



2022

ANNUAL REPORT

Hextar

HEXTAR GLOBAL BERHAD

199001014551 (206220-U)



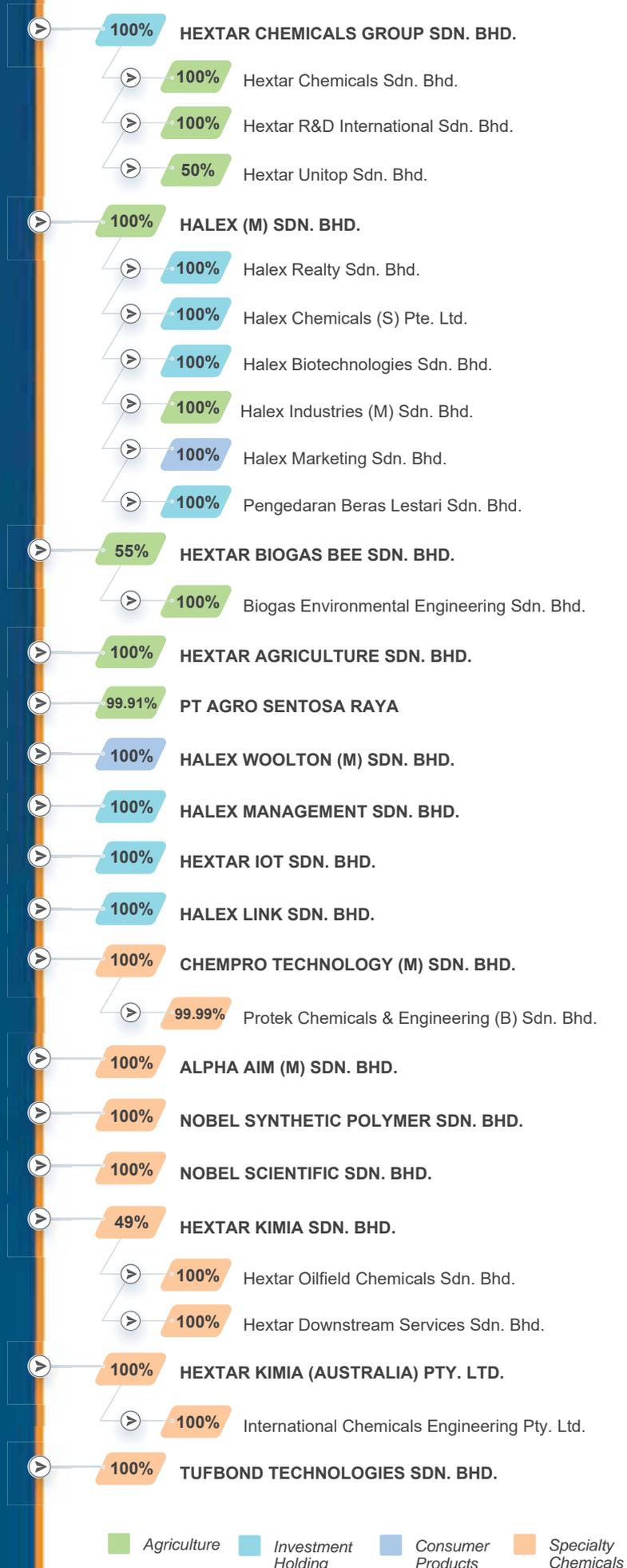
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CORPORATE STRUCTURE



HEXTAR GLOBAL BERHAD
199001014551 (206220-U)



■ Agriculture
 ■ Investment Holding
 ■ Consumer Products
 ■ Specialty Chemicals

CORPORATE PROFILE

Hextar Global Berhad ("Hextar") was incorporated in Malaysia on 13 October 1990 under the Companies Act 1965 as a private limited company under the name of Halex Holdings Sdn Bhd. Subsequently, on 11 January 2007, the Company converted its status from a private limited company to a public limited company to facilitate our listing on the Main Market of Bursa Malaysia Securities Berhad on 16 September 2009.

Hextar and its subsidiaries ("Hextar Group" or "the Group") started off in 1980 with Halex (M) Sdn Bhd, a trading company importing and distribution of agrochemicals and fertilisers located in Johor Bahru. Currently, the Group's corporate office is located in Klang, Selangor Darul Ehsan, Malaysia.

Over 40 years, the Group has diversified its business operations and currently involved in:-

- agrochemicals
- fertilisers
- specialty chemicals
- research and development
- consumer products
- biogas processing system

By having strong competencies in the agriculture industry supported by our capabilities from research and development to commercialisation and marketing of various products, Hextar is currently the leading crop management solutions provider in Malaysia with strong global presence due to our specialised agrochemical products supply chain. With over 600 products successfully registered domestically and globally, Hextar has now expanded its operations to 30 countries with 500 team members to better serve our customers and suppliers from more than 30 countries across several continents.

In addition, Hextar continues to flourish in consumer products industry domestically and globally. We continue to expand our market presence by

exporting to Argentina, Egypt and South Africa. In Malaysia, our products are distributed through established distributors, hypermarkets, supermarkets and dealer network in all major towns.

The Company had, on 14 June 2021, obtained shareholders' approval to undertake diversification into the business of specialty cleaning chemicals which forms part of the specialty chemical industry. In line with the Group's objective and strategy to deliver sustainable growth and value creation to the shareholders of Hextar.

On 23 July 2021, the Company had completed the acquisition of 100% equity interest in Alpha Aim (M) Sdn Bhd and 100% equity interest in Chempro Technology (M) Sdn Bhd. With the collaboration, the Group will broaden specialty chemicals such as latex polymers, coagulants, detergents, degreasers, chlorine sanitisers and others.

On 23 July 2021, Hextar had entered into joint offer together with Ekopintar Sdn Bhd ("Ekopintar") for the acquisition of the entire equity interest in Hextar Kimia Sdn Bhd (formerly known as ENRA Kimia Sdn Bhd), ("Hextar Kimia") together with its three (3) wholly-owned subsidiary companies ("Hextar Kimia Group"). Subsequently, Hextar had, on 2 August 2021, entered into conditional share sale agreement with ENRA Energy Sdn Bhd together with Ekopintar for the acquisition of 49% equity interest in Hextar Kimia and the remaining of 51% equity interest was acquired by Ekopintar. Hextar Kimia Group is principally involved in the supply of specialty chemicals such as catalysts and odorants, as well as ancillary services for those products to the oil and gas ("O&G") and petrochemical industries in Malaysia, Australia and New Zealand. The acquisition was completed on 30 November 2021.

On 18 November 2021, the Company had completed the acquisition of 100%

equity interest in Nobel Synthetic Polymer Sdn Bhd and 100% equity interest in Nobel Scientific Sdn Bhd with its in-house research and development capabilities and years of experience in R&D initiatives in practical applications of polymers in the rubber industry, produces proprietary formulations with a focus on rubber and rubber related products.

On 2 December 2021, the Company had completed the acquisition of 100% equity interest in Tufbond Technologies Sdn Bhd ("Tufbond"). Tufbond is expert in the business of manufacturing various types of synthetic latex polymers used for paint, waterproofing, coatings, inks, tapes, labels, paper binders and textile. Besides, Tufbond has also extended its product line for the paper and glove industries such as dry strength resins and polymer coating respectively.

On 29 December 2021, the Company had completed the acquisition of Hextar Agriculture Sdn Bhd, representing 100% equity interest to further expand its trading and distribution of agrochemicals and fertiliser products.

On 20 May 2022, the Company completed the acquisition of PT Agro Sentosa Raya ("PTASR"), representing 99.91% equity interest in PTASR. PTASR is a chemical company based in Kabupaten Bogor, Jawa Barat, Indonesia. Its principal activity is in formulation, mixing and repacking of agrochemicals and specialty chemical applications as well as the provision of logistic services to assist customers distribute their products. PTASR has been operating in Indonesia for over 15 years, its established business network is expected to contribute positively to the Group.

On 22 July 2022, the Company completed the acquisition of Hextar Kimia (Australia) Pty. Ltd. (formerly known as ENRA Kimia (Australia) Pty. Ltd.) ("HKA"), representing 100% equity interest in HKA from Hextar Kimia, a 49% owned subsidiary of the Company.



OUR VISION/MISSION/CORE VALUES



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.



Vision

We aim to be the preferred business partner and employer of choice.

OUR CORE VALUES

Hextar believes in operating business with:

LOYALTY

Dedication to the mission, to the community, and to each other.



INTEGRITY

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



HARDWORK

A great deal of effort or endurance.



Hextar

HEXTAR GLOBAL BERHAD

Our logo was taken from our company name which has been commenced since 1985. The Hextar brand has been marketing its place as one of Malaysia's foremost agrochemical companies. It has been established for 36 years with more than 600 products successfully registered in Malaysia and globally. Our group's operations have now expanded to 30 countries and 500 team members, serving as the best supporting system for our customers and suppliers in more than 30 countries across several continents.

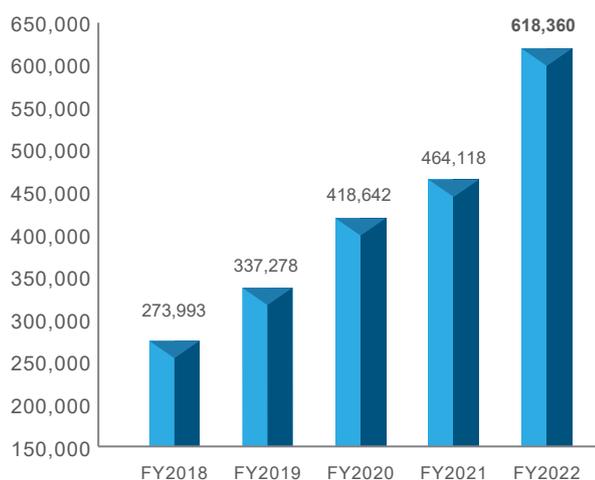
The philosophy of Hextar has always been working hard to establish each subsidiary into independent and effective competitors in their respective industries, the management consciously identifies and grooms key and potential employees from their folds to enable constant career advancement and more important roles to achieve the objectives of each subsidiary.

FINANCIAL HIGHLIGHTS

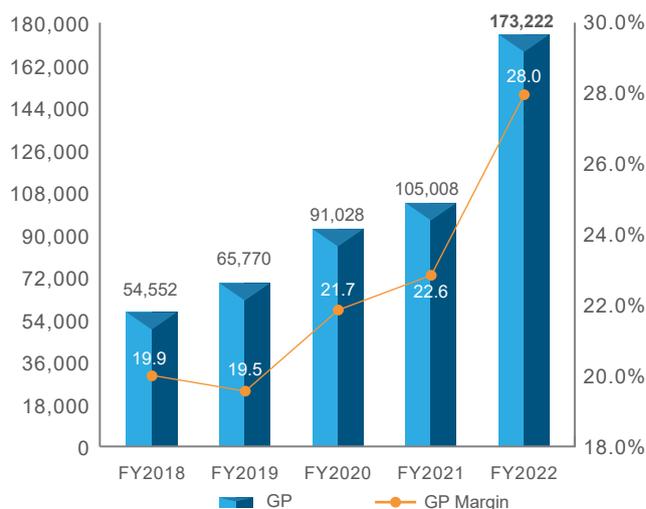
GROUP FINANCIAL HIGHLIGHTS

	2018	2019	2020	2021	2022
Financial Year Ended 31 December	RM'000	RM'000	RM'000	RM'000	RM'000
Revenue	273,993	337,278	418,642	464,118	618,360
Gross Profit ("GP")	54,552	65,770	91,028	105,008	173,222
Profit Before Taxation ("PBT")	38,151	11,182	56,688	53,565	75,013
Profit After Taxation ("PAT")	31,931	2,423	44,484	39,210	55,039
Ratios					
GP Margin	19.9%	19.5%	21.7%	22.6%	28.0%
PBT Margin	13.9%	3.3%	13.5%	11.5%	12.1%
PAT Margin	11.7%	0.7%	10.6%	8.4%	8.9%
Basic Earnings Per Share ("Basic EPS") (Sen)	4.47	0.31	3.42	3.01	3.82

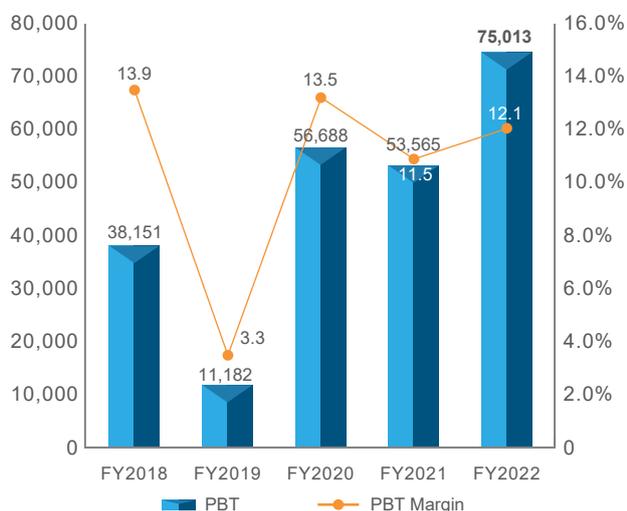
REVENUE (RM'000)



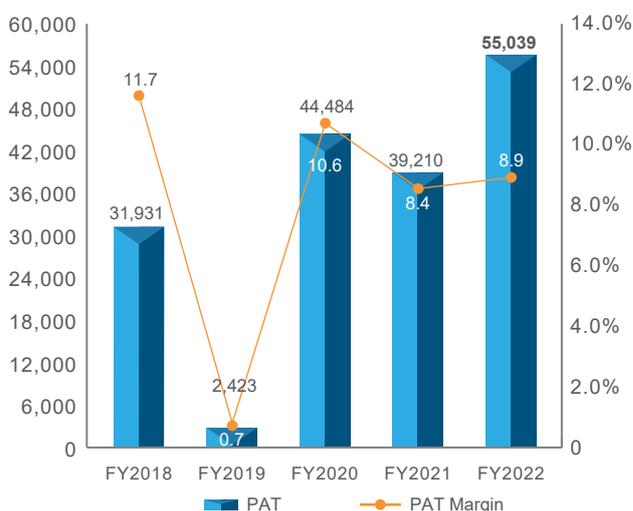
GP (RM'000) & GP MARGIN (%)



PBT (RM'000) & PBT MARGIN (%)



PAT (RM'000) & PAT MARGIN (%)



CORPORATE INFORMATION

BOARD OF DIRECTORS

- **DATO' SRI DR ERWAN BIN DATO' HAJI MOHD TAHIR**
Independent Non-Executive Chairman
- **DATO' ONG SOON HO**
Non-Independent Non-Executive Vice Chairman
- **DATO' ONG CHOO MENG**
Executive Director
(Resigned on 29 November 2022)
- **LEE CHOOI KENG**
Executive Director

AUDIT COMMITTEE

Chairman

Yeoh Chin Hoe

Members

Liew Jee Min @ Chong Jee Min

Dato' Sri Dr Erwan Bin Dato' Haji Mohd Tahir

NOMINATION AND REMUNERATION COMMITTEE

Chairman

Liew Jee Min @ Chong Jee Min

Members

Dato' Sri Dr Erwan Bin Dato' Haji Mohd Tahir

Yeoh Chin Hoe

RISK MANAGEMENT COMMITTEE

Chairman

Lee Chooi Keng

Members

Dato' Sri Dr Erwan Bin Dato' Haji Mohd Tahir

Yeoh Chin Hoe

WHISTLEBLOWING COMMITTEE

Chairman

Yeoh Chin Hoe

Members

Lee Chooi Keng

Dato' Sri Dr Erwan Bin Dato' Haji Mohd Tahir

COMPANY SECRETARIES

Lim Hooi Mooi (MAICSA 0799764)
(SSM PC No. 201908000134)

Ong Wai Leng (MAICSA 7065544)
(SSM PC No. 202208000633)

Phan Nee Chin (MIA 28178)
(SSM PC No. 202008004339)

PRINCIPAL BANKERS

Maybank Islamic Berhad
OCBC Al-Amin Bank Berhad
Hong Leong Islamic Bank Berhad
Al Rajhi Banking & Investment Corporation
(Malaysia) Berhad
HSBC Amanah Malaysia Berhad
Citibank Berhad
AmBank (M) Berhad
United Overseas Bank (Malaysia) Berhad
CIMB Bank Berhad
Alliance Bank Malaysia Berhad

CORPORATE INFORMATION

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➤ **RAYBURN AZHAR BIN ALI**
Executive Director
(Appointed on 29 November 2022)

➤ **YEOH CHIN HOE**
Senior Independent Non-Executive Director

➤ **LIEW JEE MIN @ CHONG JEE MIN**
Independent Non-Executive Director

AUDITORS

Crowe Malaysia PLT
201906000005
(LLP0018817-LCA) & AF 1018
Chartered Accountants
Setia Alam Office,
Suite 50-3, Setia Avenue,
No. 2, Jalan Setia Prima S U13/S,
Setia Alam, Seksyen U13,
40170 Shah Alam,
Selangor Darul Ehsan, Malaysia.

Robert Yam & Co (00612)
No.190 Middle Road,
#16-01/02/03 Fortune Centre,
Singapore 188979.

**Stannards Accountants
and Advisors Pty Ltd**
A.C.N 006 867 441
Level 1, 60 Toorak Road,
South Yarra, Vic 3141.

Lee & Raman
Certified Public Accountants
B7, First Floor, Block B,
Shakirin Complex,
Kampung Kiulap, BE1518,
Bandar Seri Begawan,
Brunei Darussalam.

**Kosasih, Nurdiyaman,
Mulyadi, Tjahjo & Rekan**
Registered Public Accountants
No. 854/KM.1/2015
Cyber 2, Tower 9th floor, Unit A,B,C,
Jl. H.R. Rasuna Said Blok X-5,
Jakarta 12950, Indonesia.

SHARE REGISTRAR

**Tricor Investor & Issuing House
Services Sdn. Bhd.**
Unit 32-01, Level 32, Tower A,
Vertical Business Suite,
Avenue 3, Bangsar South,
No. 8, Jalan Kerinchi,
59200 Kuala Lumpur,
Malaysia.
Tel : +6(03) 2783 9299
Fax : +6(03) 2783 9222

Customer Service Centre:
Unit G-3, Ground Floor,
Vertical Podium,
Avenue 3, Bangsar South,
No. 8, Jalan Kerinchi,
59200 Kuala Lumpur,
Malaysia.

STOCK EXCHANGE LISTING

Bursa Malaysia Securities Berhad
(Main Market)
Stock Name : HEXTAR
Stock Code : 5151

REGISTERED OFFICE

Unit 30-01, Level 30, Tower A,
Vertical Business Suite, Avenue 3,
Bangsar South,
No. 8, Jalan Kerinchi,
59200 Kuala Lumpur,
Malaysia.
Tel : +6(03) 2783 9191
Fax : +6(03) 2783 9111

CORPORATE OFFICE

No. 64, Jalan Bayu Laut 4/KS09,
Kota Bayuemas,
41200 Klang,
Selangor Darul Ehsan,
Malaysia.
Tel : +6(03) 3003 3333
Fax : +6(03) 3003 3331
Email : hextarglobal@hextar.com
Website : www.hextarglobal.com

BOARD OF DIRECTORS' PROFILE



**DATO' SRI DR ERWAN BIN
DATO' HAJI MOHD TAHIR**

Independent Non-Executive Chairman

Malaysian, Male, Aged 46

Dato' Sri Dr Erwan Bin Dato' Haji Mohd Tahir was appointed to the Board on 22 May 2017. He is also a member of Audit Committee, Nomination and Remuneration Committee, Risk Management Committee and Whistleblowing Committee.

Dato' Sri Dr Erwan has led and invested in a number of Mergers & Acquisitions, Restructurings and Financings, Cross-Border transactions, Leveraged Buyouts and other investment projects of various sizes and complexity and across a variety of sectors, including Media and Entertainment, Consumer and Retail, Energy and Resources, Real Estate and Hospitality, Commodities and Infrastructure.

He has an extensive network and experience in Property Development, Mining, Renewable Energy, Agriculture, Defense Technology, Insurance, Healthcare and Education and has served at senior positions in Government Department and Senior Advisory capacity on Public Policy, Socio-Economic Development, Capacity Building, Institutional Reform, Change Management and Stakeholder Management. Aside from that, he has extensive strategy and transformation and business turnaround advisory experience.

In his global Corporate experience, he has gained broad knowledge in business strategies, identifying sustainable monetisation models, understanding customers and competition, as well as new business models with a focus on revenue and cost management.

He graduated from University of Wales (UK) with Masters in Business Administration (MBA) in Marketing Management in 2005 and subsequently received Doctorate in Philosophy (PhD) in Management in 2012.

Dato' Sri Dr Erwan's involvement in business began in 1997 when he was awarded medium scale contracts such as building construction, highways and painting jobs. Amongst his first contracts was to paint the Prime Minister's Office, Prime Minister's Residence, KL International Airport, Sepang F1 Circuit and Suria KLCC. In 2006, he was involved in the business of timber and iron ore concessions in Pahang and Kelantan. His major achievement was in 2009, when he started to diversify the group's business by taking over the largest switchgear and transformer company in the Malaysian power industry. In 2010, his group took over the biggest rice vermicelli company in Malaysia which controls 80% of the local market. In 2012, he further expanded his group's business into coal mining in Samarinda,

BOARD OF DIRECTORS' PROFILE

cont'd

West Kalimantan, Indonesia for export internationally. At present, his group has also ventured into the defense and security industry supplying aircrafts, helicopters, boats, armored vehicles and artillery supplies to the military and police to strengthen their defense and security systems. In addition, his group also ventured into manufacturing of the first Malaysian made electrical bus.

He is also an active member of several Associations and NGOs namely Dewan Perniagaan Melayu Malaysia (DPMM), Persatuan Kontraktor Melayu Malaysia (PKMM), Persatuan Usahawan Tenaga Malaysia (PUTM), Arab Malaysian Chamber of Commerce (AMCC), British Malaysian Chamber of Commerce (BMCC) and The Japanese Chamber of Trade & Industry, Malaysia (JACTIM). He holds few posts in the National Entrepreneur and Contractor's Association as the President for Pertubuhan Pedagang Dan Peniaga Kebangsaan Malaysia (PERDANA), President for Persatuan Kontraktor Tenaga Malaysia (PKTM) and as the Council Member for Persatuan Kontraktor Bumiputera Malaysia (PKBM). He is also the Advisor for Persatuan Kebajikan Keluarga Bekas Polis Dan Tentera (POLTERA) and Advisor for RELA Honorary Club, Jabatan Sukarelawan Malaysia (RELA), Kementerian Dalam Negeri (KDN).

In the National Crime Prevention and Anti-Corruption bodies, he holds positions as National EXCO Member for Malaysian Crime Prevention Foundation (MCPF) and as a Member of Sahabat Gerakan Revolusi Anti Rasuah (GERAH), Malaysia Anti-Corruption Commission (MACC) and as the Vice Chairman 1 for Kesateria Muda Keselamatan 1 KDN (KMK1KDN) under Kementerian Dalam Negeri (KDN).

He also sits on numerous local and foreign Board of Companies, both Public Listed Company (PLC) and Private Companies including the Subsidiaries Companies in which he holds the position as Chairman and the Board of Directors.

Dato' Sri Dr Erwan is now the Group Executive Chairman of EPE Power Corporation Berhad (formerly known as EPE Perdana Berhad), Chairman of Cyberlynx International College and sits in the Board of Directors of Perbadanan Putrajaya, a local authority that administer the Federal Territory of Putrajaya under the Prime Minister Department.

Dato' Sri Dr Erwan has no family relationship with any Director and/or major shareholder of the Group and has no conflict of interest with the Group. He has not been convicted of any offences within the past 5 years other than traffic offences, if any, nor any public sanction or penalty imposed by regulatory bodies during the financial year.

He attended all six Board meetings for the financial year ended 31 December 2022.

BOARD OF DIRECTORS' PROFILE

cont'd



DATO' ONG SOON HO

*Non-Independent
Non-Executive Vice Chairman*

Malaysian, Male, Aged 76

Dato' Ong Soon Ho was appointed to the Board on 22 May 2017. He is the founder of Hextar Chemicals Sdn Bhd and is responsible for Hextar Group's growth and development since its commencement.

He graduated with a Bachelor's Degree in Plant Pathology and Entomology from National Taiwan University. He then obtained a Master's Degree in Mycology from University of Aberdeen, Scotland, United Kingdom. He has over 30 years' experience which includes being part of the senior management team in a multinational corporation coupled with his experience in the agricultural industry.

Dato' Ong Soon Ho is the father of Dato' Ong Choo Meng and a director of the Company's substantial shareholder, Hextar Holdings Sdn Bhd. Save as disclosed, he has no family relationship with any Director and/or major shareholder of the Group and has no conflict of interest with the Group. He has not been convicted of any offences within the past 5 years other than traffic offences, if any, nor any public sanction or penalty imposed by regulatory bodies during the financial year.

He attended all six Board meetings for the financial year ended 31 December 2022.

BOARD OF DIRECTORS' PROFILE

cont'd

DATO' ONG CHOO MENG

Executive Director

Malaysian, Male, Aged 45



Dato' Ong Choo Meng was appointed to the Board on 22 May 2017. Dato' Ong tendered his resignation on 29 November 2022.

Dato' Ong is a professional business leader with over nineteen (19) years of valuable experience in senior management positions. His working experience includes managing a group of companies listed on the market of Bursa Malaysia, strategising and implementing business plans for the group and successfully driving the business growth of the group. During his tenure as Executive Director of Hextar Global Berhad, he led and directed Hextar Group's growth, business expansion strategies, overall finance and corporate development.

He holds a Bachelor of Business (Economics and Finance) from the Royal Melbourne Institute of Technology Australia. He has been in the agriculture industry for more than nineteen (19) years specialising in finance and investment activities.

Dato' Ong was previously the non-independent non-executive director of two public listed companies, namely Hextar Industries Berhad and Hextar Healthcare Berhad (formerly known as Rubberex Corporation (M) Bhd), where he contributed in providing constructive review to ensure corporate accountability in board decisions. In addition, he was one of the board members that ensured strategies proposed by the management were fully deliberated and examined in the long-term interest of the Company.

He is currently the Group Chief Executive Officer and executive director in another public listed company, Hextar Technologies Solutions Berhad (formerly known as Complete Logistic Services Berhad).

Dato' Ong Choo Meng is the son of Dato' Ong Soon Ho and a director of the Company's substantial shareholder, Hextar Holdings Sdn Bhd. Save as disclosed, he has no family relationship with any Director and/or major shareholder of the Group and has no conflict of interest with the Group. He has not been convicted of any offences within the past 5 years other than traffic offences, if any, nor any public sanction or penalty imposed by regulatory bodies during the financial year.

He attended all six Board meetings for the financial year ended 31 December 2022.

BOARD OF DIRECTORS' PROFILE

cont'd



LEE CHOOI KENG

Executive Director

Malaysian, Female, Aged 66

Madam Lee Chooi Keng was appointed to the Board on 22 May 2017. She is also the Chairperson of the Risk Management Committee and a member of Whistle Blowing Committee.

She graduated with Bachelor of Science, majoring in Chemistry. She started her career as a chemist before gaining further experience in a senior management position in the private sector of agrochemical industry for more than 40 years. She is currently responsible for the overall development and business operations of the Hextar Group. Concurrently, she is also the Group Managing Director of Hextar Chemicals Sdn Bhd.

Madam Lee has no family relationship with any Director and/or major shareholder of the Group and has no conflict of interest with the Group. She has not been convicted of any offences within the past 5 years other than traffic offences, if any, nor any public sanction or penalty imposed by regulatory bodies during the financial year.

She attended all six Board meetings for the financial year ended 31 December 2022.

BOARD OF DIRECTORS' PROFILE

cont'd

YEOH CHIN HOE

*Senior Independent Non-Executive Director
Malaysian, Male, Aged 72*



Mr Yeoh Chin Hoe was appointed to the Board on 22 May 2017. He is currently the Chairman of the Audit Committee and Whistle Blowing Committee, and a member of Nomination and Remuneration Committee and Risk management Committee.

He obtained a Master's degree in Business Administration (General Management) from Universiti Putra Malaysia in 1997. Mr Yeoh is a fellow member of The Association of Chartered Certified Accountants and Institute of Chartered Secretaries and Administrators, he is also a member of the Malaysian Institute of Certified Public Accountants and the Malaysian Institute of Accountants.

Mr Yeoh began his accountancy and audit career with Spicer & Pegler, Chartered Accountant (now merged with Deloitte) from 1973 to 1978 in London, United Kingdom and subsequently joined Coopers & Lybrand in Kuala Lumpur as the Assistant Manager. He joined Harrisons Trading (Peninsular) Sdn Bhd in 1980 and was appointed as Finance Director in 1990 and subsequently Managing Director in 1997 until he retired in 2006. He then set up a business management consulting firm called BPI Corptall Consulting Sdn Bhd, as a consultant specialising in business process improvements and general business management services.

Mr Yeoh's present directorship in other public listed companies are as follows:

- ✓ Director of Hextar Technologies Solutions Berhad (formerly known as Complete Logistic Services Berhad)
- ✓ Director of Chin Hin Group Berhad

Mr Yeoh has no family relationship with any Director and/or major shareholder of the Group and has no conflict of interest with the Group. He has not been convicted of any offences within the past 5 years other than traffic offences, if any, nor any public sanction or penalty imposed by regulatory bodies during the financial year.

He attended all six Board meetings for the financial year ended 31 December 2022.

BOARD OF DIRECTORS' PROFILE

cont'd



LIEW JEE MIN @ CHONG JEE MIN

Independent Non-Executive Director

Malaysian, Male, Aged 64

Mr Liew Jee Min @ Chong Jee Min was appointed to the Board on 14 December 2017. He is currently the Chairman of the Nomination and Remuneration Committee, and a member of Audit Committee.

He graduated from University of Leeds, England in 1984 with an Honours Degree in Law. He obtained his Certificate of Legal Practice, Malaya in 1985 and was admitted as an advocate and solicitor to the High Court of Malaya in 1986. He established the firm Messrs J.M. Chong, Vincent Chee & Co. Advocates & Solicitors in December 1986 and has been practicing law, concentrating on banking, corporate, commercial and real estate matters. He is the managing partner of the firm.

Mr Chong is the Vice President of the Klang Chinese Chamber of Commerce & Industry ("KCCCI"); the Chairman of the Legal Affairs Committee of the KCCCI and The Associated Chinese Chamber of Commerce & Industry of Coastal Selangor; a council member of The Chinese Chamber of Commerce and Industry of Kuala Lumpur and Selangor, and also the Chairman of its Legal Affairs Committee; and a member of the Legal Affairs Committee of The Associated Chinese Chamber of Commerce & Industry of Malaysia. He is a legal advisor of Malaysia Used Vehicle Autoparts Traders' Association, The Kuala Lumpur & Selangor Furniture Entrepreneur Association and Sekolah Menengah Chung Hua (PSDN) Klang.

Mr Chong's present directorship in other public listed companies are as follows:

- ✓ Chairman of YKGI Holdings Berhad and Hextar Healthcare Berhad (formerly known as Rubberex Corporation (M) Bhd)
- ✓ Director of Parkson Holdings Berhad and Jaks Resource Berhad

Mr Chong has no family relationship with any Director and/or major shareholder of the Group and has no conflict of interest with the Group. He has not been convicted of any offences within the past 5 years other than traffic offences, if any, nor any public sanction or penalty imposed by regulatory bodies during the financial year.

He attended all six Board meetings for the financial year ended 31 December 2022.

BOARD OF DIRECTORS' PROFILE

cont'd

RAYBURN AZHAR BIN ALI

Executive Director

Malaysian, Male, Aged 53



Mr Rayburn was appointed to the Board as Executive Director on 29 November 2022. He first joined the Group as Chief Executive Officer of Hextar Kimia Sdn Bhd upon Hextar Global Berhad and Ekopintar Sdn Bhd's acquisition of Hextar Kimia Sdn Bhd (formerly known as Enra Kimia Sdn Bhd) from Enra Group Berhad on 23 July 2021.

He graduated with a Bachelor of Business Administration (Accountancy) from University of Notre Dame, Indiana, USA. He started his career as an auditor and budget analyst in Chicago before gaining over 24 years of experience in senior management position in the Oil and Gas Industry, in particular, Specialty Chemicals.

Mr Rayburn joined Darul Karisma Group in 1998 as the General Manager - Business Development. He was later appointed as the Director and Chief Executive Officer of one of its subsidiaries, DK Kurita Sdn Bhd.

In 2008, he joined Daya SecaDyme Sdn Bhd, a distributor of Specialty Chemicals and Catalysts in the Oil & Gas Industry under Daya Materials Berhad as Chief Operating Officer. He was subsequently promoted to Chief Executive Officer. In 2013, he concurrently held the position of Group Chief Operating Officer of Daya Materials Berhad before finally being promoted to Deputy Group Chief Executive Officer.

In 2016, Mr Rayburn joined ENRA Group Berhad as Senior Vice President – Downstream Oil & Gas. He was also appointed as Chief Executive Officer of ENRA Kimia Sdn Bhd, a new wholly owned subsidiary of ENRA Group Berhad at that time. He successfully developed the company into a leading distributor of Specialty Chemicals and Catalysts in the Oil & Gas Industry. The company eventually became the leading distributor of Gas Odorants in Malaysia, Australia and New Zealand.

Mr Rayburn has no family relationship with any Director and/or major shareholder of the Group and has no conflict of interest with the Group. He has not been convicted of any offences within the past 5 years other than traffic offences, if any, nor any public sanction or penalty imposed by regulatory bodies during the financial year.

Since his appointment on 29 November 2022, he had attended one Board meeting for the financial year ended 31 December 2022.

KEY SENIOR MANAGEMENT'S PROFILE

LO NGEN LOI

*Managing Director
Agriculture Segment*

(Malaysian, Male, Aged 66)

Mr Lo Ngen Loi joined Hextar Chemicals Sdn Bhd on 1 June 2009, he is currently the Managing Director of the company. He is responsible for Hextar Group's marketing development and strategies for the Agriculture segment.

Mr Lo graduated with a Bachelor of Science, majoring in Chemistry and Botany. He has more than 30 years of experience in the industry including product launching, product specialist for the regional market as well as marketing and portfolio management of agrochemicals for multinational corporations.

Mr Lo has no family relationship with any Director and/or major shareholder of the Group and has no conflict of interest with the Group. He has not been convicted of any offences within the past 5 years other than traffic offences, if any, nor any public sanction or penalty imposed by regulatory bodies during the financial year.

He has no directorship in any public companies.

CHEN SEN LOON

*Managing Director
Agriculture Segment*

(Malaysian, Male, Aged 56)

Mr Chen Sen Loon is currently the Managing Director in Agriculture segment. He is responsible for driving agriculture business operations performance. He is also responsible for the operations of Halex (M) Sdn Bhd, Hextar Chemicals Sdn Bhd and all the companies under Agriculture segment.

Mr Chen joined Halex Industries (M) Sdn Bhd in 1992 as a Chemist. He was promoted as Production Manager in 1993. He was appointed as the General Manager in 2001 to which he is responsible for the agrochemical manufacturing and export divisions. In 2014, he then joined the Board of Directors of Halex Holdings Berhad as Executive Director and was appointed as the Managing Director in 2015. Currently, Mr Chen holds the position of Managing Director as we believed that his proficiency in the industry brings significant impact to the Group.

Mr Chen graduated from Universiti Kebangsaan Malaysia (UKM) with a Bachelor in Chemistry (Honours) and obtained his Master in Business Administration from Heriot-Watt University, UK. He has more than 30 years of experience in the agrochemical industry, as a chemist and senior management role.

Mr Chen has no family relationship with any Director and/or major shareholder of the Group and has no conflict of interest with the Group. He has not been convicted of any offences within the past 5 years other than traffic offences, if any, nor any public sanction or penalty imposed by regulatory bodies during the financial year.

He has no directorship in any public companies.

KEY SENIOR MANAGEMENT'S PROFILE

cont'd

DR. LEE LENG CHOY

Managing Director

Research and Development Segment

(Malaysian, Male, Aged 50)

Dr. Lee Leng Choy is currently the Managing Director in Research and Development segment. He is responsible for Hextar Group's Research and Development operations and technical matters, as well as the business of Specialty Chemicals.

Dr. Lee is a Ph.D. holder in the urban entomology and biochemistry. Dr. Lee has developed strong foundation in research and development and regulatory compliance in crop protection industry of Asian market. Dr. Lee has over 20 years of experience in the industry, published more than 20 peer reviewed publications and presented over 35 research papers at scientific meetings.

Dr. Lee has no family relationship with any Director and/or major shareholder of the Group and has no conflict of interest with the Group. He has not been convicted of any offences within the past 5 years other than traffic offences, if any, nor any public sanction or penalty imposed by regulatory bodies during the financial year.

He has no directorship in any public companies.

CHIAM LONG CHAI

Executive Director

Consumer Products Segment

(Malaysian, Male, Aged 50)

Mr Chiam Long Chai is currently the Executive Director in Consumer Products segment. He is responsible for Consumer Products business operations and growth.

Mr Chiam graduated with a Bachelor in Business Studies, majoring in Finance. He has more than 25 years of experience in the industrial chemical industry, focusing on administration, marketing and supply chain management of the business operations. He also has experience in managing products in various industries and in holding expatriate positions abroad.

Mr Chiam has no family relationship with any Director and/or major shareholder of the Group and has no conflict of interest with the Group. He has not been convicted of any offences within the past 5 years other than traffic offences, if any, nor any public sanction or penalty imposed by regulatory bodies during the financial year.

He has no directorship in any public companies.

KEY SENIOR MANAGEMENT'S PROFILE

cont'd

LIAN DAZHI

*Managing Director
Biogas Engineering Business*

(China, Female, Aged 69)

Ms Lian Dazhi is currently the Managing Director of Hextar Biogas BEE Sdn Bhd and Biogas Environment Engineering Sdn Bhd. She is responsible for driving the Biogas business operations performance.

Ms Lian graduated from China Chongqing University with a Bachelor in Automatic Specialised Control. She has more than 40 years of experience in methane project application technology, computer control system and the electrical machinery. Her previous working experience include being an engineer in Chinese Academy of Science Computer Application Research Institute and Chinese Sichuan Ecology Resources Environmental Protection Research Institute, General Manager with Lanke Medical Service Research Center, Taishan Rock & Soil Engineering (M) Sdn Bhd and Jiama (M) Sdn Bhd.

Ms Lian has no family relationship with any Director and/or major shareholder of the Group and has no conflict of interest with the Group. She has not been convicted of any offences within the past 5 years other than traffic offences, if any, nor any public sanction or penalty imposed by regulatory bodies during the financial year.

She has no directorship in any public companies.

PHAN NEE CHIN

*Chief Financial Officer
Group Financial Department*

(Malaysian, Female, Aged 45)

Ms Phan Nee Chin is currently the Chief Financial Officer of Hextar Group. She graduated from University of Malaysia with a Bachelor in Accounting and is a Chartered Accountant with the Malaysian Institute of Accountants.

Ms Phan has professional working experience over 18 years in the areas of auditing, accounting, finance and administration. She started her career with local medium size accounting firm and held several senior finance positions in a number of private and public companies. She joined the Group on 16 March 2020 and recently promoted as Chief Financial Officer on 1 January 2023. She is also a joint company secretary of Hextar Group.

Ms Phan has no family relationship with any Director and/or major shareholder of the Group and has no conflict of interest with the Group. She has not been convicted of any offences within the past 5 years other than traffic offences, if any, nor any public sanction or penalty imposed by regulatory bodies during the financial year.

She has no directorship in any public companies.

MANAGEMENT DISCUSSION AND ANALYSIS



We are very pleased to have delivered our fourth consecutive year of record-high revenue. This is not only a momentous breakthrough for Hextar but also a firm reflection of our strong, sustainable underlying fundamentals and testimonial to our strategic move to diversify by acquiring the Specialty Chemicals businesses.

We are well-positioned to expand market growth and entrench our foothold in the Asian market as well as replicating our current success in the domestic market.

LEE CHOOI KENG
Executive Director

OVERVIEW OF THE GROUP'S BUSINESS AND OPERATIONS

Hextar Global Berhad (“Hextar” or “the Group”) is an investment holding company with its subsidiaries principally engaged in the manufacturing and distribution of agrochemicals, specialty chemicals in the hygiene and rubber industry and consumer products. Its subsidiary is also providing related technical services and support to the oil and gas downstream industry, complementing the distribution of specialty chemicals. Hextar’s products have long been established in the agriculture market and has garnered approximately 30% of the local market share by supplying agrochemicals to major plantation companies. The Group, with its headquarters located in Klang, Malaysia, owns and operates six manufacturing plants across Peninsular Malaysia and one manufacturing plant located in Indonesia.

With the lingering effects of Coronavirus Disease (“COVID-19”) for the financial year 2022 (“FY2022”), Hextar was not spared either. Hextar Group experienced raw materials supply constraints resulting from numerous lockdowns in China and global shipping container shortages, which led to an increase in logistical issues. Despite these disruptions, the Group managed to overcome the adversities and maintain its inventory levels in the most cost-effective manner thus, delivering another profitable year for FY2022.

The agriculture industry remains vital to Malaysia’s economy as it is in line with the government’s effort to ensure food security agenda is well tackled and to increase household income levels in rural areas as demonstrated by the Prime Minister in “Madani Budget 2023”. The significant increase in the usage of agrochemicals, particularly pesticides consumption shows that the agricultural sector is transforming towards a more modern and dynamic approach. With that, the Group is continuing its forward-looking approach to grow this sector and invest in developing its product range to include a greater variety of eco-friendly green products.

Significant Changes and Key Events in Year 2022

In 2021, the Group has diversified its portfolio to include a new Specialty Chemicals division by completing several acquisitions of businesses in the hygiene sector, the rubber industry as well as the oil and gas industry, exhibiting a major advancement of the Hextar Group.

In furtherance of the above, Hextar aims to further strengthen its two core business divisions, with Agriculture and Specialty Chemicals segments now taking its spot as the second major revenue contributor to the Group which accounted for 60% and 36% of total revenue respectively for FY2022.

MANAGEMENT DISCUSSION AND ANALYSIS

cont'd

Hence in 2022, the Group continues its commitment to expand its existing agriculture business by acquiring PT Agro Sentosa Raya ("PTASR"). The transaction was materialised on 20 May 2022, upon the fulfilment of all conditions precedent to the share sale agreement. The rationale behind this acquisition was to extend an arm of the Group to penetrate the Indonesian market.

On 28 March 2022, the Company entered into a share sale agreement with Hextar International Group Sdn Bhd to acquire 109,900 ordinary shares, representing 99.91% equity interest in PTASR for a total purchase consideration of RM10,200,000 fully satisfied in cash. The acquisition was completed upon the fulfilment of all conditions precedent to the share sale agreement, further expanding Hextar's agriculture segment. PTASR is principally engaged in the chemical industry in Indonesia, a one-stop solution company which provides full range of services from developing, procuring, processing, warehousing to distributing chemical products.

On 23 May 2022, the Company entered into a share sale agreement with Hextar Kimia Sdn Bhd, a 49%-owned subsidiary of Hextar, for the acquisition of 100 ordinary shares, representing 100% equity interest in Hextar Kimia (Australia) Pty Ltd ("HKA"), for a total purchase consideration of RM14,300,000 fully satisfied in cash. The acquisition was completed on 22 July 2022 upon the fulfilment of all conditions precedent to the share sale agreement. HKA is an investment holding company and its subsidiary, International Chemicals Engineering Pty Ltd supplies liquid odorants, dosing systems and servicing to gas delivery and storage systems.

In FY2022, Hextar reviewed its assets within its Group's business portfolio to streamline its assets portfolio for capital efficiency. Hence, on 23 September 2022, Hextar Chemicals Sdn. Bhd. ("HCSB"), an indirect wholly-owned subsidiary of Hextar entered into a sale and purchase agreement with Pacific Trustees Berhad, being the trustee of KIP Real Estate Investment Trust for the disposal of two adjoining parcels of leasehold industrial lands together with the buildings erected thereon for a cash consideration of RM27.0 million ("Proposed Disposal"). The properties were leased back by HCSB for a tenure of 15 years, commencing on the day immediately after the completion of the Proposed Disposal ("Proposed Leaseback"). On 11 October 2022, Hextar had obtained approval from shareholders for the Proposed Disposal and Proposed Leaseback and on 8 December 2022, announced that all conditions precedent of the Proposed Disposal and Proposed Leaseback has been fulfilled on 7 December 2022. Subsequently on 14 December 2022, Hextar announced that the Proposed Disposal has been completed with full settlement of the Disposal Consideration by Pacific Trustees Berhad, as trustee for KIP Real Estate Investment Trust. Since the completion, Hextar has been utilising the proceeds received to fund the Group's working capital thus, avoiding any additional finance costs associated with borrowings in our efforts to curb current interest hikes.

Hextar is now principally engaging in three (3) main business segments:

Segments	Principal Activities
Agriculture products	Manufacturing, distribution and agents of agrochemicals, research and development activities. Our product portfolio offers a wide range of pesticides such as herbicides, insecticides, fungicides, rodenticides and miticides.
Specialty chemicals	Manufacturing and distribution of institutional and industrial chemicals detergent, sanitising chemicals, chemical derivatives, coating, liquid odorant, dosing systems, gas and the chemical related services, polymers, adhesive products and provision of technical assistance.
Consumer products	Manufacturing and distribution of disposable healthcare products, such as wet wipes, tissue and cotton-based products.

Objectives and Strategies

Hextar aspires to be a leading supplier of agrochemicals and specialty chemicals related products in the industry. The Group operates with the goal of creating and exploring growth opportunities in collaboration with the community (People) and the environment complementing the business results by leveraging on the Group's strengths and providing the platform for execution.

MANAGEMENT DISCUSSION AND ANALYSIS

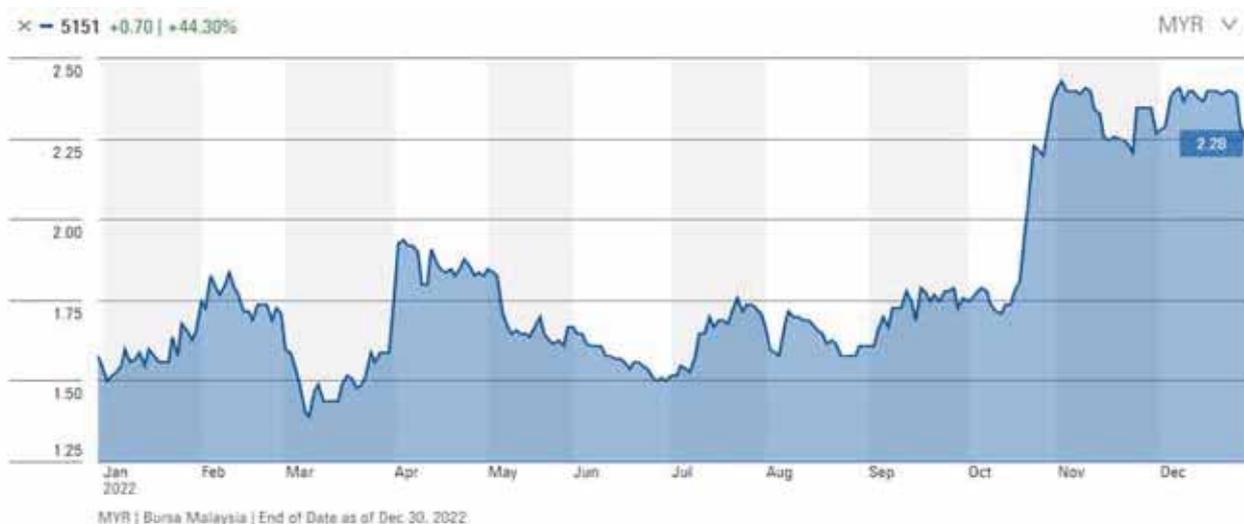
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As Hextar continues to grow, we remain committed to deliver sustainable growth and long-term value creation to all our stakeholders through our core competences and expertise in the key areas which the Group focuses on. Our commitment to sustainability is ingrained in our business strategies and our corporate values. We will continue to refine and progress from these as we move forward into the coming years:

Objectives	Strategies
Leading supplier of agrochemicals and specialty chemicals related products	<ul style="list-style-type: none"> i. Adopt a continuous improvement approach towards product quality ii. Continue to explore new markets and business opportunities for new products and services
Maintain sustainable growth in revenue and profits and to maximise value for shareholders	<ul style="list-style-type: none"> i. Focus on and investment in research & development activities ii. Continuously enhancing our current products range
Improve internal efficiencies	<ul style="list-style-type: none"> i. Strengthening Group synergy ii. Regular training on systems and processes iii. Cost optimisation and productivity improvement
Support and empower communities, encourage social inclusivity and improve the environment and to make the earth a better place to live in through responsible investing, besides weighing on an appropriate risk-return profile for its investments	<ul style="list-style-type: none"> i. An Environmental, Social and Governance (“ESG”) steering committee has been set up to device initiatives to support objectives. ii. Regular meet-ups with ESG Steering committee to develop sustainability strategies and deliverables. iii. Engage with associations that are active in combating climate change iv. Increase the use of renewable energy v. Create and promote agrochemical products that are less toxic which will be more environmentally friendly vi. Conduct CSR programs vii. Support human rights principle

As part of our core strategy, we remain committed to advancing our ESG initiatives while also maintaining an excellent health and safety record. For additional details, please refer to our sustainability report on page 30, which is also available on Hextar’s website at www.hextarglobal.com.

HEXTAR SHARE PRICE PERFORMANCE



MANAGEMENT DISCUSSION AND ANALYSIS

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At the start of the financial year, Hextar's share price opened at RM1.54 per share, and by the end of the year, it had increased to RM2.28 per share.

Due to several interest rate hikes by the central bank aimed at containing inflationary pressure coupled with China's zero-COVID 19 policy that has impacted the Group's raw materials supply chain, the share price has been volatile between the first quarter ("Q1") and third quarter ("Q3"). At its lowest point, the share price hit as low as RM1.49 per share on 4 March 2022.

Following the Group's consistency in profit taking activities from Q1 to Q3, Hextar's share price surged to new heights, reaching RM2.43 per share on 2 November 2022, driven by record high revenue and profits. This surge in share price coupled with market confidence has led to a total equity market capitalisation of RM2.99 billion as at 31 December 2022, representing an increase of RM0.92 billion compared to RM2.07 billion as at 31 December 2021.

FINANCIAL PERFORMANCE OVERVIEW

The analysis and explanation of Hextar Group's performance for the year ended 31 December 2022 ("FY2022") and 2021 ("FY2021") are as follows:

	FY2022	FY2021	Variances	
	RM'000	RM'000	RM'000	%
Revenue	618,360	464,118	154,242	33.2%
Gross Profit ("GP")	173,222	105,008	68,214	65.0%
Profit Before Taxation ("PBT")	75,013	53,565	21,448	40.0%
Profit After Taxation ("PAT")	55,039	39,210	15,829	40.4%
GP Margin	28.0%	22.6%	5.4%	23.9%
PBT Margin	12.1%	11.5%	0.6%	5.2%
PAT Margin	8.9%	8.4%	0.5%	6.0%

Revenue

Hextar posted a new record high revenue amounting to RM618.4 million in FY2022 from RM464.1 million achieved in the previous year, revealing a significant increase of 33.2%. This remarkable growth was mainly attributed to the full contribution and consolidation of Specialty Chemicals segment results following the acquisitions took place in late 2021. However, the growth momentum was dampened in FY2022 by unfavourable exchange rate movements and market-related effects which could be seen in the revenue contribution from Agriculture segment.

Below are the details of the Group's revenue for FY2022:

Segments	FY2022	FY2021	Variances	
	RM'000	RM'000	RM'000	%
Agriculture products	369,537	402,761	(33,224)	-8.2%
Specialty chemicals	225,371	46,147	179,224	>100%
Consumer products	23,451	15,208	8,243	54.2%
Others	1	2	(1)	-50.0%
Total revenue	618,360	464,118	154,242	33.2%

MANAGEMENT DISCUSSION AND ANALYSIS

cont'd

Agriculture Products

In FY2022, revenue from the Agriculture products segment ceased by 8.2% to RM369.5 million. This was mainly attributed to price erosion which reduced demand in the markets and created a downward pricing trend. As a result, customers adopted the “wait and see” approach, leading to reluctance to buy in large volumes to avoid holding over valued inventories. Herbicides accounted for 60% of total revenue, followed by Insecticides at 20% and other agrochemical products. Despite lower revenue from overseas markets, the segment’s performance was partially offset by a growth momentum in domestic market.



Specialty Chemicals



The Specialty Chemicals segment, which was fully consolidated after the acquisitions which took place in late 2021, contributed 36.4% to the Group’s revenue, reflecting the Group’s revenue composition. The polymer coating chemicals used in the rubber industry and chemicals used in the oil and gas industry were the major revenue contributors to the segment, accounting for approximately 38% of Specialty Chemicals revenue. In tandem with the economic recovery in the tourism and food and beverage markets, revenue from specialty cleaning chemicals has gradually picked up recently. Despite the challenging environment of subdued earnings in rubber glove companies worldwide, including Malaysia, the Specialty Chemicals segment’s performance was commendable.

Consumer Products

The revenue contribution from the Consumer Products segment improved by 54.2% from RM15.2 million to RM23.5 million on the back of the change of business model that expanded its market reach from a sole distribution channel to authorised distribution channels.



MANAGEMENT DISCUSSION AND ANALYSIS

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Group Overview

Hextar achieved strong operational results in FY2022, with a new record revenue of RM618.4 million and PBT of RM75.0 million, representing an increase of 33.2% and 40.4% respectively from FY2021.

In tandem with the strong revenue, GP increased by 65.0% or RM68.2 million from RM105.0 million to RM173.2 million. This tremendous growth in GP margin by 5.4% from 22.6% to 28.0% demonstrated the operational efficiency, as well as the synergies realised from acquisitions. Hextar's ability to grow, in addition to the Specialty Chemicals business which came with profit guarantees, enabled Hextar to produce niche, proprietary and customised products for clients, resulting higher profit margins.

Operating expenditure rose from RM54.9 mil to RM102.8 mil, reflecting the combined impact of higher revenue and completed acquisitions. The operating expenses included a one-off impairment of goodwill amounted to RM2.3 million and a RM1.8 million impairment provided for trade receivables which consisted mostly of hotel and restaurant customers which were impacted badly by the COVID-19 pandemic. We will continue to focus on diligently controlling operating expenses to ensure that these non-performing receivables aligns with our revenue or remains lesser.

Finance costs increased significantly to RM11.6 million, mainly due to the increase in bank borrowings to fund the business acquisitions and additional working capital requirements. This was in line with the increased activity level of the Group.

Corporate taxation increased by RM5.6 million or 38.9% from RM14.4 million in FY 2021 to RM20.0 million in FY2022. The Group's effective tax rate was 26.6% which was higher than the statutory rate mainly due to non-deductible expenses and the tax inefficiency in the Consumer Products segment amid continuous business losses.

The net profits from the Specialty Chemicals segment have surpassed the Agriculture segment, making it the Group's primary contributor to net earnings. This demonstrated that the strategic direction to acquire Specialty Chemicals businesses was the right decision, as the Group is currently leveraging its benefits. As a direct result, Hextar reported a strong 40.4% growth in net profits, increasing from RM39.2 million to RM55.0 million.

STATEMENT OF FINANCIAL POSITION OVERVIEW

STATEMENT OF FINANCIAL POSITION

Statements of Consolidated Financial Position as of 31 December 2022 in comparison with the Statements of Consolidated Financial Position as of 31 December 2021.

	31.12.2022	31.12.2021	Variances	
	RM'000	RM'000	RM'000	%
Non-current Assets	273,994	257,393	16,621	6.5%
Current Assets	348,324	395,464	(47,140)	-11.9%
Total Assets	622,318	652,837	(30,519)	-4.7%
Non-current Liabilities	189,705	207,480	(17,775)	-8.6%
Current Liabilities	199,731	215,985	(16,254)	-7.5%
Total Liabilities	389,436	423,465	(34,029)	-8.0%
Net Assets	232,882	229,372	3,510	1.53%
Current Ratio (times)	1.74	1.83	(0.09)	-4.9%
Gearing Ratio (times)	1.01	1.15	(0.14)	-12.2%
Net Assets Per Share (RM)	0.18	0.17	0.01	5.9%

MANAGEMENT DISCUSSION AND ANALYSIS

cont'd

➤ Group Assets

Total assets decreased 4.7% from RM652.8 million reported last year to RM622.3 million driven by the downward pricing trend for raw materials and selling price, which resulted in lower inventories, thereby leading to lower trade receivables and trade payables.

Non-current assets increased by RM16.6 million to RM273.9 million as at 31 December 2022 from RM257.4 million mainly attributed to the following:

- (i) Right-of-use assets increased by RM22.2 million arising from two long-term lease agreement entered during FY2022 for the lease of a warehouse and an operating plant, which accounted for RM11.0 million and RM28.6 million respectively. These were offset by the disposal of a leasehold property during the year, which amounted to RM16.4 million.
- (ii) Decrease in Property, Plant & Equipment (“PPE”) mainly due to revaluation deficit, buildings disposal and depreciation amounted to RM1.5 million, RM13.8 million and 8.3 million respectively. However, this was partly off-set by PPE acquired during the year of RM8.1 million and the acquisition of a subsidiary that contributed RM15.0 million of PPE.
- (iii) A decline of RM2.6 million in intangible assets was mainly driven by a goodwill impairment of RM2.3 million for one of the specialty chemicals business acquired.

Current assets decreased by RM47.1 million from RM395.5 million to RM348.3 million as a result of the following:

- (i) Inventories decreased by RM13.0 million, from RM152.5 million recorded last year to RM139.5 million in FY2022. As the raw material prices are trending downwards, the Group sought to practice purchasing inventories with the right quantities.
- (ii) Trade receivable decreased by RM25.4 million, from RM155.7 million to RM130.3 million. The decreased was mainly due to customers adopting the “wait and see” approach and being reluctant to buy in large volumes during the downward pricing period.

➤ Group Liabilities

Non-current liabilities decreased by RM17.8 million to RM189.7 million mainly resulting from the following:

- (i) Lease liabilities increased substantially from RM3.3 million to RM34.8 million, driven by a long-term lease agreement entered into for the lease of warehouse and an operating plant as explained in right-of-use assets.
- (ii) A repayment of RM24.3 million was made for deferred consideration arising from the acquisition of Specialty Chemicals businesses. The remaining was an adjustment for re-measurement of deferred consideration.
- (iii) A repayment of long-term bank borrowings by RM19.9 million, which were primarily used to finance the purchase of Specialty Chemicals businesses.
- (iv) Reduction in deferred taxation amounted to RM3.7 million resulting from the disposal of properties.

Current liabilities decreased by RM16.3 million or 7.5% to RM199.7 million from RM216.0 million. This is mainly driven by a substantial decrease of RM23.1 million in trade payables in tandem with lower purchases and a “just-in-time” approach taken by the Group as raw materials pricing was trending downwards. In addition, there was a reduction of RM9.0 million in bank borrowings.

MANAGEMENT DISCUSSION AND ANALYSIS

cont'd

➤ Group Equity

Shareholders' equity of RM232.9 million increased by RM3.5 million as compared to shareholders' equity as of 31 December 2021, mainly driven by the following factors:

- (i) On the back of strong operational performance and growth despite the dividend payment of RM29.2 million led to a RM44.4 million increase in retained earnings.
- (ii) RM29.6 million in share buy-back indicated our confidence in the Group's future prospect in the market and we believe that it is our opportunity to create value for our shareholders.
- (iii) Movement in reserves accounts was mainly attributed to the acquisition of subsidiaries.

STATEMENTS OF CASH FLOWS

Statement of cash flows for the year ended 31 December 2022 presented a decrease of net cash flow by RM7.3 million mainly driven by the followings:

	FY2022	FY2021	Variances	
	RM'000	RM'000	RM'000	%
Net cash from operating activities	99,994	406	99,588	>100%
Net cash used in investing activities	(13,868)	(114,356)	100,488	87.9%
Net cash (used in) / from financing activities	(93,470)	154,599	(248,069)	<-100%
Net change in cash and cash equivalents	(7,344)	40,649	(47,993)	<-100%

Cash Flows from Operating Activities

Cash flows from operating activities for FY2022 surged from RM0.41 million to RM100.0 million, attributable to higher profit before taxation and favourable movements in working capital which was largely dependent on the pricing trend of raw materials and management's sound decisions on inventories.

Cash Flows used in Investing Activities

Investing activities included acquisition of a subsidiary for RM8.5 million, payment of RM24.3 million to vendors for profit guarantees achieved, representing the variable consideration committed in acquiring the Specialty Chemicals business. There were capital expenditures of RM7.9 million for the purchase of PPE. These were partially offset by the proceeds of RM30.5 million from the disposal of two buildings.

Cash Flows used in Financing Activities

Cash flows used in financing activities for FY2022 was RM93.5 million, the majority of this amount was used for dividend payments amounting to RM29.2 million and the purchase of treasury shares amounted to RM29.6 million. In addition, the Group made repayments of RM10.5 million and RM20.1 million of bank borrowings and term loans respectively. Hextar drew down RM133.4 million from its banking facilities to finance the acquisition of Specialty Chemicals businesses towards the end FY2021.

As a result of the above, there was a net decrease of RM7.3 million in cash and cash equivalents. However, the Group's cash and cash equivalents as of 31 December 2022 remained strong at RM51.6 million.

MANAGEMENT DISCUSSION AND ANALYSIS

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OVERVIEW OF OPERATING ACTIVITIES

Agriculture Products

The COVID-19 pandemic and its economic impacts affected almost all aspects of business and economic activities, leaving a lasting impact in the agriculture sector. Despite the recovery of economic conditions, global supply chain disruptions continue to persist, causing fluctuations in raw material prices. As a result, Hextar had to exercise more caution when purchasing raw materials due to the pricing volatility, and our customers had also adopted the similar technique to avoid future losses by only buying what is required to run the production instead of stocking up.

Despite facing a challenging landscape with lower consumer spending, interest hikes and the ever-strengthening US dollar against our local currency, the Agriculture segment's declined by 8.2% to RM369.5 million in FY2022. However, given these circumstances, the segment's performance for FY2022 was commendable as it managed to maintain the same momentum in generating revenue compared to FY2021 through effective cost management initiatives and enhanced operational efficiencies.

Despite this success, the margins have softened due to the higher overhead costs coupled with an increase in finance costs.

Specialty Chemicals

Year 2022 is a testament to the strength of Hextar's diversification strategy into the specialty chemicals industry last year. As the Group consolidates the segment's results in full for year 2022, its outstanding performance has contributed 36.4% of the Group's revenue, marking a significant milestone in Hextar's history of the highest revenue recorded.

The acquired companies were accompanied by profit guarantees over 3 years starting from 2021, and produce niche, proprietary and customised products for their clients. Despite the hit in the glove and rubber industry in 2022, with prices remaining low, the segment quickly overcame this setback by expanding its customer base and tapping into other non-conventional sectors to further grow its businesses.

China's COVID-19 lockdowns in 2022 impacted the specialty cleaning chemicals division, resulting in a drop in overseas revenue. However, earnings improved with careful mitigation of operating costs as well as adopting good pricing strategy.

Looking at our businesses in the oil and gas downstream sector, the sector's revenue has been performing well, although its margin experienced a slight decline.

Consumer Products

In FY2022, the Consumer Products segment performed well, generating better revenue contributions than the previous year attributed by increased domestic market share and higher export sales to Singapore and Vietnam. However, despite the increased revenue in year 2022, the sector faced challenges in controlling its operating costs due to rising inflationary pressures and financial challenges that the market presents thus, resulting in a softened margin.

Although the segment's loss after tax marginally declined from RM3.6 million to RM3.9 million in FY2022, it was driven by several factors such as the rise in raw material costs coupled with higher freight forwarding charges in line with the higher revenue, as well as increased staff costs and minimum wage enforcement.

KEY RISKS AND MITIGATION

The Board of Directors hold the responsibility of managing the risk and internal control systems in place. As risk is a recognised aspect of the Group's daily operations, the Group adopts a risk philosophy aimed at maximising business opportunities while minimising adverse outcomes. By effectively balancing risk and reward, this approach enhances shareholders' value.

Credit Risk

Credit risk is the potential for third party fail to meet their obligations under the terms of a financial instrument. The Group is exposed to counterparty risks from entities including, but not limited to private companies/government link entities that have payables to the Group and financial institutions that hold the Group's cash. To limit this risk, the Group has entered into business arrangements with high credit-quality counterparties, limits exposure amounts, and implements ongoing monitoring procedures.

MANAGEMENT DISCUSSION AND ANALYSIS

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Liquidity Risk

Liquidity risk is the possibility that the Group may encounter difficulties in meeting its financial obligations that require cash or another financial asset for settlement. To manage the liquidity risk, the Group strives to maintain sufficient cash, credit facilities and other financial resources to meet its obligations.

Interest Rate Risk

Interest rate risk is the possibility of changes in market interest rates causing fluctuation in the future cash flow or fair value of a financial instrument. The Group is exposed to interest rate risk on financial assets and liabilities with variable interest rates, which affects its cash flow. The Group's bank borrowings and cash flow exposure to interest rate risk relates principally to its floating rate facilities. The Group mitigates this risk by entering into fixed-rate financing agreements or hedging agreements as necessary.

Market Competition Risk

Competition can be a driving force for innovations and improvement. The Group maintains a preferred position with its distribution partners and strives to continuously enhance our core strengths in order to provide customers with the best possible agrochemicals and specialty chemicals solution. To expand its customer base and achieve business growth, the Group will continue to explore new and emerging markets as well as business opportunities, with a focus on establishing long-term partnerships with customers who are committed to sustainable business relationships.

Foreign Currency Exchange Rates

The Group's operations heavily rely on transactions denominated in USD currency, making it susceptible to currency fluctuations that may impact its capital costs and operational expenses. To mitigate this risk, the Group keeps a close watch on its foreign assets and liabilities, ensuring that the net exposure stays within acceptable limits. In addition, the Group maintains foreign currency balances and may adopt hedging strategies, such as entering into forward contracts, to safeguard against the possibility of foreign currency appreciation.

Political, Economic and Regulatory Risk

The agrochemical industry is highly regulated worldwide, requiring registrations with respective governments. Changes in government policies could necessitate additional compliances measures. Before products can be launched, it must undergo costly and time-consuming field trials. Moreover, the usage of Genetically Modified seeds in certain crops may decrease the demand for pest-control chemicals, potentially impacting the Group's business growth.

Hextar boasts an in-house Research and Development team that not only drives product innovation but handles product registration related matters. To foster win-win outcomes for both employees and customers, Hextar continues to invest in employee training and development programs.

Economic uncertainties may also impact the Group, affecting customers demand and supply chains. Political leadership changes could lead to new policies, and regulations, restrictions on land use or conservation practices, as well as in income tax policy, credit policy or subsidising policy.

DIVIDEND

Hextar has paid regular dividends to our shareholders since the reverse acquisition exercise which took place in 2019. We practice regular and healthy dividend payout as a token of appreciation for our loyal shareholders' continuous support. However, the amount of dividend payment depends on several factors, such as our performance throughout the year, funding needs and our strategic objectives in the coming years.

In FY2021, Hextar had declared and paid a total dividend of 2.2 sen per ordinary share, amounting to approximately RM28.75 million.

We maintained our commitment to shareholders' value in year 2022, declare a first interim single-tier dividend of 1.0 sen per ordinary share amounting to approximately RM12.86 million, and a second interim single-tier dividend of 2.0 sen per ordinary share amounting to approximately RM25.72 million, on 3 April 2023, in respect of the financial year ended 31 December 2022.

Our dividends strike a balance between providing appropriate returns to our shareholders and leaving sufficient profits and ample headroom for strategic expansion and growth in the future.

MANAGEMENT DISCUSSION AND ANALYSIS

cont'd

FUTURE PROSPECTS

Agriculture Products

Hextar remains optimistic on the outlook of the agriculture industry premised on the following key factors driving demand for agrochemicals:

- Growing population's increased demand for food.
- Increasing adoption of precision farming methods.
- Shrinking availability of arable land caused by population growth, urbanisation and industrialisation worldwide.

Our primary focus continues to be on expanding our markets and increasing revenue while retaining our local market leadership position. We are also remaining committed to the ESG agenda and continuously invest in developing our product range to offer a wider variety of effective and environmental friendly green products.

Specialty Chemicals

Looking beyond the headwinds, the specialty cleaning chemicals market is expected to make a stronger recovery in 2023 due to a robust global economic recovery and increasing demand from institutions, hotels and restaurants for specialty cleaning chemicals.

The outlook for the specialty chemicals and catalysts business in the oil & gas industry remains optimistic due to the oil & gas industry's strong recovery in 2022. We anticipate continue growth in demand in 2023 based on observed trends in the industry and the consistently high prices.

Market Growth for special derivative and coating chemicals used in the rubber industry is expected to slow down amid in challenging market conditions in gloves industries. Our strategy is to:

- Continue to enhance our product offerings through ongoing research and development to ensure our product range remains competitive.
- Enhance and produce new chemical innovations to create higher value products for customers.
- Diversify and expand to other Asian markets beyond Malaysia.

Consumer Products

Management is actively exploring opportunities to expand the existing product range while also enhancing operational costs efficiency and productivity to improve the segment's overall performance.

We have confidence with the management team's ability to execute appropriate strategic plans that are aligned with our long-term goals, and currently developing new strategies and repositioning to achieve its performance outcomes and create long-term value for our shareholders.

CONCLUSION

Over the past two years, the Management team has been capable of navigating the disruptions and inflationary pressures caused by the pandemic, and has consistently produced commendable results for the Group. We have continued to remain focus on our operations and produced workable and practical solutions to overcome the challenges that Hextar faced.

For the financial year ending 31 December 2023, Hextar remains optimistic that it will continue its upward growth trajectory and improved performance of the Group despite potential challenges. We expect sustained demands for our products and with the unwavering support from our Management team as well as the Group's strategies and initiatives, we are confident that Hextar will remain resilient throughout the year.

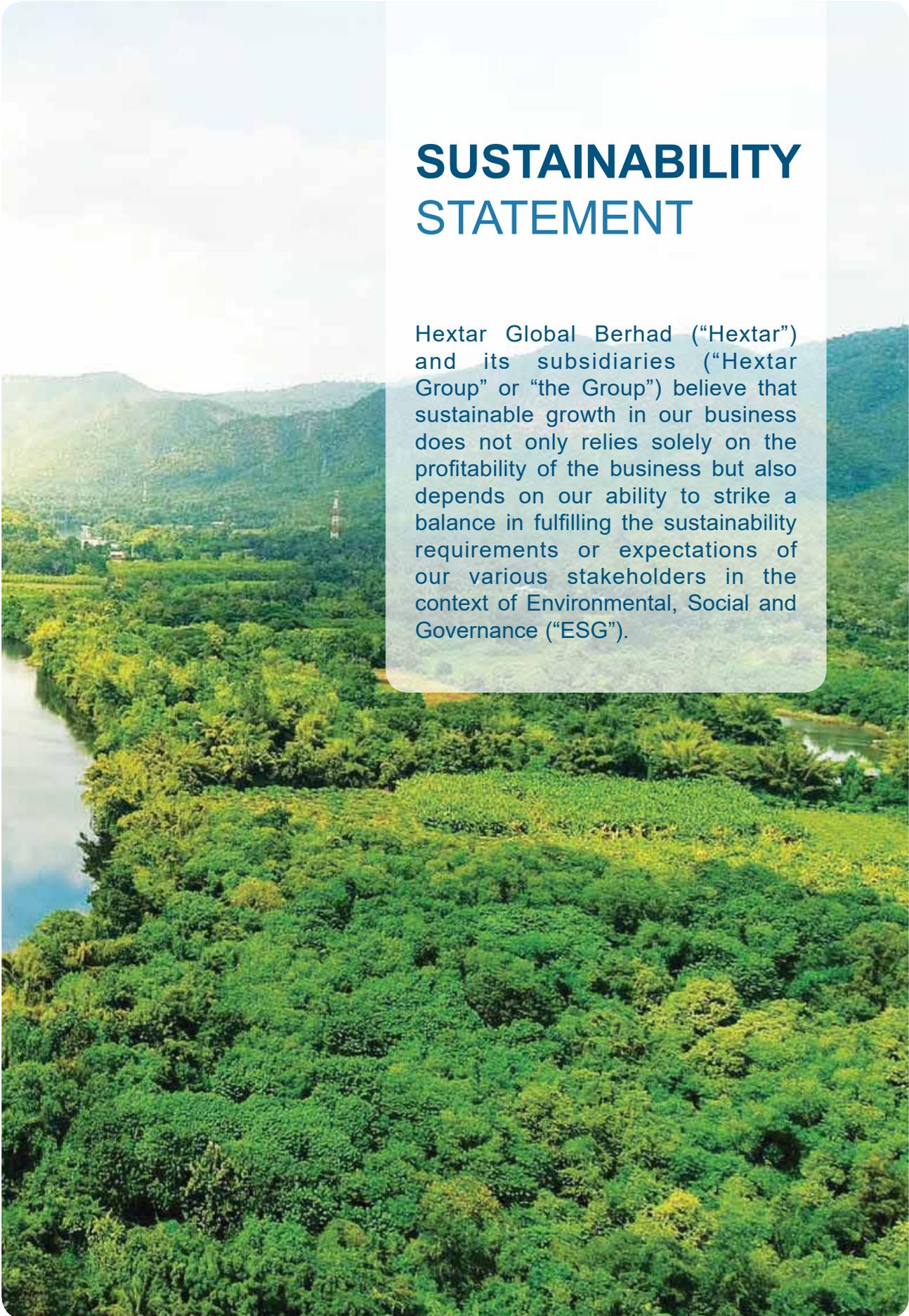
To further expand our presence, Hextar is well-positioned to establish a broader sales network, enabling the Group to achieve even better business performance in the forthcoming years. We will continue to commit to the welfare of our clients, employees, and business partners, and other stakeholders including supporting the local and underprivileged communities as we always practice. As we always say, coming together is a beginning, keeping together is progress, and working together leads to success.

Sincerely,

Lee Chooi Keng
Executive Director

SUSTAINABILITY STATEMENT

Hextar Global Berhad (“Hextar”) and its subsidiaries (“Hextar Group” or “the Group”) believe that sustainable growth in our business does not only relies solely on the profitability of the business but also depends on our ability to strike a balance in fulfilling the sustainability requirements or expectations of our various stakeholders in the context of Environmental, Social and Governance (“ESG”).



SUSTAINABILITY STATEMENT

cont'd

SUSTAINABILITY AT HEXTAR 2022

The impacts of the Group's operation towards the environment and local community, together with our sustainability targets are effectively analysed and monitored in accordance with our Environmental, Social and Governance ("ESG") Policy. As we continue to embed sustainability principles into corporate thinking and actions, we wish to emphasise that sustainability has always been and will continue to be an integral part of our corporate culture.

While business growth and financial performance are critical to our Group, we recognise that the pursuit of sustainability in environmental protection and social living standards are crucial as well.

The Board of Directors ("Board") is pleased to present this Sustainability Statement ("Statement") for the financial year ended 31 December 2022 ("FY2022"), which illustrates our strategic approaches in achieving industry-standard sustainability governance across the Group within the Environmental, Social and Governance pillars.

Reporting Scope

The Report continues to adopt global sustainability reporting frameworks, namely Global Reporting Initiative (GRI) Standards and the United Nations Sustainable Development Goals (UN SDGs), and is aligned with Bursa Malaysia Securities Berhad's Main Market Listing Requirements and the Bursa Malaysia Sustainability Reporting Guide (3rd Edition). This Report covers the sustainability efforts and performance in Hextar Group's main operations in Malaysia, Indonesia, Brunei and Australia within the ESG contexts from 1 January 2022 to 31 December 2022, unless otherwise specified.

Wherever applicable, the reporting is based on business segments namely Agriculture, Specialty Chemicals and Consumer Products.

Reporting Guidelines and Principles

- Main Market Listing Requirement of Bursa Malaysia Securities Berhad ("Bursa Securities")
- Bursa Securities Sustainability Reporting Guide 3rd Edition
- United Nations ("UN") Sustainable Development Goals ("SDGs")
- The Ten Principles of the United Nations Global Compact areas of human rights, labour, environment and anti-corruption.

Our Commitment

Hextar Group is committed to meeting the target of Net Zero Carbon Emissions by 2050, aligned to Malaysia's national aspirations and in support of the Sustainable Development Goals (SDGs) on Climate Action.

As we look into the future, we hope to achieve the Net Zero target through investing in low-carbon efficient technologies and renewable energy. We hope to continuously report our progress as an organization towards meeting this goal in the future.

Materiality Assessment

This year, we have reassessed the material matters related to our Group and various stakeholders within the ESG contexts. Please refer to our Material Matters Matrix in this Statement for further details.

Feedback

Hextar is dedicated to engage with its stakeholders and welcomes any feedback on the sustainability reporting and performance. Relevant feedbacks, comments or enquiries on this Statement can be directed to hextarglobal@hextar.com.

SUSTAINABILITY STATEMENT

cont'd

SUSTAINABILITY GOVERNANCE

We are dedicated to steering the Group forward in a manner that upholds transparency and accountability. To this end, we have embedded sustainability across our operations through best practices and comprehensive frameworks which encompass Environmental, Social and Governance (ESG) aspects towards achieving the sustainability objectives effectively.

SUSTAINABILITY GOVERNANCE STRUCTURE



The Sustainability Governance Structure is aimed at driving ESG across the Group and, as much as possible, to cascade ESG awareness and consciousness across the value chain. The Sustainability Governance Structure has oversight on all ESG topics deemed material.

Board of Directors

At the top, the Sustainability Governance Structure comprises the Board of Directors (“Board”), which is the main decision-making body for group-wide matters and policies including those pertaining to sustainability. The Board is accountable for scrutinising and approving the overall strategic plan, with attention given to managing sustainability impacts of the Group’s business operations.

The Board acknowledges its role in setting the “tone from the top” and good governance across the Group. In this regards, the Board is ultimately responsible for the Group’s long-term sustainability strategies and ensures that our objectives are accomplished through proper management and monitoring. The Board is continuously looking at ways of empowering and advancing Hextar’s ESG efforts to ensure ESG will remain part of corporate strategy and be integrated into the roles and responsibilities of Management and the Board of Directors. The Board oversees material sustainability matters in all aspects of climate change which may affect Hextar. Actions taken to manage the climate related risk by integrating them into their corporate strategies plans.

SUSTAINABILITY STATEMENT

cont'd

Risk Management Committee (RMC)

ESG risks are being identified and included in the Group's overall risk management approach. Tangible linkages between ESG concerns and issues and their potential impact on financial performance are being established. This includes climate change, anti-corruption, labour and human rights and talent management. ESG risks are progressively embedded into the Group's risk framework and the potential and actual impacts of material ESG topics are being closely monitored and assessed.

The overall role of the RMC is to provide assistance to the Board in fulfilling its oversight responsibilities on sustainability governance, including setting strategies, priorities and targets, and implementing initiatives to address ESG matters and material sustainability risks and opportunities within the Group. The RMC meets at least twice a year to review sustainability reporting and makes recommendations to the Board for approval.

ESG Committee

The ESG Committee comprises Senior Management team from relevant departments including Health & Safety, Social Compliance & Governance, Human Resources, Finance, Risk & Compliance and Madam Lee Chooi Keng as one representative from the Board Member as advisor. The ESG Committee is responsible for the implementation of Hextar's sustainability-related policies, measures & actions in achieving sustainability milestones and goals. The ESG Committee is responsible for the following :-

- Advising and recommending to the Board the business strategies in the area of sustainability
- Monitoring the implementation of sustainability strategies as approved by the Board
- Recommending to Board the sustainability-related policies for adoption and monitoring the implementation of the policies
- Recommending to the Board for its approval the sustainability matters identified as material
- Managing sustainability matters with particular focus on matters material to the Group
- Overseeing the preparation of sustainability disclosures as required by laws and/or rules and recommending it for the Board's approval

Department Sustainability Working Group

Instilling a sense of ownership amongst our employees enables us to effectively create a culture of sustainability that permeates throughout the organisation. To this end, during the period of review, we undertook an extensive review of our existing Sustainability Governance structure, which resulted in the appointment of Sustainability Champions and Data Owners within the departments and functions. Empowering our Hextarians, Champions are directly responsible for the implementation of initiatives, driving progress towards achieving targets as well as providing information and data for annual reporting, while Data Owners play a vital role in maintaining, managing and collecting information and data on a timely basis.

SUSTAINABILITY STATEMENT

cont'd

COMMITMENT TO STAKEHOLDER ENGAGEMENT

We remain single-minded in achieving our goal to deliver long-term value for our key stakeholders, who we define as those that influence and have an interest in the Group. Particularly with our role in the segments of Agriculture, Specialty Chemicals, and Consumer Products, we strive to maintain strong relationships with our stakeholders and keep a pulse on their evolving concerns in relation to material matters.

In line with this, we actively engage with our stakeholders on a regular basis via various platforms to keep them informed of our sustainability practises and gather their views and perspectives. Furthermore, in the second year of the post-pandemic, which continued to cause significant disruptions and challenges, our commitment to stakeholder engagement was crucial in shaping the Hextar's sustainability agenda.

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

Stakeholders	Stakeholders' Concerns/ Material Matters	Engagement Methods
Investors 	<ul style="list-style-type: none"> • Share price performance • Business performance • Business growth plans • Return on investments 	<ul style="list-style-type: none"> • General meetings • Quarterly financial results and annual report • Company website • Announcement on Bursa Securities website
Government/ Authorities 	<ul style="list-style-type: none"> • Regulatory compliance • Occupational safety and health • Permits and licenses • Corporate governance and regulatory compliances 	<ul style="list-style-type: none"> • Meetings/visits • Verification/compliance audit • Quarterly announcement • Ad-hoc information disclosure
Bankers 	<ul style="list-style-type: none"> • Financial and operational performance • Repayment capabilities 	<ul style="list-style-type: none"> • Meetings/visits • Announcement on Bursa Securities website • Media release
Board 	<ul style="list-style-type: none"> • Financial and operational performance • Business strategic planning • Continuous business and operational improvements • Interest of various stakeholders and shareholders 	<ul style="list-style-type: none"> • Board meetings • General meetings • Company events
Employees 	<ul style="list-style-type: none"> • Training and career development opportunities • Talent and performance management • Occupational safety and health • Competitive remuneration and benefit packages 	<ul style="list-style-type: none"> • Training programs • Internal communications with Senior Management • Annual performance appraisal • Company events • Memo/newsletter • In-house mobile application

SUSTAINABILITY STATEMENT

cont'd

Stakeholders	Stakeholders' Concerns/ Material Matters	Engagement Methods
Customers 	<ul style="list-style-type: none"> Product quality and pricing Customer satisfaction Technological innovation New products development Competitive pricing and on-time delivery 	<ul style="list-style-type: none"> Regular meetings Feedback survey Product training Advertisement and marketing events Company website/social media Phone calls/email communications
Suppliers 	<ul style="list-style-type: none"> Long-term business relationships Supply chain management Selection of suppliers and credit terms Compliance to anti-corruption standards/integrity 	<ul style="list-style-type: none"> Face-to-face interaction Email communications Supplier evaluation
Community 	<ul style="list-style-type: none"> Local job creation opportunities Environmental impact arising from daily operations Domestic economic support 	<ul style="list-style-type: none"> Corporate Social Responsibility ("CSR") Program Company website/social media
Analyst/ Media 	<ul style="list-style-type: none"> Financial and operational performance Business strategic plan Corporate governance 	<ul style="list-style-type: none"> General meetings Media interviews and conferences Media release

SUSTAINABILITY STRATEGIES

In line with the growing concern on ESG globally, we have incorporated the "Governance" aspect into our Economic pillar as we recognise the governance management shall be managed together with our business performance management instead of isolating it as a single distinct pillar. With the arising awareness on sustainability, UN has initiated the 2030 Agenda for Sustainable Development, a shared blueprint for peace and prosperity for people and the planet, now and into the future, which has been adopted by all UN Member States since 2015. During FY2022, the Group has put in efforts to contribute in achieving the following nine (9) SDGs: -



In alignment with the Paris Agreement agenda, Malaysia has committed to its own Nationally Determined Contribution (NDC), which aims to reduce Greenhouse Gas (GHG) emissions intensity of GDP by 45% by 2030 relative to the emissions intensity of GDP in 2005. This consists of 35% on an unconditional basis and a further 10% conditional upon receipt of climate finance, technology transfer and capacity building from developed countries. Malaysia's NDC is supported by various policies across government ministries. We at Hextar are committed to strive to support Malaysia's NDC and committed to reinforcing the efforts towards decarbonization pathway while ensuring long-term value creation for the organization.

SUSTAINABILITY STATEMENT

cont'd

The Board believes that introducing ESG considerations in its business decisions is essential to achieve long term business success besides creating value for all its stakeholders, act as a strategic approach to support and empower communities, encourage social inclusivity and improve the environment. We place serious efforts by governing our company from a broader perspective, beyond just regulatory compliance. This is done by constantly investing in sustainability initiatives such as investing in rainwater harvesting to reduce our water dependance to municipal supplier. Data monitoring is equally important for us as we are a chemical manufacturing company with great responsibility to provide quality services and products for our stakeholders. We have implemented the sharing of sustainability knowledge to the entire company by conducting sustainability training and awareness program.

In 2022, Hextar joined the United Nations Global Compact initiative — a voluntary leadership platform for the development, implementation and disclosure of responsible business practices. Hextar is proud to have joined thousands of other companies globally, committed to taking responsible business action to create the world we all want.

The UN Global Compact is a call to companies everywhere to align their operations and strategies with Ten universally accepted principles in the areas of human rights, labour, environment and anti-corruption, and to take action in support of UN goals and issues embodied in the SDGs.

Furthermore, we support and advocate for sustainability initiatives for the betterment of our company in the future. For instance, we have installed Solar PV renewable energy source at our Pulau Indah factory and Head Quarters Office to reduce our carbon footprint. This commitment is a direct result of our involvement in sustainability governance.

MATERIALITY ASSESSMENT AND APPROACH

Guided by the Bursa Malaysia Sustainability Reporting Guide (3rd Edition) and GRI Standards, our materiality assessment allows us to identify and address relevant sustainability matters that are of greatest priority to the Group and our stakeholders. Material assessment serves as one of our important steps to develop our corporate sustainability strategies by identifying and prioritizing the material sustainability matters which are most relevant to our stakeholders and business operations. In FY2022, we have reassessed our material sustainability matters in view of the ever-changing business environment through the materiality assessment approach as follows: -

IDENTIFICATION

- Identify the sustainability matters from key Internal & External stakeholders including their needs and expectations
- Derive a preliminary list on sustainability matter



PRIORITISATION

- Apply materiality concept and undertake stakeholder engagement in prioritisation
- Disclose prioritised material sustainability matters which illustrates the relative importance of each material sustainability matter



REVIEW & VALIDATION OF PROCESS & OUTCOME

- Outcome of materiality assessment for validation and approval
- Establish a materiality assessment review process & determine the frequency of undertaking the materiality assessment

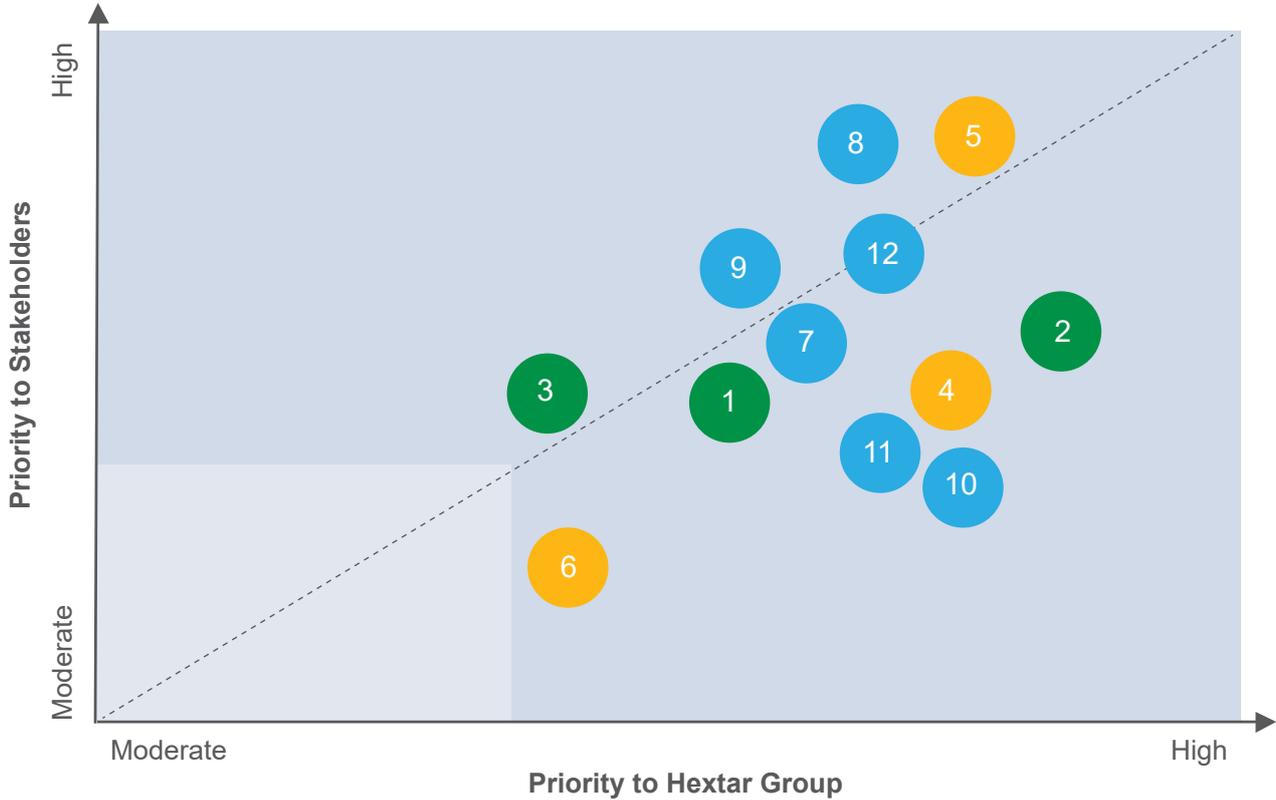


The FY2022 Materiality Assessment reflects the importance or significance of material topics to the Group's business operations and to stakeholder groups. It must be made clear that a topic deemed significant is not by default, an indication that the topic is a high-risk topic to the Group. Neither does it indicate that the Group has an issue in managing the said topic. It is only expression of view that this topic, given the present operating landscape and business contexts, is likely to be important to sustain value creation for both the Group and its stakeholders.

SUSTAINABILITY STATEMENT

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Following this reassessment exercise, we streamlined the material to 12 material matters. We will continue to monitor existing material matters as reflected in our materiality matrix.



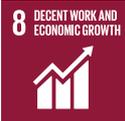
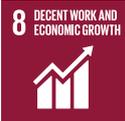
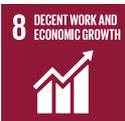
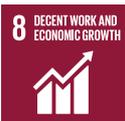
Environmental	
1.	Waste and Pollution Management
2.	Environmental Compliance
3.	Water and Energy Efficiency

Social	
4.	Human Rights and Fair Employment
5.	Occupational Safety and Health
6.	Contribution to Community/Society

Governance	
7.	Corporate Governance and Risk
8.	Rewarding Shareholders Through Better Financial Performance Dividend and Business Expansion
9.	Quality Assurance and Product Recognition
10.	Research and Development
11.	Supply Chain Management
12.	Customer Relationship Management

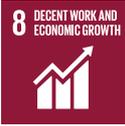
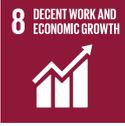
SUSTAINABILITY STATEMENT

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Priority	Material Matters	Importance Factors	Related UN's SDG
High Priority	Rewarding Shareholders Through Better Financial Performance Dividend and Business Expansion	The Group acknowledges the importance of rewarding shareholders with stable dividend growth over time in line with the Board's intention to create value for shareholders through a committed dividend policy.	
	Environmental Compliance	Compliance to relevant Environmental Laws and Regulations that pertain to doing business in a responsible manner.	
	Occupational Safety and Health	Maintain a safe work environment and culture through focused and continued investments to anticipate, evaluate and control hazards arising in or from the workplace that could potentially impact the welfare of employees, workers and customers.	
	Human Rights and Fair Employment	Respect and protect human rights for all those in our operations and supply chain, through the establishment of our policies i.e supply chain policy, labor right policy, harassment policy, non-discrimination policy.	 
	Customer Relationship Management	We maintain engagement with customers and provide service from pre-sales to post-sales, to ensure we meet their needs and expectations for our continuous improvements.	
	Research and Development	Promote technological advancement and instil an innovative mindset to develop relevant products and solutions that meet the evolving needs of the market and customers.	
	Supply Chain Management	Management of supply chain activities including support to local suppliers, adherence to significant environmental and social standards.	

SUSTAINABILITY STATEMENT

cont'd

Priority	Material Matters	Importance Factors	Related UN's SDG
Medium Priority	Quality Assurance and Product Recognition	It is our responsibility to ensure that we deliver high-quality products to our customers whilst all relevant requirements and regulations are closely adhered to.	
	Corporate Governance and Risk	Conduct our business in an ethical and transparent manner by inculcating our values and culture across our workforce and supply chain.	  
	Waste and Pollution Management	Management of hazardous and non-hazardous waste disposed from our operations.	
	Water and Energy Efficiency	Management and efficient usage of water for manufacturing processes and general purposes, and to configure effluent discharge points to mitigate impact to local communities, ensuring availability and sustainable management of water and sanitation.	
	Contribution to Community/Society	Voluntary community Engagement and outreach activities to create positive social and environmental impact.	 

We are conscious of the rapidly rising climate change, including both Physical and Transition risks. In response, we proactively identify, and manage risks that materially impact our value creation abilities, including sustainability which is regularly deliberated by the Board and driven by the ESG Committee.

RISK	OPPORTUNITIES
Preparation for future climate related regulation that may cause issues of non-compliance.	Stakeholder trust and perception can be improved through effective emissions management.
Reallocation of capital to green investments by financial institutions impacts business funding.	Lower resource consumption contributes to cost savings and better performance.
Poor climate change adaptation exposes our agrochemical business activities to severe damage and high financial lose.	Secure positioning and diversify in low carbon solutions market in order to meet increasing demand.

SUSTAINABILITY STATEMENT

cont'd

OUR SUSTAINABILITY GOALS VS FYE2022 PERFORMANCE AT A GLANCE

To generate AT LEAST 10% electricity at manufacturing facilities from renewable energy source by 2030

In FY2022, we successfully **INSTALLED** our first **Solar PV System** at our factory located at Pulau Indah, Selangor. The 183kWp Solar PV would provide savings in FY2023. In addition, for the factory installation, we had also installed Solar PV at our corporate office in Kota Bayuemas, Klang, Selangor with design capacity of 20kWp. Both Solar PV installation commence electricity generation in January 2023 thus there are no change for our data for FY2022.

While maintaining the Goal for 2030, the Company is working towards achieving 3% in FY2023



To reduce Class I product portfolio from current *4.3% to 2.5% and Class II product portfolio from current *24.7% to 17.5% by year 2026

Category	Category	*Year 2021	Target 2026	Actual 2022
Class I	Highly Poisonous	4.3%	2.5%	3.4%
Class II	Poisonous	24.7%	17.5%	25.1%
Class III	Harmful	50.1%	55.0%	50.3%
Class IV	Least Toxic	20.9%	25.0%	21.2%

Kindly refer to page 39 for further details.

* Year 2021 based data has been revised in accordance to gazette date of our product registration.

SUSTAINABILITY STATEMENT

cont'd

30% of the Board are women by year 2024

16.7% women directors in the current Board as at 31 December 2022.

30% of Top Management are women by year 2030

ACHIEVED 33.3% of Top Management women as at 31 December 2022.

ZERO tolerance to discrimination, harassment, violence, forced labour and child labour in the workplace

ACHIEVED ZERO incidence of discrimination or any violence in labour law in FY2022.

ZERO incidence of fatalities

ACHIEVED ZERO incidence of fatalities in FY2022.

ZERO tolerance to avoidable incidence of work-related injuries

ACHIEVED ZERO avoidable incidence of work-related injuries in FY2022.

ALL MANUFACTURING COMPANIES to be ISO 45001:2018 certified by 2030

Currently **HEXTAR CHEMICALS SDN BHD** ("Hextar Chemicals"), **CHEMPRO TECHNOLOGY (M) SDN BHD** ("Chempro") and **ALPHA AIM (M) SDN BHD** ("Alpha Aim") are certified with ISO 45001:2018

25% of manufacturing companies are certified as at 31 December 2022



Social



Governance

ZERO tolerance to bribery or corruption

ACHIEVED ZERO bribery or corruption case in FY2022.

SUSTAINABILITY STATEMENT

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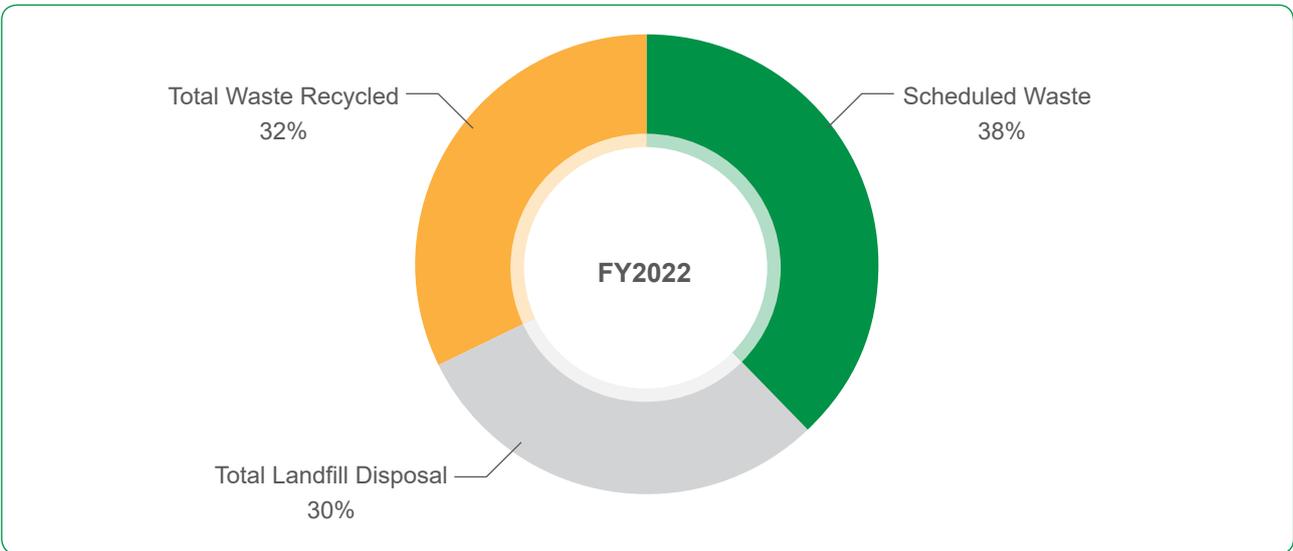
ENVIRONMENT

In line with SDG 12 to ensure sustainable consumption and production patterns, Hextar is mindful that preserving the environment is inevitably part of our responsibilities. We must strike a right balance between business expansion and environmental footprints.

WASTE AND POLLUTION MANAGEMENT

Sustainable waste management is vital to preserving the environment, addressing the environmental prevalent issues caused by landfills, such as land contamination and heightened carbon emissions. As we continue to expand our manufacturing capacity, we are conscious that this can lead to an increase in the waste produced by our operations. To reduce our environmental impact, we are committed to minimising pollution and waste in our operations and responsibly handling the waste that we produce by:

- Designing and managing chemical products and processes to reduce and eventually eliminate the volume and toxicity of waste, and to conserve and recover waste produced
- Complying with applicable waste legislation
- Identifying and promoting safe methods of segregation and disposal
- Determining baselines and develop ongoing monitoring of waste management
- Promote reduce, reuse, recycling and recovery of resources in production and distribution and consequently reduce the use of resources
- Ensuring that all wastewater is treated in accordance with international best practice standards before discharge to the environment
- Continuous engagement with stakeholders to coordinate and collaborate on our waste management policy and action plan

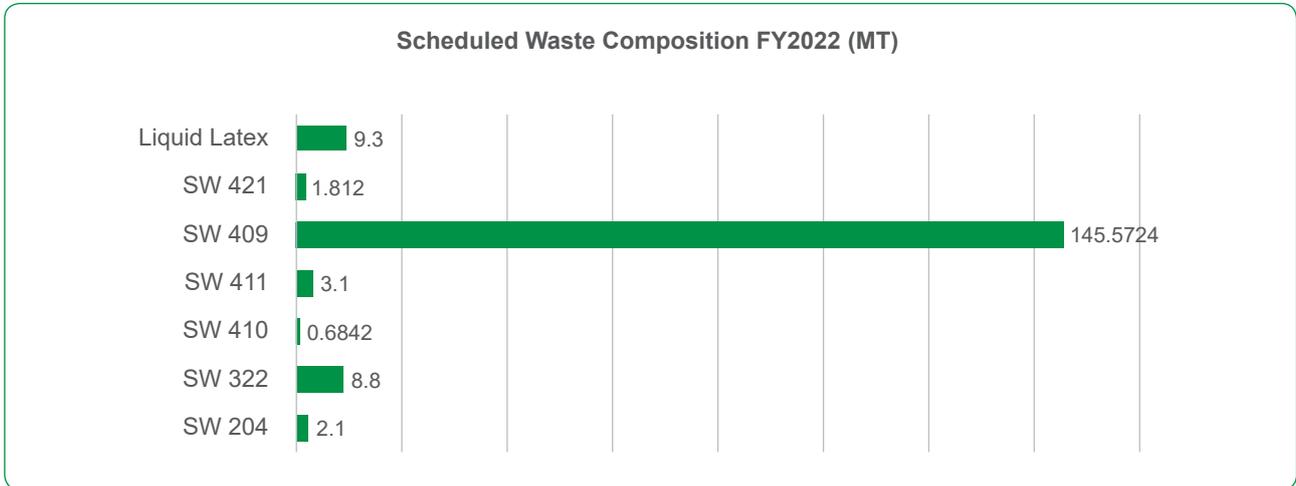


On top of the environmental regulatory compliance, we have addressed the growing concerns about responsible waste and pollution management via proper disposal of wastes generated from our production activities. We manage hazardous or scheduled waste in accordance with the DOE's Scheduled Wastes Regulations 2005 (Environmental Quality Act 1974).

All Hextar manufacturing facilities have site waste management system that includes the collection, transport, treatment, and disposal of waste, coupled with monitoring and regulation of the waste management process and waste-related law. All waste delivered externally are to authorised or approved waste processing plants for further processing.

SUSTAINABILITY STATEMENT

cont'd



We have recorded wastes generated from our operations and the respective disposal method as follows:-

Waste Generated		Total Weight Generated (kg)		Disposal Method
		Year 2021	Year 2022	
Scheduled Waste	SW 204 (Scheduled waste of sludges containing one or several metals including chromium, copper, nickel, zinc, lead, cadmium, aluminum, tin, vanadium and beryllium)	1,000	2,100	Approved disposal facility/waste management company
	SW 410 (Scheduled waste of rags, plastics, papers or filters contaminated with scheduled wastes)	20	684.2	
	SW 409 (Scheduled waste of disposed containers, bags or equipment contaminated with chemicals, pesticides, mineral oil or scheduled wastes)	100	146,438*	
	Spent activated carbon	3,443	3,100	
	Contaminated diesel	2,532	1,812	
	Metal waste	158,405	0	
	CIP rubber waste	159,200	0	
	Liquid latex	13,000	9,300	
	Contaminated containers	150	0	
	Used contaminated cotton rags/gloves/masks	570	0	
	Empty/used drum	11,484	0	Empty/used drum from suppliers will be sold back to suppliers. To reuse, if possible. To dispose to approved disposal facility, if not reusable.

SUSTAINABILITY STATEMENT

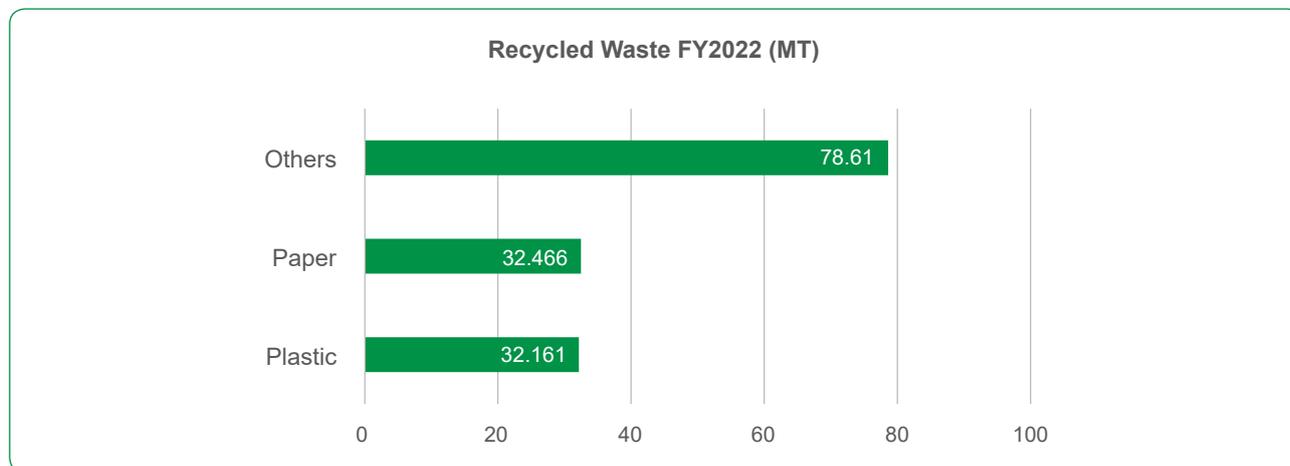
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Waste Generated		Total Weight Generated (kg)		Disposal Method
		Year 2021	Year 2022	
Effluent	Treated supernatant – M99E	2,000	0	Repurpose by waste water treatment plant
General Waste	Plastic	7,500	32,161	Recycling Centre
	Paper	30,000	32,466	
	Rubbish waste	14,000 to 18,000	134,600**	Waste management company.

* Significant increase in SW 409 for 2022 due to renovation and clearing works in our Pulau Indah factory and inclusion of factory in Indonesia.

** Significant increase in rubbish waste was due to renovation works in our Pulau Indah factory where we demolished office partition that was previously used as office.

We strive to cultivate a strong recycling culture amongst our employees, encouraging them to embrace good recycling practices at work and as part of their daily behaviour. To this end, we proactively implement the 3R (Reduce, Reuse and Recycle) cultures throughout our operations. We also encourage our customers to buy bigger drums by offering them at an attractive price instead of buying smaller drum to reduce the usage of containers which supports our sustainability efforts.



Raising awareness is essential to drive positive change. With this in mind, we organised ESG awareness training to educate them on key topics such as the identification of waste generation at source and standard operating procedures for waste management. This also helps our employees to handle waste more safely and effectively.

SUSTAINABILITY STATEMENT

cont'd

MATERIAL MANAGEMENT

Our material management aims to reduce negative environmental consequences whilst controlling the material costs. We have implemented several practices in our business operations to conserve material resources.

In our chemical industry, chemical itself is hazardous material (also known as dangerous goods) that may pose a potential hazard to health, safety, and/or environment. Therefore, proper handling of chemical products is essential to safeguard our people and protect the environmental well-being.

The Malaysian Pesticide Board has classified all registered pesticides into four classes according to their level of toxicity to human beings. Class I is highly poisonous and is usually only used by trained persons. Class II is classified as poisonous. Class III is labeled as harmful, and the least toxic group is classified in Class IV. We intend to gradually reduce the Class I and II product portfolio gradually and increase Class III and IV product registration.

To reduce the use of harmful raw materials

To dispose waste in accordance to applicable regulatory requirements

To reuse and recycle materials and resources, whenever applicable

To minimise waste or emission to the environment

ENVIRONMENTAL COMPLIANCE

Environmental policies are put in place in our operations to govern our environmental management. The criteria for our environmental management are laid forth in ISO 14001 and 45001 Environmental, Health and Safety Management System Standards. In addition to our internal policies, we are committed to adhere to all applicable environmental laws and regulations, which include: -

Laws and Regulations	Our Commitments
<p>Wastewater Discharge</p> <ul style="list-style-type: none"> ➤ Environmental Quality (Industrial Effluent) Regulations, 2009 	<ul style="list-style-type: none"> ● Monthly water effluent lab test by third party ● Compliance to Industrial Effluent Registration (Tenth Schedule) ● Conduct of Chemical Oxygen Demand test via weekly waste water analysis
<p>Scrubber System</p> <ul style="list-style-type: none"> ➤ Environment Quality (Clean Air) Regulations 2014 	<ul style="list-style-type: none"> ● Appointment of a competent person for scrubber system ● Conduct of Air Emission Monitoring ● Conduct of Local Exhaust Ventilation (“LEV”) Assessment
<p>Waste Disposal</p> <ul style="list-style-type: none"> ➤ Environmental Quality Act 1974 ➤ Environmental Quality (Scheduled Wastes) Regulations, 2005 	<ul style="list-style-type: none"> ● Disposal of general waste to regulated landfills ● Disposal of scheduled waste to approved disposal facility ● Erection of scheduled waste storage cage bund ● Adoption of e-consignment note for scheduled waste
<p>Noise Exposure</p> <ul style="list-style-type: none"> ➤ Environmental Quality Act, 1974 ➤ Occupational Safety and Health (Noise Exposure) Regulations 2019 	<ul style="list-style-type: none"> ● Conduct of Boundary Note Measurement ● Conduct of Noise Risk Assessment ● Conduct of Baseline and Annual Audiometric Testing

SUSTAINABILITY STATEMENT

cont'd

Laws and Regulations	Our Commitments
<p>Chemical Management</p> <ul style="list-style-type: none"> ➤ Occupational Safety and Health (Use and Standards of Exposure of Chemicals Hazardous to Health) Regulations 2000 ➤ Occupational Safety and Health (Classification, Labelling and Safety Data Sheet of Hazardous Chemicals) Regulations 2003 	<ul style="list-style-type: none"> ● Registration of chemical raw materials and finished goods ● Proper labelling on all products ● Preparation of Personal Protective Equipment (“PPE”) for workers in production ● Conduct Chemical Health Risk Assessment and training on Hazard Logo Identification as well as PPE Usage for all production staff ● Usage on enclosed mixing system with vacuum system and scrubber system ● Installation of LEV system
<p>Poison Management</p> <ul style="list-style-type: none"> ➤ Environmental Quality Act, 1974 ➤ Poison Act Regulation, 1952 ➤ Department of Environment Guided Self-Regulation (“GSR”) 	<ul style="list-style-type: none"> ● Adoption of poison signed order form and poison wholesale sales book ● Registration of poison license ● Implementation of ISO 14001:2015 policy ● Maintenance of effluent treatment plant and scrubber system ● Formulation of Environmental Performance Monitoring Committee and Environmental Regulatory Compliance Monitoring Committee ● Identification of competent person on: - <ul style="list-style-type: none"> ○ Certified Environmental Professional in Scheduled Waste Management (CePSWaM) ○ Certified Environmental Professional in the Operation of Industrial Effluent Treatment Systems (Biological Processes) (CePIETSO-BP) ○ Certified Environmental Professional in the Operation of Industrial Effluent Treatment Systems - Physical Chemical Processes (CePIETSO-PCP) ○ Certified Environmental Professional in Scrubber Operation (CePSO) ● Transparency of information on eco-labelling products

In FY2022, we took note of the minor penalty issued by Department of Environmental (DoE) for not putting the required labels on our raw material. The amount of fine imposed was RM8,000. Hextar has taken corrective action to avoid such occurrence and is continuously committed to staying compliant with Malaysian law.

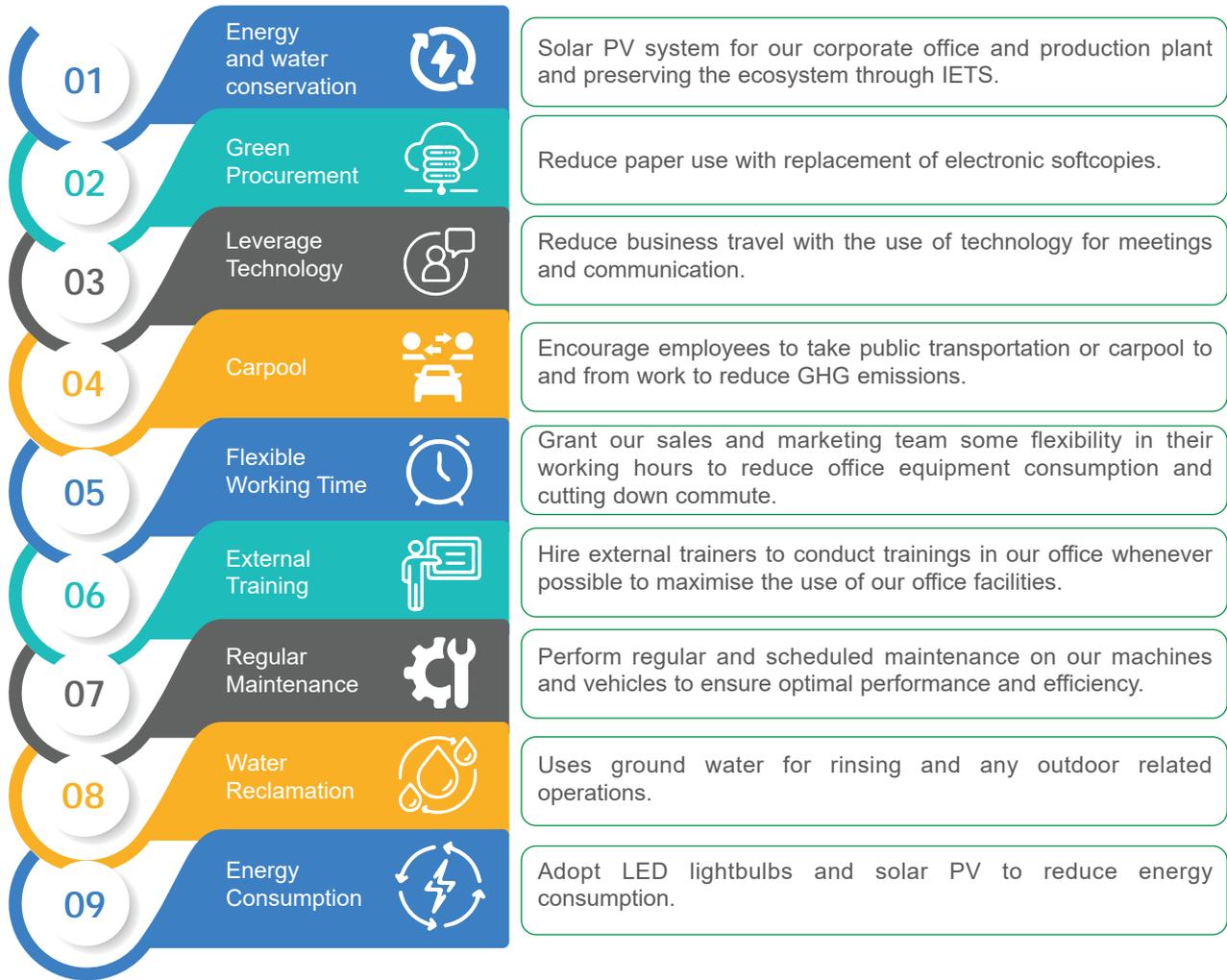
We are also committed to responsible sourcing by selecting suppliers who uphold high standards on environmental management. In order to achieve such objective, we have embarked on an environmental risk assessment of both our existing and new suppliers to cover several environmental criteria for the financial year ended 31 December 2022, as outlined in our Supply Chain Policy.

SUSTAINABILITY STATEMENT

cont'd

Green Procurement

With regard to our office activities, we have been carrying out initiatives on a non-consolidated basis to promote carbon-neutral electricity consumption, reduce paper consumption and waste emissions through the use of containers with low environmental impact and promote green procurement. Across the Group, we are actively executing the following water and energy efficiency initiatives: -



Maximizing avoided environment pollution through provision of our products

As a means of adapting to the environmental abnormalities derived from climate change, Hextar is carefully assessing risks and expanding its range of suitable products. We plan to reduce our Class I and Class II product portfolio gradually and we have set the goal to be achieved by 2026 as follows: -

Statistics of the *performance as follow: -

Category	Category	*Year 2021	Target 2026	Target 2022	Actual 2022	Performance 2022	**Target 2023
Class I	Highly Poisonous	4.3%	2.5%	4.0%	3.4%	+13.3%	3.2%
Class II	Poisonous	24.7%	17.5%	23.2%	25.1%	-8.2%	23.2%
Class III	Harmful	50.1%	55%	51.1%	50.3%	-1.7%	51.4%
Class IV	Least Toxic	20.9%	25%	21.7%	21.2%	-2.4%	22.1%

* Year 2021 base year has been revised in accordance to gazette date of our product registration.

** Targets in year 2023 have been included with KPIs.

SUSTAINABILITY STATEMENT

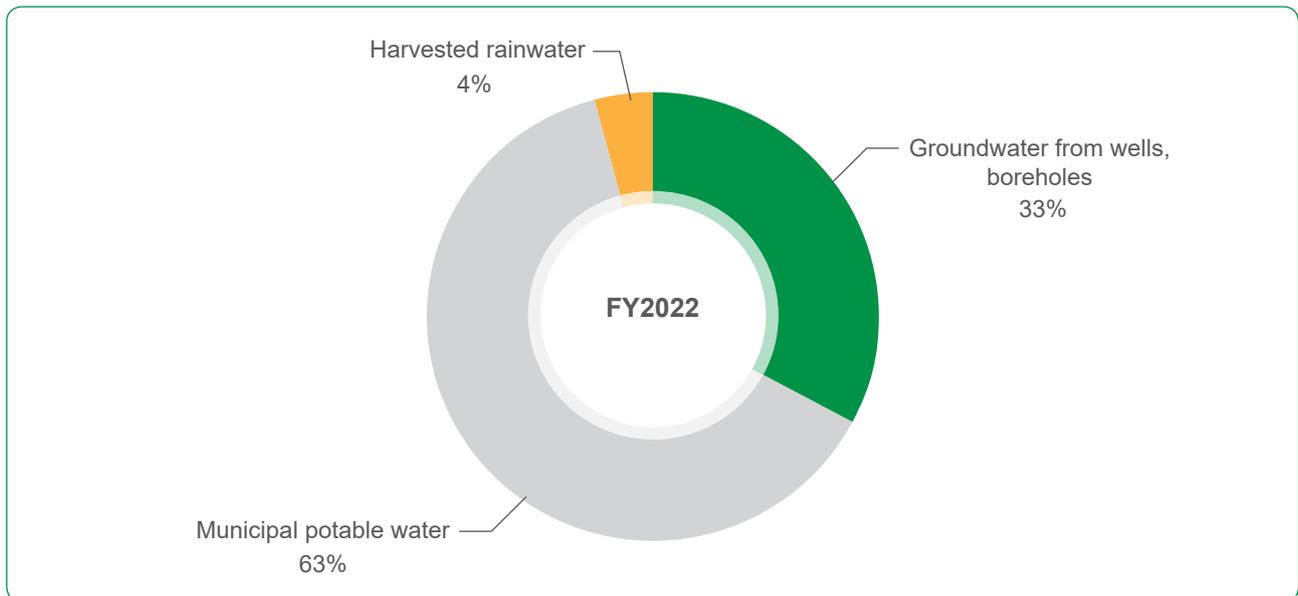
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Many of the chemical products we produce go through various life stages in the hands of our customers, including processing, use and disposal. Through our products with environmental contribution value, we aim to maximise avoided environmental pollution over the entire product life cycle. In order to achieve this, we have set product portfolio goals as part of our sustainability strategy to preserve the ecosystem by 2026. We plan to incorporate measures to expand the lineup of and increase sales revenue of Class III and IV products into the individual strategies of each business domain.

Our base data for 2021 was revised in accordance to gazette date of our product registration. We are pleased that our target to reduce Class I products in 2022 was achieved above expectation by 13.3%.

Improved Water Security

In addition, we promote water efficiency to support SDG 6 by using different types of water, including treated water, tube well water and reverse osmosis (“RO”) water, based on their most suitable functions in our operations. Treated water is mainly used for office, lab and canteen purposes, while tube well water and RO water are used in operations for cleaning and production use purposes, respectively.



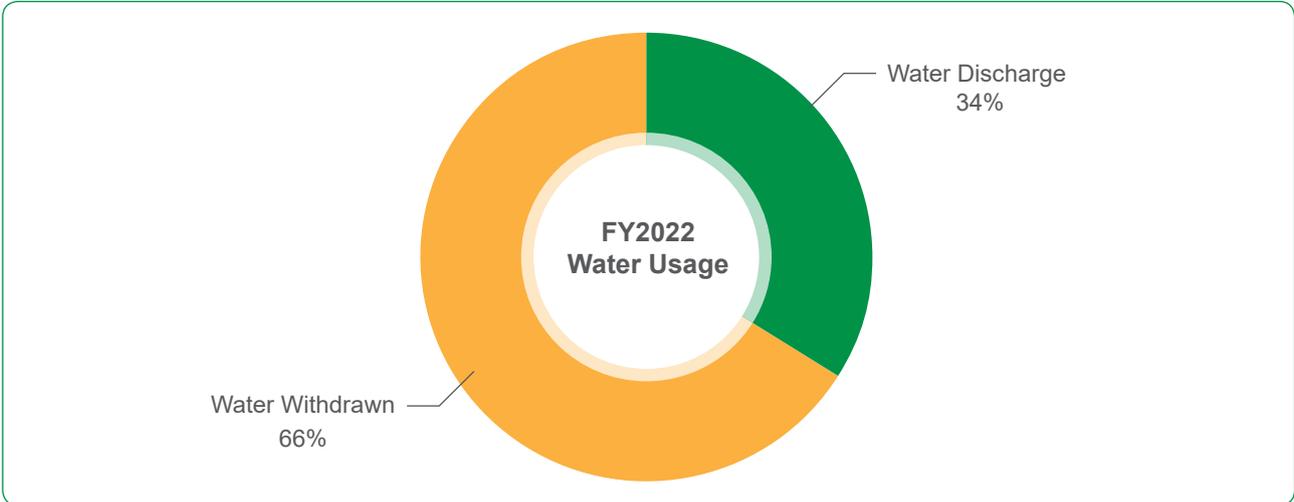
Water Withdrawal by Sources

As indicated by the World Resources Institute (WRI), we have ascertained that all our plants in Malaysia and Indonesia are located in a low water-stress area (<https://www.wri.org/applications/aqueduct.water-risk-atlas/>). Nevertheless, we acknowledge that floods, droughts and other water related risks issues brought on by unpredictable weather patterns and climate change will likely impact on the way businesses are organised and operated in future.

We continue to pay close attention to water resource management and aim to optimise our water usage. All our water supply is piped water from low water stress region municipal water treatment plants, groundwater sources and harvested rainwater. Additionally, we have sufficient water tanks to ensure continuity of operations in case of unscheduled disruption to water supply by the local water operator.

SUSTAINABILITY STATEMENT

cont'd



In the financial year 2022 and up till to-date, there were no incidences of non-compliance to water quality/quantity permits, standards and regulations that resulted in any fines, penalties or warnings. We will continue to closely monitor such water security risks in our plants and report any issues accordingly. Total water withdrawn for FY2022 was 115,456 cu.m. Our plant in Bukit Raja and Indonesia source its water from ground water using a borehole. In 2022, the total amount of water extracted from the ground was 38,571 cu.m. The total water discharged recorded for FY2022 stood at 60,538 cu.m.

ENERGY AND EMISSIONS MANAGEMENT

Climate change is a global issue that must be urgently addressed. Now more than ever as the impact of climate change continues to intensify, it is vital to take action to secure a brighter future for the planet. Supporting Malaysia's objective of reducing carbon emission intensity by 45% by 2030, we strive to contribute to environmental preservation by managing our energy consumption and energy emissions. In tandem, this enables us to enhance cost efficiencies, given that natural gas and electricity usage are vital to our operations.

Solar Powered Building and Operation Plants

Testament to our commitment to sustainable practices, in FY2022, we successfully installed and commissioned our first Solar PV at our factory in Pulau Indah, Selangor. The design is for 183kWp and would provide savings in FY2023. In addition, we also successfully installed our second Solar PV system at our corporate office in Kota Bayuemas, Klang. The design is for 20 kWp. This is expected to improve energy efficiency by converting 15% to 22% of solar energy into usable energy at the locations. In addition, plans are in the pipeline to build an additional Solar PV systems in other Hextar's facilities, taking into consideration the feasibility of such energy systems from both cost and energy efficiency perspectives, as well as their potential contribution to our long-term emissions reduction targets.



SUSTAINABILITY STATEMENT

cont'd



(Corporate Office in Kota Bayuemas, Klang, Selangor)

Energy Consumption

For FY2022, we recorded a total increase of 64% for total electricity consumption. Key contributing factors were due to the inclusion of several newly acquired companies that took place in late FY2021 and in early FY2022.

Electricity Consumption (kWh)

FY2022	3,102,124
FY2021	1,887,586

Energy consumption intensity is reported based on the electricity consumption in kWh over production output as follows:-

INTENSITY	FY2021	FY2022
Agriculture		
Electricity Consumption (kWh)	909,565	1,314,018
Production Output (MT)	19,022	24,879
Intensity kWh/MT	47.82	52.82
Specialty Chemicals		
Electricity Consumption (kWh)		822,640
Production Output (MT)		24,090
Intensity kWh/MT		34.15
Consumer Products		
Electricity Consumption (kWh)	515,600	617,338
Production Output (MT)	609	780
Intensity kWh/MT	846	791

For agriculture, there was an increased in intensity mainly due to the installation of a new high pressure homogenizer in late FY2021 to improve the batching time of our production.

SUSTAINABILITY STATEMENT

cont'd

Carbon Footprint

In 2022, Hextar ESG Steering Committee attended workshops on Climate Change organised by Bursa Malaysia ESG Advisory Services in collaboration with the Malaysian Green Technology and Climate Change Corporation (MGTC). In FY2021, the Group began collecting and reporting Green House Gas (GHG) emissions data which was published on the Company's website in September 2022. In FY2022, the Group continued to collect the GHG data, including all newly acquired companies in FY2021.

Data for emissions generated was obtained by using the relevant emission factors from the Department for Environment, Food & Rural Affairs (DEFRA), United Kingdom and Malaysian Green Technology And Climate Change Centre. Our carbon footprint is calculated in accordance with the World Business Council for Sustainable Development and World Resources Institute's (WBCSD/WRI) GHG Protocol, a corporate accounting and reporting standard. This protocol is considered the current best practice for corporate or organisational emissions reporting, and we measure our emissions in three 'Scopes':

CO2 emissions:

- Scope 1: Direct GHG emissions from sources that are owned, such as company-owned vehicles and machineries
- Scope 2: Total CO2 emitted refers to indirect emissions from purchased electricity using the location-based method
- Scope 3: Total CO2 emitted refers to indirect emissions such as our business travel and employee commuting.

INDICATOR	UNIT OF MEASUREMENT	2021 (MT)	2022 (MT)
GHG Emissions			
Scope 1	Tonnes CO2e	262	388
Scope 2	Tonnes CO2e	1,098	1,939
Scope 3			
Employee commuting	Tonnes CO2e	415	486
Business Travel (Land)	Tonnes CO2e	n/a	117
Business Travel (Air)	Tonnes CO2e	n/a	40
TOTAL Scope 1+2	Tonnes CO2e	1,360	2,327
TOTAL Scope 3	Tonnes CO2e	415	643
TOTAL Scope 1+2+3	Tonnes CO2e	1,775	2,970

Notes:

- Scope 1 emissions cover the emissions from natural gas consumption from our production facilities.
- Scope 2 emissions cover purchased electricity from our production facilities and corporate offices and location-based calculation method is used.
- Carbon emissions from fuel consumption (natural gas) is calculated based on the emission factors from the Federal Register EPA; 40 CFR Part 98; e-CFR, June 13, 2017.
- Carbon emissions from purchased electricity (Scope 2) is calculated based on the emission factors from 2017 CDM Electricity Baseline For Malaysia [<https://www.mgtc.gov/wp-content/uploads/2019/12/2017-CDM-ElectricityBaseline-Final-Report-Publication-Version.pdf>] reported by the Malaysian Green Technology Corporation.

SUSTAINABILITY STATEMENT

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SOCIAL

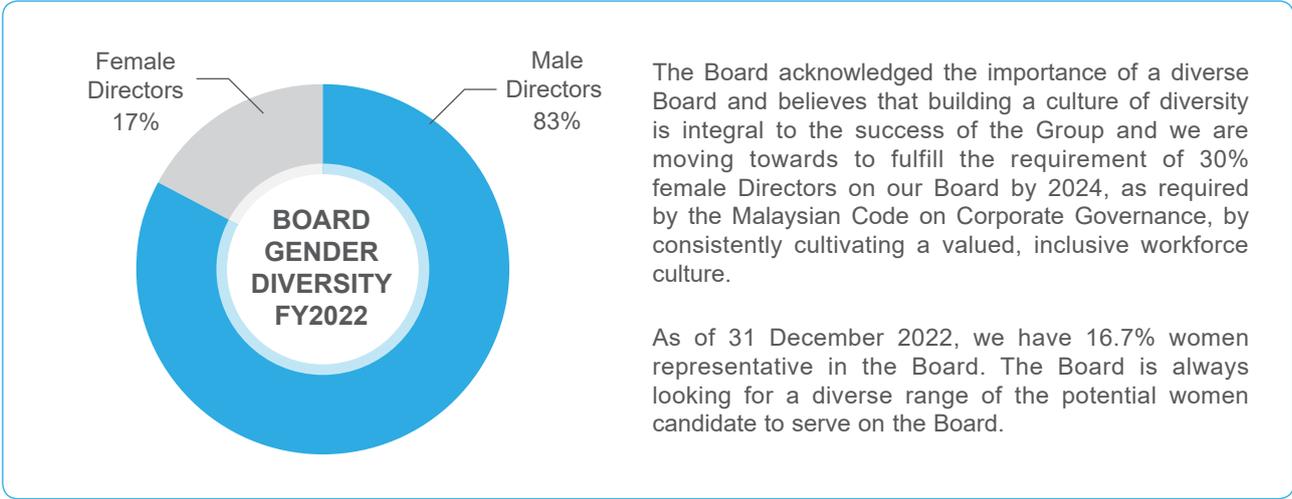
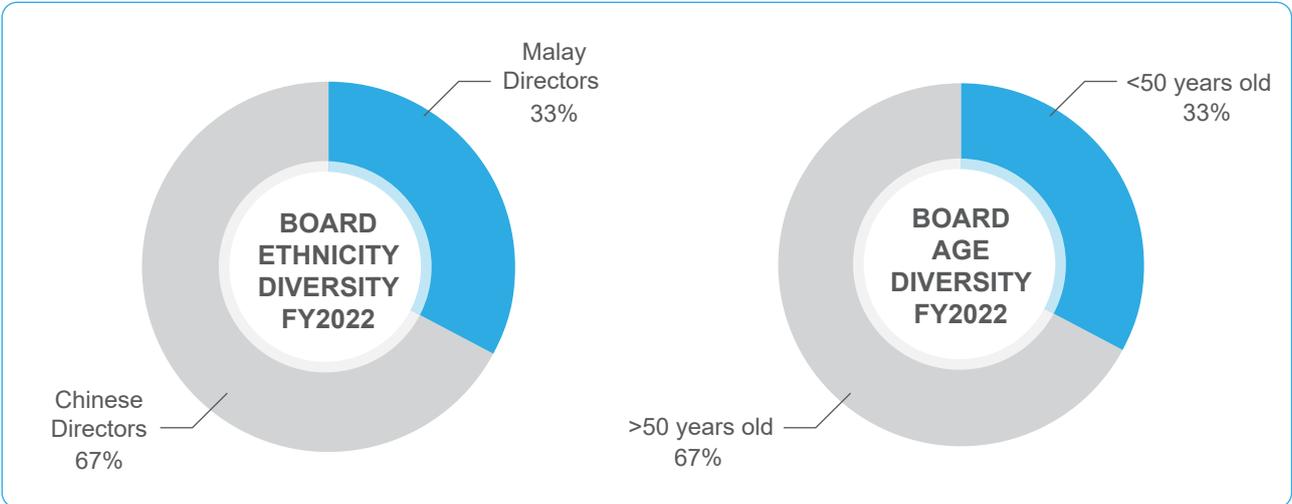
Hextar recognised that our people are the most valuable assets to the Group as the business cannot grow or sustain without the efforts and contributions from our people. Hence, we put in enormous efforts to build and sustain a healthy and well-balanced working environment continuously.

EMPLOYEE MANAGEMENT

Hextar Group’s sustainable growth is relying on the diversified skills and experiences of our people. Employees are our pride and their achievements bring us to business growth and long-term sustainability.

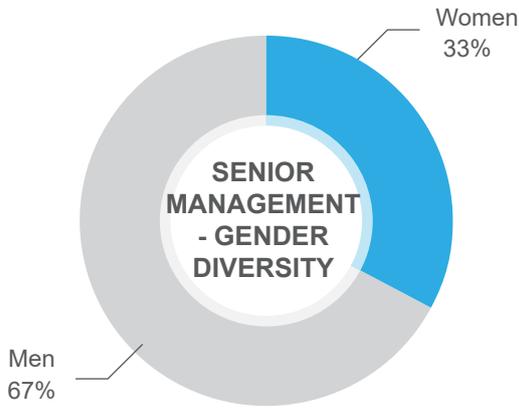
EMPLOYEE DIVERSITY AND EQUAL OPPORTUNITY

Hextar’s sustainable growth is relying on the diversified skills and experience of our people. Employees are our pride and their achievement bring us to business growth and long-term sustainability. Hextar values fair and equitable treatment of all employees, with zero tolerance for any form of discrimination and harassment on the basis of race, colour, religion (creed), gender, gender expression, age, national origin (ancestry), disability, marital status, sexual orientation and social economic background and cultures. There were zero incidents of discrimination recorded in the year under review. As at 31 December 2022, we have 755 employees in total.



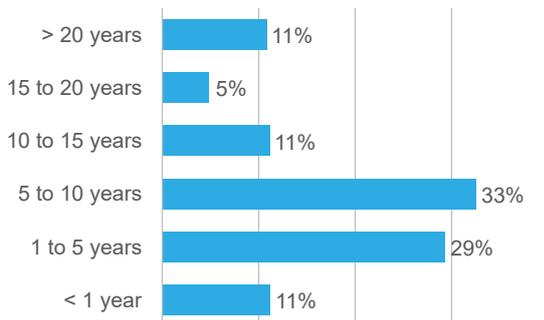
SUSTAINABILITY STATEMENT

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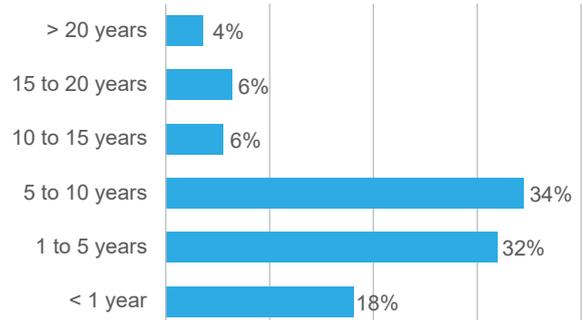


As advocated by SDG 5 to achieve gender equality, we have set the target of 30% women participation in top Management by 2030. As at 31 December 2022, we have achieved 33% women representation in top Management.

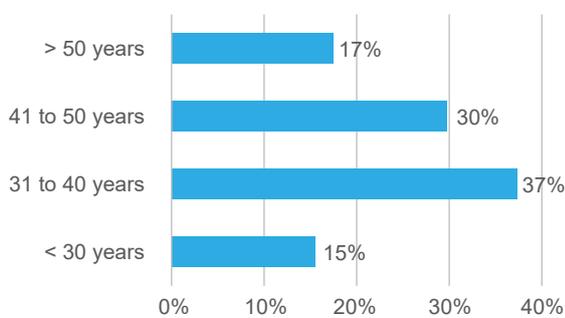
Employee Diversity - Years of Service - Executive



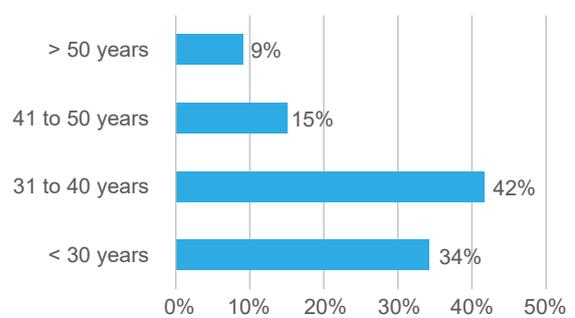
Employee Diversity - Years of Service - Non-executive



Age Diversity FY2022 - Executive

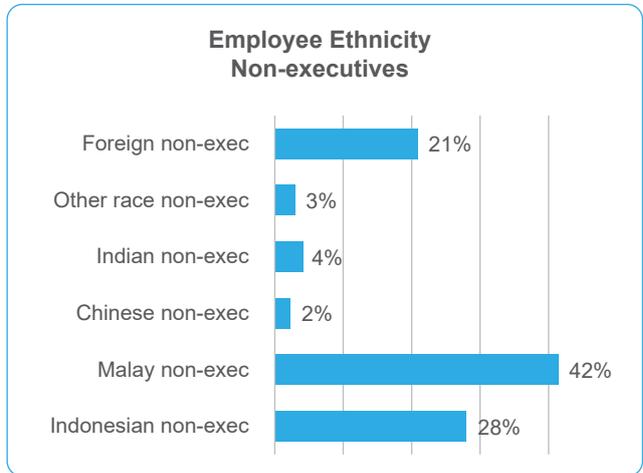


Age Diversity FY2022 - Non-executive

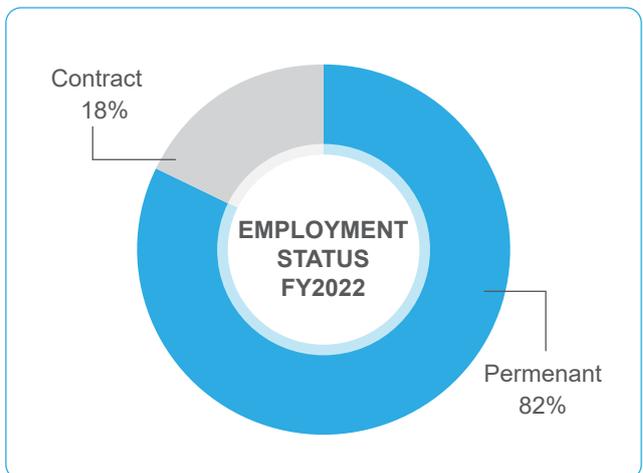
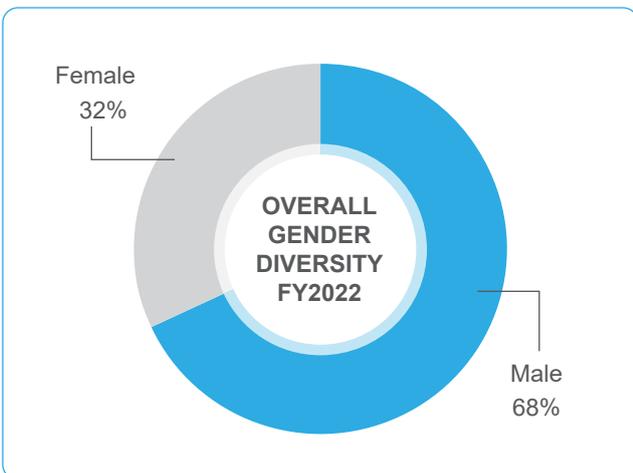
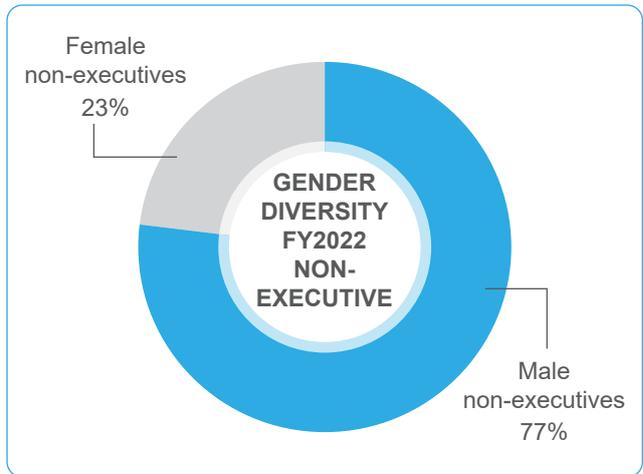
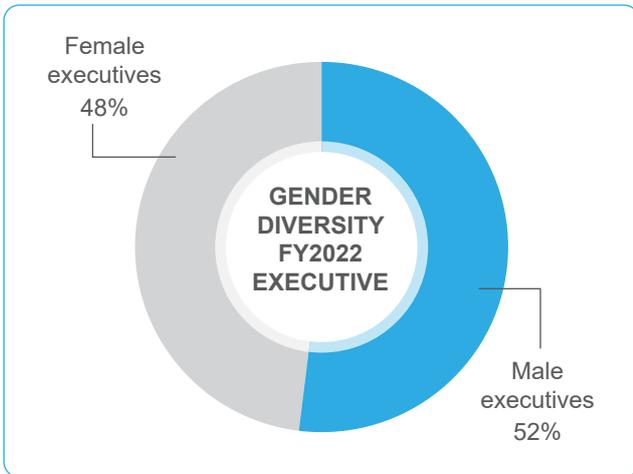


SUSTAINABILITY STATEMENT

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We continued to strengthen our talent pool by attracting and retaining skilled individuals of varying races, ages and cultural backgrounds through fair recruitment practices, as stated in our Non-Discriminatory policy. This not only allows us to create a dynamic workforce with high levels of motivated people, it also boosts productivity and contributes to a progressive working environment that will ultimately also benefit our bottom line.



SUSTAINABILITY STATEMENT

cont'd

On 3 December 2021, we have introduced several new human resource policies as part of our effort in gearing towards SDG 10 for an equal treatment in our workforce: -



Labour Rights Policy

To protect employee's human rights from the areas of forced labour, child labour and discrimination, with the inclusion of clear line of responsibilities for the Board, managers, supervisors and all employees. Hextar is committed to ensure that priority is given to those from our local communities, geographic locations that are close to our operations/premises especially those from the under privileged community regardless of gender, race, age, marital status, disability, sexual orientation, educational background, social status or political affiliation.



Non-Discrimination Policy

To ensure that all employees are treated equally. Investigation will be conducted for any discrimination reported and disciplinary and corrective action will be taken, where appropriate.



Workplace Harassment Policy

To provide a safe, healthy and harassment-free working environment. Hextar has zero-tolerance to any form of harassment. Disciplinary measure will be taken for any breach of this policy.



Dispute Resolution Policy

To support prompt and fair resolution of all disputes of any nature. Employees should discuss any problems or concerns promptly with their immediate supervisor, or Head of Human Resource, if necessary, to resolve such issue.

Communication of our expectations on the above policies and codes of conduct are carried out on all employees during orientation programs for new recruits. We encourage open active communication between employees and Management with regards to these policies. These policies are available for reference at the Human Resource Department, or on our website at <https://www.hextarglobal.com/ir.php> in both English and Malay.

APPROACH TO ADDRESSING HUMAN RIGHTS

The group-wide Human Rights Policy serves as a base guideline for all subsidiaries to align their operations to. The Group's Human Rights Policy is devised with general reference to the International Bill of Human Rights and based on the UN Guiding Principles on Business and Human Rights, and the Voluntary Principles on Security and Human Rights.

The Group respects the rights of people of various ethnicities, religion or linguistic minorities to enjoy their own culture, to practice their religion, and speak their language.

The Human Resource Policy serves as the basis for the development of other stakeholder related policies and SOPs. These include the Recruitment SOP, which prohibits the hiring of child labour or forced labour. The Group is against any form of child exploitation and modern slavery, including forced labour, debt bondage and human trafficking.

Human Rights Governance and Accountability

As a staunch advocate of human rights, Hextar is committed to local and international standards, including Malaysian labour laws, the UN Guiding Principles on Business and Human Rights. Our commitment is articulated in the policies that we have implemented, which require our people to act in accordance with all applicable human rights standards and laws. These policies create the foundation to inculcating responsible and sustainable practices across our operations and supply chain.

SUSTAINABILITY STATEMENT

cont'd

During FY2022 and up till to-date, there were no incidences of non-compliance with labour laws and regulations that have resulted in any fines, reprimands or penalties. We will continue to closely monitor such risks in our daily operations and report on them accordingly.

Hextar also applies this high sustainability standards on our suppliers. On top of quality and environmental considerations our suppliers are also evaluated based on human rights, workplace standards and ethical conduct management. As part of our effort to uphold and promote sustainability, we have embarked on a social risk assessment on both our existing and new suppliers to cover freedom of association, child labour and forced labour in FY2022.

Upholding Human Rights Across Our Supply Chain

We are committed to upholding human rights beyond our operations through responsible supply chain management. In addition to encouraging all suppliers to fully comply with our Supply Chain policy, supply chain survey form are being distributed to our existing suppliers in order to evaluate and assess their compliance with social compliance guidelines, with the aim of mitigating potential adverse human rights risks in the future.

Proactive Stakeholder Engagement

To share on the progress of our social compliance journey, we continuously engage with key stakeholders, including Government bodies, suppliers, shareholders, customers, academia, labour rights activists and NGOs through various channels. This also provides an avenue to address any potential concerns.

Addressing Stakeholder Concerns

During the year under review, we engaged with relevant Government bodies and embassies in relation to Hextar's social compliance practices. Through in-person meetings, we provided information and updates on how we address human rights issues, how we ensure regulatory compliance and the development of our human rights initiatives, demonstrating our commitment to respecting and protecting human rights. The meetings also included site visits to our manufacturing facilities and workers' accommodation.

Alongside this, we further engaged with shareholders and customers through regular briefings, meetings and customer forums. This provided the opportunity to gather feedback and insights on their expectations on human rights issues, which were subsequently conveyed to the Management team. We aim to continue enhancing our engagement by collecting feedback from key stakeholders. Details of our stakeholder engagement activities are available on page 34 of this Annual Report.

Educating our Employees

To create a culture of care that is founded on respect and fair treatment for all, we strive to instill a good understanding of human rights within our people. To impart the necessary knowledge, all our employees are required to complete a training module on the Group's Compliance Policies on an annual basis.

For employees who do not have access to the mobile application or e-learning platform, information on human rights matters is communicated through elected worker representatives. Meanwhile, managerial level employees and personnel from relevant departments undergo a more in-depth training module to enhance their know-how and capabilities in managing human rights related issues.

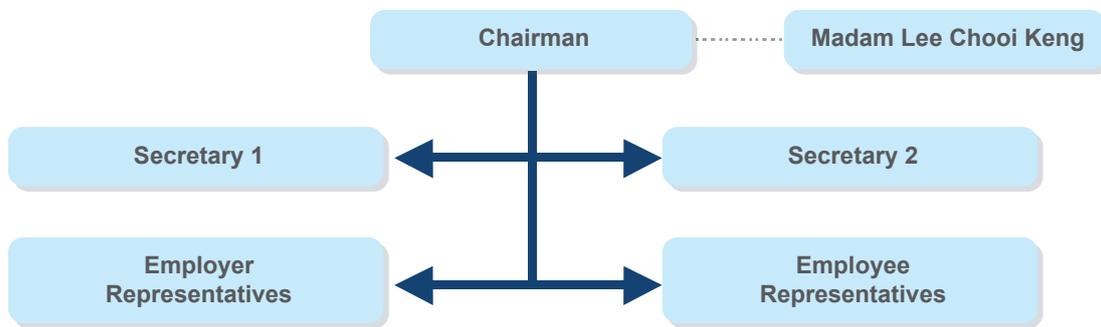
Moreover, it is also mandatory for all employees, including managers, to receive training on the Group's Anti-Bribery and Corruption policy, educating them on how to handle reports or instances of bullying or harassment. Relevant guidelines and procedures are laid out in our Company's websites.

SUSTAINABILITY STATEMENT

cont'd

OCCUPATIONAL SAFETY AND HEALTH

Safety and health of our people are always the top concern of the Group as a responsible organisation. In supporting SDG 3, we have established a Safety, Health, and Environmental (“SHE”) Committee to develop, review, and disseminate safety and health standards and procedures, monitor compliance with various occupational safety and health requirements/regulations, and recommend corrective actions for any identified hazards to our employees in order to maintain a safe and healthy working environment. Our SHE committee comprises employee representative as we believe in the importance of active participation from relevant stakeholders to monitor and improve the safety and well-being of the organization. The Board has approved the appointment of a Board Member, Madam Lee Chooi Keng, to oversee the management of SHE Committee.



Our employees are also guided by our SHE Policy as follows: -

1	To provide safe and healthy working environment for the prevention of work-related injury and ill health to all workers, contractors and visitors
2	To comply with all relevant legal and other requirements
3	To eliminate hazards and reduce occupational health and safety risks associated with our operations
4	To encourage proactive involvement of all workers through consultation and participation for continuous improvement of occupational health & safety and environmental management

On top of the general SHE Policy above, we had also on 3 December 2021 introduced a Prevention and Eradication of Drug, Alcohol and Substance Abuse (PEDAS) Policy to our people as follows: -

1	NOT to possess, sell, trade or offer for sale illegal substances, or otherwise participate in the use of illegal drugs, alcohol, or other substance abuse while at work.
2	DO NOT report to work under the influence of illegal drugs or alcohol.
3	DO NOT use prescription drugs illegally at the workplace.

The employee must report or seek clarification with the supervisor if any illegal use of drug is found at the workplace. The PEDAS Policy is also published on our Company website at <https://www.hextarglobal.com/ir.php>.

SUSTAINABILITY STATEMENT

cont'd

Labor Practices and Standards

Governance and Best Practices

We are proud to announce that the Occupational Health and Safety Management System of our subsidiaries namely Hextar Chemicals, Chempro and Alpha Aim, are certified with ISO 45001:2018.

As a safety-centric organization, we strive to empower our people with a strong knowledge base of SHE best practices. Through regular communication and training, we aim to cultivate a safety-first culture and prevent occupational health and safety risks.

Our training programs cover areas relevant to on-site safety, such as emergency response, first aid, and chemical management, amongst others. In FY2022, we conducted SHE-related training sessions.



The number of incidents of the last 3 years were as follows: -

WORK-RELATED INJURIES (EMPLOYEES)

Description/Years	2020	2021	2022
Hours Worked	1,026,496	967,676	1,208,015
Work Related Injuries	1	0	2
Lost Time Incident Rate	0.19	0.00	0.33
Work Related Fatalities	0	0	0

WORK-RELATED INJURIES (CONTRACTORS)

Description/Years	2020	2021	2022
Work Related Injuries	0	0	0
Work Related Fatalities	0	0	0

Under our stringent control on occupational safety and health affairs in Hextar Group, we are pleased to inform that we have successfully achieved our goal of having zero incidences of fatalities for Hextar employees and contractors in FY2022. However we had two minor work-related injury in FY2022.

One worker suffered a minor burn caused by hot water. During maintenance works, he and his team were required to discharge clogged material inside a tank. However, without any instruction from his superior, he decided to open a valve at the outlet pipe of the tank, causing hot air to be released. First aid treatment was immediately given to the victim and he has since fully recovered.

Corrective action was immediately taken by giving instructions to workers before maintenance work and ensuring all workers uses appropriate PPE.

SUSTAINABILITY STATEMENT

cont'd

Effective Management of Chemicals

The use of chemicals and hazardous materials requires that employees who handle them must undergo the relevant training and are equipped with PPE, which is compulsory to wear when present within the work area. PPE such as Full Face Respiratory Mask, chemical protective glove to protect hands and wear, chemical protective clothing and safety boots will be provided.

Based of Hextar’s OSH Procedures – Chemical Handling, personnel handling of hazardous chemicals are trained on:

- a) Handling of chemicals spillage or accidental discharge
- b) Use of suitable fire extinguisher
- c) Suitable clean up kit
- d) Relevant work instruction established

All chemicals are also clearly labelled as per Occupational Safety and Health Regulations. In the event of any spillage or leakage incidents, we have established a chemical spillage and leakage response procedure in place and Emergency Preparedness Response Committee members who have undergone necessary training are on standby, which has been sub-divided into Fire Fighting, Rescue, First Aid Team and 5S Team. Each team will consist of representatives from the Management and staffs or production operators. A management staff is appointed by GM to lead each team.

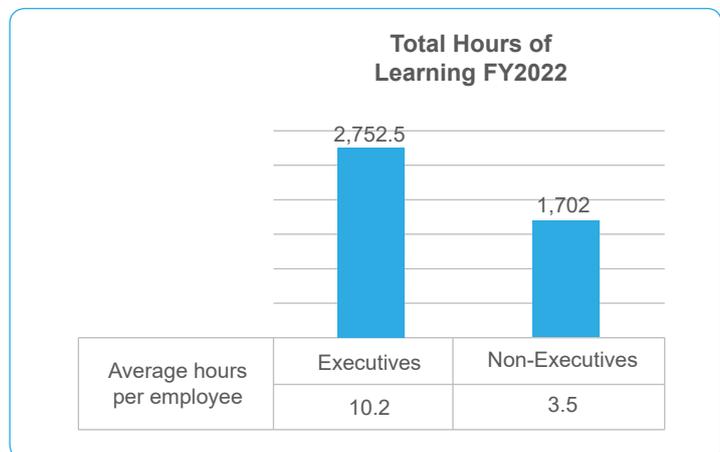
Covid-19

As Covid-19 persisted throughout FY2022, ensuring the health and safety of all our employees remained a top priority. By operating with strict adherence to Government-mandated standard operating procedures (SOPs) for the manufacturing sector, this allowed us to sustain business resilience and continuity. Driven by our OSH, we continued to implement our Covid-19 Emergency Response Plan. This included stringent preventive measures throughout our operations and a reduced workforce to maintain social distancing and minimise the risk of transmission. We are pleased to inform that all our employees have been vaccinated with at least 2 compulsory doses as at 31 December 2022 except for an employee who is not allowed to receive vaccination due to personal health reason. However, we regret to report that some of our employees were tested positive for Covid-19 in FY2022. Nevertheless, they are fully recovered now.

We are glad that we have come to an end of the pandemic phase and stepping into the endemic phase as of 1 April 2022. Nonetheless, we will still continue to maintain Covid-19 prevention measures on top of good hygiene practices at our workplace in order to protect our people’s health and safety continuously.

EMPLOYEE TRAINING AND DEVELOPMENT

Hextar would not be where we are today without the contribution from our dedicated employees in turning our vision into reality. We strive to future-proof our people with a conducive and knowledge-sharing corporate culture, as well as continuous development opportunities. We recommend our employees to participate in suitable training programs for their career advancement. During FY2022, the following training programs were conducted, both internally and externally across our Group.



SUSTAINABILITY STATEMENT

cont'd

Employee Training and Development Programs in FY2022	
Professional Training	Managing Sales Tax Exemption Facilities & Scrap/Waste Disposal
	Scheduled Waste Risk & Hazard Assessment
	Chemical Spillage and Hazardous Logo Identification
	Scheduled Waste Analysis & Characteristic
	Guideline for Waste Card Preparation (7th Schedule)
	Dos and Don'ts in Scheduled Waste Packaging, Labelling and Storage
	Scheduled Waste Handling and Spillage Management
	Understanding The Chemical Applications
	Clarifier Unit Design Analysis
	IETS - Technical Control Operational Analysis
	Execution & Optimisation for Chemical & Biological Process of Industrial Effluent Treatment Operations
	Halal Awareness
	Metal Free Policy
	Inhouse Chemical Handling
	Inhouse GMP Training
	Environmental Management of Waste Water Treatment - The Science, Technology & Design
	Safe Handling of Hazardous Chemical
	M to M Sales Strategies & Planning
	Tools to Streamline Environmental Management
	Business Continuity
	Effective Sewage and Industrial Effluent Control
	Auditing Scheduled Waste Management
	Environmental Aspect-Impacts with Risk & Opportunity & Life Cycle
	Course for CePSWaM
	The Holistic Treatment Approach of Raw Water and Boiler Water
	Certified Integrity Officer (CeIO)
	InHouse ESG Awareness Training
	InHouse Anti Bribery & Corruption

SUSTAINABILITY STATEMENT

cont'd

Employee Training and Development Programs During FY2022 (Cont'd)	
Technical Training	Navigating Tax Audit and Investigation
	Understanding Dismissal and Termination
	Engineering, Science & Technology Conference 2020
	Withholding Taxes and Other Related Tax Issues
	Basic Tax Compliance for Tax Professionals
	Sales Service Tax (SST) Latest Updates - Common Implementation
	Data Management with PivotTable using Microsoft Excel
	Fast Track Excel Advanced
	Incident Investigation and Analysis Technique
	Malaysian Customs Procedures
	Strategic Procurement and Inventory Management System
	Understanding Benefits and Risks of Incoterms 2020
	Soft Skills Training
English Grammar Session	
Corporate Dressing & Personal Grooming	
Disciplinary Procedure	
Successful Project Scheduling Common Mistakes and How to Avoid Them	
Effective Business Presentations Tools with PowerPoint	
Interpersonal Communication & Logical Thinking Strategies	
Pacesetter in Leadership Training	
Basics of Disciplined Agile	
PPE Training	
Forklift Operators' & Safety Training	
Webinar Training Safety at Workplace	
Basic Occupational First Aid, CPR & AED	
Talk on Introduction to Hazard and Operability	
Sanitation Process	
Kesedaran Mengenai Risiko Pengurusan Gas Pembau	
Pengurusan Gudang & Inventori Yang Berkesan	

SUSTAINABILITY STATEMENT

cont'd

During FY2022, the following training programs were conducted, both internally and externally across our Group: -

[Pacesetter in Leadership](#)



As part of Leadership Development Program, Hextar organized a two-day leadership training at a Hotel, Klang. It was an opportunity for Hextarian to bring their management skills to the next level. Participants completed a detailed survey to determine their Credo Personality Profile. It was an interactive session that dived into each leader's personality traits, identifying their strengths to incorporate into their management style. Participants were also challenged to think out of the box with team-based strategy games like building a marshmallow tower with spaghetti sticks and a mock plane crash survivor scenario.

It was an impactful two-day leadership training for the future leaders as they took home great values and pearls of wisdom to apply in the workplace.

[Orientation and Anti-Bribery and Corruption Awareness](#)

Hextar has completed its nationwide Orientation and Anti-Bribery and Corruption (ABC) awareness program for various Hextar companies for year 2022. This is one of our efforts to cultivate a culture of zero tolerance of bribery and corruptions in operations and business dealings.

It was a fruitful and meaningful event where attendees gained a better and clearer understanding of Hextar's culture and the Group's ABC policy. Almost 100% of the Group's executives have attended the awareness training and undertake in writing to comply with the Company's ABC Policy.

[ESG Awareness Training](#)

In 2022, we started rolling out online sustainability training for our employees by organising an "Introduction to ESG" session for executives from the various business divisions across the Group.

Conducted by Group Sustainability, the objective of the programme is to increase the awareness on sustainability and ESG among employees. The programme covered various topics, including the 17 UN SDGs, environmental impacts of business activities, the importance of Occupational Health and Safety and Hextar's various policies.



SUSTAINABILITY STATEMENT

cont'd

Emergency Fire Drill

We successfully completed an emergency fire drill conducted at Headquarters, Kota Bayuemas and Hextar Chemicals factory at Westport, Port Klang. This obligatory event required by The Fire and Rescue Department of Malaysia (BOMBA) to refresh emergency response preparedness among employees and help to improve their awareness of fire prevention and safety. This includes emergency procedures and evacuation plans, which will detail how occupants will be alerted if there was a fire and instructions on how to evacuate the building quickly and safely.

Hextar Group of Companies formed an ERT team to participate in an ERT and Fire Prevention training with BOMBA to equip themselves with the right knowledge in response of an emergency situations. Role plays are conducted where some employees acted as victims during the rescue and evacuation exercise. Chemicals factory contains hazardous chemicals, a mock chemical spillage event was conducted to increase the employees' awareness of handling dangerous chemicals.

Product Demo to KTMB by Hextar



KTMB has been carrying out the weed management on their track from Woodlands through Padang Besar and Gemas to Kota Bahru. We are pleased to be part of their team, supplying our chemicals for the control of weeds along the track. We have been providing training to their team and after sales service. The 1st training was carried out in November 2022 at their Southern Region based in Kempas, Johor Bahru. The training includes products, safe handling and correct application technique of the products. Demonstration on the application was done at their PTP (Pelabuhan Tanjung Pelepas) hub on the same day.

EMPLOYEES ENGAGEMENT AND CORPORATE SOCIAL RESPONSIBILITY

Hextar recognises the importance of employees' engagement as it stimulates bonding amongst management and employees. Throughout FY2022, we have organized several Group events to engage our employees as follows:



SUSTAINABILITY STATEMENT

cont'd

[Hextar's Career Fair](#)

In November 2022, Hextar has participated in the Karnival Keusahawanan dan Kerjaya Pulau Pinang. Hextar being the leader in the agrochemicals scene locally, has always been looking out for opportunities to obtain industry insights, and build valuable network connections. We believe that human capital are the key driver of any successful transformation and the sustainability of its outcome. Therefore, we have sent a team of five, aimed to provide information regarding the industry and most importantly encouraging university graduates with an opportunity to gain insights from our HR team and senior management about Hextar's operations.



[A Warrior for our Home](#)

Hextar is part of the 200 warriors that gathered to clean up Klang Town during a plogging event organized by JCI Klang "Be A Warrior For Our Home" on 13 August 2022.

Plogging is a combination of jogging with picking up litter started from Sweden in year 2016. Within 1.5 hours of plogging activity, the Warriors successfully collected 107 bags of recycle items and the total rubbish collected is 593kg. The event has benefited citizens of Klang Town.

[Challenging Greater Heights and Conquering Acrophobia](#)

We decided to take a break from our respective everyday work life and headed to Camp5 One Utama for a team building-wall climbing day of fun. The goal was to unite our busy teams and add a sense of fun and belonging to the workplace.

Split into 5 teams, 58 Hextarians were taken completely out of our comfort zone. We completed a series of different team building challenges, gave the climbing wall a go and even took on the 'leap of faith'. What a great day!



[Return of the King](#)

It is a feast for eyes and palate for durian lovers when a truck load with the King of Fruits pulled over the sidewalk of Hextar Headquarter in Kota Bayuemas, Klang in December 2022. It didn't take long for about 200 Durian lovers in Hextar to gobble up 230kg of Musang King, array of colourful tropical fruits such as rambutan, jackfruits and mangosteen.

To cleanse the palate and from the richness taste of durian, we had Coca Local Malaysia providing fresh diamond shaped pandan coconuts that were freshly prepare on the spot. We could not ask for a better drink to wrap up the delicious durian "buffet" we had!

SUSTAINABILITY STATEMENT

cont'd



Solaroo's solar PV system sharing session

Sustainability issues have become a major issue nowadays. The term "Sustainability" is not just for environment, but it involves everything, even a small action in our daily routines. In November 2022, we had a great sharing session with Solaroo's on how Solaroo's Solar PV System can help to save up to 90% on the monthly electricity bills on top of extra safety features that will provide Hextarian and their family a peace of mind.

Spooky Horror Night

50 Hextarians gathered and showed up in their most horrifying costumes as they vie for the prize of RM 200 Touch'n Go voucher treat.

A list of spooky and surprising Halloween trivia questions were presented to test the Hextarian knowledge on the history of Halloween. Besides that, "Pong" game were played where the player have to aim for certain cups to win the prize. A group of 10 players who scored the highest points in the Halloween trivia questions and 5 "Pong" game players will walk away with RM 10 Touch'n Go vouchers each.

It was a fun and memorable night for the Hextarian.



Dato' Ong Soon Ho Challenge Trophy

In line with Hextar Group of Companies Corporate Social responsibility, this tournament is sponsored by the Group Chairman Dato' Ong Soon Ho and two teams from Hextar was chosen to represent to participate in this event.

It was a friendly match and purpose of the competitions is to promote the spirit of unity, harmony and cross-cultural communication between Taiwan residents, schools, local organization and enterprises.

SUSTAINABILITY STATEMENT

cont'd

Paintball War-Game

A break from the hustle and bustle of the city, we had a thrilling Paintball Wars which was held at Amverton Cove Golf & Island Resort, where participants battled their hearts out to be the last man standing for their respective teams. It is a game that the spirit of unity, team work, strategy and leadership are put to test.

It was a fun and laughter filled activity with full participation and collaboration among the team members. Most of all, we enjoyed ourselves and every moment together counts!



JCI Leaders Run

A number of 45 Hextarians took part in a fun 5KM Run organised by JCI held at MAEPS Serdang.

A total of 800 participants (physical and virtual) braved through the heat to complete the 5KM Challenge. All the finishers stood a chance to win a multitude of fancy prizes, including the ultimate grand prize of a new Proton X50 via lucky draw. The Challenge has successfully raised an amount of RM50,000 in total.

Ambassador Corporate Visit

We had the pleasure to have met ambassadors from 11 countries and their representatives. Various topics were discussed including potential collaboration between our countries especially in the agrochemicals segments as well as research and development. The visit not only offered opportunities for all parties to connect and to exchange views, but also to discuss the economic development in Malaysia and in their respective countries. The visit ended with a factory tour led by members of the management team.



SUSTAINABILITY STATEMENT

cont'd



Sumbangan Zakat

Hextar has conducted a Sumbangan Zakat on 17 July 2022 aiming to provide financial assistance to the underprivileged students of Pondok Bestari Chendor Kuantan. The amount of RM4,100 benefited 23 students to support their education.

Kemuning Hill Challenge 3.0

On 5 November 2022, Hextar participated in the Kemuning Hill Challenge 3.0 and allocated an amount of RM1,500 which benefited more than 53 students of SMK Kijal.



Serah Terima Minyak 2 Liter Program Sembako untuk Warga RW.19 Kedep, Indonesia

On 22 April 2022, our subsidiary located in Bogor, Jawa Barat distributed assistance worth of RM29,410, for various category i.e. Community Kampung Kedep, Incidental, Religious, Health & Environment in Indonesia which benefited almost 200 people.



SUSTAINABILITY STATEMENT

cont'd

[Program Zakat Wakalah](#)

On 29 November 2022, Hextar distributed a total of RM13,052.25 to 32 pupils of Sekolah Kebangsaan Ampang Campuran. The initiative served to motivate and to promote education among young generations in the rural areas as well as providing financial support to students from low-income families (asnaf).



CONTRIBUTION TO COMMUNITY

The Group actively engages with local communities in various social programmes or community events such as marathon runs, sports events, and other communal work. We continued to support various charitable and social causes as part of our commitment in being a responsible corporate citizen. We provide a wide range of financial and non-financial assistance was provided to underprivileged communities and needy causes.

Description	Year 2022
Total amount invested in the communities	RM52,062
Total number of beneficiaries of the investment in communities	294

Hextar recognises the importance to practise exemplary CSR initiatives and be on the line of globally sustainable development contribution. Moving forward, we are committed to :-

- + Making social and environmental conscious investments.
- + Decreasing carbon footprints and climate change
- + Adjusting corporate policies for environmental benefits
- + Engaging in charity and volunteer activities within our community

SUSTAINABILITY STATEMENT

cont'd

GOVERNANCE

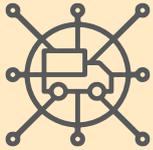
CORPORATE GOVERNANCE AND RISK MANAGEMENT

We are cognisant of the fact that business sustainability goes hand in hand with ethical and transparent business culture and practices. In line with the Malaysian Code on Corporate Governance, we strive to uphold good corporate governance practices at all times. In fostering our business towards SDG 16, our people and operations are guided by the following policies implemented across the Group:-

	<p>Corporate Code of Conduct & Ethics (“Code”)</p> <ul style="list-style-type: none"> ● Employees are required: - <ul style="list-style-type: none"> ○ To act honestly and legally at all times; ○ To avoid any conducts that could risk or damage the Group’s reputation; ○ To ensure confidentiality of the Group’s information; and ○ To avoid personal interest being ahead of the Group’s interest. ● All applicable laws, rules and regulations must be adhered to accordingly. ● Any conflict of interest must be avoided/ disclosed promptly. ● Disclosure of confidential information to unauthorised personnel and insider trading are strictly prohibited. ● All employees must not engage in any fraudulent or dishonest activity. ● Discrimination and harassment in workplace are prohibited.
	<p>Anti-Bribery and Corruption Policy (“ABCP”)</p> <ul style="list-style-type: none"> ● As per the Malaysian Anti-Corruption Commission Act 2009 and the Guidelines on Adequate Procedures issued by the Prime Minister’s Department, the ABC Policy was introduced as part of the Group’s commitment to good corporate governance and to eradicate any form of bribery and corruption. ● The Group has zero-tolerance against all forms of bribery and corruption. ● The Group is committed to acting professionally, fairly and with integrity in all business relationships and dealings. ● Head of Compliance Unit in the Group, Abdul Wahid Bin Abu Bakar has been recognized and commissioned as Certified Integrity Officer (CeIO) by Malaysian Anti-Corruption Academy. ● Due diligence shall be conducted before entering into any formalised relationship. ● “No Gift” policy is implemented. ● Facilitation payments are strictly disallowed.
	<p>Whistle Blowing Policy</p> <ul style="list-style-type: none"> ● To make report for any suspected and/or known fraud or unethical/improper conducts. ● For every disclosure made in good faith, all concerns or complaints raised will be treated fairly and with confidentiality in order to protect the whistleblower. ● The whistleblowing policy has been made aware to all employees under Hextar through mandatory orientation programme which were attended by all employees. ● Investigation will be conducted and appropriate disciplinary actions will be undertaken, if applicable. For year under review, we recorded zero whistleblowing case.

SUSTAINABILITY STATEMENT

cont'd



Supply Chain Policy

- The policy acts as a best practice approach to sustainable procurement and sets out the guiding principles in our supplier selection process, which prioritizes suppliers who adopt sustainability practices in their organizations and business dealings especially in the area of :-
 - (1) Energy use
 - (2) Climate change
 - (3) Water use
 - (4) Biodiversity impacts
 - (5) Pollution
 - (6) Waste reduction
 - (7) Resource use
- Hextar's suppliers are expected to comply with all applicable laws, codes or regulations of the countries, states and localities in which they operate.
- Suppliers must also ensure that their own vendors, including temporary labour agencies, are in compliance with such laws and regulations. They must also align their practices with any published standards for their industry.

All the above policies are published on our website at <https://www.hextarglobal.com/ir.php> and being communicated to our employee through various programs and trainings. During FY2022, no employees had been disciplined or dismissed, no contracts with suppliers or customers being terminated, and no public cases been brought against Hextar and its employees due to non-compliance with our Code, ABCP and/or any laws and regulations. Thus, no fines, penalties or settlements were imposed or made during the year.

Whilst maintaining sound corporate governance, we also perform annual risk assessments to identify, evaluate and mitigate material risks that may result in significant adverse impact to our business operations. Risk Management Committee is responsible to oversee the Group's risk management process in order to protect our shareholders' investment, stakeholders' interests as well as the Group's assets. Our risk management and internal controls system is detailed in the Statement on Risk Management and Internal Control in this Annual Report.

BUSINESS EXPANSION

Sustainable economy which leads to a long-term value creation that extends to more than just the monetary benefit generated from business, has always been our ultimate goal. Prior to achieving the ultimate goal, we have to ensure that our business is not only growing but performing well continuously.

FINANCIAL PERFORMANCE

REVENUE

RM618.4 million

FY2021: RM464.1 million
FY2020: RM418.6 million

It is another remarkable year for Hextar Group to achieve an outstanding financial performance in FY2022. In spite of the soaring raw material prices due to global supply chain disruption, our economic resilience is proven by our business expansion strategy via venturing into specialty chemicals segment as well as effective business management in our agriculture segment resulting in better revenue contribution.

SUSTAINABILITY STATEMENT

cont'd

GROSS PROFIT

**RM173.2
million**

*FY2021: RM105.0 million
FY2020: RM91.0 million*

Despite achieving record-high revenue in FY2022, we recorded a lower PAT due to costs incurred for various corporate exercises undertaken during the year and weaker performance from our consumer products segment.

PROFIT AFTER TAX

**RM55.0
million**

*FY2021: RM39.2 million
FY2020: RM44.5 million*

With our current business strategies to create synergy across various business segments within the Group and venturing into new business segments via acquisitions, we are optimistic that the corporate exercises cost incurred now will in turn to be a great return to the Group in near future.

Further analysis on the financial performance for FY2022 can be referred to Management Discussion and Analysis ("MD&A") section in this Annual Report.

REWARDING SHAREHOLDERS TO UPDATE

Bonus Issue

In light of the spike of profit in financial year ended 31 December 2020 ("FY2020"), Hextar had on 28 June 2021 declared a bonus issue of up to 492.4 million new shares on the basis of three (3) bonus shares for every five (5) existing ordinary shares hold. This is to reward our shareholders for supporting the Group over the years and to promote a greater participation from a broader range of investors.

Dividend Distribution

Aside from the bonus issue, payment of dividend usually indicates the Group's success and favorable earnings projections which shall further enhance our shareholders' confidence level towards the Group. We are pleased to highlight that we have declared two (2) interim single-tier dividends with 1.0 sen and 1.2 sen per share respectively to our shareholders in FY2021. The total dividend declared of 2.2 sen per share amounted to a total of RM28.75 million, indicating a payout ratio of 73.3%.

We wish to express our utmost gratitude to our shareholders for their long-term support. Barring any unforeseen circumstances, we will continue to declare dividend to mark our appreciation to the loyal shareholders and to boost/maintain their confidence towards our Group's business performance.

SUSTAINABILITY STATEMENT

cont'd

QUALITY ASSURANCE AND PRODUCT RECOGNITION

Good product recognition with positive and reputable branding allows us to stand strongly in the market. With the inclusion of new business segment, we are now having three (3) distinct major product segments as follows: -

Agrochemical

With the Group's extensive brand awareness in global presence, we stand out as a leading player in the agrochemical industry. We offer a wide range of branded agrochemicals, including herbicides, insecticides, fungicides, rodenticides, nematocides, molluscicides and miticides. To date, we own, produce and offer more than 600 branded agrochemicals products to over 30 countries worldwide.

Specialty Chemical

With several acquisitions took place during the year, we can now offer specialty chemical to a broad category of industries.



Chempro Group, our new wholly-owned subsidiaries, are one of the leading manufacturers of specialty cleaning products for the institutional, food and beverage, industrial as well as rubber glove manufacturing industry. Products offered are liquid detergent, liquid emulsifier, laundry powder, hand sanitiser, rust stain remover, grease and oil degreaser, polymer coating and etc.

Further information on our product range is available in our subsidiary's website at <https://www.chempro.com.my/products-services>. During FY2021, we have launched some new products such as fog sanitiser, chlorinated alkaline cleaner for institutional and food industries and polymer coating.

On the other hand, both Nobel Group and TufBond are specialised in the manufacturing of synthetic latex polymers that is used to produce paints, coatings, tapes and textiles. This year, Tufbond has extended its product range by introducing new products to the market, namely Polymer 8002 Acrylic Emulsion, 651FB Acrylic Emulsion, D105 Acrylic Emulsion and Tufbond 739SE Acrylic Emulsion, where all are polymers for industrial use.

Consumer Products

Our range of consumer hygiene products have penetrated into our consumers' daily lives. We produce quality paper, cotton and wipes products under our own brands such as Adeeva, TenderSoft, Evelyn, Bunnies, Every Woman, Tenders and Protect. We distribute our products via established distributors, hypermarkets, supermarkets and dealer networks. In FY2021, we have introduced a new product, Pulppy toilet rolls to the consumer market.



All of our products from different segments are labelled with proper disclosure of the product information and chemical contents in accordance to the relevant regulations and guidelines. We are committed to enhance our products variety as well as our market presence so as to sustain and grow our business in all segments.

As a manufacturer of agrochemical, specialty chemical and consumer products, we deeply understand that the quality and safety of our products is of utmost importance. It is our responsibility to ensure that we deliver high-quality products to our customers whilst all relevant requirements and regulations are closely adhered to.

SUSTAINABILITY STATEMENT

cont'd

Our agrochemical products are registered with and regulated by the Malaysia Pesticide Board under the Pesticides Act 1974 and other relevant international boards. On top of industrial compliances, we also comply to the following general standards for a more stringent quality control: -

	<p>International Organisation for Standardisation (“ISO”)</p> <ul style="list-style-type: none"> • ISO is a worldwide standard to ensure the products and services are safe, dependable and of high quality. • Our products across various segments, including agrochemicals, specialty chemicals and tissue papers are ISO certified. • A minimum of annual review will be carried out by the certification authority to ensure that our compliance and production standards are satisfactory.
	<p>Good Manufacturing Practice (“GMP”)</p> <ul style="list-style-type: none"> • GMP governs the manufacturers, processors, and packagers of drugs, medical equipment, blood, and certain foods to ensure that the products are in safe, pure, and effective conditions. • Our consumer hygiene products are GMP regulated and certified. This has proven that our relevant products are reliable both in quality and safety.
	<p>Forest Stewardship Council (“FSC”)</p> <ul style="list-style-type: none"> • FSC is an original pioneer of forest certification body that promote environmentally appropriate, socially beneficial and economically viable management of forests. • With FSC certification, our products are certified to be using sustainable raw materials and we are contributing in shifting the global forest trend towards sustainable use, conservation, restoration, and respect for all.

In our efforts to achieve the highest quality standard of products and services, we have obtained the following accreditations: -

Entity		Scope of Accreditation
Agrochemical	Halex (M) Sdn Bhd	<p><u>ISO 9001:2015</u> Formulation, manufacture and repacking of Herbicides, Fungicides, Insecticides, Fertilizers and Agrochemicals</p>
	Hextar Chemicals Sdn Bhd	<p><u>MS ISO 9001:2015</u> Manufacture, formulate, repacking and marketing of agricultural and industrial chemicals</p> <p><u>ISO 45001:2018</u> Manufacture, formulate, repacking and marketing of agricultural and industrial chemicals</p>
	Hextar R&D International Sdn Bhd	<p><u>MS ISO/IEC 17025:2017</u> Accredited laboratory</p>

SUSTAINABILITY STATEMENT

cont'd

	Entity	Scope of Accreditation
Specialty Chemical	Hextar Kimia Sdn Bhd	<p>ISO 9001:2015 Corporate support services for supply and delivery of chemicals</p>
	Chempro Technology (M) Sdn Bhd	<p>ISO 9001:2015 Development, manufacture and marketing of specialty chemicals</p> <p>ISO 14001:2015 Development, manufacture and marketing of specialty chemicals</p> <p>ISO 45001:2018 Development, manufacture and marketing of specialty chemicals</p> <p>SIRIM ECO 003:2004 Biodegradable cleaning agents</p> <p>Certification of Authentication Halal Several cleaning agents, softeners and conditioners</p>
Consumer Products	Halex Woolton (M) Sdn Bhd	<p>ISO 9001:2015 Design, formulation and manufacture of wet wipes products and converting of tissue paper products</p> <p>FSC® Chain-of-Custody Purchase of FSC mix certified tissue paper in roll, processing using transfer system and sales of FSC mix tissue products</p> <p>MS 2200 Part 1:2008 Halal certification for: -</p> <ul style="list-style-type: none"> ● Contract manufacturing/OEM; and ● The following products: - <ul style="list-style-type: none"> ○ Adeeva antibacterial fragrance-free wipes ○ Adeeva antibacterial wipes ○ Adeeva baby wipes ○ Tea tree make up remover cleansing wipes ○ TenderSoft antibacterial wipes ○ TenderSoft baby wipes ○ TenderSoft fragrance-free baby wipes <p>GMP Wet wipes</p> <p>Quatest-3, CR Logo (Quality Assurance and Testing) Dry tissues, wet wipes, cotton</p> <p>Business Social Compliance Initiative (“BSCI”) and Underwriters Laboratories (“UL”) Certain OEM dry tissues and wet wipes</p>

SUSTAINABILITY STATEMENT

cont'd

RESEARCH AND DEVELOPMENT

In Hextar Group, Hextar R&D International Sdn Bhd (“Hextar R&D”) as the Group’s backbone for product research and development, testing as well as formulation and licenses registration. Thanks to our passionate team in Hextar R&D, we are capable of improving existing products and developing new products to meet the ever-changing market demands.

During FY2021, Hextar Biogas BEE Sdn Bhd (“Hextar Biogas BEE”) has also performed R&D on the usage of enamel coated steel and explore opportunities for cooperation in biogas engineering projects.

Usage of Enamel Coated Steel

Manufactured by ceramic glaze layers fired on both sides of a steel plate at high temperatures, the enamel coated steel has the advantage of corrosion resistance, acid and alkali resistance as well as long useful life.

Despite of its numerous advantages, it is only being used as a fermenter currently in Malaysia. We are exploring the possibilities to utilise enamel coated steel in water storage for public use and palm oil storage for industrial use.

Exploring Cooperation Opportunities in Biogas Engineering Projects

Our Hextar Biogas BEE is principally involved in palm oil wastewater treatment research, design, construction, installation and commissioning of various anaerobic digestion systems.



We are exploring cooperation opportunities with palm oil mills with proper management, stable production and stable demand in energy consumption to participate in biogas engineering project. We see great potential in the biogas engineering project as it generates renewable energy that is environmentally friendly and it shall yield good returns to the Group in the event of success.

In our specialty chemical segment, we continuously conduct R&D on our products to extend and improve our product range in order to meet ever-changing market demands. Notably, we are working towards SDG Target 8.2 through the innovation of the Sustainable with Environmentally Efficient Transfer (“SwEET”) method in our liquid chemical transfer process. With this SwEET method, we use nitrogen gas from a portable nitrogen gas cylinder, to power the air-driven pump for the transfer of liquid chemicals between two storage tanks in a closed cycle flow. This method will result in zero emission of chemical vaporization emission during the liquid chemical transfer process. It can also be used at customer’s remote chemical (gas odorant) refilling station without using compressed air that requires electricity power supply to generate a mobile air compressor unit.

For our consumer products segment, we placed heavy emphasis on the control of chemical component in our consumer hygiene products such as tissue, wipes and toilet roll. As such, our R&D in this segment focuses on the stability test of our products in order to ensure that the products remain effective and safe under various storage conditions.



SUSTAINABILITY STATEMENT

cont'd

SUPPLY CHAIN MANAGEMENT

Sustainable and effective supply chain management is one of the keys to our operational efficiency. Suppliers' capabilities, product/services quality and competitiveness are pivotal to our supply chain. Hence, we conduct supplier assessment at least once a year to evaluate whether our suppliers meet our stringent requirements.

In our assessment, we consider parameters such as quality, pricing, timeliness of delivery, packaging, compliance to Health, Safety and Environment requirements and technical support. Any suppliers who do not meet our criteria will be ruled out.

As part of our efforts to support the local economy and gearing towards the SDG Target 8.1, except for Hextar Biogas BEE and International Chemical Engineering Pty Ltd (a subsidiary of Hextar Kimia) ("ICE"), at least 67% of our procurement were made within Malaysia. The exclusion of Hextar Biogas BEE and ICE from the computation is mainly due the exclusive requirement for equipment and construction materials in view of the specific business nature as well as the unique location of operation at overseas respectively. Moving forward, we will continue to support the local economy by sourcing available raw materials locally, whenever possible.

On the other hand, long-term business relationship with our suppliers is sustained through fair, transparent and ethical business behaviour. In this regard, we play our role strictly by incorporating ethical corporate governance practices across our supply chain. Hence, our policies including the Code, ABCP and Whistle Blowing Policy are also applicable to our suppliers to promote ethical business conducts.

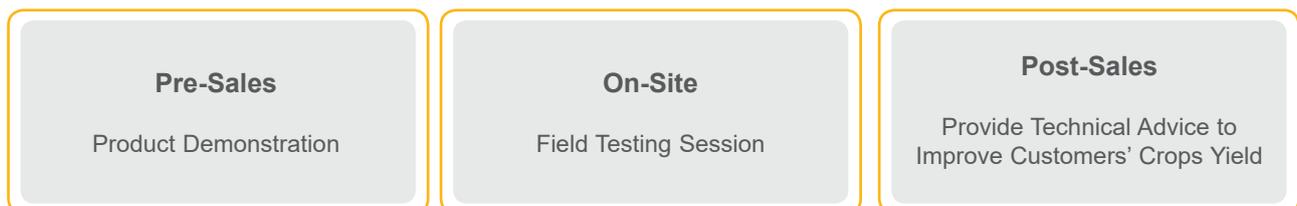
Indicator	Targeted Year 2023
Percentage of new suppliers that were screened using environmental criteria	50%
Number of suppliers assessed for environmental impacts	80%
Percentage of new suppliers that were screened using social criteria	50%
Number of suppliers assessed for social impacts	80%

In FY2022, we maintained our quality and regulatory standards, with no incidents of non-compliance with regulations and/or voluntary codes concerning the health and safety impacts of products and services (FY2021 & FY2020: Zero recorded incidents).

CUSTOMER RELATIONSHIP MANAGEMENT

Customer is always the king in the business world. Hence, we take customer satisfaction seriously. Regular engagement with customers enables us to understand their needs and expectations for our continuous improvements.

Specifically in our agrochemical segment, we provide more than just the products, as we support our customers with a full range of customer service from pre-sales stage to post-sales stage as follows: -



SUSTAINABILITY STATEMENT

cont'd

CUSTOMER RELATIONSHIP MANAGEMENT (CONT'D)

Data privacy and Security of Customers

Across the Group's operation, customer satisfaction survey is carried out in respective segments to evaluate our products and services provided. Although different criteria are being adopted in different business segments, our customer satisfaction survey generally covers the following criteria to gain insights and feedbacks from our customers: -

- Products quality or performance;
- Packing or labelling;
- Products delivery;
- Safety awareness;
- Equipment suitability and reliability;
- Routine maintenance service call;
- Professionalism; and
- Technical support.

Any complaints or feedback received from our customers are promptly handled by our people in accordance with our internal Standard Operating Procedures. In FY2022, we received 18 complaints, and we have addressed all complaints promptly and professionally. We take all positive or negative feedbacks constructively, developing appropriate improvement plans based on customers' feedback to enhance our quality of products and services.

The customer satisfaction index of the main operating subsidiaries companies which had conducted survey was as follows:-

Year 2020	Year 2021	Year 2022
Local : 79%	Local : 79%	Local : 81%
Overseas : 89%	Overseas : 85%	Overseas : 85%

In compliance to the Malaysian Personal Data Protection Act 2010, we protect our customers' personal information on best effort basis. We are well aware that any breach of consumer privacy will result in disappointment/loss of trust and confidence from customers as well as regulatory fines and penalties.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

The Board of Directors (“the Board”) is pleased to present the Corporate Governance Overview Statement (“Statement”) summarising the application by the Company of the principles and practices outlined in the Malaysian Code on Corporate Governance (“MCCG”). This Statement demonstrates how our measures are aligned with the principles and practices of good governance in accordance with the MCCG.

The Statement has been prepared in compliance with the Main Market Listing Requirements (“MMLR”) of Bursa Malaysia Securities Berhad (“Bursa”) and it should be read in conjunction with the Company’s Corporate Governance Report 2022, which is available on the corporate website at <https://www.hextarglobal.com/ir.php>.

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS

PART I – BOARD RESPONSIBILITIES

Board’s Duties and Responsibilities

The Board oversees the Group’s business and its performance and is collectively accountable for the Group’s long-term sustainability and success. The Board meets regularly to review the corporate strategies, operations and performance across the Group’s business segments to contribute their independent judgement to address issues of performance, resources, standards of conduct and strategies on environmental, social and governance factors that support sustainability. The responsibilities of the Board include developing and evaluating the Group’s strategic plans for each business segments and ensuring that the necessary resources are in place for the Group to accomplish its objectives.

The Board oversees matters delegated to Management whereby updates are periodically reported. All responsibilities conferred on Management are delegated through the Executive Directors. The Executive Directors hold principal obligations in focusing, leading, addressing, overseeing, regulating, managing, and controlling, as well as communicating the Company’s goals and objectives.

Certain responsibilities have also been delegated by the Board to the following Board Committees to discharge its duties and functions effectively in accordance with the respective Board Committees’ clearly defined Terms of Reference (“TOR”):

- (i) Audit Committee (“AC”)
- (ii) Risk Management Committee (“RMC”)
- (iii) Nomination and Remuneration Committee (“NRC”)
- (iv) Whistleblowing Committee (“WC”)

The Board is kept apprised of the activities of the Board Committees by receiving reports from the Chairperson of the respective Board Committees at each Board meeting and via circulation of minutes of Board Committee meetings. The Board members will carry out deliberations and pursue their views on the issues presented. All major decisions will be considered by the Board as a whole.

On 28 November 2022, the Chairman together with all Non-Executive Directors (“NED”) met to discuss issues in the areas of strategy, governance and operations of the Group. The NED discussion was facilitated by the Company Secretary to ensure the discussion was robust, and a summary report was prepared and tabled at the following Board meeting for deliberation. Management was then advised on the improvements and actions needed to strengthen the Group’s strategy and operations.

Chairman of the Board & Separation of Positions of the Chairman and Executive Directors

The Chairman of the Board, Dato’ Sri Dr Erwan Bin Dato’ Haji Mohd Tahir, leads and manages the Board by focusing on the Group’s strategic aims, maintaining and upholding good corporate governance practices as well as compliance to safeguard shareholders and stakeholders.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

cont'd

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

PART I – BOARD RESPONSIBILITIES (CONT'D)

Chairman of the Board & Separation of Positions of the Chairman and Executive Directors (Cont'd)

The Chairman of the Board and the Executive Directors of the Company are held by different individuals with clear and distinct roles which are formally documented in the Board Charter of the Company to ensure a balance of power and authority between the Chairman and the Executive Directors:

CHAIRMAN

Dato' Sri Dr Erwan Bin
Dato' Haji Mohd Tahir

- Providing leadership to the Board.
- Setting the Board agenda.
- Ensuring that the Board discharges its duties efficiently and effectively.
- Ensuring that the Board receives all relevant, complete and timely information.
- Leading the Board in establishing and monitoring good governance practices.
- Encouraging active participation and dissenting views from the Board.
- Ensuring that appropriate steps are taken in order to provide effective communication with stakeholders.
- Discussing the Group's strategic, governance and operational issues with Non-Executive Directors annually.

EXECUTIVE DIRECTORS

1. Lee Chooi Keng
2. Rayburn Azhar Bin Ali
(appointed on 29 November 2022)
3. Dato' Ong Choo Meng
(resigned on 29 November 2022)

- Responsible for leading and managing the Group's business within a set of authorities delegated by the Board.
- Overseeing day-to-day business operations of every segment.
- Ensuring compliance with all applicable rules and regulations for the conduct of affairs.
- Developing and implementing the Group's short & long terms corporate strategies, the Board's suggestions, decisions and complying with the policies adopted by the Company.
- Assessing all business opportunities which are potentially beneficial to the Group.
- Maintaining awareness of the competitive market landscape, expansion, opportunities, and industry developments.

The duties and responsibilities of the Chairman, Board, Board Committees, Independent Non-Executive Directors, and Executive Directors are outlined in the Board Charter and the Terms of Reference ("TOR") of the respective Board Committees, available on the corporate website at <https://www.hextarglobal.com/ir.php>.

Company Secretary

The Board is served by three qualified and experienced Company Secretaries to provide sound governance advice. They are qualified to act as Company Secretaries under Section 235(2) of the Companies Act 2016. The secretarial function of the Group is outsourced to Tricor Corporate Services Sdn Bhd.

The Company Secretaries attended all Board and Board Committee meetings, as well as the discussion of the Non-Executive Directors, ensuring that all meetings were properly convened and all deliberations and decisions were accurately minuted and recorded. The Company Secretaries offer advisory services to the Board concerning the Company's constitution, policies and procedures adopted by the Company, corporate disclosures, corporate governance matters, compliance with regulatory requirements and law, keep the Board abreast of the changes in MCCG and MMLR and assist the Board in applying corporate governance best practices.

The Company Secretaries also provide guidance to the Board on the contents and timing of material announcements to be made to Bursa and facilitate the annual Board Effectiveness Assessment. The roles and responsibilities of the Company Secretaries are outlined in the Company's Board Charter on the corporate website at <https://www.hextarglobal.com/ir.php>.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

cont'd

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

PART I – BOARD RESPONSIBILITIES (CONT'D)

Board Meetings, Access to Meeting Materials, Information and Advice

The Board's commitment to carrying out their duties and responsibilities is affirmed by their attendance at the meetings held during the financial year 2022 ("FY2022"). The Board meets at least five (5) times annually to review the operational and financial performance of the Group. Additional Board meetings were held to deliberate urgent, and material matters for better deliberation and to seek the Board's advice and approval, as and when necessary.

To facilitate robust Board discussion, meeting papers are furnished to the Board and the respective Board Committees via email at least five (5) business days prior to the meetings, and hard copies are provided upon request by the Board members. However, meeting papers for certain corporate proposals which are deemed highly confidential would be distributed or shared during Board meetings.

The minutes of the meetings accurately reflect the deliberations and decisions of the Board, and any interested Directors will abstain from voting and deliberating on a particular matter or corporate proposals involving the Directors' interests.

In 2022, the members of the Board and Board Committees had discharged their roles, duties, and responsibilities in accordance with the Board Charter and TOR of the respective Board Committees. The attendance of the Directors and Committee Members at the meetings for the FY2022 are as follows:

Name of Directors	Number of Meetings Attended/Held					
	Board	AC	RC	RMC	NRC	NED*
Dato' Sri Dr Erwan Bin Dato' Haji Mohd Tahir	6/6	6/6	1/1	2/2	1/1	1/1
Dato' Ong Soon Ho	6/6	-	-	-	-	1/1
Dato' Ong Choo Meng ^[1]	6/6	-	-	-	-	-
Lee Chooi Keng	6/6	-	-	2/2	-	-
Yeoh Chin Hoe	6/6	6/6	1/1	2/2	1/1	1/1
Liew Jee Min @ Chong Jee Min	6/6	6/6	1/1	-	1/1	1/1
Rayburn Azhar Bin Ali ^[2]	1/1	-	-	-	-	-

Notes:

^[1] Resigned as Executive Director with effect from 29 November 2022.

^[2] Appointed as Executive Director with effect from 29 November 2022.

Directors' Training

In accordance with Paragraph 15.08(3) of the MMLR, the Board members attended various training programmes during FY2022 as follows to ensure that they are kept abreast of relevant developments in business updates, accounting standards, regulations, and practices:

Name of Directors	Programme Title
Dato' Sri Dr Erwan Bin Dato' Haji Mohd Tahir	<ul style="list-style-type: none"> Practical Updates on Financial Standards, MFRSs on MFRS 9, 15 and 16
Dato' Ong Soon Ho	<ul style="list-style-type: none"> Board of Directors: Compliance, Resilience Emerging Trends & Challenges on Anti-Money Laundering & Counter Terrorist Financing Key Amendments to Listing Requirements 2022 Practical Updates on Financial Standards, MFRSs on MFRS 9, 15 and 16

CORPORATE GOVERNANCE OVERVIEW STATEMENT

cont'd

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

PART I – BOARD RESPONSIBILITIES (CONT'D)

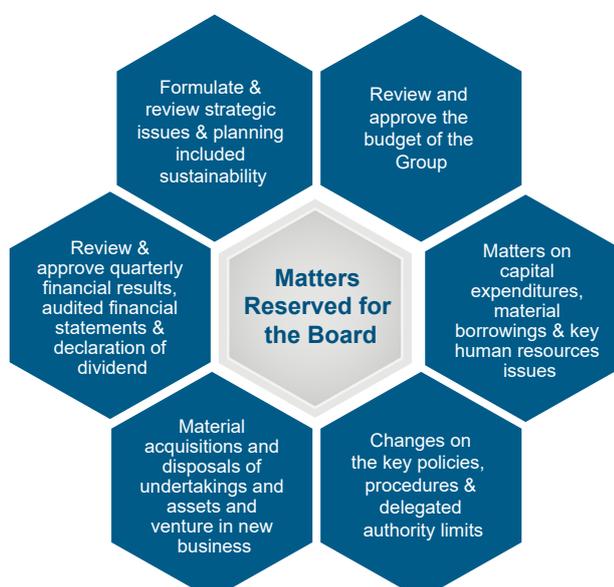
Directors' Training (Cont'd)

Name of Directors	Programme Title
Dato' Ong Choo Meng	<ul style="list-style-type: none"> How to SCALE UP FAST with Vijay Tirathrai, MD of Techstars Leveraging on Tax Corporate Governance Framework to strengthen ESG program
Lee Chooi Keng	<ul style="list-style-type: none"> Board of Directors: Compliance, Resilience Emerging Trends & Challenges on Anti-Money Laundering & Counter Terrorist Financing Key Amendments to Listing Requirements 2022 Practical Updates on Financial Standards, MFRSs on MFRS 9, 15 and 16
Yeoh Chin Hoe	<ul style="list-style-type: none"> 2022 Board and Audit Committee Priorities Accountants & their Role to Reduce Carbon Emissions Key Amendments to Listing Requirements 2022 Practical Updates on Financial Standards, MFRSs on MFRS 9, 15 and 16
Liew Jee Min @ Chong Jee Min	<ul style="list-style-type: none"> Audit Oversight Board's Conversation with Audit Committees Sustainability Training: Corporate Briefing - Understanding Sustainability and Environmental, Social and Governance (ESG) Practical Updates on Financial Standards, MFRSs on MFRS 9, 15 and 16 Bursa Malaysia Immersive Experience: The Board "Agender" Audit Oversight Board's Conversation with Audit Committees: "How the Audit Committees and Auditors can work together towards reliable audited financial statements"

Board Charter, Corporate Code of Conduct & Ethics and Policies

(i) Board Charter and Policies

The Board Charter sets out the roles and responsibilities of the Board, the respective Board Committees and individual Directors, Board composition, Board procedures and the Code of Conduct. The Board Charter also clearly defines the matters which reserves a formal schedule of matters for the Board's deliberation and approval, as follows:



CORPORATE GOVERNANCE OVERVIEW STATEMENT

cont'd

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

PART I – BOARD RESPONSIBILITIES (CONT'D)

Board Charter, Corporate Code of Conduct & Ethics and Policies (Cont'd)

(i) Board Charter and Policies (Cont'd)

Apart from establishing the Board Charter and the TOR of the respective Board Committees, the following policies had been adopted by the Board to ensure proper governance is practised by the Company and across the Group:

- Anti-Bribery and Corruption Policy & Procedures
- Corporate Code of Ethics and Conduct
- Conflict of Interest Policy
- Directors' Fit and Proper Policy
- Diversity Policy for Board and Senior Management
- Insider Trading Policy
- Related Party Transaction Policy and Procedures
- Harassment Policy
- Whistleblowing Policy
- External Auditors Policy
- Supply Chain Policy
- Dispute Resolution Policy
- Remuneration Policy
- Environmental Social and Governance ("ESG") Policy
- Labour Rights Policy
- Prevention and Eradication of Drug, Alcohol and Substance Abuse (PEDAS) Policy
- Non-discrimination Policy

The Company continues to enforce strict compliance by formalising a Corporate Code of Conduct and Ethics as well as various policies and procedures for the Board and employees of the Group to serve as guidelines for managing improper conduct within the Group and provide a channel of communication to encourage the report of any misconduct so that appropriate actions can be taken to resolve these issues.

(ii) Whistleblowing Policy

To uphold the corporate governance of the Group, Mr. Yeoh Chin Hoe, who has been the Company's Senior Independent Director ("SID") since 2017, acts as a sounding Board to the Chairman. He serves as an intermediary for other Directors as and when necessary to facilitate confidential discussions and acts as a point of contact for shareholders and stakeholders to communicate and raise their concerns.

The SID is also the Chairperson of the Whistleblowing Committee. The report of relevant queries and concerns in relation to allegations of misconduct or improper activities by employees and other stakeholders shall be made directly to the SID through email address at whistleblower@hextar.com.

The revised Whistleblowing Policy was adopted by the Board on 21 February 2022 and is available on the corporate website at <https://www.hextarglobal.com/ir.php>.

(iii) Anti-Bribery and Corruption Policy & Procedures

With the enforcement of the Malaysian Government on Section 17A of the Malaysian Anti-Corruption Commission Act 2009, the Board had adopted an Anti-Bribery and Corruption Policy ("ABC Policy") within Hextar Group and is available on the corporate website at <https://www.hextarglobal.com/ir.php>. The purpose of adopting the ABC Policy is to prevent bribery and corruption from occurring in all activities that may arise during the course of doing business.

The RMC meetings were held twice a year and Anti-Bribery and Corruption updates would be received from the Company's Compliance Officer, the updates include the following aspects:-

1. Status of Awareness/Training provided to all employees.
2. Respond rates on the Due Diligence from Customers and Service Providers.
3. Respond rates from Customers on the undertaking to adhere to ABC Policy.
4. Status of Whistleblowing received.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

cont'd

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

PART I – BOARD RESPONSIBILITIES (CONT'D)

Board Charter, Corporate Code of Conduct & Ethics and Policies (Cont'd)

(iii) *Anti-Bribery and Corruption Policy & Procedures (Cont'd)*

In accordance with the Guidelines on Adequate Procedure issued by Prime Minister's Department, Hextar has demonstrated its commitment to upholding anti-corruption practices by assigning a competent person, who is adequately resourced, to oversee all anti-corruption compliance matters. This includes providing advice and guidance to the Group's employees and business associates on the corruption programme. The designated person responsible for this role has been accredited as a Certified Integrity Officer (CeIO) by the Malaysian Anti-Corruption Academy, further highlighting Hextar's dedication to promoting ethical and responsible practices.

(iv) *Sustainability*

The Board together with Senior Management are responsible for the governance of sustainability in the Group including setting the sustainability strategies, priorities and targets. The Company has established an Environmental, Social and Governance ("ESG") Committee comprising Senior Management team from the relevant departments, led by the Executive Director, Lee Chooi Keng, to oversee the climate change and the health and safety of Hextar Group.

The ESG Committee, with the assistance of the Department Sustainability Working Group ("DSWR"), implements initiatives to drive progress towards achieving targets as well as provides information and data for annual reporting. The DSWR is also responsible to maintain, manage and collect necessary information and report data on a timely basis. The Board has appointed a designated person from the Management to provide dedicated focus to manage sustainability matters of the Group and to act as the liaison bridge between the Senior Management and the Board.

The Board pursues effective communication to keep shareholders and stakeholders updated on the Company's sustainability matters and achievements from time to time. Hextar Group's sustainability commitment statement in respect of the climate change impacts on CO2/GHG emissions, commitments in each Environmental, Social and Governance aspect, as well as sustainability targets corresponding to the performance achieved in FY2022, can be accessible on the corporate website at <https://www.hextarglobal.com/our-sustainability/> and the Company's Sustainability Report 2022 on page 30.

The ESG Policy which was adopted by the Board on 22 November 2021 is also available on the corporate website at <https://www.hextarglobal.com/ir.php>.

The Board, through its RMC, received updates twice a year on the sustainability issues of the business operations which included risk management report, sustainability progress in achieving the sustainability goals, ESG activities organised by Hextar Group for the benefit of society, employees and stakeholders. In FY2022, the Board was updated by the RMC on the business risks along with the actions taken to mitigate such risks, and continual improvement on the Group's risk management systems in order to ensure growth and sustainability of the businesses.

Hextar took a significant step towards promoting responsible business practices by joining the United Nations ("UN") Global Compact initiative in FY2022. This voluntary platform is dedicated to the development, implementation, and disclosure of sustainable and ethical business practices, and Hextar is proud to join thousands of other companies worldwide in their commitment to creating a better world through responsible business action. This network provides opportunities for Hextar to collaborate and share best ethical practices with other companies, as well as access to resources and tools to help Hextar advance its responsible business goals.

The UN Global Compact is a powerful call-to-action for companies worldwide to align their operations and strategies with Ten universally accepted principles, which cover the essential areas of human rights, labour, environment, and anti-corruption. By embracing these principles and taking action in support of UN goals and issues embodied in the Sustainable Development Goals, companies can play a vital role in creating a sustainable and equitable future for all.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

cont'd

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

PART I – BOARD RESPONSIBILITIES (CONT'D)

Board Charter, Corporate Code of Conduct & Ethics and Policies (Cont'd)

(iv) *Sustainability* (Cont'd)

The Board Charter, TOR of the respective Board Committees and the Company's policies and procedures will be periodically reviewed, as and when any amendments or updates are required, and are available on the corporate website at <https://www.hextarglobal.com/ir.php>.

Board Size, Composition and Diversity

The Company has a diverse Board comprising six (6) Directors with three (3) Independent Non-Executive Directors, one (1) Non-Independent Non-Executive Director and two (2) Executive Directors. The Board composition complies with Paragraph 15.02 of the MMLR, that is a minimum of two (2) or one-third (1/3) of the Board (whichever is higher) to be Independent Directors.

Nevertheless, the Company is searching for a suitable Independent Director taking into consideration the gender, experiences and current Board skills matrix, which can strengthen the overall Board Composition by having a majority of the Board as Independent Directors, as recommended in Practice 5.2 of MCCG.

Board of Directors

Independent Non-Executive Directors	Non-Independent Non-Executive Directors	Non-Independent Executive Directors
<ul style="list-style-type: none"> • Dato' Sri Dr Erwan Bin Dato' Haji Mohd Tahir (<i>Chairman</i>) • Yeoh Chin Hoe (<i>Senior Independent Non-Executive Director</i>) • Liew Jee Min @ Chong Jee Min 	<ul style="list-style-type: none"> • Dato' Ong Soon Ho (<i>Vice Chairman</i>) 	<ul style="list-style-type: none"> • Dato' Ong Choo Meng (<i>resigned on 29 November 2022</i>) • Lee Chooi Keng • Rayburn Azhar Bin Ali (<i>appointed on 29 November 2022</i>)

Tenure of Independent Directors

As at 31 December 2022, none of the Independent Directors have served on the Board for more than nine (9) consecutive years. The Company's Board Charter has indicated that Independent Director who has served the Board for more than nine (9) years may continue to serve on the Board as a Non-Independent Director subject to NRC's assessment and shareholders' approval through two-tier voting.

Diversity of the Board and Senior Management

The Board recognises the significance of providing fair and equal opportunities and nurturing diversity within the Group. The Board is committed to ensuring diversity (including diversity in skills, experience, age, cultural background and gender) in its composition and the Senior Management to ensure there is variety of professional opinion and value that can be contributed to the growth of the Company and in the best interests of the Company.

CORPORATE GOVERNANCE OVERVIEW STATEMENT cont'd

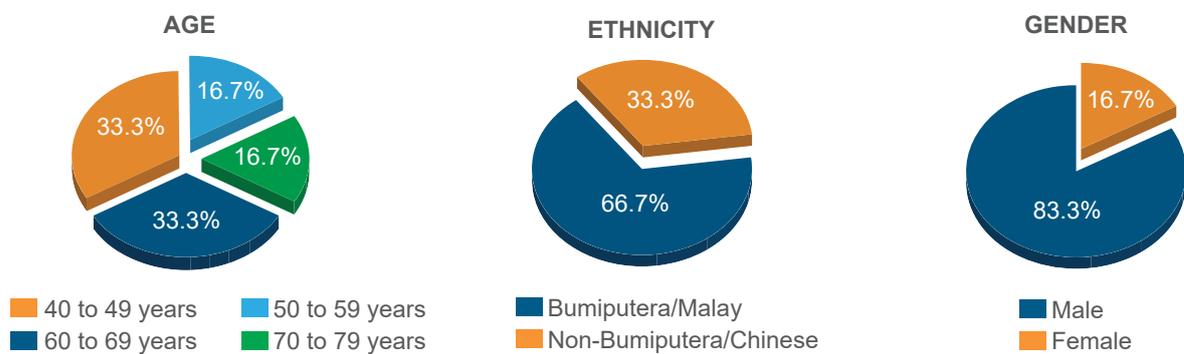
PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

PART I – BOARD RESPONSIBILITIES (CONT'D)

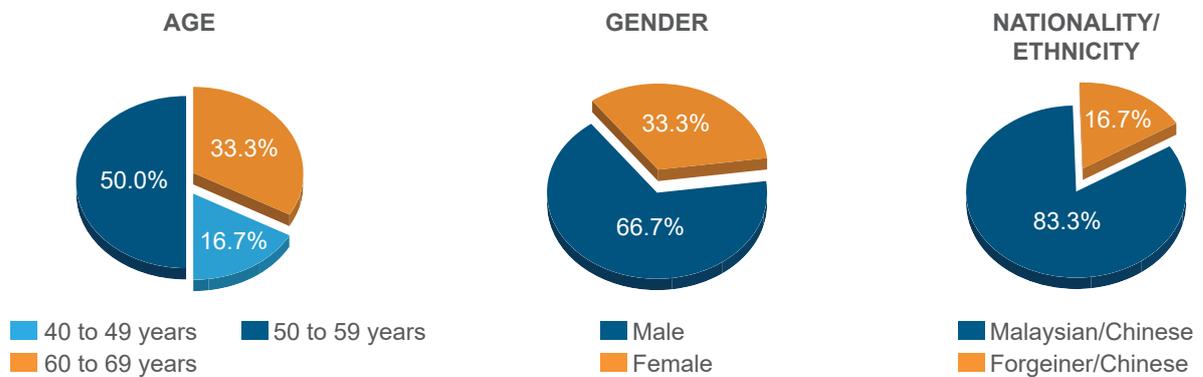
Diversity of the Board and Senior Management (Cont'd)

The diversity of the Board and the Senior Management are as follows:

(i) Diversity of the Board



(ii) Diversity of the Senior Management



The Board is supportive of the recommendation in Practices 5.9 and 5.10 of the MCCG, that the Board comprises at least 30% women directors and participation of women in Senior Management for healthy talent pipeline.

In FY2022, two (2) out of six (6) Senior Management were women, representing 33.33% where it has achieved the Group’s objective of at least 20% representation of women in Senior Management position, in accordance with the Company’s Diversity Policy for the Board and Senior Management adopted on 21 February 2022.

However, the Company is currently looking for a suitable and potential women candidate for the Board to strengthen the Board’s skills matrix as a whole.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

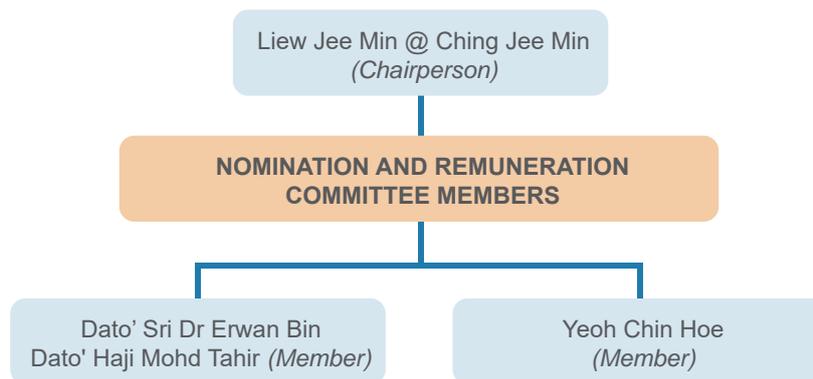
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PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

PART I – BOARD RESPONSIBILITIES (CONT'D)

Nomination and Remuneration Committee

The members of NRC consist exclusively of Independent Non-Executive Directors.



The TOR of the NRC is available on the corporate website at <https://www.hextarglobal.com/ir.php>.

Nomination Functions

(i) Overall Effectiveness of the Board

The Board, through its NRC, conducts Board Effectiveness Assessment to review the size and composition of the Board annually to ensure that the Board has the right mix of skills, knowledge, experience, overall independence and in line with the objectives and strategies of the Company.

In FY2022, the NRC, facilitated by the Company Secretary, conducted a Board Effectiveness Assessment of the Board as a whole, the Committees of the Board, individual Director assessed by peers compared with their self-assessment and confirmation of independence of all Independent Directors. The questionnaires and evaluation forms were provided to the Board and Board Committees for their completion and a summary report and results were tabled during the NRC meeting for assessment and deliberation. The Chairperson of NRC presented to the Board, the summary results along with recommendations and actions to be taken by Board members and Board Committees for improvement.

(ii) Experience and Skills of the Board

In FY2022, the NRC, with the assistance of the Company Secretary, also conducted a Board Effectiveness Assessment to assess the overall Board Skills Matrix and the results were presented by the NRC Chairperson to the Board for notation.

The NRC analysed weak skills in the current Board composition and necessary actions and suggestions were recommended to the Board for improvement to strengthen the efficiency and effectiveness of the Board as a whole.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

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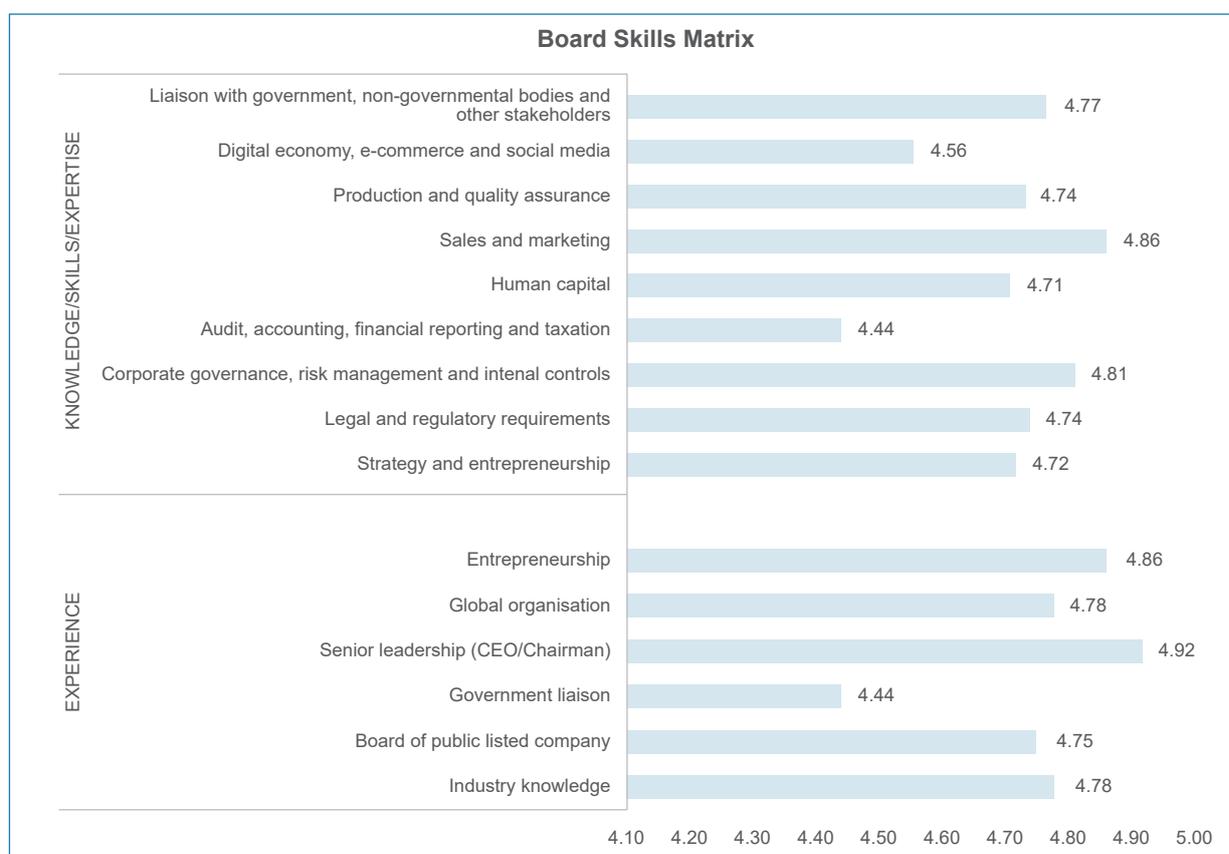
PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

PART I – BOARD RESPONSIBILITIES (CONT'D)

Nomination Functions (Cont'd)

(ii) *Experience and Skills of the Board (Cont'd)*

The Company is pleased to present the current Board Skills Matrix for the benefit of the stakeholders and shareholders, as follows.



(iii) *Re-election of Directors in FY2022*

With the recommendation from the NRC, the Board had, on 21 February 2022, approved the Directors' Fit and Proper Policy for adoption by Hextar Group in compliance with Paragraph 15.01A of the MMLR. The Policy is to facilitate the NRC and the Board to conduct a fit and proper assessment prior to the appointment of any candidate as a director or making recommendation for the re-election of an existing director.

Based on the NRC's recommendations and results of the Board Effectiveness Assessment FY2021 in the areas of performance, contribution to interaction, quality of input, understanding of their roles and independence of Independent Directors, the Board had recommended to the shareholders for approval of the re-election of Dato' Ong Choo Meng and Mr Yeoh Chin Hoe, who were due to retire at the 31st AGM in accordance with Clause 127 of the Company's Constitution, on the following justifications:-

- They have relevant mix of experience, skills, industry knowledge on business and finance requirements, expertise and core competency that is beneficial to the Company.
- They are unafraid to pursue views or opinions on issues presented.
- They devote adequate time in discharging their duties and responsibilities as Directors, work constructively with other Board members, attend meetings with well preparation and add values to Board meetings.

The said re-election was approved by the shareholders at the Company's 31st AGM held on 23 May 2022.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

cont'd

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

PART I – BOARD RESPONSIBILITIES (CONT'D)

Nomination Functions (Cont'd)

(iv) *Appointment of new Director*

In FY2022, Management had recommended the appointment of Mr Rayburn Azhar Bin Ali (“Mr Rayburn”) as the Company’s Executive Director, in place of Dato’ Ong Choo Meng. NRC had conducted a meeting to assess Mr Rayburn’s curriculum vitae and deliberate in length his appointment, taking into consideration his extensive experience in the oil and gas industry, his outstanding performance in managing the Specialty Chemicals Segment (Hextar Kimia Sdn Bhd and its group), competency, as well as his potential contribution towards the Group. The NRC and Board opined that Mr Rayburn is a qualified candidate, being an expert representative in Specialty Chemicals Segment.

A fit and proper assessment had been conducted by the NRC and Board for the appointment of Mr Rayburn, by assessing his fit and proper declaration which was tabled for review during meetings of the NRC and Board prior to the approval of his appointment.

The Board, on the recommendation of the NRC, had approved the appointment of Mr Rayburn as Executive Director of the Company and opined that he is a qualified candidate to provide guidance and lead the Group in its strategic endeavours.

PART II – REMUNERATION

Remuneration Functions

In consideration of the attracting, retaining and motivating Directors and Senior Management, the Board had, on 21 February 2022, adopted a Remuneration Policy to formalise its approach to determine the remuneration package of Directors and Senior Management as recommended in Practice 7.1 of the MCCG. The Policy is available on the corporate website at <https://www.hextarglobal.com/ir.php>.

Duties and responsibilities are clearly outlined in the TOR of the NRC, which are accessible for reference on the corporate website at <https://www.hextarglobal.com/ir.php>.

The details of the remuneration of individual Directors of the Company and the Group on a named basis for the FY2022 are tabulated as follows:

Name of Directors	Company		Group			
	Directors’ Fee (RM)	Meeting Allowance (RM)	Salary (RM)	Bonus (RM)	Benefits-in-Kind (RM)	Other Emoluments (RM)
Dato’ Sri Dr Erwan Bin Dato’ Haji Mohd Tahir	78,000	7,000	-	-	-	-
Dato’ Ong Soon Ho	60,000	7,000	-	-	-	-
Dato’ Ong Choo Meng ^[1]	-	-	660,000	110,000	28,000	93,000
Lee Chooi Keng	-	-	552,000	93,000	-	26,000
Yeoh Chin Hoe	66,000	7,000	-	-	-	-
Liew Jee Min @ Chong Jee Min	60,000	7,000	-	-	-	-
Rayburn Azhar Bin Ali ^[2]	-	-	593,000	99,000	-	99,000
Total	264,000	28,000	1,805,000	302,000	28,000	218,000

Notes:

^[1] Resigned as Executive Director with effect from 29 November 2022.

^[2] Appointed as Executive Director with effect from 29 November 2022.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

cont'd

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

PART II – REMUNERATION (CONT'D)

Remuneration Functions (Cont'd)

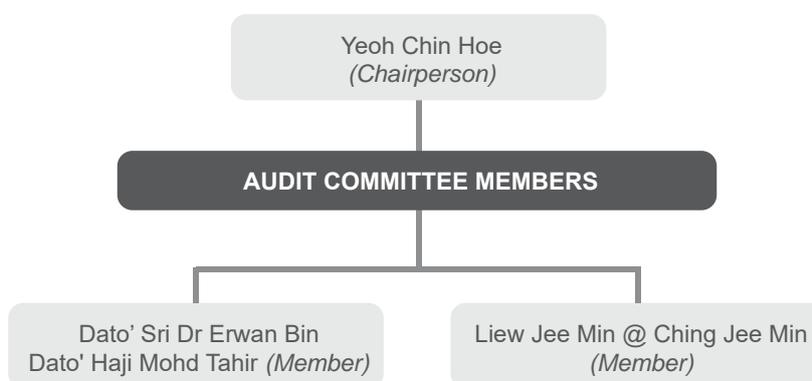
With regards to the disclosure of remuneration of the Group's top 5 Senior Management, the Company is of the view that it would not be in its best interest to make such disclosure on a named basis in view of the competitive nature of human resource market in the industries the Group operate, and the Company should also protect the confidentiality of personal information such as employees' remuneration packages. The Board viewed that such disclosure may cause tension and unhealthy competition among Senior Management.

PRINCIPLE B: EFFECTIVE AUDIT AND RISK MANAGEMENT

PART I – AUDIT COMMITTEE

The AC comprises solely three (3) Independent Non-Executive Directors and is chaired by an Independent Non-Executive Director. The positions of Chairperson of the AC and Chairman of the Board are held by two (2) different individuals. Therefore, the objectivity of the Board's review of the AC's findings and recommendations will be preserved.

As of 31 December 2022, none of the AC members was a former key audit partner of the Company. The criteria for a former key audit partner of the external audit firm to observe a cooling-off period of at least three (3) years before being appointed as a member of the AC was clearly stated in the TOR of the AC and the Company's External Auditors Policy, which is in line with Practice 9.2 of the MCCG.



The duties and responsibilities of the AC are clearly outlined in the AC's TOC and are available for reference on the corporate website at <https://www.hextarglobal.com/ir.php>.

The current AC members consist of a wide range of skills and knowledge from business administration, accounts, finance, law and audit. All AC members had attended training concerning the updates on the MFRS to keep themselves abreast of the changes which would bring impact to the Group's business.

External Auditors and Internal Auditors

The AC assists the Board in overseeing the suitability, objectivity and independence of the Company's External Auditors and internal audit function by ensuring that proper internal controls are implemented to enhance the independence of these functions.

In FY2022, the AC had assessed and reviewed the performance and independence of the Company's External Auditors, Crowe Malaysia PLT, in accordance with the Company's External Auditors Policy. The AC had obtained a written assurance form from the External Auditors that they have maintained independence and professionalism throughout the conduct of the audit process, and was satisfied that the audit services rendered had met the quality expected by the AC and Management.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

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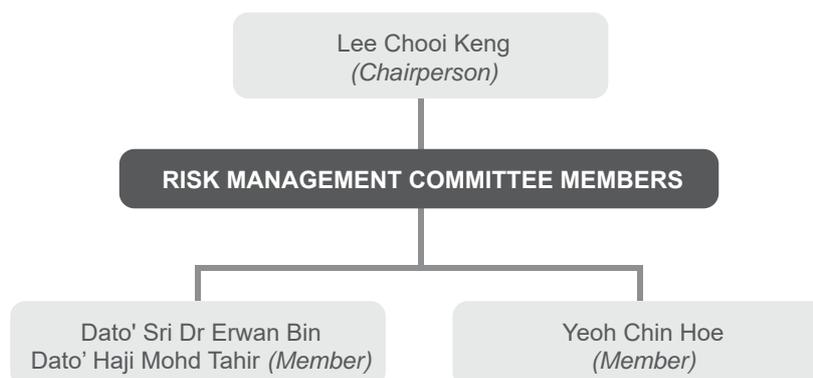
PRINCIPLE B: EFFECTIVE AUDIT AND RISK MANAGEMENT (CONT'D)

PART I – AUDIT COMMITTEE (CONT'D)

The AC, with the assistance of the Management, conducted an evaluation of the External Auditors and the outsourced Internal Auditors, and the results were presented to the AC for deliberation prior to the recommendation to the Board for approval. The Board concurred with the AC's recommendation and recommended the re-appointment of the External Auditors to the shareholders for approval after having reviewed their suitability, resources, competency, and independence.

PART II – RISK MANAGEMENT AND INTERNAL CONTROL FRAMEWORK

The Board is supported by the RMC and the AC continues to maintain and review its risk management processes and internal control procedures to ensure a sound system of risk management and internal control to achieve its strategic objectives, safeguard shareholders' investments and the assets of the Company and the Group.



The Chairperson of the RMC is an Executive Director of the Company, who is familiar with the Group's operations, will help to identify, assess and monitor key business risks, as well as to implement necessary measures to safeguard the Group's assets. The members of the RMC comprise a majority of Independent Non-Executive Directors, in line with the recommendation of Practice 10.3 of the MCCG.

The duties and responsibilities of the RMC are outlined in the RMC's TOR and are available on the corporate website at <https://www.hextarglobal.com/ir.php>.

The risk management framework includes maintaining a Risk Register with risk profile and action plans for mitigating the identified risks. The RMC reviews the risk management framework, key areas of the identified risks and the mitigating measures taken by Management to address the areas of key risks identified.

In FY2022, the Board had, on 21 February 2022 and 22 August 2022 respectively, received reports from the RMC on the adequacy of the risk management function, business risks and actions taken in mitigating the risks.

In FY2022, the internal audit function was carried out by an outsourced independent professional internal audit service provider, Eco Asia Advisory Sdn Bhd. Their appointment is free from any relationships or conflict of interest with the Group which enables them to perform audit work independently, objectively and proficiently. The internal audit team works closely with Management to carry out its internal audit activities and presents its internal audit reports to the AC for review and deliberation on quarterly basis.

Details on the key features of the risk management and internal control system together with its adequacy and effectiveness can be found on page 93 to 96 of the Statement on Risk Management and Internal Control, which is included in this Annual Report.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

cont'd

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

PART I – ENGAGEMENT WITH STAKEHOLDERS

The Company is fully committed to continuous communication with the stakeholders to disseminate relevant and material information as well as being transparent. Thus, the Board has established an effective and transparent method to keep the stakeholders informed on financial performance, corporate information, policies on governance and ESG. The Company also places strong emphasis on the importance of timely and equitable dissemination of information to its stakeholders.

At present, the Board and Management of the Company communicate regularly with its stakeholders through the following channels of communication:

Bursa Malaysia Securities Berhad

- The Company releases all material announcements, including updates on material announcements such as material information, corporate exercise and the progress of the corporate development, via Bursa LINK, and the stakeholders and the public in general may obtain such announcements from the website of Bursa Malaysia Securities Berhad.
- The said announcements would also be published at the Company's corporate website.

Corporate Website

- The Company's corporate website, www.hextarglobal.com, incorporates an "Investor Relations" section which provides information such as stock information, interactive chart, annual reports, quarterly reports, corporate governance inclusive of Board Charter, terms of reference and policies, analyst briefing, general meetings and Bursa's announcement of the Company can be accessible by stakeholders.

General telephone, fax, email address and direct message via website

- The general telephone number, fax number and general enquiry email address of the Company are provided for the stakeholders to send in any enquiries to the Company directly.
- Stakeholders also have the option to instantly message the Company by completing a simple form - "Send Us a Message" under "Contact Us" section available on the corporate website.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

cont'd

PRINCIPLE C: INTEGRITY IN CORPORATE REPORTING AND MEANINGFUL RELATIONSHIP WITH STAKEHOLDERS (CONT'D)

PART II – CONDUCT OF GENERAL MEETINGS

In addition to the channels of communication applied by the Company as described under Stakeholders Engagement above, the Company's general meetings serves as a principal forum for dialogue with shareholders. Shareholders are encouraged to meet and communicate with the Board at the general meetings and to vote on all resolutions.



The 31st Annual General Meeting (“AGM”) and Extraordinary General Meeting (“EGM”) (or collectively “General Meetings”) of the Company were held on a fully virtual basis through live streaming from the broadcast venue and online remote voting via Remote Participation and Voting (“RPV”) facilities provided by Tricor Investor & Issuing House Services Sdn Bhd (“TIIH”). By leveraging the technology provided by TIIH, shareholders were able to cast their votes in absentia and attend the meeting remotely in a secure online environment.



The notice and agenda of the AGM and EGM together with the proxy form were given to the shareholders at least 28 days and 14 days prior to the date of the AGM and EGM respectively. Shareholders were given sufficient time to consider the resolutions tabled at the General Meetings and made the necessary arrangement to attend in person or submitted the proxy forms to attend the General Meetings. In addition, the notice of AGM was accompanied by explanatory notes, providing further explanation on each resolution proposed to facilitate informed decision-making by the shareholders.



All the Directors and Senior Management were present at the General Meetings to provide meaningful responses to the questions addressed to them. The Chairman of the Board also ensured that shareholders were provided with sufficient opportunity to pose questions and feedbacks during the General Meetings via the RPV facilities provided and their questions and feedbacks received meaningful responses from the Company. The minutes together with the questions and answers transpired at the General Meetings were published at the Company's corporate website within the reasonable period for shareholders information.



STATEMENT OF COMPLIANCE WITH BEST PRACTICES OF THE CODE

This Statement is prepared in compliance with Paragraph 15.25 of the MMLR and it is advised to be read together with the Company's Corporate Governance Report 2022, which is available on the corporate website, <https://www.hextarglobal.com/ir.php>.

The Board is of the opinion that the Group has maintained the highest standards in Corporate Governance practices and compliances and remain fully committed to achieve the highest level of integrity and ethical standards in delivering the strategic objectives and sustainable performance of the Group over the long term.

This statement was tabled and approved at the Board of Directors' Meeting held on 31 March 2023.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

Pursuant to Paragraph 15.26(b) of the Main Market Listing Requirements (“MMLR”) of Bursa Malaysia Securities Berhad (“Bursa Securities”), the Board of Directors (“Board”) is pleased to present the Statement on Risk Management and Internal Control for the financial year ended 31 December 2022 (“FY2022”) within Hextar and its subsidiaries (“Hextar Group” or “the Group”), which are prepared in accordance with Practice 10.1 and 10.2 of the Malaysian Code on Corporate Governance 2021 (“MCCG 2021”) and guided by the “Statement on Risk Management and Internal Control - Guidelines for Directors of Listed Issuers”.

BOARD RESPONSIBILITIES

The Board is committed to its ultimate responsibility towards maintaining sound and effective risk management and internal control systems within the Group. As such, the Board oversees and monitors the adequacy and integrity of the risk management and internal control systems across the Group. To ensure an effective discharge of responsibility, our Board is supported by our Audit Committee (“AC”) and Risk Management Committee (“RMC”).

The Board assumes the overall responsibilities to identify and manage material risks so as to ensure adequate internal controls are put in place with the ultimate goal to safeguard shareholders’ investments, stakeholders’ interests and the Group’s assets. The Board’s responsibilities include:

- Determining the Group’s level of risk tolerance and actively identify, assess and monitor key business risks within the Group;
- Committed to articulating, implementing and reviewing the adequacy and effectiveness of the Group’s risk management and internal control framework;
- Reviewing and deliberating quarterly financial results;
- Analysing the Group’s financial and operational performance against the Group’s business objectives; and
- Reviewing the annual budget of respective segments for approval.

Notwithstanding the above, the Board acknowledges that these systems are designed to manage risk exposures rather than eliminate all risks and therefore provide reasonable but not absolute assurance against the occurrence of any material misstatements, operational failures, financial losses or fraud.

INTERNAL CONTROL SYSTEMS

In Hextar Group, the Board regards the internal control systems as an important component to ensure our operational efficiencies and sound corporate governance. Appropriate internal controls are implemented to identify any operational weaknesses or risk exposures, and to manage such matters accordingly. However, in light of the inherent limitations in any internal control systems, the said systems are designed to manage and control, rather than to eliminate, the risks or any adverse events which may hinder the Group from achieving its business objectives. The Board has delegated certain duties to the Management to monitor the Group’s internal control systems in our daily operations and report such results to AC. Any significant internal control deficiencies which may affect the Group’s strategic objectives shall be escalated to the Board’s attention via scheduled Board meetings.

INTERNAL AUDIT FUNCTION

The Group has appointed an independent professional firm, Eco Asia Governance Advisory Sdn Bhd (“Internal Auditors”) on outsourced basis, to carry out internal audit function objectively and independently from the management of the Group. It helps the Group to accomplish its goal by bringing an objective and discipline approach to evaluate and improve the effectiveness of risk management, internal control, anti-corruption, whistle-blowing and governance processes. The Internal Auditor directly reports to the AC, providing important source and recommendations for the AC and the Board concerning areas of weaknesses or deficiencies in internal processes to facilitate appropriate remedial measures by the Group.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

cont'd

INTERNAL AUDIT FUNCTION (CONT'D)

During FY2022, the Internal Auditors have conducted four (4) internal audit reviews, as shown as follows: -

Entity	Scope of Review	Quarter Period
Hextar Chemicals Sdn Bhd	Human Resource Management	Quarter 1, FY2022
Halex Woolton (M) Sdn Bhd	Inventory Management	Quarter 2, FY2022
Hextar Chemicals Sdn Bhd	Management of Information System	Quarter 3, FY2022
Alpha Aim (M) Sdn Bhd	Inventory Management	Quarter 4, FY2022

Based on the internal audit review performed, the Internal Auditors have reported to AC that they have not noted any weakness that have resulted in any major deficiencies in our systems that would require for separate disclosure in this Annual Report. There is a reasonable assurance that the Group's internal control systems are adequate and satisfactory. Weaknesses identified are with minor impact, all of which have been, or are being, addressed and improved accordingly to enhance our operational efficiencies. The total professional fees payable to the Internal Auditors for FY2022 amounted to RM52,000.

On 28 November 2022, AC conducted an annual assessment on the performance of the Internal Auditors. The said assessment covers several considerations, such as the adequacy and resources of the Internal Auditors, the quality control processes, the professional staff assigned to the audit engagements, the independence and objectivity of the Internal Auditors, the discussion on audit scope, plan and fees as well as the private communication session with the Internal Auditors.

The AC is of the opinion that they are satisfied with the performance of the Internal Auditors and has recommended their re-engagement to the Board for the financial year ending 31 December 2023 ("FY2023"). The Board has approved such recommendation at the Board meeting on 28 November 2022.

RISK MANAGEMENT FUNCTION

On top of internal control systems, risk management serves as our mechanism to protect the entire Group from any potential threats arising from the ever-changing business environment. It involves the process of understanding, analysing and addressing risks. Risk management is implemented across the Group to achieve the following aims: -

- (i) Supports the Group's strategic objectives and business goals;
- (ii) Optimise business opportunities and the returns to the Group, and protect the stakeholders' interests, including shareholders, customers and employees, within acceptable level of risks;
- (iii) Advocate education and Risk Assurance Culture;
- (iv) Improve customer service and minimise risk exposure;
- (v) Safeguard the Group's assets and protect its reputation and brand values;
- (vi) Identify and evaluate operational risks and other relevant business risks to improve the Group's operating performance without compromising the effectiveness of internal control procedures; and
- (vii) Ensure compliance to the Group's policies, regulations and statutory requirements, including timely reporting of performance.

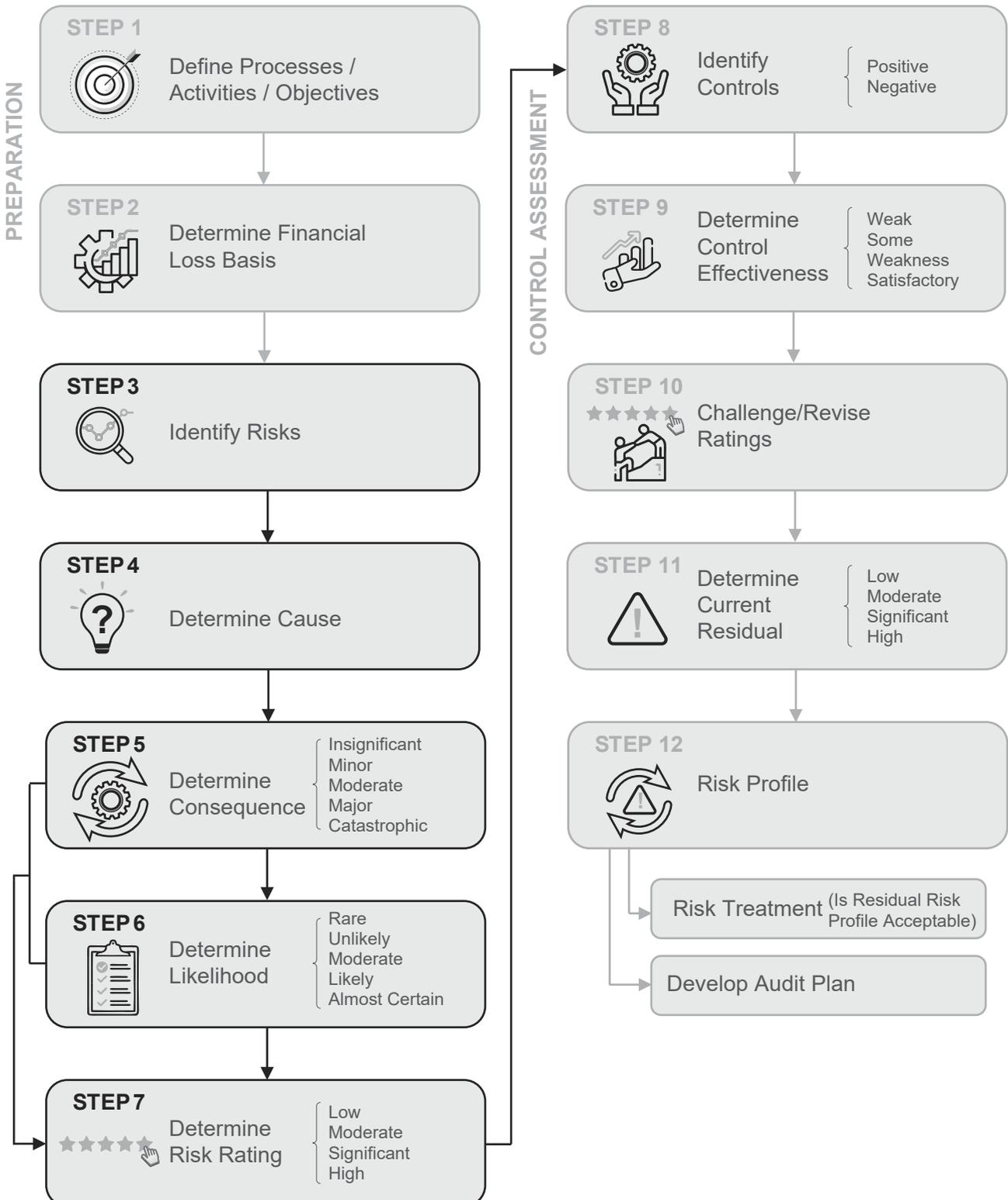
The Board has established and in placed a risk management framework across the Group's operations. The Board, supported by our RMC, is responsible to review and assess the framework and risk management process to ensure their adequacy and effectiveness. The Board receives formal feedback on the adequacy of the risk management function on half yearly basis.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

cont'd

RISK MANAGEMENT FUNCTION (CONT'D)

Framework of Risk Management Assessment



STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

cont'd

RISK MANAGEMENT FUNCTION (CONT'D)

Risk Identification and Evaluation Process

As part of the initial stage of risk management, risks are identified through discussions and deliberations with key personnel and the Management. The identified risks are documented into Business Risk Profile with the inclusion of relevant details such as nature of the risk as well as the severity and probability of the risk occurrence.

In order to have a comprehensive analysis, both internal and external parameters are taken into consideration during the risk identification process. External parameters include political, economic, social, technological, legal and environment changes, while internal factors include changes in key personnel, introduction of new or revision of existing policies and procedures within the Group.

Risk Adopting and Monitoring Process

The Business Risk Profile, which incorporated all risks identified, is to be updated on an ongoing basis and approved by the Board subsequently. It is crucial for our heads of departments or business units to acknowledge and manage the key risks that are applicable in their operational areas on a continual basis.

All key risks and issues are regularly reviewed and resolved by the Management in an effort to ensure that the risks identified are current and relevant to the latest business environment. As a result, the key risks documented in the Business Risk Profile are assessed in a timely manner and the relevant control procedures or mitigating initiatives are re-evaluated accordingly so as to ensure that all key risks are mitigated to an acceptable level.

ASSURANCE FROM MANAGEMENT

As guided by the Guidelines, the Board, representing the Management, including Chief Financial Officer, that to the best of their knowledge, the risk management and internal control systems of the Group are adequately and effectively implemented, in all material aspects, based on the risk management and internal control frameworks adopted by the Group and similar assurance given by respective heads of departments.

REVIEW OF THE STATEMENT BY EXTERNAL AUDITORS

Pursuant to Paragraph 15.23 of MMLR, the External Auditors have reviewed this statement for inclusion in this Annual Report. Their review was performed in accordance with Audit and Assurance Practice Guide ("AAPG") 3: Guidance for Auditors on Engagements to Report on the Statement on Risk Management and Internal Control included in the Annual Report issued by the Malaysian Institute of Accountants. External Auditors have reported to the Board that nothing has come to their attention that has caused them to believe this statement is not prepared, in all material respect, in accordance with the disclosures required by paragraphs 41 and 42 of the Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers and Practise 10.1 and 10.2 of the MCCG 2021 to be set out, nor the Statement is factually inaccurate.

CONCLUSION

For FY 2022, the Board is of the opinion that the Group's risk management and internal control systems are sound and sufficient to safeguard our shareholders' investments, stakeholders' interests, as well as the Group's assets. There were no significant internal control deficiencies, material weaknesses or adverse compliance events resulting in any material loss to the Group. The Board is dedicated to continue to strengthen the Group's risk management and internal control systems on an ongoing basis to meet this fast-moving and challenging business environment.

This statement was approved by the Board of Directors on 31 March 2023.

AUDIT COMMITTEE REPORT

1. COMPOSITION

The Audit Committee (“AC”) of the Company comprises three (3) members, all of whom are Independent Non-Executive Directors (“NEDs”). All Independent NED have met the test of independence under Bursa Malaysia Securities Berhad’s Main Market Listing Requirements (“MMLR”). The Company complies with the paragraph 15.09(1)(a) and (b), 15.09(2) and 15.10 of the MMLR and adopts Practice 9.4 of the Malaysian Code on Corporate Governance (“MCCG”) by establishing AC comprising solely of Independent Directors.

The Company complies with Paragraph 15.09(1)(c)(i) of the MMLR wherein the AC is chaired by Mr Yeoh Chin Hoe, who is a member of the Malaysian Institute of Certified Public Accountants and the Malaysian Institute of Accountants and a fellow member of both The Association of Chartered Certified Accountants (UK) and Institute of Chartered Secretaries and Administrators (UK).

The members of the AC and their respective designation and directorship are as follows:

Designation	Name	Directorship
Chairman	Yeoh Chin Hoe	Senior Independent Non-Executive Director
Member	Dato’ Sri Dr Erwan Bin Dato’ Haji Mohd Tahir	Independent Non-Executive Chairman
Member	Liew Jee Min @ Chong Jee Min	Independent Non-Executive Director

The Company has also adopted Practice 9.1 and 9.2 of the MCCG, where the positions of Chairman of the Board and Chairman of the AC are held by different persons and none of the AC members is a former partner of the external audit firm of the Company.

The primary objective of the AC is to establish a documented, formal and transparent procedure to assist the Board in fulfilling its statutory duties and responsibilities relating to corporate accounting, financial reporting practices, risk management and internal control systems, auditing process and the process of monitoring compliance with laws and regulations.

The AC had, on 21 February 2022, adopted the revised Terms of Reference (“TOR”) of the AC, which included recommendations of the MCCG. The revised TOR is accessible for reference on the Company’s website at <https://www.hextarglobal.com/ir.php>. The AC’s TOR will be periodically reviewed as and when deemed necessary for any new regulations that may affect the AC’s duties and responsibilities.

2. MEETINGS

The AC held six (6) meetings during the financial year ended 31 December 2022 (“FY2022”). The details of the attendance record for each AC member are as follows:

Directors	Meeting Attendance
Yeoh Chin Hoe (Chairperson)	6/6
Dato’ Sri Dr Erwan Bin Dato’ Haji Mohd Tahir	6/6
Liew Jee Min @ Chong Jee Min	6/6

The External Auditors (“EA”) and/or Internal Auditors (“IA”) were invited, when appropriate, to the AC meetings upon invitation by the AC Chairperson. During FY 2022, the IA were invited to attend four (4) quarterly AC meetings to present Internal Audit Review Report. The Internal Audit Review Report was prepared and presented by an independent internal audit firm. The responsible Management personnel were invited to brief the AC on the specific issues arising from the audit report and respond to all enquiries raised by the AC.

The EA attended the AC meetings to assist in the discussion regarding statutory audit of the Group’s audited financial statements and presentation of their key audit findings and audit plan for the financial year. The Company’s Chief Financial Officer (“CFO”) and key Management personnel were invited to assist in clarifying audit issues raised by the EA in their audit report or any other matters of interest raised at the AC meetings. The AC conducted an independent meeting with the EA on 28 March 2022, without the presence of Executive Directors and Management of the Company in accordance with the AC’s TOR, to discuss any audit concerns that needed to be highlighted to the AC and the level of cooperation obtained from Management.

AUDIT COMMITTEE REPORT

cont'd

2. MEETINGS (CONT'D)

After the AC meetings, the AC Chairperson reported to the Board the significant matters discussed and deliberated in the AC meetings together with the recommendations made by the AC. The Group's audited financial statements and quarterly financial reports were recommended to the Board for approval after being reviewed by the AC at its AC meeting. The AC Chairperson also conveyed to the Board the matters of significant concerns as and when raised by the EA or the IA at their respective AC meetings.

The minutes of each AC meeting were recorded by the Company Secretary and tabled in the next AC meeting for confirmation and subsequently presented to the Board for notation.

3. SUMMARY OF ACTIVITIES

The AC had carried out the following activities during FY2022 to discharge their duties and responsibilities:-

a. Financial Reporting

The AC reviewed the audited financial statements and quarterly financial reports of the Group presented by the CFO and Management, prior to the presentation and recommendation to the Board for approval. The review process was to ensure that the preparation of financial results was in compliance with the following financial reporting standards and statutory disclosure requirements:

- Malaysian Financial Reporting Standards ("MFRS");
- International Financial Reporting Standards ("IFRS");
- Main Market Listing Requirements ("MMLR");
- Provisions of the Companies Act 2016; and
- Other relevant legal and regulatory requirements.

All quarterly financial reports and relevant announcements to be submitted to Bursa Malaysia Securities Berhad were reviewed by the AC before recommended to the Board for approval to ensure in compliance with:

- MFRS 134 Interim Financial Reporting; and
- Paragraph 9.22, including Appendix 9B of MMLR as prescribed by Bursa Malaysia Securities Berhad.

The AC reviewed the fourth quarter financial report for the financial year 2021 and the audited financial statements for the financial year ended 31 December 2021 at its meetings held on 21 February 2022 and 28 March 2022 respectively.

Financial reports for the first, second and third quarters of the financial year 2022 were presented to the AC at meetings held on 23 May 2022, 22 August 2022 and 28 November 2022 respectively.

The AC reviewed the fourth quarter financial report and audited financial statements for the financial year ended 31 December 2022 on 28 February 2023 and 31 March 2023 respectively.

The AC's recommendations were also presented for approval at the Board meetings held on even date.

b. External Audit

At the 31st Annual General Meeting ("AGM") held on 23 May 2022, the re-appointment of Crowe Malaysia PLT as the EA of the Company was approved by the shareholders.

The Company had adopted an External Auditors Policy ("EA Policy") which included policies and procedures to assist the AC to assess suitability, objectivity, and independence of the EA to safeguard the quality and reliability of audited financial statements under Practice 9.3 of the MCCG. The EA Policy was adopted on 21 February 2022 and is accessible for reference on the Company's website at <https://www.hextarglobal.com/ir.php>.

AUDIT COMMITTEE REPORT

cont'd

3. SUMMARY OF ACTIVITIES (CONT'D)

b. External Audit (Cont'd)

The AC had assessed the suitability, independence and objectivity of the EA's statutory audit engagement during the financial year under review, in accordance with Company's EA Policy. The re-appointment of the EA for the ensuing year was recommended to the shareholders for approval at the 31st AGM.

The AC obtained assurance from the EA during the AC meeting on 28 November 2022 in respect of their independence throughout the audit engagement in accordance with the terms of all relevant professional and regulatory requirements as well as the ethical requirements. In response to an enquiry by the EA, the AC and Management had confirmed that they had no knowledge of any serious offence involving fraud or dishonesty, significant unusual transactions, non-compliance with laws and regulations or major litigations affecting the Group.

On 28 November 2022, the AC reviewed and approved the EA's proposed audit scope and audit plan for the financial year ended 31 December 2022, which outlined its audit approach, areas of audit emphasis, reporting and deliverables, engagement team and proposed fees for the statutory audit and review of the Statement on Risk Management and Internal Control.

The annual audit review report on areas to concern highlighted by the EA in the Audit Review Memorandum for the financial year ended 31 December 2022 together with the recommendation provided and Management's response on the audit findings were reviewed by AC on 28 February 2023.

c. Internal Audit

The AC reviewed internal audit reports from the IA, Eco Asia Advisory Sdn Bhd, on the internal audit engagements executed and reported during FY2022. The findings and recommendations by the IA were reviewed by the AC to ensure that appropriate actions were taken to improve the Group's internal control system on quarterly basis. The AC monitored and ensured that Management has resolved the audit issues as highlighted by the IA within targeted timeline. The AC also received quarterly updates from the IA on the follow-up in relation to the last internal audit report or areas which were still in progress.

During the financial year, the AC had reviewed the effectiveness of the audit process, resource requirements and performance of the outsourced professional IA, to ensure adequacy of scope of work based on key risk areas. The AC had assessed the competency, suitability, independence, experience and adequacy of resources to carry out the function effectively, audit scope and quality of audit services of the IA in performing its audit engagement in FY2022.

The AC reviewed the assessment results at its AC meeting held on 28 November 2022 and the AC Chairperson has presented the results to the Board during the Board of Directors' Meeting along with the recommendation of the re-appointment of the IA for the ensuing year, which was in line with the TOR of the AC.

On 28 November 2022, the AC reviewed and approved the internal audit plan for the financial year ending 31 December 2023 to ensure the audit methodology in assessing and rating the auditable areas based on a risk-based approach.

d. Internal Control

The AC reviewed the Internal Control Observations reported by the EA and IA to assess the adequacy and effectiveness of the internal control system to ensure that continuous improvement is in place, effectively administered and regularly monitored on the outstanding audit issues within the target timeline.

AUDIT COMMITTEE REPORT

cont'd

3. SUMMARY OF ACTIVITIES (CONT'D)

e. Related Party Transactions

During the FY 2022, the AC reviewed and monitored all related party transactions ("RPTs"), recurrent related party or conflict of interest transactions occurring within the Group to ensure that the procedures were in compliance with MMLR.

The Company had, on 21 February 2022, adopted Related Party Transactions Policy and Procedures to assist the AC carried out their duties effectively and to ensure all RPTs entered into between the Group and the related parties were in accordance with the highest standard of ethical and business conducts.

The AC reviewed the RPTs report presented by Management at quarterly meetings to ensure that all transactions were in the best interest of the Group, were fair, reasonable and on normal commercial terms and were not detrimental to the minority shareholders.

The following RPTs entered into by the Company for the FY 2022 had been reviewed by the AC and recommended to the Board for approval:

- Hextar entered into a Share Sale Agreement ("SSA") with Hextar International Group Sdn Bhd for the acquisition of 99.91% equity interest in PT Agro Sentosa Raya for a total purchase consideration of RM10.2 million.
- Hextar Chemicals Sdn Bhd ("Hextar Chemicals"), an indirect wholly-owned subsidiary of Hextar, awarded a contract to Pekat Solar Sdn Bhd to design, supply, install, testing and commissioning of 185.3kWp Grid Connected Photovoltaic system for a contract sum of RM728,312.00.
- Hextar Chemicals entered into a conditional Sale and Purchase Agreement with Pacific Trustees Berhad ("Pacific Trustees"), the trustee of KIP Real Estate Investment Trust, for the proposed disposal of 2 adjoining parcels of leasehold industrial lands located in Mukim Klang, District of Klang, together with the buildings erected thereon ("Klang Properties") for a cash consideration of RM27.0 million ("Proposed Disposal").

In conjunction with the Proposed Disposal, Hextar Chemicals has signed in escrow a Lease Agreement with Pacific Trustees to lease the Klang Properties for 15 years. The aforesaid lease will commence upon the completion of the Proposed Disposal.

The AC also reviewed the Recurrent RPTs that were mandated on the 31st AGM held on 23 May 2022 to ensure that the aggregate value of the transactions was well within the mandate which was approved by the shareholders.

f. Other Matters

During FY2022, the AC had also discussed and reviewed the following matters:-

- the Corporate Governance Report, Corporate Governance Overview Statement, AC Report, Sustainability Statement, Management Discussion and Analysis, and the Statement on Risk Management and Internal Control and recommended the same to the Board for its approval for inclusion in the Annual Report for the financial year ended 31 December 2021;
- the Circular to Shareholders in relation to Proposed New and Renewal of Shareholders' Mandate for Recurrent RPTs of a Revenue or Trading Nature and Proposed Renewal of Authority for Share Buy Back;
- the draft audited financial statements for the Company for the financial year ended 31 December 2021 and recommended the same to the Board for its approval;
- the declaration of the second interim dividend of RM0.012 per share for the financial year ended 31 December 2021;

AUDIT COMMITTEE REPORT

cont'd

3. SUMMARY OF ACTIVITIES (CONT'D)

f. Other Matters (Cont'd)

During FY 2022, the AC had also discussed and reviewed the following matters: (Cont'd)

- the declaration of the first interim dividend of RM0.010 per share for the financial year ended 31 December 2022;
- the Conflict of Interest Policy and recommended the same to the Board for adoption; and
- the Insider Trading and Dealing in Securities Policy and recommended the same to the Board for adoption.

4. INTERNAL AUDIT FUNCTION AND COMPLIANCE

The Group's internal audit function has been outsourced to an independent professional internal audit service provider, Eco Asia Advisory Sdn Bhd, which reports directly to the AC. All proposals by Management to appoint or remove the IA shall require prior approval of the AC.

The primary role of the IA is to conduct independent and systematic reviews on the Group's internal control system and to provide assessment and assurance on the adequacy, integrity, efficiency and effectiveness of the Group's internal control and risk management systems. The IA is also responsible to assess the adequacy and effectiveness of the risk management operation, governance and compliance functions to identify, manage and address potential risks faced by the Group.

The IA adopted a risk-based approach in the planning and conduct of audit engagements which is in line with the Enterprise Risk Management ("ERM") Framework (Production) of the Group. The internal audit engagements executed and reported during the FY 2022 are listed as below:

Quarter	Function/Entities
Q1/2022	Human Resources Management Review – Hextar Chemicals Sdn Bhd
Q2/2022	Inventory Management Review – Halex Woolton (M) Sdn Bhd
Q3/2022	Management of Information Systems Review – Hextar Chemicals Sdn Bhd
Q4/2022	Inventory Management Review – Alpha Aim (M) Sdn Bhd

The internal audit reports presented had been deliberated by the AC and the recommendations had been communicated to Management for further action and implementation. The Management personnel were invited to the AC meetings from time to time, where necessary, for further clarification purposes.

The professional fee incurred on the Group's internal audit function for the FY 2022 amounted to RM52,000.

This report was reviewed by the AC and approved by the Board on 31 March 2023.

STATEMENT OF DIRECTORS' RESPONSIBILITY

The Directors are required under paragraph 15.26(a) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, to issue a statement explaining its responsibility in the preparation the annual audited financial statements.

The Directors are responsible to prepare the financial statements for each financial year as required under the Companies Act 2016 ("the Act") which have been made out in accordance with the applicable Malaysian Financial Reporting Standards ("MFRSs"), International Financial Reporting Standards ("IFRSs"), and the requirements of the Act in Malaysia.

The Directors are also responsible to ensure that the financial statements give a true and fair view of the financial position of the Group and of the Company at the end of the financial year, and of the financial performance and cash flows of the Group and of the Company for the financial year as required by the Act.

In preparing the financial statements, the Director ensure that the Management has taken the following measures:

- (i) adoption of appropriate, adequate and applicable accounting standards and policies and applied them consistently;
- (ii) made reasonable and prudent judgements and estimates; and
- (iii) prepared the financial statements on a going concern basis.

The Directors are responsible to ensure that the quarterly reports and annual audited financial statements of the Group are released to Bursa Malaysia Securities Berhad in a timely manner to keep abreast our investing public on the Group's latest performance and developments.

The Directors are also responsible to ensure that the Group and the Company maintain accounting records that disclose the financial position of the Group and of the Company with reasonable accuracy, and which enable them to ensure the financial statements comply with the Act.

The Directors have collective responsibility for taking such steps, as are reasonably available to them, to safeguard the assets of the Group and of the Company, and to prevent and detect fraud and other irregularities.

ADDITIONAL COMPLIANCE INFORMATION

1. UTILISATION OF PROCEEDS RAISED FROM CORPORATE PROPOSAL

There were no proceeds raised from corporate proposal during the financial year ended 31 December 2022.

2. SHARE BUY BACK

The shareholders of the Company during the 31st AGM held on 23 May 2022, had approved and empowered the Directors of the Company to purchase its own shares of up to 10% of the total numbers of issued shares of the Company by utilising the funds allocated which shall not exceed the retained profits of the Company.

The Company had purchased 19,146,700 of its issued ordinary shares from the open market for a total consideration of RM29,628,617. The Company has not resold, transferred or cancelled any treasury shares during the financial year ended 31 December 2022.

3. OPTIONS OR CONVERTIBLE SECURITIES

There were no options, warrants or convertible exercised during the financial year ended 31 December 2022.

4. AUDIT AND NON-AUDIT FEES

The amount of audit and non-audit fees paid to the external auditors by the Company and the Group for the financial year ended 31 December 2022 are as follows:

	The Company (RM)	The Group (RM)
Audit Fees	51,600	570,350
Non-audit Fees	25,000	148,444
Total	76,600	718,794

Services rendered by the external auditors are not prohibited by regulatory and other professional requirements and are based on globally practiced guidelines on auditors' independence.

5. MATERIAL CONTRACTS INVOLVING DIRECTORS AND MAJOR SHAREHOLDERS

Save as disclosed below, there were no material contracts (not being contracts entered into in the ordinary course of business) entered into by the Company or the Group involving the interests of Directors and its major Shareholder, either still subsisting at the end of the financial year ended 31 December 2022 or entered into since the end of the previous financial year:

- On 28 March 2022, Hextar entered into a Share Sale Agreement ("SSA") with Hextar International Group Sdn Bhd ("HIGSB") for the acquisition of 109,900 ordinary shares, representing 99.91% equity interest in PT Agro Sentosa Raya ("PTASR") for a total purchase consideration of RM10.2 million fully satisfied in cash.

As of 28 March 2022, HIGSB was a wholly-owned subsidiary of Hextar Holdings Sdn Bhd ("HHSB") and a major shareholder of Hextar. Dato' Ong Soon Ho and Dato' Ong Choo Meng were common directors of Hextar, HHSB and HIGSB. They were deemed as Related Parties by virtue of their shareholdings in Hextar and HHSB. As such, they had declared their interest to the Board of Hextar and abstained from all deliberations and voting pertaining to the acquisition of PTASR.

The acquisition of PTASR was completed on 20 May 2022 upon the fulfilment of all obligations pursuant to the SSA with HIGSB.

ADDITIONAL COMPLIANCE INFORMATION

cont'd

5. MATERIAL CONTRACTS INVOLVING DIRECTORS AND MAJOR SHAREHOLDERS (CONT'D)

- Hextar had, on 23 May 2023, entered into a SSA with Hextar Kimia Sdn Bhd ("HKSB") for the acquisition of 100 ordinary shares, representing 100% of the equity interest in Hextar Kimia (Australia) Pty Ltd ("Hextar Kimia (Australia)"), for a total purchase price of RM14.3 million fully satisfied in cash.

On 23 May 2022, Hextar Kimia (Australia) was a wholly-owned subsidiary of HKSB, which was in turn a 49% owned subsidiary of Hextar. None of the Directors, major shareholders and/or persons connected to them has any interest, direct and/or indirect, in the acquisition of Hextar Kimia (Australia).

The said acquisition was completed on 22 July 2022 upon the fulfilment of all obligations pursuant to the SSA with HKSB.

- On 10 June 2022, Hextar Chemicals Sdn Bhd ("Hextar Chemicals"), an indirect wholly-owned subsidiary of Hextar, awarded a contract to Pekat Solar Sdn Bhd to design, supply, install, testing and commissioning of 185.3kWp Grid Connected Photovoltaic system at the site location of Lot 5, Jln Perigi Nenas 7/3, Tmn Perindustrian Pulau Indah, Kg Perigi Nenas Pulau Indah, 42900 Pelabuhan Klang, Selangor for a contract sum of RM728,312.00.

As of 10 June 2023, Pekat Solar Sdn Bhd was a wholly-owned subsidiary of Pekat Teknologi Sdn Bhd, which in turn was a wholly-owned subsidiary of Pekat Group Berhad. HHSB was a major shareholder of Hextar and Pekat Group Berhad.

Dato' Ong Soon Ho and Dato' Ong Choo Meng were common directors of Hextar and HHSB. They were deemed as Related Parties by virtue of their shareholdings in Hextar, HHSB and Pekat Group Berhad. As such, they had declared their interest to the Board of Hextar and abstained from all deliberations and voting pertaining to the said award of contract.

Teh Li King, being the director of Hextar Chemicals and Pekat Group Berhad as of 10 June 2022, was the person connected to Dato' Ong Choo Meng as he was the Group Chief Operating Officer of Hextar Holdings Group of Companies. As such, he had declared his interest to the Board of Hextar Chemicals and abstained from all deliberation and voting for the said award of contract.

- Hextar Chemicals, an indirect wholly-owned subsidiary of Hextar, had on 12 July 2022, entered into a conditional Sale and Purchase Agreement ("SPA") with Pacific Trustees Berhad ("Pacific Trustee"), the trustee of KIP Real Estate Investment Trust ("KIP REIT") for the proposed disposal of 2 adjoining parcels of leasehold industrial lands located in Mukim Klang, District of Klang, together with the buildings erected thereon ("Klang Properties") for a cash consideration of RM27.0 million ("Proposed Disposal").

In conjunction with the Proposed Disposal, Hextar Chemicals has signed in escrow a Lease Agreement with Pacific Trustees to lease the Klang Properties for 15 years. The aforesaid lease had commenced upon the completion of the Proposed Disposal.

As of 12 July 2023, Dato' Ong Soon Ho and Dato' Ong Choo Meng were common directors of Hextar and HHSB. They were deemed as Related Parties by virtue of their shareholdings in Hextar and HHSB.

Dato' Ong Choo Meng was also a major unitholder of KIP REIT by virtue of his interest in Hextar Rubber Sdn Bhd as of 12 July 2022.

As such, Dato' Ong Soon Ho and Dato' Ong Choo Meng had abstained from all deliberations and voting pertaining to the Proposed Disposal and Proposed Leaseback. HHSB had also abstained from voting for the Proposed Disposal and Proposed Leaseback.

The Proposed Disposal was completed on 14 December 2022 following the full settlement of the Disposal Consideration by Pacific Trustees in accordance with the terms and conditions of the SPA.

ADDITIONAL COMPLIANCE INFORMATION

cont'd

6. RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE

At the 31st AGM of the Company held on 23 May 2022, the Shareholders' Mandate for the Company and the Group to enter into Recurrent Related Party Transactions ("RRPTs") of a revenue or trading nature was obtained. Details of the RRPTs pursuant to Shareholders' mandate entered into by the Company and the Group with its related parties from the 31st AGM to the 32nd AGM, are as follows:

- Sales of raw materials, work in progress and finished goods including chemicals, fertilisers, packaging material and other related products;
- Purchase of raw materials, work in progress and finished goods including chemicals, fertilisers, packaging material and other related products;
- Renting of warehouse at Lot 3A, Jalan Perigi Nenas 7/2, Kawasan Perindustrian Pulau Indah, Fasa 1, 42920, Pelabuhan Klang, Selangor Darul Ehsan with a monthly rental of RM64,500.00;
- Provision of facilities asset and management services including business consultation and support & cash management system;
- Provision of specialist service for product testing, research development and product formulation registration;
- Sales of healthcare disposable products such as tissue, wet tissue, cotton, masks and sanitiser;
- Provision of service for supply and installation of civil foundation, piping system and tanks installation; and
- Sales of formulated chemicals for the purpose of glove manufacturing process, work in progress and finished goods such as fertilisers, packaging material and other related products.

Adequate procedures and processes are in place to monitor and identify the RRPTs in a timely basis and orderly basis. The RRPTs are conducted at arm's length and on normal commercial terms which are not to the detriment of the minority shareholders. The said Mandate is subject to renewal at the forthcoming 32nd AGM. Details of the Shareholders' Mandate to be sought will be furnished in the Circular to Shareholders dated 20 April 2023.

DIRECTORS' REPORT

The Directors hereby submit their report and the audited financial statements of the Group and of the Company for the financial year ended 31 December 2022.

PRINCIPAL ACTIVITIES

The Company is principally engaged in the business of investment holding. The principal activities of the subsidiaries are set out in Note 7 to the financial statements. There have been no significant changes in the nature of these activities during the financial year.

RESULTS

	Group RM	Company RM
Profit after taxation for the financial year	55,039,349	78,629,279
Attributable to:-		
Owners of the Company	49,542,324	78,629,279
Non-controlling interests	5,497,025	-
	55,039,349	78,629,279

DIVIDENDS

Dividends paid or declared by the Company since 31 December 2021 are as follows:-

	RM
<u>In respect of the financial year 31 December 2021</u>	
A second interim dividend of 1.2 sen per ordinary share, paid on 25 March 2022	15,619,387
<u>In respect of the financial year 31 December 2022</u>	
A first interim dividend of 1.0 sen per ordinary share, paid on 27 September 2022	12,857,526
A second interim dividend of 2.0 sen per ordinary share, payable on 3 April 2023	25,715,052
	54,191,965

The Board of Directors does not recommend any further dividends in respect of the current financial year.

RESERVES AND PROVISIONS

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

ISSUE OF SHARES AND DEBENTURES

During the financial year:-

- (a) there were no changes in the issued and paid-up share capital of the Company; and
- (b) there were no issues of debentures by the Company.

**DIRECTORS'
REPORT**
cont'd**TREASURY SHARES**

During the financial year, the Company purchased 19,146,700 of its issued ordinary shares from the open market at an average price of RM1.55 per share. The total consideration paid for the purchase was RM29,628,617 including transaction costs. The shares purchased are being held as treasury shares in accordance with Section 127(6) of the Companies Act 2016 and are presented as a deduction from equity.

As at 31 December 2022, the Company held 27,334,700 treasury shares at a carrying amount of RM39,927,891. The details of the treasury shares are disclosed in Note 20 to the financial statements.

OPTIONS GRANTED OVER UNISSUED SHARES

During the financial year, no options were granted by the Company to any person to take up any unissued shares in the Company.

BAD AND DOUBTFUL DEBTS

Before the financial statements of the Group and of the Company were made out, 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 impairment losses on receivables and satisfied themselves that all known bad debts had been written off and that adequate allowance had been made for impairment losses on receivables.

At the date of this report, the directors are not aware of any circumstances that would require the further writing off of bad debts, or the additional allowance for impairment losses on receivables in the financial statements of the Group and of the Company.

CURRENT ASSETS

Before the financial statements of the Group and of the Company were made out, 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 value as shown in the accounting records of the Group and of the Company, have been written down to an amount which the current assets 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 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 methods 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:-

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

No contingent or other liability of the Group and 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, in the opinion of the directors, will or may substantially affect the ability of the Group and of the Company to meet their obligations when they fall due.

DIRECTORS' REPORT

cont'd

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 AN UNUSUAL NATURE

The results of the operations of the Group and of the Company during the financial year were not, in the opinion of the directors, substantially affected by any item, transaction or event of a material and unusual nature other than the acquisition of new subsidiaries as disclosed in Note 7 to the financial statements.

There has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely, in the opinion of the directors, 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.

DIRECTORS

The names of directors of the Company who served during the financial year and up to the date of this report are as follows:-

Dato' Sri Dr. Erwan Bin Dato' Haji Mohd Tahir
Dato' Ong Soon Ho
Lee Chooi Keng
Liew Jee Min @ Chong Jee Min
Yeoh Chin Hoe
Rayburn Azhar Bin Ali (Appointed on 29.11.2022)
Dato' Ong Choo Meng (Resigned on 29.11.2022)

The names of directors of the Company's subsidiaries who served during the financial year and up to the date of this report, not including those directors mentioned above, are as follows:-

Chen Sen Loon
Cheok Viping
Dato' Mazlin bin Md Junid
Dato' Wee Yaw Hin @ Ong Yaw Hin
Hajah Sabariah Bte Haji Mudin
Haniza Binti Mohamad Nasir
Lian Dazhi
Lim Eng Bee
Lin Swee Sang
Lo Ngen Loi
Mohd Hanafi Bin Idris
Pg Hj Md Sofrey Bin Pg Hj Jadid
Pg Mohd Idris Bin Pg PCLDSN Pg Hj Damit
Tan Seio Beng
Teh Li King
Yam Jia Fuh

DIRECTORS' REPORT

cont'd

DIRECTORS' INTERESTS

According to the register of directors' shareholdings, the interests of directors holding office at the end of the financial year in shares, options over unissued shares or debentures of the Company and its related corporations during the financial year are as follows:-

	← Number of Ordinary Shares →			
	At 1.1.2022	Bought/Allotted	Sold	At 31.12.2022
The Company				
<i>Direct interest</i>				
Lee Chooi Keng	1,921,940	690,000	(1,215,300)	1,396,640
<i>Indirect interest*</i>				
Dato' Ong Soon Ho	840,766,822	72,126,000	(130,651,500)	782,241,322

* Deemed interested by virtue of his direct substantial shareholdings in Hextar Holdings Sdn. Bhd.

By virtue of their shareholdings in the Company, Dato' Ong Soon Ho and Lee Chooi Keng are deemed to have interests in shares in its related corporations during the financial year to the extent of the Company's interests, in accordance with Section 8 of the Companies Act 2016.

The other directors holding office at the end of the financial year have no interest in shares, options over unissued shares or debentures of the Company or its related corporations during the financial year.

DIRECTORS' BENEFITS

Since the end of the previous financial year, no director has received or become entitled to receive any benefit (other than directors' remuneration as disclosed in the "Directors' Remuneration" of this report) 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 except for any benefits which may be deemed to arise from transactions entered into in the ordinary course of business with companies in which certain directors have substantial financial interests as disclosed in Note 36(b) to the financial statements.

Neither during nor at the end of the financial year was the Group or the Company a party to any arrangements whose 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.

DIRECTORS' REMUNERATION

The details of the directors' remuneration paid or payable during the financial year are as follows:

	The Group RM	The Company RM
<u>Directors of the Company</u>		
Fee	264,000	264,000
Salaries, bonuses and other benefits	1,439,026	28,000
Defined contribution benefits	118,483	-
	1,821,509	292,000

The estimated monetary value of benefits-in-kind provided by the Group and the Company to certain directors of the Company were RM25,667 and RM Nil respectively.

DIRECTORS' REPORT

cont'd

INDEMNITY AND INSURANCE COST

During the financial year, the total amounts of indemnity coverage and insurance premium paid for the directors of the Company were RM10,000,000 and RM16,960 respectively. No indemnity was given to or insurance effected for auditors of the Company.

SUBSIDIARIES

The details of the Company's subsidiaries are disclosed in Note 7 to the financial statements.

SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR

The significant events during the financial year are disclosed in Note 40 to the financial statements.

SIGNIFICANT EVENT OCCURRING AFTER THE REPORTING PERIOD

The significant event occurring after the reporting period is disclosed in Note 41 to the financial statements.

HOLDING COMPANY

The holding company is Hextar Holdings Sdn. Bhd., a company incorporated and domiciled in Malaysia.

AUDITORS

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

The auditors' remuneration of the Group and of the Company for the financial year were RM718,794 and RM76,600 respectively.

Signed in accordance with a resolution of the directors dated 31 March 2023

YE OH CHIN HOE

LEE CHOOI KENG

STATEMENT BY DIRECTORS

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

We, Yeoh Chin Hoe and Lee Chooi Keng, being two of the directors of Hextar Global Berhad, state that, in the opinion of the directors, the financial statements set out on pages 118 to 212 are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as of 31 December 2022 and of their financial performance and cash flows for the financial year ended on that date.

Signed in accordance with a resolution of the directors dated 31 March 2023

YEHO CHIN HOE

LEE CHOOI KENG

STATUTORY DECLARATION

Pursuant to Section 251(1)(b) of the Companies Act 2016

I, Phan Nee Chin, MIA Membership Number: 28178, being the officer primarily responsible for the financial management of Hextar Global Berhad, do solemnly and sincerely declare that the financial statements set out on pages 118 to 212 are, to the best of my knowledge and belief, correct and I make this solemn declaration conscientiously believing the declaration to be true, and by virtue of the Statutory Declarations Act 1960.

Subscribed and solemnly declared by the)
 abovementioned Phan Nee Chin, at Klang)
 in the State of Selangor Darul Ehsan)
 on this 31 March 2023)

PHAN NEE CHIN

Before me,

COMMISSIONER FOR OATHS

INDEPENDENT AUDITORS' REPORT

to the members of Hextar Global Berhad

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the financial statements of Hextar Global Berhad, which comprise the statements of financial position as at 31 December 2022 of the Group and of the Company, and the statements of profit or loss and other 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 a summary of significant accounting policies, as set out on pages 118 to 212.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Group and of the Company as at 31 December 2022, and of their financial performance and their cash flows for the financial year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

Basis for Opinion

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

Independence and Other Ethical Responsibilities

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

Key Audit Matters

Key audit matters are those matters that, in our professional 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.

INDEPENDENT AUDITORS' REPORT

to the members of Hextar Global Berhad
cont'd

Key Audit Matters (Cont'd)

We have determined the matters described below to be the key audit matters to be communicated in our report:-

Recoverability of trade receivables Refer to Notes 11 and 39.1(b)(iii) to the financial statements.	
Key audit matter	How our audit addressed the key audit matter
<p>As at 31 December 2022, trade receivables that were past due and not impaired amounted to RM47,048,832. The details of trade receivables and its credit risks are disclosed in Note 39.1(b)(iii) to the financial statements.</p> <p>Significant management judgement is required to assess the recoverability of trade receivables. Management performed a detailed analysis taking into account of the customer's ageing profile, credit history, historical payment pattern and the forward-looking information for the estimation of expected credit losses ("ECLs") on its trade receivables.</p> <p>The impairment assessment involved significant judgements and there is inherent uncertainty in the assumptions applied by the management to evaluate the adequacy of the allowance for impairment losses and estimation of future cash collection.</p> <p>We determined this to be a key audit matter due to the inherent subjectivity that is involved in making judgement in relation to credit risk exposures to assess the recoverability of trade receivables.</p>	<p>Our procedures included, amongst others:-</p> <ul style="list-style-type: none"> • Reviewed and understand the management's assessment of recoverability of major trade receivables; • 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; • Reviewed recoverability of major trade receivables including but not limited to the review of subsequent collections; • Enquired management on receivables status for major customers; • Reviewed collections and sales trends during the financial year of major trade receivables; and/or • Reviewed management's assessment on the ECLs of trade receivables with reference to historical payment records, public available information and credit history of the Group's customer.
Obsolete and slow moving inventories Refer to Note 13 to the financial statements.	
Key audit matter	How our audit addressed the key audit matter
<p>The carrying amount of inventories held by the Group as at the reporting date amounted to RM139,505,271. This represents 40% and 22% of current assets and total assets of the Group, respectively.</p> <p>We focused on this area as determination of obsolete and slow moving inventories involves management's judgement.</p>	<p>Our procedures included, amongst others:-</p> <ul style="list-style-type: none"> • Assessed the basis used by management to determine the impairment loss on inventories; • Compared net realisable value to cost of inventories at the reporting date to assess the reasonableness of inventories impairment; and • Performed ageing test on inventories.

INDEPENDENT AUDITORS' REPORT

to the members of Hextar Global Berhad
cont'd

Key Audit Matters (Cont'd)

We have determined the matters described below to be the key audit matters to be communicated in our report (Cont'd):-

Impairment of goodwill Refer to Note 10(a) to the financial statements.	
Key audit matter	How our audit addressed the key audit matter
<p>The carrying amount of goodwill of the Group as at the end of the reporting period amounted to RM132,234,682. Irrespective of whether there is any indication of impairment, goodwill is tested for impairment annually.</p> <p>We determined this to be a key audit matter as impairment test involved significant judgements and estimation uncertainty in making key assumptions about future market and economic conditions, growth rates, profit margins and discount rate applied.</p>	<p>Our procedures included, amongst others:-</p> <ul style="list-style-type: none"> • Evaluated method used by the Group in measuring the recoverable amount is appropriate in the circumstances; • Made enquiries and challenging management on the key assumptions and inputs used in the measurement method; • Evaluated the key assumptions and inputs used are reasonable and consistent with consideration from past performance, future growth, market development, etc.; and • Performed stress tests and sensitivity analysis to assess the impacts of those key assumptions and inputs on the measurement of the recoverable amount.
Purchase Price Allocation (“PPA”) Refer to significant events during the financial year in Note 40(e) to the financial statements.	
Key audit matter	How our audit addressed the key audit matter
<p>The Group acquired several subsidiaries in the previous financial year which consist of the following companies:-</p> <ol style="list-style-type: none"> Chempro Technology (M) Sdn. Bhd. and its subsidiary as well as Alpha Aim (M) Sdn. Bhd.; Nobel Synthetic Polymer Sdn. Bhd. and Nobel Scientific Sdn. Bhd.; Tufbond Technologies Sdn. Bhd.; and Hextar Kimia Sdn. Bhd. and its subsidiaries. <p>During current financial year, the Group completed the valuation of PPA and adjustments were made to the provisional goodwill recorded at the date of the acquisition. The Group had adjusted the goodwill at RM45,893,824, RM59,100,012, RM2,276,927 and RM13,904,958 respectively.</p> <p>We determined this to be a key audit matter as PPA exercise involved significant judgements and estimation uncertainty in making key assumptions about future market and economic conditions, growth rates, profit margins and discount rate applied.</p>	<p>Our procedures included, amongst others:-</p> <ul style="list-style-type: none"> • Obtained an understanding of the methodology adopted by the management in estimating the fair values of the identifiable assets and liabilities, assessed whether such methodologies are consistent with those used in the industry; and • Evaluated the appropriateness of the data used by the independent valuer as input into their valuation of the identifiable assets. We interviewed, discussed and challenged the significant estimates and assumptions applied in their valuation process.

INDEPENDENT AUDITORS' REPORT

to the members of Hextar Global Berhad
cont'd

Key Audit Matters (Cont'd)

We have determined the matters described below to be the key audit matters to be communicated in our report (Cont'd):-

Assessment of variable deferred consideration	
Refer to the disclosure of acquisition of subsidiary companies in Note 7(e), and significant events during the financial year in Note 40(e) to the financial statements.	
Key audit matter	How our audit addressed the key audit matter
<p>The Group acquired several subsidiaries in the previous financial year with a variable deferred consideration between management and the previous owners which consist of companies such as below:-</p> <p>i) Chempro Technology (M) Sdn. Bhd. and its subsidiary as well as Alpha Aim (M) Sdn. Bhd.;</p> <p>ii) Nobel Synthetic Polymer Sdn. Bhd. and Nobel Scientific Sdn. Bhd.; and</p> <p>iii) Tufbond Technologies Sdn. Bhd..</p> <p>We determined this to be a key audit matter as the assessment on variable deferred consideration are based on the cash flow forecast for the respective profit guarantee period ('PGP') of each acquisition that involves significant judgements and estimation uncertainty in making key assumptions about future market and economic conditions, growth rates, profit margins and discount rate applied.</p>	<p>Our procedures included, amongst others:-</p> <ul style="list-style-type: none"> Reviewed the share sales agreement for the understanding of the terms and conditions of the variable deferred consideration; and Reviewed the forecasts assumptions and estimates made by management by comparing them against market comparables, historical data and available industry information and benchmarking the certain valuation data.

Information Other than the Financial Statements and Auditors' Report Thereon

The directors of the Company are responsible for the other information. The other information comprises the information included in the annual report, but does not include the financial statements of the Group and of the Company and our auditors' report thereon.

Our opinion on the financial statements of the Group and of the Company does not cover the other information and we do not express any form of assurance conclusion thereon.

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

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

Responsibilities of 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 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.

INDEPENDENT AUDITORS' REPORT

to the members of Hextar Global Berhad
cont'd

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

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

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, 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.

INDEPENDENT AUDITORS' REPORT

to the members of Hextar Global Berhad
cont'd

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

In accordance with the requirements of the Companies Act 2016 in Malaysia, we report that the subsidiaries of which we have not acted as auditors, are disclosed in Note 7 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 content of this report.

Crowe Malaysia PLT
201906000005 (LLP0018817-LCA) & AF 1018
Chartered Accountants

Shah Alam

7 April 2023

Ong Beng Chooi
03155/05/2023 J
Chartered Accountant

STATEMENTS OF FINANCIAL POSITION

As at 31 December 2022

	Note	Group	
		2022 RM	2021 RM (Restated)
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	5	75,111,694	76,479,513
Investment properties	6	3,504,000	5,789,000
Investment in a joint venture	8	1,783,372	1,480,396
Right-of-use assets	9	52,536,491	30,370,262
Investment in club membership, at cost		46,263	46,826
Intangible assets	10	137,092,400	139,730,792
Trade receivables	11	1,292,871	576,245
Prepayment	12	2,383,771	2,663,789
Deferred tax assets	23	243,408	236,240
		273,994,270	257,373,063
CURRENT ASSETS			
Inventories	13	139,505,271	152,509,384
Contract assets	14	-	585,743
Trade receivables	11	130,314,597	155,686,248
Other receivables, deposits and prepayments	12	14,732,656	14,056,726
Amount due from related companies	15	384,401	299,214
Amount due from a joint venture	26	-	1,884,500
Current tax assets		2,837,463	2,989,248
Deposits with licensed banks	16	6,064,225	27,163,448
Cash and bank balances		50,091,872	36,789,607
		343,930,485	391,964,118
Assets classified as held for sale	17	4,393,084	3,500,000
TOTAL ASSETS		622,317,839	652,837,187

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

STATEMENTS OF FINANCIAL POSITION

As at 31 December 2022
cont'd

	Note	Group	
		2022 RM	2021 RM (Restated)
EQUITY AND LIABILITIES			
EQUITY			
Share capital	18	633,878,029	633,878,029
Revaluation reserve	19	14,619,963	17,191,997
Exchange reserve	19	(1,375,390)	101,676
Treasury shares	20	(39,927,891)	(10,299,274)
Merger deficit reserve	19	(495,422,471)	(488,522,471)
Retained profits		105,049,912	60,613,972
Equity attributable to owners of the Company		216,822,152	212,963,929
Non-controlling interests		16,058,846	16,408,222
TOTAL EQUITY		232,880,998	229,372,151
NON-CURRENT LIABILITIES			
Lease liabilities	21	34,771,109	3,375,706
Borrowings	22	123,405,008	143,279,145
Deferred tax liabilities	23	6,381,235	10,074,218
Variable deferred consideration	7	25,148,140	50,750,739
		189,705,492	207,479,808
CURRENT LIABILITIES			
Trade payables	24	29,958,035	53,099,889
Other payables, deposits received and accruals	25	18,943,735	10,353,306
Amount due to related companies	15	283,718	407,625
Amount due to a joint venture	26	728,685	642,421
Lease liabilities	21	6,063,297	1,634,004
Borrowings	22	111,114,549	120,161,799
Contract liabilities	14	2,201,390	1,607,667
Current tax liabilities		5,631,014	4,799,253
Derivative liabilities	27	242,789	-
Variable deferred consideration	7	24,564,137	23,279,258
		199,731,349	215,985,222
TOTAL LIABILITIES		389,436,841	423,465,030
TOTAL EQUITY AND LIABILITIES		622,317,839	652,837,181

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

STATEMENTS OF FINANCIAL POSITION

As at 31 December 2022
cont'd

	Note	Company	
		2022 RM	2021 RM (Restated)
ASSETS			
NON-CURRENT ASSET			
Investment in subsidiaries	7	910,758,665	890,913,665
CURRENT ASSETS			
Other receivables, deposits and prepayments	12	203,386	187,452
Amount due from subsidiaries	28	28,385,481	35,735,400
Amount due from a joint venture	26	-	1,884,500
Dividend receivable		28,000,000	8,500,000
Current tax assets		1,050	-
Cash and bank balances		131,057	395,967
		56,720,974	46,703,319
TOTAL ASSETS		967,479,639	937,616,984
EQUITY AND LIABILITIES			
EQUITY			
Share capital	18	633,878,029	633,878,029
Treasury shares	20	(39,927,891)	(10,299,274)
Retained profits		138,998,984	88,846,618
TOTAL EQUITY		732,949,122	712,425,373
NON-CURRENT LIABILITIES			
Borrowings	22	108,615,000	123,485,000
Variable deferred consideration	7	25,148,140	50,750,739
		133,763,140	174,235,739
CURRENT LIABILITIES			
Other payables and accruals	25	273,419	56,607
Amount due to subsidiaries	28	61,068,939	14,325,797
Borrowings	22	14,860,000	13,290,000
Current tax liabilities		882	4,210
Variable deferred consideration	7	24,564,137	23,279,258
		100,767,377	50,955,872
TOTAL LIABILITIES		234,530,517	225,191,611
TOTAL EQUITY AND LIABILITIES		967,479,639	937,616,984

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

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the Financial Year Ended 31 December 2022

	Note	Group		Company	
		2022 RM	2021 RM	2022 RM	2021 RM
Revenue	29	618,359,850	464,117,699	86,535,000	90,002,767
Cost of sales		(445,137,888)	(359,109,364)	-	-
Gross profit		173,221,962	105,008,335	86,535,000	90,002,767
Other income		4,320,276	3,042,884	3,710	17,596
Selling and marketing expenses		(22,187,101)	(16,144,991)	-	-
Administrative expenses		(55,037,445)	(29,869,771)	(1,951,210)	(4,784,776)
Other expenses		(12,227,234)	(4,093,881)	-	-
Finance costs		(11,644,281)	(4,059,704)	(5,957,349)	(1,476,984)
Net impairment losses on financial assets	30	(1,736,536)	(727,577)	-	159,548
Share of profit of a joint venture, net of tax	8	302,976	410,200	-	-
Profit before taxation	30	75,012,617	53,565,495	78,630,151	83,918,151
Income tax expense	31	(19,973,268)	(14,355,758)	(872)	(3,878)
Profit after taxation		55,039,349	39,209,737	78,629,279	83,914,273

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

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the Financial Year Ended 31 December 2022
cont'd

	Note	Group		Company	
		2022 RM	2021 RM	2022 RM	2021 RM
Other comprehensive (expenses)/income:-	32				
<u>Item that will be reclassified subsequently to profit or loss</u>					
Foreign currency translation differences		(1,470,494)	(9,634)	-	-
<u>Item that will not be reclassified subsequently to profit or loss</u>					
Revaluation of properties		1,373,432	3,838,710	-	-
Total other comprehensive (expenses)/income		(97,062)	3,829,076	-	-
Total comprehensive income for the financial year		54,942,287	43,038,813	78,629,279	83,914,273
Profit/(Loss) after taxation attributable to:-					
Owners of the Company		49,542,324	39,460,223	78,629,279	83,914,273
Non-controlling interests		5,497,025	(250,486)	-	-
		55,039,349	39,209,737	78,629,279	83,914,273
Total comprehensive income/ (expenses) attributable to:-					
Owners of the Company		49,338,597	43,297,019	78,629,279	83,914,273
Non-controlling interests		5,603,690	(258,206)	-	-
		54,942,287	43,038,813	78,629,279	83,914,273
Earnings per share (sen)	33				
Basic		3.82	3.01		
Diluted		3.82	3.01		

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

STATEMENTS OF CHANGES IN EQUITY

For the Financial Year Ended 31 December 2022

Group	Non-Distributable			Distributable			Total Equity RM		
	Share Capital RM	Treasury Shares RM	Merger Deficit Reserve RM	Exchange Reserve RM	Revaluation Reserve RM	Retained Profits RM		Attributable to Owners of the Company RM	Non- controlling interests RM
Balance at 1 January 2021	633,878,029	-	(488,732,471)	103,590	13,533,094	41,012,587	199,794,829	1,471,913	201,266,742
Profit/(Loss) after taxation for the financial year	-	-	-	-	-	39,460,223	39,460,223	(250,486)	39,209,737
Other comprehensive (expense)/income for the financial year	-	-	-	(1,914)	-	-	(1,914)	(7,720)	(9,634)
- foreign currency translation differences	-	-	-	-	3,838,710	-	3,838,710	-	3,838,710
- revaluation of properties	-	-	-	(1,914)	3,838,710	39,460,223	43,297,019	(258,206)	43,038,813
Total comprehensive (expenses)/income for the financial year	-	-	-	(1,914)	3,838,710	39,460,223	43,297,019	(258,206)	43,038,813
Contributions by and distributions to owners of the Company:									
- acquisition of subsidiaries	-	-	210,000	-	-	(342,336)	(132,336)	13,406,925	13,274,589
- purchase of treasury shares	-	(10,299,274)	-	-	-	-	(10,299,274)	-	(10,299,274)
- dividends	-	-	-	-	-	(19,696,309)	(19,696,309)	-	(19,696,309)
Total transactions with owners	-	(10,299,274)	210,000	-	-	(20,038,645)	(30,127,919)	13,406,925	(16,720,994)
Realisation of revaluation reserve	-	-	-	-	(179,807)	179,807	-	-	-
Balance at 31 December 2021	633,878,029	(10,299,274)	(488,522,471)	101,676	17,191,997	60,613,972	212,963,929	14,620,632	227,584,561

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

STATEMENTS OF CHANGES IN EQUITY

For the Financial Year Ended 31 December 2022
cont'd

Group	Note	Non-Distributable				Distributable			Total Equity	
		Share Capital	Treasury Shares	Merger Deficit Reserve	Exchange Reserve	Revaluation Reserve	Retained Profits	Attributable to Owners of the Company		Non-controlling interests
		RM	RM	RM	RM	RM	RM	RM	RM	
Balance at 1 January 2022		633,878,029	(10,299,274)	(488,522,471)	101,676	17,191,997	60,613,972	212,963,929	14,620,632	227,584,561
- As previously reported										
- Adjustment during measurement period		-	-	-	-	-	-	-	1,787,590	1,787,590
- As restated		633,878,029	(10,299,274)	(488,522,471)	101,676	17,191,997	60,613,972	212,963,929	16,408,222	229,372,151
Profit/(Loss) after taxation for the financial year		-	-	-	-	-	49,542,324	49,542,324	5,497,025	55,039,349
Other comprehensive (expense)/income for the financial year		-	-	-	(1,306,394)	-	-	(1,306,394)	(164,100)	(1,470,494)
- foreign currency translation differences		-	-	-	(1,306,394)	-	-	(1,306,394)	(164,100)	(1,470,494)
- revaluation of properties		-	-	-	-	1,102,667	-	1,102,667	270,765	1,373,432
Total comprehensive (expenses)/income for the financial year		-	-	-	(1,306,394)	1,102,667	49,542,324	49,338,597	5,603,690	54,942,287
Contributions by and distributions to owners of the Company:										
- distribution to owners of the Company		-	-	-	-	-	-	-	(4,845,000)	(4,845,000)
- merger and acquisition		-	-	(6,900,000)	(170,672)	6,613,877	8,890,229	8,433,434	(343,066)	8,090,368
- purchase of treasury shares	20	-	(29,628,617)	-	-	-	-	(29,628,617)	-	(29,628,617)
- dividends	34	-	-	-	-	-	(28,476,913)	(28,476,913)	-	(28,476,913)
- non-controlling interests' share of dividends		-	-	-	-	-	-	-	(765,000)	(765,000)
Total transactions with owners		-	(29,628,617)	(6,900,000)	(170,672)	6,613,877	(19,586,684)	(49,672,096)	(5,963,066)	(55,625,162)
Realisation of revaluation reserve		-	-	-	-	(260,883)	260,883	-	-	-
Net impact on disposal of revalued property		-	-	-	-	(10,027,695)	14,219,417	4,191,722	-	4,191,722
Balance at 31 December 2022		633,878,029	(39,927,891)	(495,422,471)	(1,375,390)	14,619,963	105,049,912	216,822,152	16,058,846	232,880,998

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

STATEMENTS OF CHANGES IN EQUITY

For the Financial Year Ended 31 December 2022
cont'd

Company	Note	Share Capital RM	Treasury Shares RM	Distributable Retained Profits RM	Total Equity RM
Balance at 1 January 2021		633,878,029	-	24,628,654	658,506,683
Profit after taxation/Total comprehensive income for the financial year		-	-	83,914,273	83,914,273
Contributions by and distribution to owners of the Company:					
- purchase of treasury shares		-	(10,299,274)	-	(10,299,274)
- dividends		-	-	(19,696,309)	(19,696,309)
Total transactions with owners		-	(10,299,274)	(19,696,309)	(29,995,583)
Balance at 31 December 2021/ 1 January 2022		633,878,029	(10,299,274)	88,846,618	712,425,373
Profit after taxation/Total comprehensive income for the financial year		-	-	78,629,279	78,629,279
Contributions by and distribution to owners of the Company:					
- purchase of treasury shares	20	-	(29,628,617)	-	(29,628,617)
- dividends	34	-	-	(28,476,913)	(28,476,913)
Total transactions with owners		-	(29,628,617)	(28,476,913)	(58,105,530)
Balance at 31 December 2022		633,878,029	(39,927,891)	138,998,984	732,949,122

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

STATEMENTS OF CASH FLOWS

For the Financial Year Ended 31 December 2022

	Group		Company	
	2022 RM	2021 RM	2022 RM	2021 RM
CASH FLOWS FROM/(FOR) OPERATING ACTIVITIES				
Profit before taxation	75,012,617	53,565,495	78,630,151	83,918,151
Adjustments for:-				
Amortisation of investment in club membership	563	563	-	-
Amortisation of product development expenditure	287,144	280,716	-	-
Amortisation of trademark and patents	461,129	53,333	-	-
Bad debts written off	109,273	1,359,383	-	-
Deposit written off	-	36,000	-	-
Depreciation of property, plant and equipment	8,289,702	5,178,939	-	-
Depreciation of right-of-use assets	4,590,332	790,158	-	-
Impairment losses on:				
- property	28,784	-	-	-
- goodwill	2,276,972	-	-	-
- trade receivables	1,778,337	10,757	-	-
Fair value loss on investment properties	1,335,000	500,000	-	-
Interest expense	11,713,154	4,059,704	5,957,349	1,476,984
Inventories written down	137,358	4,757	-	-
Loss on forward currency contracts	242,789	-	-	-
Plant and equipment written off	73,787	-	-	-
Bad debt recovered	(2,029)	-	-	-
Dividend income	-	-	(86,535,000)	(90,002,767)
Gain on lease termination	(4,905)	(13,362)	-	-
Gain on disposal of plant and equipment	(79,383)	(152,997)	-	-
Gain on disposal of asset held for sale	(264,168)	-	-	-
Interest income	(935,937)	(202,030)	(3,710)	(17,595)
Reversal on impairment losses on:				
- assets classified as held for sale	-	(55,557)	-	-
- amount due from a subsidiary	-	-	-	(1,251,122)
- trade receivables	(41,802)	(582,772)	-	-
Unrealised gain on foreign exchange	(969,556)	(533,517)	-	-
Waiver of amount due from subsidiaries	-	-	6,883	1,091,574
Write back of inventories	-	(36,028)	-	-
Share of profit of a joint venture	(302,976)	(410,200)	-	-
Operating profit/(loss) before working capital changes, carried forward	103,736,185	63,853,342	(1,944,327)	(4,784,775)

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

STATEMENTS OF CASH FLOWS

For the Financial Year Ended 31 December 2022
cont'd

	Note	Group		Company	
		2022 RM	2021 RM	2022 RM	2021 RM
Operating profit/(loss) before working capital changes, brought forward		103,736,185	63,853,342	(1,944,327)	(4,784,775)
Changes in working capital:-					
Inventories		18,760,923	(41,016,471)	-	-
Contract assets		585,743	(478,631)	-	-
Contract liabilities		593,723	-	-	-
Receivables		29,949,377	(15,368,317)	(15,934)	(153,680)
Payables		(23,863,384)	11,223,836	216,812	(18,665)
Related companies		(209,094)	5,719,121	-	-
Joint venture		1,970,764	(2,480,392)	-	-
CASH FROM/(FOR) OPERATIONS		131,524,237	21,452,488	(1,743,449)	(4,957,120)
Interest paid		(11,713,154)	(4,059,704)	(5,957,349)	(1,476,984)
Income tax paid		(19,816,958)	(16,986,970)	(5,250)	(23,790)
NET CASH FROM/(FOR) OPERATING ACTIVITIES		99,994,125	405,814	(7,706,048)	(6,457,894)
CASH FLOWS (FOR)/FROM INVESTING ACTIVITIES					
Acquisition of subsidiaries, net of cash and cash equivalents acquired	7	(8,466,308)	(109,483,117)	(24,500,000)	(193,690,000)
Addition of intangible assets		(386,853)	(96,264)	-	-
Addition to right-of-use assets	35(a)	(434,219)	(200,369)	-	-
Advances to subsidiaries		-	-	(5,098,261)	-
Decrease/(Increase) in pledged fixed deposits with licensed banks		872,236	(5,419,023)	-	-
Dividend received		-	2,484,500	38,558,087	75,602,580
Interest received		935,937	202,030	3,710	17,595
Proceeds from disposal of:					
- plant and equipment		143,725	463,000	-	-
- assets classified as held for sale		30,500,000	-	-	-
Purchase of property, plant and equipment	35(a)	(7,869,973)	(2,306,963)	-	-
Payment of deferred consideration		(24,317,720)	-	(24,317,720)	-
Return of investment to non-controlling interest		(4,845,000)	-	-	-
Return of equity contribution		-	-	4,655,000	-
NET CASH FOR INVESTING ACTIVITIES		(13,868,175)	(114,356,206)	(10,699,184)	(118,069,825)

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

STATEMENTS OF CASH FLOWS

For the Financial Year Ended 31 December 2022
cont'd

	Note	Group		Company	
		2022 RM	2021 RM	2022 RM	2021 RM
CASH FLOWS (FOR)/FROM FINANCING ACTIVITIES					
Dividend paid		(29,241,913)	(19,696,309)	-	-
Drawdown of revolving credit	35(c)	289,595,000	159,300,000	-	-
Purchase of treasury shares		(29,628,617)	(10,299,274)	(29,628,617)	(10,299,274)
Repayment of lease liabilities	35(c)	(3,981,448)	(261,312)	-	-
Drawdown of term loans	35(c)	1,194,000	139,000,000	-	136,775,000
Repayment of term loans	35(c)	(21,295,655)	(5,618,967)	(13,300,000)	-
Repayment of revolving credit	35(c)	(268,325,000)	(159,850,000)	-	-
Advances/(Repayment) to subsidiaries		-	-	61,068,939	(2,335,916)
Net (repayment)/drawdown of borrowings	35(c)	(31,786,722)	52,025,321	-	-
NET CASH (FOR)/FROM FINANCING ACTIVITIES		(93,470,355)	154,599,459	18,140,322	124,139,810
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS					
		(7,344,405)	40,649,067	(264,910)	(387,909)
EFFECTS OF FOREIGN EXCHANGE TRANSLATION					
		508,960	471,153	-	-
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL YEAR					
		58,399,780	17,279,560	395,967	783,876
CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL YEAR					
	35(d)	51,564,335	58,399,780	131,057	395,967

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

NOTES TO THE FINANCIAL STATEMENTS

31 December 2022

1. GENERAL INFORMATION

The Company is a public limited liability company, incorporated and domiciled in Malaysia and is listed on the Main Market of Bursa Malaysia Securities Berhad.

The registered office and principal place of business are as follows:-

Registered office	:	Unit 30-01, Level 30, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur.
Principal place of business	:	64, Jalan Bayu Laut 4/KS09, Kota Bayuemas, 41200 Klang, Selangor.

The financial statements of the Group and of the Company were authorised for issue by the Board of Directors in accordance with a resolution of the directors dated 31 March 2023.

Holding company

The holding company is Hextar Holdings Sdn. Bhd., a company incorporated and domiciled in Malaysia.

2. PRINCIPAL ACTIVITIES

The Company is principally engaged in the business of investment holding. The principal activities of the subsidiaries are set out in Note 7 to the financial statements. There have been no significant changes in the nature of these activities during the financial year.

3. BASIS OF PREPARATION

The financial statements of the Group are prepared under the historical cost convention and modified to include other bases of valuation as disclosed in other sections under significant accounting policies, and in compliance with Malaysian Financial Reporting Standards ("MFRSs"), International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

3.1 During the current financial year, the Group has adopted the following new accounting standards and/or interpretations (including the consequential amendments, if any):-

MFRSs and/or IC Interpretations (Including The Consequential Amendments)

Amendments to MFRS 3: Reference to the Conceptual Framework

Amendment to MFRS 16: Covid-19-Related Rent Concessions beyond 30 June 2021

Amendments to MFRS 116: Property, Plant and Equipment - Proceeds before Intended Use

Amendments to MFRS 137: Onerous Contracts - Cost of Fulfilling a Contract

Annual Improvements to MFRS Standards 2018 - 2020

The adoption of the above accounting standards and/or interpretations (including the consequential amendments, if any) did not have any material impact on the Group's financial statements.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2022
cont'd

3. BASIS OF PREPARATION (Cont'd)

- 3.2 The Group has not applied in advance the following accounting standards and/or interpretations (including the consequential amendments, if any) that have been issued by the Malaysian Accounting Standards Board (MASB) but are not yet effective for the current financial year:-

MFRSs and/or IC Interpretations (Including The Consequential Amendments)	Effective Date
MFRS 17: Insurance Contracts	1 January 2023
Amendments to MFRS 10 and MFRS 128: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Deferred
Amendments to MFRS 16: Lease Liability in a Sale and Leaseback	1 January 2024
Amendments to MFRS 17: Insurance Contracts	1 January 2023
Amendment to MFRS 17: Initial Application of MFRS 17 and MFRS 9 - Comparative Information	1 January 2023
Amendments to MFRS 101: Disclosure of Accounting Policies	1 January 2023
Amendments to MFRS 101: Classification of Liabilities as Current or Non-current	1 January 2024
Amendments to MFRS 101: Non-current Liabilities with Covenants	1 January 2024
Amendments to MFRS 108: Definition of Accounting Estimates	1 January 2023
Amendments to MFRS 112: Deferred Tax related to Assets and Liabilities arising from a Single Transaction	1 January 2023

The adoption of the above accounting standards and/or interpretations (including the consequential amendments, if any) is expected to have no material impact on the financial statements of the Group upon their initial application.

4. SIGNIFICANT ACCOUNTING POLICIES

- 4.1 Critical accounting estimates and judgements

Key sources of estimation uncertainty

Management believes that there are no key assumptions made concerning the future, and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year other than as disclosed below:-

- (i) Impairment of goodwill

The assessment of whether goodwill is impaired requires an estimation of the value in use of the cash-generating unit to which the goodwill is allocated. Estimating a value in use amount requires management to make an estimate of the expected future cash flows from the cash-generating unit and also to choose a suitable discount rate in order to calculate the present value of those cash flows. The carrying amount of goodwill as at the reporting date is disclosed in Note 10 to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2022
cont'd

4. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

4.1 Critical accounting estimates and judgements (Cont'd)

Key sources of estimation uncertainty (Cont'd)

(ii) Impairment of property, plant and equipment and investment in subsidiaries

The Group determines whether property, plant and equipment and investment in subsidiaries are impaired by evaluating the extent to which the recoverable amounts of the assets are less than their carrying amounts. This evaluation is subject to changes such as market performance, economic and political situation of the country. A variety of methods is used to determine the recoverable amount, such as valuation reports and discounted cash flows. For discounted cash flows, significant judgement is required in the estimation of the present value of future cash flows generated by the assets, which involve uncertainties and are significantly affected by assumptions used and judgements made regarding estimates of future cash flows and discount rates. The carrying amounts of property, plant and equipment and investment in subsidiaries as at the reporting date are disclosed in Notes 5 and 7 to the financial statements.

(iii) Write-down of inventories

Reviews are made periodically by management on damaged, obsolete and slow-moving inventories. These reviews require judgement and estimates. Possible changes in these estimates could result in revisions to the valuation of inventories. The carrying amount of inventories as at the reporting date is disclosed in Note 13 to the financial statements.

(iv) Impairment of trade receivables

The Group uses the simplified approach to estimate a lifetime expected credit loss allowance for all trade receivables. The Group develops the expected loss rates based on the payment profiles of past sales and the corresponding historical credit losses, and adjusts for qualitative and quantitative reasonable and supportable forward-looking information. If the expectation is different from the estimation, such difference will impact the carrying value of trade receivables. The carrying amount of trade receivables as at the reporting date is disclosed in Notes 11 to the financial statements.

(v) Provisional goodwill

Goodwill is the excess of cost of business combination over the Group's interest in the fair value of the identifiable assets acquired and liabilities assumed in a business combination. The identifiable assets and liabilities shall be measured at their acquisition date fair values. If a purchase price allocation exercise is not completed as at the reporting date, the Group shall report a provisional goodwill on acquisition.

During the measurement period, the acquirer shall retrospectively adjust the provisional amounts recognised at the acquisition date to, including recognition of additional assets and/or liabilities, to reflect new information obtained about facts and circumstances that existed as of the acquisition date and, if known, would have affected the measurement of the amounts recognised as of that date. However, the measurement period shall not exceed one year from the acquisition date.

The Group has performed the goodwill impairment test on the provisional goodwill and concluded that no impairment is required at this juncture.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2022

cont'd

4. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

4.1 Critical accounting estimates and judgements (Cont'd)

Critical judgements made in applying accounting policies

Management believes that there are no instances of application of critical judgement in applying the Group's accounting policies which will have a significant effect on the amounts recognised in the financial statements other than as disclosed below:-

(i) Lease terms

Some leases contain extension options exercisable by the Group before the end of the non-cancellable contract period. In determining the lease term, management considers all facts and circumstances including the past practice and any cost that will be incurred to change the asset if an option to extend is not taken. An extension option is only included in the lease term if the lease is reasonably certain to be extended (or not terminated).

In determining the incremental borrowing rate of the respective leases, the Group first determines the closest available borrowing rates before using significant judgement to determine the adjustments required to reflect the term, security, value or economic environment of the respective leases.

4.2 Basis of consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiaries made up to the end of the reporting period.

Subsidiaries are entities (including structured entities) controlled by the Group. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Potential voting rights are considered when assessing control only when such rights are substantive. The Group also considers it has de facto power over an investee when, despite not having the majority of voting rights, it has the current ability to direct the activities of the investee that significantly affect the investee's return.

Subsidiaries are consolidated from the date on which control is transferred to the Group up to the effective date on which control ceases, as appropriate.

Intragroup transactions, balances, income and expenses are eliminated on consolidation. Intragroup losses may indicate an impairment that requires recognition in the consolidated financial statements. Where necessary, adjustments are made to the financial statements of subsidiaries to ensure consistency of accounting policies with those of the Group.

(i) Business combinations

Acquisitions of businesses are accounted for using the acquisition method. Under the acquisition method, the consideration transferred for acquisition of a subsidiary is the fair value of the assets transferred, liabilities incurred and the equity interests issued by the Group at the acquisition date. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Acquisition-related costs, other than the costs to issue debt or equity securities, are recognised in profit or loss when incurred.

In a business combination achieved in stages, previously held equity interests in the acquiree are remeasured to fair value at the acquisition date and any corresponding gain or loss is recognised in profit or loss.

Non-controlling interests in the acquiree may be initially measured either at fair value or at the non-controlling interests' proportionate share of the fair value of the acquiree's identifiable net assets at the date of acquisition. The choice of measurement basis is made on a transaction-by-transaction basis.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2022
cont'd

4. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

4.2 Basis of consolidation (Cont'd)

(ii) Non-controlling interests

Non-controlling interests are presented within equity in the consolidated statement of financial position, separately from the equity attributable to owners of the Company. Profit or loss and each component of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income is attributed to non-controlling interests even if this results in the non-controlling interests having a deficit balance.

(iii) Changes in ownership interests in subsidiaries without change of control

All changes in the parent's ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. Any difference between the amount by which the non-controlling interest is adjusted and the fair value of the consideration paid or received is recognised directly in the equity of the Group.

(iv) Merger accounting

A business combination involving entities under common control is a business combination in which all the combining entities or business are ultimately controlled by same party or parties both before or after the business combination, and that control is not transitory. For such common control business combinations, the merger accounting principles are used to include the assets, liabilities, results, equity changes and cash flows of the combining entities in the consolidated financial statements. The merger method of accounting on a retrospective basis and restated its comparative as if the consolidation had taken place before the state of the earliest period presented in the financial statements.

Under the merger method of accounting, the results of subsidiary are presented as if the merger had been effected throughout the current year. The assets and liabilities combined are accounted for based on the carrying amounts from the perspective of the common control shareholders at the date of transfer. On consolidation, the cost of the merger is cancelled with the values of the shares received. Any resulting credit difference is classified as equity and regarded as a non-distributable reserve. Any resulting debit difference is adjusted against any suitable reserve. Any reserves which are attributable to share capital of the merged entities, to the extent that they have not been capitalised by a debit difference, are reclassified and presented as movement in other capital reserves.

(v) Loss of control

Upon the loss of control of a subsidiary, the Group recognises any gain or loss on disposal in profit or loss which is calculated as the difference between:-

- (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest in the former subsidiary; and
- (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the former subsidiary and any non-controlling interests.

Amounts previously recognised in other comprehensive income in relation to the former subsidiary are accounted for in the same manner as would be required if the relevant assets or liabilities were disposed of (i.e. reclassified to profit or loss or transferred directly to retained profits). The fair value of any investments retained in the former subsidiary at the date when control is lost is regarded as the fair value of the initial recognition for subsequent accounting under MFRS 9 or, when applicable, the cost on initial recognition of an investment in an associate or a joint venture.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2022
cont'd

4. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

4.3 Goodwill

Goodwill is measured at cost less accumulated impairment losses, if any. The carrying value of goodwill is reviewed for impairment annually or more frequently if events or changes in circumstances indicate that the carrying amount may be impaired. The impairment value of goodwill is recognised immediately in profit or loss. An impairment loss recognised for goodwill is not reversed in a subsequent period.

Under the acquisition method, any excess of the sum of the fair value of the consideration transferred in the business combination, the amount of non-controlling interests recognised and the fair value of the Group's previously held equity interest in the acquiree (if any), over the net fair value of the acquiree's identifiable assets and liabilities at the date of acquisition is recorded as goodwill.

Where the latter amount exceeds the former, after reassessment, the excess represents a bargain purchase gain and is recognised in profit or loss immediately.

In respect of equity-accounted 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 joint ventures.

4.4 Functional and foreign currencies

(i) Functional and presentation currency

The individual financial statements of each entity in the Group are presented in the currency of the primary economic environment in which the entity operates, which is the functional currency.

The consolidated financial statements are presented in Ringgit Malaysia ("RM"), which is the Group and the Company's functional and presentation currency.

(ii) Foreign currency transactions and balances

Transactions in foreign currencies are converted into the respective functional currencies on initial recognition, using the exchange rates at the transaction dates. Monetary assets and liabilities at the end of the reporting period are translated at the exchange rates ruling as of that date. Non-monetary assets and liabilities are translated using exchange rates that existed when the values were determined. All exchange differences are recognised in profit or loss.

(iii) Foreign operations

Assets and liabilities of foreign operations (including any goodwill and fair value adjustments arising on acquisition) are translated to the Group's presentation currency at the exchange rates at the end of the reporting period. Income, expenses and other comprehensive income of foreign operations are translated at exchange rates at the dates of the transactions. All exchange differences arising from translation are taken directly to other comprehensive income and accumulated in equity; attributed to the owners of the Company and non-controlling interests, as appropriate.

Goodwill and fair value adjustments arising from the acquisition of foreign operations are treated as assets and liabilities of the foreign operations and are recorded in the functional currency of the foreign operations and translated at the closing rate at the end of the reporting period.

On the disposal of a foreign operation (i.e. a disposal of the Group's entire interest in a foreign subsidiary, or partial disposal involving loss of control over a subsidiary that includes a foreign operation, or a partial disposal of an interest in a joint venture that includes a foreign operation of which the retained interest becomes a financial asset), all of the exchange differences accumulated in equity in respect of that foreign operation attributable to the owners of the Company are reclassified to profit or loss as part of the gain or loss on disposal. The portion related to non-controlling interests is derecognised but is not reclassified to profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2022
cont'd

4. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

4.4 Functional and foreign currencies (Cont'd)

(iii) Foreign operations (Cont'd)

In addition, in relation to partial disposal of a subsidiary that does not result in the Group losing control over the subsidiary, the proportionate share of accumulated exchange differences are reattributed to non-controlling interests and are not recognised in profit or loss. When the Group disposes of only part of its investment in a joint venture that includes a foreign operation while retaining significant influence and joint control, the proportionate share of the accumulative exchange differences is reclassified to profit or loss.

In the consolidated financial statements, when the settlement of an intragroup loan is neither planned nor likely to occur in the foreseeable future, the exchange differences arising from translating such monetary item are considered to form part of a net investment in the foreign operation and are recognised in other comprehensive income.

4.5 Financial instruments

Financial assets and financial liabilities are recognised in the statements of financial position when the Group has become a party to the contractual provisions of the financial instruments.

Financial instruments are classified as financial assets, financial liabilities or equity instruments in accordance with the substance of the contractual arrangement and their definitions in MFRS 132. Interest, dividends, gains and losses relating to a financial instrument classified as a liability are reported as an expense or income. Distributions to holders of financial instruments classified as equity are charged directly to equity.

Financial instruments are offset when the Group has a legally enforceable right to offset and intends to settle either on a net basis or to realise the asset and settle the liability simultaneously.

A financial instrument is recognised initially at its fair value (other than trade receivables without significant financing component which are measured at transaction price as defined in MFRS 15 at inception). Transaction costs that are directly attributable to the acquisition or issue of the financial instrument (other than a financial instrument at fair value through profit or loss) are added to/deducted from the fair value on initial recognition, as appropriate. Transaction costs on the financial instrument at fair value through profit or loss are recognised immediately in profit or loss.

Financial instruments recognised in the statements of financial position are disclosed in the individual policy statement associated with each item.

(i) Financial assets

All recognised financial assets are measured subsequently in their entirety at either amortised cost or fair value (through profit or loss, or other comprehensive income), depending on the classification of the financial assets.

Debt instruments

(a) Amortised cost

The financial asset is held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest. Interest income is recognised by applying the effective interest rate to the gross carrying amount of the financial asset. When the asset has subsequently become credit-impaired, the interest income is recognised by applying the effective interest rate to the amortised cost of the financial asset.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2022
cont'd

4. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

4.5 Financial instruments (Cont'd)

(i) Financial assets (Cont'd)

Debt instruments (Cont'd)

(a) Amortised cost (Cont'd)

The effective interest method is a method of calculating the amortised cost of a financial asset and of allocating interest income over the relevant period. The effective interest rate is the rate that discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts), excluding expected credit losses, through the expected life of the financial asset or a shorter period (where appropriate).

The Group reclassifies debt instruments when and only when its business model for managing those assets change.

Equity instruments

All equity investments are subsequently measured at fair value with gains and losses recognised in profit or loss except where the Group has elected to present the subsequent changes in fair value in other comprehensive income and accumulated in the fair value reserve at initial recognition.

The designation at fair value through other comprehensive income is not permitted if the equity investment is either held for trading or is designated to eliminate or significantly reduce a measurement or recognition inconsistency that would otherwise arise.

Dividend income from this category of financial assets is recognised in profit or loss when the Group's right to receive payment is established unless the dividends clearly represent a recovery of part of the cost of the equity investments.

(ii) Financial liabilities

(a) Other financial liabilities

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

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts), through the expected life of the financial liability or a shorter period (where appropriate).

(iii) Equity instruments

Equity instruments classified as equity are measured initially at cost and are not remeasured subsequently.

(a) Ordinary shares

Ordinary shares are classified as equity and recorded at the proceeds received, net of directly attributable transaction costs.

Dividends on ordinary shares are recognised as liabilities when approved for appropriation.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2022
cont'd

4. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

4.5 Financial instruments (Cont'd)

(iii) Equity instruments (Cont'd)

(b) Treasury shares

When the Company's own shares recognised as equity are bought back, the amount of the consideration paid, including all costs directly attributable, are recognised as a deduction from equity. Own shares purchased that are not subsequently cancelled are classified as treasury shares and are presented as a deduction from total equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of treasury shares.

Where treasury shares are reissued by resale, the difference between the sales consideration received and the carrying amount of the treasury shares is recognised in equity.

Where treasury shares are cancelled, their costs are transferred to retained profits.

(iv) Derecognition

A financial asset or part of it is derecognised when, and only when, the contractual rights to the cash flows from the financial asset expire or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. On derecognition of a financial asset measured at amortised cost, the difference between the carrying amount of the asset and the sum of the consideration received and receivable is recognised in profit or loss. In addition, on derecognition of a debt instrument classified as fair value through other comprehensive income, the cumulative gain or loss previously accumulated in the fair value reserve is reclassified from equity to profit or loss. In contrast, there is no subsequent reclassification of the fair value reserve to profit or loss following the derecognition of an equity investment.

A financial liability or a part of it is derecognised when, and only when, the obligation specified in the contract is discharged or cancelled or expires. On derecognition of a financial liability, the difference between the carrying amount of the financial liability extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

(v) 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 initial recognition, 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 liability is measured at the higher of the amount of the credit loss determined in accordance with the expected credit loss model and the amount initially recognised less cumulative amortisation.

4.6 Investment in subsidiaries

Investments in subsidiaries are stated at cost in the statement of financial position of the Company, and are reviewed for impairment at the end of the reporting period if events or changes in circumstances indicate that the carrying values may not be recoverable. The cost of the investments includes transaction costs.

On the disposal of the investments in subsidiaries, the difference between the net disposal proceeds and the carrying amount of the investments is recognised in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2022

cont'd

4. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

4.7 Joint arrangements

Joint arrangements are arrangements of which the Group has joint control, established by contracts requiring unanimous consent for decisions about the activities that significantly affect the arrangements returns.

Investments in joint arrangements are classified as either joint operations or joint ventures depending on the contractual rights and obligations of each investor. The Group has assessed the nature of its joint arrangement and determined it to be a joint venture.

(i) Joint ventures

A joint venture is a joint arrangement whereby the Group has rights only to the net assets of the arrangement.

The investment in a joint venture is accounted for in the consolidated financial statements using the equity method, based on the financial statements of the joint venture made up to 31 December 2022. The Group's share of the post acquisition profits and other comprehensive income of the joint venture is included in the consolidated statement of profit or loss and other comprehensive income, after adjustment if any, to align the accounting policies with those of the Group, from the date that joint control commences up to the effective date when the investment ceases to be a joint venture or when the investment is classified as held for sale. The Group's investment in the joint venture is carried in the consolidated statement of financial position at cost plus the Group's share of the post acquisition retained profits and reserves. The cost of investment includes transaction costs.

When the Group's share of losses exceeds its interest in a joint venture, the carrying amount of that interest is reduced to zero, and the recognition of further losses is discontinued except to the extent that the Group has an obligation. The interest in the joint venture is the carrying amount of the investment in the joint venture determined using the equity method together with any long term interests that, in substance, form part of the Group's net investment in the joint venture.

Unrealised gains on transactions between the Group and the joint venture are eliminated to the extent of the Group's interest in the joint venture. Unrealised losses are eliminated unless cost cannot be recovered.

The Group discontinues the use of the equity method from the date when the investment ceases to be a joint venture or when the investment is classified as held for sale. When the Group retains an interest in the former joint venture and the retained interest is a financial asset, the Group measures the retained interest at fair value at that date and the fair value is regarded as the initial carrying amount of the financial asset in accordance with MFRS 9. Furthermore, the Group also reclassifies its share of the gain or loss previously recognised in other comprehensive income of that joint venture to profit or loss when the equity method is discontinued. However, the Group will continue to use the equity method when an investment in a joint venture becomes an investment in an associate. Under such change in ownership interest, the retained investment is not remeasured to fair value but a proportionate share of the amounts previously recognised in other comprehensive income of the joint venture will be reclassified to profit or loss where appropriate. All dilution gains or losses arising in investment in a joint venture are recognised in profit or loss.

4.8 Property, plant and equipment

All items of property, plant and equipment are initially measured at cost. Cost includes expenditure that are directly attributable to the acquisition of the asset and other costs directly attributable to bringing the asset to working condition for its intended use.

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

NOTES TO THE FINANCIAL STATEMENTS

31 December 2022
cont'd

4. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

4.8 Property, plant and equipment (Cont'd)

Freehold land is stated at valuation less impairment losses recognised after the date of the revaluation. Freehold buildings are stated at revalued amount less accumulated depreciation and impairment losses recognised after the date of the revaluation.

Freehold land and buildings are revalued periodically, at least once in every three years. Surpluses arising from the revaluation are recognised in other comprehensive income and accumulated in equity under the revaluation reserve to the extent that it reverses a revaluation deficit of the same asset previously recognised in profit or loss. Deficits arising from the revaluation, to the extent that they are not supported by any previous revaluation surpluses, are recognised in profit or loss.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when the cost is incurred and it is probable that the future economic benefits associated with the asset will flow to the Group and the cost of the asset can be measured reliably. The carrying amount of parts that are replaced is derecognised. The costs of the day-to-day servicing of property, plant and equipment are recognised in profit or loss as incurred.

Freehold land is not depreciated. Depreciation on other property, plant and equipment is charged to profit or loss (unless it is included in the carrying amount of another asset) on a straight-line method to write off the depreciable amount of the assets over their estimated useful lives. Depreciation of an asset does not cease when the asset becomes idle or is retired from active use unless the asset is fully depreciated. The principal annual rates used for this purpose are:-

Freehold buildings	20 years - 2%
Leasehold buildings	Over the remaining lease period - 2%
Buildings and structures	2%
Factory equipment and machinery	2.5% - 50%
Forklifts and motor vehicles	12.5% - 33.3%
Renovation	2% - 25%
Tools, equipment, furniture and fittings	1.8% - 50%

Capital work-in-progress included in property, plant and equipment are not depreciated as these assets are not yet available for use.

The depreciation method, useful lives and residual values are reviewed, and adjusted if appropriate, at the end of each reporting period to ensure that the amounts, method and periods of depreciation are consistent with previous estimates and the expected pattern of consumption of the future economic benefits embodied in the items of the property, plant and equipment. Any changes are accounted for as a change in estimate.

When significant parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use. Any gain or loss arising from derecognition of the asset, being the difference between the net disposal proceeds and the carrying amount, is recognised in profit or loss. The revaluation reserve included in equity is transferred directly to retained profits on retirement or disposal of the asset. In addition, the Group also makes an annual transfer of the revaluation reserve to retained profits as the asset is used by the Group. In such a case, the amount of the revaluation reserve transferred would be the difference between depreciation based on the revalued carrying amount of the asset and depreciation based on the asset's original cost.

Fully depreciated plant and equipment are retained in the financial statements until they are no longer in use and no further charge for depreciation is made in respect of these plant and equipment.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2022
cont'd

4. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

4.9 Investment properties

Investment properties are properties which are owned or right-to-use assets held to earn rental income or for capital appreciation or for both, but not for sale in the ordinary course of business, use in the production or supply of goods or services or for administrative purposes.

Investment properties which are owned are initially measured at cost. Cost includes expenditure that is directly attributable to the acquisition of the investment property. The right-of-use asset held under a lease contract that meets the definition of investment property is measured initially similarly as other right-of-use assets.

Subsequent to initial recognition, investment properties are stated at fair value with fair value changes recognised in profit or loss.

Investment properties are derecognised when they have either been disposed of or when the investment property is permanently withdrawn from use and no future benefit is expected from its disposal.

On the derecognition of an investment property, the difference between the net disposal proceeds and the carrying amount is recognised in profit or loss.

Transfers are made to or from investment property only when there is a change in use. For a transfer from investment property to owner-occupied property, the fair value at the date of change becomes the cost for subsequent accounting purposes. If the owner-occupied property becomes an investment property, such property shall be accounted for in accordance with the accounting policy for property, plant and equipment up to the date of change in use.

4.10 Product development expenditure

Product development expenditure is recognised as an expense when it is incurred.

Product development expenditure is recognised as an expense except that costs incurred on development projects are capitalised as non-current assets to the extent that such expenditure is expected to generate future economic benefits. Product development expenditure is capitalised if, and only if, an entity can demonstrate all of the following:-

- (a) its ability to measure reliably the expenditure attributable to the asset under development;
- (b) the product or process is technically and commercially feasible;
- (c) its future economic benefits are probable;
- (d) its intention to complete and the ability to use or sell the developed asset; and
- (e) the availability of adequate technical, financial and other resources to complete the asset under development.

Capitalised product development expenditure is measured at cost less accumulated amortisation and impairment losses, if any. Product development expenditure initially recognised as an expense is not recognised as assets in the subsequent period.

The product development expenditure is amortised on a straight-line method over a period of 5 years when the products are ready for sale or use. In the event that the expected future economic benefits are no longer probable of being recovered, the product development expenditure is written down to its recoverable amount.

The amortisation method, useful life and residual value are reviewed, and adjusted if appropriate, at the end of each reporting period.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2022
cont'd

4. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

4.11 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.

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure, including expenditure on internally generated goodwill and brands, is recognised in profit or loss as incurred.

Intangible assets with indefinite useful lives are not amortised but are tested for impairment annually and whenever there is an indication that they may be impaired.

Other intangible assets are amortised from the date that they are available for use. Amortisation is based on the cost of an asset less its residual value. Amortisation is recognised in profit or loss on a straight-line basis over the estimated useful lives of intangible assets.

4.12 Leases

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

The Group recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use assets and the associated lease liabilities are presented as a separate line item in the statements of financial position.

The right-of-use asset is initially measured at cost. Cost includes the initial amount of the corresponding lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred, less any incentives received.

The right-of-use asset is subsequently measured at cost less accumulated depreciation and any impairment losses, and adjusted for any remeasurement of the lease liability. The depreciation starts from the commencement date of the lease. If the lease transfers ownership of the underlying asset to the Group or the cost of the right-of-use asset reflects that the Group expects to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset. Otherwise, the Group depreciates the right-of-use asset to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The estimated useful lives of the right-of-use assets are determined on the same basis as those property, plant and equipment.

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 at amortised cost using the effective interest method. It is remeasured when there is a change in the future lease payments (other than lease modification that is not accounted for as a separate lease) with the corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recognised in profit or loss if the carrying amount has been reduced to zero.

4.13 Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined on the weighted average cost method and comprises the purchase price and incidentals incurred in bringing the inventories to their present location and condition.

Net realisable value represents the estimated selling price less the estimated costs of completion and the estimated costs necessary to make the sale.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2022

cont'd

4. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

4.14 Cash and cash equivalents

Cash and cash equivalents comprise cash in hand, bank balances, demand deposits, and short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value with original maturity periods of three months or less. For the purpose of the statement of cash flows, cash and cash equivalents are presented net of bank overdrafts.

4.15 Non-current assets held for sale

Non-current assets that are expected to be recovered primarily through sale rather than through continuing use are classified as held for sale. Immediately before classification as held for sale, the non-current assets are remeasured in accordance with the Group's accounting policies. Upon classification as held for sale, the non-current assets are not depreciated and are measured at the lower of their previous carrying amount and fair value less cost to sell. Any differences are recognised in profit or loss. In addition, equity accounting of equity-accounted associates and joint ventures cease once classified as held for sale or distribution.

4.16 Impairment

(i) Impairment of financial assets

The Group recognises a loss allowance for expected credit losses on investments in debt instruments that are measured at amortised cost and trade receivables.

The expected credit loss is estimated as the difference between all contractual cash flows that are due to the Group in accordance with the contract and all the cash flows that the Group expects to receive, discounted at the original effective interest rate.

The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument. The Group always recognises lifetime expected credit losses for trade receivables and contract assets using the simplified approach. The expected credit losses on these financial assets are estimated using a provision matrix based on the Group's historical credit loss experience and are adjusted for forward-looking information (including time value of money where appropriate).

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

The Group recognises an impairment gain or loss in profit or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account, except for investments in debt instruments that are measured at fair value through other comprehensive income, for which the loss allowance is recognised in other comprehensive income and accumulated in the fair value reserve, and does not reduce the carrying amount of the financial asset in the statements of financial position.

(ii) Impairment of non-financial assets

The carrying values of assets, other than those to which MFRS 136 does not apply, are reviewed at the end of each reporting period for impairment when an annual impairment assessment is compulsory or there is an indication that the assets might be impaired. Impairment is measured by comparing the carrying values of the assets with their recoverable amounts. When the carrying amount of an asset exceeds its recoverable amount, the asset is written down to its recoverable amount and an impairment loss shall be recognised. The recoverable amount of an asset is the higher of the asset's fair value less costs to sell and its value in use, which is measured by reference to discounted future cash flow using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Where it is not possible to estimate the recoverable amount of an individual asset, the Group determines the recoverable amount of the cash-generating unit to which the asset belongs.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2022
cont'd

4. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

4.16 Impairment (Cont'd)

(ii) Impairment of non-financial assets (Cont'd)

An impairment loss is recognised in profit or loss immediately unless the asset is carried at its revalued amount. Any impairment loss of a revalued asset is treated as a revaluation decrease to the extent of a previously recognised revaluation surplus for the same asset. Any impairment loss recognised in respect of a cash-generating unit is allocated first to reduce the carrying amount of any goodwill allocated to the cash-generating unit and then to reduce the carrying amounts of the other assets in the cash-generating unit on a pro rata basis.

In respect of assets other than goodwill, and when there is a change in the estimates used to determine the recoverable amount, a subsequent increase in the recoverable amount of an asset is treated as a reversal of the previous impairment loss and is recognised to the extent of the carrying amount of the asset that would have been determined (net of amortisation and depreciation) had no impairment loss been recognised. The reversal is recognised in profit or loss immediately unless the asset is carried at its revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

4.17 Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of past events, when it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and when a reliable estimate of the amount can be made. Provisions are reviewed at the end of each reporting period and adjusted to reflect the current best estimate. Where the effect of the time value of money is material, the provision is the present value of the estimated expenditure required to settle the obligation. The discount rate shall be a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as interest expense in profit or loss.

4.18 Employee benefits

(i) Short-term benefits

Wages, salaries, paid annual leave and bonuses are measured on an undiscounted basis and are recognised in profit or loss in the period in which the associated services are rendered by employees of the Group.

(ii) Defined contribution plans

The Group's contributions to defined contribution plans are recognised in profit or loss in the period to which they relate. Once the contributions have been paid, the Group has no further liability in respect of the defined contribution plans.

4.19 Income taxes

(i) Current tax

Current tax assets and liabilities are the expected amount of income tax recoverable or payable to the taxation authorities.

Current taxes are measured using tax rates and tax laws that have been enacted or substantively enacted at the end of the reporting period and are recognised in profit or loss except to the extent that the tax relates to items recognised outside profit or loss (either in other comprehensive income or directly in equity).

NOTES TO THE FINANCIAL STATEMENTS

31 December 2022
cont'd

4. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

4.19 Income taxes (Cont'd)

(ii) Deferred tax

Deferred tax is recognised using the liability method for all temporary differences other than those that arise from goodwill or from the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of the transaction, affects neither accounting profit nor taxable profit.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period when the asset is realised or the liability is settled, based on the tax rates that have been enacted or substantively enacted at the end of the reporting period.

Deferred tax assets are recognised for all deductible temporary differences, unused tax losses and unused tax credits to the extent that it is probable that future taxable profits will be available against which the deductible temporary differences, unused tax losses and unused tax credits can be utilised. The carrying amounts of deferred tax assets are reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that the related tax benefits will be realised.

Where investment properties are carried at their fair value, the amount of deferred tax recognised is measured using the tax rates that would apply on sale of those assets at their carrying value at the reporting date unless the property is depreciable and is held with the objective to consume substantially all of the economic benefits embodied in the property over time, rather than through sale.

Current and deferred tax items are recognised in correlation to the underlying transactions either in profit or loss, other comprehensive income or directly in equity. Deferred tax arising from a business combination is adjusted against goodwill or negative goodwill.

Current tax assets and liabilities or deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when the deferred taxes relate to the same taxable entity (or on different tax entities but they intend to settle current tax assets and liabilities on a net basis) and the same taxation authority.

4.20 Contingent liabilities

A contingent liability is a possible obligation that arises from past events and whose existence will only be confirmed by the occurrence of one or more uncertain future events not wholly within the control of the Group. It can also be a present obligation arising from past events that is not recognised because it is not probable that an outflow of economic resources will be required or the amount of obligation cannot be measured reliably.

A contingent liability is not recognised but is disclosed in the notes to the financial statements, unless the probability of outflow of economic benefits is remote. When a change in the probability of an outflow occurs so that the outflow is probable, it will then be recognised as a provision.

4.21 Operating segments

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components. An operating segment's operating results are reviewed regularly by the chief operating decision maker to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2022
cont'd

4. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

4.22 Earnings per ordinary share

Basic earnings per ordinary share is calculated by dividing the consolidated profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the reporting period, adjusted for own shares held.

Diluted earnings per ordinary share is determined by adjusting the consolidated profit or loss attributable to ordinary shareholders of the Company and the weighted average number of ordinary shares outstanding, adjusted for own shares held.

4.23 Borrowing costs

Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised as part of the cost of those assets, until such time as the assets are ready for their intended use or sale. The capitalisation of borrowing costs is suspended during extended periods in which active development is interrupted. The capitalisation rate used to determine the amount of borrowing costs eligible for capitalisation is the weighted average of the borrowing costs applicable to borrowings that are outstanding during the financial year, other than borrowings made specifically for the purpose of financing a specific project-in-progress, in which case the actual borrowing costs incurred on that borrowings less any investment income on temporary investment of that borrowings will be capitalised.

All other borrowing costs are recognised in profit or loss as expenses in the period in which they are incurred.

4.24 Fair value measurements

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using a valuation technique. The measurement assumes that the transaction takes place either in the principal market or in the absence of a principal market, in the most advantageous market. For non-financial asset, the fair value measurement takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

For financial reporting purposes, the fair value measurements are analysed into level 1 to level 3 as follows:-

Level 1: Inputs are quoted prices (unadjusted) in active markets for identical assets or liability that the entity can access at the measurement date;

Level 2: Inputs are inputs, other than quoted prices included within level 1, that are observable for the asset or liability, either directly or indirectly; and

Level 3: Inputs are unobservable inputs for the asset or liability.

The transfer of fair value between levels is determined as of the date of the event or change in circumstances that caused the transfer.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2022

cont'd

4. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

4.25 Revenue from contracts with customers

Revenue is recognised by reference to each distinct performance obligation in the contract with customer and is measured at the consideration specified in the contract of which the Group expects to be entitled in exchange for transferring promised goods or services to a customer, net of sales and service tax, returns, rebates and discounts.

The Group recognises revenue when (or as) it transfers control over a product or service to customer. An asset is transferred when (or as) the customer obtains control of that asset.

The Group transfers control of a good or service at a point in time unless one of the following overtime criteria is met:-

- The customer simultaneously receives and consumes the benefits provided as the Group performs.
- The Group's performance creates or enhances an asset that the customer controls as the asset is created or enhanced.
- The Group's performance does not create an asset with an alternative use and the Group has an enforceable right to payment for performance completed to date.

(i) Sale of agriculture supplies, consumer products, horticulture and agro-biotechnologies products

Revenue from sale of goods is recognised when the Group has transferred control of the goods to the customer, being when the goods have been delivered to the customer and upon its acceptance. 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.

A receivable is recognised when the goods are delivered as this is the point in time that the consideration is unconditional because only the passage of time is required before the payment is due.

(ii) Construction contract

Where the outcome of a construction contract can be reliably estimated, contract revenue and contract costs are recognised as revenue and expenses respectively by using the stage of completion method. The stage of completion is measured by reference to the proportion of contract costs incurred for works performed to date to the estimated total contract costs.

Where the outcome of a construction contract cannot be reliably estimated, contract revenue is recognised to the extent of contract costs incurred that it is likely to be recoverable. Contract costs are recognised as expenses in the period in which they are incurred.

When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognised as an expense immediately.

Contract revenue comprises the initial amount of revenue agreed in the contract and variations in contract work, claims and incentive payments to the extent that it is probable that they will result in revenue and they are capable of being reliably measured.

When the total of costs incurred on construction contracts plus, recognised profits (less recognised losses) exceeds progress billings, the balance is classified as contract assets. When progress billings exceed costs incurred plus recognised profits (less recognised losses), the balance is classified as contract liabilities.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2022
cont'd

4. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

4.25 Revenue from contracts with customers (Cont'd)

(iii) Rendering of services

The Group determines that the transfer of control of promised services generally coincides with the Group's performance as the customer simultaneously receives and consumes the benefits of the performance as the Group performs. Accordingly, revenue from the rendering of services is recognised over time when the services are performed. The Group measures the progress towards complete satisfaction of the performance obligation using an output method, i.e. time elapsed or milestones reached.

4.26 Revenue from other sources and other operating income

(i) Rental income

Rental income from investment properties is accounted for on a straight-line method over the lease term.

(ii) Interest income

Interest income is recognised on an accrual basis using the effective interest method.

4.27 Contract asset and contract liability

A contract asset is recognised when the Group's right to consideration is conditional on something other than the passage of time. A contract asset is subject to impairment requirements of MFRS 9.

A contract liability is stated at cost and represents the obligation of the Group to transfer goods or services to a customer for which consideration has been received (or the amount is due) from the customers.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2022
cont'd

5. PROPERTY, PLANT AND EQUIPMENT (Cont'd)

Group	At 1.1.2021		Additions		Acquisition of subsidiaries		Reclassification	Disposal	Depreciation charge	Foreign currency translation reserve	Revaluation (deficit)/ surplus	Transfer from investment properties	At 31.12.2021
	RM	RM	RM	RM	RM	RM							
Carrying amount (Restated)													
Freehold land and buildings	12,896,851	-	8,084,861	-	-	-	-	(123,760)	307	(110,651)	1	20,747,609	
Leasehold buildings	19,185,203	-	9,510,827	-	-	-	-	(550,742)	-	127,696	-	28,272,984	
Building and structures	1,504,513	-	-	-	-	-	-	(55,172)	-	68,436	-	1,517,777	
Capital work-in-progress	6,000	274,517	652,570	(6,000)	-	-	-	-	-	-	-	927,087	
Renovation	69,567	35,518	1,520,298	6,000	-	-	(112,071)	(8)	-	-	-	1,519,304	
Forklift and motor vehicles	902,075	955,312	1,380,530	-	(3)	-	(568,193)	(163)	-	-	-	2,669,558	
Tools, equipment, furniture and fittings	3,526,173	206,050	5,408,304	-	-	-	(1,326,160)	64,217	-	-	-	7,878,584	
Factory equipment and machinery	4,226,415	1,632,966	9,596,556	-	-	-	(2,442,841)	(66,486)	-	-	-	12,946,610	
	42,316,797	3,104,363	36,153,946	-	(3)	(5,178,939)	(2,133)	85,481	1	76,479,513			

NOTES TO THE FINANCIAL STATEMENTS

31 December 2022
cont'd

5. PROPERTY, PLANT AND EQUIPMENT (Cont'd)

Group 2022	At cost RM	At valuation RM	Accumulated depreciation RM	Accumulated impairment losses RM	Carrying amount RM
Freehold land and buildings	-	22,229,685	(635,501)	(28,784)	21,565,400
Leasehold buildings	-	23,773,312	(564,425)	-	23,208,887
Building and structures	-	1,521,311	(61,305)	-	1,460,006
Capital work-in-progress	3,479,715	-	-	-	3,479,715
Renovation	4,983,399	-	(3,586,614)	(92,190)	1,304,595
Forklift and motor vehicles	10,323,861	-	(8,017,805)	-	2,306,056
Tools, equipment, furniture and fittings	25,568,441	-	(18,286,204)	(787,351)	6,494,886
Factory equipment and machinery	75,896,932	-	(58,542,756)	(2,062,027)	15,292,149
Bearer plant	611,796	-	(46,728)	(565,068)	-
	120,864,144	47,524,308	(89,741,338)	(3,535,420)	75,111,694
2021 (Restated)					
Freehold land and buildings	-	20,957,835	(210,226)	-	20,747,609
Leasehold buildings	-	28,709,331	(436,347)	-	28,272,984
Building and structures	-	1,521,311	(3,534)	-	1,517,777
Capital work-in-progress	927,087	-	-	-	927,087
Renovation	4,911,289	-	(3,299,795)	(92,190)	1,519,304
Forklift and motor vehicles	11,055,391	-	(8,385,833)	-	2,669,558
Tools, equipment, furniture and fittings	24,342,513	-	(15,676,578)	(787,351)	7,878,584
Factory equipment and machinery	64,868,444	-	(49,859,807)	(2,062,027)	12,946,610
Bearer plant	611,796	-	(46,728)	(565,068)	-
	106,716,520	51,188,477	(77,918,848)	(3,506,636)	76,479,513

(a) Assets pledged as security to financial institutions

The land and buildings of the Group have been pledged to licensed banks as security for banking facilities granted to the Group as disclosed in Note 22 to the financial statements are:-

	Group	
	2022 RM	2021 RM
Freehold land and buildings	19,006,246	15,035,168
Leasehold buildings	7,239,350	20,003,777
	26,245,596	35,038,945

**NOTES TO THE
FINANCIAL STATEMENTS**31 December 2022
cont'd**5. PROPERTY, PLANT AND EQUIPMENT (Cont'd)****(b) Revaluation of land and buildings**

During the financial year, the Group's land and buildings were revalued by independent professional valuers. The surpluses arising from the revaluations, net of deferred taxation, have been credited to other comprehensive income, as disclosed in Note 32 to the financial statements and accumulated in equity under the revaluation reserve.

The fair values of the land and buildings are within level 2 of the fair value hierarchy.

The level 2 fair values have been determined based on the market comparison approach that reflects recent transaction prices for similar properties. The most significant input into this valuation approach is price per square foot of comparable properties. There has been no change to the valuation technique during the financial year.

There were no transfers between levels of fair value hierarchy during the financial year.

The fair value measurements of the land and buildings are based on the highest and best use which does not differ from their actual use.

Had the revalued properties been carried at historical cost less accumulated depreciation, their carrying amounts would have been:-

	Group	
	2022	2021
	RM	RM
Freehold land and buildings	16,090,597	20,222,376
Leasehold buildings	14,413,163	22,483,278
Building and structures	1,510,863	1,571,297
	32,014,623	44,276,951

(c) Assets held under hire purchase arrangements

The plant and equipment of the Group have been pledged as security for the hire purchase payables of the Group as disclosed in Note 22 to the financial statements are:-

	Group	
	2022	2021
	RM	RM
Forklift and motor vehicles	1,674,514	2,291,424
Factory equipment and machinery	563,563	631,135
	2,238,077	2,922,559

NOTES TO THE FINANCIAL STATEMENTS

31 December 2022
cont'd

6. INVESTMENT PROPERTIES

	Group	
	2022 RM	2021 RM
<i>Carrying amount</i>		
At 1 January	5,789,000	9,733,444
Fair value loss on investment properties	(1,335,000)	(500,000)
Transfer to property, plant and equipment (Note 5)	-	(1)
Transfer to asset classified as held for sale (Note 17)	(950,000)	(3,444,443)
At 31 December	3,504,000	5,789,000
Included in the above are:-		
Freehold building, at fair value	850,000	850,000
Leasehold land and building, at fair value	2,654,000	4,939,000
	3,504,000	5,789,000

Investment properties are stated at fair value, which have been determined based on valuations performed by independent professional valuers at the end of the reporting date using the market comparison approach. Sales price of comparable properties in close proximity are adjusted for differences in key attributes such as property size, location, market trends and restrictions. The most significant input into this valuation approach is price per square foot of comparable properties. There has been no change to the valuation technique during the financial year.

The fair values of the investment properties are within level 2 of the fair value hierarchy.

There were no transfers between levels of fair value hierarchy during the financial year.

The fair value measurements of the investment properties are based on the highest and best use which does not differ from their actual use.

7. INVESTMENT IN SUBSIDIARIES

	Company	
	2022 RM	2021 RM (Restated)
Unquoted shares, at cost		
At 1 January	869,598,123	628,878,126
Addition during the financial year	24,500,000	280,690,000
Reversal of deferred consideration	-	(8,682,280)
Return of equity contribution	(4,655,000)	-
Re-measurement during the financial year	-	(4,287,723)
	916,443,123	896,598,123
Less: Accumulated impairment losses	(5,684,458)	(5,684,458)
At 31 December	910,758,665	890,913,665

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7. INVESTMENT IN SUBSIDIARIES (Cont'd)

The details of the subsidiaries are as follows:-

Name of Subsidiary	Principal Place of Business/ Country of Incorporation	Percentage of Issued Share Capital Held by Parent		Principal Activities
		2022 %	2021 %	
Direct holding:				
Halex (M) Sdn. Bhd.	Malaysia	100	100	Manufacturing, distributions and agency of agrochemicals
Halex Woolton (M) Sdn. Bhd.	Malaysia	100	100	Manufacturing and distributions of disposable healthcare products
Halex Link Sdn. Bhd. +	Malaysia	100	100	Business of real property, to carry out business of buy or rent of properties
Halex Management Sdn. Bhd.	Malaysia	100	100	Provider of management services
Hextar Chemicals Group Sdn. Bhd.	Malaysia	100	100	Investment holding
Hextar IOT Sdn. Bhd.	Malaysia	100	100	Marketing, distribution and supply consultancy and management services of smart agriculture products
Hextar Biogas BEE Sdn. Bhd.	Malaysia	55	55	Providing services related to integrated process and system using biological green technology to produce methane gas or organic fertiliser and investment holding
Chempro Technology (M) Sdn. Bhd.	Malaysia	100	100	General agent and trader in institutional and industrial chemicals
Alpha Aim (M) Sdn. Bhd.	Malaysia	100	100	Manufacturing and trading industrial chemicals detergent and related products
Nobel Synthetic Polymer Sdn. Bhd.	Malaysia	100	100	Manufacturing of chemical derivatives, coating and related products
Nobel Scientific Sdn. Bhd.	Malaysia	100	100	Manufacturing of chemicals derivatives, coating and related products
Hextar Kimia Sdn. Bhd.	Malaysia	49 @	49 @	Trading of gas and chemical related services
Hextar Kimia (Australia) Pty. Ltd. #	Australia	100	100 ^	Investment holding

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31 December 2022
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7. INVESTMENT IN SUBSIDIARIES (Cont'd)

The details of the subsidiaries are as follows (Cont'd):-

Name of Subsidiary	Principal Place of Business/ Country of Incorporation	Percentage of Issued Share Capital Held by Parent		Principal Activities
		2022 %	2021 %	
Direct holding (Cont'd):				
Tufbond Technologies Sdn. Bhd.	Malaysia	100	100	Trading of polymers, adhesive products, machineries, provision of technical assistance and technology transfer
Hextar Agriculture Sdn. Bhd.	Malaysia	100	100	Manufacturing and marketing of a wide range of fertilisers and the trading of agrochemical products
PT. Agro Sentosa Raya *	Indonesia	99.91	-	Formulation and repacking of branded pesticides
Indirect holding through Halex (M) Sdn. Bhd.:				
Halex Industries (M) Sdn. Bhd.	Malaysia	100	100	Manufacturing and importing agrochemicals and fertilisers
Halex Realty Sdn. Bhd.	Malaysia	100	100	Investment in landed property and investment holding
Halex Chemicals (S) Pte. Ltd. *	Singapore	100	100	Trading of fertilisers and agrochemicals. Did not trade since incorporation
Halex Marketing Sdn. Bhd.	Malaysia	100	100	Trading of disposable healthcare products
Halex Biotechnologies Sdn. Bhd.	Malaysia	100	100	Horticulture and agro-biotechnology. Temporary ceased operations since prior financial year
Pengedaran Beras Lestari Sdn. Bhd.	Malaysia	100	100	Dormant
Indirect holding through Hextar Chemicals Group Sdn. Bhd.:				
Hextar Chemicals Sdn. Bhd.	Malaysia	100	100	Manufacturing, exporting and distributing agri-chemicals
Hextar R&D International Sdn. Bhd.	Malaysia	100	100	Providing specialist services for product testing, research, development and product formulation registration

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31 December 2022
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7. INVESTMENT IN SUBSIDIARIES (Cont'd)

The details of the subsidiaries are as follows (Cont'd):-

Name of Subsidiary	Principal Place of Business/ Country of Incorporation	Percentage of Issued Share Capital Held by Parent		Principal Activities
		2022 %	2021 %	
Indirect holding through Hextar Biogas BEE Sdn. Bhd.:				
Biogas Environmental Engineering Sdn. Bhd.	Malaysia	100	100	Engaged in the business of biological technology to process the waste material from palm oil processing mill or other industries to produce methane (biogas) or organic fertiliser
Indirect holding through Chempro Technology (M) Sdn. Bhd.:				
Protek Chemicals & Engineering (B) Sdn. Bhd. *	Brunei	99.99	99.99	Retailer of specialized cleaning and sanitizing chemicals and other related services
Indirect holding through Hextar Kimia Sdn. Bhd.:				
Hextar Oilfield Chemicals Sdn. Bhd.	Malaysia	100	100	Dormant
Hextar Downstream Services Sdn. Bhd.	Malaysia	100	100	Dormant
Indirect holding through Hextar Kimia (Australia) Pty. Ltd.:				
International Chemicals Engineering Pty. Ltd. *	Australia	100	100 ^	Supplier of liquid odorant, dosing systems and servicing to gas delivery and storage systems

- not required to be audited and consolidated using audited financial statements

^ - previously held under Hextar Kimia Sdn. Bhd.

* - audited by other firm of chartered accountants

© - Hextar Kimia Sdn. Bhd. is treated as a subsidiary by virtue of power to effect the variable returns

+ - in member's voluntary winding up

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31 December 2022
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7. INVESTMENT IN SUBSIDIARIES (Cont'd)

- (a) On 20 May 2022, the Company had acquired 99.91% equity interests in PT. Agro Sentosa Raya ("PTASR"). The acquisition of PTASR is to enable the Group to expand its regional agrochemical reach.

The fair value of the identifiable assets and liabilities of PTASR as at the date of acquisition were:

	Company 2022 RM
Property, plant and equipment	14,949,534
Right-of-use assets	71,240
Inventories	5,894,168
Trade receivables	6,295,802
Other receivables, deposits and prepayments	612,415
Cash and cash equivalents	1,733,692
Deferred taxation liabilities	(714,287)
Trade payables	(4,750,611)
Other payables and accruals	(4,369,530)
Lease liabilities	(79,672)
Term loans	(1,185,000)
Bill payables	(431,333)
Current tax liabilities	(293,109)
Fair value of net identifiable assets acquired	17,733,309

Effect of the acquisition on cash flows

	Group 2022 RM	Company 2022 RM
Consideration settled in cash	10,200,000	10,200,000
Less: Cash and cash equivalents acquired	(1,733,692)	-
Net cash outflow from the acquisition	8,466,308	10,200,000

Acquisition-related costs

The Group has incurred acquisition-related costs of RM69,062 related to external professional fees. These expenses were recognised in "Administrative Expenses" line item of the consolidated statement of profit or loss and other comprehensive income.

Impact of the acquisition on the Group's results

Since the date of acquisition, PTASR has contributed revenue of RM22,352,185 and profit after taxation of RM1,132,625 to the Group's profit for the period.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2022
cont'd

7. INVESTMENT IN SUBSIDIARIES (Cont'd)

- (b) On 22 July 2022, the Company had acquired 100% equity interests in Hextar Kimia (Australia) Pty. Ltd. ("HKA"). The acquisition of HKA is to enable the Group in continuing to expand its business to the Australian market.

Acquisition-related costs

The Group has incurred acquisition-related costs of RM202,433 related to external professional fees. These expenses were recognised in "Administrative Expenses" line item of the consolidated statement of profit or loss and other comprehensive income.

Impact of the acquisition on the Group's results

Since the date of acquisition, HKA has contributed revenue of RM9,780,249 and profit after taxation of RM970,215 to the Group's profit for the period.

- (c) The non-controlling interests at the end of the reporting period comprise the following:-

	Effective Equity Interest		Group	
	2022 %	2021 %	2022 RM	2021 RM
Hextar Biogas BEE Sdn. Bhd. and its subsidiary	45	45	1,412,426	1,081,751
Hextar Kimia Sdn. Bhd.	51	51	14,646,239	13,538,881
Other individual immaterial subsidiaries			181	-

- (d) The summarised financial information (before intra-group elimination) for each subsidiary that has non-controlling interests that are material to the Group are as follows:-

	Hextar Biogas BEE Sdn. Bhd. and its subsidiary	
	2022 RM	2021 RM
<u>At 31 December</u>		
Non-current assets	1,702,773	1,781,168
Current assets	3,362,576	1,691,661
Non-current liabilities	(41,364)	(66,437)
Current liabilities	(1,885,261)	(1,002,501)
Net assets	3,138,724	2,403,891
<u>Financial Year Ended 31 December</u>		
Revenue	5,653,616	667,122
Profit/(Loss) for the financial year	734,833	(867,027)
Total comprehensive income/(expenses)	734,833	(867,027)
Total comprehensive income/(expenses) attributable to non-controlling interests	330,675	(390,162)
Net cash flows for operating activities	(16,870)	(1,249,356)
Net cash flows from/(for) investing activities	3,522	(10,179)

NOTES TO THE FINANCIAL STATEMENTS

31 December 2022
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7. INVESTMENT IN SUBSIDIARIES (Cont'd)

- (d) The summarised financial information (before intra-group elimination) for each subsidiary that has non-controlling interests that are material to the Group are as follows (cont'd):-

	Hextar Kimia Sdn. Bhd. and its subsidiaries	
	2022	2021
	RM	RM
<u>At 31 December</u>		
Non-current assets	16,305,955	29,245,187
Current assets	33,053,433	20,504,517
Non-current liabilities	(3,711,155)	(9,154,880)
Current liabilities	(16,063,703)	(10,542,921)
Net assets	29,584,530	30,051,903
<u>Financial Year Ended 31 December</u>		
Revenue	76,065,765	3,132,029
Profit for the financial year	10,127,492	273,874
Total comprehensive income	10,338,889	258,737
Total comprehensive income attributable to non-controlling interests	5,272,833	131,956
Net cash flows from operating activities	10,532,362	354,406
Net cash flows from/(for) investing activities	2,745,574	(284,707)
Net cash flows for financing activities	(3,047,713)	(1,566,883)

- (e) Variable deferred consideration arising from business acquisitions

Included in the purchase consideration for the acquisitions, a retention sum has been agreed as part of the purchase consideration with the previous owners of the newly acquired subsidiaries for Chempro Group (Consists of Chempro Technology (M) Sdn. Bhd. and its wholly-owned subsidiary as well as Alpha Aim (M) Sdn. Bhd.), Nobel Group (Consists of Nobel Synthetic Polymer Sdn. Bhd. and Nobel Scientific Sdn. Bhd.) and Tufbond Technologies Sdn Bhd.. This retention sum is dependent on the profit after tax generated by the following subsidiaries within the profit guarantee period of 3 years.

	Group and Company	
	2022	2021
	RM	RM
<u>Variable Deferred Consideration</u>		
At January	74,029,997	-
Addition arising from acquisition	-	87,000,000
Re-measurement of deferred consideration	-	(12,970,003)
Repayment of deferred consideration	(24,317,720)	-
At 31 December	49,712,277	74,029,997

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31 December 2022
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7. INVESTMENT IN SUBSIDIARIES (Cont'd)

(e) Variable deferred consideration arising from business acquisitions (Cont'd)

If the newly acquired subsidiaries fail to achieve the minimum guaranteed profit, the Company shall pay the previous owners the amount achieved by the newly acquired subsidiaries and the balance of the retention sum shall be forfeited by the Company.

This retention sum is treated as deferred consideration arising from a business acquisition and is measured at fair value at the date of acquisition.

	Group and Company	
	2022	2021
	RM	RM
Non-current liabilities	25,148,140	50,750,739
Current liabilities	24,564,137	23,279,258
	49,712,277	74,029,997

8. INVESTMENT IN A JOINT VENTURE

	Group	
	2022	2021
	RM	RM
Unquoted shares, at cost	2,675,000	2,675,000
Share of post-acquisition reserves:-		
At 1 January	(1,194,604)	837,897
Share of profit for the financial year	302,976	451,999
Dividend received	-	(2,484,500)
At 31 December	(891,628)	(1,194,604)
	1,783,372	1,480,396

- (a) The Group's involvement in the joint arrangement is structured through separate vehicle which provides the Group a contractual right to the net assets of the entity. Accordingly, the Group has classified this investment as a joint venture.
- (b) Although the Group holds 50% of the voting rights in the joint venture, the Group has determined that it does not have sole control over the investee considering that strategic and financial decisions of the relevant activities of the investee that require unanimous consent by all shareholders.

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8. INVESTMENT IN A JOINT VENTURE (Cont'd)

The details of the joint venture which the principal place of business is in Malaysia, are as follows:-

Name of Joint Venture	Effective Equity Interest		Principal Activities
	2022 %	2021 %	
Hextar Unitop Sdn. Bhd.	50	50	Manufacturing, exporting, importing and marketing of surfactants, specialty chemicals, intermediates, agrochemical additives, oil field chemicals, emulsifiers and agrichemicals.

The summarised financial information of the joint venture is as follows:-

	2022 RM	2021 RM
<u>At 31 December</u>		
Non-current assets	542,014	708,793
Current assets	3,235,684	3,902,052
Current liabilities	(622,650)	(2,085,752)
Non-current liability	(117,000)	(121,000)
Net assets	3,038,048	2,404,093
<u>Financial year ended 31 December</u>		
Revenue	7,093,961	7,187,372
Profit for the financial year	714,214	903,996
Dividend received	-	2,484,500
Net cash flows from operating activities	1,137,590	773,538
Net cash flows from/(for) investing activities	1,979	(5,199,299)
Net cash flows (for)/from financing activities	(1,884,500)	1,884,500

NOTES TO THE FINANCIAL STATEMENTS

31 December 2022
cont'd

9. RIGHT-OF-USE ASSETS (Cont'd)

Group 2022	At cost RM	At valuation RM	Accumulated depreciation RM	Carrying amount RM
Leasehold land	-	11,978,000	(298,049)	11,679,951
Motor vehicles	80,042	-	(62,651)	17,391
Hostels	795,733	-	(348,114)	447,619
Warehouses	13,685,840	-	(2,528,297)	11,157,543
Offices	2,736,012	-	(1,726,337)	1,009,675
Factories	4,155,675	-	(1,762,898)	2,392,777
Forklifts	289,116	-	(180,476)	108,640
Industrial buildings	25,722,895	-	-	25,722,895
	47,465,313	11,978,000	(6,906,822)	52,536,491
2021				
Leasehold land	-	25,972,276	(452,422)	25,519,854
Hostels	534,148	-	(151,116)	383,032
Warehouses	2,420,076	-	(448,039)	1,972,037
Offices	2,658,682	-	(1,462,615)	1,196,067
Factories	2,028,119	-	(806,836)	1,221,283
Forklifts	208,723	-	(130,734)	77,989
	7,849,748	25,972,276	(3,451,762)	30,370,262

(a) The Group leases certain pieces of leasehold land, forklifts, motor vehicles, hostels, offices, factories, warehouses and industrial buildings of which the leasing activities are summarised below:-

(i) Leasehold land

The Group has entered into 9 (2021 - 10) non-cancellable operating lease agreements for the use of land. The leases are for a period of 60 to 999 (2021 - 60 to 999) years with no renewal or purchase option included in the agreements.

One of the leases does not allow the Group to assign, transfer or sublease or create any charge, lien or trust in respect of or dispose of the whole or any part of the land. A tenancy is, however, allowed with the consent of the lessor.

(ii) Forklift and motor vehicles

The Group have leased several forklift and motor vehicles for a period ranging from 1 to 4 (2021 - 2 to 5) years, with an option to renew the lease after that date. The leases do not contain any variable lease payments.

(iii) Hostels

The Group has leased a number of hostels that run for a period ranging 3 to 6 (2021 - 2) years, with an option to renew the lease after that date. The leases do not contain any variable lease payments.

(iv) Warehouses

The Group has leased a number of warehouses for a period ranging from 1 to 5 (2021 - 2 to 5) years, with an option to renew the lease after that date. The leases do not contain any variable lease payments.

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31 December 2022
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9. RIGHT-OF-USE ASSETS (Cont'd)

(a) (v) Offices

The Group has leased a number of offices for a period ranging from 5 to 10 years, with an option to renew the lease after that date. The leases do not contain any variable lease payments.

(vi) Factories

The Group has leased a number of factories for a period ranging from 4 to 6 years, with an option to renew the lease after that date. The leases do not contain any variable lease payments.

(vii) Industrial buildings

The Group has leased a number of industrial buildings for a period ranging from 3 to 15 years. The leases contain variable lease payments that are incremental at approximately 13% on the 4th, 7th and 11th year.

(b) The leasehold land of Group with a total carrying amount of RM5,129,778 (2021 - RM20,110,844) has been pledged to licensed banks as security for banking facilities granted to the Group as disclosed in Note 22 to the financial statements.

(c) During the financial year, the Group's leasehold land are revalued by independent professional valuers. The surpluses arising from the revaluations, net of deferred taxation, have been credited to other comprehensive income, as disclosed in Note 32 to the financial statements and accumulated in equity under the revaluation reserve.

The fair values of the leasehold land are within level 2 of the fair value hierarchy.

The level 2 fair values have been determined based on the market comparison approach that reflects recent transaction prices for similar properties. The most significant input into this valuation approach is price per square foot of comparable properties. There has been no change to the valuation technique during the financial year.

There were no transfers between levels of fair value hierarchy during the financial year.

The fair value measurements of the leasehold land are based on the highest and best use which does not differ from their actual use.

Had the revalued leasehold land been carried at historical cost less accumulated depreciation, their carrying amounts would have been:-

	Group	
	2022	2021
	RM	RM
Leasehold land	5,605,056	8,288,540

(d) The Group also has leases motor vehicles and premises with lease terms of 12 months or less and leases of office equipment with low value. The Group has applied the 'short-term lease' and 'lease of low-value assets' recognition exemptions for these leases.

(e) The Group reassesses whether it is reasonably certain to exercise the options if there is a significant change in circumstances within its control. During the financial year, the financial effect of revising the lease terms to reflect the effect of exercising the extension options was an increase in recognised lease liabilities and right-of-use assets of RM194,080 (2021 - RM206,246).

NOTES TO THE FINANCIAL STATEMENTS

31 December 2022
cont'd

10. INTANGIBLE ASSETS

	Group	
	2022 RM	2021 RM (Restated)
Goodwill on consolidation	132,234,682	134,511,654
Product development expenditure	551,420	612,829
Trademark and patents	4,306,298	4,606,309
	137,092,400	139,730,792

(a) Goodwill on consolidation

	Group	
	2022 RM	2021 RM (Restated)
Cost		
At 1 January	158,498,455	37,322,689
Acquisition of subsidiaries	-	132,358,179
Adjustment during measurement period	-	(11,182,413)
At 31 December	158,498,455	158,498,455
Accumulated impairment losses		
At 1 January	(23,986,801)	(23,986,801)
Impairment during the financial year	(2,276,972)	-
At 31 December	(26,263,773)	(23,986,801)
Carrying amount	132,234,682	134,511,654

The carrying amount of goodwill allocated to each cash-generating unit are as follows:-

	Group	
	2022 RM	2021 RM (Restated)
Hextar Chemicals Group Sdn. Bhd. and its subsidiaries	7,448,670	7,448,670
Hextar Biogas BEE Sdn. Bhd. and its subsidiary	5,887,218	5,887,218
Alpha Aim (M) Sdn. Bhd., Chempro Technology (M) Sdn. Bhd. and its subsidiary	45,893,824	45,893,824
Nobel Synthetic Polymer Sdn. Bhd. and Nobel Scientific Sdn. Bhd.	59,100,012	59,100,012
Hextar Kimia Sdn. Bhd. and its subsidiaries	13,904,958	13,904,958
Tufbond Technologies Sdn. Bhd.	-	2,276,972
	132,234,682	134,511,654

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10. INTANGIBLE ASSETS (Cont'd)

(a) Goodwill on consolidation (Cont'd)

Goodwill is tested for impairment on an annual basis by comparing the carrying amount with the recoverable amount of the CGU. The recoverable amount of a CGU is determined based on value-in-use calculation using cash flow projections from the financial budgets and forecast approved by the management covering a five-years period.

Key assumptions used in value-in-use calculations

	Group	
	2022	2021
1. Discount rate	5%	5%
The discount rate is on a pre-tax basis that reflects current market assessment of time value of money and the risks specific to the CGU.		
2. Growth rate	4% - 22%	8% - 10%
This is based on the management forecasts after incorporating changes in pricing and direct costs based on past experience and the expectations of future changes in the market.		
3. Profit margin	11% - 47%	22% - 45%
Net cash projections for the relevant cash flow period are extrapolated based on past gross/net profit generated by the CGU divided by the gross revenue generated by the respective CGU.		

In assessing the value-in-use, the management believes that there is no reasonably possible change in the above key assumptions applied that is likely to cause the carrying amount of the respective CGU to materially exceed its recoverable amount.

(b) Product development expenditure

	Group	
	2022	2021
	RM	RM
Cost		
At 1 January	4,145,927	4,049,663
Additions during the financial year	225,735	96,264
At 31 December	4,371,662	4,145,927
Accumulated amortisation		
At 1 January	(3,533,098)	(3,252,382)
Amortisation charge during the financial year	(287,144)	(280,716)
At 31 December	(3,820,242)	(3,533,098)
Carrying amount	551,420	612,829

The development expenditure incurred during the financial year is in respect of fees paid to external researchers for product development purposes and belong to the Group's "Agriculture" reportable segment. The amortisation charge is recognised in the profit or loss under the "Other expenses" line item.

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31 December 2022
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10. INTANGIBLE ASSETS (Cont'd)

(c) Trademark and patents

	Group	
	2022	2021
	RM	RM
Cost		
At 1 January	5,970,336	5,190
Acquisition of subsidiaries	-	5,965,146
Addition during the financial year	161,118	-
At 31 December	6,131,454	5,970,336
Accumulated amortisation		
At 1 January	(1,364,027)	(1,903)
Acquisition of subsidiaries	-	(1,308,791)
Amortisation charge during the financial year	(461,129)	(53,333)
At 31 December	(1,825,156)	(1,364,027)
Carrying amount	4,306,298	4,606,309

11. TRADE RECEIVABLES

	Group	
	2022	2021
	RM	RM
Non-current:-		
Third parties	1,292,871	576,245
Current:-		
Related parties	399,032	48,143,949
Third parties	133,397,777	109,287,976
	133,796,809	157,431,925
Less: Allowance for impairment losses	(3,482,212)	(1,745,677)
Net trade receivables	130,314,597	155,686,248
Allowance for impairment losses:-		
At 1 January	(1,745,677)	(1,258,034)
Acquisition of subsidiaries	-	(1,059,658)
Addition during the financial year	(1,778,337)	(10,757)
Reversal during the financial year	41,802	582,772
At 31 December	(3,482,212)	(1,745,677)

The Group's normal credit terms for trade receivables range from 30 to 150 days (2021 - 30 to 120 days). Other credit terms are assessed and approved on a case-by-case basis.

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12. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	Note	Group		Company	
		2022 RM	2021 RM	2022 RM	2021 RM
Non-current:-					
Prepayment	(a)	2,383,771	2,663,789	-	-
Current:-					
Other receivables		817,091	1,190,358	9,558	9,558
Advances to suppliers	(b)	1,213,276	2,461,132	-	-
Deposits		3,487,832	1,961,991	3,500	3,500
Prepayments		8,652,822	7,881,610	190,328	174,394
GST recoverable		561,635	561,635	-	-
		14,732,656	14,056,726	203,386	187,452

(a) Non-current prepayment represents product registration fees paid to internal researchers for product development purposes for a period of 5 years (2021 - 5 years).

(b) The advances to suppliers are unsecured and interest-free. The amount owing will be offset against future purchases from the suppliers.

13. INVENTORIES

	Group	
	2022 RM	2021 RM
Raw materials	87,963,068	77,374,392
Packaging materials	6,749,660	7,348,458
Finished goods	42,668,912	51,462,659
Consumables	799,211	695,813
Goods-in-transit	1,324,420	15,628,062
	139,505,271	152,509,384
Recognised in profit or loss:-		
Inventories recognised as cost of sales	393,394,488	353,492,810
Inventories written down to net realisable value	85,163	4,757
Inventories written off	52,195	-
Write back of inventories	-	(36,028)

The write back was in respect of inventories sold above their carrying amounts during the financial year.

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14. CONTRACT ASSETS/(LIABILITIES)

- (a) Contract assets represent the timing differences in revenue recognition and the milestone billings. The milestone billings are structured and/or negotiated with customers to reflect physical completion of the contracts.

Contract assets are transferred to receivables when the rights to economic benefits become unconditional. This usually occurs when the Company issues billing to the customer. Contract liabilities are recognised as revenue when performance obligations are satisfied.

	Group	
	2022 RM	2021 RM
Balance at beginning of financial year	(1,021,924)	-
Acquisition of subsidiaries	-	107,112
Revenue recognised during the year	15,945,421	6,359,153
Advance consideration received	(10,771,844)	(7,381,077)
Less: Billings	(6,353,043)	(107,112)
Balance at end of financial year	(2,201,390)	(1,021,924)
Represented by:		
- Contract assets	-	585,743
- Contract liabilities	(2,201,390)	(1,607,667)
	(2,201,390)	(1,021,924)

Impairment for contract assets that do not contain a significant financing component are recognised based on the simplified approach using the lifetime expected credit losses.

- (b) Included in contract liability is advance considerations received from few customers totalling RM1,340,759 (2021 - RM1,607,667). The amount will be recognised as revenue when the performance obligations are satisfied in the future.
- (c) No expected credit loss was recognised arising from the contract asset of the Company as it is negligible.

15. AMOUNT DUE FROM/(TO) RELATED COMPANIES

	Group	
	2022 RM	2021 RM
Amount due from related companies:-		
Trade balances	384,401	299,214
Amount due to related companies:-		
Trade balances	(283,718)	(407,625)

The trade balances are subject to the normal credit terms of 30 to 90 days (2021 - 30 to 90 days).

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16. DEPOSITS WITH LICENSED BANKS

- (a) The deposits with licensed banks of the Group at the end of the reporting period bore effective interest rates ranging from 1.80% to 2.85% (2021 - 1.00% to 2.49%) per annum. The deposits have maturity periods ranging from 30 to 92 (2021 - 30 to 92) days.
- (b) Included in the deposits with licensed banks of the Group at the end of the reporting period was an amount of RM1,473,683 (2021 - RM5,463,998) which has been pledged to licensed banks as security for banking facilities granted to the Group as disclosed in Note 22 to the financial statements.

17. ASSETS CLASSIFIED AS HELD FOR SALE

	Group	
	2022	2021
	RM	RM (Restated)
At 1 January	3,500,000	310,000
Transfer from investment properties	950,000	3,444,443
Transfer from property, plant and equipment	13,788,674	-
Transfer from right-of-use assets	16,390,242	-
Reversal of allowance on impairment loss	-	55,557
Disposal during the financial year	(30,235,832)	(310,000)
At 31 December	4,393,084	3,500,000

Assets classified as held for sale in the current financial year

- (a) The Group entered into a Sale and Purchase Agreement on 12 July 2022 with Pacific Trustees Berhad ("Pacific Trustees"), the trustee of KIP Real Estate Investment Trust to dispose of 2 adjoining parcels of leasehold industrial land and building for a total consideration of RM27,000,000.

In conjunction with the disposal mentioned above, Hextar Chemicals Sdn. Bhd. will sign in escrow a lease agreement with Pacific Trustees to lease the properties for 15 years. The aforesaid lease will commence upon the completion of the disposal.

The disposal was completed on 7 December 2022 with the gain on disposal of RM264,168 recognised in the "other income" line items of Statements of Profit or Loss and Other Comprehensive Income. The asset classified held for sale belongs to Group's "Agriculture" reportable segment.

- (b) The Group entered into a Sale and Purchase Agreement on 31 May 2021 with the purchaser to dispose of freehold buildings for a total consideration of RM3,500,000.

The disposal was completed on 3 March 2022 with no gain or loss, The asset classified as held for sale belongs to Group's "Agriculture" reportable segment.

- (c) The Group entered into a Sale and Purchase Agreement on 28 June 2021 for the disposal of a piece of leasehold building for a total consideration of RM3,443,084.

The transaction is pending the completion of certain conditions precedent as at the end of reporting period.

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31 December 2022
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18. SHARE CAPITAL

	Group/Company			
	2022	2021	2022	2021
	Number of Shares		RM	
Issued and Fully Paid-up				
Ordinary shares				
At 1 January	1,313,087,284	820,679,564	633,878,029	633,878,029
Bonus issue	-	492,407,720	-	-
At 31 December	1,313,087,284	1,313,087,284	633,878,029	633,878,029

- (a) The holders of ordinary shares (except for treasury shares) are entitled to receive dividends as and when declared by the Company and are entitled to one vote per ordinary share at meetings of the Company. The ordinary shares have no par value.

19. RESERVES

The nature of reserves of the Group is as follows:-

- (a) Revaluation reserve

The revaluation reserve represents:-

- (i) the increase in the fair value of the freehold land and buildings of the Group (net of deferred tax, where applicable) presented under property, plant and equipment, and decrease to the extent that such decreases relate to an increase on the same asset previously recognised in other comprehensive income; and
- (ii) revaluation surpluses (net of deferred taxation) of leasehold land immediately prior to its reclassification as right-of-use assets upon the adoption of MFRS 16 'Leases' in 2019.

- (b) Exchange reserve

The exchange reserve represents exchange differences arising from the translation of the financial statements of foreign operation whose functional currency is different from the Group's presentation currency.

- (c) Merger deficit reserve

	Group	
	2022	2021
	RM	
Merger deficit reserve	495,422,471	488,522,471

The merger deficit reserve arises from the difference between the carrying value of the investment and the nominal value of shares of a group upon consolidation under the merger accounting principles.

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20. TREASURY SHARES

Treasury shares relate to ordinary shares of the Company that are held by the Company.

The directors of the Company are committed to enhance the value of the Company for its shareholders and believe that the share repurchased plan can be applied in the best interest of the Company and its shareholders. The repurchase transactions were financed by internally generated funds. The shares repurchased are being held as treasury shares.

During the financial year, the Company purchased 19,146,700 of its issued ordinary shares from the open market at an average price of RM1.55 per share. The total consideration paid for the purchase was RM29,628,617 including transaction costs.

21. LEASE LIABILITIES

	Group	
	2022 RM	2021 RM (Restated)
At 1 January	5,009,710	2,275,757
Acquisition of subsidiaries	79,672	1,263,448
Additions during the financial year	39,556,736	1,719,513
Changes due to reassessment of lease term	194,080	206,246
Interest expense recognised in profit or loss (Note 30)	762,426	97,024
Repayment of principal	(3,981,448)	(261,312)
Repayment of interest expense	(762,426)	(97,024)
Foreign currency translation reserve	(8,837)	-
Derecognition of lease	(15,507)	(193,942)
At 31 December	40,834,406	5,009,710
Analysed by:-		
Non-current liabilities	34,771,109	3,375,706
Current liabilities	6,063,297	1,634,004
	40,834,406	5,009,710

NOTES TO THE FINANCIAL STATEMENTS

31 December 2022
cont'd

22. BORROWINGS

	Group		Company	
	2022 RM	2021 RM (Restated)	2022 RM	2021 RM
Non-current				
Term loans (secured)	122,042,248	141,636,922	108,615,000	123,485,000
Hire purchase payables (secured)	1,362,760	1,642,223	-	-
	123,405,008	143,279,145	108,615,000	123,485,000
Current				
Term loans (secured)	17,360,800	16,777,749	14,860,000	13,290,000
Hire purchase payables (secured)	621,531	856,872	-	-
Revolving credit (secured)	30,720,000	9,450,000	-	-
Bill payables (unsecured)	62,412,218	92,987,901	-	-
Bank overdraft (unsecured)	-	89,277	-	-
	111,114,549	120,161,799	14,860,000	13,290,000

(a) The borrowings of the Group are secured by:-

- (i) Certain properties of the Group as disclosed in Notes 5, 6, 9 and 17 to the financial statements;
- (ii) a corporate guarantee of the Company;
- (iii) a pledge of fixed deposit belonging to a subsidiary as disclosed in Note 16 to the financial statements; and
- (iv) negative pledge over a subsidiary's present and future assets.

(b) The interest rate profile of the borrowings of the Group are summarised below:-

		The Group	
		2022	2021 (Restated)
Term loans (secured)	Floating	3.65% to 8.50%	3.27% to 4.71%
Hire purchase payables (secured)	Fixed	2.79% to 6.29%	2.79% to 7.06%
Bill payables (unsecured)	Floating	2.99% to 6.10%	0.64% to 4.54%
Revolving credit (secured)	Floating	5.12% to 5.67%	4.00% to 4.56%
Bank overdraft (unsecured)	Floating	-	6.40%

NOTES TO THE FINANCIAL STATEMENTS

31 December 2022
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23. DEFERRED TAX LIABILITIES/(ASSETS)

	Group	
	2022	2021
	RM	RM
Deferred tax liabilities		
At 1 January	10,074,218	7,256,583
Acquisition of subsidiaries	560,275	933,718
Recognised in profit or loss (Note 31)	(347,267)	669,687
Recognised in other comprehensive income	285,731	1,214,230
Recognised in equity	(4,191,722)	-
At 31 December	6,381,235	10,074,218
Deferred tax assets		
At 1 January	(236,240)	-
Acquisition of subsidiaries	-	(236,225)
Recognised in profit or loss (Note 31)	1,921	-
Recognised in other comprehensive income	(9,089)	(15)
At 31 December	(243,408)	(236,240)
	6,137,827	9,837,978

The deferred tax liabilities are attributable to the following:-

	Group	
	2022	2021
	RM	RM
Accelerated capital allowance over depreciation	(2,511,168)	(2,963,713)
Prepaid product registration license	(1,957,880)	(1,957,880)
Revaluation reserve	(2,008,236)	(5,379,627)
Inventories written down	54,245	41,735
Accumulated impairment losses on trade receivables	127,877	126,245
Accrual for bonus	208,315	100,000
Unrealised gain/(loss) on foreign exchange - trade	5,809	(48,303)
Product development expenditure	(142,000)	-
Culture fund	-	92,280
Unutilised tax losses	45,000	141,760
Unabsorbed capital allowances	36,000	9,525
Unrealised profit in inventory	(92,538)	-
Others	96,749	-
	(6,137,827)	(9,837,978)

NOTES TO THE FINANCIAL STATEMENTS

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cont'd

24. TRADE PAYABLES

The normal trade credit terms granted to the Group range from 14 to 90 days (2021 - 30 to 120 days) depending on the terms of the contracts.

25. OTHER PAYABLES, DEPOSITS RECEIVED AND ACCRUALS

	Note	Group		Company	
		2022 RM	2021 RM	2022 RM	2021 RM
Other payables		4,528,414	3,553,100	11,753	318
Advances from customers		14,120	-	-	-
Deposits received		126,192	155,466	-	-
Accruals	(a)	14,076,202	6,505,342	261,666	56,289
Goods and services tax payable		15,500	-	-	-
Sales and services tax payable		183,307	139,398	-	-
		18,943,735	10,353,306	273,419	56,607

(a) Accruals represents provision for bonus, salaries, commissions and other accrued expenses.

26. AMOUNT DUE FROM/(TO) A JOINT VENTURE

The amount due from a joint venture is trade in nature and the credit term granted was 60 days (2021 - 60 days).

The amount due to a joint venture is trade in nature and is subject to a credit term of 60 days (2021 - 60 days). The amount due is to be settled in cash.

27. DERIVATIVES LIABILITIES

	Contract/ Notional amount 2022 USD	The Group 2022 RM
Derivative Liabilities		
Forward currency contracts	1,509,267	242,789

(a) The Group does not apply hedge accounting.

(b) Forward currency contracts are used to hedge the Group's purchases denominated in United States Dollar (USD) for which firm commitments existed at the end of the reporting period. The settlement dates of the forward currency contracts are within (1) one month after the end of the reporting year.

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31 December 2022
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28. AMOUNT DUE FROM/(TO) SUBSIDIARIES

	Company	
	2022	2021
	RM	RM
Amount due from:-		
Non-trade balances	38,880,491	46,230,410
Less: Allowance for impairment losses	(10,495,010)	(10,495,010)
	28,385,481	35,735,400
Allowance for impairment losses:-		
At 1 January	10,495,010	11,746,132
Reversal during the financial year	-	(1,251,122)
At 31 December	10,495,010	10,495,010
Amount due to:-		
Non-trade balances	(61,068,939)	(14,325,797)

- (a) The amounts owing are interest-free and repayable on demand.
- (b) Amount due from subsidiaries that is individually determined to be impaired relate to subsidiaries that have been suffering significant financial losses and presently there are no future business plans for these subsidiaries.

29. REVENUE

	Group		Company	
	2022	2021	2022	2021
	RM	RM	RM	RM
Revenue from contracts with customers				
<u>Recognised at point in time</u>				
Sales of goods	597,864,302	463,991,547	-	-
Rendering of services	14,841,932	126,152	-	-
<u>Recognised over time</u>				
Construction contracts	5,653,616	-	-	-
Revenue from other sources				
Dividend income	-	-	86,535,000	90,002,767
	618,359,850	464,117,699	86,535,000	90,002,767

The other information on the disaggregation of revenue is disclosed in Note 38 to the financial statements.

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30. PROFIT BEFORE TAXATION

Profit before taxation is derived after charging/(crediting):-

	Group		Company	
	2022	2021	2022	2021
	RM	RM	RM	RM
Amortisation:				
- investment in club membership	563	563	-	-
- product development expenditure	287,144	280,716	-	-
- trademark and patents	461,129	53,333	-	-
Auditors' remuneration:				
- audit fees:				
- auditors of the Company				
- current financial year	486,100	369,000	51,600	42,000
- under/(over)provision in the previous financial year	11,970	(2,000)	-	-
- member firms of the auditors of the Company	17,887	-	-	-
- other auditors	66,363	83,777	-	-
- non-audit fees:				
- auditors of the Company	38,000	101,000	22,000	49,000
- member firms of the auditors of the Company	110,444	60,420	3,000	3,000
Bad debts written off	109,273	1,359,383	-	-
Deposit written off	-	36,000		
Depreciation:				
- property, plant and equipment	8,289,702	5,178,939	-	-
- right-of-use assets	4,590,332	790,158	-	-
Directors' remuneration (Note 36(c))	5,508,098	3,185,501	292,000	260,000
Fair value loss on investment properties	1,335,000	500,000	-	-
Impairment losses on:				
- goodwill	2,276,972	-	-	-
- trade receivables	1,778,337	10,757	-	-
- property	28,784	-	-	-
Interest expense:				
- bills payable	2,638,571	1,476,289	-	-
- hire purchase payables	113,195	62,756	-	-
- lease liabilities	762,426	97,024	-	-
- overdraft	40,869	4,526	-	-
- revolving credit	1,563,561	413,861	141,121	-
- term loans	6,594,532	2,005,248	5,816,228	1,476,984
Inventories written down	137,358	4,757	-	-

NOTES TO THE FINANCIAL STATEMENTS

31 December 2022
cont'd

30. PROFIT BEFORE TAXATION (Cont'd)

Profit before taxation is derived after charging/(crediting) (Cont'd):-

	Group		Company	
	2022	2021	2022	2021
	RM	RM	RM	RM
Lease expenses:				
- short-term leases	3,327,796	1,365,155	-	-
Loss on forward currency contracts	242,789	-	-	-
Plant and equipment written off	73,787	-	-	-
Staff costs (including other key management personnel as disclosed in Note 36(c)):				
- salaries, wages, bonuses and allowances	31,842,695	17,541,489	-	-
- defined contribution benefits	3,169,809	1,848,674	-	-
Waiver of amount due from subsidiaries	-	-	6,883	1,091,574
Bad debt recovered	(2,029)	-	-	-
Gain on disposal of asset held for sale	(264,168)	-	-	-
Loss/(Gain) on foreign exchange:				
- realised	1,581,588	(23,667)	-	-
- unrealised	(969,556)	(533,517)	-	-
Dividend income from subsidiaries	-	-	(86,535,000)	(90,002,767)
Gain on disposal of plant and equipment	(79,383)	(152,997)	-	-
Gain on lease termination	(4,905)	(13,362)	-	-
Interest income	(935,937)	(202,030)	(3,710)	(17,595)
Rental income	(758,740)	(685,599)	-	-
Reversal of impairment losses on:				
- trade receivables	(41,802)	(582,772)	-	-
- amount owing from a subsidiary	-	-	-	(1,251,122)
- asset classified as held for sale	-	(55,557)	-	-
Write back of inventories	-	(36,028)	-	-

The estimated monetary value of benefits-in-kind provided by the Group to the directors of the Company and directors of the subsidiaries were RM25,667 and RM14,377 (2021 - RM28,000 and Nil) respectively.

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31 December 2022
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31. INCOME TAX EXPENSE

	Group		Company	
	2022 RM	2021 RM	2022 RM	2021 RM
Income tax:				
- for the current financial year	20,128,822	13,625,904	882	4,210
- under/(over)provision in the previous financial year	134,409	60,167	(10)	(332)
	20,263,231	13,686,071	872	3,878
Real property gains tax	55,383	-	-	-
	20,318,614	13,686,071	872	3,878
Deferred tax (Note 23):				
- for the current financial year	(76,197)	903,113	-	-
- overprovision in the previous financial year	(173,823)	(156,370)	-	-
- crystallisation of deferred tax liability arising from revaluation reserve	(95,326)	(77,056)	-	-
	(345,346)	669,687	-	-
	19,973,268	14,355,758	872	3,878

A reconciliation of income tax expense applicable to profit before taxation at the statutory income tax rate to income tax expense at the effective tax rate of the Group and of the Company are as follows:-

	Group		Company	
	2022 RM	2021 RM	2022 RM	2021 RM
Profit before taxation	75,012,617	53,565,495	78,630,151	83,918,151
Tax at statutory tax rate of 24% (2021 - 24%)	18,003,028	12,855,719	18,871,236	20,140,356
Tax effects of:-				
Non-deductible expenses	5,728,859	12,126,341	1,898,046	1,464,518
Non-taxable income	(392,822)	(9,875,551)	(20,768,400)	(21,600,664)
Deferred tax assets not recognised for the financial year	891,501	741,721	-	-
Utilisation of deferred tax assets not recognised in the previous financial year	(342,064)	-	-	-
Expenses ranking for double deduction	(1,147,163)	(1,220,765)	-	-
Tax exempt pioneer income	(2,616,000)	-	-	-
Crystallisation of deferred tax liability arising from revaluation reserve	(95,326)	(77,056)	-	-
Real property gains tax arising from disposal of property	55,383	-	-	-
Share of profit of a joint venture	(72,714)	(98,448)	-	-
Under/(Over)provision in the previous financial year:				
- income tax	134,409	60,167	(10)	(332)
- deferred tax	(173,823)	(156,370)	-	-
	19,973,268	14,355,758	872	3,878

NOTES TO THE FINANCIAL STATEMENTS

31 December 2022
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31. INCOME TAX EXPENSE (Cont'd)

Domestic income tax is calculated at the Malaysian statutory tax rate of 24% (2021 - 24%) of the estimated assessable profit for the financial year. The taxation of other jurisdictions is calculated at the rates prevailing in the respective jurisdiction.

At the end of the reporting period, the amounts of deferred tax assets not recognised (stated at gross) due to uncertainty of their realisation are as follows:-

	Group	
	2022	2021
	RM	RM
Unutilised tax losses	12,145,748	11,336,601
Unabsorbed reinvestment allowances	2,803,000	2,803,000
Unabsorbed capital allowances	557,261	494,750
Other deductible temporary differences	498,913	821,134
	16,004,922	15,455,485

Deferred tax assets have not been recognised in respect of these items because it is not probable that future taxable profit will be available against which the Group can utilise the benefits there from.

Based on the current legislation, the unutilised tax losses and unabsorbed reinvestment allowances are allowed to be utilised for 10 (2021 - 10) consecutive years of assessment while unabsorbed capital allowances are allowed to be carried forward indefinitely.

32. OTHER COMPREHENSIVE (EXPENSES)/INCOME

	Group	
	2022	2021
	RM	RM
Item that will be reclassified subsequently to profit or loss		
Foreign currency translation differences:		
- changes during the financial year	(1,470,494)	(9,634)
Item that will not be reclassified subsequently to profit or loss		
Revaluation of properties	1,650,074	5,052,940
Less: Deferred tax liabilities (Note 23)	(276,642)	(1,214,230)
	1,373,432	3,838,710

NOTES TO THE FINANCIAL STATEMENTS

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33. EARNINGS PER SHARE

(a) Basic earnings per share

	Group	
	2022	2021
Profit after taxation for the financial year attributable to owners of the Company (RM)	49,542,324	39,460,223
Weighted average number of ordinary shares in issue	1,295,496,952	1,310,350,473
Basic earnings per ordinary share (sen)	3.82	3.01

The weighted average number of ordinary shares has been adjusted retrospectively to reflect the changes in the number of shares as a result of the bonus issue during the financial year.

(b) Diluted earnings per share

The Company has not issued any dilutive potential ordinary shares and hence, the diluted earnings per share is equal to the basic earnings per share.

34. DIVIDENDS

The Company on 25 March 2022 paid a second interim dividend of 1.2 sen per ordinary share amounting to RM15,619,387 in respect of the financial year ended 31 December 2021. The financial statements for the previous financial year do not reflect this second interim dividend. Such dividend will be accounted for as an appropriation of retained profits in the financial year ending 31 December 2022.

On 27 September 2022, the Company paid a first interim dividend of 1.0 sen per ordinary share amounting to RM12,857,526 in respect of the financial year ended 31 December 2022.

The Company on 28 February 2023 declared a second interim dividend of 2.0 sen per ordinary share amounting to RM25,715,052 in respect of the financial year ended 31 December 2022, payable on 3 April 2023, to shareholders whose names appeared in the record of depositors on 16 March 2023. The financial statements for the current financial year did not reflect this second interim dividend as it will be accounted for as an appropriation of retained profits in the financial year ending 31 December 2023.

**NOTES TO THE
FINANCIAL STATEMENTS**31 December 2022
cont'd**35. CASH FLOW INFORMATION**

- (a) The cash disbursed for the purchase of property, plant and equipment and the addition of right-of-use assets is as follows:-

	Group	
	2022	2021
	RM	RM
		(Restated)
Property, plant and equipment		
Cost of property, plant and equipment purchased (Note 5)	8,107,995	3,104,363
Less: Acquired through hire purchase arrangement (Note 35(c))	(238,022)	(797,400)
	7,869,973	2,306,963
Right-of-use assets		
Cost of right-of-use assets acquired (Note 9)	39,990,955	1,919,882
Less: Addition of new lease liabilities (Note 21)	(39,556,736)	(1,719,513)
	434,219	200,369

- (b) The total cash outflows for leases as a lessee are as follows:-

	Group	
	2022	2021
	RM	RM
		(Restated)
Payment of short-term leases	3,327,796	1,365,155
Interest paid on lease liabilities	762,426	97,024
Payment of lease liabilities	3,981,448	261,312
	8,071,670	1,723,491

NOTES TO THE FINANCIAL STATEMENTS

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35. CASH FLOW INFORMATION (Cont'd)

(c) The reconciliations of liabilities arising from financing activities are as follows:-

	Lease liabilities RM	Hire purchase RM	Term loans RM	Bills payable RM	Revolving credit RM	Total RM
Group						
2022						
At 1 January	5,009,710	2,499,095	158,414,671	92,987,901	9,450,000	268,361,377
<u>Changes in financing cash flows</u>						
Proceeds from drawdown	-	238,022	1,194,000	182,757,471	289,595,000	473,784,493
Repayment of principal	(3,981,448)	(751,754)	(21,295,655)	(213,792,439)	(268,325,000)	(508,146,296)
Repayment of interests	(762,426)	(113,195)	(6,594,532)	(2,638,571)	(1,563,561)	(11,672,285)
	(4,743,874)	(626,927)	(26,696,187)	(33,673,539)	19,706,439	(46,034,088)
<u>Non-cash changes</u>						
Acquisition of new lease (Note 21 and 35(a))	39,556,736	-	-	-	-	39,556,736
Acquisition of subsidiaries	79,672	-	1,185,000	431,333	-	1,696,005
Reassessment of leases	194,080	-	-	-	-	194,080
Interest expense recognised in profit or loss (Note 30)	762,426	113,195	6,594,532	2,638,571	1,563,561	11,672,285
Foreign exchange adjustment	(8,837)	(1,072)	(94,968)	27,952	-	(76,925)
Derecognition of lease	(15,507)	-	-	-	-	(15,507)
	40,568,570	112,123	7,684,564	3,097,856	1,563,561	53,026,674
At 31 December	40,834,406	1,984,291	139,403,048	62,412,218	30,720,000	275,353,963

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35. CASH FLOW INFORMATION (Cont'd)

(c) The reconciliations of liabilities arising from financing activities are as follows (Cont'd):-

	Lease liabilities RM	Hire purchase RM	Term loans RM	Bills payable RM	Revolving credit RM	Total RM
Group						
2021						
(Restated)						
At 1 January	2,275,757	770,971	12,826,888	33,018,266	10,000,000	58,891,882
<u>Changes in financing cash flows</u>						
Proceeds from drawdown	-	797,400	139,000,000	273,052,188	159,300,000	572,149,588
Repayment of principal	(261,312)	(382,036)	(5,618,967)	(220,644,831)	(159,850,000)	(386,757,146)
Repayment of interests	(97,024)	(62,756)	(2,005,248)	(1,476,289)	(413,861)	(4,055,178)
	(358,336)	352,608	131,375,785	50,931,068	(963,861)	181,337,264
<u>Non-cash changes</u>						
Acquisition of new lease (Note 21 and 35(a))	1,719,513	-	-	-	-	1,719,513
Acquisition of subsidiaries	1,263,448	1,312,760	12,206,750	7,037,658	-	21,820,616
Reassessment of leases	206,246	-	-	-	-	206,246
Interest expense recognised in profit or loss (Note 30)	97,024	62,756	2,005,248	1,476,289	413,861	4,055,178
Foreign exchange adjustment	-	-	-	524,620	-	524,620
Derecognition of lease	(193,942)	-	-	-	-	(193,942)
	3,092,289	1,375,516	14,211,998	9,038,567	413,861	28,132,231
At 31 December	5,009,710	2,499,095	158,414,671	92,987,901	9,450,000	268,361,377

(d) The cash and cash equivalents comprise the following:-

	Group		Company	
	2022 RM	2021 RM	2022 RM	2021 RM
Cash and bank balances	50,091,872	36,789,607	131,057	395,967
Deposits with licensed banks	6,064,225	27,163,448	-	-
	56,156,097	63,953,055	131,057	395,967
Less: Deposits pledged with licensed banks	(1,473,683)	(5,463,998)	-	-
Bank balances pledged with licensed banks	(3,118,079)	-	-	-
Bank overdraft	-	(89,277)	-	-
	51,564,335	58,399,780	131,057	395,967

Included in the cash and bank balances of the Group is an amount of RM3,118,079 (2021 - Nil) pledged as security for banking facilities to facilitate the issuance of bank guarantees.

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36. RELATED PARTY DISCLOSURES

(a) Identities of related parties

Parties are considered to be related to the Group if the Group or the Company has the ability, directly or indirectly, to control or jointly control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Group or the Company and the party are subject to common control.

In addition to the information detailed elsewhere in the financial statements, the Group has related party relationships with its subsidiary companies, related parties and key management personnel.

(b) Significant related party transactions

Other than those disclosed elsewhere in the financial statements, the Group and the Company also carried out the following significant transactions with the related parties during the financial year:-

	Group		Company	
	2022 RM	2021 RM	2022 RM	2021 RM
Sales to:				
- fellow subsidiaries	2,659,645	1,703,078	-	-
- a fellow jointly controlled entity	538,686	134,808	-	-
- related parties	27,090,439	103,542,576	-	-
Purchases from:				
- fellow subsidiaries	(3,288,874)	(772,830)	-	-
- a fellow jointly controlled entity	(5,697,412)	(4,595,090)	-	-
- a related party	(974)	-	-	-
Rental received and receivable from a fellow jointly controlled entity	156,499	156,499	-	-
Rental paid and payable to fellow subsidiaries	(826,829)	(774,000)	-	-
Management fee paid and payable to a fellow subsidiary	(2,340,000)	(2,340,000)	(162,587)	(150,731)
Consultation fee paid to a shareholder	(102,000)	(102,000)	-	-
Software cost paid to a fellow subsidiary	(127,650)	(127,650)	-	-

The significant outstanding balances of the related parties together with their terms and conditions are disclosed in the respective notes to the financial statements.

No expense was recognised during the financial year for impairment in respect of the amounts owed by the related parties other than those disclosed in Note 28 to the financial statements.

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36. RELATED PARTY DISCLOSURES (Cont'd)

(c) Key management personnel compensation

The key management personnel of the Group and of the Company include executive directors and non-executive directors of the Company and certain members of senior management of the Group.

The key management personnel compensation during the financial year are as follows:-

	Group		Company	
	2022 RM	2021 RM	2022 RM	2021 RM
Directors of the Company				
Short-term employee benefits:				
- fee	264,000	216,000	264,000	216,000
- salaries, bonuses and other emoluments	1,439,026	1,388,520	28,000	44,000
Defined contribution benefits	118,483	111,444	-	-
	1,821,509	1,715,964	292,000	260,000
Directors of the Subsidiaries				
Short-term employee benefits:				
- fee	404,785	125,000	-	-
- salaries, bonuses and other emoluments	2,949,383	1,246,901	-	-
Defined contribution benefits	332,421	97,636	-	-
	3,686,589	1,469,537	-	-
Total directors' remunerations (Note 30)	5,508,098	3,185,501	292,000	260,000

The estimated monetary value of benefits-in-kind provided to the directors of the Company and directors of the subsidiaries were RM25,667 and RM14,377 (2021 - RM28,000 and Nil) respectively.

	Group		Company	
	2022 RM	2021 RM	2022 RM	2021 RM
Other Key Management Personnel				
Short-term employee benefits	280,302	586,003	-	-
Defined contribution benefits	32,142	65,439	-	-
Total compensation for other key management personnel (Note 30)	312,444	651,442	-	-

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37. CAPITAL COMMITMENT

	Group	
	2022	2021
	RM	RM
Plant and machinery	70,218	-
Furniture and fittings	59,716	-
Motor vehicles	368,191	-
Renovation of a property	44,686	-
	542,811	-

38. SEGMENT INFORMATION

Operating segments are prepared in a manner consistent with the internal reporting provided to the Group Chief Executive Officer 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.

- Investment holding : Investment in shares and properties are held for capital gain.
- Agriculture : Involved in manufacturing, distribution and agents of agrochemicals, research and development activities.
- Specialty chemicals : Involved in manufacturing and distribution of specialty chemicals.
- Consumer products : Involved in manufacturing and distribution of disposable healthcare products.

- (a) The Group Chief Executive Officer assesses the performance of the reportable segments based on their profit or loss for the financial year. The accounting policies of the reportable segments are the same as the Group's accounting policies.
- (b) Each reportable segment assets is measured based on all assets (including goodwill) of the segment other than investments in associates and tax-related assets.
- (c) Each reportable segment liabilities is measured based on all liabilities of the segment other than borrowings and tax-related liabilities.
- (d) Assets, liabilities and expenses which are common and cannot be meaningfully allocated to the reportable segments are presented under unallocated items. Unallocated items comprise mainly corporate assets (primarily the Company's headquarters) and head office expenses.
- (e) Transactions between reportable segments are carried out on agreed terms between both parties. The effects of such inter-segment transactions are eliminated on consolidation.

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38. SEGMENT INFORMATION (Cont'd)

	Investment Holding	Agriculture	Specialty Chemicals	Consumer Products	Elimination	Total
	RM	RM	RM	RM	RM	RM
2022						
Assets						
Segment assets	1,108,806,531	341,661,239	204,517,660	32,415,701	(1,068,164,163)	619,236,968
Unallocated asset:						
- Current tax assets						2,837,463
- Deferred tax assets						243,408
Total assets						622,317,839
Included in the measure of segment assets are:						
Addition to non-current assets other than financial instruments are:						
- Intangible assets	-	2,000	159,118	-	-	161,118
- Product development expenditure	-	225,735	-	-	-	225,735
- Property, plant and equipment	153,520	1,858,968	6,382,237	173,492	-	8,568,217
- Right-of-use assets	-	27,165,957	12,549,422	275,576	-	39,990,955
Liabilities						
Segment liabilities	293,885,919	193,952,230	60,663,303	27,114,568	(198,191,428)	377,424,592
Unallocated liabilities:						
- Current tax liabilities						5,631,014
- Deferred tax liabilities						6,381,235
Total liabilities						389,436,841

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38. SEGMENT INFORMATION (Cont'd)

	Investment Holding	Agriculture	Specialty Chemicals	Consumer Products	Elimination	Total
	RM	RM	RM	RM	RM	RM
2022						
Other information						
Allowance for impairment losses:						
- investment in a subsidiary	-	-	100,000	-	(100,000)	-
- trade receivables	-	87,242	682,734	57,361	951,000	1,778,337
- property	28,784	-	-	-	-	28,784
Amortisation expense	-	287,874	460,443	519	-	748,836
Bad debts written off	-	-	109,273	-	-	109,273
Depreciation expense	1,135,314	2,289,180	8,533,254	735,229	187,057	12,880,034
Fair value loss on investment properties	1,335,000	-	-	-	-	1,335,000
(Gain)/Loss on disposal of plant and equipment	-	(79,384)	1	-	-	(79,383)
Interest expense	6,183,416	3,768,679	1,448,686	367,385	(55,012)	11,713,154
Inventories written down	20,522	85,163	31,673	-	-	137,358
Plant and equipment written off	-	12,542	61,245	-	-	73,787
Bad debts recovered	-	-	(2,029)	-	-	(2,029)
Gain on disposal of asset held for sale	-	(264,168)	-	-	-	(264,168)
Reversal of impairment losses on trade receivables	-	(41,802)	-	-	-	(41,802)
Unrealised foreign exchange loss/(gain)	-	57,797	(959,536)	(16,108)	(51,709)	(969,556)

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38. SEGMENT INFORMATION (Cont'd)

	Investment Holding RM	Agriculture RM	Specialty Chemicals RM	Consumer Products RM	Elimination RM	Total RM
2021						
Revenue						
External revenue	669,202	402,093,055	46,147,457	15,207,985	-	464,117,699
Inter-segment revenue	133,795,843	17,341,335	17,935,484	7,422,034	(176,494,696)	-
Total revenue	134,465,045	419,434,390	64,082,941	22,630,019	(176,494,696)	464,117,699
Represented by:-						
<u>Revenue recognised at a point of time</u>						
Dividend income	130,987,267	-	-	-	(130,987,267)	-
Sales of agriculture supplies	-	419,434,390	-	-	(17,341,335)	402,093,055
Sales of specialty chemicals	-	-	64,082,941	-	(17,935,484)	46,147,457
Sales of consumer products	-	-	-	22,630,019	(7,422,034)	15,207,985
Others	669,202	-	-	-	-	669,202
<u>Revenue recognised over time</u>						
Management services	2,808,576	-	-	-	(2,808,576)	-
	134,465,045	419,434,390	64,082,941	22,630,019	(176,494,696)	464,117,699
Results						
Segment profit/(loss)	126,803,675	60,081,865	7,602,939	(3,386,949)	(134,088,561)	57,012,969
Finance costs	(1,694,407)	(2,062,492)	(110,420)	(192,385)	-	(4,059,704)
Finance income	23,560	131,290	40,757	6,423	-	202,030
Share of result of a joint venture	-	451,999	-	-	(41,799)	410,200
Profit/(Loss) before taxation	125,132,828	58,602,662	7,533,276	(3,572,911)	(134,130,360)	53,565,495
Taxation						(14,355,758)
Profit after taxation for the financial year						39,209,737
Attributable to:						
- Owners of the Company						39,460,223
- Non-controlling interests						(250,486)
						39,209,737

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38. SEGMENT INFORMATION (Cont'd)

	Investment Holding RM	Agriculture RM	Specialty Chemicals RM	Consumer Products RM	Elimination RM	Total RM
2021						
Assets						
Segment assets	1,062,831,342	308,093,298	185,042,808	28,518,378	(934,874,133)	649,611,693
Unallocated asset:						
- Current tax assets						2,989,248
- Deferred tax assets						236,240
Total assets						652,837,181
Included in the measure of segment assets are:						
Addition to non-current assets other than financial instruments are:						
- Product development expenditure	-	96,264	-	-	-	96,264
- Property, plant and equipment	57,369	575,051	1,491,901	60,032	-	2,184,353
- Right-of-use assets	702,540	297,881	1,839,471	-	-	2,839,892
Liabilities						
Segment liabilities	264,209,976	160,068,213	54,063,374	19,247,434	(88,997,438)	408,591,559
Unallocated liabilities:						
- Current tax liabilities						4,799,253
- Deferred tax liabilities						10,074,218
Total liabilities						423,465,030
Other information						
Impairment losses on trade receivables	-	-	-	10,757	-	10,757
Amortisation expense	-	281,279	52,814	519	-	334,612
Bad debts written off	-	1,056,382	149,308	153,693	-	1,359,383
Deposit written off	-	-	-	36,000	-	36,000
Depreciation expense	1,101,294	1,745,824	2,360,089	653,194	108,696	5,969,097
Fair value loss on investment properties	-	322,751	-	-	177,249	500,000
Gain on disposal of plant and equipment	10,000	(162,997)	-	-	-	(152,997)
Interest expense	1,694,407	2,062,492	110,420	192,385	-	4,059,704
Inventories written down	-	4,757	-	-	-	4,757
Reversal of impairment losses on:						
- trade receivables	-	(437,971)	-	(144,801)	-	(582,772)
- amount owing from a subsidiary	(1,251,122)	-	-	-	1,251,122	-
- non-current asset held for sale	-	-	-	-	(55,557)	(55,557)
Unrealised foreign exchange loss/ (gain)	67,735	(216,205)	(352,017)	(33,030)	-	(533,517)
Write back of inventories	-	(36,028)	-	-	-	(36,028)

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38. SEGMENT INFORMATION (Cont'd)

Geographical information

Analysis by geographical segment has been presented in respect of revenue only as the Group operates principally in Malaysia.

	Group	
	2022	2021
	RM	RM
Local	457,143,026	302,766,780
Export	161,216,824	161,350,919
	618,359,850	464,117,699

Major customer

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

	2022	2021	
	RM	RM	
Customer #1	-	65,955,608	Agriculture
Customer #2	-	29,903,927	Agriculture

There is no single customer that contributed 10% or more to the Group's revenue during the financial year.

39. FINANCIAL INSTRUMENTS

The Group's activities are exposed to a variety of market risk (including foreign currency risk, interest rate risk and equity price risk), credit risk and liquidity risk. The Group's overall financial risk management policy focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance.

39.1 Financial risk management policies

The Group's policies in respect of the major areas of treasury activity are as follows:-

- (a) Market risk
 - (i) Foreign currency risk

The Group is exposed to foreign currency risk on transactions and balances that are denominated in currencies other than the respective functional currencies of entities within the Group. The currencies giving rise to this risk are primarily United States Dollar ("USD"), Euro ("EUR"), Singapore Dollar ("SGD"), Australian Dollar ("AUD"), Indonesia Rupiah ("IDR") and Brunei Dollar ("BND"). Foreign currency risk is monitored closely on an ongoing basis to ensure that the net exposure is at an acceptable level. The Group also holds cash and cash equivalents denominated in foreign currencies for working capital purposes.

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39. FINANCIAL INSTRUMENTS (Cont'd)

39.1 Financial risk management policies (Cont'd)

(a) Market risk (Cont'd)

(i) Foreign currency risk (Cont'd)

The Group's exposure to foreign currency risk (a currency which is other than the functional currency of the entities within the Group) based on the carrying amounts of the financial instruments at the end of the reporting period is summarised below:-

Foreign currency exposure

	United States Dollar RM	Indonesia Rupiah RM	Singapore Dollar RM	Australian Dollar RM	Brunei Dollar RM	Ringgit Malaysia RM	Total RM
Group							
2022							
<u>Financial Assets</u>							
Trade receivables	12,620,569	6,829,093	250,615	2,145,742	426,722	109,334,727	131,607,468
Other receivables	-	63,881	-	9,848	-	743,362	817,091
Amount due from related companies	331,296	-	-	-	-	53,105	384,401
Deposits with licensed banks	-	-	874,803	-	-	5,189,422	6,064,225
Cash and bank balances	19,098,222	243,608	360,700	1,860,577	1,078,230	27,450,535	50,091,872
	32,050,087	7,136,582	1,486,118	4,016,167	1,504,952	142,771,151	188,965,057

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39. FINANCIAL INSTRUMENTS (Cont'd)

39.1 Financial risk management policies (Cont'd)

(a) Market risk (Cont'd)

(i) Foreign currency risk (Cont'd)

Foreign currency exposure (Cont'd)

	United States Dollar	Indonesia Rupiah	Singapore Dollar	Australian Dollar	Brunei Dollar	Ringgit Malaysia	Total
	RM	RM	RM	RM	RM	RM	RM
Group							
2022							
<u>Financial Liabilities</u>							
Trade payables	12,378,924	2,846,108	333,639	692,891	-	13,706,473	29,958,035
Other payables and accruals	-	3,900,562	9,167	1,460,992	108,572	13,125,323	18,604,616
Amount due to related companies	-	-	-	-	-	283,718	283,718
Amount due to a joint venture	468,457	-	-	-	-	260,228	728,685
Lease liabilities	-	915,357	-	832,634	-	39,086,415	40,834,406
Hire purchase payables	-	-	-	91,359	-	1,892,932	1,984,291
Term loans	-	564,000	-	2,812,703	-	136,026,345	139,403,048
Bills payable	3,301,414	-	-	-	-	59,110,804	62,412,218
Revolving credit	-	-	-	-	-	30,720,000	30,720,000
Variable deferred consideration	-	-	-	-	-	49,712,277	49,712,277
	16,148,795	8,226,027	342,806	5,890,579	108,572	343,924,515	374,641,294
Net financial (liabilities)/ assets	15,901,292	(1,089,445)	1,143,312	(1,874,412)	1,396,380	(201,153,364)	(185,676,237)
Less: Net financial assets denominated in the respective entities' functional currencies	-	1,089,445	468,562	1,874,412	(1,396,380)	201,153,364	203,189,403
Currency Exposure	15,901,292	-	1,611,874	-	-	-	17,513,166

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39. FINANCIAL INSTRUMENTS (Cont'd)

39.1 Financial risk management policies (Cont'd)

(a) Market risk (Cont'd)

(i) Foreign currency risk (Cont'd)

Foreign currency exposure (Cont'd)

	United States Dollar RM	Singapore Dollar RM	Australian Dollar RM	Brunei Dollar RM	Ringgit Malaysia RM	Total RM
Group						
2021						
<u>Financial Assets</u>						
Trade receivables	43,968,979	117,687	467,522	309,162	111,399,143	156,262,493
Other receivables	-	-	46,967	-	1,143,391	1,190,358
Amount due from related companies	202,355	-	-	-	96,859	299,214
Amount due from a joint venture	-	-	-	-	1,884,500	1,884,500
Deposits with licensed banks	-	-	-	-	27,163,448	27,163,448
Cash and bank balances	12,134,459	618,900	373,410	828,736	22,834,102	36,789,607
	56,305,793	736,587	887,899	1,137,898	164,521,443	223,589,620

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39. FINANCIAL INSTRUMENTS (Cont'd)

39.1 Financial risk management policies (Cont'd)

(a) Market risk (Cont'd)

(i) Foreign currency risk (Cont'd)

Foreign currency exposure (Cont'd)

	United States Dollar RM	Euro RM	Singapore Dollar RM	Australian Dollar RM	Brunei Dollar RM	Ringgit Malaysia RM	Total RM
Group							
2021							
(Restated)							
<u>Financial Liabilities</u>							
Trade payables	18,766,039	375,017	120,096	173,435	-	33,665,302	53,099,889
Other payables and accruals	8,312	-	8,639	496,436	70,380	9,474,675	10,058,442
Amount due to related companies	-	-	-	-	-	407,625	407,625
Amount due to a joint venture	-	-	-	-	-	642,421	642,421
Lease liabilities	-	-	-	1,043,181	-	3,966,529	5,009,710
Hire purchase payables	-	-	-	118,836	-	2,380,259	2,499,095
Term loans	-	-	-	2,853,136	-	155,561,535	158,414,671
Bills payable	27,939,747	-	-	-	-	65,048,154	92,987,901
Revolving credit	-	-	-	-	-	9,450,000	9,450,000
Variable deferred consideration	-	-	-	-	-	74,029,997	74,029,997
Bank overdraft	-	-	-	-	-	89,277	89,277
	46,714,098	375,017	128,735	4,685,024	70,380	354,715,774	406,689,028
Net financial assets/ (liabilities)	9,591,695	(375,017)	607,852	(3,797,125)	1,067,518	(190,194,331)	(183,099,408)
Less: Net financial assets denominated in the respective entities' functional currencies	-	-	(607,852)	-	(1,067,518)	190,194,331	188,518,961
Currency Exposure	9,591,695	(375,017)	-	(3,797,125)	-	-	5,419,553

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39. FINANCIAL INSTRUMENTS (Cont'd)

39.1 Financial risk management policies (Cont'd)

(a) Market risk (Cont'd)

(i) Foreign currency risk (Cont'd)

Foreign currency exposure (Cont'd)

The Company does not have any transactions or balances denominated in foreign currencies and hence, is not exposed to foreign currency risk.

Foreign Currency Risk Sensitivity Analysis

The following table details the sensitivity analysis to a reasonably possible change in the foreign currencies at the end of the reporting period, with all other variables held constant:-

	Group	
	2022	2021
	(Decrease)/ Increase	(Decrease)/ Increase
	RM	RM
Effects on Profit After Taxation		
Euro:		
- strengthened by 5%	-	(14,251)
- weakened by 5%	-	14,251
Singapore Dollar:		
- strengthened by 5%	61,251	-
- weakened by 5%	(61,251)	-
United States Dollar:		
- strengthened by 5%	604,249	364,484
- weakened by 5%	(604,249)	(364,484)
Australian Dollar:		
- strengthened by 5%	-	(144,291)
- weakened by 5%	-	144,291

(ii) 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 arises mainly from borrowings with variable rates. The Group's policy is to obtain the most favourable interest rates available and by maintaining a balanced portfolio mix of fixed and floating rate borrowings.

The Group's fixed rate borrowings and deposits with licensed banks are carried at amortised cost. Therefore, they are not subject to interest rate risk as defined in MFRS 7 since neither the carrying amounts nor the future cash flows will fluctuate because of a change in market interest rates.

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cont'd

39. FINANCIAL INSTRUMENTS (Cont'd)

39.1 Financial risk management policies (Cont'd)

(a) Market risk (Cont'd)

(ii) Interest rate risk (Cont'd)

The Group's exposure to interest rate risk based on the carrying amounts of the financial instruments at the end of the reporting period is disclosed in Notes 22 to the financial statements.

Interest Rate Risk Sensitivity Analysis

An increase of 100 basis points in interest rates of floating rate borrowings at the end of the reporting period would have decreased the Group's profit after taxation by RM1,767,268 (2021 - RM1,983,158). The analysis assumes that all other variables remain constant. A decrease of 100 basis points in the interest rates would have had an equal but opposite effect on the Group's profit after taxation.

(iii) Equity price risk

The Group does not have any quoted investments and hence, is not exposed to equity price risk.

(b) Credit risk

The Group's exposure to credit risk, or the risk of counterparties defaulting, arises mainly from trade and other receivables. The Group manages its exposure to credit risk by the application of credit approvals, credit limits and monitoring procedures on an ongoing basis. For other financial assets (including cash and bank balances), the Group minimises credit risk by dealing exclusively with high credit rating counterparties.

The Company's exposure to credit risk arises principally from loans and advances to subsidiaries, and corporate guarantee given to financial institutions for credit facilities granted to certain subsidiaries. The Company monitors the results of these subsidiaries regularly and repayments made by the subsidiaries.

(i) Credit risk concentration profile

The Group does not have any major concentration of credit risk related to any individual customer or counterparty.

In addition, the Group also determines concentration of credit risk by monitoring the geographical region of its trade receivables on an ongoing basis. The credit risk concentration profile of trade receivables (including amount due from related companies) at the end of the reporting period is as follows:-

	Group	
	2022	2021
	RM	RM
Africa	253,981	-
Asia	127,504,288	152,656,386
Europe	9,474	-
North America	1,728	1,383
Oceania	4,222,398	3,470,986
South America	-	432,952
	131,991,869	156,561,707

NOTES TO THE FINANCIAL STATEMENTS

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39. FINANCIAL INSTRUMENTS (Cont'd)

39.1 Financial risk management policies (Cont'd)

(b) Credit risk (Cont'd)

(ii) Maximum exposure to credit risk

At the end of the reporting period, the maximum exposure to credit risk is represented by the carrying amount of each class of financial assets recognised in the statement of financial position of the Group after deducting any allowance for impairment losses.

In addition, the Company's maximum exposure to credit risk also includes corporate guarantees provided to its subsidiaries as disclosed under the 'Maturity Analysis' of item (c) below, representing the outstanding banking facilities of the subsidiaries as at the end of the reporting period. These corporate guarantees have not been recognised in the Company's financial statements since their fair value on initial recognition were not material.

(iii) Assessment of impairment losses

At each reporting date, the Group assesses whether any of its financial assets at amortised cost are credit impaired.

The gross carrying amounts of financial assets are written off when there is no reasonable expectation of recovery (i.e. the debtor does not have assets or sources of income to generate sufficient cash flows to repay the debt) despite the fact that they are still subject to enforcement activities.

Trade receivables

The Group applies the simplified approach to measure expected credit losses using a lifetime expected credit loss allowance for all trade receivables.

Inputs, Assumptions and Techniques used for Estimating Impairment Losses

To measure the expected credit losses, trade receivables (including related companies) has been grouped based on shared credit risk characteristics and the days past due.

The Group considers any trade receivables having financial difficulty or in default with significant balances outstanding for more than 90 days, are deemed credit impaired.

The expected loss rates are based on the payment profiles of sales over a period of 12 months (2021 - 12 months) and the corresponding historical credit losses experienced within this period. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle their debts.

NOTES TO THE FINANCIAL STATEMENTS

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39. FINANCIAL INSTRUMENTS (Cont'd)

39.1 Financial risk management policies (Cont'd)

(b) Credit risk (Cont'd)

(iii) Assessment of impairment losses (Cont'd)

Trade receivables (Cont'd)

The information about the exposure to credit risk and the loss allowances calculated under MFRS 9 for trade receivables (including related companies' balances which are not past due and past due amounted to RM337,012 and RM42,332 (2021 - RM294,425 and RM4,816) respectively) are summarised below:-

	Gross Amount RM	Lifetime Loss Allowance RM	Carrying Amount RM
Group			
2022			
Current (not past due)	84,995,825	(52,788)	84,943,037
1 to 30 days past due	19,049,365	(89,958)	18,959,407
31 to 60 days past due	12,464,433	(56,965)	12,407,468
61 to 90 days past due	4,731,040	(24,985)	4,706,055
more than 90 days	12,401,801	(1,425,899)	10,975,902
	133,642,464	(1,650,595)	131,991,869
Credit impaired:			
- Individually impaired	1,831,617	(1,831,617)	-
	135,474,081	(3,482,212)	131,991,869
Group			
2021			
Current (not past due)	90,835,692	-	90,835,692
1 to 30 days past due	34,287,977	(6,082)	34,281,895
31 to 60 days past due	18,706,345	(2,905)	18,703,440
61 to 90 days past due	6,403,037	(675)	6,402,362
more than 90 days	8,074,582	(465,518)	7,609,064
	158,307,633	(475,180)	157,832,453
Credit impaired:			
- Individually impaired	-	(1,270,746)	(1,270,746)
	158,307,633	(1,745,926)	156,561,707

The movements in the loss allowances in respect of trade receivables are disclosed in Note 11 to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2022
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39. FINANCIAL INSTRUMENTS (Cont'd)

39.1 Financial risk management policies (Cont'd)

(b) Credit risk (Cont'd)

(iii) Assessment of impairment losses (Cont'd)

Other receivables

Other receivables are also subject to the impairment requirements of MFRS 9, the identified impairment loss was immaterial and hence, it is not provided for.

Deposits with licensed banks, cash and bank balances

The Group considers these banks and financial institutions have low credit risks. In addition, some of the bank balances are insured by Government agencies. Therefore, the Group is of the view that the loss allowance is immaterial and hence, it is not provided for.

Amount due from subsidiaries (Non-trade balances)

The Company applies the 3-stage general approach to measuring expected credit losses for all inter-company balances.

Inputs, Assumptions and Techniques used for Estimating Impairment Losses

The Company considers loans and advances to subsidiaries have low credit risks. The Company assumes that there is a significant increase in credit risk when a subsidiary's financial position deteriorates significantly.

The Company measures the expected credit losses on individual basis, which is aligned with its credit risk management practices on the inter-company balances.

As the Company is able to determine the timing of payments of the subsidiaries' loans and advances when they are payable, the Company considers the loans and advances to be in default when the subsidiaries are not able to pay when demanded. The Company considers a subsidiary's loan or advance to be credit impaired when the subsidiary is unlikely to repay its loan or advance in full or the subsidiary is continuously loss making or the subsidiary is having a deficit in its total equity.

The Company determines the probability of default for these loans and advances individually using internal information available.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2022
cont'd

39. FINANCIAL INSTRUMENTS (Cont'd)

39.1 Financial risk management policies (Cont'd)

(b) Credit risk (Cont'd)

(iii) Assessment of impairment losses (Cont'd)

Amount due from subsidiaries (Non-trade balances) (Cont'd)

Allowance for Impairment Losses

	Gross Amount RM	Lifetime Loss Allowance RM	Carrying Amount RM
Company			
2022			
Low credit risk	23,118,824	-	23,118,824
Credit impaired	15,761,667	(10,495,010)	5,266,657
	38,880,491	(10,495,010)	28,385,481
2021			
Low credit risk	46,230,410	-	46,230,410
Credit impaired	-	(10,495,010)	(10,495,010)
	46,230,410	(10,495,010)	35,735,400

The movements in the loss allowances are disclosed in Note 28 to the financial statements.

Financial Guarantee Contracts

All of the financial guarantee contracts are considered to be performing, have low risks of default and historically there were no instances where these financial guarantee contracts were called upon by the parties of which the financial guarantee contracts were issued to. Accordingly, no loss allowances were identified based on 12-month expected credit losses.

(c) Liquidity risk

Liquidity risk arises mainly from general funding and business activities. The Group practises prudent risk management by maintaining sufficient cash balances and the availability of funding through certain committed credit facilities.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2022
cont'd

39. FINANCIAL INSTRUMENTS (Cont'd)

39.1 Financial risk management policies (Cont'd)

(c) Liquidity risk (Cont'd)

Maturity Analysis

The following table sets out the maturity profile of the financial liabilities at the end of the reporting period based on contractual undiscounted cash flows (including interest payments computed using contractual rates or, if floating, based on the rates at the end of the reporting period):-

	Carrying Amount RM	Contractual Undiscounted Cash Flows RM	Within 1 Year RM	1 - 5 Years RM	Over 5 Years RM
Group					
2022					
<u>Non-derivative Financial</u>					
<u>Liabilities</u>					
Trade payables	29,958,035	29,958,035	29,958,035	-	-
Other payables and accruals	18,604,616	18,604,616	18,604,616	-	-
Amount due to related companies	283,718	283,718	283,718	-	-
Amount due to a joint venture	728,685	728,685	728,685	-	-
Lease liabilities	40,834,406	52,835,135	7,965,217	21,170,302	23,699,616
Hire purchase payables	1,984,291	2,168,834	700,219	1,468,615	-
Term loans	139,403,048	145,042,329	17,447,933	123,621,357	3,973,039
Bills payable	62,412,218	62,412,218	62,412,218	-	-
Revolving credit	30,720,000	30,720,000	30,720,000	-	-
Variable deferred consideration	49,712,277	55,980,008	27,691,771	28,288,237	-
	374,641,294	398,733,578	196,512,412	174,548,511	27,672,655
2021 (Restated)					
<u>Non-derivative Financial</u>					
<u>Liabilities</u>					
Trade payables	53,099,889	53,099,889	53,099,889	-	-
Other payables and accruals	10,058,442	10,058,442	10,058,442	-	-
Amount due to related companies	407,625	407,625	407,625	-	-
Amount due to a joint venture	642,421	642,421	642,421	-	-
Lease liabilities	5,009,710	5,311,281	2,801,301	2,509,980	-
Hire purchase payables	2,499,095	2,725,152	955,028	1,770,124	-
Term loans	158,414,671	159,300,565	16,983,344	135,134,196	7,183,025
Bank overdraft	89,277	89,277	89,277	-	-
Bills payable	92,987,901	92,987,901	92,987,901	-	-
Revolving credit	9,450,000	9,450,000	9,450,000	-	-
Variable deferred consideration	74,029,997	80,297,728	24,317,720	55,980,008	-
	406,689,028	414,370,281	211,792,948	195,394,308	7,183,025

NOTES TO THE FINANCIAL STATEMENTS

31 December 2022
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39. FINANCIAL INSTRUMENTS (Cont'd)

39.1 Financial risk management policies (Cont'd)

(c) Liquidity risk (Cont'd)

Maturity Analysis (Cont'd)

The following table sets out the maturity profile of the financial liabilities at the end of the reporting period based on contractual undiscounted cash flows (including interest payments computed using contractual rates or, if floating, based on the rates at the end of the reporting period) (Cont'd):-

	Carrying Amount RM	Contractual Undiscounted Cash Flows RM	Within 1 Year RM	1 – 5 Years RM
Company				
2022				
Other payables and accruals	273,419	273,419	273,419	-
Amount due to subsidiaries	61,068,939	61,068,939	61,068,939	-
Term loans	123,475,000	125,673,532	14,023,283	111,650,249
Variable deferred consideration	49,712,277	55,980,008	27,691,771	28,288,237
Financial guarantee contracts in relation to corporate guarantee given to certain subsidiaries *	-	72,338,989	64,150,272	8,188,717
	234,529,635	315,334,887	167,207,684	148,127,203
2021 (Restated)				
Other payables and accruals	56,607	56,607	56,607	-
Amount due to subsidiaries	14,325,797	14,325,797	14,325,797	-
Term loans	136,775,000	139,810,171	14,126,639	125,683,532
Variable deferred consideration	74,029,997	80,297,728	24,317,720	55,980,008
Financial guarantee contracts in relation to corporate guarantee given to certain subsidiaries *	-	91,442,838	91,442,838	-
	225,187,401	325,933,141	144,269,601	181,663,540

* The contractual undiscounted cash flows represent the outstanding credit facilities of the subsidiaries at the end of the reporting period. The financial guarantees have not been recognised in the financial statements since their fair value on initial recognition were not material.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2022
cont'd

39. FINANCIAL INSTRUMENTS (Cont'd)

39.2 Capital risk management

The Group manages its capital to ensure that entities within the Group will be able to maintain an optimal capital structure so as to support its businesses and maximise shareholders value. To achieve this objective, the Group may make adjustments to the capital structure in view of changes in economic conditions, such as adjusting the amount of dividend payment, returning of capital to shareholders or issuing new shares.

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 net debt divided by total equity. The Group includes within net debt, loans and borrowings from financial institutions less cash and cash equivalents. Capital includes equity attributable to the owners of the parent and non-controlling interest. The debt-to-equity ratio of the Group at the end of the reporting period was as follows:-

	Group	
	2022	2021
	RM	RM
		(Restated)
Hire purchase payables	1,984,291	2,499,095
Term loans	139,403,048	158,414,671
Bank overdraft	-	89,277
Bills payable	62,412,218	92,987,901
Revolving credit	30,720,000	9,450,000
	234,519,557	263,440,944
Less: Deposits with licensed banks	(6,064,225)	(27,163,448)
Less: Cash and bank balances	(50,091,872)	(36,789,607)
Net debt	178,363,460	199,487,889
Total equity	232,880,998	229,372,151
Debt-to-equity ratio	0.77	0.87

There was no change in the Group's approach to capital management during the financial year.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2022

cont'd

39. FINANCIAL INSTRUMENTS (Cont'd)

39.3 Classification of financial instruments

	2022	
	Group	Company
	RM	RM
Financial assets		
<u>Amortised cost</u>		
Trade receivables	131,607,468	-
Other receivables	817,091	9,558
Amount due from related companies	384,401	-
Amount due from subsidiaries	-	28,385,481
Dividend receivable	-	28,000,000
Deposits with licensed banks	6,064,225	-
Cash and bank balances	50,091,872	131,057
	188,965,057	56,526,096
Financial liabilities		
<u>Amortised cost</u>		
Lease liabilities	40,834,406	-
Term loans	139,403,048	123,475,000
Trade payables	29,958,035	-
Other payables and accruals	18,604,616	273,419
Amount due to related companies	283,718	-
Amount due to a joint venture	728,685	-
Amount due to subsidiaries	-	61,068,939
Hire purchase payables	1,984,291	-
Bills payable	62,412,218	-
Variable deferred consideration	49,712,277	49,712,277
Revolving credit	30,720,000	-
	374,641,294	234,529,635

NOTES TO THE FINANCIAL STATEMENTS

31 December 2022
cont'd

39. FINANCIAL INSTRUMENTS (Cont'd)

39.3 Classification of financial instruments (Cont'd)

	2021	
	Group RM (Restated)	Company RM (Restated)
Financial assets		
<u>Amortised cost</u>		
Trade receivables	156,262,493	-
Other receivables	1,190,358	9,558
Amount due from related companies	299,214	-
Amount due from subsidiaries	-	35,735,400
Amount due from a joint venture	1,884,500	1,884,500
Dividend receivable	-	8,500,000
Deposits with licensed banks	27,163,448	-
Cash and bank balances	36,789,607	395,967
	223,589,620	46,525,425
Financial liabilities		
<u>Amortised cost</u>		
Lease liabilities	5,009,710	-
Term loans	158,414,671	136,775,000
Trade payables	53,099,889	-
Other payables and accruals	10,058,442	56,607
Amount due to related parties	407,625	-
Amount due to a joint venture	642,421	-
Amount due to subsidiaries	-	14,325,797
Bank overdraft	89,277	-
Hire purchase payables	2,499,095	-
Bills payable	92,987,901	-
Variable deferred consideration	74,029,997	74,029,997
Revolving credit	9,450,000	-
	406,689,028	225,187,401

NOTES TO THE FINANCIAL STATEMENTS

31 December 2022
cont'd

39. FINANCIAL INSTRUMENTS (Cont'd)

39.4 Gains or losses arising from financial instruments

	Group RM	Company RM
2022		
Financial assets		
<u>Amortised cost</u>		
Net (losses)/gain recognised in profit or loss	(1,519,875)	3,710
Financial liabilities		
<u>Amortised cost</u>		
Net losses recognised in profit or loss	(11,713,154)	(5,957,349)
2021		
Financial assets		
<u>Amortised cost</u>		
Net (losses)/gain recognised in profit or loss	(8,597)	177,143
Financial liabilities		
<u>Amortised cost</u>		
Net losses recognised in profit or loss	(4,059,704)	(1,476,984)

39.5 Fair value information

As the end of the reporting period, there were no financial instruments carried at fair values in the statements of financial position.

The fair values of the financial assets and financial liabilities of the Group and of the Company which are maturing within the next 12 months approximated their carrying amounts due to the relatively short-term maturity of the financial instruments or repayable on demand terms.

The fair value of term loans that carry floating interest rates approximated their carrying amounts as they are repriced to market interest rates on or near the reporting date.

40. SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR

- (a) On 28 March 2022, the Company entered into a conditional Share Sale Agreement to acquire the 109,900 ordinary shares in PT. Agro Sentosa Raya ("PTASR"), representing 99.91% equity interest in PTASR for a total purchase consideration of RM10,200,000 to be fully satisfied by cash. Subsequently on 20 May 2022, the Company announced the completion of the PTASR acquisition upon the fulfilment of all conditions precedent pursuant to the Share Sale Agreement.
- (b) On 23 May 2022, the Company entered into a conditional Share Sale Agreement to acquire the 100 ordinary shares in Hextar Kimia (Australia) ("HKA"), representing 100% equity interest in HKA for a total purchase consideration of RM14,300,000 to be fully satisfied by cash. Subsequently, on 22 July 2022, the Company announced the completion of the HKA Acquisitions upon the fulfilment of all conditions precedent pursuant to the Share Sale Agreement.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2022
cont'd

40. SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR (Cont'd)

- (c) On 31 May 2021, a direct wholly-owned subsidiary of the Company, Halex (M) Sdn Bhd entered into a Sale and Purchase Agreement with the purchaser to dispose of freehold buildings for a total consideration of RM3,500,000. The disposal was completed on 3 March 2022 with no gain no loss.
- (d) On 12 July 2022, the Company announced Hextar Chemicals Sdn Bhd, an indirect wholly-owned subsidiary of Hextar ("Hextar Chemicals") entered into a conditional sale and purchase agreement with Pacific Trustees Berhad ("Pacific Trustees"), the trustee of KIP Real Estate Investment Trust for disposal of 2 adjoining parcels of leasehold industrial land and building located in Klang for a cash consideration of RM27 million. In conjunction with the disposal, Hextar Chemicals entered into lease agreement with Pacific Trustees to lease the Klang properties for 15 years. Subsequently on 14 December 2022, the Company announced the completion of the disposal following the full settlement of the disposal consideration by the purchaser in accordance with the terms and conditions of the SPA.
- (e) In the previous financial year, the Company completed the acquisitions in several entities which listed as below:-
- i) 100% equity interest in Chempro Group (Consists of Chempro Technology (M) Sdn. Bhd. and its wholly-owned subsidiary as well as Alpha Aim (M) Sdn. Bhd.) for a total consideration of RM138 million;
 - ii) 100% equity interests in Nobel Group (Consists of Nobel Synthetic Polymer Sdn. Bhd. and Nobel Scientific Sdn. Bhd.) for a total consideration of RM105 million;
 - iii) 100% equity interests in Tufbond Technologies Sdn. Bhd. ("TTSB") for a total consideration of RM13 million; and
 - iv) 49% equity interests in HKSB Group (Consists of Hextar Kimia Sdn. Bhd. and its wholly-owned subsidiaries) for a total consideration of RM24.5 million.

During current financial year, the Group completed the valuation of purchase price allocation ("PPA") and adjustments were made to the provisional goodwill recorded at the date of the acquisition. The effect of the adjustments made upon the completion of PPA during the re-measurement period are set out below:

The fair value of the above entity's assets and liabilities as at date of acquisition was measured provisionally, pending completion of an independent valuation on the PPA. In accordance with MFRS 3, Business Combinations, the Group has a period of twelve (12) months from the date of the acquisition (the "Measurement Period") to complete the PPA. At the acquisition date, the Group had estimated the provisional goodwill at RM49,999,773, RM62,248,738, RM7,992,300 and RM12,117,368 respectively.

	Chempro Group RM	Nobel Group RM	TTSB RM	HKSB Group RM
Fair value of consideration transferred	133,894,051	101,851,274	7,284,672	24,500,000
Less: Fair value of net identifiable assets acquired	(88,000,227)	(42,751,262)	(5,007,700)	(29,793,166)
Less: Non-controlling interest	-	-	-	19,198,124
Adjusted goodwill	45,893,824	59,100,012	2,276,972	13,904,958

The above fair value adjustments were recorded with effect from the date acquisition. As a result, certain balances on the statement of financial position as at 31 December 2021 were restated (refer to Note 42(b)).

41. SIGNIFICANT EVENT OCCURRING AFTER THE REPORTING PERIOD

On 28 February 2023, the Company proposed to undertake a bonus issue of up to 2,626,174,568 new ordinary shares in the Company ("Bonus Share(s)") on the basis of two (2) Bonus Shares for every one (1) existing ordinary shares of the Company held by the shareholders. The entitlement date of the bonus issue shares will be on 18 April 2023.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2022

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42. COMPARATIVE FIGURES

(a) The following figures have been reclassified to conform with the presentation of the current financial year:-

	As previously reported RM	As restated RM
Group		
<u>Consolidated Statement of Financial Position (Extract):-</u>		
NON-CURRENT ASSETS		
Property, plant and equipment	72,901,981	76,479,513
Right-of-use assets	30,504,710	30,370,262
Assets classified as held for sale	6,943,084	3,500,000
NON-CURRENT LIABILITIES		
Lease liabilities	5,017,929	3,375,706
Borrowings	-	143,279,145
Term loans	141,636,922	-
CURRENT LIABILITIES		
Lease liabilities	2,490,876	1,634,004
Borrowings	-	120,161,799
Term loans	16,777,749	-
Bills payable	92,987,901	-
Bank overdraft	89,277	-
Revolving credit	9,450,000	-
Company		
<u>Statement of Financial Position (Extract):-</u>		
NON-CURRENT LIABILITIES		
Borrowings	-	123,485,000
Term loans	123,485,000	-
CURRENT LIABILITIES		
Borrowings	-	13,290,000
Term loans	13,290,000	-

NOTES TO THE FINANCIAL STATEMENTS

31 December 2022
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42. COMPARATIVE FIGURES (Cont'd)

- (a) The following figures have been reclassified to conform with the presentation of the current financial year (Cont'd):-

	As previously reported RM	As restated RM
Group		
<u>Consolidated Statement of Cash Flows (Extract):-</u>		
CASH FLOWS FROM/(FOR) OPERATING ACTIVITIES		
Adjustments for:-		
Depreciation of property, plant and equipment	4,826,438	5,178,939
Depreciation of right-of-use assets	1,142,659	790,158
Interest expense on lease liabilities	159,780	97,024
Other interest expense	3,899,924	3,962,680
CASH FLOWS FROM/(FOR) INVESTING ACTIVITIES		
Addition of right-of-use assets	(322,979)	(200,369)
Purchase of property, plant and equipment	(2,184,353)	(2,306,963)
CASH FLOWS (FOR)/FROM FINANCING ACTIVITIES		
Repayment of lease liabilities	(643,348)	(261,312)
Net drawdown/(repayment) of borrowings	-	52,025,321
Net drawdown/(repayment) of bills payable	52,407,357	-

A third statement of financial position is not presented as the effect of the reclassification is not judged to be material to the Group.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2022
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42. COMPARATIVE FIGURES (Cont'd)

- (b) Following the completion of the PPA for the acquisitions of Chempro Group (Consists of Chempro Technology (M) Sdn. Bhd. and its wholly-owned subsidiary as well as Alpha Aim (M) Sdn. Bhd.), Nobel Group (Consists of Nobel Synthetic Polymer Sdn. Bhd. and Nobel Scientific Sdn. Bhd.), Tuffbond Technologies Sdn. Bhd. and HKSB Group (Consists of Hextar Kimia Sdn. Bhd. and its wholly-owned subsidiaries) disclosed in Note 40(e), the Group adjusted the fair values of certain identifiable assets and liabilities. The adjustments were accounted for retrospectively. The restatement of comparatives as at 31 December 2021 are as follows:

	As previously stated RM	Adjustments during re-measurement period RM	As restated RM
Group			
Non-current assets			
Intangible assets	150,913,205	(11,182,413)	139,730,792
Equity			
Non-controlling interests	14,620,632	1,787,590	16,408,222
Non-current liabilities			
Variable deferred consideration	58,000,000	(7,249,261)	50,750,739
Current liabilities			
Variable deferred consideration	29,000,000	(5,720,742)	23,279,258
Company			
Non-current assets			
Investment in subsidiaries	903,883,668	(12,970,003)	890,913,665
Non-current liabilities			
Variable deferred consideration	58,000,000	(7,249,261)	50,750,739
Current liabilities			
Variable deferred consideration	29,000,000	(5,720,742)	23,279,258

LIST OF PROPERTIES

Property	Description/ Existing Use	Approximate Age of Building	Tenure	Land/ Build up Area (Sq m)	NBV as at 31/12/2022 (RM'000)	Market Value (RM'000)	Date of Valuation
HS(D) 215977 PTD No.19116 City & District of Johor Bahru, Johor	3 storey detached factory cum office building and other supporting structures / Manufacturing and office	29 years	60 years lease	4,860/ 4,768	6,299	6,500	31.12.2021
HS(D) 8111, PTB No. 264, Mukim of Ulu Sungai Johor, District of Kota Tinggi, Johor	Single storey detached factory with an annexed double storey office building and supporting structures / Manufacturing and office premise	18 years	60 years lease	12,222	5,300	5,300	31.12.2021
Lot 650 & 651, GM 547 & 361, Ban Foo Village, Mukim Plentong, 81800, Ulu Tiram, Johor	Nursery (including a tissue culture facility and microbiology lab) / Vacant	25 years	Freehold	57,101/ 1,826	5,742	5,800	31.12.2021
Lot A-5-3A, Block A, Level 3A, Unit No. 3A, Jade Residence Condominium. Held Under CL 015101461 District of Kota Kinabalu	Intermediate Condominium Unit / Vacant	6 years	99 years lease	190	844	1,115	10.01.2022
Lot A-5-6, Block A, Level 3A, Unit No. 6, Jade Residence Condominium. Held Under CL 015101461 District of Kota Kinabalu	Condominium Unit / Vacant	6 years	99 years lease	168	830	975	10.01.2022
Lot A-6-5, Block A, Level 5, Unit No. 5, Jade Residence Condominium. Held Under CL 015101461 District of Kota Kinabalu	Condominium Unit / Vacant	6 years	99 years lease	263	980	1,417	10.01.2022
Geran 190269, Lot 128303, Mukim Klang, Daerah Klang, Negeri Selangor. No. 64, Jalan Bayu Laut 4/KS09, Sazean Business Park, 41200 Klang, Selangor.	6 Storey Shop Office Building/ Office Premises	8 years	Freehold	334/ 2,007	6,789	6,950	07.05.2021
Lot 2666, Sungai Pasai, Engkabang, off Jalan Sibu-Bintulu, 96000 Sibu.	Agriculture land/ Vacant	10 years	99 years lease	19,667	77	78	26.03.2022
Lot 1753, 24 th Mile, Sibu Ulu Oya Road, off Jalan Teku Pasai-Siong, 96000 Sibu.	Agriculture land/ Vacant	10 years	99 years lease	35,181	283	287	26.03.2022
Lot 1633, 23 rd Mile, Sibu Ulu Oya Road, off Jalan Teku Pasai-Siong, 96000 Sibu.	Agriculture land/ Vacant	10 years	99 years lease	51,395	502	510	26.03.2022

LIST OF PROPERTIES

cont'd

Property	Description/ Existing Use	Approximate Age of Building	Tenure	Land/ Build up Area (Sq m)	NBV as at 31/12/2022 (RM'000)	Market Value (RM'000)	Date of Valuation
Country lease 075375414, Jalan Loong Chun off KM17.2 Jalan Labuk, Sandakan, Negeri Sabah, Malaysia. Bearing postal address Lot 7, Jalan Loong Chun Off, Jalan Labuk, Mile 10, W.D.T No. 32, 9009 held under District of Sandakan, State of Sabah, Malaysia.	A double-storey office building with an annexed single-storey warehouse / Rented to third party	5 years	999 years lease	6,070/ 557	1,638	1,640	22.02.2022
GRN 270596, Lot 27031, Pekan Subang Jaya, Daerah Petaling, Negeri Selangor, Bearing postal address No. 11A, Jalan USJ 6/4, 47620 UEP Subang Jaya, Selangor Darul Ehsan, Malaysia.	A double-storey residential unit / Vacant	6 years	Freehold	111/ 98	684	700	31.12.2021
Geran 1769/M1/4/35, Lot 37224, Mukim of Petaling. No. 28-3, Block A, Sri Desa Entrepreneurs Park, Jalan 1/116B, Off Jalan Kuchai Lama, 58200 Kuala Lumpur	Office Lot / Office premises	22 years	Freehold	129	335	350	30.11.2020
Geran 1766/M5/6/296, Lot 37216, Mukim of Petaling. Unit No. 9-5-3A, Sri Desa Condominium, Block 9, Jalan 1/116B, Off Jalan Kuchai Lama, 58200 Kuala Lumpur	Condominium Unit / Hostel for own staff	21 years	Freehold	103	383	400	30.11.2020
Geran 47480, Lot 36469, Mukim of Petaling. Unit No. B-16- 2, Tower B, The Link 2 @ Bukit Jalil No.1, Jalan Jalil Perkasa 3, Bukit Jalil, 57000 Kuala Lumpur.	Serviced Apartment Unit / Rented to third party	5 years	Freehold	113	850	850	30.11.2020
Lot 3605, Block 217, Kuching North Land District, Jalan Batu Kawa, Kuching, Sarawak.	2-storey semi-detached building for industrial purposes/ Warehouse	7 years	60 years leasehold	622	1,379	1,400	18.03.2022
Lot No.12, Lorong Epik Industri 1, Epik Industri, Mile 7, Tuaran Road, Inanam, 88450 Kota Kinabalu, Sabah.	2-storey semi-detached showroom, office and workshop/ Office premises	7 years	99 years leasehold	908	2,917	3,000	14.10.2021
PN 9958, Lot No. 6120, Mukim of Teluk Kalung, District of Kemaman, Negeri Terengganu.	Industrial land under a double-storey office building/ Office premises and warehouse	2 years	60 years leasehold	10,017	9,452	9,600	21.03.2022

LIST OF PROPERTIES

cont'd

Property	Description/ Existing Use	Approximate Age of Building	Tenure	Land/ Build up Area (Sq m)	NBV as at 31/12/2022 (RM'000)	Market Value (RM'000)	Date of Valuation
18-20 Kilkenny Court, Dandenong, VIC 3175, Melbourne, Australia. Land title Lot 5 on PS 440532	Single level industrial warehouse/ Office and warehouse	19 years	Freehold	3,285	4,642	4,924	28.02.2022
ASR CK Building, Kawasan Industri Jababeka Tahap III, Block B1-D, Desa Pasirgombong, Kec. Cikarang Utara, Indonesia	Warehouse with 2 Storey Office/Rented	14 years	Freehold	2,203 / 1,932	4,314	4,639	29.03.2022
ASR GP Building, Jl.Wakil sandi, Kp.kedep No.125 RT.001/RW.021 Desa Tlajung Udik, Gunung Putri Bogor, Indonesia.	Factory and Warehouse	9 years	Freehold	7,755 / 5,052	7,293	7,970	23.09.2020

ANALYSIS OF SHAREHOLDINGS

As at 29 March 2023

STATISTIC OF ORDINARY SHAREHOLDINGS

Class of Shares	: Ordinary Shares
Total number of Issued Share Capital	: 1,313,087,284
Number of Treasury Shares	: 21,065,100

ANALYSIS BY SIZE OF HOLDINGS

SIZE OF HOLDINGS	NO. OF SHAREHOLDERS	%	NO. OF SHARES HELD	%
1 – 99	379	10.29	17,081	0.00
100 – 1,000	763	20.71	452,790	0.03
1,001 – 10,000	1,627	44.16	7,476,968	0.58
10,001 – 100,000	658	17.86	20,113,789	1.56
100,001 – 64,601,108*	253	6.87	860,756,234	66.62
64,601,109 and above**	4	0.11	403,205,322	31.21
TOTAL	3,684	100.00	1,292,022,184	100.00

* Less than 5% of Issued Shares

** 5% and above of Issued Shares

INFORMATION ON SUBSTANTIAL SHAREHOLDERS

(This is an aggregation of securities from different securities accounts belonging to the same registered holder)

NAME	DIRECT INTERESTS	%	INDIRECT INTERESTS	%
HEXTAR HOLDINGS SDN BHD	807,422,522	62.49	0	0.00
DATO' ONG SOON HO	0	0.00	889,754,122 ^{[1][2]}	68.87
DATO' ONG CHOO MENG	82,331,600	6.27	807,422,522 ^[1]	62.49

Notes:

[1] Deemed interested by virtue of his interest in Hextar Holdings Sdn Bhd ("HHSB") pursuant to Section 8 of the Companies Act 2016 ("the Act"). HHSB is the holding company of Hextar.

[2] Indirect interested by virtue of the interest held through his child, Dato' Ong Choo Meng pursuant to Section 59(11)(c) of the Act.

INFORMATION ON DIRECTORS' HOLDINGS

(This is an aggregation of securities from different securities accounts belonging to the same Registered Holder)

NAME	DIRECT INTERESTS	%	INDIRECT INTERESTS	%
DATO' ONG SOON HO	0	0.00	889,754,122 ^{[1][2]}	68.87
LEE CHOOI KENG	1,436,640	0.11	0	0.00

Notes:

(1) Deemed interested by virtue of his interest in HHSB pursuant to Section 8 of the Act. HHSB is the holding company of Hextar.

(2) Indirect interested by virtue of the interest held through his child, Dato' Ong Choo Meng pursuant to Section 59(11)(c) of the Act.

ANALYSIS OF SHAREHOLDINGS

As at 29 March 2023
cont'd

LIST OF TOP 30 SECURITIES ACCOUNT HOLDERS

(Without aggregating securities from different securities accounts belonging to the same registered holder)

NO.	NAME	NUMBER OF SHARES HELD	%
1.	HLB NOMINEES (TEMPATAN) SDN BHD <i>PLEDGED SECURITIES ACCOUNT FOR HEXTAR HOLDINGS SDN BHD (PJCAC)</i>	140,101,000	10.84
2.	SJ SEC NOMINEES (TEMPATAN) SDN BHD <i>PLEDGED SECURITIES ACCOUNT – AL RAJHI BANK FOR HEXTAR HOLDINGS SDN BHD</i>	106,304,322	8.23
3.	AMSEC NOMINEES (TEMPATAN) SDN BHD <i>PLEDGED SECURITIES ACCOUNT – AMBANK (M) BERHAD FOR HEXTAR HOLDINGS SDN BHD</i>	92,000,000	7.12
4.	CGS-CIMB NOMINEES (TEMPATAN) SDN BHD <i>PLEDGED SECURITIES ACCOUNT FOR HEXTAR HOLDINGS SDN BHD (M3918A)</i>	64,800,000	5.02
5.	MAYBANK SECURITIES NOMINEES (TEMPATAN) SDN BHD <i>PLEDGED SECURITIES ACCOUNT FOR HEXTAR HOLDINGS SDN BHD</i>	62,432,200	4.83
6.	CIMSEC NOMINEES (TEMPATAN) SDN BHD <i>CIMB FOR HEXTAR HOLDINGS SDN BHD (PB)</i>	55,784,000	4.32
7.	MIDF AMANAH INVESTMENT NOMINEES (TEMPATAN) SDN BHD <i>PLEDGED SECURITIES ACCOUNT FOR HEXTAR HOLDINGS SDN BHD (MGN-OCM0001M)</i>	50,000,000	3.87
8.	MAYBANK NOMINEES (TEMPATAN) SDN BHD <i>PLEDGED SECURITIES ACCOUNT FOR HEXTAR HOLDINGS SDN BHD</i>	34,688,000	2.68
9.	AMSEC NOMINEES (TEMPATAN) SDN BHD <i>AMBANK (M) BERHAD</i>	33,238,200	2.57
10.	AMSEC NOMINEES (TEMPATAN) SDN BHD <i>PLEDGED SECURITIES ACCOUNT FOR HEXTAR HOLDINGS SDN BHD (MX3826)</i>	30,800,000	2.38
11.	MAYBANK NOMINEES (TEMPATAN) SDN BHD <i>PLEDGED SECURITIES ACCOUNT FOR CHIAU BENG TEIK</i>	29,437,200	2.28
12.	MAYBANK NOMINEES (TEMPATAN) SDN BHD <i>PLEDGED SECURITIES ACCOUNT FOR CHIAU HAW CHOON</i>	29,417,160	2.28
13.	BBL NOMINEES (TEMPATAN) SDN BHD <i>PLEDGED SECURITIES ACCOUNT FOR HEXTAR HOLDINGS SDN BHD</i>	29,000,000	2.24
14.	AMSEC NOMINEES (TEMPATAN) SDN BHD <i>PLEDGED SECURITIES ACCOUNT – AMBANK ISLAMIC BERHAD FOR HEXTAR HOLDINGS SDN BHD</i>	28,600,000	2.21

ANALYSIS OF SHAREHOLDINGS

As at 29 March 2023
cont'd

LIST OF TOP 30 SECURITIES ACCOUNT HOLDERS (CONT'D)

(Without aggregating securities from different securities accounts belonging to the same registered holder)

NO.	NAME	NUMBER OF SHARES HELD	%
15.	AMSEC NOMINEES (TEMPATAN) SDN BHD <i>PLEDGED SECURITIES ACCOUNT – AMBANK ISLAMIC BERHAD FOR HEXTAR HOLDINGS SDN BHD</i>	27,778,000	2.15
16.	AMSEC NOMINEES (TEMPATAN) SDN BHD <i>PLEDGED SECURITIES ACCOUNT - AMBANK (M) BERHAD FOR HEXTAR HOLDINGS SDN BHD (BX1213)</i>	25,000,000	1.93
17.	ALLIANCE GROUP NOMINEES (TEMPATAN) SDN BHD <i>PLEDGED SECURITIES ACCOUNT FOR DATO' ONG CHOO MENG (6000478)</i>	22,950,000	1.78
18.	AMSEC NOMINEES (TEMPATAN) SDN BHD <i>PLEDGED SECURITIES ACCOUNT FOR CHIAU HAW CHOON</i>	21,976,100	1.70
19.	AMSEC NOMINEES (TEMPATAN) SDN BHD <i>PLEDGED SECURITIES ACCOUNT - AMBANK (M) BERHAD FOR CHIAU BENG TEIK (SMART)</i>	20,227,380	1.57
20.	KENANGA INVESTMENT BANK BERHAD <i>IVT-(EDSP-OTC/ESH)</i>	18,741,400	1.45
21.	CIMB GROUP NOMINEES (TEMPATAN) SDN BHD <i>CIMB BANK BERHAD (EDP 2)</i>	18,508,000	1.43
22.	AL RAJHI BANKING & INVESTMENT CORPORATION (MALAYSIA) BHD <i>PLEDGED SECURITIES ACCOUNT FOR HEXTAR HOLDINGS SDN BHD</i>	17,000,000	1.32
23.	MAYBANK NOMINEES (TEMPATAN) SDN BHD <i>PLEDGED SECURITIES ACCOUNT FOR DATO ONG CHOO MENG</i>	16,000,000	1.24
24.	KENANGA NOMINEES (TEMPATAN) SDN BHD <i>PLEDGED SECURITIES ACCOUNT FOR HEXTAR HOLDINGS SDN BHD (THIRD PARTY)</i>	15,880,000	1.23
25.	HEXTAR HOLDINGS SDN BHD	14,775,000	1.14
26.	DATO' ONG CHOO MENG	13,500,000	1.04
27.	KENANGA NOMINEES (TEMPATAN) SDN BHD <i>PLEDGED SECURITIES ACCOUNT FOR HEXTAR HOLDINGS SDN BHD (THIRD PARTY)</i>	12,480,000	0.97
28.	CIMSEC NOMINEES (TEMPATAN) SDN BHD <i>CIMB FOR DATO' ONG CHOO MENG (PB)</i>	11,901,600	0.92
29.	HSBC NOMINEES (ASING) SDN BHD <i>SOCIETE GENERALE PARIS</i>	11,394,900	0.88
30.	AFFIN HWANG NOMINEES (TEMPATAN) SDN BHD <i>PLEDGED SECURITIES ACCOUNT FOR CHEONG KONG FITT</i>	9,897,600	0.77

NOTICE OF THE 32nd ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the 32nd Annual General Meeting (“32nd AGM”) of Hextar Global Berhad (“the Company”) will be held virtually from Hextar Global Berhad’s Corporate Office, Level 3, No. 64, Jalan Bayu Laut 4/ KS09, Kota Bayuemas, 41200 Klang, Selangor Darul Ehsan, Malaysia as the Broadcast Venue and via TIIH Online website at <https://tiih.online> (Domain Registration No. MYNIC:D1A282781) on **Monday, 12 June 2023** at 10.00 a.m. to transact the following business:-

ORDINARY BUSINESS

1. To receive the Audited Financial Statements for the financial year ended 31 December 2022 together with the Reports of the Directors and Auditors thereon.
[Refer to Explanatory Note (1)]
2. To re-elect the following Directors who are retiring in accordance with Clause 127 of the Company’s Constitution:
 - (a) Dato’ Sri Dr. Erwan Bin Dato’ Haji Mohd Tahir (Ordinary Resolution 1)
 - (b) Dato’ Ong Soon Ho (Ordinary Resolution 2)**[Refer to Explanatory Note (2)]**
3. To re-elect Mr Rayburn Azhar Bin Ali who is retiring in accordance with Clause 132 of the Company’s Constitution. (Ordinary Resolution 3)
[Refer to Explanatory Note (3)]
4. To approve the payment of Directors’ fees to the following Directors for the financial year ending 31 December 2023:-
 - (a) Dato’ Sri Dr. Erwan Bin Dato’ Haji Mohd Tahir: RM78,000.00 (Ordinary Resolution 4)
 - (b) Mr Yeoh Chin Hoe: RM66,000.00 (Ordinary Resolution 5)
 - (c) Dato’ Ong Soon Ho: RM60,000.00 (Ordinary Resolution 6)
 - (d) Mr Liew Jee Min @ Chong Jee Min: RM60,000.00 (Ordinary Resolution 7)
 - (e) Additional Directors’ fees of RM60,000.00 (Ordinary Resolution 8)**[Refer to Explanatory Note (4)]**
5. To approve the payment of Directors’ benefits of up to RM50,000.00 from the date of the forthcoming 32nd Annual General Meeting until the next Annual General Meeting of the Company. (Ordinary Resolution 9)
[Refer to Explanatory Note (5)]
6. To re-appoint Crowe Malaysia PLT as Auditors of the Company for the ensuing year and to authorise the Board of Directors to fix their remuneration. (Ordinary Resolution 10)
[Refer to Explanatory Note (6)]

NOTICE OF THE 32nd ANNUAL GENERAL MEETING

cont'd

SPECIAL BUSINESS

To consider and if thought fit, to pass, with or without modifications, the following resolutions:

7. **WAIVER OF PRE-EMPTIVE RIGHTS PURSUANT TO SECTION 85 OF THE COMPANIES ACT, 2016** (Special Resolution 1)

“THAT the shareholders of the Company do hereby waive their statutory pre-emptive rights to be offered new shares ranking equally to the existing issued shares of the Company pursuant to Section 85 of the Companies Act, 2016 (“the Act”), read together with Clause 15 of the Company’s Constitution.

THAT the Directors be and are hereby authorised to issue any new shares (including rights or options over subscription of such shares) and with such preferred, deferred, or other special rights or such restrictions, whether with regard to dividend, voting, return of capital, or otherwise, for such consideration and to any person as the Directors may determine subject to passing Ordinary Resolution 11 – Authority to Issue and Allot Shares of the Company pursuant to Sections 75 and 76 of the Act.”

[Refer to Explanatory Note (7)]

8. **PROPOSED RENEWAL OF AUTHORITY TO ISSUE AND ALLOT SHARES PURSUANT TO SECTIONS 75 AND 76 OF THE COMPANIES ACT, 2016** (Ordinary Resolution 11)

“THAT pursuant to Sections 75 and 76 of the Companies Act, 2016, Main Market Listing Requirements of Bursa Malaysia Securities Berhad (“Bursa Securities”) (“Listing Requirements”) and the approval of the relevant regulatory authorities, where such approval is required, the Directors of the Company be and are hereby authorised to issue and allot shares in the capital of the Company, grant rights to subscribe for shares in the Company, convert any securities into shares in the Company, or allot shares under an agreement or option or offer (“New Shares”) from time to time, at such price, to such persons and for such purposes and upon such terms and conditions as the Directors may in their absolute discretion deem fit, provided that the aggregate number of such New Shares to be issued, to be subscribed under any rights granted, to be issued from conversion of any security, or to be issued and allotted under an agreement or option or offer, pursuant to this resolution, when aggregated with the total number of any such shares issued during the preceding 12 months does not exceed 10% of the total number of issued shares (excluding any treasury shares) of the Company (“Proposed Mandate”).

THAT such approval on the Proposed Mandate shall continue to be in force until:-

- a. the conclusion of the next Annual General Meeting of the Company held after the approval was given;
- b. the expiration of the period within which the next Annual General Meeting of the Company is required to be held after the approval was given; or
- c. revoked or varied by resolution passed by the shareholders of the Company in a general meeting,

whichever is the earlier.

THAT the Directors of the Company 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 Main Market of Bursa Securities.

NOTICE OF THE 32nd ANNUAL GENERAL MEETING

cont'd

THAT authority be and is hereby given to the Directors of the Company, to give effect to the Proposed 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.

AND FURTHER 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 Mandate."

[Refer to Explanatory Note (8)]

9. PROPOSED RENEWAL OF AUTHORITY FOR SHARE BUY-BACK

(Ordinary Resolution 12)

"THAT subject always to the Companies Act, 2016 ("the Act"), the Constitution of the Company, the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities") ("Listing Requirements") and all other applicable laws, guidelines, rules and regulations, the Company be and is hereby authorised, to the fullest extent permitted by law, to purchase such number of issued shares in the Company as may be determined by the Directors of the Company from time to time through Bursa Securities upon such terms and conditions as the Directors may deem fit and expedient in the interest of the Company provided that:

- i. the aggregate number of issued shares in the Company ("Shares") purchased ("Purchased Shares") and/or held as treasury shares pursuant to this ordinary resolution does not exceed ten per centum (10%) of the total number of issued shares of the Company as quoted on Bursa Securities as at point of purchase; and
- ii. the maximum fund to be allocated by the Company for the purpose of purchasing the shares shall not exceed the aggregate of the retained profits of the Company based on the latest audited financial statements and/or the latest management accounts (where applicable) available at the time of the purchase,

("Proposed Share Buy-Back").

AND THAT the authority to facilitate the Proposed Share Buy-Back will commence immediately upon passing of this Ordinary Resolution and will continue to be in force until:

- a. the conclusion of the next Annual General Meeting of the Company following at which time the authority shall lapse unless by ordinary resolution passed at the meeting, the authority is renewed, either unconditionally or subject to conditions;
- b. the expiration of the period within which the next AGM after that date is required to be held pursuant to Section 340(2) of the 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 ordinary resolution passed by the shareholders of the Company at 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 Listing Requirements and any applicable laws, rules, regulations, orders, guidelines and requirements issued by any relevant authorities.

AND THAT the Directors of the Company be and are hereby authorised, at their discretion, to deal with the Purchased Shares until all the Purchased Shares have been dealt with by the Directors in the following manner as may be permitted by the Act, Listing Requirements, applicable laws, rules, regulations, guidelines, requirements and/or orders of any relevant authorities for the time being in force:

NOTICE OF THE 32nd ANNUAL GENERAL MEETING

cont'd

- i. To cancel all or part of the Purchased Shares;
- ii. To retain all or part of the Purchased Shares as treasury shares as defined in Section 127 of the Act;
- iii. To distribute all or part of the treasury shares as dividends to the shareholders of the Company;
- iv. To resell all or part of the treasury shares;
- v. To transfer all or part of the treasury shares for the purposes of or under the employees' share scheme established by the Company and/or its subsidiaries;
- vi. To transfer all or part of the treasury shares as purchase consideration;
- vii. To sell, transfer or otherwise use the shares for such other purposes as the Minister may by order prescribe; and/or
- viii. To deal with the treasury shares in any other manners as allowed by the Act, Listing Requirements, applicable laws, rules, regulations, guidelines, requirements and/or orders of any relevant authorities for the time being in force.

AND THAT the Directors of the Company be and are authorised to take all such steps as are necessary or expedient [including without limitation, the opening and maintaining of central depository account(s) under Securities Industry (Central Depositories) Act, 1991, and the entering into all other agreements, arrangements and guarantee with any party or parties] to implement, finalise and give full effect to the Proposed Share Buy-Back with full powers to assent to any conditions, modifications, variations and/or amendments (if any) as may be imposed by the relevant authorities."

[Refer to Explanatory Note (9)]

10. **PROPOSED RENEWAL AND NEW SHAREHOLDERS' MANDATES FOR RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE ("RRPT")** (Ordinary Resolution 13)

"THAT subject to Main Market Listing Requirements of Bursa Malaysia Securities Berhad, approval be and is hereby given for the Company to enter into recurrent related party transactions of a revenue or trading nature with the related parties as set out in Section 2.3.3 of the Circular to the Shareholders dated 20 April 2023 which are necessary for day-to-day operations and are carried out in the ordinary course of business on terms which are not more favourable to the related parties than those generally available to the public and are undertaken on arms' length basis and not detrimental to the interest of the minority shareholders;

AND THAT the authority conferred by such mandate shall commence upon the passing of this resolution and continue to be in full force until:

- (a) the conclusion of the next Annual General Meeting ("AGM") of the Company at which this shareholders' mandate will lapse, unless by a resolution passed at the next AGM, the mandate is renewed;
- (b) the expiration of the period within which the next AGM after that date is required to be held pursuant to Section 340(2) of the 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 resolution passed by the shareholders in general meeting;

NOTICE OF THE 32nd ANNUAL GENERAL MEETING

cont'd

whichever is the earlier;

AND THAT the Board of Directors be and is hereby authorised to complete and do all such acts and things as it may consider expedient or necessary (including executing such documents as may be required) to give effect to the transactions contemplated and/or authorised by this mandate.”

[Refer to Explanatory Note (10)]

11. To transact any other business of the Company of which due notice shall have been given in accordance with the Companies Act, 2016 and the Constitution of the Company.

By Order of the Board

Lim Hooi Mooi (SSM PC No. 201908000134) (MAICSA No. 0799764)

Ong Wai Leng (SSM PC No. 202208000633) (MAICSA No. 7065544)

Phan Nee Chin (SSM PC No. 202008004339) (MIA No. 28178)

Company Secretaries

20 April 2023

Kuala Lumpur

Notes:

- (i) The 32nd AGM will be conducted virtually from Hextar Global Berhad's Corporate Office as broadcast venue through live streaming and online remote voting via Remote Participation and Voting ("RPV") facilities which are available on Tricor Investor & Issuing House Services Sdn Bhd's ("Tricor") TIIH Online website at <https://tjih.online>.
- (ii) The Broadcast Venue is strictly for the purpose of complying with Section 327(2) of the Companies Act 2016 which requires the Chairperson of the meeting to be present at the main venue of the meeting. **NO SHAREHOLDERS / PROXY(IES) WILL BE ALLOWED TO BE PHYSICALLY PRESENT AT THE BROADCAST VENUE.**
- (iii) Shareholders may exercise their right to participate (including to post questions to the Board) and vote remotely at the 32nd AGM via the RPV facilities provided by Tricor via its TIIH Online website at <https://tjih.online>. Please refer to the "Procedures for RPV facilities" in the Administrative Details for the AGM to register, participate and vote remotely via the RPV facilities.
- (iv) For the purpose of determining a member who shall be entitled to attend and vote at the meeting, the Company shall be requesting Bursa Malaysia Depository Sdn Bhd to make available to the Company a **Record of Depositors** as at **1 June 2023** and only a depositor whose name appears on the Record of Depositors shall be entitled to attend the meeting or appoint proxies to attend and vote in his stead.
- (v) A member of a Company shall be entitled to appoint another person as his proxy to exercise all or any of his rights to attend, participate, speak and vote at meeting of members of the Company. A member may appoint more than one proxy in relation to a meeting, provided that the member specifies the proportion of the member's shareholdings to be represented by each proxy. A proxy may but need not be a member of the Company.
- (vi) Where a Member of the Company is an authorised nominee as defined under the Securities Industry (Central Depositories) Act, 1991 ("**SICDA**"), it may appoint not more than two (2) proxies in respect of each securities account it holds with ordinary shares of the Company standing to the credit of the said securities account.
- (vii) For a member of the Company who 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 SICDA which is exempted from compliance with the provisions of subsection 25A(1) of SICDA.

NOTICE OF THE 32nd ANNUAL GENERAL MEETING

cont'd

- (viii) Where a member or the authorized nominee appoints more than two (2) proxies, or where an exempt authorized nominee appoints more than one (1) proxy in respect of each omnibus account to attend and vote at the same meeting, the appointments shall be invalid unless the proportion of shareholdings to be represented by each proxy is specified in the instrument appointing the proxies.
- (ix) The instrument appointing a proxy shall be in writing signed by the appointor or by his attorney who is authorised in writing. In the case of a corporation, the instrument appointing a proxy or proxies must be made either under its common seal or signed by an officer or an attorney duly authorised.
- (x) A member who has appointed a proxy or attorney or corporate representative to participate and vote at this AGM must request his/her proxy or attorney or corporate representative to register himself/herself for RPV at TIIH Online website at <https://tiih.online>. Please follow the Procedures for RPV facilities in the Administrative Details for the AGM.
- (xi) The appointment of a proxy may be made in a hard copy form or by electronic means in the following manner and must be received by the Company not less than forty-eight (48) hours before the time appointed for holding the AGM or adjourned meeting at which the person named in the appointment the proxies:
- (a) In hard copy form
- In the case of an appointment made in hard copy form, the Proxy Form must be deposited at the Company's Share Registrar, Tricor Investor & Issuing House Services Sdn. Bhd. at Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur or Tricor Customer Service Centre at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur.
- (b) By Electronic Form
- The Proxy Form can be electronically lodged via **TIIH Online** website at <https://tiih.online>. Please refer to the Administrative Details on the procedure for electronic lodgement of Proxy Form via TIIH Online.
- (xii) Please ensure ALL the particulars as required in the Proxy Form are completed, signed, and dated accordingly.
- (xiii) Last date and time for lodging the Proxy Form is on **Saturday, 10 June 2023 at 10.00 a.m.**
- (xiv) Any authority pursuant to which such an appointment is made by a power of attorney must be deposited with the share registrar in accordance with Note (xi)(a) above **not less than forty-eight (48) hours before the time appointed for holding the AGM** or adjourned general meeting at which the person named in the appointment proposes to vote. A copy of the power of attorney may be accepted provided that it is nortarially certified and/or in accordance with the applicable legal requirements in the relevant jurisdiction in which it is executed.
- (xv) For a corporate member who has appointed a representative, please deposit the **ORIGINAL OR DULY CERTIFIED** certificate of appointment with the share registrar in accordance with Note (xi)(a) above. The certificate of appointment should be executed in the following manner:
- (a) If the corporate member has a common seal, the certificate of appointment should be executed under seal in accordance with the constitution of the corporate member.
- (b) If the corporate member does not have a common seal, the certificate of appointment should be affixed with the rubber stamp of the corporate member (if any) and executed by:
1. at least two (2) authorised officers, of whom one shall be a director; or
 2. any director and/or authorised officers in accordance with the laws of the country under which the corporate member is incorporated.

NOTICE OF THE 32nd ANNUAL GENERAL MEETING

cont'd

Explanatory Notes to the Agenda:-

Item 1 of the Agenda

Audited Financial Statements for the financial year ended 31 December 2022

1. This item is meant for discussion only. The provisions of Section 340(1)(a) of the Companies Act 2016 require that the audited financial statements and the Reports of the Directors and Auditors thereon be laid before the Company at its Annual General Meeting. As such, this Agenda item is not a business which requires a resolution to be put to vote by shareholders.

Item 2 of the Agenda – Ordinary Resolutions 1 and 2

Re-election of Directors who retire in accordance with Clause 127 of the Company's Constitution

2. The Nomination and Remuneration Committee ("NRC") had conducted an assessment of the Directors, in the areas of performance, contribution to interaction, quality of input, understanding of their roles and independence of Independent Directors, including fit and proper assessment. Based on the results of the Board Effectiveness Assessment for the financial year 2022, the Board approved the NRC's recommendation on the re-election of Dato' Sri Dr. Erwan bin Dato' Haji Mohd Tahir and Dato' Ong Soon Ho who are due to retire at the 32nd AGM in accordance with Clause 127 of the Company's Constitution based on the following justifications:
 - They have relevant mix of experience, skills, industry knowledge on business and finance requirements, expertise and core competency that is beneficial to the Company.
 - They have met the fit and proper criteria as stated in the Directors' Fit and Proper Policy in discharging their roles and responsibilities.
 - They are unafraid to pursue views or opinions on issues presented.
 - They devote adequate time in discharging their duties and responsibilities as Directors, work constructively with other Board members, attend meetings with well preparation and add values to Board meetings.

Item 3 of the Agenda – Ordinary Resolution 3

Re-election of Director who retires in accordance with Clause 132 of the Company's Constitution

3. In accordance with Clause 132 of the Company's Constitution, any Director appointed during the year shall hold office only until the next AGM and shall be eligible for re-election.

Mr Rayburn Azhar Bin Ali was appointed as Executive Director of the Company on 29 November 2022 and he has offered himself for re-election at this AGM.

Item 4 of the Agenda – Ordinary Resolution 8

Payment of additional Directors' fees

4. This resolution is to facilitate payment of additional Directors' fees for the financial year ending 31 December 2023 in the event the Company appoints additional Independent Non-Executive Director(s).

Item 5 of the Agenda – Ordinary Resolution 9

Payment of Directors' benefits

5. This resolution is to facilitate payment of Directors' benefits from the 32nd AGM until the next AGM of the Company. In the event the Directors' benefits proposed are insufficient (e.g. due to more meetings or enlarged Board size), approval will be sought at the next AGM for additional fees to meet the shortfall.

Directors' benefits include meeting allowances and other emoluments payable to Directors and in determining the estimated total, the Board had considered various factors including the number of scheduled meetings for the Board and Board Committees and covers the period from the 32nd AGM until the next AGM of the Company.

NOTICE OF THE 32nd ANNUAL GENERAL MEETING

cont'd

Item 6 of the Agenda – Ordinary Resolution 10

Re-appointment of Crowe Malaysia PLT

6. The AC at its meeting held on 28 November 2022 assessed the suitability, objectivity, and independence of the External Auditors (“EA”), Crowe Malaysia PLT (“Crowe”) in accordance with the Company’s External Auditors Policy. The AC was satisfied with the suitability of Crowe based on the quality of audit, performance, competency, and adequacy of resources provided by the external audit team to the Group.

The Board had at its meeting held on 28 November 2022 approved the AC’s recommendation for the shareholders’ approval to be sought at the 32nd AGM on the appointment of Crowe as EA of the Company for the financial year 2023 in accordance with Section 340(1)(c) and Section 274(1)(a) of the Act.

Item 7 of the Agenda – Special Resolution 1

Waiver of Pre-emptive Rights pursuant to Section 85 of the Companies Act, 2016

7. The Special Resolution is pertaining to the waiver of pre-emptive rights granted to the shareholders pursuant to Section 85 of the Companies Act, 2016. By voting in favour of the Special Resolution, the shareholders of the Company would be waiving their statutory pre-emptive rights. The Special Resolution, if passed, would allow the Directors to issue new shares to any person under the Proposed General Mandate without having to offer the new Company shares to be issued equally to all existing shareholders of the Company prior to issuance.

Item 8 of the Agenda – Ordinary Resolution 11

Proposed Renewal of Authority to Issue and Allot Shares pursuant to Sections 75 and 76 of the Companies Act, 2016

8. The proposed ordinary resolution, if passed, will empower the Directors of the Company to issue and allot ordinary shares of the Company from time to time and to grant rights to subscribe for shares in the Company, convert any securities into shares in the Company, or allot shares under an agreement or option or offer, provided that the aggregate number of shares allotted pursuant to this resolution does not exceed 10% of the total number of issued shares (excluding treasury shares) of the Company for the time being (“Proposed Mandate”).

The authority for the Proposed Mandate will, unless revoked or varied by the Company in a general meeting, expire at the conclusion of the next AGM or the expiration of the period within which the next AGM is required by law to be held, whichever is earlier.

This proposed Resolution is a renewal of the previous year’s mandate. The mandate is to provide flexibility to the Company to issue new securities without the need to convene separate general meeting to obtain its shareholders’ approval so as to avoid incurring additional costs and time.

The purpose of this general mandate, if passed, will enable the Directors to take swift action in case of a need to issue and allot new shares in the Company for fund raising exercise including but not limited to further placement of shares for purpose of funding current and/or future investment projects, working capital, acquisitions and/or for issuance of shares as settlement of purchase consideration, or other circumstances arise which involve grant of rights to subscribe for shares, conversion of any securities into shares, or allotment of shares under an agreement or option or offer, or such other application as the Directors may deem fit in the best interest of the Company.

As at the date of this notice, the Company did not implement its proposal for new allotment of shares under the general mandate pursuant to Sections 75 and 76 of the Companies Act 2016 which was approved by the shareholders at the 31st AGM held on 23 May 2022 and will lapse at the conclusion of the 32nd AGM to be held on 12 June 2023. As at the date of this notice, there is no decision to issue new shares. Should there be a decision to issue new shares after the general mandate is sought, the Company will make an announcement of the actual purpose and utilisation of proceeds arising from such issuance of shares.

NOTICE OF THE 32nd ANNUAL GENERAL MEETING

cont'd

Item 9 of the Agenda – Ordinary Resolution 12
Proposed Renewal of Authority of Share Buy-Back

9. The proposed Resolution No. 12, if passed, will empower the Directors of the Company to purchase up to 10% of the total number of issued shares of the Company by utilising the funds allocated which shall not exceed the retained profits 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.

For further information, please refer to the Share Buy-Back Statement dated 20 April 2023.

Item 10 of the Agenda – Ordinary Resolution 13
Proposed Renewal and New Shareholders' Mandates for Recurrent Related Party Transactions of a Revenue or Trading Nature

10. The proposed Resolution No. 13 in respect of the Proposed Renewal and New Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature are intended to facilitate transactions in the normal course of business of the Group which are transacted from time to time with the specified classes of related parties, provided that they are carried out on an arm's length basis and on the Group's normal commercial terms and are not prejudicial to the shareholders on terms not more favourable to the related parties than those generally available to the public and are not detrimental to the interest of the minority shareholders.

STATEMENT ACCOMPANYING NOTICE OF ANNUAL GENERAL MEETING

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

1. The profiles of the Directors who are standing for re-election as per Agenda 2 and Agenda 3 of the Notice of the 32nd Annual General Meeting are as follows:

(i) Ordinary Resolution 1

DATO' SRI DR. ERWAN BIN DATO' HAJI MOHD TAHIR
(Independent Non-Executive Chairman)

Nationality | Malaysian

Age | 46

Gender | Male

Date of Appointment | 22 May 2017

Length of Tenure | 5 years 10 months

(As at 30 March 2023)

MEMBERSHIP OF BOARD COMMITTEES

- Audit Committee
- Nomination and Remuneration Committee
- Risk Management Committee
- Whistleblowing Committee

QUALIFICATION

- Doctorate in Philosophy (PhD) in Management
- Masters in Business Administration (MBA) in Marketing Management, University of Wales, United Kingdom

DIRECTORSHIP/PRESENT APPOINTMENTS (Other than Hextar Global Berhad)

- EPE Power Corporation Berhad

RELEVANT EXPERIENCE

Dato' Sri Dr Erwan has led and invested in a number of Mergers & Acquisitions, Restructurings and Financings, Cross-Border transactions, Leveraged Buyouts and other investment projects of various sizes and complexity and across a variety of sectors, including Media and Entertainment, Consumer and Retail, Energy and Resources, Real Estate and Hospitality, Commodities and Infrastructure.

He has an extensive network and experience in Property Development, Mining, Renewable Energy, Agriculture, Defense Technology, Insurance, Healthcare and Education and has served at senior positions in Government Department and Senior Advisory capacity on Public Policy, Socio-Economic Development, Capacity Building, Institutional Reform, Change Management and Stakeholder Management. Aside from that, he has extensive strategy and transformation and business turnaround advisory experience.

In his global Corporate experience, he has gained broad knowledge in business strategies, identifying sustainable monetisation models, understanding customers and competition, as well as new business models with a focus on revenue and cost management.

Dato' Sri Dr Erwan's involvement in business began in 1997 when he was awarded medium scale contracts such as building construction, highways and painting jobs. Amongst his first contracts was to paint the Prime Minister's Office, Prime Minister's Residence, KL International Airport, Sepang F1 Circuit and Suria KLCC. In 2006, he was involved in the business of timber and iron ore concessions in Pahang and Kelantan. His major achievement was in 2009, when he started to diversify the group's business by taking over the largest switchgear and transformer company in the Malaysian power industry. In 2010, his group took over the biggest rice vermicelli company in Malaysia which controls 80% of the local market. In 2012, he further expanded his group's business into coal mining in Samarinda, West Kalimantan, Indonesia for export internationally. At present, his group has also ventured into the defense and security industry supplying aircrafts, helicopters, boats, armored vehicles and artillery supplies to the military and police to strengthen their defense and security systems. In addition, his group also ventured into manufacturing of the first Malaysian made electrical bus.

STATEMENT ACCOMPANYING NOTICE OF ANNUAL GENERAL MEETING

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

He is also an active member of several Associations and NGOs namely Dewan Perniagaan Melayu Malaysia (DPMM), Persatuan Kontraktor Melayu Malaysia (PKMM), Persatuan Usahawan Tenaga Malaysia (PUTM), Arab Malaysian Chamber of Commerce (AMCC), British Malaysian Chamber of Commerce (BMCC) and The Japanese Chamber of Trade & Industry, Malaysia (JACTIM). He holds few posts in the National Entrepreneur and Contractor's Association as the President for Pertubuhan Pedagang Dan Peniaga Kebangsaan Malaysia (PERDANA), President for Persatuan Kontraktor Tenaga Malaysia (PKTM) and as the Council Member for Persatuan Kontraktor Bumiputera Malaysia (PKBM). He is also the Advisor for Persatuan Kebajikan Keluarga Bekas Polis Dan Tentera (POLTERA) and Advisor for RELA Honorary Club, Jabatan Sukarelawan Malaysia (RELA), Kementerian Dalam Negeri (KDN).

In the National Crime Prevention and Anti-Corruption bodies, he holds positions as National EXCO Member for Malaysian Crime Prevention Foundation (MCPF) and as a Member of Sahabat Gerakan Revolusi Anti Rasuah (GERAH), Malaysia Anti-Corruption Commission (MACC) and as the Vice Chairman 1 for Kesateria Muda Keselamatan 1 KDN (KMK1KDN) under Kementerian Dalam Negeri (KDN).

He also sits on numerous local and foreign Board of Companies, both Public Listed Company (PLC) and Private Companies including the Subsidiaries Companies in which he holds the position as Chairman and the Board of Directors.

Dato' Sri Dr Erwan is now the Group Executive Chairman of EPE Power Corporation Berhad, Chairman of Cyberlynx International College and sits in the Board of Directors of Perbadanan Putrajaya, a local authority that administer the Federal Territory of Putrajaya under the Prime Minister Department.

Dato' Sri Dr Erwan has no family relationship with any Director and/or major shareholder of the Group and has no conflict of interest with the Group. He has not been convicted of any offences within the past 5 years other than traffic offences, if any, nor any public sanction or penalty imposed by regulatory bodies during the financial year.

The Board hereby recommends the re-election of Dato' Sri Dr. Erwan Bin Dato' Haji Mohd Tahir as the Independent Non-Executive Chairman of the Company for the Shareholders' approval.

(ii) Ordinary Resolution 2

DATO' ONG SOON HO

(Non-Independent Non-Executive Vice Chairman)

Nationality | Malaysian

Age | 76

Gender | Male

Date of Appointment | 22 May 2017

Length of Tenure | 5 years 10 months

(As at 30 March 2023)

MEMBERSHIP OF BOARD COMMITTEES

- NIL

QUALIFICATION

- Bachelor's Degree in Plant Pathology and Entomology, National Taiwan University, Taiwan (Republic of China)
- Master's Degree in Mycology, University of Aberdeen, Scotland, United Kingdom

DIRECTORSHIP/PRESENT APPOINTMENTS (Other than Hextar Global Berhad)

- NIL

STATEMENT ACCOMPANYING NOTICE OF ANNUAL GENERAL MEETING

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

RELEVANT EXPERIENCE

Dato' Ong Soon Ho is the founder of Hextar Chemicals Sdn Bhd and is responsible for Hextar Group's growth and development since its commencement. He has over 30 years' experience includes being part of the senior management team in a multinational corporation coupled with his experience in the agricultural industry.

Dato' Ong Soon Ho is the father of Dato' Ong Choo Meng and a director of the Company's substantial shareholder, Hextar Holdings Sdn Bhd. Save as disclosed, he has no family relationship with any Director and/or major shareholder of the Group and has no conflict of interest with the Group. He has not been convicted of any offences within the past 5 years other than traffic offences, if any, nor any public sanction or penalty imposed by regulatory bodies during the financial year.

The Board hereby recommends the re-election of Dato' Ong Soon Ho as the Non-Independent Non-Executive Vice Chairman of the Company for the Shareholders' approval.

(iii) Ordinary Resolution 3

RAYBURN AZHAR BIN ALI

(Executive Director)

Nationality | Malaysian

Age | 53

Gender | Male

Date of Appointment | 29 November 2022

Length of Tenure | 4 months

(As at 30 March 2023)

MEMBERSHIP OF BOARD COMMITTEES

- NIL

QUALIFICATION

- Bachelor of Business Administration (Accountancy), University of Notre Dame, Indiana, United States of America (USA)

DIRECTORSHIP/PRESENT APPOINTMENTS (Other than Hextar Global Berhad)

- NIL

RELEVANT EXPERIENCE

Mr Rayburn Azhar Bin Ali first joined the Group as Chief Executive Officer of Hextar Kimia Sdn Bhd upon Hextar Global Berhad and Ekopintar Sdn Bhd's acquisition of Hextar Kimia Sdn Bhd (formerly known as Enra Kimia Sdn Bhd) from Enra Group Berhad on 23 July 2021.

He started his career as an auditor and budget analyst in Chicago before gaining over 24 years of experience in senior management position in the Oil and Gas Industry, in particular, Specialty Chemicals.

Mr Rayburn joined Darul Karisma Group in 1998 as the General Manager - Business Development. He was later appointed as the Director and Chief Executive Officer of one of its subsidiaries, DK Kurita Sdn Bhd.

In 2008, he joined Daya SecaDyme Sdn Bhd a distributor of Specialty Chemicals and Catalysts in the Oil & Gas Industry under Daya Materials Berhad, as Chief Operating Officer. He was subsequently promoted to Chief Executive Officer. In 2013, he concurrently held the position of Group Chief Operating Officer of Daya Materials Berhad before finally being promoted to Deputy Group Chief Executive Officer.

STATEMENT ACCOMPANYING NOTICE OF ANNUAL GENERAL MEETING

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

In 2016, Mr Rayburn joined ENRA Group Berhad as Senior Vice President - Downstream Oil & Gas. He was also appointed as Chief Executive Officer of ENRA Kimia Sdn Bhd, a new wholly owned subsidiary of ENRA Group Berhad at that time. He successfully developed the company into a leading distributor of Specialty Chemicals and Catalysts in the Oil & Gas Industry. The company eventually became the leading distributor of Gas Odorants in Malaysia, Australia and New Zealand.

Mr Rayburn has no family relationship with any Director and/or major shareholder of the Group and has no conflict of interest with the Group. He has not been convicted of any offences within the past 5 years other than traffic offences, if any, nor any public sanction or penalty imposed by regulatory bodies during the financial year.

The Board hereby recommends the re-election of Mr Rayburn Azhar Bin Ali as the Executive Director of the Company for the Shareholders' approval.

2. General mandate for issue of securities

Kindly refer to the Explanatory Notes on Special Business – Authority to Allot and Issue Shares Pursuant to Sections 75 and 76 of the Companies Act 2016 under Explanatory Note (8) of the Notice of the 32nd Annual General Meeting.

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HEXTAR GLOBAL BERHAD
Registration No. 199001014551 (206220-U)
(Incorporated in Malaysia)

PROXY FORM

(Before completing this form please refer to the notes below)

Number of Shares held	
CDS Account	

^I/We _____ Tel: _____
[Full name in block and as per NRIC/Passport, NRIC/Passport/Company No.]

of _____
[Full address]

being member(s) of **HEXTAR GLOBAL BERHAD**, hereby appoint:

Full Name (in Block and as per NRIC/Passport)	NRIC/Passport No.	Proportion of Shareholdings	
		No. of Shares	%
Address			

^and/or

Full Name (in Block and as per NRIC/Passport)	NRIC/Passport No.	Proportion of Shareholdings	
		No. of Shares	%
Address			

Or failing ^him/her, the Chairman of the Meeting, as my/our proxy to vote for me/us on my/our behalf at the 32nd Annual General Meeting ("32nd AGM") of the Company will be held virtually from Hextar Global Berhad's Corporate Office, Level 3, No. 64, Jalan Bayu Laut 4/KS09, Kota Bayuemas, 41200 Klang, Selangor Darul Ehsan, Malaysia as the Broadcast Venue on Monday, 12 June 2023 at 10.00 a.m. and any adjournment thereof, to vote as indicated below:

RESOLUTIONS	DESCRIPTION OF RESOLUTION	FOR	AGAINST
Ordinary Resolution 1	To re-elect Dato' Sri Dr. Erwan Bin Dato' Haji Mohd Tahir as Director of the Company pursuant to Clause 127 of the Company's Constitution.		
Ordinary Resolution 2	To re-elect Dato' Ong Soon Ho as Director of the Company pursuant to Clause 127 of the Company's Constitution.		
Ordinary Resolution 3	To re-elect Mr Rayburn Azhar Bin Ali as Director of the Company pursuant to Clause 132 of the Company's Constitution.		
Ordinary Resolution 4	To approve Director's fee of RM78,000.00 to Dato' Sri Dr. Erwan Bin Dato' Haji Mohd Tahir for the financial year ending 31 December 2023.		
Ordinary Resolution 5	To approve Director's fee of RM66,000.00 to Mr Yeoh Chin Hoe for the financial year ending 31 December 2023.		
Ordinary Resolution 6	To approve Director's fee of RM60,000.00 to Dato' Ong Soon Ho for the financial year ending 31 December 2023.		
Ordinary Resolution 7	To approve Director's fee of RM60,000.00 to Mr Liew Jee Min @ Chong Jee Min for the financial year ending 31 December 2023.		
Ordinary Resolution 8	To approve additional Directors' fees of RM60,000.00 for the financial year ending 31 December 2023.		
Ordinary Resolution 9	To approve Directors' benefits of up to RM50,000.00 from the date of the forthcoming 32 nd AGM until the next Annual General Meeting of the Company.		
Ordinary Resolution 10	To re-appoint Crowe Malaysia PLT as Auditors of the Company for the ensuing year and to authorise the Board of Directors to fix their remuneration.		
Special Resolution 1	Waiver of Pre-Emptive Rights pursuant to Section 85 of the Companies Act, 2016.		
Ordinary Resolution 11	Proposed Renewal of Authority to Issue and Allot Shares pursuant to Sections 75 And 76 of the Companies Act, 2016.		
Ordinary Resolution 12	Proposed Renewal of Authority for Share Buy-Back.		
Ordinary Resolution 13	Proposed Renewal and New Shareholders' Mandates for Recurrent Related Party Transactions of a Revenue or Trading Nature.		

Please indicate with an "X" in the space provided whether you wish your votes to be cast for or against the resolutions. In the absence of specific direction, your proxy will vote or abstain as he/she thinks fit.

Dated this _____ day of _____ 2023.

Signature of Member(s) or
Common Seal*

^ Delete whichever is inapplicable
* 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 proxy form 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 proxy form 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.

Fold This Flap For Sealing

Notes:

- (i) The 32nd AGM will be conducted virtually from Hextar Global Berhad's Corporate Office as broadcast venue through live streaming and online remote voting via Remote Participation and Voting ("RPV") facilities which are available on Tricor Investor & Issuing House Services Sdn Bhd's ("Tricor") TIH Online website at <https://tjih.online>.
- (ii) The Broadcast Venue is strictly for the purpose of complying with Section 327(2) of the Companies Act 2016 which requires the Chairperson of the meeting to be present at the main venue of the meeting. **NO SHAREHOLDERS / PROXY(IES) WILL BE ALLOWED TO BE PHYSICALLY PRESENT AT THE BROADCAST VENUE.**
- (iii) Shareholders may exercise their right to participate (including to post questions to the Board) and vote remotely at the 32nd AGM via the RPV facilities provided by Tricor via its TIH Online website at <https://tjih.online>. Please refer to the "Procedures for RPV facilities" in the Administrative Details for the AGM to register, participate and vote remotely via the RPV facilities.
- (iv) For the purpose of determining a member who shall be entitled to attend and vote at the meeting, the Company shall be requesting Bursa Malaysia Depository Sdn Bhd to make available to the Company a **Record of Depositors** as at **1 June 2023** and only a depositor whose name appears on the Record of Depositors shall be entitled to attend the meeting or appoint proxies to attend and vote in his stead.
- (v) A member of a Company shall be entitled to appoint another person as his proxy to exercise all or any of his rights to attend, participate, speak and vote at meeting of members of the Company. A member may appoint more than one proxy in relation to a meeting, provided that the member specifies the proportion of the member's shareholdings to be represented by each proxy. A proxy may but need not be a member of the Company.
- (vi) Where a Member of the Company is an authorised nominee as defined under the Securities Industry (Central Depositories) Act, 1991 ("SICDA"), it may appoint not more than two (2) proxies in respect of each securities account it holds with ordinary shares of the Company standing to the credit of the said securities account.
- (vii) For a member of the Company who 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 SICDA which is exempted from compliance with the provisions of subsection 25A(1) of SICDA.
- (viii) Where a member or the authorized nominee appoints more than two (2) proxies, or where an exempt authorized nominee appoints more than one (1) proxy in respect of each omnibus account to attend and vote at the same meeting, the appointments shall be invalid unless the proportion of shareholdings to be represented by each proxy is specified in the instrument appointing the proxies.
- (ix) The instrument appointing a proxy shall be in writing signed by the appointor or by his attorney who is authorised in writing. In the case of a corporation, the instrument appointing a proxy or proxies must be made either under its common seal or signed by an officer or an attorney duly authorised.
- (x) A member who has appointed a proxy or attorney or corporate representative to participate and vote at this AGM must request his/her proxy or attorney or corporate representative to register himself/herself for RPV at TIH Online website at <https://tjih.online>. Please follow the Procedures for RPV facilities in the Administrative Details for the AGM.

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AFFIX
STAMP

The Share Registrar:

HEXTAR GLOBAL BERHAD Registration No. 199001014551 (206220-U)
c/o TRICOR INVESTOR & ISSUING HOUSE SERVICES SDN BHD
Registration No. 197101000970 (11324-H)
Unit 32-01, Level 32, Tower A,
Vertical Business Suite, Avenue 3, Bangsar South,
No. 8, Jalan Kerinchi, 59200 Kuala Lumpur,
Wilayah Persekutuan, Malaysia.

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- (xi) The appointment of a proxy may be made in a hard copy form or by electronic means in the following manner and must be received by the Company not less than forty-eight (48) hours before the time appointed for holding the AGM or adjourned meeting at which the person named in the appointment the proxies:
 - (a) In hard copy form
In the case of an appointment made in hard copy form, the Proxy Form must be deposited at the Company's Share Registrar, Tricor Investor & Issuing House Services Sdn. Bhd. at Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur or Tricor Customer Service Centre at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur.
 - (b) By Electronic Form
The Proxy Form can be electronically lodged via **TIH Online** website at <https://tjih.online>. Please refer to the Administrative Details on the procedure for electronic lodgement of Proxy Form via TIH Online.
- (xii) Please ensure ALL the particulars as required in the Proxy Form are completed, signed, and dated accordingly.
- (xiii) Last date and time for lodging the Proxy Form is on **Saturday, 10 June 2023 at 10.00 a.m.**
- (xiv) Any authority pursuant to which such an appointment is made by a power of attorney must be deposited with the share registrar in accordance with Note (xi)(a) above **not less than forty-eight (48) hours before the time appointed for holding the AGM** or adjourned general meeting at which the person named in the appointment proposes to vote. A copy of the power of attorney may be accepted provided that it is nortially certified and/or in accordance with the applicable legal requirements in the relevant jurisdiction in which it is executed.
- (xv) For a corporate member who has appointed a representative, please deposit the **ORIGINAL OR DULY CERTIFIED** certificate of appointment with the share registrar in accordance with Note (xi)(a) above. The certificate of appointment should be executed in the following manner:
 - (a) If the corporate member has a common seal, the certificate of appointment should be executed under seal in accordance with the constitution of the corporate member.
 - (b) If the corporate member does not have a common seal, the certificate of appointment should be affixed with the rubber stamp of the corporate member (if any) and executed by:
 1. at least two (2) authorised officers, of whom one shall be a director; or
 2. any director and/or authorised officers in accordance with the laws of the country under which the corporate member is incorporated.



HEXTAR GLOBAL BERHAD
Registration No. 199001014551 (206220-U)
(Incorporated in Malaysia)

ADMINISTRATIVE DETAILS
32nd ANNUAL GENERAL MEETING

Date : **Monday, 12 June 2023**
Time : **10.00 a.m.**
Broadcast Venue : **Hextar Global Berhad's Corporate Office Level 3, No. 64, Jalan Bayu Laut 4/KS09, Kota Bayuemas 41200 Klang, Selangor Darul Ehsan, Malaysia**
Meeting Platform : **TIIH Online website at <https://tiih.online>**

MODE OF MEETING

The Company's 32nd AGM will be conducted virtually through live streaming and online remote voting via Remote Participation and Voting ("RPV") facilities which is available on Tricor Investor & Issuing House Services Sdn Bhd's ("Tricor") TIIH Online website at <https://tiih.online> in accordance with the revised "Guidance Note and FAQs on the Conduct of General Meetings for Listed Issuers" issued by the Securities Commission Malaysia ("SC Guidance"). In view thereof, the Company continues to leverage technology to ensure the 32nd AGM supports meaningful engagement between the Board, Management and Shareholders.

The Broadcast Venue of the AGM is strictly for the purpose of complying with Section 327(2) of the Companies Act 2016 which requires the Chairperson of the meeting to be present at the main venue of the meeting together with the essential individuals in accordance with the SC Guidance. As such, no members or proxies or corporate representatives or attorneys will be physically present at the broadcast venue.

REMOTE PARTICIPATION AND VOTING ("RPV") FACILITIES

Members are to attend, speak (including posing questions to the Board via real time submission of typed texts) and vote (collectively, "participate") remotely at the AGM using RPV facilities provided by Tricor via its **TIIH Online** website at <https://tiih.online>.

Members who appoint proxies to participate via RPV facilities in the AGM must ensure that the duly executed Proxy Forms are deposited in a hard copy form to the Share Registrar's Office or by electronic means to Tricor no later than **Saturday, 10 June 2023 at 10.00 a.m.**

Corporate representatives of corporate members must deposit their **original or duly certified** certificate of appointment of corporate representative to Share Registrar's Office not later than **Saturday, 10 June 2023 at 10.00 a.m.** to participate the AGM via RPV facilities.

Attorneys appointed by power of attorney are to deposit their power of attorney with Share Registrar's Office not later than **Saturday, 10 June 2023 at 10.00 a.m.** to participate the AGM via RPV facilities.

A member who has appointed a proxy or attorney or authorised representative to participate at this AGM via RPV facilities must request his/her proxy to register himself/herself for RPV at TIIH Online website at <https://tiih.online>.

As the AGM of Hextar Global Berhad is a virtual AGM, members who are unable to participate in this AGM may appoint the Chairman of the meeting as his/her proxy and indicate the voting instructions in the Proxy Form.

PROCEDURES FOR RPV FACILITIES

Members/proxies/corporate representatives/attorneys who wish to participate the AGM remotely using the RPV facilities are to follow the requirements and procedures as summarised below:

	Procedure	Action
BEFORE THE AGM DAY		
(a)	Register as a user with TIIH Online	<ul style="list-style-type: none"> Using your computer, access the website at https://tiih.online. Register as a user under the “e-Services” select “Create Account by Individual Holder”. Refer to the tutorial guide posted on the homepage for assistance. Registration as a user will be approved within one (1) working day and you will be notified via e-mail. If you are already a user with TIIH Online, you are not required to register again. You will receive an e-mail to notify you that the remote participation is available for registration at TIIH Online.
(b)	Submit your request to attend AGM remotely	<ul style="list-style-type: none"> Registration is open from 10.00 a.m. 20 April 2023 until the day of AGM, Monday, 12 June 2023. Member(s) or proxy(ies) or corporate representative(s) or attorney(s) are required to pre-register their attendance for the AGM to ascertain their eligibility to participate the AGM using the RPV. Login with your user ID and password and select the corporate event: “(REGISTRATION) HEXSTAR 32ND AGM”. Read and agree to the Terms & Conditions and confirm the Declaration. Select “Register for Remote Participation and Voting”. Review your registration and proceed to register. System will send an e-mail to notify that your registration for remote participation is received and will be verified. After verification of your registration against the General Meeting Record of Depositors as at 1 June 2023, the system will send you an e-mail after 10 June 2023 to approve or reject your registration for remote participation. <p><i>(Note: Please allow sufficient time for approval of new user of TIIH Online and registration for the RPV).</i></p>
ON THE AGM DAY (12 JUNE 2023)		
(c)	Login to TIIH Online	<ul style="list-style-type: none"> Login with your user ID and password for remote participation at the AGM at any time from 9.00 a.m. i.e. 1 hour before the commencement of the AGM on Monday, 12 June 2023 at 10.00 a.m.
(d)	Participate through Live Streaming	<ul style="list-style-type: none"> Select the corporate event: “(LIVE STREAM MEETING) HEXSTAR 32ND AGM” to engage in the proceedings of the AGM remotely. If you have any question for the Chairman/Board, you may use the query box to transmit your question. The Chairman/Board will endeavor to respond to questions submitted by remote participants during the AGM. If there is time constraint, the responses will be e-mailed to you at the earliest possible, after the meeting.
(e)	Online Remote Voting	<ul style="list-style-type: none"> Voting session commences from 10.00 a.m. on Monday, 12 June 2023 until a time when the Chairman announces the completion of the voting session of the AGM. Select the corporate event: (REMOTE VOTING) HEXSTAR 32ND AGM or if you are on the live stream meeting page, you can select “GO TO REMOTE VOTING PAGE” button below the Query Box. Read and agree to the Terms & Conditions and confirm the Declaration. Select the CDS account that represents your shareholdings. Indicate your votes for the resolutions that are tabled for voting. Confirm and submit your votes.
(f)	End of remote participation	<ul style="list-style-type: none"> Upon the announcement by the Chairman on the closure of the AGM, the live streaming will end.

Note to users of the RPV facilities:

- Should your registration for RPV be approved, we will make available to you the rights to join the live streamed meeting and to vote remotely. Your login to TIIH Online on the day of meeting will indicate your presence at the virtual meeting.
- The quality of your connection to the live broadcast is dependent on the bandwidth and stability of the internet at your location and the device you use.
- In the event you encounter any issues with logging-in, connection to the live streamed meeting or online voting, kindly call Tricor Help Line at 011-40805616 / 011-40803168 / 011-40803169 / 011-40803170 for assistance or e-mail to tiih.online@my.tricorglobal.com for assistance.

PRE-MEETING SUBMISSION OF QUESTION TO THE BOARD OF DIRECTORS

Members may submit questions for the Board prior to the AGM via Tricor's **TIIH Online** website at <https://tiih.online> by selecting "e-Services" to login, pose questions and submit electronically no later than **Saturday, 10 June 2023 at 10.00 a.m.** The Board will endeavour to answer the questions received at the AGM.

ENTITLEMENT TO PARTICIPATE / GENERAL MEETING RECORD OF DEPOSITORS ("ROD")

Only a depositor whose name appears on the ROD as at **1 June 2023** shall be entitled to attend, speak and vote at the AGM or appoint proxies/corporate representatives/attorneys to attend and/or vote on his/her behalf.

APPOINTMENT OF PROXY / CORPORATE REPRESENTATIVES / ATTORNEYS

The AGM will be conducted virtually, if you are unable to attend the meeting via RPV on 12 June 2023, you may appoint the Chairman of the meeting as proxy and indicate the voting instructions in the Proxy Form.

Accordingly, Proxy Form and/or document relating to the appointment of proxy/corporate representative/attorney for the AGM whether in hard copy or by electronic means shall be deposited or submitted in the following manner not later than **Saturday, 10 June 2023 at 10.00 a.m.:**

(i) In Hard Copy:

By hand or post to the Share Registrar's Office at Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, or alternatively, Tricor Customer Service Centre at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur not less than forty-eight (48) hours before the time appointed for holding the AGM or any adjournment thereof, otherwise the Proxy Form shall not be treated as valid.

(ii) By Electronic Form:

All members can have the option to submit Proxy Form electronically via TIIH Online and the steps to submit are summarised below:

	Procedure	Action
i. Steps for Individual Members		
(a)	Register as a User with TIIH Online	<ul style="list-style-type: none">Using your computer, please access the website at https://tiih.online. Register as a user under the "e-Services" select "Create Account by Individual Holder". Please do refer to the tutorial guide posted on the homepage for assistance.Registration as a user will be approved within one (1) working day and you will be notified via e-mail.If you are already a user with TIIH Online, you are not required to register again.
(b)	Proceed with submission of Proxy Form	<ul style="list-style-type: none">After the release of the Notice of Meeting by the Company, login with your user name (i.e. email address) and password.Select the corporate event: "HEXTAR 32ND AGM – Submission of Proxy Form".Read and agree to the Terms & Conditions and confirm the Declaration.Insert your CDS account number and indicate the number of shares for your proxy(s) to vote on your behalf.Appoint your proxy(s) and insert the required details of your proxy(s) or appoint Chairman as your proxy.Indicate your voting instructions – FOR or AGAINST, otherwise your proxy will decide your vote.Review and confirm your proxy(s) appointment.Print Proxy Form for your record.
ii. Steps for Corporation or Institutional Members		
(a)	Register as a User with TIIH Online	<ul style="list-style-type: none">Access TIIH online at https://tiih.onlineUnder e-Services, the authorised or nominated representative of the corporation or institutional member selects "Create Account by Representative of Corporate Holder".Complete the registration form and upload the required documents.Registration will be verified, and you will be notified by email within one (1) to two (2) working days.Proceed to activate your account with the temporary password given in the email and re-set your own password. <p><i>(Note: The representative of a corporation or institutional member must register as a user in accordance with the above steps before he/she can subscribe to this corporate holder electronic proxy submission. Please contact our Share Registrar if you need clarifications on the user registration.)</i></p>

	Procedure	Action
ii. <u>Steps for Corporation or Institutional Members</u>		
(b)	Proceed with submission of Proxy Form	<ul style="list-style-type: none"> • Login to TIIH Online at https://tiih.online • Select the corporate event: “HEXTAR 32ND AGM – Submission of Proxy Form”. • Read and agree to the Terms & Conditions and confirm the Declaration. • Proceed to download the file format for “Submission of Proxy Form” in accordance with the Guidance Note set therein. • Prepare the file for the appointment of proxies by inserting the required data. • Proceed to upload the duly completed proxy appointment file. • Select “Submit” to complete your submission. • Print the confirmation report of your submission for your record.

POLL VOTING

The Voting at the AGM will be conducted by poll in accordance with Paragraph 8.29A of Bursa Malaysia Securities Berhad Main Market Listing Requirements.

Members can proceed to vote on the resolutions at any time from the commencement of the AGM at 10.00 a.m. but before the end of the voting session which will be announced by the Chairman of the Meeting. Kindly refer to the note above, “**Procedures for RPV Facilities**” for guidance on how to vote remotely from **TIIH Online** website at <https://tiih.online>.

Upon completion of the voting session for the AGM, the Scrutineers will verify the poll results followed by the Chairman to declare whether the resolutions are duly passed.

ANNUAL REPORT 2022 & CIRCULAR TO SHAREHOLDERS

The Company’s Annual Report 2022 and Circular to Shareholders are available at the Company’s website at <http://hextarglobal.com>.

Should you require a printed copy of the Annual Report and/or Circular to Shareholders, please request at our Share Registrar’s website at <https://tiih.online> by selecting “Request for Annual Report/Circular” under the “Investor Services”. Alternatively, you may also make your request through telephone/e-mail to our Share Registrar at the number/e-mail addresses given below. We will send it to you by ordinary post as soon as possible upon receipt of your request.

Nevertheless, we hope that you would consider the environment before you decide to request for the printed copy.

NO DOOR GIFT/FOOD VOUCHER

There will be **no distribution** of door gifts or food vouchers for the AGM since the meeting is being conducted on a virtual basis.

We would like to thank our members for your kind co-operation and understanding in these challenging times.

RECORDING OR PHOTOGRAPHY

Strictly **NO** unauthorised recording or photography of the proceedings of the AGM is allowed.

ENQUIRY

If you have any enquiries on the above, please contact the following persons during office hours, Monday to Friday, from 9.00 a.m. to 5.30 p.m. (except public holidays):

Share Registrar – Tricor Investor & Issuing House Services Sdn. Bhd.

General Line : +603-2783 9299
Fax Number : +603-2783 9222
Email : is.enquiry@my.tricorglobal.com

www.hextarglobal.com

Hextar

HEXTAR GLOBAL BERHAD

199001014551 (206220-U)

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