Group uses its incremental borrowing rate.

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability and by reducing the carrying amount to reflect the lease payments made.

The Group has elected not to separate non-lease components and account for the lease and non-lease components as a single lease component.

NOTES TO THE FINANCIAL STATEMENTS

Cont'd

3. MATERIAL ACCOUNTING POLICY INFORMATION (CONT'D)

3.6 Leases (Cont'd)

(d) Lessor accounting

A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership. All other leases that do not meet this criterion are classified as operating leases.

If an entity in the Group is a lessor in an operating lease, the underlying asset is not derecognised but is presented in the statements of financial position according to the nature of the asset. Lease income from operating leases is recognised in profit or loss on a straight-line basis over the lease term, unless another systematic basis is more representative of the time pattern in which use benefit derived from the leased asset is diminished.

When a contract includes lease and non-lease components, the Group and the Company apply MFRS 15 Revenue from Contracts with Customers allocate the consideration under the contract to each component.

3.7 Intangible assets

(a) Goodwill

Goodwill arising on business combinations is initially measured at cost as described in Note 3.1(a). Following the initial recognition, goodwill is measured at cost less any accumulated impairment losses. Goodwill is not amortised but, it is reviewed for impairment, annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired. In respect of equity-accounted associates and joint ventures, the carrying amount of goodwill is included in the carrying amount of the investment and an impairment loss on such an investment is not allocated to any asset, including goodwill, that forms part of the carrying amount of the equity-accounted associates and joint venture.

(b) Other intangible assets

Intangible assets, other than goodwill that are acquired by the Group, which have finite useful lives, are measured at cost less any accumulated amortisation and any accumulated impairment losses.

Other intangible assets with a finite useful life are amortised from the date that they are available for use. Amortisation is recognised in profit or loss based on straight-line basis over its useful life.

3.8 Investment properties

Investment properties are initially measured at cost. Subsequent to the initial recognition, the investment properties are stated at cost less accumulated depreciation and any accumulated impairment losses.

3.9 Inventories

Inventories are measured at the lower of cost and net realisable value.

Costs incurred in bringing the inventories to their present location and condition are accounted for as follows:

- raw materials: purchase costs on a weighted average cost basis.
- finished goods and work-in-progress: costs of direct materials and labour and a proportion of manufacturing overheads based on normal operating capacity. These costs are assigned on a weighted average cost basis.

3.10 Cash and cash equivalents

For the purpose of the statements of cash flows, cash and cash equivalents comprise cash on hand, bank balances and deposits, net of bank overdraft and pledged deposits, if any.

NOTES TO THE FINANCIAL STATEMENTS

Cont'd

4. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of financial statements in conformity with MFRSs requires the use of certain critical accounting estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements, and the reported amounts of the revenue and expenses during the reporting period. It also requires directors to exercise their judgement in the process of applying the Group's and the Company's accounting policies. Although these estimates and judgement are based on the directors' best knowledge of current events and actions, actual results may differ.

The areas involving a higher degree of judgement or complexity that have the most significant effect on the Group's and the Company's financial statements, or areas where assumptions and estimates that have a significant risk of resulting in a material adjustment to the Group's and the Company's financial statements within the next financial year are disclosed as follows:

(a) Impairment of non-financial assets

The Group assesses the impairment of non-financial assets whenever the events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable i.e. the carrying amount of the asset is more than the recoverable amount. Where such indication exists, the Group determines the recoverable amount based on present value of the estimated future cash flows expected to be derived from the assets.

In estimating the present value of the estimated cash flows, the Group applies a suitable discount rate and make assumptions underlying the cash flow forecast, including growth rates, inflation rates, gross profit margins and net profit margins. Cash flows that are estimated based on those inputs may have a significant effect on the Group's financial position and results if the actual cash flows are less than expected.

The Group may also determine the recoverable amount of non-financial assets using fair value less cost of disposal determined with the market value approach as carried out by an independent valuer engaged by the management. The independent valuer obtains the current new replacement costs, less accrued depreciation for age and obsolescence taking into account various assumptions including intensity of usage, present physical condition, technological advancement and market trend.

Further details are disclosed in Note 5 and Note 10.

(b) Purchase price allocation arising from acquisition of a subsidiary, T&J Engineering Sdn. Bhd. ("TJE")

On 7 March 2023, the Company completed the acquisition of 100% equity interest in TJE as disclosed in Note 9(ii).

In the previous financial period, the fair value of assets and liabilities acquired along with the purchase consideration has been determined on a provisional basis pending completion of a purchase price allocation exercise as permitted by MFRS 3 Business Combination. The Group has up to 12 months period from acquisition date to complete such acquisition.

During the financial year, the purchase price allocation for the acquisition was completed. The measurement period adjustments were recorded with effect from the date of acquisition.

Further details are disclosed in Note 8, 9 and 37.

NOTES TO THE FINANCIAL STATEMENTS

Cont'd

4. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS (CONT'D)

(c) Impairment of goodwill

Goodwill is tested for impairment annually or more frequently when such indicators exist. This requires an estimation of the value in use of the cash-generating units ("CGU") to which goodwill is allocated. When value in use calculations are undertaken, the directors use their judgement to estimate the expected future cash flows from the CGU and to determine the suitable discount rates, assumptions supporting the underlying cash flow forecast, including net profit margins and probabilities applied to expected revenue to derive the recoverable amount. Cash flows that are forecasted based on those inputs or assumptions may have a significant effect on the Group's financial position and results if the actual cash flows are less than expected. The carrying amount of the Group's goodwill of RM4,159,745 as at 30 September 2024 and key assumptions used to determine the recoverable amount are disclosed in Note 8.

(d) Impairment of trade receivables

The Group uses the simplified and general approach to calculate expected credit loss for trade receivables, except for those arising from construction contract. The impairment provisions for trade receivables are based on assumptions about risk of default and expected loss rate. The Group uses judgement in making these assumptions and selecting inputs to the impairment calculation, based on the Group's past history, existing market conditions as well as forward-looking estimates at the end of each reporting period. Further details are disclosed in Note 13.

(e) Deferred consideration payable

Deferred consideration payable arose from the acquisition of TJE and Transgrid Ventures Sdn. Bhd. ("TVSB") with consideration payable in future periods contingent upon TJE and TVSB meeting certain criteria and performance target. At each reporting date, the Group assesses the fair value of the deferred consideration payable based on the projected probability of the investees meeting the criteria and performance target after considering the current and projected market conditions.

The amount recognised as deferred consideration payable is the net present value of the assessed fair value, using a discount rate appropriate to the cash flow risks associated with the liability.

(f) Revenue recognition for construction contracts

The Group recognises revenue from construction contracts which are performed over time based on stage of completion of the performance obligation at the reporting date. Significant judgement is required in determining progress towards complete satisfaction of performance obligation, the extent of the construction costs incurred and the estimated total construction revenue and costs. The Group makes such judgement based on past experience of providing similar services.

(g) Income taxes

Significant estimate and judgement is involved in determining the Group's provision for income taxes as the ultimate tax liability for the Group is uncertain at the reporting date.

When the final outcome of the tax payable is determined by the tax authorities, the amount of provision for income tax may be different from the amounts that were initially recognised. Such differences will impact the income tax and deferred tax provisions in the period in which determination of final tax treatment is made.

NOTES TO THE FINANCIAL STATEMENTS

Cont'd

5. PROPERTY, PLANT AND EQUIPMENT

Group	Buildings	Computer equipment	Furniture, fixtures and fittings	Motor vehicles	Office equipment	Plant and machinery	Renovation equipment	Tools and equipment	Capital work-in-progress	Small value assets	Total
	RM	RM	RM	RM	RM	RM	RM	RM	RM	RM	RM
2024											
Cost											
At 1 October 2023	17,928,812	1,309,034	1,372,323	846,994	736,556	46,289,111	2,166,888	605,571	518,826	8,615	71,782,730
Additions	-	62,464	48,716	131,757	-	1,952,932	262,526	500,114	-	6,987	2,965,496
Write off	-	-	-	-	(401)	-	-	-	-	-	(401)
Transfer	-	-	-	-	-	518,826	-	-	(518,826)	-	-
Adjustment	-	-	-	-	-	1,766,050	-	-	-	-	1,766,050
Exchange differences	-	573	83	448	318	28,302	307	1,473	-	21	31,525
At 30 September 2024	17,928,812	1,372,071	1,421,122	979,199	736,473	50,555,221	2,429,721	1,107,158	-	15,623	76,545,400
Accumulated impairment loss											
At 1 October 2023	-	12,601	26,971	33,263	8,886	4,573,959	-	110,385	-	-	4,766,065
Write off	-	-	-	-	(36)	-	-	-	-	-	(36)
Exchange differences	-	40	30	27	28	10,105	63	353	-	-	10,646
At 30 September 2024	-	12,641	27,001	33,290	8,878	4,584,064	63	110,738	-	-	4,776,675

NOTES TO THE FINANCIAL STATEMENTS

Cont'd

5. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

Group	Buildings	Computer equipment	Furniture, fixtures and fittings	Motor vehicles	Office equipment	Plant and machinery	Renovation equipment	Tools and equipment	Capital work-in-progress	Small value assets	Total
RM	RM	RM	RM	RM	RM	RM	RM	RM	RM	RM	RM
2024											
Accumulated depreciation											
At 1 October 2023	6,260,504	1,098,302	1,108,992	759,414	635,484	34,429,615	2,028,704	376,738	-	8,611	46,706,364
Charge for the financial year	359,237	89,605	33,931	22,601	22,188	1,081,826	79,776	22,097	-	4,213	1,715,474
Write off	-	-	-	-	(327)	-	-	-	-	-	(327)
Adjustment	-	-	-	-	-	153,764	-	-	-	-	153,764
Exchange differences	-	519	90	421	282	6,895	152	1,094	-	21	9,474
At 30 September 2024	6,619,741	1,188,426	1,143,013	782,436	657,627	35,672,100	2,108,632	399,929	-	12,845	48,584,749
Carrying amount											
At 30 September 2024	11,309,071	171,004	251,108	163,473	69,968	10,299,057	321,026	596,491	-	2,778	23,183,976

NOTES TO THE FINANCIAL STATEMENTS

Cont'd

5. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

Company	Computer equipment RM	Furniture, fixtures and fittings RM	Office equipment RM	Renovation RM	Tools and equipment RM	Small value assets RM	Total RM
2024							
Cost							
At 1 October 2023	335,646	471,999	277,275	405,438	16,204	1,068	1,507,630
Additions	3,827	-	-	15,630	-	3,878	23,335
At 30 September 2024	339,473	471,999	277,275	421,068	16,204	4,946	1,530,965
Accumulated depreciation							
At 1 October 2023	280,932	464,726	246,879	405,140	15,089	1,063	1,413,829
Charge for the financial year	22,299	2,450	7,617	3,036	248	3,877	39,527
At 30 September 2024	303,231	467,176	254,496	408,176	15,337	4,940	1,453,356
Carrying amount							
At 30 September 2024	36,242	4,823	22,779	12,892	867	6	77,609
2023							
Cost							
At 1 April 2022	282,835	471,999	277,275	405,438	16,204	750	1,454,501
Additions	52,811	-	-	-	-	318	53,129
At 30 September 2023	335,646	471,999	277,275	405,438	16,204	1,068	1,507,630
Accumulated depreciation							
At 1 April 2022	244,371	458,673	235,410	376,411	14,717	746	1,330,328
Charge for the financial period	36,561	6,053	11,469	28,729	372	317	83,501
At 30 September 2023	280,932	464,726	246,879	405,140	15,089	1,063	1,413,829
Carrying amount							
At 30 September 2023	54,714	7,273	30,396	298	1,115	5	93,801

- (a) In the previous financial period, an impairment loss of RM794,673 was recognised in profit or loss as disclosed in Note 26, representing the write down of certain plant and machinery which are no longer in use.
- (b) During the financial year, the Group has performed an impairment assessment of certain plant and machinery of a subsidiary namely Hexlube Sdn. Bhd., totalling RM6,392,161 (2023: RM4,524,002). The recoverable amount of these plant and machinery is determined using the market value approach, based on a recent valuation carried out by an independent valuer engaged by the management. No impairment is required in respect of the plant and machinery.
- (c) During the financial year, the Group has performed an impairment assessment of property, plant and equipment of a subsidiary namely Opcom Cables Sdn. Bhd., totalling RM4,732,269 (2023: Nil). The recoverable amount of the property, plant and equipment is determined using value in use approach. No impairment is required in respect of the property, plant and equipment.

NOTES TO THE FINANCIAL STATEMENTS

Cont'd

6. RIGHT-OF-USE ASSETS

The Group and the Company lease several assets including long-term leasehold land, warehouse and office and motor vehicle.

Information about leases for which the Group or the Company is a lessee is presented below:

Group	Long-term leasehold land RM	Warehouse and office RM	Motor vehicle RM	Total RM
Cost				
At 1 April 2022	14,304,000	114,180	-	14,418,180
Addition	-	68,990	543,209	612,199
At 30 September 2023/1 October 2023/ 30 September 2024	14,304,000	183,170	543,209	15,030,379
Accumulated depreciation				
At 1 April 2022	2,458,887	92,621	-	2,551,508
Charge for the financial period	341,139	48,666	77,781	467,586
At 30 September 2023/1 October 2023	2,800,026	141,287	77,781	3,019,094
Charge for the financial year	227,427	34,495	108,641	370,563
At 30 September 2024	3,027,453	175,782	186,422	3,389,657
Carrying amount				
At 30 September 2024	11,276,547	7,388	356,787	11,640,722
At 30 September 2023	11,503,974	41,883	465,428	12,011,285

NOTES TO THE FINANCIAL STATEMENTS

Cont'd

6. RIGHT-OF-USE ASSETS (CONT'D)

Company	Long-term leasehold land RM
Cost	
At 1 April 2022/30 September 2023/30 September 2024	14,304,000
Accumulated depreciation	
At 1 April 2022	2,458,887
Charge for the financial period	341,139
At 30 September 2023	2,800,026
Charge for the financial year	227,427
At 30 September 2024	3,027,453
Carrying amount	
At 30 September 2024	11,276,547
At 30 September 2023	11,503,974

- (a) The Group and the Company lease long-term leasehold land and warehouse for their office space and operation site. The leases for office space and operation site generally have lease terms of 2 to 99 years (2023: 2 to 99 years).
- (b) The Group also leases motor vehicle with lease term of 5 years (2023: 5 years).
- (c) The remaining useful life of long-term leasehold land is 50 years (2023: 51 years).

7. INVESTMENT PROPERTIES

	Company	
	30.09.2024	30.09.2023
	RM	RM
Cost		
At beginning and end of the financial year/period	17,928,812	17,928,812
Accumulated depreciation		
At beginning of the financial year/period	6,260,504	5,721,648
Charge for the financial year/period (Note 26)	359,237	538,856
At end of the financial year/period	6,619,741	6,260,504
Carrying amount	11,309,071	11,668,308

The investment properties of the Company are leased to subsidiaries, related parties and third-party customers under operating leases with rental payable monthly. The leases contain initial non-cancellable periods ranging from 1.5 to 30 years and an option that is exercisable by the subsidiaries to extend their leases for 1 to 5 years.

NOTES TO THE FINANCIAL STATEMENTS

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7. INVESTMENT PROPERTIES (CONT'D)

The following are recognised in profit or loss in respect of investment properties:

	Company	
	01.10.2023 to 30.09.2024 RM	01.04.2022 to 30.09.2023 RM
Rental income	2,404,072	3,826,430
Direct operating expenses	186,754	292,561

Fair value information

Fair value of investment properties of the Company is categorised as follows:

	Level 1 RM	Level 2 RM	Level 3 RM	Total RM
Company				
2024				
Land and buildings	-	-	41,750,000	41,750,000
2023				
Land and buildings	-	-	51,250,000	51,250,000

The fair values of the investment properties are within Level 3 of the fair value hierarchy and are arrived at by reference to market evidence of transaction prices for similar properties and are estimated by the management. The most significant input into this valuation approach is the price per square foot of comparable properties.

In previous financial period, the fair value of the investment properties were arrived at by reference to market evidence of transaction prices for similar properties and are performed by registered valuers having appropriate recognised professional qualification and recent experience in the locations and category of properties being valued. The most significant input into this valuation approach is the price per square foot of comparable properties. Adjustments are then made for differences in location, size, facilities available, market conditions and other factors in order to arrive at a common basis.

There were no Level 1 and Level 2 investment properties or transfers between Level 1 and Level 2 during the financial year/period ended 30 September 2024 and 30 September 2023.

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8. INTANGIBLE ASSETS

Group	Goodwill on consolidation (a) RM	Customer contract (b) RM	Total RM
Cost			
At 1 April 2022	-	-	-
Acquisition of a subsidiary	6,328,085	41,189,742	47,517,827
At 30 September 2023	6,328,085	41,189,742	47,517,827
Adjustment	-	224,641	224,641
At 30 September 2024	6,328,085	41,414,383	47,742,468
Accumulated amortisation and impairment losses			
At 1 April 2022	-	-	-
Amortisation during the financial period (Note 26)	-	15,175,168	15,175,168
At 30 September 2023/1 October 2023	-	15,175,168	15,175,168
Amortisation during the financial year (Note 26)	-	26,239,215	26,239,215
Impairment during the financial year (Note 26)	2,168,340	-	2,168,340
At 30 September 2024	2,168,340	41,414,383	43,582,723
Carrying amount			
At 30 September 2024	4,159,745	-	4,159,745
At 30 September 2023	6,328,085	26,014,574	32,342,659

(a) Goodwill on consolidation

The carrying amount of goodwill allocated to cash-generating unit ("CGU") of the Group as follows:

	Group	
	30.09.2024	30.9.2023 (Restated)
	RM	RM
T & J Engineering Sdn. Bhd. ("TJE")	4,159,745	6,328,085

For the purpose of impairment testing, goodwill acquired through business combination is allocated to the Group's CGU. The goodwill of the Group is allocated to the telecommunication network segment, which represents the lowest level within the Group at which the goodwill is monitored for internal management purposes and is also a reportable segment. Goodwill is assessed for impairment at each reporting date regardless of any indication of impairment by comparing the carrying amount with the recoverable amount of each CGU.

The recoverable amount of the CGU has been determined based on value in use calculations applying cash flows forecast from financial budgets approved by management covering a three-year period.

The value in use calculation resulted in an impairment of RM2,168,340 arising from revised expectations of future performance.

NOTES TO THE FINANCIAL STATEMENTS

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8. INTANGIBLE ASSETS (CONT'D)

(a) Goodwill on consolidation (Cont'd)

Key assumptions used in the value in use calculation are as follows:

	Group	
	30.09.2024	30.09.2023
1. Discount rate	15%	27%
2. Net profit margins	2% to 39%	13% to 27%
3. Probabilities of expected revenue	30%	10% to 50%

These key assumptions have been used for the analysis of the CGU. The values assigned to the key assumptions represent management's assessment of future events in the telecommunications network industry where the CGU operates from and are based on both external sources and internal sources, including historical and forward-looking data.

Discount rate was estimated based on the industry weighted average cost of capital. The discount rate applied to the cash flow forecast is pre-tax and reflects management's estimate of the risks specific to the CGU at reporting date.

Net profit margins are the forecasted margins as a percentage of revenue over the three-year period. They are decreased over the forecast period for anticipated cost increases and inflationary pressure over the years.

The probabilities of expected revenue are based on management's assessment of the likelihood of winning specific tenders.

A sensitivity analysis indicate that:

- a 10% increase in the probability of securing projects would increase the recoverable amount by RM1,890,506.
- a 10% decrease would result in an additional impairment of RM1,890,506.

(b) Customer contract

The customer contract is amortised over the expected duration of the contract from the date of acquisition. The customer contract was fully amortised during the financial year.

NOTES TO THE FINANCIAL STATEMENTS

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9. INVESTMENT IN SUBSIDIARIES

	Company	
	30.09.2024 RM	30.09.2023 RM
Unquoted shares, at cost		
At beginning of the financial year/period	79,718,897	22,280,002
Additions		
- Increase in investment in subsidiaries	-	3,274,000
- Acquisition of TJE (Note 37)	-	54,264,895
		- 57,538,895
Disposal		- (100,000)
	79,718,897	79,718,897
Impairment loss on investment in subsidiaries (Note 26)	(247,381)	-
	79,471,516	79,718,897
Equity contribution in respect of ESOS	3,570,437	3,570,437
At the end of the financial year/period	83,041,953	83,289,334

The details of the subsidiaries which are all incorporated in Malaysia, are as follows:

Name of company	Principal activities	Ownership interest	
		30.09.2024	30.09.2023
Opcom Cables Sdn. Bhd. ("OCSB")	Manufacturing of fibre optic cables, systems accessories and provision of engineering services.	70%	70%
Hexlube Sdn. Bhd. ("HLSSB") (formerly known as Hextar Lube Synergy Sdn. Bhd. and Unigel Compounds Sdn. Bhd.)	Manufacturing and/or blending of lubricant oil and oil related products and manufacturing and trading of cable filling and flooding compounds, and trading of industrial products.	100%	100%
Opcom Shared Services Sdn. Bhd. ("OSSSB")	Provision of human resource management services.	100%	100%
Opcom Engineering Services Sdn. Bhd. ("OESSB")	Provision of engineering services to telecommunications, power utility and transportation industries, and acting as distribution agent and solution provider for telecommunications products in Malaysia.	90%	90%
T&J Engineering Sdn. Bhd. ("TJE")	Engineering, construction and project management business	100%	100%
Opcom Trading Sdn. Bhd. ("OTSB")	General trading of fibre, other cable production material, provision of engineering services, and general trading of all sorts of building related materials and to carry on money lending business.	100%	100%
Opcom Vision Sdn. Bhd.* ("OVSB")	Dormant.	100%	100%
Opcom VC Sdn. Bhd.*# ("OVCSB")	Investment holding.	100%	100%

NOTES TO THE FINANCIAL STATEMENTS

Cont'd

9. INVESTMENT IN SUBSIDIARIES (CONT'D)

* Not audited by Ecovis Malaysia PLT

The auditors' report of the subsidiary contains a material uncertainty relating to the appropriateness of the going concern in view of its capital deficiency and net current liabilities position as at 30 September 2024. The financial statements were prepared on a going concern basis as the Company has undertaken to provide continued financial support to this subsidiary.

(i) Disposal of a subsidiary

2023

- (a) On 1 March 2023, the Company entered into a share sale agreement to dispose 40,000 ordinary shares in Hextar Oiltech Sdn. Bhd. ("HOSB") (formerly known as Opcom Lube & Solutions Sdn. Bhd.), representing 40% equity interest in HOSB, for RM40,000, satisfied in cash. The sale of shares was completed on 7 March 2023.
- (b) On 22 August 2023, the Company entered into a share sale agreement to dispose the remaining 60,000 ordinary shares in HOSB, representing 60% equity interest in HOSB, for RM48,000, satisfied in cash. The sale of shares was completed on 22 August 2023.

The effect of disposal of the subsidiary is as follows:

	Group 30.09.2024 RM	Company 30.09.2023 RM
Investment in subsidiaries	-	100,000
Property, plant and equipment	4,344	-
Inventory	1,478,916	-
Trade receivables	1,669,064	-
Other receivables	23,864	-
Cash and cash equivalents	272,057	-
Trade payables	(600,840)	-
Other payables	(2,982,318)	-
Carrying amount of net assets disposed of	(134,913)	100,000
Gain/(loss) on disposal of the subsidiary	222,913	(12,000)
Net disposals proceed	88,000	88,000
Cash and cash equivalents of the subsidiary disposed of	(272,057)	-
Net cash (outflow)/inflow on disposals of the subsidiary	(184,057)	88,000

(ii) Acquisition of subsidiary

2023

On 19 September 2022, the Company entered in a conditional share sale agreement to acquire 6,500,000 ordinary shares in TJE, representing the entire equity interest in TJE for a total purchase consideration up to RM90.0 million. The purchase consideration is to be satisfied via a combination of cash (30%) and new ordinary shares issued by the Company (70%). The quantum of purchase consideration is subject to TJE meeting certain criteria and performance level in financial period/year ended 31 March 2023 to 31 March 2025, as stipulated in the conditional share sale agreement.

NOTES TO THE FINANCIAL STATEMENTS

Cont'd

9. INVESTMENT IN SUBSIDIARIES (CONT'D)

(ii) Acquisition of subsidiary (Cont'd)

On 7 March 2023, the Company completed the acquisition of TJE.

In the previous financial period, the fair value of assets and liabilities acquired along with the purchase consideration has been determined on a provisional basis pending completion of a purchase price allocation exercise as permitted by MFRS 3 Business Combination. The Group has up to 12 months period from acquisition date to complete such acquisition.

During the financial year, the purchase price allocation for the acquisition was completed. The Group has recognised intangible assets relating to customer contract, net of deferred tax of RM31,474,930 and goodwill of RM6,328,085. The fair value adjustments were recorded with effect from the date of acquisition. As a result, certain balances on the statement of financial position as of 30 September 2023 were adjusted retrospectively, as disclosed in Note 37.

The details of the purchase consideration are as follows:

	Group RM
Cash consideration	4,448,263
Shares consideration	8,438,955
Fair value of deferred consideration	41,548,403
	54,435,621

The fair value of the identifiable assets and liabilities of TJE at the date of acquisition are as follows:

	RM
Property, plant and equipments	239,745
Trade receivables	19,229,646
Other receivables	2,243,660
Cash and bank balances	11,021,784
Inventories	6,881,200
Trade payables	(14,608,445)
Other payables	(4,297,484)
Tax liabilities	(3,775,961)
Amount due to director	(301,539)
Net identifiable assets	16,632,606
Goodwill arising from acquisition	6,328,085
Identifiable intangible assets (net of deferred tax)	31,474,930
Total purchase consideration	54,435,621

NOTES TO THE FINANCIAL STATEMENTS

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9. INVESTMENT IN SUBSIDIARIES (CONT'D)

(ii) Acquisition of subsidiary (Cont'd)

The effect of the acquisition on cash flows of the Group is as follows:

	RM
Cash consideration	4,500,000
Less: Cash and cash equivalents the subsidiary acquired	(11,024,784)
Net cash inflow from acquisition the subsidiary	6,521,784

The effect of the acquisition on the financial results of the Group from the date of acquisition to 30 September 2023 is as follows:

	RM
Revenue	74,738,868
Profit for the period	26,032,783

(iii) Non-controlling interests in subsidiaries

The financial information of the Group's subsidiaries that have material non-controlling interests are as follows:

Equity interest held by non-controlling interests:

Name of company	Principal place of business/country of incorporation	Ownership interest	
		30.09.2024	30.09.2023
Opcom Cables Sdn. Bhd.	Malaysia	30%	30%
Opcom Engineering Services Sdn. Bhd.	Malaysia	10%	10%

Carrying amount of material non-controlling interests:

Name of company	30.09.2024	30.09.2023
	RM	RM
Opcom Cables Sdn. Bhd.	8,550,795	9,336,748
Opcom Engineering Services Sdn. Bhd.	1,108,152	563,900
	9,658,947	9,900,648

Profit or loss allocated to material non-controlling interests:

Name of company	01.10.2023	01.04.2022
	to	to
	30.09.2024	30.09.2023
	RM	RM
Opcom Cables Sdn. Bhd.	(785,953)	336,514
Opcom Engineering Services Sdn. Bhd.	544,252	338,906
	(241,701)	675,420

NOTES TO THE FINANCIAL STATEMENTS

Cont'd

9. INVESTMENT IN SUBSIDIARIES (CONT'D)

(iv) Summarised financial information of material non-controlling interests

The summarised financial information (before intra-group elimination) of the Company's subsidiaries that have material non-controlling interests are as follows:

	Opcom Cables Sdn. Bhd.	
	30.09.2024	30.09.2023
	RM	RM
Summarised statement of financial position		
Non-current assets	6,623,563	6,478,809
Current assets	32,455,467	33,336,633
Non-current liabilities	(666,349)	(1,954,982)
Current liabilities	(8,467,114)	(5,295,049)
Net assets	29,945,567	32,565,411
	01.10.2023	01.04.2022
	to	to
	30.09.2024	30.09.2023
	RM	RM
Summarised statement of comprehensive (loss)/income		
Revenue	28,671,565	71,705,577
(Loss)/Profit for the financial year/period	(2,619,844)	1,121,713
Total comprehensive (loss)/income	(2,619,844)	1,121,713
Summarised cash flow information		
Cash flows used in operating activities	(4,415,816)	(6,886,892)
Cash flows used in investing activities	(2,075,476)	(3,951,516)
Cash flows (used in)/from financing activities	(1,345,200)	264,789
Net decrease in cash and cash equivalents	(7,836,492)	(10,573,619)
Dividends paid to non-controlling interests	-	450,000

	Opcom Engineering Services Sdn. Bhd.	
	30.09.2024	30.09.2023
	RM	RM
Summarised statement of financial position		
Non-current assets	383,298	499,422
Current assets	19,071,063	45,382,721
Non-current liabilities	(129,047)	(151,498)
Current liabilities	(7,306,274)	(39,154,123)
Net assets	12,019,040	6,576,522

NOTES TO THE FINANCIAL STATEMENTS

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9. INVESTMENT IN SUBSIDIARIES (CONT'D)

(iv) Summarised financial information of material non-controlling interests (Cont'd)

The summarised financial information (before intra-group elimination) of the Company's subsidiaries that have material non-controlling interests are as follows: (Cont'd)

	01.10.2023 to 30.09.2024 RM	01.04.2022 to 30.09.2023 RM
Summarised statement of comprehensive income		
Revenue	22,826,528	37,010,754
Profit for the financial year/period	5,442,518	3,389,057
Total comprehensive income	5,442,518	3,389,057
Summarised cash flow information		
Cash flows (used in)/from operating activities	(65,556,030)	94,656
Cash flows (used in)/from investing activities	-	(267,271)
Cash flows from financing activities	64,776,264	92,303
Net decrease in cash and cash equivalents	(779,766)	80,312
Dividends paid to non-controlling interests	-	-

10. INVESTMENT IN ASSOCIATES

	Note	Group		Company	
		30.09.2024 RM	30.09.2023 RM	30.09.2024 RM	30.09.2023 RM
Shares, at cost					
- unquoted shares		83,956,321	12,912,051	83,956,321	-
- quoted shares		35,334,332	-	-	-
		119,290,653	12,912,051	83,956,321	-
Share of post-acquisition reserves, net of dividend		7,301,978	3,228,283	-	-
Impairment loss - unquoted	26	-	(14,333,061)	-	-
Foreign currency translation differences		-	5,810,414	-	-
Reclassified to non-current assets held for sale	17	-	(7,617,687)	-	-
		126,592,631	-	83,956,321	-
Market value					
- Quoted shares		20,687,735	-	-	-

The fair value of the quoted investments is categorised under level 1 of the fair value hierarchy.

NOTES TO THE FINANCIAL STATEMENTS

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10. INVESTMENT IN ASSOCIATES (CONT'D)

The details of the associates are as follows:

Name of associates	Principal place of business	Principal activities	Ownership interest	
			30.09.2024	30.09.2023
Associate of the Company:				
Transgrid Ventures Sdn. Bhd. ("TVSB")#	Malaysia	Provision of engineering, procurement, construction and commissioning ("EPCC") of power transmission and distribution substation infrastructure, project management and engineering consultancy of power transmission and distribution infrastructure, and supply and maintenance of equipment for power transmission and distribution substations.	49%	-
Associate of OVCSB:				
Binasat Communications Berhad ("Binacom")	Malaysia	Provision of support services for satellite, mobile and fibre optic telecommunications network, transmission and distribution network utility infrastructure construction services and EPCC of solar facilities.	23%	-
Associates of HLSSB:				
Unigel IP Limited ("UIP")*#	Hong Kong	Provision of licensing services for intellectual property rights.	-	40%
Unigel (UK) Limited ("Unigel (UK)")*#	United Kingdom	Manufacture and sale of cable filling and flooding compounds and associated pumping and delivery equipment.	-	40%
Subsidiary of Unigel (UK):				
Unigel Incorporated*#	United States of America	Manufacturing of thixotropic gel.	-	100%

* *Disposed during the year*

Audited by a firm other than Ecovis Malaysia PLT

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10. INVESTMENT IN ASSOCIATES (CONT'D)

(i) Acquisition of associates

2024

- (a) On 20 September 2023, the Company had through its wholly-owned subsidiary, namely OVCSB, entered into a share sale agreement (“SSA”) with Na Boon Aik for the acquisition of 70,000,000 ordinary shares in Binacom, representing 18.03% equity interest in Binacom for a total purchase consideration of RM39,200,000 at RM0.56 per share to be satisfied wholly in cash. The acquisition of the 18.03% equity interest in Binacom was completed on 2 October 2023.

On 26 October 2023, OVCSB entered into SSAs with other vendors, namely Dynamic Paradigm Sdn. Bhd., Lim Yau Siong, Sim Winn Pin and Poh Kok Yeong for the acquisition of 26,222,021 ordinary shares in Binacom, representing 6.75% equity interest in Binacom for a total purchase consideration of RM14,684,332 at RM0.56 per share, to be satisfied wholly in cash. The acquisition of the additional 6.75% equity interest in Binacom was completed on 12 January 2024. This had resulted the in equity interest of OVCSB in Binacom increase from 18.03% to 24.78%.

- (b) On 1 August 2023, the Company had entered into a SSA with Dato’ Sri J. O. Nantha Kumar A/L J. C. Ramalu and Datin Sri M. Saraswathy A/P Manikum for the acquisition of 5,390,000 ordinary shares in TVSB, representing 49% equity interest in TVSB for a total purchase consideration of RM98 million, to be satisfied by a combination of shares and cash. The acquisition of the 49% equity interest in TVSB was completed on 10 January 2024.

(ii) Disposal of associates

2023

- (a) The Group recorded an impairment of RM14,333,061 in the statement of comprehensive income as a result of the shortfall arising from the lower recoverable amount of investment in an associate as compared to carrying amount as at 30 September 2023. The recoverable amount was determined based on its fair value less costs to sell as at 30 September 2023, classified as Level 1 fair value.
- (b) In the previous financial period ended 2023, the Directors of the Company have approved the disposal of Group’s investment in Unigel (UK) and UIP. The associates were reclassified to non-current assets held for sale under current assets in the statement of financial position as disclosed in Note 17.
- (c) On 23 January 2024, HLSSB had entered a SSA with Unigel Technologies Limited for the disposal of 400,000 ordinary shares of Unigel (UK), representing 40% equity interest in Unigel (UK) for a total cash consideration of GBP1,300,000 (equivalent to approximately RM7,674,482).

On the same date, HLSSB had entered a SSA with Unigel Limited for the disposal of 400 ordinary shares of UIP, representing 40% equity interest in UIP for a total cash consideration of GBP400,000 (equivalent to approximately RM2,361,379).

The disposals have been completed on 7 June 2024 following the receipt of the cash considerations. Both Unigel (UK) and UIP ceased to be the associates of HLSSB.

- (iii) The financial year of the associates is 31 December. In applying the equity method of accounting, the 9-month financial statements of the associates for the financial period ended 30 September 2024 have been used.

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10. INVESTMENT IN ASSOCIATES (CONT'D)

(iv) Summarised financial information of material associates:

	Binacom RM	TVSB RM
30.9.2024		
Asset and liabilities		
Non-current assets	48,169,000	85,998,415
Current assets	128,887,000	272,853,194
Non-current liabilities	(17,598,000)	(38,007,505)
Current liabilities	(33,009,000)	(208,045,429)
Net assets	126,449,000	112,798,675
01.01.2024 to 30.9.2024		
Results:		
Revenue	77,734,000	326,190,176
Profit for the financial year/period	1,920,000	16,303,316
Less: amortisation of acquired intangibles, net of tax	(283,083)	(2,694,498)
Total comprehensive income	1,636,917	13,608,818
		Unigel (UK) RM
30.9.2023		
Asset and liabilities		
Non-current assets		7,574,371
Current assets		21,885,274
Current liabilities		(16,307,686)
Net assets		13,151,959
01.01.2023 to 30.9.2023		
Results:		
Revenue		116,319,574
Profit for the financial period		2,623,724
Other comprehensive income		369,170
Total comprehensive income		2,992,893

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10. INVESTMENT IN ASSOCIATES (CONT'D)

(v) Reconciliation of information to the carrying amount of the Group's interest in associates:

	Binacom RM	TVSB RM	Total RM
2024			
Group's share of results:			
Group's share of profit for the financial year	313,913	6,988,065	7,301,978
Reconciliation of net assets to carrying amount:			
Group's share of net assets	30,038,164	67,880,558	97,918,722
Goodwill	5,610,081	23,063,828	28,673,909
Carrying amount in the statements of financial position	35,648,245	90,944,386	126,592,631

	Unigel (UK) RM	Other individually immaterial associates RM	Total RM
2023			
Group's share of results:			
Group's share of profit for the financial year/period	1,197,157	854,963	2,052,120
Group's share of other comprehensive income	147,668	-	147,668
Dividend income	1,576,025	945,000	2,521,025
Reconciliation of net assets to carrying amount:			
Group's share of net assets	5,260,784	269,079	5,529,863
Goodwill	16,420,885	-	16,420,885
Impairment loss	(14,333,061)	-	(14,333,061)
Reclassified to non-current assets held for sale	(7,348,608)	(269,079)	(7,617,687)
Carrying amount in the statements of financial position	-	-	-

(vi) Impairment testing on investment in Binacom

As at 30 September 2024, the market value of the Group's investment in Binacom amounted to RM20.69 million which was lower than its carrying amount of RM35.65 million. Management has performed an impairment assessment to determine the recoverable amount of the investment based on the higher of fair value less costs of disposal and value in use calculations. The value assigned to the key assumptions used in the value in use calculations represent management's assessment of future trends and are based on internal and external sources of data, where applicable. No impairment is required in respect of the investment in Binacom.

The value in use calculations are prepared using cash flow forecast with the following key assumptions:

- (i) cash flow projections covering a period of 3 years;
- (ii) pre-tax discount rate of 12%; and
- (iii) zero terminal growth rate

NOTES TO THE FINANCIAL STATEMENTS

Cont'd

10. INVESTMENT IN ASSOCIATES (CONT'D)

(vi) Impairment testing on investment in Binacom (Cont'd)

Based on management's assessment, there is no reasonably possible change in key assumptions on which management has based its determination of the recoverable amount of its investment in Binacom that would cause its carrying amount to exceed its recoverable amount.

(vii) The Group's interest in Binacom is pledged as collateral for a term loan as disclosed in Note 20(a).

11. DEFERRED TAX LIABILITIES

	Group		Company	
	30.09.2024	30.09.2023	30.09.2024	30.09.2023
	RM	RM	RM	RM
Deferred tax liabilities				
At the beginning of the financial year/period	(7,163,280)	(678,956)	(922,456)	(786,977)
Acquisition of a subsidiary	(53,914)	(9,902,077)	-	-
Recognised in profit or loss (Note 27)	6,537,253	3,424,799	60,827	(135,479)
Translation differences	(217)	(7,046)	-	-
At the end of the financial year/period	(680,158)	(7,163,280)	(861,629)	(922,456)

	Group		Company	
	30.09.2024	30.09.2023	30.09.2024	30.09.2023
	RM	RM	RM	RM
Presented after appropriate offsetting as follows:				
Deferred tax assets	88,327	-	-	-
Deferred tax liabilities	(768,485)	(7,163,280)	(861,629)	(922,456)
	(680,158)	(7,163,280)	(861,629)	(922,456)

Deferred tax liabilities arose from the following temporary differences:

	Group		Company	
	30.09.2024	30.09.2023	30.09.2024	30.09.2023
	RM	RM	RM	RM
Deferred tax liabilities				
Differences between the carrying amount of property, plant and equipment and their tax base	(680,158)	(903,243)	(861,629)	(922,456)
Intangible assets	-	(6,260,037)	-	-
	(680,158)	(7,163,280)	(861,629)	(922,456)
	(680,158)	(7,163,280)	(861,629)	(922,456)

NOTES TO THE FINANCIAL STATEMENTS

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11. DEFERRED TAX LIABILITIES (CONT'D)

Unrecognised deferred tax assets

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

	Group	
	30.09.2024	30.09.2023
	RM	RM
Unabsorbed capital allowances	3,389,394	1,667,369
Unused tax losses	11,788,213	8,958,047
Other deductible differences	148,249	148,249
	15,325,856	10,773,665

The availability of unused tax losses for offsetting against future taxable profits of the respective subsidiaries in Malaysia are subject to requirements under the Income Tax Act, 1967 and guidelines issued by the tax authority.

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

	Group	
	30.09.2024	30.09.2023
	RM	RM
2028	109,180	232,209
2029	2,182,572	2,182,572
2030	5,092,170	5,092,170
2031	-	-
2032	1,451,096	1,451,096
2033	2,023,201	-
	11,788,213	8,958,047

12. INVENTORIES

	Group	
	30.09.2024	30.09.2023
	RM	RM
At cost		
Raw materials	1,940,908	4,011,324
Work-in-progress	85,630	163,804
Finished goods	5,758,631	12,286,102
	7,785,169	16,461,230

NOTES TO THE FINANCIAL STATEMENTS

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12. INVENTORIES (CONT'D)

	Group	
	30.09.2024	30.09.2023
	RM	RM
At net realisable value		
Raw materials	766,522	703,591
Finished goods	384,921	40,162
	1,151,443	743,753
Total	8,936,612	17,204,983
Recognised in profit or loss:		
Inventories recognised as cost of sales	34,331,915	87,578,604
Inventories written down	753,052	49,585

13. TRADE RECEIVABLES

	Note	Group	
		30.09.2024	30.09.2023
		RM	RM
Non-current			
Third parties	(b)	58,688,728	-
Current			
Third parties	(b)	71,199,235	75,014,570
Contract assets	(c)	25,475,926	32,206,154
Amounts owing by associates	(d)	37,582	4,182,440
		96,712,743	111,403,164
Less: impairment losses	(e)	(1,144,151)	(848,296)
		95,568,592	110,554,868
Total		154,257,320	110,554,868

(a) The normal credit terms offered by the Group range from 30 to 120 days (2023: 30 to 120 days) from the date of invoice. Other credit terms are assessed and approved on a case by case basis. Receivables arising from the licensed money lending business are governed by separate financing agreements with agreed repayment terms.

(b) Included in trade receivables of the Group are an amount owing by a third party of RM61.54 million (2023: RM30.45 million). The Group has re-negotiated the repayment terms with the third party and entered into a settlement agreement with the third party for repayment of the outstanding amount over 36 months of instalments, commencing from January 2025 to December 2027.

NOTES TO THE FINANCIAL STATEMENTS

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13. TRADE RECEIVABLES (CONT'D)

- (c) The Group issues progress billings to customers when the billing milestones are attained. The Group recognises revenue as performance obligation is satisfied over time.

Movement of contract assets during the financial year/period:

	Group	
	30.09.2024	30.09.2023
	RM	RM
At 1 October 2023/1 April 2022	32,206,154	-
Revenue recognised during the financial year/period	67,760,309	74,738,868
Progress billings issued during the financial year/period	(74,490,537)	(42,532,714)
At 30 September 2024/30 September 2023	25,475,926	32,206,154

Revenue expected to be recognised in the future relating to performance obligations that are unsatisfied or partially unsatisfied as at the reporting date is summarised below:-

	Group	
	30.09.2024	30.09.2023
	RM	RM
Within 1 year	54,436,913	59,324,675
Between 2 to 5 years	47,839,934	10,413,282
	102,276,847	69,737,957

The Group applies the practical expedient in MFRS 15 on not disclosing the aggregate amount of the revenue expected to be recognised in the future where the performance obligation is part of a contract that has an original expected duration of less than one year.

- (d) Amount owing by associates for the previous financial period were denominated in United States Dollar.
- (e) Receivables that are impaired

The Group's trade receivables that are impaired at the reporting date and the reconciliation of movement in the impairment of trade receivables are as follows:

	Group	
	30.09.2024	30.09.2023
	RM	RM
At beginning of the financial year/period	848,296	538,381
Reversal of impairment losses (Note 26)	(62,560)	(14,058)
Impairment losses (Note 26)	383,040	323,973
Written off	(24,625)	-
At end of the financial year/period	1,144,151	848,296

- (f) The information about credit exposures are disclosed in Note 32(i).

NOTES TO THE FINANCIAL STATEMENTS

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14. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	Note	Group		Company	
		30.09.2024 RM	30.09.2023 RM	30.09.2024 RM	30.09.2023 RM
Non-current					
Other receivables	(a)	8,250,000	1,042,565	-	-
Current					
Advances to suppliers		-	381,440	-	-
Other receivables	(a)	9,611,520	20,377,356	76,290	6,040,423
Deposits		564,554	159,818	111,059	112,009
Prepayments		286,193	615,013	50,470	64,509
Amounts owing by an associate		37,582	-	27,000	-
Amounts owing by related parties	(b)	333,739	105,140	-	-
Amounts owing by subsidiaries	(c)	-	-	70,314,566	71,984,960
		10,833,588	21,638,767	70,579,385	78,201,901
Impairment loss		-	-	(1,595,058)	-
		10,833,588	21,638,767	68,984,327	78,201,901
Total		19,083,588	22,681,332	68,984,327	78,201,901

(a) Included in other receivables of the Group are an amount owing by a third party of RM11.0 million (2023: RM10.4 million). The Group has re-negotiated the repayment terms with the third party and entered into a settlement agreement with the third party for repayment of the outstanding amount over 36 months of instalments, commencing from January 2025 to December 2027.

(b) Amount owing by related parties are repayable in 30 days (2023: 30 days).

(c) Amount owing by subsidiaries are unsecured, interest-free and repayable upon demand in cash, except for an amount of RM24 million (2023: Nil) which bears interest ranging from 3.36% to 3.38% per annum.

15. OTHER INVESTMENT

	Group	
	30.09.2024 RM	30.09.2023 RM
Short-term investment	6,500,000	7,700,000
Impairment loss	(219,736)	(330,868)
	6,280,264	7,369,132

The short-term investment is placed with a peer-to-peer financing platform registered with Securities Commission Malaysia and bears interest at 12% (2023: 11.00% to 12.25%) per annum. During the financial year, impairment loss is provided based on the probability of default at average rates ranging from 3.86% to 5.19% (2023: 1.85% to 5.92%).

NOTES TO THE FINANCIAL STATEMENTS

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16. DEPOSITS, CASH AND BANK BALANCES

	Note	Group		Company	
		30.09.2024 RM	30.09.2023 RM	30.09.2024 RM	30.09.2023 RM
Cash and bank balances		19,926,019	61,085,037	14,301,925	9,097,333
Deposits placed with licensed banks	(a)	11,703,664	16,382,355	-	-
Cash and cash equivalents as reported in the statements of financial position		31,629,683	77,467,392	14,301,925	9,097,333
Less:					
Pledged deposits (Note 20)	(b)	(11,663,664)	(12,048,155)	-	-
Bank overdrafts (Note 20)		(7,208,181)	(18,842,593)	-	-
Cash and cash equivalents as reported in the statements of cash flows		12,757,838	46,576,644	14,301,925	9,097,333

(a) The short-term deposits of the Group and of the Company are placed with licensed banks with maturity period of less than 3 months (2023: less than 3 months) and bear interest at rates ranging from 2.4% to 4.90% (2023: 0.25% to 2.35%) per annum and 2.79% to 3.15% (2023: 1.5% to 2.40%) per annum respectively.

(b) These deposits are on lien for bank facilities granted to a subsidiary.

17. NON-CURRENT ASSETS HELD FOR SALE

On 11 September 2023, the board of directors approved the divestment in UIP and Unigel (UK), which are investment in associates (Note 10) by a wholly owned subsidiary of the Company, HLSSB, as part of the Group's business diversification.

As a result, the investment in associates were reclassified as non-current assets held for sale under current assets in the statements of financial position in the previous financial period.

On 23 January 2024, HLSSB had entered into share sale agreements to dispose 400,000 ordinary shares and 400 ordinary shares in Unigel (UK) and UIP respectively, representing a 40% equity interest in Unigel (UK) and UIP, for GBP1,300,000 and GBP400,000 respectively, to be satisfied by cash.

NOTES TO THE FINANCIAL STATEMENTS

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18. SHARE CAPITAL

	Group and Company			
	Number of ordinary shares		Amounts	
	30.09.2024	30.09.2023	30.09.2024	30.09.2023
	Unit	Unit	RM	RM
Issued and fully paid-up:				
At beginning of the financial year/period	384,022,468	279,087,237	170,627,839	100,412,906
Issuance of shares pursuant to:				
- private placement	-	27,908,700	-	18,992,290
- acquisition of an associate	62,941,554	-	36,820,809	-
- acquisition of a subsidiary	-	77,026,531	-	51,222,643
At the end of the financial year/period	446,964,022	384,022,468	207,448,648	170,627,839

During the financial year, the Company issued 62,941,554 new ordinary shares at RM0.585 per share as part of the purchase consideration for the acquisition of 49% equity interest in TVSB as disclosed in Note 10(i)(b).

In the previous financial period, the Company:

- (i) increased its issue and paid-up ordinary share capital from RM100,412,906 to RM119,405,196 by way of private placement of 27,908,700 new ordinary shares for a total cash consideration of RM18,992,290; and
- (ii) issued 77,026,531 new ordinary shares at RM0.665 per share as part of the purchase consideration for the acquisition of 100% equity in TJE as disclosed in Note 9(ii).

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

The new ordinary shares issued during the financial year rank pari passu in all respects with the existing ordinary shares of the Company.

19. RESERVES

	Note	Group		Company	
		30.09.2024	30.09.2023	30.09.2024	30.09.2023
		RM	RM	RM	RM
Non-distributable:					
Capital reserve		3,283	3,283	-	-
Share option reserve	(a)	1,316,285	1,410,195	1,316,285	1,410,195
Translation reserve	(b)	7,373,013	7,423,798	-	-
Fair value reserve	(c)	-	-	-	-
Other reserve	(d)	(42,685,536)	(42,685,536)	(42,685,536)	(42,685,536)
		(33,992,955)	(33,848,260)	(41,369,251)	(41,275,341)

NOTES TO THE FINANCIAL STATEMENTS

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19. RESERVES (CONT'D)

(a) Share option reserve

The share option reserve comprises the cumulative value of services received from directors and employees for the issue of share options. The reserve is recorded over the vesting period commencing from the grant date and is reduced by the expiry/lapse or exercise of the share options. When the option is exercised, the amount from the share option reserve is transferred to share capital. When the share options expire/lapse, the amount from the share option reserve is transferred to retained earnings.

Share options are granted to eligible directors and employees. The options granted vest immediately and settlement is by issuance of fully-paid ordinary shares. The option price is based on weighted average market prices of the Company's ordinary shares in the last five trading days before the grant date. The contractual term of each option granted is five years. There are no cash settlement alternatives. The options carry neither rights to dividends nor voting rights. Options may be exercised any time from the date of vesting to the date of expiry.

Movement of share options during the financial year/period

The following table illustrates the number and weighted average exercise prices ("WAEP") of, and movement in, share options:

	Company	
	Number	Number
	30.09.2024	30.09.2023
	Unit'000	Unit'000
At beginning of the financial year	19,000	19,000
Lapsed	(500)	-
At end of the financial year	18,500	19,000
Exercisable at the end of the financial year	18,500	19,000

The options outstanding at 30 September 2024 have exercise price of RM0.6804 (30 September 2023: RM0.6804) and the weighted average remaining contractual life for the share options outstanding as at 30 September 2024 is 1.98 years (30 September 2023: 2.98 years).

The fair value of the share options granted were determined using the Black Scholes Options Pricing model, and the inputs were:

	Grant date
Fair value of share options and assumptions	
Weighted average fair value of share options at grant date (RM)	0.7135
Weighted average share price (RM)	0.7894
Annualised volatility (%)	62.16%
Risk-free rate (%)	1.76%
Exercise price (RM)	0.6804
Time to maturity (years)	0.0833
Dividend yield	2.015%

The expected volatility reflected the assumption that the historical volatility was an indication of future trends, which may also not necessarily be the actual outcome.

NOTES TO THE FINANCIAL STATEMENTS

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19. RESERVES (CONT'D)

(b) Translation reserve

The translation reserve arose from translating the financial statements of a subsidiary whose functional currency was different from the Group's presentation currency. During the financial year, the subsidiary changed its functional currency due to a shift in its primary economic environment following the disposal of its foreign associates. Consequently, it now operates predominantly in the local market and has changed its functional currency to Ringgit Malaysia.

(c) Fair value reserve

Fair value reserve comprises the cumulative net change in the fair value of equity instruments measured at fair value through other comprehensive income until the investments are derecognised.

(d) Other reserve

Other reserve relates to shares issued under share sale agreement for the acquisition of TJE.

20. LOANS AND BORROWINGS

	Note	Group	
		30.09.2024 RM	30.09.2023 RM
Non-current			
Bank borrowings			
- Term loan	(a)	43,467,897	-
Lease liabilities	(c)	224,141	296,554
		43,692,038	296,554
Current			
Bank borrowings			
- Invoice financing	(a)	1,303,138	2,181,057
- Commodity financing	(a)	16,871,500	6,000,000
- Banker acceptance	(a)	2,814,269	-
- Term loan	(a)	7,172,900	-
Bank overdrafts	(b)	7,208,181	18,842,593
Lease liabilities	(c)	72,413	119,755
		35,442,401	27,143,405
Total loans and borrowings:			
Bank borrowings		78,837,885	27,023,650
Lease liabilities		296,554	416,309
		79,134,439	27,439,959

NOTES TO THE FINANCIAL STATEMENTS

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20. LOANS AND BORROWINGS (CONT'D)

	Note	Company	
		30.09.2024 RM	30.09.2023 RM
Non-current			
Bank borrowings			
- Term loan	(a)	7,333,328	-
Current			
Bank borrowings			
- Term loan	(a)	2,000,004	-
- Commodity financing	(a)	16,871,500	6,000,000
		18,871,504	6,000,000
Total loans and borrowings		26,204,832	6,000,000

(a) Bank borrowings

Invoice financing

Invoice financing is secured by a fixed deposit pledge (Note 16) and is guaranteed by the directors of a subsidiary with the interest rate charges at 1.5% (2023: 1.5%) per annum above bank's cost of funds.

Commodity financing

Commodity financing is secured by corporate guarantee from subsidiaries of the Company namely Opcom Cables Sdn. Bhd. and Opcom Vision Sdn. Bhd.

The weighted average effective interest rate of the Group and of the Company at the end of the reporting period is 7.02% (2023: 4.63%) per annum.

Banker acceptance

Banker acceptance is secured by corporate guarantee from the Company with the interest rate charges of 1.0% (2023: Nil) per annum above bank's cost of funds.

Term loan

Term loan is secured by corporate guarantee from the Company and charged over deposit (Note 16) and shares of the Group's 23.39% shareholding in an associate, Binacom (Note 10) with interest rate charges of 1.75% (2023: Nil) per annum above bank's cost of funds.

(b) Bank overdrafts

Bank overdrafts are secured by deposits pledged (Note 16) and is guaranteed by the directors of a subsidiary with interest rate charges ranging from 1.25% to 1.75% (2023: 1.75%) per annum above base financing rate.

(c) Lease liabilities

The incremental borrowing rates applied to lease liabilities range from 2.33% to 4.50% (2023: 2.33% to 4.50%) per annum.

NOTES TO THE FINANCIAL STATEMENTS

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20. LOANS AND BORROWINGS (CONT'D)

(c) Lease liabilities (Cont'd)

Future minimum lease payments together with the present value of net minimum lease payments are as follows:

	Group	
	30.09.2024	30.09.2023
	RM	RM
Minimum lease payments:		
Not later than one year	101,592	128,592
Later than one year and not later than 5 years	205,941	307,533
	307,533	436,125
Less: Future finance charges	(10,979)	(19,816)
Present value of minimum lease payments	296,554	416,309
Present value of minimum lease payments:		
Not later than one year	72,413	119,755
Later than one year and not later than 5 years	224,141	296,554
	296,554	416,309
Less: Amount due within 12 months	(72,413)	(119,755)
Amount due after 12 months	224,141	296,554

21. TRADE PAYABLES

	Group	
	30.09.2024	30.09.2023
	RM	RM
Third parties	13,603,254	18,440,665

The normal trade credit terms granted to the Group range from 30 to 90 days (2023: 30 to 90 days).

NOTES TO THE FINANCIAL STATEMENTS

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22. OTHER PAYABLES AND ACCRUALS

	Note	Group		Company	
		30.09.2024 RM	30.09.2023 RM	30.09.2024 RM	30.09.2023 RM
Non-current					
Deferred consideration	(c)	13,800,170	24,798,133	13,800,170	24,798,133
Current					
Amounts owing to related parties	(a)	23,666	27,929	-	-
Amounts owing to director	(b)	-	35,767	-	-
Other payables		1,573,392	861,606	255,844	73,134
Accruals		3,707,306	2,387,224	543,649	928,324
Deferred consideration	(c)	59,119,368	17,319,810	58,948,641	16,429,655
		64,423,732	20,632,336	59,748,134	17,431,113
Total		78,223,902	45,430,469	73,548,304	42,229,246

(a) Amounts owing to related parties were unsecured, interest-free and payable upon demand in cash.

(b) Amounts owing to director are unsecured, interest-free and payable upon demand in cash.

(c) Deferred consideration payable by the Group and the Company amounting to RM72,919,538 (2023: RM42,117,943) and RM72,748,811 (2023: 41,227,788) respectively represents the purchase considerations for acquisition of TJE and TVSB which are contingent on certain criteria being met.

NOTES TO THE FINANCIAL STATEMENTS

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23. REVENUE

	Group		Company	
	01.10.2023 to 30.09.2024 RM	01.04.2022 to 30.09.2023 RM	01.10.2023 to 30.09.2024 RM	01.04.2022 to 30.09.2023 RM
Revenue from contract customers:				
<i>Recognised at a point in time:</i>				
Sale of cables	14,145,605	38,883,055	-	-
Sale of accessories	9,815,991	34,995,023	-	-
Sale of oil-based industrial materials	9,909	27,241	-	-
Sale of lubricant	1,274,586	5,869,566	-	-
Sale of thixotropic gel	3,809,489	31,003,536	-	-
Engineering services income	2,991,692	3,470,354	-	-
Other services income	11,208,465	21,704,619	-	-
	43,255,737	135,953,394	-	-
<i>Recognised over time:</i>				
Construction contracts	67,760,309	74,738,868	-	-
Engineering services income	5,090,155	6,523,131	-	-
Interest income from money lending	1,116,066	-	-	-
	73,966,530	81,261,999	-	-
Revenue from other sources:				
Rental income from subsidiaries	-	-	2,263,200	3,508,800
Rental income from third parties	140,872	317,631	140,872	317,630
Administrative fee from related parties	290,000	-	-	-
Dividend income from subsidiaries	-	-	-	3,050,000
	430,872	317,631	2,404,072	6,876,430
	117,653,139	217,533,024	2,404,072	6,876,430

NOTES TO THE FINANCIAL STATEMENTS

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24. OTHER INCOME

	Note	Group		Company	
		01.10.2023 to 30.09.2024	01.04.2022 to 30.09.2023	01.10.2023 to 30.09.2024	01.04.2022 to 30.09.2023
		RM	RM	RM	RM
Interest income		2,665,217	3,289,991	551,315	1,694,014
Interest income arising from unwinding of discount					
- trade receivables		2,807,621	722,004	-	-
- other receivables		636,123	363,877	-	-
Gain on foreign currency:					
- realised		982,086	1,055,791	-	-
- unrealised		6,222	8,498	-	-
Gain on disposal of:					
- property, plant and equipment		-	258,545	-	-
- a subsidiary	9(i)	-	222,913	-	-
Gain on disposal of investment in associates		2,418,175	-	-	-
Reversal of impairment losses on trade receivables		62,560	14,058	-	-
Reversal of impairment losses on short-term investment		111,132	-	-	-
Others		638,810	1,039,034	2,593	968
		10,327,946	6,974,711	553,908	1,694,982

25. FINANCE COSTS

	Group		Company	
	01.10.2023 to 30.09.2024	01.04.2022 to 30.09.2023	01.10.2023 to 30.09.2024	01.04.2022 to 30.09.2023
	RM	RM	RM	RM
Interest expense:				
- bank borrowings	3,283,184	845,015	586,615	28,945
- lease liabilities	2,761	9,339	-	-
Others	-	41,682	-	36,568
	3,285,945	896,036	586,615	65,513

NOTES TO THE FINANCIAL STATEMENTS

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26. (LOSS)/PROFIT BEFORE TAX

Other than disclosed elsewhere in the financial statements, the following items have been charged/(credited) in arriving at (loss)/profit before tax:

	Note	Group		Company	
		01.10.2023 to 30.09.2024 RM	01.04.2022 to 30.09.2023 RM	01.10.2023 to 30.09.2024 RM	01.04.2022 to 30.09.2023 RM
Auditors' remuneration:					
Audit fee:					
- Ecovis Malaysia PLT		780,000	440,000	390,000	165,000
- Other auditors		200,125	570,250	193,625	315,500
Underprovision of audit fee in prior year:					
- Ecovis Malaysia PLT		65,280	-	57,280	-
Non-audit fees					
- Ecovis Malaysia PLT		8,000	7,000	8,000	7,000
- Other auditors		-	5,000	-	5,000
Amortisation of intangible asset	8	26,239,215	15,175,168	-	-
Impairment loss on investment in associates	10	-	14,333,061	-	-
Impairment loss on investment in subsidiaries	9	-	-	247,381	-
Depreciation of investment properties	7	-	-	359,237	538,856
Depreciation of property, plant and equipment	5	1,715,474	2,460,407	39,527	83,501
Depreciation of right-of-use assets	6	370,563	467,586	227,427	341,139
Employee benefits expenses	(a)	10,046,720	12,496,389	392,000	386,500
Expenses relating to short-term leases and leases of low-value underlying assets		28,541	30,773	-	-
Loss on foreign exchange:					
- realised		118,448	316,756	-	-
- unrealised		323,793	21,647	-	-
(Gain)/Loss on disposal of subsidiary	9(i)	-	(222,913)	-	12,000
Modification loss on financial assets		3,988,143	3,621,971	3,195,355	-
Impairment loss on property, plant and equipment	5	-	794,673	-	-
Impairment loss on:					
- trade receivables	13	383,040	309,915	-	-
- other receivables	14	-	-	1,595,058	-
- other investment	15	-	330,868	-	-
Property, plant and equipment written off		38	-	-	-
Impairment of goodwill	8	2,168,340	-	-	-
Inventories written down	12	753,052	49,585	-	-

NOTES TO THE FINANCIAL STATEMENTS

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26. (LOSS)/PROFIT BEFORE TAX (CONT'D)

(a) Employee benefits expenses:

	Group		Company	
	01.10.2023 to 30.09.2024 RM	01.04.2022 to 30.09.2023 RM	01.10.2023 to 30.09.2024 RM	01.04.2022 to 30.09.2023 RM
Salaries, wages, bonuses and others	9,038,088	11,383,598	392,000	377,500
Defined contribution plan	1,008,632	1,112,791	-	9,000
	10,046,720	12,496,389	392,000	386,500

(b) Included in employee benefits expenses are the following directors' remuneration:

	Group		Company	
	01.10.2023 to 30.09.2024 RM	01.04.2022 to 30.09.2023 RM	01.10.2023 to 30.09.2024 RM	01.04.2022 to 30.09.2023 RM
Executive:				
- fees	93,000	132,000	45,000	60,000
- salaries, bonuses and other benefits	2,395,629	2,400,088	34,500	25,500
- Defined contribution plan	279,961	287,492	-	-
	2,768,590	2,819,580	79,500	85,500
Non-executive:				
- fees	183,000	144,000	183,000	144,000
- salaries, bonuses and other benefits	129,500	157,000	129,500	157,000
	312,500	301,000	312,500	301,000
Total directors' remuneration	3,081,090	3,120,580	392,000	386,500

NOTES TO THE FINANCIAL STATEMENTS

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27. TAX EXPENSE

	Group		Company	
	01.10.2023 to 30.09.2024 RM	01.04.2022 to 30.09.2023 RM	01.10.2023 to 30.09.2024 RM	01.04.2022 to 30.09.2023 RM
Statements of comprehensive income				
Current tax:				
- Current income tax charge	6,923,952	10,777,362	132,315	502,212
- Adjustment in respect of prior years	(25,257)	437,071	(149,666)	980
	6,898,695	11,214,433	(17,351)	503,192
Deferred tax (Note 11)				
- (Reversal)/Origination of temporary differences	(6,445,647)	(3,484,799)	25,798	135,479
- Adjustment in respect of prior years	(91,606)	60,000	(86,625)	-
	(6,537,253)	(3,424,799)	(60,827)	135,479
Tax expense	361,442	7,789,634	(78,178)	638,671

Domestic income tax is calculated at the Malaysian statutory income tax rate of 24% (2023: 24%) on the estimated assessable (loss)/profit for the financial year/period.

The reconciliations from the tax amount at the statutory income tax rate to the Group's and the Company's tax expense are as follows:

	Group		Company	
	01.10.2023 to 30.09.2024 RM	01.04.2022 to 30.09.2023 RM	01.10.2023 to 30.09.2024 RM	01.04.2022 to 30.09.2023 RM
(Loss)/Profit before tax	(3,497,497)	10,982,961	(8,812,860)	2,250,164
Tax at Malaysian statutory income tax rate of 24% (2023: 24%)	(839,399)	2,635,911	(2,115,086)	540,039
Tax effects arising from:				
Tax effect on associates	(1,752,475)	(492,509)	-	-
Non-deductible expenses	3,614,990	5,777,300	2,273,199	829,652
Non-taxable income	(1,637,338)	(271,886)	-	(732,000)
Deferred tax assets not recognised during the financial year/period	1,092,527	708,897	-	-
Utilisation of previously unrecognised deferred tax assets	-	(1,065,150)	-	-
Adjustments in respect of prior years:				
- current tax	(25,257)	437,071	(149,666)	980
- deferred tax	(91,606)	60,000	(86,625)	-
Tax expense	361,442	7,789,634	(78,178)	638,671

NOTES TO THE FINANCIAL STATEMENTS

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28. EARNINGS PER SHARE

(a) Basic (loss)/earnings per ordinary share

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

	Group	
	01.10.2023 to 30.09.2024	01.04.2022 to 30.09.2023
(Loss)/Profit attributable to owners of the Company (RM)	(3,617,238)	2,528,560
Weighted average number of ordinary shares for basic (loss)/earnings per share	429,547,318	319,153,005
Basic (loss)/earnings per share (sen)	(0.84)	0.79

(b) Diluted (loss)/earnings per ordinary share

Diluted (loss)/earnings per share are based on the (loss)/profit for the financial year/period attributable to owners of the Company and the weighted average number of ordinary shares outstanding during the financial year/period plus the weighted average number of ordinary shares that would be issued on conversion of all the dilutive potential ordinary shares into ordinary shares, calculated as follows:

	Group	
	01.10.2023 to 30.09.2024	01.04.2022 to 30.09.2023
(Loss)/Profit attributable to owners of the Company (RM)	(3,617,238)	2,528,560
Weighted average number of ordinary shares for basic (loss)/earnings per share	429,547,318	319,153,005
Effect of dilution from share options*	-	2,623,512
Weighted average number of ordinary shares for diluted (loss)/earnings per share	429,547,318	321,776,517
Diluted (loss)/earnings per ordinary share (sen)*	(0.84)	0.79

* Share options granted have not been included in the calculation of the diluted (loss)/earnings per share because they are anti-dilutive.

There have been no transactions involving ordinary shares or potential ordinary shares since the reporting date and before the authorisation of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

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29. RELATED PARTIES

(a) Identity of related parties

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

Related parties of the Group include:

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

(b) Significant related party transactions

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

	Group		Company	
	01.10.2023 to 30.09.2024 RM	01.04.2022 to 30.09.2023 RM	01.10.2023 to 30.09.2024 RM	01.04.2022 to 30.09.2023 RM
Subsidiaries:				
- Dividend income	-	-	-	(3,050,000)
- Rental income	-	-	(2,263,200)	(3,508,800)
- Administrative fee	-	-	1,416,000	1,872,000
Associates:				
- Sales	(6,320,926)	(30,301,805)	-	-
- Dividend income	-	(2,521,025)	-	-
- Interest income	(65,853)	(136,436)	-	-
- Other income	(1,003,004)	(64,507)	-	-
- Purchases	76,697	1,726,245	-	-
Related parties:				
- Sales	(1,411,304)	(498,669)	-	-
- Supply of services	(302,634)	(34,180)	-	-
- Purchases	262,092	1,520,548	-	-
- Rental of motor vehicle	-	3,789	-	-

(c) Compensation of key management personnel

Key management personnel including personnel having authority and responsibility for planning, directing and controlling the activities of the entities directly or indirectly, including any director of the Group and of the Company.

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29. RELATED PARTIES (CONT'D)

(c) Compensation of key management personnel (Cont'd)

The remuneration of key management personnel is as follows:

	Group		Company	
	01.10.2023 to 30.09.2024	01.04.2022 to 30.09.2023	01.10.2023 to 30.09.2024	01.04.2022 to 30.09.2023
	RM	RM	RM	RM
Fees	276,000	276,000	228,000	204,000
Salaries, bonuses and other benefits	2,690,100	3,262,549	164,000	182,500
Defined contribution plan	299,509	371,183	-	-
	3,265,609	3,909,732	392,000	386,500

30. SEGMENT INFORMATION

Operating segments are prepared in a manner consistent with the internal reporting provided to the Group Executive Committee as its chief operating decision maker in order to allocate resources to segments and to assess their performance on a quarterly basis. For management purposes, the Group is organised into business units based on their products and services provided.

The Group is organised into the following reportable segments:

Segments	Products and services
Manufacturing	Involved in the manufacturing of fibre optic cables, lubricant oil, and systems accessories.
Engineering services and trading	Trading of cable filling, flooding compounds, industrial products and building materials as well as provision of engineering services
Tele-communication network	Supply, construct and delivery of tower structures and its ancillaries for the purpose of providing public cellular services to end-users
Construction and project management business	Provision of construction and project management services which includes but not limited to (i) provision of structural, civil, mechanical, electrical, architectural and other engineering services; (ii) site inspection, demolition, site preparation, electrical, plumbing, general external works and other construction installation activities; and (iii) overseeing all aspects of construction project including scheduling, budgeting, monitoring, risk management and quality control.
Money lending	Provide tailored loan products such as personal loans, business loans and project financing solutions to customers.
Others operations	Management services and investment holding.

Inter-segment pricing is determined on negotiated basis.

NOTES TO THE FINANCIAL STATEMENTS

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30. SEGMENT INFORMATION (CONT'D)

Segment profit

Segment performance is used to measure performance as Group's Executive Committee believes that such information is the most relevant in evaluating the results of certain segments relative to other entities that operate within these industries. Performance is evaluated based on operating profit or loss which is measured differently from operating profit or loss in the consolidated financial statements.

Segment assets

The total of segment asset is measured based on all assets (excluding deferred tax assets and investment in associates) of a segment, as included in the internal management reports that are reviewed by the Group's Executive Committee.

Segment liabilities

The total of segment liabilities is measured based on all liabilities (excluding deferred tax liabilities) of a segment, as included in the internal management reports that are reviewed by the Group's Executive Committee.

NOTES TO THE FINANCIAL STATEMENTS

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30. SEGMENT INFORMATION (CONT'D)

	Note	Manufacturing RM	Engineering services and trading RM	Tele- communication network RM	Construction RM	Money lending RM	Other operations RM	Adjustments and eliminations RM	Consolidation RM
01.10.2023 to 30.09.2024									
Revenue									
External revenue		25,336,558	23,009,334	59,540,906	8,219,403	1,116,066	430,872	-	117,653,139
Inter-segment revenue	(a)	256,066	8,035,660	-	-	-	6,801,200	(15,092,926)	-
Total revenue		25,592,624	31,044,994	59,540,906	8,219,403	1,116,066	7,232,072	(15,092,926)	117,653,139
Results									
<i>Included in the measure of segment profit are:</i>									
Depreciation of right-of-use assets		1,647,424	59,181	-	-	-	311,382	(1,647,424)	370,563
Depreciation of property, plant and equipment		1,182,223	62,992	71,910	-	9,092	398,763	(9,506)	1,715,474
(Gain)/Loss on foreign exchange:									
- realised		121,451	(3,003)	-	-	-	-	-	118,448
- unrealised		323,793	-	-	-	-	-	-	323,793
Interest expense		297,840	262,786	1,260,215	-	-	1,465,104	-	3,285,945
Interest income		(264,665)	(4,676,679)	(148,487)	-	(792,215)	(572,253)	345,338	(6,108,961)
Inventories written down		753,052	-	-	-	-	-	-	753,052
Property, plant and equipment written off		38	-	-	-	-	-	-	38
Modification loss on financial assets		-	792,789	-	-	-	4,085,509	(890,155)	3,988,143
Amortisation of intangible asset		-	-	26,239,215	-	-	-	-	26,239,215

NOTES TO THE FINANCIAL STATEMENTS

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30. SEGMENT INFORMATION (CONT'D)

	Note	Manufacturing	Engineering services and Trading	Tele-communication Network	Construction	Money lending	Other operations	Adjustments and eliminations	Consolidation
		RM	RM	RM	RM	RM	RM	RM	RM
01.10.2023 to 30.09.2024 (Cont'd)									
Results (Cont'd)									
Reversal of impairment losses on short term investment		-	-	-	-	(111,132)	-	-	(111,132)
Gain on disposal of investment in associates		(2,526,785)	-	-	-	-	-	108,610	(2,418,175)
(Write back)/impairment losses on trade receivable		(62,560)	-	-	-	383,040	-	-	320,480
Impairment of goodwill		-	-	2,168,340	-	-	-	-	2,168,340
<i>Not included in the measure of segment profit but provided to Group's Executive Committee are:</i>									
Share of result of equity-accounted associates		-	-	-	-	-	7,301,978	-	7,301,978
Segment profit before tax	(b)	735,675	7,947,774	(7,687,610)	-	1,272,111	(5,764,837)	(610)	(3,497,497)
30.09.2024									
Assets									
Addition to non-current assets excluding deferred tax assets and investment in associates	(c)	2,745,476	6,049	51,479	-	139,157	23,335	-	2,965,496
Segment assets	(d)	66,410,878	19,454,361	73,559,537	-	30,907,214	312,058,555	(114,426,645)	387,963,900
Liabilities									
Segment liabilities	(e)	10,423,548	7,435,321	15,700,393	-	25,382,695	157,233,950	(44,534,154)	171,641,753

NOTES TO THE FINANCIAL STATEMENTS

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30. SEGMENT INFORMATION (CONT'D)

	Note	Manufacturing RM	Trading and engineering services RM	Tele- communication Network RM	Other operations RM	Adjustments and eliminations RM	Consolidation RM
01.04.2022 to 30.09.2023							
Revenue							
External revenue		83,351,647	59,124,878	74,738,868	317,631	-	217,533,024
Inter-segment revenue	(a)	1,472,328	17,961,374	-	12,542,800	(31,976,502)	-
Total revenue		84,823,975	77,086,252	74,738,868	12,860,431	(31,976,502)	217,533,024
Results							
<i>Included in the measure of segment profit are:</i>							
Depreciation of right-of-use assets		2,879,972	49,488	-	418,099	(2,879,973)	467,586
Depreciation of property, plant and equipment		1,799,120	91,606	33,850	622,356	(86,525)	2,460,407
Gain on disposal of property, plant and equipment		(258,545)	-	-	-	-	(258,545)
Loss on foreign exchange:							
- realised		234,585	82,171	-	-	-	316,756
- unrealised		21,647	-	-	-	-	21,647
Interest expense		124,086	104,653	589,696	35,946	-	854,354
Interest income		(767,467)	(1,835,869)	(56,001)	(1,716,535)	-	(4,375,872)
Inventories written down		49,585	-	-	-	-	49,585
Modification loss on financial assets		100,747	2,631,069	890,155	-	-	3,621,971
Amortisation of intangible asset		-	-	15,175,168	-	-	15,175,168
Impairment losses on property, plant and equipments		794,673	-	-	-	-	794,673
Impairment loss on investment in associates		14,333,061	-	-	-	-	14,333,061
Impairment losses on short term investment		-	330,868	-	-	-	330,868
Impairment losses on trade receivable		73,128	-	236,787	-	-	309,915

NOTES TO THE FINANCIAL STATEMENTS

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30. SEGMENT INFORMATION (CONT'D)

01.04.2022 to 30.09.2023 (Cont'd)

Not included in the measure of segment profit but provided to Group's Executive Committee are:

	Note	Manufacturing RM	Trading and engineering services RM	Tele- communication Network RM	Other operations RM	Adjustment and eliminations RM	Consolidation RM
Share of result of equity-accounted associates		2,052,120	-	-	-	-	2,052,120
Segment profit before tax	(b)	2,516,103	4,962,306	34,930,293	2,377,471	(33,803,212)	10,982,961

30.09.2023

Assets

Addition to non-current assets excluding deferred tax assets and investment in associates	(c)	840,745	296,832	50,394,791	472,908	-	52,005,276
Segment assets	(d)	67,759,704	17,244,838	118,679,619	237,841,413	(131,878,121)	309,647,453

Liabilities

Segment liabilities	(e)	9,560,478	5,260,114	48,934,437	90,935,303	(47,003,941)	107,686,391
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30. SEGMENT INFORMATION (CONT'D)

Reconciliation of reportable segment revenue, profit or loss, assets, liabilities and other material items are as follows:

- (a) Inter-segment revenues are eliminated on consolidation.
- (b) Inter-segment transactions are eliminated on consolidation.
- (c) Additions to non-current assets (excluding deferred tax assets and investment in associates) consists of:

	Note	Group	
		30.09.2024	30.09.2023
		RM	RM
Property, plant and equipment	5	2,965,496	2,004,462
Right-of-use assets	6	-	612,199
Intangible assets	8	-	49,388,615
		2,965,496	52,005,276

- (d) The following items are deducted from segment assets to arrive at total assets reported in the Group's statement of financial position:

	Group	
	30.09.2024	30.09.2023
	RM	RM
Inter-segment assets	(114,597,372)	(131,878,121)
	(114,597,372)	(131,878,121)

- (e) The following items are deducted from segment liabilities to arrive at total liabilities reported in the Group's statement of financial position:

	Group	
	30.09.2024	30.09.2023
	RM	RM
Inter-segment liabilities	(44,704,881)	(47,003,941)
	(44,704,881)	(47,003,941)

NOTES TO THE FINANCIAL STATEMENTS

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30. SEGMENT INFORMATION (CONT'D)

Geographical information

Revenue based on geographical location of customers is as follows:

	Group	
	01.10.2023 to 30.09.2024 RM	01.04.2022 to 30.09.2023 RM
Malaysia	113,911,232	187,396,901
United Kingdom	3,741,907	30,136,123
	117,653,139	217,533,024

The Group operates predominantly in Malaysia and accordingly, the non-current assets of the Group are located in Malaysia.

Information about major customers

The following are major customers with revenue equal to or more than 10% of the Group's total revenue:

	Group		Group	
	01.10.2023 to 30.09.2024 RM	Segment	01.04.2022 to 30.09.2023 RM	Segment
Customer 1	59,324,675	Tele-communication network	74,738,868	Tele-communication network
Customer 2	29,888,537	Engineering services and trading	30,136,123	Engineering services and trading
Customer 3	-	Not applicable	27,532,490	Manufacturing

NOTES TO THE FINANCIAL STATEMENTS

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31. FINANCIAL INSTRUMENTS

(a) Categories of financial instruments

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

	Group		Company	
	30.09.2024	30.09.2023	30.09.2024	30.09.2023
	RM	RM	RM	RM
Amortised cost				
Financial assets				
Trade receivables	112,151,118	78,348,714	-	-
Other receivables and deposits, net of advances to suppliers and prepayments	18,797,395	21,684,879	68,933,857	78,137,392
Other investment	6,280,264	7,369,132	-	-
Deposits, cash and bank balances	31,629,683	77,467,392	14,301,925	9,097,333
	168,858,460	184,870,117	83,235,782	87,234,725
Financial liabilities				
Trade payables	13,603,254	18,440,665	-	-
Other payables and accruals	78,053,175	47,301,257	73,548,304	44,100,034
Loans and borrowings	79,134,439	27,439,959	26,204,832	6,000,000
	170,790,868	93,181,881	99,753,136	50,100,034

(b) Net gains and losses arising from financial instrument

	Group		Company	
	01.10.2023 to 30.09.2024	01.04.2022 to 30.09.2023	01.10.2023 to 30.09.2024	01.04.2022 to 30.09.2023
	RM	RM	RM	RM
Net (losses)/gains on:				
Financial assets at amortised cost	4,250,636	1,219,861	(1,043,743)	1,694,014
Financial liabilities at amortised cost	(5,079,044)	(1,229,651)	(3,781,970)	(28,945)
	(828,408)	(9,790)	(4,825,713)	1,665,069

(c) Fair value measurement

The carrying amounts of other investment, deposits, cash and bank balances, short-term receivables and payables and short-term borrowings reasonably approximate their fair values due to the relatively short-term nature of these financial instruments.

NOTES TO THE FINANCIAL STATEMENTS

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32. FINANCIAL RISK MANAGEMENT

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

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

(i) Credit risk

Credit risk is the risk of financial loss to the Group that may arise on outstanding financial instruments and contract assets should a counterparty default on its obligations. The Group is exposed to credit risk from its operating activities (primarily trade receivables and contract assets) and from its financing activities, including deposits with banks and financial institutions, foreign exchange transactions and other financial instruments. The Group has a credit policy in place and the exposure to credit risk is managed through the application of credit approvals, credit limits and monitoring procedures. The Group minimises credit risk by dealing exclusively with high credit rating counterparties.

Trade receivables and contract asset

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

Save for the carrying amount of a trade receivable from money lending business which is secured by shares pledged with the Group, the remaining carrying amount of trade receivables and contract assets is not secured by any collateral or supported by any other credit enhancements. In determining the recoverability of these receivables and contract assets, the Group considers any change in the credit quality of the receivables from the date the credit was initially granted up to the reporting date. The Group has adopted a policy of dealing with creditworthy counterparties as a means of mitigating the risk of financial loss from defaults.

Credit risk concentration profile

The Group determines the credit risk concentration of its trade receivables and contract assets by industry sector profile on an ongoing basis. At the end of the reporting period, approximately 89% (2023: 86%) of the Group's trade receivables was due from three (2023: two) major customers.

The Group applies the simplified approach to provide for impairment losses prescribed by MFRS 9 *Financial Instruments*, which permits the use of the lifetime expected credit losses provision for all trade receivables. To measure the impairment losses, trade receivables and contract assets have been grouped based on shared credit risks characteristics and days past due.

For construction contract, as there are only two (2023: one) customers, the Group assessed the risk of loss of the customer based on the financial information, past trend of payments and external credit ratings, where applicable. This customer has low risk of default.

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32. FINANCIAL RISK MANAGEMENT (CONT'D)

(i) Credit risk (Cont'd)

Trade receivables and contract asset (Cont'd)

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

	30.09.2024	30.09.2023
	RM	RM
Group		
Current	27,669,456	53,249,794
1 to 30 days past due	7,545,736	6,911,934
31 to 60 days past due	21,754,027	9,759,022
61 to 90 days past due	7,682,582	453,508
91 to 120 days past due	5,733,244	6,557,564
More than 120 days past due	58,396,349	1,416,892
	128,781,394	78,348,714
Impaired - individually	1,144,150	848,296
Trade receivables, net	129,925,544	79,197,010
Contract assets	25,475,926	32,206,154
	155,401,470	111,403,164

Other receivables and other financial assets

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

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

- internal credit rating
- actual or expected significant adverse changes in business, financial or economic conditions that are expected to cause a significant change to the debtor's ability to meet its obligations
- actual or expected significant changes in the operating results of the counterparty
- significant increases in credit risk on other financial instruments of the same counterparty

Regardless of the analysis above, a significant increase in credit risk is presumed if a debtor is more than 30 days past due in making a contractual payment.

Some intercompany loans between entities within the Group are repayable on demand. For loans that are repayable on demand, impairment losses are assessed based on the assumption that repayment of the loan is demanded at the reporting date. If the borrower does not have sufficient highly liquid resources when the loan is demanded, the Group will consider the expected manner of recovery and recovery period of the intercompany loan.

NOTES TO THE FINANCIAL STATEMENTS

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32. FINANCIAL RISK MANAGEMENT (CONT'D)

(i) Credit risk (Cont'd)

Other receivables and other financial assets (Cont'd)

As at the end of the reporting date, the Group and the Company consider the other receivables and other financial assets as low credit risk and any loss allowance would be negligible.

Financial guarantees contracts

The Group and the Company are exposed to credit risk in relation to performance guarantee given to third parties and corporate guarantee given to banks for certain subsidiaries. The Group and the Company monitor the work delivery of subsidiaries and their repayment to banks on an on-going basis. The maximum exposure to credit risks of the Group and the Company amounted to RM21,331,761 (2023: RM30,066,652) and RM100,169,646 (2023: RM51,090,302) respectively, representing the maximum amount the Group and the Company could pay if the guarantee is called on as disclosed in Note 32(iv). As at the reporting date, there was no loss allowance for impairment as determined by the Group and the Company for the financial guarantee.

The financial guarantee contracts have not been recognised since the fair value on initial recognition was not material as the guarantee is provided as credit enhancement for subsidiaries' bank facilities.

(ii) Foreign currency risk

Foreign currency risk is the risk of fluctuation in fair value or future cash flows of a financial instrument as a result of changes in foreign exchange rates. The Group's exposure to the risk of changes in foreign exchange rates relates primarily to the Group's operating activities (when sales and purchases that are denominated in a foreign currency).

The Group has transactional currency exposures arising from sales and purchases that are denominated in currencies other than the functional currency of the Group entities, primarily in United States Dollar ("USD"). The Group also holds cash and cash equivalents denominated in foreign currencies for working capital purposes.

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

	United States Dollar	
	30.09.2024	30.09.2023
	RM	RM
Group		
Assets		
Trade receivables	891,571	1,917,381
Deposit, cash and bank balances	763,352	749,189
	1,654,923	2,666,570
Liabilities		
Trade payables	1,265,611	2,339,736
	1,265,611	2,339,736
Net exposure	(389,312)	(326,834)

NOTES TO THE FINANCIAL STATEMENTS

Cont'd

32. FINANCIAL RISK MANAGEMENT (CONT'D)

(ii) Foreign currency risk (Cont'd)

Sensitivity analysis for foreign currency risk

The following table demonstrates the sensitivity to a reasonably possible change in the USD, with all other variables held constant on the Group's profit for the financial period/year.

	Effect on profit for the financial period	
	Group	
	01.10.2023 to 30.09.2024	01.04.2022 to 30.09.2023
	RM	RM
USD/RM		
- strengthened by 5%	14,794	(12,420)
- weakened by 5%	(14,794)	12,420

(iii) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

The Group's exposure to interest rate risk relates to interest bearing financial liabilities and financial asset. Interest bearing financial liabilities includes bank borrowings. Interest-bearing financial asset includes short-term deposits placed with licensed banks at fixed rate.

Exposure to interest rate risk

The interest rate risk of the Group's and the Company's signification interest-bearing financial instruments, based on carrying amounts as at the end of the reporting period was:

	Group		Company	
	30.09.2024	30.09.2023	30.09.2024	30.09.2023
	RM	RM	RM	RM
Fixed rate instruments				
Financial assets	11,703,664	16,382,355	24,000,000	-
Financial liabilities	296,554	416,309	-	-
	12,000,218	16,798,664	24,000,000	-
Floating rate instruments				
Financial liabilities	(78,837,885)	(27,023,650)	(26,204,832)	(6,000,000)

A change of 50 basis points in interest rates at the end of the reporting period would have increased/ (decreased) (loss)/profit after tax by the amounts shown below. The analysis assumes that all other variables remain constant.

NOTES TO THE FINANCIAL STATEMENTS

Cont'd

32. FINANCIAL RISK MANAGEMENT (CONT'D)

(iii) Interest rate risk (Cont'd)

	Profit/(Loss)	
	01.10.2023 to 30.09.2024 RM	01.04.2022 to 30.09.2023 RM
Group		
Floating rate instruments		
Increase by 50 basis points	(12,036)	(2,490)
Decrease by 50 basis points	12,036	2,490
Company		
Floating rate instruments		
Increase by 50 basis points	(2,229)	(110)
Decrease by 50 basis points	2,229	110

Sensitivity analysis on fixed rate instruments is not disclosed as they are not exposed to interest fluctuation during the term of the instruments.

(iv) Liquidity risk

Liquidity risk is the risk that the Group and the Company will encounter difficulty in meeting financial obligations when they fall due. The Group's and the Company's exposure to liquidity risk arises primarily from mismatches of the maturities between financial assets and liabilities. The Group's and the Company's exposure to liquidity risk arise principally from trade payables, other payables and loans and borrowings. The Group's and the Company's objective is to maintain a balance between continuity of funding and flexibility through certain committed credit facilities.

The Group and the Company actively manage their operating cash flows and the availability of funding so as to ensure that all repayment and funding needs are met. As part of its overall prudent liquidity management, the Group and the Company maintain sufficient levels of cash to meet their working capital requirements.

NOTES TO THE FINANCIAL STATEMENTS

Cont'd

32. FINANCIAL RISK MANAGEMENT (CONT'D)

(iv) Liquidity risk (Cont'd)

Maturity analysis

The maturity analysis of the Group's and the Company's financial liabilities by their relevant maturity at the reporting date based on contractual undiscounted repayment obligations are as follows:

	← Contractual undiscounted cash flows →				Total RM
	Carrying amount RM	On demand or within 1 year RM	Between 1 and 5 years RM	More than 5 years RM	
30.09.2024					
Group					
Financial liabilities:					
Trade payables	13,603,254	13,603,254	-	-	13,603,254
Other payables and accruals	78,053,175	65,894,436	14,230,523	-	80,124,959
Bank borrowings	78,837,885	40,344,880	46,729,657	-	87,074,537
Lease liabilities	296,554	72,413	224,141	-	296,554
Performance guarantee given to third parties*	-	21,331,761	-	-	21,331,761
	170,790,868	141,246,744	61,184,321	-	202,431,065
Company					
Financial liabilities:					
Other payables and accruals	73,548,304	61,389,565	14,230,523	-	75,620,088
Bank borrowings	26,204,832	19,346,314	8,158,617	-	27,504,931
Corporate guarantee provided to banks on subsidiaries' facilities*	-	100,169,646	-	-	100,169,646
	99,753,136	180,905,524	22,389,140	-	203,294,665

NOTES TO THE FINANCIAL STATEMENTS

Cont'd

32. FINANCIAL RISK MANAGEMENT (CONT'D)

(iv) Liquidity risk (Cont'd)

Maturity analysis (Cont'd)

The maturity analysis of the Group's and the Company's financial liabilities by their relevant maturity at the reporting date are based on contractual undiscounted repayment obligations are as follows: (Cont'd)

	← Contractual undiscounted cash flows →				Total RM
	Carrying amount RM	On demand or within 1 year RM	Between 1 and 5 years RM	More than 5 years RM	
30.09.2023					
Group					
Financial liabilities:					
Trade payables	18,440,665	18,440,665	-	-	18,440,665
Other payables and accruals	47,301,257	21,585,491	28,308,512	-	49,894,003
Bank borrowings	27,023,650	27,166,402	-	-	27,166,402
Lease liabilities	416,309	128,592	307,533	-	436,125
Performance guarantee given to third parties*	-	30,066,652	-	-	30,066,652
	93,181,881	97,387,802	28,616,045	-	126,003,847
Company					
Financial liabilities:					
Other payables and accruals	44,100,034	18,184,268	28,308,512	-	46,492,780
Bank borrowings	6,000,000	6,115,781	-	-	6,115,781
Corporate guarantee provided to banks on subsidiaries' facilities*	-	51,090,302	-	-	51,090,302
	50,100,034	75,390,351	28,308,512	-	103,698,863

* The potential exposure of the financial guarantee is equivalent to the amount of the bank facilities being utilised by certain subsidiaries. The exposure for financial guarantee is for illustration only. No financial guarantee was called upon by the holder as at the end of financial year/period.

NOTES TO THE FINANCIAL STATEMENTS

Cont'd

33. LEASE COMMITMENTS

Operating lease commitments – The Company as lessor

The investment properties of the Company are leased to subsidiaries, related parties and third-party customers under operating leases with rental payable monthly. The leases contain initial non-cancellable periods ranging from 1.5 to 30 years and an option that is exercisable by the subsidiaries to extend their leases for 1 to 5 years.

The maturity analysis of the Company's lease rental, showing the undiscounted lease payments to be received after the reporting date are as follows:

	Company	
	30.09.2024	30.09.2023
	RM	RM
Within 1 year	1,851,072	2,167,572
Between 1 and 2 years	719,472	1,659,072
Between 2 and 3 years	46,872	719,472
Between 3 and 4 years	46,872	46,872
Between 4 and 5 years	46,872	46,872
Later than 5 years	464,814	511,686
	3,175,974	5,151,546

34. FINANCIAL GUARANTEE

	Group		Company	
	30.09.2024	30.09.2023	30.09.2024	30.09.2023
	RM	RM	RM	RM
Performance guarantee given to third parties	21,331,761	30,066,652	-	-
Corporate guarantee provided to banks on subsidiaries' facilities	-	-	100,169,646	51,090,302

35. SIGNIFICANT EVENTS

(a) During the financial year

- (i) On 1 August 2023, the Company announced the (i) proposed acquisition of 5,390,000 ordinary shares in Transgrid Ventures Sdn Bhd ("TVSB"), representing 49.0% equity interest in TVSB, for a total purchase consideration of up to RM98.0 million, to be satisfied by a combination of shares and cash, and (ii) proposed diversification of the business activities to include the power generation and transmission business (collectively referred to as the "Proposals"). The Proposals were approved by Bursa Malaysia on 26 October 2023 and approved by the shareholders at the EGM on 1 December 2023. On 10 January 2024, the Company completed the proposed acquisition by fulfilling all the conditions for completion as set out in the share sale agreement and issuance of 62,941,554 ordinary shares to the vendor. TVSB has become an associate of the Company.

NOTES TO THE FINANCIAL STATEMENTS

Cont'd

35. SIGNIFICANT EVENTS (CONT'D)

(a) During the financial year (Cont'd)

- (ii) On 2 October 2023, OVCSB completed the acquisition of 70,000,000 ordinary shares representing 18.03% equity interest in Binacom.
- (iii) On 26 October 2023, OVCSB entered into multiple share sale agreements for the acquisition of 26,222,021 ordinary shares representing 6.75% equity interest in Binacom, for a total purchase consideration of RM14,684,332 to be satisfied wholly in cash ("proposed acquisition"). The proposed acquisition was approved by Bursa Malaysia on 20 November 2023 and approved by the shareholders at the EGM on 29 December 2023. The proposed acquisition was completed on 12 January 2024.
- (iv) On 5 December 2023, a wholly-owned subsidiary of the Company, Opcorn Trading Sdn. Bhd. obtained a moneylender license issued under the Moneylenders Act 1951 and the Moneylenders (Control and Licensing) Regulations 2003 from the Ministry of Housing and Local Government.
- (v) On 23 January 2024, Hexlube Sdn. Bhd. ('HLSSB') (formerly known as Hextar Lube Synergy Sdn. Bhd. and Unigel Compounds Sdn. Bhd.) had entered into a share sale agreement for the disposal of 400,000 ordinary shares in Unigel (UK) Limited ("Unigel (UK)"), representing 40% equity interest in Unigel (UK) for a total cash consideration of GBP1,300,000 (equivalent to approximately RM7,674,482).

On the same date, HLSSB had entered into a share sale agreement for the disposal of 400 ordinary shares in Unigel IP Limited (UIP"), representing 40% equity interest in UIP for a total consideration of GBP400,000 (equivalent to approximately RM2,361,379).

The disposals have been completed on 7 June 2024 following the receipt of the cash considerations. Both Unigel (UK) and UIP ceased to be the associates of HLSSB.

36. CAPITAL MANAGEMENT

The primary objective of the Group's capital management is to ensure that it maintains a healthy capital ratio in order to support its business and maximise shareholders' value. The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies and processes during the financial year/period ended 30 September 2024 and 30 September 2023.

The Group manages its capital based on debt-to-equity ratio that complies with debt covenants and regulatory requirements, if any. The debt-to-equity ratio is calculated as total borrowings divided by total equity. The Group includes within total debts, loans and borrowings from financial institutions. Capital includes equity attributable to the owners of the Company and non-controlling interest. The debt-to-equity ratio of the Group at the end of the financial year/period is as follows:

	Group	
	30.09.2024	30.09.2023
	RM	RM
Total debt	79,134,439	27,439,959
Total equity	216,322,147	201,961,062
Debt-to-equity ratio	0.366	0.136

There was no change in the Group's approach to capital management during the financial year.

NOTES TO THE FINANCIAL STATEMENTS

Cont'd

37. COMPARATIVE FIGURES

Following the completion of the PPA for the acquisitions of TJE, the Group adjusted the fair values of certain identifiable assets and liabilities. The adjustments were accounted for retrospectively. The restatement of comparatives as at 30 September 2023 are as follows:

	As previously stated RM	Adjustment during re-measurement period RM	As restated RM
Group			
Non-current assets			
Intangible assets	8,198,873	(1,870,788)	6,328,085
Non-current liabilities			
Variable deferred consideration	26,348,305	(1,550,172)	24,798,133
Current liabilities			
Variable deferred consideration	17,640,426	(320,616)	17,319,810
Company			
Non-current assets			
Investment in subsidiaries	85,160,122	(1,870,788)	83,289,334
Non-current liabilities			
Variable deferred consideration	26,348,305	(1,550,172)	24,798,133
Current liabilities			
Variable deferred consideration	16,750,271	(320,616)	16,429,655

STATEMENT BY DIRECTORS

PURSUANT TO SECTION 251(2) OF THE COMPANIES ACT 2016

We, **CHANG KIAN SEONG** and **ONG SOON LIM**, being two of the directors of Hextar Capital Berhad, do hereby state that in the opinion of the directors, the accompanying financial statements set out on pages 81 to 158 are drawn up in accordance with the Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at 30 September 2024 and of their financial performance and cash flows for the financial year then ended.

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

CHANG KIAN SEONG

Director

ONG SOON LIM

Director

Kuala Lumpur

Date: 24 January 2025

STATUTORY DECLARATION

PURSUANT TO SECTION 251(1) OF THE COMPANIES ACT 2016

I, **SYLVIA CHAN SEE WAH**, being the officer primarily responsible for the financial management of Hextar Capital Berhad, do solemnly and sincerely declare that to the best of my knowledge and belief, the accompanying financial statements set out on pages 81 to 158 are correct, and I make this solemn declaration conscientiously believing the same to be true, and by virtue of the provisions of the Statutory Declarations Act, 1960.

SYLVIA CHAN SEE WAH
(MIA Membership No: 50795)

Subscribed and solemnly declared by the abovenamed at Kuala Lumpur in the Federal Territory on 24 January 2025.

Before me,

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF HEXTAR CAPITAL BERHAD
(Formerly known as Opcom Holdings Berhad)

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the financial statements of Hextar Capital Berhad, which comprise the statements of financial position as at 30 September 2024 of the Group and of the Company, and the statements of comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the financial year then ended, and notes to the financial statements, including material accounting policy information, as set out on pages 81 to 158.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Group and of the Company as at 30 September 2024, and of their financial performance and their cash flows for the financial year then ended in accordance with the Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

Basis for Opinion

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

Independence and Other Ethical Responsibilities

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the Group and of the Company for the current financial year. These matters were addressed in the context of our audit of the financial statements of the Group and of the Company as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Group

1. Purchase price allocation (PPA) arising from the acquisition of T&J Engineering Sdn. Bhd. ("TJE") (Note 4(b), Note 8 and Note 9 to the financial statements)

The Group acquired 100% of equity interest of TJE in the previous financial period. Management engaged an external valuer to measure the identifiable assets acquired and liabilities assumed in the acquisition, including the identification and measurement of intangible assets.

During the current financial year, the Group has completed the PPA exercise for the acquisition of TJE and adjustments were made to the provisional amounts recorded at the date of the acquisition. The Group had adjusted the goodwill to RM6,328,085, as disclosed in Note 9 to the financial statements.

PPA exercise for the acquisition of TJE is an area of focus as the key assumptions made in determining the fair value of the identifiable assets acquired and liabilities assumed at the acquisition date involve estimation uncertainty and require use of significant judgements.

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF HEXSTAR CAPITAL BERHAD
(Formerly known as Opcom Holdings Berhad)
Cont'd

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONT'D)

Key Audit Matters (Cont'd)

Group (Cont'd)

1. Purchase price allocation (PPA) arising from the acquisition of T&J Engineering Sdn. Bhd. ("TJE") (Note 4(b), Note 8 and Note 9 to the financial statements)

Our audit response:

We performed, among others, the following audit procedures:

- Obtained and read the completed PPA report of management's independent valuer to understand the methodology adopted by the management in estimating the fair value of the identifiable assets acquired and liabilities assumed;
- Evaluated the appropriateness of data used by independent valuer as input to calculation of purchase consideration and identified assets and liabilities of the acquiree;
- Enquired and challenged management on the significant estimates and key assumptions applied in the valuation process; and
- Considered the adequacy of disclosures made in the financial statements in relation to the acquisition.

2. Impairment assessment of goodwill on consolidation (Note 4(c) and Note 8 to the financial statements)

As at 30 September 2024, the Group's goodwill amounted to RM4,159,745. The Group is required to perform an annual impairment assessment of the cash-generating unit ("CGU") to which the goodwill has been allocated, irrespective of whether there is any indication of impairment.

The Group estimated the recoverable amount of the CGU to which goodwill is allocated based on its value in use ("VIU").

We considered this to be an area of focus as the determination of VIU of the CGU involved significant management judgements, estimates and assumptions in arriving the underlying cash flow forecast, particularly on the discount rate applied, net profit margins and probabilities applied to the expected revenue. These judgements, estimates and assumptions are inherently uncertain.

Our audit response:

We performed, among others, the following audit procedures:

- Obtained an understanding of the methodologies adopted by the management in estimating the VIU;
- Evaluated and challenged management key assumptions and inputs for forecasted revenue and net profit margins by considering the historical, current and expected future performance of the CGU and economic conditions;
- Assessed the appropriateness of the discount rate used in discounting the future cash flows to present value; and
- Considered the adequacy of disclosures made in the financial statements, in particular those key assumptions used in arriving at its VIU.

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF HEXTAR CAPITAL BERHAD
(Formerly known as Opcom Holdings Berhad)
Cont'd

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONT'D)

Key Audit Matters (Cont'd)

Group (Cont'd)

3. Revenue recognition for construction contracts (Note 4(f) and Note 23 to the financial statements)

Revenue from construction contracts was RM67,760,309, which represents 57.6% of the Group's revenue for the current financial year.

Revenue from construction contracts is recognised over time using the cost incurred method. Progress towards satisfaction of performance obligation is calculated on the proportion of total costs incurred at the end of the reporting period compared to the estimated total cost of the contracts.

We focus on this area because the determination of percentage of completion involves significant management estimation, in particular relating to forecasting total costs required to satisfy the performance obligation, and subsequent revisions to total costs estimate for certain events or conditions that occur during the performance of the contract, or are expected to occur to complete the contract.

Our audit response:

We performed, among others, the following audit procedures:

- Obtained understanding of and evaluated the project costing process for determining project costs of contracts, as well as the amount of contract revenue recognised in the financial statements;
- For selected contracts:
 - (i) evaluated the estimated cost to complete by agreeing to internal budget and comparing to actual costs incurred;
 - (ii) agreed total contract sums to contracts entered into by the Group; and
 - (iii) agreed total costs incurred during the year to payroll reports and subcontractor invoices.
- Discussed with management and key personnel on adjustment to estimated cost of contracts and assess for potential contract losses, if any; and
- Considered the adequacy of disclosures for revenue in the financial statements.

4. Recoverability of trade receivables (Note 4(d), Note 13 and Note 32(i) to the financial statements)

The Group recorded trade receivables of RM154,257,320, which represents 39.8% of the Group's total assets as of 30 September 2024.

The Group assessed on a forward-looking basis the expected credit loss ("ECL") associated with its trade receivables using the simplified and general approach. The impairment assessment involved significant judgements and there is inherent uncertainty in the assumptions applied by the management based on the Group's past history, existing market conditions as well as forward-looking information.

We determined this to be a key audit matter due to the inherent subjectivity that is involved in making judgement in relation to credit risks exposure in assessing the recoverability of trade receivables.

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF HEXTAR CAPITAL BERHAD
(Formerly known as Opcom Holdings Berhad)
Cont'd

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONT'D)

Key Audit Matters (Cont'd)

Group (Cont'd)

4. Recoverability of trade receivables (Note 4(d), Note 13 and Note 32(i) to the financial statements) (Cont'd)

Our audit response:

We performed, among others, the following audit procedures:

- Reviewed contractual terms to ensure the Group has contractual right to recognise revenue and collect payments;
- Obtained confirmation from major trade receivables on outstanding balances as at the reporting date;
- Enquired management and obtained supporting documents on status of major customers;
- Reviewed collections from major receivables during and subsequent to the financial year;
- Reviewed recoverability of major trade receivables, including but not limited to the review of subsequent collections; and
- Reviewed management's assessment on the recoverability of trade receivables with reference to historical payment records, risk profile and financial condition and publicly available information of the Group's customer.

5. Impairment assessment of property, plant and equipment (Note 4(a) and Note 5 to the financial statements)

The Group assesses the impairment of property, plant and equipment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable, i.e. the carrying amount of the asset is more than the recoverable amount. Recoverable amount is measured at the higher of the fair value less costs of disposal for that asset and its value in use.

During the financial year, the Group performed impairment assessments on certain plant and machinery of subsidiaries of the Group. We considered this to be an area of focus as the determination of the recoverable amount of these plant and machinery involved significant management judgement, estimates and assumptions in arriving at their recoverable amounts.

Our audit response:

We performed, among others, the following audit procedures:

- Performed physical sighting of the plant and machinery;
- Evaluated and challenged management key assumptions and inputs for forecasted revenue and net profit margins by considering the historical, current and expected future performance of the CGU and economic conditions;
- Assessed the appropriateness of the discount rate used in discounting the future cash flows to present value;
- Considered the competence, capabilities and objectivity (including independence) of the independent valuer;
- Read the valuation report prepared by the independent valuer;
- Discussed and obtained an understanding from the independent valuer on the methodology, key assumptions and inputs used in estimating the recoverable amount of the plant and machinery; and
- Considered the adequacy of disclosures in the financial statements.

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF HEXTAR CAPITAL BERHAD
(Formerly known as Opcom Holdings Berhad)
Cont'd

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONT'D)

Key Audit Matters (Cont'd)

Group (Cont'd)

6. Impairment assessment of investment in an associate (Note 4(a) and Note 10 to the financial statements)

As at 30 September 2024, the carrying amounts of the Group's investment in Binasat Communications Berhad ("Binacom") amounted to RM35,648,245 as disclosed in Note 10 the financial statements.

Management has performed an impairment assessment due to impairment indicator arising from the carrying amount of the investment in associate exceeding the fair value of Binacom shares of RM20,687,735 as at 30 September 2024.

We considered this to be a key audit matter because of the significant judgements and estimates made for key assumptions applied by the management to determine the recoverable amount of Binasat applying the value in use calculations.

Our audit response:

We performed, among others, the following audit procedures:

- Conducted audit procedures on the financial results and financial position of Binacom for financial period ended 30 September 2024;
- Evaluated the reasonableness of the key assumptions and inputs applied by management in the cash flow forecast to past performance, customer contracts and economic conditions;
- Assessed the appropriateness of the discount rate used in discounting the future cash flows to present value;
- Considered the adequacy of disclosures in the financial statements.

Company

We have determined that there are no key audit matters to be communicated in our report which arose from the audit of the financial statements of the Company.

INFORMATION OTHER THAN THE FINANCIAL STATEMENTS AND AUDITORS' REPORT THEREON

The directors of the Company are responsible for the other information. The other information comprises the directors' report (but does not include the financial statements of the Group and of the Company and our auditors' report thereon), which we obtained prior to date of our auditors' report and the remaining parts of the annual report which are expected to be made available after that date.

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

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

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

When we read the remaining parts of the annual report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to the directors and take appropriate action in accordance with approved standards on auditing in Malaysia and ISAs.

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF HEXTAR CAPITAL BERHAD
(Formerly known as Opcom Holdings Berhad)
Cont'd

RESPONSIBILITIES OF THE DIRECTORS FOR THE FINANCIAL STATEMENTS

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

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

AUDITORS' RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

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

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

- identify and assess the risks of material misstatement of the financial statements of the Group and of the Company, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and the Company's internal control.
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's or the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements of the Group and of the Company or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group or the Company to cease to continue as a going concern.
- evaluate the overall presentation, structure and content of the financial statements of the Group and of the Company, including the disclosures, and whether the financial statements of the Group and of the Company represent the underlying transactions and events in a manner that achieves fair presentation.
- obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial statements of the Group. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF HEXTAR CAPITAL BERHAD

(Formerly known as Opcom Holdings Berhad)

Cont'd

AUDITORS' RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS (CONT'D)

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

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

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

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

In accordance with the requirement of the Companies Act 2016 in Malaysia, we report that the subsidiaries of which we have not acted as the auditors are disclosed in Note 9 to the financial statements.

OTHER MATTERS

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

ECOVIS MALAYSIA PLT

AF 001825

Chartered Accountants

Kuala Lumpur

24 January 2025

YONG HUI NEE

03283/09/2026 J

Chartered Accountant

LIST OF PROPERTY

Registered owner	Location/Tenure	Description/ Existing Use	Land Area/ Built Up Area (sqm)	Date of Acquisition/ [Revaluation]	Approximate Age of Building	Net book value/Group Carrying Amount @ 30 September 2024
Hextar Capital Berhad	No. 98721, Lot 331, Seksyen 15 Industrial Site Shah Alam, Shah Alam City District of Petaling and State of Selangor being land, factories and office buildings bearing the address of No. 11, Jalan Utas 15/7, 40200 Shah Alam, Selangor Darul Ehsan Leasehold, 99 years, expiring on 18 April 2074	<ul style="list-style-type: none"> • Manufacturing blocks • Office building • Warehouses • Open storage yards • Car parks • Guardhouse 	29,450/ 15,282	Land 10.07.2012 Building 16.05.2014 (Acquisition)	Age of manufacturing blocks approximately 20 years and less Age of other buildings/ structures: not more than 30 years	RM 22,585,617

ANALYSIS OF SHAREHOLDINGS

AS AT 31 DECEMBER 2024

CLASS OF SHARES : ORDINARY SHARES
 VOTING RIGHTS : ONE VOTE PER ORDINARY SHARE ON A POLL

DISTRIBUTION OF SHAREHOLDINGS

HOLDINGS	NO. OF HOLDERS	% OF HOLDERS	TOTAL HOLDINGS	% OF ISSUED SHARE CAPITAL
Less than 100	337	4.87	10,358	0.00
100 - 1,000	871	12.58	507,416	0.11
1,001 - 10,000	3,116	44.98	17,510,779	3.92
10,001 - 100,000	2,151	31.05	74,130,739	16.59
100,001 to less than 5% of issued shares	449	6.48	239,911,707	53.68
5% and above of issued shares	3	0.04	114,893,023	25.70
TOTAL	6,927	100.00	446,964,022	100.00

THIRTY LARGEST SHAREHOLDERS

RANK	NAME	NO. OF SHARES HELD	% OF ISSUED SHARE CAPITAL
1	M & A NOMINEE (TEMPATAN) SDN. BHD. TEH & LEE FOR T & J ASSETS HOLDINGS SDN. BHD.	47,071,769	10.53
2	M.SARASWATHY A/P MANIKUM	42,877,354	9.59
3	AMSEC NOMINEES (TEMPATAN) SDN. BHD. PLEDGED SECURITIES ACCOUNT - AMBANK (M) BERHAD FOR DATO' ONG CHOO MENG (SMART)	24,943,900	5.58
4	MIDF AMANAH INVESTMENT NOMINEES (TEMPATAN) SDN. BHD. PLEDGED SECURITIES ACCOUNT FOR DATO' ONG CHOO MENG (MGN-OCM0001M)	17,600,000	3.94
5	APEX NOMINEES (TEMPATAN) SDN. BHD. PLEDGED SECURITIES ACCOUNT FOR DATO' ONG CHOO MENG (MARGIN)	16,500,000	3.69
6	ALLIANCEGROUP NOMINEES (TEMPATAN) SDN. BHD. PLEDGED SECURITIES ACCOUNT FOR DATO' ONG CHOO MENG (6000478)	15,481,800	3.46
7	T & J ASSETS HOLDINGS SDN. BHD.	12,788,007	2.86
8	MAYBANK NOMINEES (TEMPATAN) SDN. BHD. PLEDGED SECURITIES ACCOUNT FOR DATO ONG CHOO MENG	10,894,400	2.44
9	AMSEC NOMINEES (TEMPATAN) SDN. BHD. PLEDGED SECURITIES ACCOUNT FOR DATO' ONG CHOO MENG	10,500,000	2.35
10	AFFIN HWANG NOMINEES (TEMPATAN) SDN. BHD. PLEDGED SECURITIES ACCOUNT FOR ONG CHOO MENG (DATO')	9,679,400	2.17

ANALYSIS OF SHAREHOLDINGS

AS AT 31 DECEMBER 2024

Cont'd

THIRTY LARGEST SHAREHOLDERS (CONT'D)

RANK	NAME	NO. OF SHARES HELD	% OF ISSUED SHARE CAPITAL
11	TA NOMINEES (TEMPATAN) SDN. BHD. PLEDGED SECURITIES ACCOUNT FOR DATO' ONG CHOO MENG	7,000,000	1.57
12	CGS INTERNATIONAL NOMINEES MALAYSIA (TEMPATAN) SDN. BHD. PLEDGED SECURITIES ACCOUNT FOR ONG CHOO MENG (DATO') (MY3918)	6,500,000	1.45
13	ALLIANCEGROUP NOMINEES (TEMPATAN) SDN. BHD. PLEDGED SECURITIES ACCOUNT FOR CHIN CHIN SEONG (7014455)	3,000,000	0.67
14	ENGLISH HOTBREADS (SEL.) SDN. BHD.	3,000,000	0.67
15	BIMSEC NOMINEES (TEMPATAN) SDN. BHD. PLEDGED SECURITIES ACCOUNT FOR ONG CHOO MENG (MGNM88030)	2,500,000	0.56
16	CGS INTERNATIONAL NOMINEES MALAYSIA (TEMPATAN) SDN. BHD. PLEDGED SECURITIES ACCOUNT FOR NG CHEE WAI (MY1647)	1,910,000	0.43
17	KENANGA NOMINEES (TEMPATAN) SDN. BHD. YONG HENG LOONG	1,880,000	0.42
18	LOW SOEW WENG	1,854,600	0.42
19	KHOR LEAN HANG	1,662,300	0.37
20	CGS INTERNATIONAL NOMINEES MALAYSIA (TEMPATAN) SDN. BHD. PLEDGED SECURITIES ACCOUNT FOR ONG KAH HOE (MY1325)	1,505,200	0.34
21	TAN SUAN MENG	1,500,000	0.34
22	YAP FUNG MEI	1,500,000	0.34
23	OLIVE LIM SWEE LIAN	1,400,000	0.31
24	TEE KIAM LOOW	1,346,000	0.30
25	MOHD YASIN BIN SUDIN	1,245,700	0.28
26	TAN ENG YEE	1,223,900	0.27
27	LIM TEIK HOE	1,192,500	0.27
28	TAN CHEE PENG	1,187,800	0.27
29	YASOTHA A/P NAIRAINON	1,177,400	0.26
30	LIM LAY CHWEE	1,150,000	0.26
	TOTAL	252,072,030	56.41

ANALYSIS OF SHAREHOLDINGS

AS AT 31 DECEMBER 2024

Cont'd

SUBSTANTIAL SHAREHOLDERS (AS PER REGISTER OF SUBSTANTIAL SHAREHOLDERS)

NAME	DIRECT	NO. OF SHARES HELD		%
		%	INDIRECT	
DATO' ONG CHOO MENG	121,899,500	27.27	–	–
T & J ASSETS HOLDINGS SDN. BHD.	59,859,776(i)	13.39	–	–
DATIN SRI M. SARASWATHY A/P MANIKUM	42,877,354	9.59	–	–
DATO' SRI J.O. NANTHA KUMAR A/L J.C. RAMALU	–	–	42,877,354 ⁽ⁱⁱ⁾	9.59

Notes:-

- (i) 12,788,007 Ordinary Shares remain in the name of T & J Assets Holdings Sdn. Bhd. and balance of 47,071,769 Ordinary Shares remain in the name of M & A Nominee (Tempatan) Sdn. Bhd. Teh & Lee for T & J Assets Holdings Sdn. Bhd.
- (ii) Indirect interest by virtue of his spouse's direct shareholdings, pursuant to Section 59(11)(c) of the Act.

DIRECTORS' SHAREHOLDING (AS PER REGISTER OF DIRECTORS' SHAREHOLDINGS)

NAME	DIRECT	NO. OF SHARES HELD		%
		%	INDIRECT	
DATO' MAZLIN BIN MD JUNID	–	–	–	–
CHANG KIAN SEONG	–	–	–	–
ONG SOON LIM	–	–	–	–
TEH LI KING	–	–	–	–
ER KIAN HONG	–	–	–	–
CHEN THIEN YIN	–	–	–	–

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the Twenty-Ninth Annual General Meeting (“**29TH AGM**”) of Hextar Capital Berhad (“**HCB**” or “**the Company**”) will be conducted in a virtual manner through live streaming from the Conference Room of HCB at No. 11, Jalan Utas 15/7, 40200 Shah Alam, Selangor Darul Ehsan and online meeting voting provided by Mega Corporate Services Sdn. Bhd. on Wednesday, 26 February 2025 at 11:00 a.m. or at any adjournment thereof, to transact the following businesses:-

AGENDA

As Ordinary Business

- | | | |
|----|---|---|
| 1. | To receive the Audited Financial Statements for the financial year ended 30 September 2024 and the Reports of Directors and Auditors thereon. | Please refer to
Explanatory Note 1 |
| 2. | To approve the payment of Directors’ fees to the Directors up to an amount of RM300,000.00 from 27 February 2025 until the next Annual General Meeting of the Company. | Ordinary Resolution 1
<i>(Please refer to
Explanatory Note 2)</i> |
| 3. | To approve the payment of Directors’ benefits to the Directors up to an amount of RM350,000.00 from 27 February 2025 until the next Annual General Meeting of the Company. | Ordinary Resolution 2
<i>(Please refer to
Explanatory Note 2)</i> |
| 4. | Teh Li King and Ong Soon Lim who retire by rotation in accordance with Article 90(1) of the Company’s Constitution, have expressed their intention not to seek for re-election. Hence, they will retain office until the close of the 29TH AGM. | <i>(Please refer to
Explanatory Note 3)</i> |
| 5. | To re-elect Chen Thien Yin who retires pursuant to Article 83 of the Company’s Constitution. | Ordinary Resolution 3
<i>(Please refer to
Explanatory Note 3)</i> |
| 6. | To re-appoint Messrs. Ecovis Malaysia PLT as Auditors of the Company for the ensuing financial year and to authorise the Directors to determine their remuneration. | Ordinary Resolution 4 |

As Special Business

To consider and, if thought fit, to pass the following Ordinary Resolutions, with or without modifications:-

- | | | |
|----|--|---|
| 7. | Authority to Allot and Issue Shares pursuant to Sections 75 and 76 of the Companies Act 2016. | Ordinary Resolution 5
<i>(Please refer to
Explanatory Note 4)</i> |
| | <p>“THAT pursuant to Sections 75 and 76 of the Companies Act 2016 (“the Act”), the Constitution of the Company, ACE Market Listing Requirement of Bursa Malaysia Securities Berhad (“Bursa Securities”) and approval from Bursa Securities and any other relevant governmental and/or regulatory authorities, where such approval is required, the Directors of the Company be and are hereby authorised and empowered to issue and allot shares (“New Shares”) in the capital of the Company from time to time, at such price, and upon such terms and conditions, for such purposes, and to such person or persons as the Directors may in their absolute discretion deem fit, provided always that the aggregate number of such New Shares to be issued and allotted, pursuant to this resolution, aggregated with the total number of any such shares issued during the preceding twelve (12) months does not exceed ten percent (10%) of the total number of issued shares (excluding treasury shares, if any) of the Company for the time being as stipulated under Rule 6.04(1) of ACE Market Listing Requirements of the Bursa Securities (“Proposed General Mandate”); AND THAT the Directors be and are hereby also empowered to obtain the approval from Bursa Securities for the listing of and quotation for such New Shares on the ACE Market of Bursa Securities.</p> | |

NOTICE OF ANNUAL GENERAL MEETING

Cont'd

THAT authority be and is hereby given to the Directors of the Company, to give effect to the Proposed General Mandate with full powers to assent to any conditions, modifications, variations and/or amendments as they may deem fit in the best interest of the Company and/or as may be imposed by the relevant authorities.

THAT the Directors of the Company, be and are hereby authorised to implement, finalise, complete and take all necessary steps and to do all acts (including execute such documents as may be required), deeds and things in relation to the Proposed General Mandate.

THAT such authority shall commence immediately upon the passing of this resolution and continue to be in force until the conclusion of the next Annual General Meeting (“**AGM**”) of the Company.

THAT pursuant to Section 85 of the Act read together with Article 54 of the Company’s Constitution, approval be and is hereby given to waive the statutory pre-emptive rights of the shareholders of the Company and to offer New Shares arising from the issuance and allotment of the New Shares pursuant to Sections 75 and 76 of the Act, the Constitution of the Company and the approvals from Bursa Securities and any other relevant governmental and/or regulatory authorities, where such approval is required; **AND THAT** such New Shares when allotted shall rank pari passu in all respects with the existing class of ordinary shares.

FURTHER THAT the Board of Directors of the Company is exempted from the obligation to offer such New Shares to the existing shareholders of the Company.”

8. **Proposed Renewal of Existing Shareholders’ Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature (“Proposed Shareholders’ Mandate”)**

Ordinary Resolution 6
(Please refer to
Explanatory Note 5)

“**THAT** subject to the provisions of the ACE Market Listing Requirements of Bursa Malaysia Securities Berhad (“**Bursa Securities**”), approval be and is hereby given to the Company and/or its subsidiary(ies) (“**HCB Group**”) to enter into and give effect to the recurrent related party transactions of a revenue or trading nature with the related parties as set out in Section 2.3 of the Circular to the Shareholders dated 24 January 2025 in relation to the Proposed Shareholders’ Mandate which are necessary for the day-to-day operations of HCB Group, and are carried out in the ordinary course of business, the transactions are undertaken at an arm’s length basis and are on normal commercial terms which are not more favourable to the related parties than those generally available to third party and on terms not detrimental to the minority shareholders of the Company.

AND THAT such authority shall continue to be in force until:-

- (i) the conclusion of the next Annual General Meeting (“**AGM**”) of the Company at which it will lapse unless the authority is renewed by a resolution passed at the next AGM;
- (ii) the expiration of the period within which the next AGM after that date is required by law to be held pursuant to Section 340(2) of the Companies Act 2016 (“**the Act**”) [but must not extend to such extension as may be allowed pursuant to Section 340(4) of the Act]; or
- (iii) revoked or varied by an ordinary resolution passed by the shareholders of the Company at a general meeting,

NOTICE OF ANNUAL GENERAL MEETING

Cont'd

whichever is earlier.

AND FURTHER THAT the Directors of the Company be and are hereby authorised to complete and do all such acts and things (including, without limitation, to execute all such documents and to assent to any conditions, variations and/or amendments) as they may consider expedient or necessary in the best interest of the Company to give effect to the Proposed Shareholders' Mandate."

9. Proposed Renewal of Share Buy-Back Authority

Ordinary Resolution 7

*(Please refer to
Explanatory Note 6)*

"THAT subject always to compliance with the Companies Act 2016 (**"the Act"**), the Constitution of the Company, the ACE Market Listing Requirements of Bursa Malaysia Securities Berhad (**"Bursa Securities"**) and all other applicable laws, rules, regulations, guidelines for the time being in force or as may be amended from time to time or approval of all relevant governmental and/or regulatory authorities, approval be and is hereby given to the Company, to purchase such number of ordinary shares in the Company as may be determined by the Directors of the Company from time to time through Bursa Securities upon such terms and conditions as the Directors may deem fit, necessary and expedient in the interest of the Company, provided that:-

- (i) the aggregate number of ordinary shares which may be purchased and/or held by the Company as treasury shares shall not exceed ten per centum (10%) of the total number of issued shares of the Company at the time of purchase;
- (ii) the maximum funds to be allocated by the Company for the purpose of purchasing such number of ordinary shares shall not exceed the total retained earnings of the Company at the time of the said purchase(s); and
- (iii) the authority conferred by this resolution shall commence immediately upon the passing of this ordinary resolution and shall continue to be in force until:-
 - (a) the conclusion of the next Annual General Meeting (**"AGM"**) of the Company at which it will lapse unless the authority is renewed by a resolution passed at the next AGM; or
 - (b) the expiration of the period within which the next AGM of HCB after that date it is required by law to be held pursuant to Section 340(2) of the Act [(but must not extend to such extension as may be allowed pursuant to Section 340(4) of the Act)]; or
 - (c) revoked or varied by an ordinary resolution passed by the shareholders of HCB in a general meeting;

whichever occurs first, but shall not prejudice the completion of purchase(s) by the Company of its own Shares before the aforesaid expiry date and, in any event, in accordance with the ACE Market Listing Requirements of Bursa Securities and any applicable laws, rules, regulations, orders, guidelines and requirements issued by any relevant authorities;

NOTICE OF ANNUAL GENERAL MEETING

Cont'd

AND THAT upon completion of the purchase by the Company of its own shares, the Directors be and are hereby authorised to deal with the shares purchased in their absolute discretion in the following manner:-

- (i) cancel the HCB shares so purchased; and/or
- (ii) retain the HCB shares so purchased as Treasury Shares; and/or
- (iii) retain part of the HCB Shares so purchased as Treasury Shares and cancel the remainder;
- (iv) distribute the Treasury Shares as share dividends to Shareholders;
- (v) resell the Treasury Shares or any of the said shares in accordance with ACE Market Listing Requirements of Bursa Securities;
- (vi) transfer the Treasury Shares or any of the said shares as purchase consideration;
- (vii) transfer the Treasury Shares or any of the said shares for the purposes of or under an employee's share scheme or such other purpose as allowed under the Act;
- (viii) cancel the Treasury Shares or any of the said shares; and/or
- (ix) sell, transfer or otherwise use the HCB shares for such other purposes as the Minister may by order prescribe,

and/or in any other manner as prescribed by the Act, rules and regulations made pursuant to the Act and ACE Market Listing Requirements of Bursa Securities and any other relevant authorities for the time being in force;

AND THAT authority be and is hereby given to the Directors to complete and to do all such acts and things as they may consider necessary or expedient in the best interest of the Company, including executing all such documents as may be required or necessary and with full powers to assent to any modifications, variations and/or amendments as the Directors in their discretion deem fit and expedient to give effect to the aforesaid purchase(s) contemplated and/or authorised by this Ordinary Resolution."

10. To transact any other business for which due notice shall have been received.

BY ORDER OF THE BOARD

CHAN SEE WAH (SSM PC No. 202408000351) (MIA 50795)
LIM LI HEONG (SSM PC No. 202008001981) (MAICSA 7054716)
WONG MEE KIAT (SSM PC No. 202008001958) (MAICSA 7058813)
Company Secretaries

Kuala Lumpur

Date: 24 January 2025

NOTICE OF ANNUAL GENERAL MEETING

Cont'd

Notes:

1. An online meeting platform can be recognised as the meeting venue or place under Section 327(2) of the Companies Act 2016 provided that the online platform is located in Malaysia. Members are advised to refer to the Administrative Guide to the Shareholders which is available on the Company's corporate website at www.hextarcapital.com, for the remote participation access and electronic voting at the AGM.
2. Subject and without prejudice to any special privileges or restrictions as to voting for the time being attached to any special class of shares for the time being forming part of the capital of the Company, every holder of ordinary or preference shares who is personally present, who is a Member or proxy or represented by attorney on a show of hands on any question shall have one vote and upon a poll every such Member shall have one vote for every ordinary or preference share held by him. A proxy need not be a Member of the Company and there shall be no restriction as to the qualification of the proxy. A proxy appointed to attend and vote at a meeting of the Company shall have the same rights as the Member to speak at the meeting. A Member may appoint not more than two (2) proxies to attend the same meeting. Where a Member appoints two (2) proxies, he shall specify the proportion of his shareholdings to be represented by each proxy.
3. Where a member of the Company is an authorised nominee as defined under the Securities Industry (Central Depositories) Act 1991 ("**SICDA**"), it may appoint at least one (1) proxy in respect of each securities account it holds with ordinary shares of the Company standing to the credit of the said securities account.
4. Where a member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one (1) securities account ("**Omnibus Account**"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each Omnibus Account it holds. An exempt authorised nominee refers to an authorised nominee defined under the SICDA which is exempted from compliance with the provisions of subsection 25A(1) of SICDA.
5. The instrument appointing a proxy shall be in writing under the hand of the appointor or of his attorney duly authorised in writing (or if such appointor be a corporation, under its common seal or under the hand of an officer or attorney duly authorised or in some other manner approved by Directors). An instrument appointing a proxy to vote at a meeting shall be deemed to include the power to demand or concur in demanding a poll on behalf of the appointor.
6. The Proxy Form or the instrument appointing a proxy and the power of attorney (if any) under which it is signed or authorised certified copy thereof must be deposited at the Poll Administrator's office at Mega Corporate Services Sdn. Bhd. at Level 15-2, Bangunan Faber Imperial Court, Jalan Sultan Ismail, 50250 Kuala Lumpur, Wilayah Persekutuan Kuala Lumpur or email to AGM-support.HEXCAP@megacorp.com.my not less than forty-eight (48) hours before the time for holding the meeting or any adjournment thereof. You also have the option to register online <https://vps.megacorp.com.my/tO1stF>. Kindly refer to the Administrative Guide to the Shareholders for further information.
7. In respect of deposited securities, only a depositor whose name appears on the Record of Depositors on 19 February 2025 (General Meeting Record of Depositors) shall be eligible to attend the meeting or appoint proxy(ies) to attend and/or vote on his/her behalf.

Explanatory Notes:

1. Audited Financial Statements

Agenda item no. 1 is meant for discussion only as the provision of Section 340(1)(a) of the Act does not require a formal approval of shareholders for the Audited Financial Statements. Hence, this item on the Agenda is not put forward for voting.

NOTICE OF ANNUAL GENERAL MEETING

Cont'd

2. **Ordinary Resolutions 1 and 2** **Proposed payment of Directors' Fees to the Directors** **Proposed payment of Directors' Benefits to the Directors**

Pursuant to Section 230(1) of the Act, the fees of the Directors and any benefits payable to the Directors of a listed company and its subsidiaries shall be approved by the shareholders at a general meeting. In this respect, the Board agreed that the shareholders' approval shall be sought at the 29TH AGM on the Directors' fees and benefits in two (2) separate resolutions as below:-

- Ordinary Resolution 1 on payment of Directors' fees to the Directors up to an amount of RM300,000.00 from 27 February 2025 until the next AGM; and
- Ordinary Resolution 2 on payment of Directors' benefits to the Directors up to an amount of RM350,000.00 from 27 February 2025 until the next AGM.

The payment of fees to the Directors under Ordinary Resolution 1 is on a monthly basis. This is to commensurate and compensate them for their time and effort on an on-going basis for their service to the Company.

The Directors' benefits of the Company which is estimated not to exceed RM350,000.00 basically the meeting allowances for Board/Board Committee meetings attended/to be attended for the period from 27 February 2025 until the conclusion of the next AGM.

The Board will seek shareholders' approval at the next AGM in the event the amount of the Directors' benefits is insufficient due to an increase in Board/ Board Committee meetings and/or increase in Board size.

Details of the Directors' fees and benefits paid to the Directors are disclosed in the Company's Corporate Governance Overview Statement as contained in the Annual Report 2024.

3. **Ordinary Resolutions 3 and 4** **Re-election of Director**

The Board through the Nominating and Remuneration Committee ("**NRC**"), has assessed individual Directors for financial year ended 2024 based on their self/peer assessments and Independent Directors' annual confirmations of independence. Furthermore, the NRC has evaluated the retiring Director in terms of his character, integrity, competence, commitment, and ability to act in the best interests of the Company based on the criteria outlined in the Directors' Fit and Proper Policy ("**Fit and Proper Criteria**").

The Board and the NRC are satisfied that the retiring Director meets the Fit and Proper Criteria for re-election to the Board and able to continue to diligently discharge his duties as Director. The Board recommends that shareholders approve the re-election of the retiring Director, who has offered himself for re-election at the 29TH AGM. The retiring Director has abstained from deliberations and decision on his re-election at the relevant meetings of the Board and the NRC. Nevertheless, Teh Li King and Ong Soon Lim have expressed their intention not to seek for re-election. Hence, they will retire upon the conclusion of the 29TH AGM.

The profile of the retiring Director is set out in the Profile of the Board of Directors in the Annual Report 2024.

4. **Ordinary Resolution 5** **Authority to Allot and Issue Shares Pursuant to Sections 75 and 76 of the Companies Act 2016**

The Company wishes to renew the mandate on the authority to issue shares pursuant to Sections 75 and 76 of the Companies Act 2016 at the 29TH AGM of the Company.

The Company had been granted a general mandate by its shareholders at the 28th AGM of the Company on 29 March 2024 ("**Previous Mandate**"). The previous mandate granted by the shareholders had not been utilized and hence, no proceed was raised therefrom.

The proposed Ordinary Resolution 5, if passed, is a renewal general mandate to empower the Directors of the Company to issue and allot shares up to an amount not exceeding 10% of the total number of issued shares of the Company for the time being subject to the approvals of all the relevant governmental and/or other regulatory bodies and for such purposes as the Directors consider would be in the best interest of the Company.

NOTICE OF ANNUAL GENERAL MEETING

Cont'd

The 10% General Mandate will provide flexibility to the Company for any possible fund raising activities, including but not limited to further placing of shares, repayment of bank borrowing(s), if any, for purpose of funding future investment project(s), working capital and/or acquisitions. The 10% General Mandate, unless revoked or varied by the Company in a general meeting, will expire at the conclusion of the next AGM.

The approval of the issuance and allotment of the new shares under Sections 75 and 76 of the Companies Act 2016 shall have the effect of the shareholders having agreed to irrevocably waive their statutory pre-emptive rights pursuant to Section 85 of the Act and Article 54 of the Constitution of the Company, pertaining to the issuance and allotment of new shares under Sections 75 and 76 of the Companies Act 2016, which will result in a dilution to their shareholding percentage in the Company.

5. Ordinary Resolution 6

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

The proposed Ordinary Resolution 6, if passed, will allow the Company and/or its subsidiary(ies) ("HCB Group") to enter into the Recurrent Related Party Transactions of a Revenue and/or Trading Nature in the ordinary course of its business, which is necessary for the HCB Group's day-to-day operations with the related parties as set out in the Circular to Shareholders dated 24 January 2025.

Please refer to the Circular to Shareholders dated 24 January 2025 for further details.

6. Ordinary Resolution 7

Proposed Renewal of Share Buy-Back Authority

The proposed Ordinary Resolution 7, if passed, will empower the Directors to purchase the Company's shares of up to ten percent (10%) of the total number of issued shares of the Company by utilising the funds allocated which shall not exceed the total retained earnings of the Company. This authority, unless revoked or varied at a general meeting, will expire at the conclusion of the next Annual General Meeting of the Company. Please refer to the Share Buy-Back Statement to Shareholders dated 24 January 2025 for further details.

STATEMENT ACCOMPANYING NOTICE OF ANNUAL GENERAL MEETING

STATEMENT ACCOMPANYING NOTICE OF THE ANNUAL GENERAL MEETING PURSUANT TO
RULE 8.29(2), APPENDIX 8A OF AMLR OF BURSA SECURITIES

1. Details of person who is standing for re-election as Director

Chen Thien Yin is standing for re-election as Director pursuant to Article 83 of the Company's Constitution and he offers himself for re-election. Whereas, Teh Li King and Ong Soon Lim have expressed their intention not to seek for re-election. Hence, they will retire upon the conclusion of the 29TH AGM.

The detail of the Director who is standing for re-election is set out in the Board of Directors' Profile in the Annual Report 2024 and his information on securities holdings is set out in the Analysis of Shareholdings in the Annual Report 2024.

2. Statement relating to general mandate for issue of securities in accordance with Rule 6.04(1) of AMLR of Bursa Securities

Details of the general mandate pertaining to the authority to allot and issue shares pursuant to Sections 75 and 76 of CA 2016 are set out in the Explanatory Note 4 of the Notice of Twenty-Ninth AGM of the Company.

PERSONAL DATA PROTECTION ACT 2010

Dear Valued Shareholders,

Re: Notice to Shareholders pursuant to the Personal Data Protection Act 2010

This written notice is given in connection with you being a shareholder of HCB. The PDPA, which regulates the processing of personal data in commercial transactions, applies to the Company. For the purposes of this written notice, the terms “personal data” and “processing” shall have the same meaning as prescribed in the PDPA.

1. This written notice serves to inform you that your personal data is being processed by or on behalf of the Company.
2. The personal data processed by us may include name, national identity card number, contact number and address and other particulars provided by you or on your behalf in connection with your shareholding in the Company.
3. We are processing your personal data, including any additional information you may subsequently provide, for the following purposes (“**Purposes**”):
 - a) Sending you notices and Circular/ Statement relating to your status as a shareholder in the Company;
 - b) Paying you dividends and giving you other benefits relating to your shareholding in the Company;
 - c) Dealing with all matters in connection with your shareholding in the Company; or
 - d) Such other Purposes as may be related to the foregoing.
4. The personal data processed by us include all information you have provided to us as well as other information we may obtain about you.
5. Please refer to your stockbroker/investment bank where your Central Depository System (“**CDS**”) account is opened for any updates/changes of your personal information.
6. Your personal data may be disclosed by us in connection with the above Purposes, to all governmental and/or quasi-governmental departments and/or agencies, regulatory and/or statutory bodies and third parties as may be required by law or arising from any legal obligation which is imposed on us and to our lawyers, auditors and/or service providers.
7. You are responsible for ensuring that the personal data you provide us is accurate, complete and not misleading and that such personal data is kept up to date.
8. If you fail to supply to us the abovementioned personal data, we may not be able to process your personal data for any of the Purposes.

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FORM OF PROXY

No. of shares held

HEXTAR CAPITAL BERHAD

Registration No.: 199401036979 (322661-W)
(Incorporated in Malaysia)

CDS Account No.												
			-			-						

I / We _____
(FULL NAME IN BLOCK LETTERS)

(NRIC No./ Company Registration No./ Passport No. _____)

of _____
(FULL ADDRESS)

being a member/members of HEXSTAR CAPITAL BERHAD, hereby appoint the following person(s):-

Full Name (in Block)	NRIC/Passport No.*	Proportion of Shareholdings	
		No. of Shares	%
Address			
Email Address			
Mobile Phone No.			

and/or*

Full Name (in Block)	NRIC/Passport No.*	Proportion of Shareholdings	
		No. of Shares	%
Address			
Email Address			
Mobile Phone No.			

or failing him/her*, the Chairman of the meeting as my/our* proxy/proxies* to vote for me/us* on my/our* behalf as indicated below, at the Twenty-Ninth Annual General Meeting (“29TH AGM”) of the Company which will be conducted in a virtual manner through live streaming from the Conference Room of the Company at No. 11, Jalan Utas 15/7, 40200 Shah Alam, Selangor Darul Ehsan and online meeting voting provided by Mega Corporate Services Sdn. Bhd. on Wednesday, 26 February 2025 at 11:00 a.m. or at any adjournment thereof:-

NO.	RESOLUTIONS	FOR	AGAINST
ORDINARY BUSINESS			
1.	Payment of Directors’ fees to the Directors up to an amount of RM300,000.00 from 27 February 2025 until the next Annual General Meeting of the Company		
2.	Payment of Directors’ benefits to the Directors up to an amount of RM350,000.00 from 27 February 2025 until the next Annual General Meeting of the Company		
3.	Re-election of Chen Thien Yin who retires pursuant to Article 83 of the Company’s Constitution, as a Director		
4.	Re-appointment of Messrs. Ecovis Malaysia PLT as Auditors of the Company for the ensuing financial year and to authorise the Directors to determine their remuneration		
SPECIAL BUSINESS			
5.	Authority to allot and issue shares pursuant to Sections 75 and 76 of the Companies Act 2016		
6.	Proposed Renewal of Existing Shareholders’ Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature		
7.	Proposed Renewal of Share Buy-Back Authority		

(Please indicate with a cross “X” in the space provided whether you wish your vote to be cast for or against the resolutions. If in the absence of specific directions, your proxy will vote or abstain from voting as he/she thinks fit).

* delete whichever is not applicable.

Signed this _____ day of _____, 2025.

Signature/Common Seal of Member^

^ Manner of execution:-

- (a) If you are an individual member, please sign where indicated.
- (b) If you are a corporate member which has a common seal, this Form of Proxy should be executed under seal in accordance with the constitution of your corporation.
- (c) If you are a corporate member which does not have a common seal, this Form of Proxy should be affixed with the rubber stamp of your company (if any) and executed by:-
 - (i) at least two (2) authorised officers, of whom one shall be a director; or
 - (ii) any director and/or authorised officers in accordance with the laws of the country under which your corporation is incorporated.

Notes:-

1. An online meeting platform can be recognised as the meeting venue or place under Section 327(2) of the Companies Act 2016 provided that the online platform is located in Malaysia. Members are advised to refer to the Administrative Guide to the Shareholders which is available on the Company's corporate website at www.hextarcapital.com, for the remote participation access and electronic voting at the AGM.
2. Subject and without prejudice to any special privileges or restrictions as to voting for the time being attached to any special class of shares for the time being forming part of the capital of the Company, every holder of ordinary or preference shares who is personally present, who is a Member or proxy or represented by attorney on a show of hands on any question shall have one vote and upon a poll every such Member shall have one vote for every ordinary or preference share held by him. A proxy need not be a Member of the Company and there shall be no restriction as to the qualification of the proxy. A proxy appointed to attend and vote at a meeting of the Company shall have the same rights as the Member to speak at the meeting. A Member may appoint not more than two (2) proxies to attend the same meeting. Where a Member appoints two (2) proxies, he shall specify the proportion of his shareholdings to be represented by each proxy.
3. Where a member of the Company is an authorised nominee as defined under the Securities Industry (Central Depositories) Act 1991 ("SICDA"), it may appoint at least one (1) proxy in respect of each securities account it holds with ordinary shares of the Company standing to the credit of the said securities account.
4. Where a member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one (1) securities account ("Omnibus Account"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each Omnibus Account it holds. An exempt authorised nominee refers to an authorised nominee defined under the SICDA which is exempted from compliance with the provisions of subsection 25A(1) of SICDA.

1st fold here

Affix
Stamp

HEXTAR CAPITAL BERHAD
Registration No. 199401036979 (322661-W)

Mega Corporate Services Sdn. Bhd.
Level 15-2, Bangunan Faber Imperial Court
Jalan Sultan Ismail
50250 Kuala Lumpur
Wilayah Persekutuan Kuala Lumpur

2nd fold here

5. The instrument appointing a proxy shall be in writing under the hand of the appointor or of his attorney duly authorised in writing (or if such appointor be a corporation, under its common seal or under the hand of an officer or attorney duly authorised or in some other manner approved by Directors). An instrument appointing a proxy to vote at a meeting shall be deemed to include the power to demand or concur in demanding a poll on behalf of the appointor.
6. The Proxy Form or the instrument appointing a proxy and the power of attorney (if any) under which it is signed or authorised certified copy thereof must be deposited at the Poll Administrator's office at Mega Corporate Services Sdn. Bhd. at Level 15-2, Bangunan Faber Imperial Court, Jalan Sultan Ismail, 50250 Kuala Lumpur, Wilayah Persekutuan Kuala Lumpur or email to AGM-support.HEXCAP@megacorp.com.my not less than forty-eight (48) hours before the time for holding the meeting or any adjournment thereof. You also have the option to register online <https://vps.megacorp.com.my/tO1stF>. Kindly refer to the Administrative Guide to the Shareholders for further information.
7. In respect of deposited securities, only a depositor whose name appears on the Record of Depositors on 19 February 2025 (General Meeting Record of Depositors) shall be eligible to attend the meeting or appoint proxy(ies) to attend and/or vote on his/her behalf.



www.hextarcapital.com

HEXTAR CAPITAL BERHAD

(Registration No. 199401036979 (322661-W))

No.11, Jalan Utas 15/7, 40200 Shah Alam, Selangor Darul Ehsan, Malaysia

Tel : +603 5519 5599